

Nuclear. **Clean Air Energy.**

Developing ISR Uranium Mines in Wyoming

NYSE
AMEX
EXCHANGE **URZ**

TORONTO
STOCK
EXCHANGE **URZ**

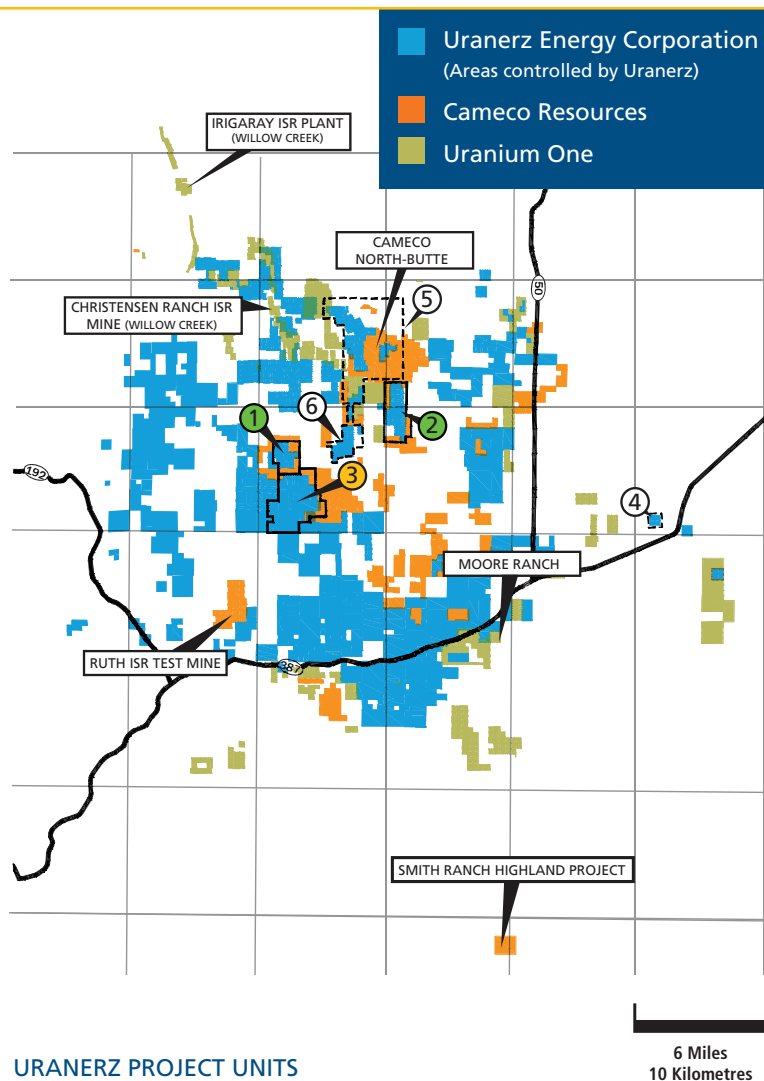
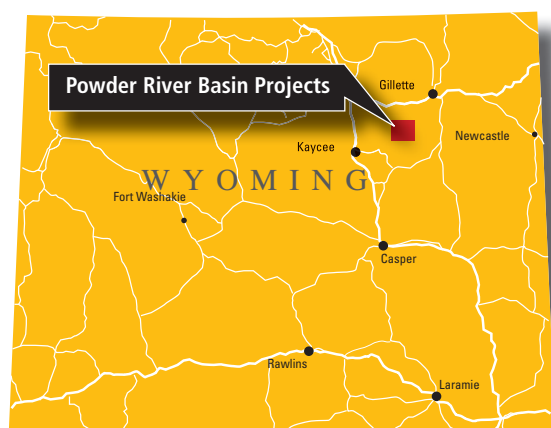
FRANKFURT
STOCK
EXCHANGE **U9E**

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FOCUSED ON PRODUCTION

Uranerz Energy Corporation is a U.S. mining company focused on near term commercial in-situ recovery ("ISR") uranium production. We are currently constructing our first ISR mine in the Powder River Basin of Wyoming. Uranerz' management team has specialized expertise in the ISR uranium mining method and a successful track record of licensing, constructing, and operating ISR uranium projects. Uranerz has a processing agreement with Cameco, the world's largest public uranium company, and long-term uranium sales contracts for a portion of our planned production with two of the largest nuclear utilities in the U.S., including Exelon.



URANERZ PROJECT UNITS

- Units permitted for construction
 - Units being permitted
- ① Nichols Ranch
 - ② Hank
 - ③ Jane Dough
 - ④ Reno Creek
 - ⑤ West North-Butte
 - ⑥ North Rolling Pin

LETTER TO SHAREHOLDERS

DEVELOPMENT!



The central processing plant site with office and maintenance buildings under construction (picture taken mid-January, 2012).

Uranerz Energy Corporation is now building our first in-situ recovery ("ISR") uranium mine, called the Nichols Ranch ISR Uranium Project, in the Powder River Basin area of Wyoming, U.S.A. This is an exciting transition for the Company, on our way to becoming one of North America's next uranium producers. Our current focus is on the construction of the central processing plant and installation of the environmental monitor and production wells for ISR mining. Six drilling rigs have been engaged for well field installation. The Nichols Ranch project will serve as a platform for development of the Company's other Powder River Basin projects.

ISR is a mining process that uses water wells to inject a "leaching solution" to dissolve uranium from sandstone uranium deposits; it is the generally accepted extraction technology used in the Powder River Basin area of Wyoming (ISR comprised 41% of world uranium production in 2010). Two of the largest ISR uranium mining companies in the world are developing projects adjacent to Uranerz' properties in the Powder River Basin.





Several key milestones were achieved by Uranerz during 2011, including:

- the receipt of the Permit to Mine from the Wyoming Department of Environmental Quality;
- the receipt of the Source Materials License from the Nuclear Regulatory Commission;
- the commencement of construction of the Nichols Ranch ISR Uranium Project; and
- the signing of a processing agreement with Cameco, which has allowed us to reduce capital costs at the Nichols Ranch central processing plant.

Construction has continued throughout the winter, and completion is expected in the second half of 2012. To date, activities on site have included:

- completion of project access roads;
- completion of the electricity substation;
- establishment of the water supply;
- installation of a bulk cement silo and acquisition of ancillary service equipment;
- erection of the central processing plant, the site office, laboratory, and the maintenance buildings;
- erection of the ion exchange columns and sand filters in the central processing plant;
- hiring of new employees for well field development at Nichols Ranch;
- purchasing of well field construction equipment; and
- installation of 69 monitor wells and 77 production wells.

Pictured, left to right:

Upper row: Benjamin Leboe, George Hartman,
Dennis Higgs, Glen Catchpole, Sandra MacKay.
Bottom row: Kurtis Brown, Paul Saxton, Arnold Dyck,
Gerhard Kirchner, Peter Bell, Doug Hirschman





The Company believes that the long term fundamentals for nuclear energy remain strong. The demand for uranium far exceeds mined supply, and nuclear is regarded as a safe, clean and sustainable energy source. While some European countries have decided to phase out their nuclear programs, there are currently more nuclear reactors being built world-wide than are planned for decommissioning. Most of that demand for new nuclear power plants comes from emerging markets, especially in Asia, as the living standards and energy demands of their large populations increase, slowly catching up with per capita energy use in the United States and other developed economies.

The United States is the largest market in the world for uranium having the largest nuclear fleet of any country with 104 reactors. U.S. uranium mines produced four million pounds of U_3O_8 in 2011, but annual U.S. uranium consumption far exceeded that, at over 50 million pounds. Those market dynamics have allowed Uranerz to enter into two long-term uranium sales contracts; one with Exelon and the second with another of the largest nuclear utilities in the country for a portion of our planned production. These contracts include a mix of fixed and market pricing structures designed to both yield a benefit when the market price for uranium increases and offer protection to us in the event that it declines. These contracts will provide a solid base for future product sales growth as the Uranerz Powder River Basin projects are developed.

The Company controls a large strategic land position in the Pumpkin Buttes Uranium Mining District of the central Powder River Basin of Wyoming, where we are continuing exploration for resource growth while preparing permit applications for a third mining unit called Jane Dough.

The Company believes that the long term fundamentals for nuclear energy remain strong.

Uranerz Energy Corporation is looking forward to producing uranium and generating revenues. We welcome you as shareholders to participate in the potential rewards of building a successful uranium company as we progress through this exciting transition for our Company. In closing, we thank all our shareholders for their continued support and contribution towards our building a successful uranium company.

Sincerely,

Dennis L. Higgs, B.Com.
Executive Chairman

Glenn Catchpole, M.S., P.Eng.
President, Chief Executive Officer

A NEW ERA OF DEVELOPMENT



September 2011

October 2011



August 2011





November 2011



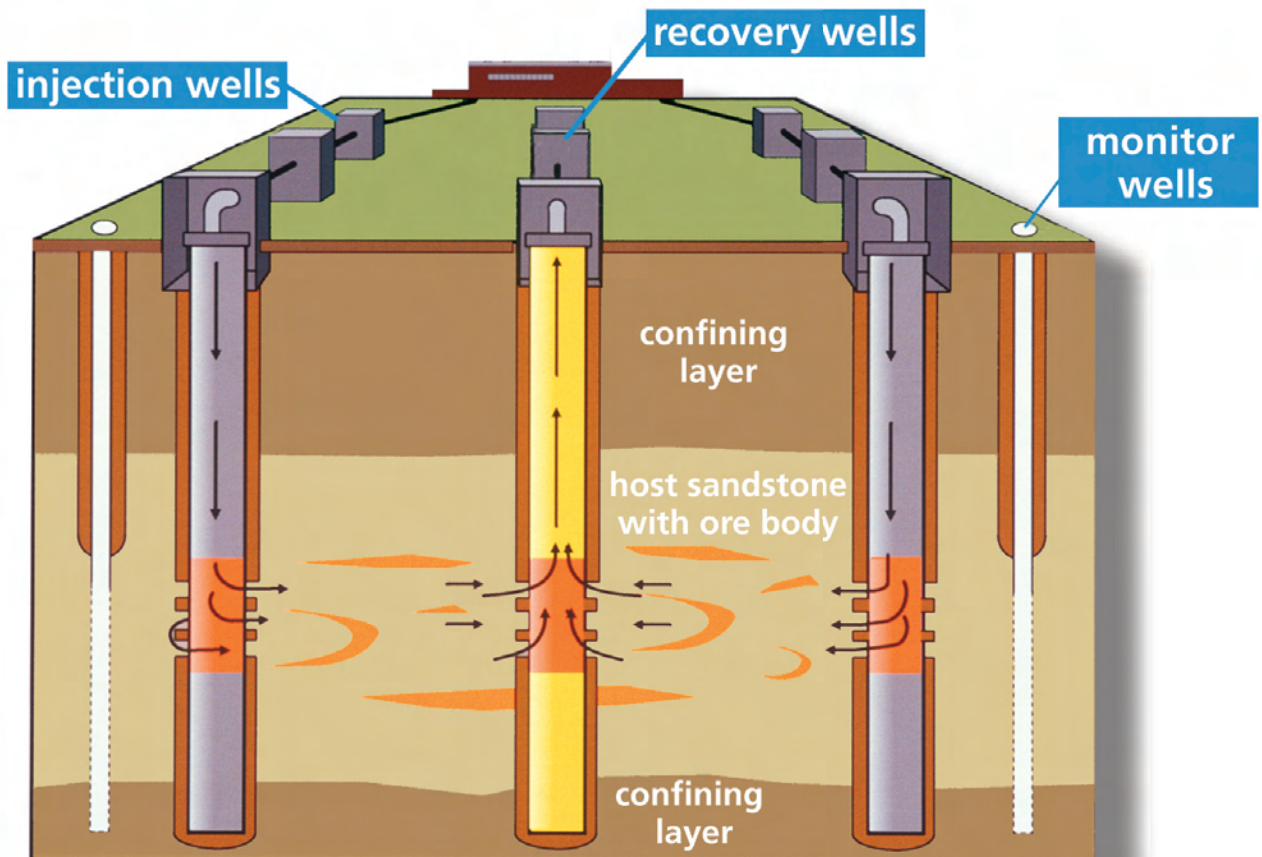
December 2011

2012



Uranerz Energy Corporation is now building its first in-situ recovery ("ISR") uranium mine, called the Nichols Ranch ISR Uranium Project, in the Powder River Basin area of Wyoming, U.S.A. This is an exciting transition for the Company, on our way to becoming one of North America's next uranium producers.

IN-SITU RECOVERY



- Low Capital Costs for Mine Development
- Environmentally Friendly
- No Waste Rock, No Tailings Pond
- Profitable on Lower Grade Uranium Deposits
- Small Work Force (low labor costs)

In-situ recovery ("ISR") mining is a low-cost process that uses a "leaching" solution to extract uranium from sandstone uranium deposits. The leaching agent, which contains an oxidant such as oxygen with CO₂ and sodium bicarbonate (commonly known as baking soda), is injected through wells into the ore body in a confined aquifer to dissolve the uranium. This solution is then pumped via other wells to the surface for processing – resulting in a cost-efficient and environmentally friendly mining process.

ISR operations are basically water treatment plants; oxygenated water is pumped through the sandstone to dissolve the trapped uranium. The uranium is recovered and then processed in a nearby facility.

2011

Form 10K



FORM 10-K

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 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 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
Common Stock Purchase rights**

Name of Each Exchange on Which Registered

NYSE Amex Equities

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 ☒

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 ☒

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 ☒ 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 ☒ 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 ☒

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 ☒

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: \$210,620,856

The number of shares of the Registrant's common stock outstanding as of March 12, 2012 was 77,149,074.

Documents Incorporated by Reference: To the extent herein specifically referenced in Part III, portions of the Registrant's Definitive Proxy Statement on Schedule 14A for the 2011 Annual General Meeting of Shareholders are incorporated by reference herein.

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K 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 developments in the Company’s operations in future periods, planned exploration and, if warranted, development 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”, or stating that 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;
- risks related to market events;
- risks related to our issuance of additional shares of common stock;
- risks related to acquisition and integration issues; and
- risks related to defects in title to our mineral properties.

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 this Annual Report. 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.**

Part 1

ITEM 1. DESCRIPTION OF BUSINESS

Corporate Background

Uranerz Energy Corporation ("Uranerz" or the "Company") was incorporated under the laws of the State of Nevada on May 26, 1999. On July 5, 2005, we changed our name from Carleton Ventures Corp. to Uranerz Energy Corporation. Our executive and operations office is located at 1701 East "E" Street, P.O. Box 50850, Casper, Wyoming U.S.A. 82605-0850. Our administrative office is located at Suite 1410 - 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The telephone number for our executive office is (307) 265-8900. The telephone number for our administrative office is (604) 689-1659.

Our common stock is traded on the NYSE Amex Equities and the Toronto Stock Exchange under the symbol "URZ" and on the Frankfurt Stock Exchange under the symbol "U9E".

History

Uranerz was relatively inactive from 1999 until 2005 when it acquired mineral prospecting permits in Saskatchewan, mineral licenses in Mongolia and mining claims and leases in Wyoming. The Company commenced exploration in 2005 and has continued through 2011. In 2007 we filed uranium mining applications for a project in Wyoming. In 2008 we sold our Mongolian properties and terminated exploration in Saskatchewan. We continued to acquire additional mineral properties and conduct exploration drilling while pursuing mining permits in Wyoming. In 2011 we received regulatory approvals for the development of our first mine, the Nichols Ranch ISR Uranium Project, and construction is in progress with completion expected in the last half of 2012.

Our Business

We are a U.S.-based uranium company focused on achieving near-term commercial in-situ recovery ("ISR") uranium production. ISR is a mining process that uses a "leaching solution" to dissolve uranium from sandstone uranium deposits; it is the generally accepted extraction technology used in the Powder River Basin area of Wyoming (ISR comprised 41% of world uranium production in 2010). We control a large strategic land position in the Pumpkin Buttes Uranium Mining District of the central Powder River Basin of Wyoming, U.S.A. Our management team has specialized expertise in the ISR uranium mining method, and a record of licensing, constructing, and operating ISR uranium projects.

We are principally focused on the development of our properties in the Powder River Basin area into commercial ISR uranium mines. Our plan of operations is to bring two properties into production, the Nichols Ranch and Hank units, together referred to as the Nichols Ranch ISR Uranium Project, and continue the exploration and development of our other Wyoming Powder River Basin properties.

In July 2011 we received the final authorizations required to allow us to begin construction of our Nichols Ranch ISR Uranium Project. We commenced construction of the facility described below and related infrastructure immediately thereafter, with a target completion date of late 2012. At the Nichols Ranch ISR Uranium Project we expect to take our Nichols Ranch and Hank units into production of uranium concentrate, which can be sold directly to utilities for processing into fuel used in nuclear electrical generating facilities.

A third project is in the license application preparation stage. In March 2010, we commenced preparation of the environmental permit and license applications for the Jane Dough unit, which is adjacent to the area currently being developed at the Nichols Ranch unit and will share its infrastructure. Jane Dough includes the Doughstick, South Doughstick and North Jane properties. Additional units may be added as we assess our geological data.

The mine plan for the Nichols Ranch ISR Uranium Project now includes a facility at our Nichols Ranch unit and a second ion exchange uranium concentrating facility at our Hank unit. The initial production level from these two units is planned to be in the range of 600,000 to 1,100,000 pounds per year of uranium (as U_3O_8). The Nichols Ranch processing facility is licensed for a capacity of two million pounds per year of uranium (as U_3O_8) and is intended to process uranium-bearing well field solutions from Nichols Ranch and from any additional satellite deposits that may be developed on our other Powder River Basin properties.

In November 2011 we signed a processing agreement with Cameco Resources ("Cameco"), a wholly-owned Wyoming subsidiary of Cameco Corporation, the world's largest publicly-traded uranium company. Under the agreement we will deliver uranium-loaded resin produced from the Company's Nichols Ranch ISR Uranium Project to Cameco's Smith Ranch Highland uranium mine for final processing into dried uranium concentrate packaged for shipping to a converter. The processing of Uranerz' loaded resin at Cameco's facility will not change the Company's production plans as we will retain the regulatory and physical flexibility to install a full processing plant at the Nichols Ranch ISR mine at a later date. As a result of this agreement, Uranerz will only install the ion-exchange circuit and the well field makeup circuit at this time at the Nichols Ranch central processing plant. Cameco's Smith

Ranch Highland mine is located in the Powder River Basin approximately 25 air miles south of Uranerz' Nichols Ranch ISR Uranium Project. The Jane Dough unit is compatible with this plan.

We plan to use the ISR mining process whereby a 'leaching' agent, which contains an oxidant such as oxygen with sodium bicarbonate (commonly known as baking soda) and carbon dioxide, is added to the native groundwater and injected through wells into the ore body in a sandstone aquifer to dissolve minerals containing uranium. This solution is then pumped via recovery wells to the surface for processing into finished yellowcake product ready for sale to utilities requiring nuclear fuel for operations — resulting in a cost-efficient and, relative to other common mining methods, a more environmentally friendly mining process. The ISR mining process differs dramatically from conventional mining techniques in that ISR mining leaves the rock matrix in place. The ISR technique avoids the movement and milling of rock and ore as well as mill tailing waste associated with more traditional mining methods.

In anticipation of receiving all the approvals necessary to begin production, we commenced a marketing program for conditional sales of uranium from our Nichols Ranch ISR Uranium Project. In July of 2009 we announced that we entered into a sales agreement with Exelon Generation Company, LLC for the sale of uranium over a five year period at defined pricing. In August of 2009 we announced our second contract for the sale of uranium to a U.S. utility also over five years, with a pricing structure that contains references to both spot and long-term prices and includes floor and ceiling prices. These long-term contracts for the sale of uranium are with two of the largest nuclear utilities in the U.S. These two agreements do not individually represent a substantial portion of our targeted uranium production and our business is not substantially dependent on these agreements.

Recent Corporate Developments

The following significant corporate developments occurred during our fiscal year ended December 31, 2011:

1. We issued 2,223,920 common shares upon the exercise of stock options for gross cash proceeds of \$2,240,208;
2. We issued 4,041,421 common shares upon the exercise of common share purchase warrants for gross cash proceeds of \$12,124,264;
3. We continued our exploration program in Wyoming — see details under the section heading "Item 2 — Description of Properties";
4. We received the licensing and permitting approvals necessary to construct and operate ISR uranium facilities on our Nichols Ranch and Hank units;
5. We continued the licensing and permitting process to construct and operate ISR uranium facilities on our Jane Dough unit;
6. We commenced construction of our Nichols Ranch ISR Uranium Project;
7. We increased the number of authorized common shares from 200 million to 750 million;
8. We continued drilling exploration/development activities on both our 100% owned properties and our Arkose properties, all in the Powder River Basin; and
9. We added eight new employees for our construction program.

Our focus during the fiscal year ended December 31, 2011 was on exploration in the Powder River Basin, licensing the Jane Dough unit, construction of a processing facility and installation of the environmental monitor and production wells for the first well field at the Nichols Ranch ISR Uranium Project.

Competition

Our industry is highly competitive. We compete with other mining and exploration companies in connection with the acquisition of uranium mineral properties and the equipment, materials and personnel necessary to explore and develop such properties. There is competition for the limited number of uranium acquisition opportunities, some of which is with other companies having substantially greater financial resources, staff and facilities than we do. As a result, we may have difficulty acquiring attractive exploration properties, staking claims related to our properties, and exploring and developing our properties.

Minerals Exploration Regulation

Our uranium mineral exploration and development activities are, and our production activities (if and when they occur) will be, subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labor standards, occupational health, waste disposal, protection and remediation of the environment, protection of endangered and protected species, mine safety, toxic substances and other matters. Uranium minerals exploration is also subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production.

Compliance with these laws and regulations may impose substantial costs on us and will subject us to significant potential liabilities. Changes in these regulations could require us to expend significant resources to comply with new laws or regulations or changes to current requirements and could have a material adverse effect on our business operations.

Minerals exploration operations are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated, causing an adverse effect on our business operations. Minerals exploration operations are subject to federal and state laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Minerals exploration operations are also subject to federal and state laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that such permits will be received. Environmental standards imposed by federal and state authorities may be changed and any such changes may have material adverse effects on our activities. As of the date of this annual report, other than with respect to the posting of a performance bond, we have not been required to spend material amounts on compliance with environmental regulations. However, we may be required to do so in future and this may affect our ability to expand or maintain our operations. Environmental regulation is discussed in further detail in the following section.

Environmental Regulation

Exploration, development and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuance of our operations. In general, our exploration and production activities are subject to certain federal and state laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges, and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state and federal authorities.

Waste Disposal

The Resource Conservation and Recovery Act ("RCRA"), and comparable state statutes, affect minerals exploration and production activities by imposing regulations on the generation, transportation, treatment, storage, disposal and cleanup of hazardous wastes and on the disposal of non-hazardous wastes. Under the auspices of the United States Environmental Protection Agency (the "EPA"), the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements.

CERCLA

The federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") imposes joint and several liability for costs of investigation and remediation and for natural resource damages, without regard to fault or the legality of the original conduct, on certain classes of persons with respect to the release into the environment of substances designated under CERCLA as hazardous substances ("Hazardous Substances"). These classes of persons or potentially responsible parties include the current and certain past owners and operators of a facility or property where there is or has been a release or threat of release of a Hazardous Substance and persons who disposed of or arranged for the disposal of the Hazardous Substances found at such a facility. CERCLA also authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover the costs of such action. We may also in the future become an owner of facilities on which Hazardous Substances have been released by previous owners or operators. We may in the future be responsible under CERCLA for all or part of the costs to clean up facilities or property at which such substances have been released, and for natural resource damages.

Air Emissions

Our operations are subject to state and federal regulations for the control of emissions of air pollution. Major sources of air pollutants are subject to more stringent, federally imposed permitting requirements. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of any identified deficiencies. Alternatively, regulatory agencies could require us to forego construction, modification or operation of certain air emission sources.

Clean Water Act

The Clean Water Act ("CWA") imposes restrictions and strict controls regarding the discharge of wastes, including mineral processing wastes, into waters of the United States, a term broadly defined. Permits must be obtained to discharge pollutants into federal waters. The CWA provides for civil, criminal and administrative penalties for unauthorized discharges of hazardous substances and other pollutants. It imposes substantial potential liability for the costs of removal or remediation associated with discharges of oil or hazardous substances. State laws governing discharges to water also provide varying civil, criminal and administrative penalties, and impose liabilities in the case of a discharge of petroleum or its derivatives, or other hazardous substances, into state waters. In addition, the EPA has promulgated regulations that require us to obtain permits to discharge storm water runoff. In the event of an unauthorized discharge of wastes, we may be liable for penalties and costs.

Underground Injection Control ("UIC") Permits

The federal Safe Drinking Water Act creates a nationwide regulatory program protecting groundwater. This act is administered by the EPA. However, to avoid the burden of dual federal and state (or Indian tribal) regulation, the Safe Drinking Water Act allows for the UIC permits issued by states (and Indian tribes determined eligible for treatment as states) to satisfy the UIC permit required under the Safe Drinking Water Act under two conditions. First, the state's program must have been granted primacy. Second, the EPA must have granted, upon request by the state, an aquifer exemption. The EPA may delay or decline to process the state's application if the EPA questions the state's jurisdiction over the mine site.

Segment Information

Segment information relating to the Company is provided in Note 15 to our financial statements under the section heading "Item 8. Financial Statements and Supplementary Data" below.

Employees

Currently we have twenty-three full-time employees, five full time operational consultants and one part-time operational consultant. We operate in established mining areas, which we believe have sufficient available personnel for our business plans.

Available Information

Detailed information about us is contained in our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports, and amendments to those reports, that we file with or furnish to the SEC. These reports are available free of charge on our website, www.uranerz.com, as soon as reasonably practicable after we electronically file such reports with or furnish such reports to the SEC. However, our website and any contents thereof should not be considered to be incorporated by reference into this document. We will furnish copies of such reports free of charge upon written request to our Investor Relations department. You can contact our Investor Relations department at:

Uranerz Energy Corporation

Investor Relations
Suite 1410 – 800 West Pender Street
Vancouver, BC, Canada V6C 2V6
Telephone: 1.800.689.1659
Email: investor@uranerz.com

Additionally, our corporate governance guidelines, Code of Ethics and the charters of each of the standing committees of our Board of Directors are available on our website. We will furnish copies of such information free of charge upon written request to our Investor Relations department.

ITEM 1A. RISK FACTORS

Stockholders should carefully consider the risks and uncertainties described below.

Our failure to successfully address the risks and uncertainties described below would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

Risks Related to Our Business

Our future performance is difficult to evaluate because we have a limited operating history.

We were incorporated in 1999 and we began to implement our current business strategy in the uranium industry in the beginning of 2005. Our operating cash flow needs have been financed primarily through issuances of our common stock. As a result, we have little historical financial and operating information available to help you evaluate our performance.

Because the probability of an individual prospect ever having reserves is remote, our properties may not contain any reserves, and any funds spent on exploration may be lost.

We have no uranium producing properties and have never generated any revenue from our operations. Because the probability of an individual prospect ever having reserves is uncertain, our properties may not contain any reserves, and any funds spent on exploration may be lost. Notwithstanding our disclosures to Canadian authorities under National Instrument 43-101, we do not know with certainty that economically recoverable uranium exists on any of our properties. We may never discover uranium in commercially exploitable quantities and any identified deposit may never qualify as a commercially mineable (or viable) reserve. We will continue to attempt to acquire the surface and mineral rights on lands that we think are geologically favorable or where we have historical information in our possession that indicates uranium mineralization might be present.

The exploration and development of mineral deposits involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a uranium or precious or base metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditures are required to establish reserves by drilling and to construct mining and processing facilities at a site. Our uranium properties are all at the exploration stage and do not contain any reserves at this time. It is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in the delineation of mineral deposits or in profitable commercial operations. Our operations are subject to the hazards and risks normally incident to exploration, development and production of uranium, precious and base metals, any of which could result in damage to life or property, environmental damage and possible legal liability for such damage. While we may obtain insurance against certain risks, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which we cannot insure or against which we may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting our future earnings and competitive position and, potentially our financial viability.

We have a limited operating history and have losses which we expect to continue into the future. As a result, we may have to suspend or cease exploration activities.

We were incorporated in 1999 and are engaged in the business of mineral exploration. We have not realized any revenue from our operations and have incurred losses since inception. We have a relatively limited exploration history upon which an evaluation of our future success or failure can be made. Our ability to achieve and maintain profitability and positive cash flow is dependent upon:

- * our ability to locate a profitable mineral property;
- * our ability to generate revenues; and
- * our ability to control costs.

Based upon current plans, we expect to incur operating losses in future periods. This will happen because there are expenses associated with the research and exploration of our mineral properties plus development costs to produce saleable product. We cannot guarantee we will be successful in generating revenues in the future. Failure to generate revenues may cause us to go out of business.

Because some of our officers and directors do not have technical training or experience in exploring for, starting, and operating a mine, we may have to hire qualified personnel. If we can't locate qualified personnel, we may have to suspend or cease exploration activity.

Some, but not all, of our officers and directors have experience with exploring for, starting, and operating a mine. Because some of our officers and directors are inexperienced with exploring for, starting, and operating a mine, we may have to hire qualified persons to perform surveying, exploration, and water management of our properties. Some of our officers and directors have no direct training or experience in these areas and as a result may not be fully aware of many of the specific requirements related to working within the industry. Their decisions and choices would typically take into account standard engineering or managerial approaches mineral exploration companies commonly use. However, our exploration activities, earnings and ultimate financial success could suffer irreparable harm due to certain of management's decisions. As a result we may have to suspend or cease exploration activities, or any future warranted development activities.

Our future profitability will be dependent on uranium prices.

Because a significant portion of our anticipated revenues are expected to be derived from the sale of uranium, our net earnings, if any, can be affected by the long- and short-term market price of U_3O_8 . Uranium prices are subject to fluctuation. The price of uranium has been and will continue to be affected by numerous factors beyond our control. With respect to uranium, such factors include the demand for nuclear power, political and economic conditions in uranium producing and consuming countries, uranium supply from secondary sources, uranium production levels and costs of production. Spot prices for U_3O_8 were at \$20.00 per pound U_3O_8 in December 2004, and then, to \$35.25 per pound in December 2005 and \$72.00 per pound in December 2006. During 2007 the spot price reached a high of \$138.00 per pound. The spot price of U_3O_8 was approximately \$90.00 per pound in December 2007. The spot price declined during 2008, reaching a low of \$44.00 per pound in October. In 2009, the spot price of U_3O_8 had a high of \$51.50 and a low of \$42.00. In 2010 the spot price had a high of \$62.50 and a low of \$40.75. In 2011 the spot price had a high of \$74.00 and a low of \$48.00. The spot price of U_3O_8 was approximately \$52.00 per pound and the long term price was approximately \$61.00 per pound in December 2011.

Public acceptance of nuclear energy is uncertain.

The demand for uranium as a source of energy and growth in that demand is dependent on society's acceptance of nuclear technology as a means of generating electricity. A major incident at a nuclear power plant anywhere in the world, such as that which occurred at Japan's Fukushima Daiichi nuclear power station in March of 2011, following a major earthquake and tsunami, or an accident relating to the transportation of new or spent nuclear fuel, could negatively impact the continuing public acceptance of nuclear energy and the future prospects for nuclear power generation, which may have a material adverse effect on the nuclear industry and the results of the Company operations and revenues.

Our operations are subject to environmental regulation and environmental risks.

We are required to comply with applicable environmental protection laws and regulations and permitting requirements, and we anticipate that we will be required to continue to do so in the future. The material laws and regulations within the U.S. that the Company must comply with are the National Environmental Protection Act (NEPA), Atomic Energy Act, Uranium Mill Tailings Radiation Control Act of 1978 (UMTRCA), Clean Air Act, Clean Water Act, Safe Drinking Water Act, Federal Land Policy Management Act, National Park System Mining Regulations Act, and the State Mined Land Reclamation Acts or State Department of Environmental Quality regulations, as applicable. We are required to comply with the Atomic Energy Act, as amended by UMTRCA, by applying for and maintaining a Source Material license from the U.S. Nuclear Regulatory Commission. Uranium operations must conform to the terms of such license, which include provisions for protection of human health and the environment from endangerment due to radioactive materials. The license encompasses protective measures consistent with the Clean Air Act and the Clean Water Act. We intend to utilize specific employees and consultants in order to comply with and maintain our compliance with the above laws and regulations.

The uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and processing. The possibility of more stringent regulations exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of exploration and in-situ recovery mining sites, and other environmental matters, each of which could have a material adverse effect on the costs or the viability of a particular project. We cannot predict what environmental legislation, regulation or policy will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation, generally, is toward stricter standards and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or stricter interpretation of existing laws, may necessitate significant capital outlays, may materially affect our results of operations and business, or may cause material changes or delays in our intended activities.

Our operations may require additional analysis in the future including environmental and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. There can be no assurance that we will be able to obtain or maintain all necessary permits that may be required to continue operations or exploration of properties or, if feasible, to commence development, construction or operation of mining facilities at such properties at economically justifiable costs.

We intend to extract uranium from our properties using the in-situ recovery mining process which may not be successful.

We intend to extract uranium from our properties using in-situ recovery mining, which is suitable for extraction of certain types of uranium deposits. This process requires in-situ recovery mining equipment and trained personnel. Competition and unforeseen limited sources of supplies in the industry could result in occasional spot shortages of supplies, and certain equipment such as drilling rigs and other equipment that we might need to conduct exploration and, if warranted, development. We will attempt to locate additional products, equipment and materials as needed. If we cannot find the products and equipment we need, we will have to suspend our exploration and, if warranted, development plans until we do find the products and equipment we need.

We face risks related to exploration and development, if warranted, on our properties.

Our level of profitability, if any, in future years will depend to a great degree on uranium prices and whether any of our exploration stage properties can be brought into production. The exploration for and development of mineral deposits involves significant risks. It is impossible to ensure that the current and future exploration programs and/or feasibility studies on our existing properties will establish reserves. Whether a uranium ore body will be commercially viable depends on a number of factors, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; uranium prices, which cannot be predicted and which have been highly volatile in the past; mining, processing and transportation costs; perceived levels of political risk and the willingness of lenders and investors to provide project financing; labor costs and possible labor strikes; and governmental regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting materials, foreign exchange, environmental protection, employment, worker safety, transportation, and reclamation and closure obligations.

We are subject to the risks normally encountered in the mining industry, such as:

- the discovery of unusual or unexpected geological formations;
- accidental fires, floods, earthquakes, volcanic eruptions, and other natural disasters;
- unplanned power outages and water shortages;
- controlling water and other similar mining hazards;
- operating labor disruptions and labor disputes;
- the ability to obtain suitable or adequate machinery, equipment, or labor;
- our liability for pollution or other hazards; and
- other known and unknown risks involved in the conduct of exploration, the operation of mines and the market for uranium.

The development of mineral properties is affected by many factors, including, but not limited to: the cost of operations, variations in the grade of ore, fluctuations in metal markets, costs of extraction and processing equipment, availability of equipment and labor, labor costs and possible labor strikes, and government regulations, including without limitation, regulations relating to taxes, royalties, allowable production, importing and exporting of minerals, foreign exchange, employment, worker safety, transportation, and environmental protection. Depending on the price of uranium, we may determine that it is impractical to commence, or, if commenced, continue, commercial production. Such a decision would negatively affect our profits and may affect the value of your investment.

Because we may be unable to meet property payment obligations or be able to acquire or maintain necessary mining licenses, we may lose interests in our exploration properties.

The agreements pursuant to which we acquired our interests in some of our properties provide that we must make a series of cash payments over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute our share of ongoing expenditures. If we fail to make such payments or expenditures in a timely fashion, we may lose our interest in those properties. Further, even if we do complete exploration activities, we may not be able to obtain the necessary licenses to conduct mining operations on the properties, and thus would realize no benefit from our exploration activities on the properties.

Our mineral properties may be subject to defects in title.

We own, lease, or have under option, mining claims, mineral claims or concessions and fee mineral leases which constitute our property holdings. The ownership and validity or title of unpatented mining claims and concessions are often uncertain and may be contested. We also may not have, or may not be able to obtain, all necessary surface rights to develop a property. We have not conducted title research in relation to many of our mining claims and concessions to ensure clean title. We cannot guarantee that title to our properties will not be challenged. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. We may incur significant costs related to defending the title to our properties. A successful claim contesting our title to a property may cause us to compensate other persons or perhaps reduce our interest in the affected property or lose our rights to explore and, if warranted, develop that property. This could result in us not being compensated for our prior expenditures relating to the property. Also, in any such case, the investigation and resolution of title issues would divert our management's time from ongoing exploration and development programs.

Because we may be unable to secure access rights, we may be unable to explore and/or develop our properties.

Our mineral rights do not always include rights of access or use of the surface of lands. We require agreements with land owners for these rights which may be difficult to obtain and which may require cash payments.

Because mineral exploration and development activities are inherently risky, we may be exposed to environmental liabilities.

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, none of our properties has a known body of commercial ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in extraction operations and the conduct of exploration programs. Although we intend to carry liability insurance with respect to our mineral exploration operations, we may become subject to liability for damage to life and property, environmental damage or hazards against which we cannot insure or against which we may elect not to insure. Previous mining operations may have caused environmental damage at certain of our properties. It may be difficult or impossible to assess the extent to which such damage was caused by us or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective. If any of our properties is found to have commercial quantities of ore, we would be subject to additional risks respecting any development and production activities. Most exploration projects do not result in the discovery of commercially mineable deposits of ore.

Because we have not put a mineral deposit into production before, we may have to acquire outside expertise. If we are unable to acquire such expertise we may be unable to put our properties into production.

Our Board of Directors includes seven individuals, two of whom are in operational management, that have technical or financial experience in placing mining projects into production. However, we may also be dependent upon using the services of appropriately experienced personnel or entering into agreements with other companies that can provide such expertise. We have contracted an experienced uranium producer to strip, elute, precipitate and drum our uranium resins to produce dried uranium concentrate for sale. The success of processing our uranium resins depends upon the contractor's ability to provide services in accordance with the terms of our agreement.

Acquisitions and integration issues may expose us to additional risks which could have a material adverse effect on our business.

Our business strategy includes making targeted acquisitions. Any acquisition that we make may be of a significant size, may change the scale of our business and operations, and may expose us to new geographic, political, operating, financial and geological risks. The success of our acquisition activities depends on our ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with our own. Any acquisitions would be accompanied by risks which could have a material adverse effect on our business. For example, there may be significant decreases in commodity prices after we have committed to complete the transaction and have established the purchase price or exchange ratio; a material ore body may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt our ongoing business and our relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. If we choose to use equity securities as consideration for such an acquisition, existing stockholders may suffer dilution. Alternatively, we may choose to finance any such acquisition with our existing resources. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

The mining industry is highly competitive.

The business of the acquisition, exploration, and development of uranium properties is intensely competitive. We will be required to compete, in the future, directly with other corporations that may have better access to potential uranium resources, more developed infrastructure, more available capital, and better access to necessary financing, and more knowledgeable and available employees than us. We may encounter competition in acquiring uranium properties, hiring mining professionals, obtaining mining resources, such as manpower, drill rigs, and other mining equipment. Such competitors could outbid us for potential projects or produce minerals at lower costs. Increased competition could also affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for uranium exploration in the future.

Risks Related to Corporate and Financial Structure

We are dependent upon key management employees.

The success of our operations will depend upon numerous factors, many of which are beyond our control, including (i) our ability to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) our ability to attract and retain additional key personnel in sales, marketing, technical support and finance. We currently depend upon our management employees to seek out and form strategic alliances and find and retain additional employees. There can be no assurance of success with any or all of these factors on which our operations will depend. We have relied and may continue to rely, upon consultants and others for operating expertise.

Our growth will require new personnel, which we will be required to recruit, hire, train and retain.

We expect significant growth in the number of our employees if we determine that a mine at any of our properties is commercially feasible, we are able to raise sufficient funding and we elect to develop the property. This growth will place substantial demands on us and our management. Our ability to assimilate new personnel will be critical to our performance. We will be required to recruit additional personnel and to train, motivate and manage employees. We will also have to adopt and implement new systems in all aspects of our operations. This will be particularly critical in the event we decide not to use contract miners at any of our properties. We have no assurance that we will be able to recruit the personnel required to execute our programs or to manage these changes successfully.

Legislation, including the Sarbanes-Oxley Act of 2002, may make it difficult for us to retain or attract officers and directors.

We may be unable to attract and retain qualified officers, directors and members of board committees required to provide for our effective management as a result of the recent and currently proposed changes in the rules and regulations which govern publicly-held companies. Sarbanes-Oxley Act of 2002 has resulted in a series of rules and regulations by the Securities and Exchange Commission that increased responsibilities and liabilities of directors and executive officers. The increased personal risk associated with these changes may deter qualified individuals from accepting these roles.

Stock market price and volume volatility.

The market for our common stock may be highly volatile for reasons both related to the performance of the Company or events pertaining to the industry (i.e. mineral price fluctuation/high production costs/accidents) as well as factors unrelated to the Company or its industry. In particular, market demand for uranium fluctuates from one business cycle to the next, resulting in change of demand for the mineral and an attendant change in the price for the mineral. Our common stock can be expected to be subject to volatility in both price and volume arising from market expectations, announcements and press releases regarding our business, and changes in estimates and evaluations by securities analysts or other events or factors. In recent years, the securities markets in the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small-capitalization companies, have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values, or prospects of such companies. For these reasons, the price of our common stock can also be expected to be subject to volatility resulting from purely market forces over which we will have no control.

Granting of options may negatively impact the value of our shares of common stock.

Because the success of the Company is highly dependent upon its respective employees, we may in the future grant to some or all of our key employees, directors and consultants, options to purchase shares of our common stock as non-cash incentives. Those options may be granted at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such options may be granted and exercised, the interests of the other stockholders of the Company may be diluted.

The issuance of additional shares of common stock may negatively impact the trading price of our shares of common stock.

We have issued equity securities in the past and may continue to issue equity securities to finance our activities in the future, including to finance future acquisitions, or as consideration for acquisitions of businesses or assets. In addition, outstanding options and warrants to purchase shares of common stock may be exercised, resulting in the issuance of additional shares of common stock. The issuance by us of additional shares of common stock would result in dilution to our stockholders, and even the perception that such an issuance may occur could have a negative impact on the trading price of our shares of common stock.

The value of an investment in our shares of common stock could decline substantially.

The market price for shares of our common stock has been and can be expected to remain highly volatile. As a result, shareholders might experience an extreme variation in the value of their holdings. Trading prices of many exploration stage companies, including us, have experienced price and volume fluctuations which have, at times, been seemingly unrelated to the performance of the companies whose securities were affected.

We do not intend to pay dividends in the foreseeable future.

We have never paid a dividend to our shareholders, and we intend to retain our cash for the continued development of our business. We do not intend to pay cash dividends on our common stock in the foreseeable future. As a result, a return on investment will be solely determined by the ability to sell shares in a secondary market.

We depend on our ability to successfully access the capital and financial markets. Any inability to access the capital or financial markets may limit our ability to execute our business plan or pursue investments that we may rely on for future growth.

We rely on access to long-term capital markets as a source of liquidity for capital and operating requirements. If we are not able to access financial markets at competitive rates, our ability to implement our business plan and strategy may be affected. Certain market disruptions may increase our cost of borrowing or affect our ability to access one or more financial markets. Such market disruptions could result from:

- adverse economic conditions;
- adverse general capital market conditions;
- poor performance and health of the uranium industry in general;
- bankruptcy or financial distress of unrelated uranium companies or marketers;
- significant decrease in the demand for uranium;
- adverse regulatory actions that affect our exploration and development plans; and
- terrorist attacks on our potential customers.

Market events and conditions, including disruptions in the U.S. and international credit markets and other financial systems and the deterioration of the U.S. and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on our ability to fund our working capital and other capital requirements.

Since 2008 U.S. credit markets have experienced serious disruption due to government regulation, government inaction, deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, subprime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems led to a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Various actions by the U.S. and foreign governments are targeting general conditions of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions to stabilize and improve the broader credit and stock markets. The general economic indicators, including low consumer sentiment, high unemployment and low economic growth indicate continued economic uncertainty.

These disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for us to obtain, or increase our cost of obtaining, capital and financing for our operations. Our access to additional capital may not be available on terms acceptable to us or at all.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We do not have any unresolved comments from the SEC staff regarding our periodic or current reports under the Securities Exchange Act of 1934, as amended.

ITEM 2. DESCRIPTION OF PROPERTIES

Overview

We are a near term exploration stage company engaged in the acquisition, exploration and, if warranted, development of uranium properties. "Uranium" used in this context refers to U_3O_8 . U_3O_8 , also called yellowcake, is triuranium octoxide produced from uranium ore and is the most actively traded uranium-related commodity.

We are focused on both the exploration and development of our properties in the Powder River Basin area of Wyoming. We are exploring these properties with the objective of assessing their viability for commercial ISR uranium mining. ISR is a low cost mining process that uses a "leaching solution" to extract uranium from sandstone uranium deposits.

Concurrent with our exploration activities, we are in the process of constructing a processing plant and first well field for the Nichols Ranch ISR Uranium Project. This construction began in early August 2011 after receiving our mine operating permits on two of our properties in the Powder River Basin area of Wyoming, known as the Nichols Ranch and Hank properties. We believe that these properties have the potential, based on data in our possession, of being developed into commercial ISR uranium mines. Our permits will allow us to produce uranium yellowcake concentrate, which can be sold directly to utilities for fuel used in nuclear electrical generating facilities. Because of the long lead times for environmental permitting of mining operations in North America, we filed applications to the State of Wyoming (WDEQ) and the U.S. Nuclear Regulatory Commission (NRC) for permits for the Nichols Ranch Uranium ISR Project in December 2007. The status of our permitting activities is described more fully below under the heading "Nichols Ranch ISR Uranium Project".

Our Wyoming properties, all in the Powder River Basin, totaling 87,414 acres include:

- 100% owned properties, totaled 25,261 acres as of December 31, 2011;
- properties of Arkose Mining Venture, in which we hold an 81% interest, totaling 62,153 acres as of December 31, 2011.

We completed a substantial exploration program on our Powder River Basin properties in 2011. A total of 380 drill holes were completed in 2011, representing approximately 288,404 feet of drilling at an average depth of 755 feet per hole. Uranium trend holes and delineation holes were drilled utilizing two drill rigs and two electric log probing units.

The objective of the 2011 drilling program was to find previously unknown or little-known uranium mineralization trends and to delineate known trends, which would provide data for permitting and eventual production operations in favorably identified areas. During the 2011 drilling program, approximately 6.1 miles of uranium roll front trends were investigated.

Our plan of operations during 2012 is to:

- continue with our exploration of our Powder River Basin Properties as detailed below under "2012 Exploration/Development Program";
- complete construction of our Nichols Ranch ISR Uranium Project; and
- continue the permitting process for our Jane Dough property.

All of our projects are at the exploration, investigation and development stage and there can be no assurance that a commercially viable mineral deposit, or reserve, exists on any of our properties until appropriate exploratory and development work is done and results are assessed. Our economic, technical and legal feasibility of mining the Nichols Ranch ISR Uranium Project provides no assurance that it will result in a commercially viable mineral deposit.

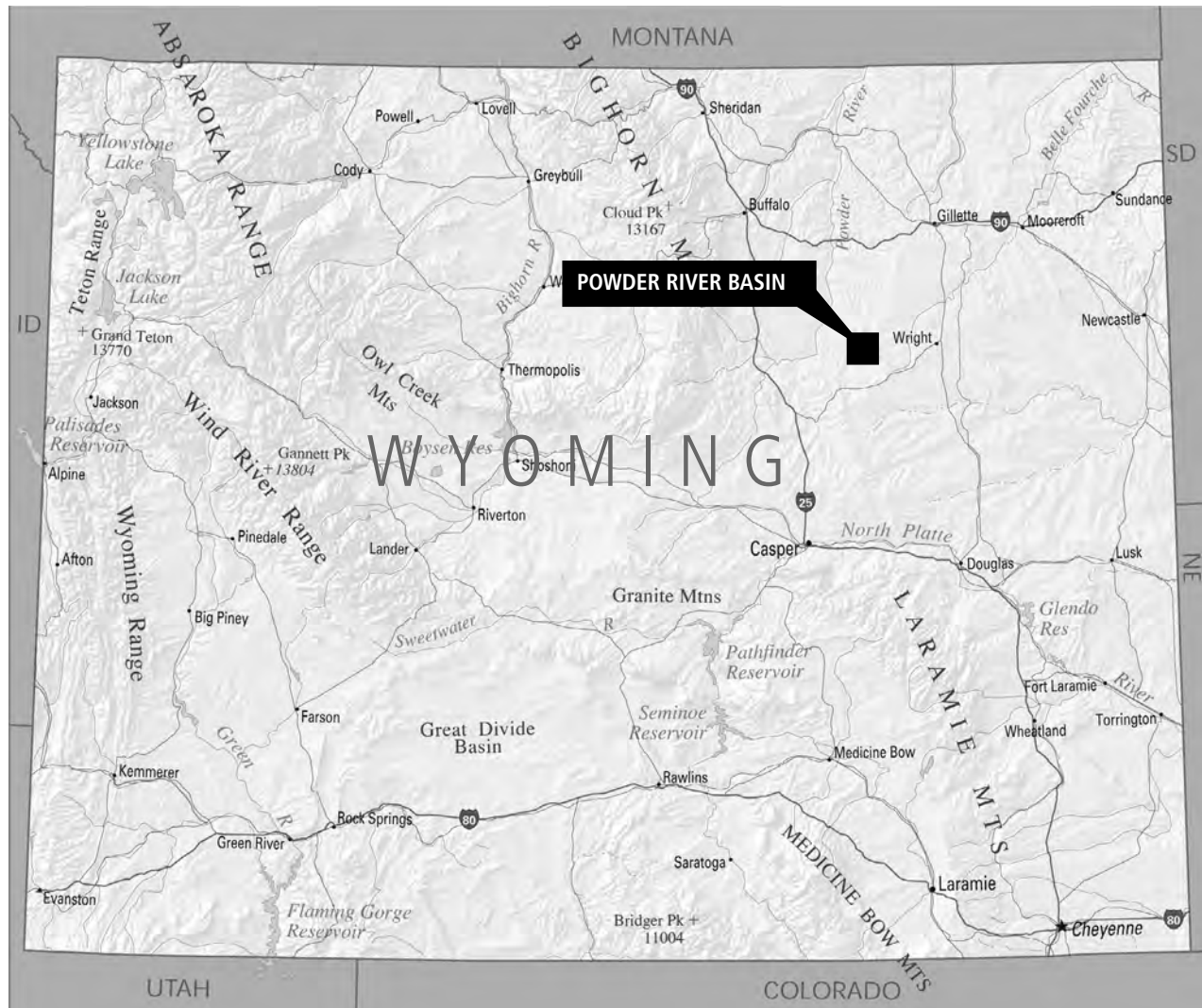
Operations

Our exploration program in the Wyoming Powder River Basin is directed by Mr. Kurtis Brown, Senior Vice President, Geology and Development and is supervised by Mr. George Hartman, our Executive Vice President and Chief Operating Officer. We engage contractors to carry out our exploration programs under Mr. Brown's supervision. Contractors that we plan to engage include drilling companies and geophysical logging companies, each according to the specific exploration program on each property.

Our management will make determinations as to whether to proceed with the additional exploration of our Wyoming Powder River Basin mineral properties based on the results of the preliminary exploration that we undertake. In completing these determinations, we will make an assessment as to whether the results of the exploration are sufficiently positive for us to proceed with more advanced exploration.

Wyoming Properties

We have several properties in the Powder River Basin of Wyoming as shown in the map below:

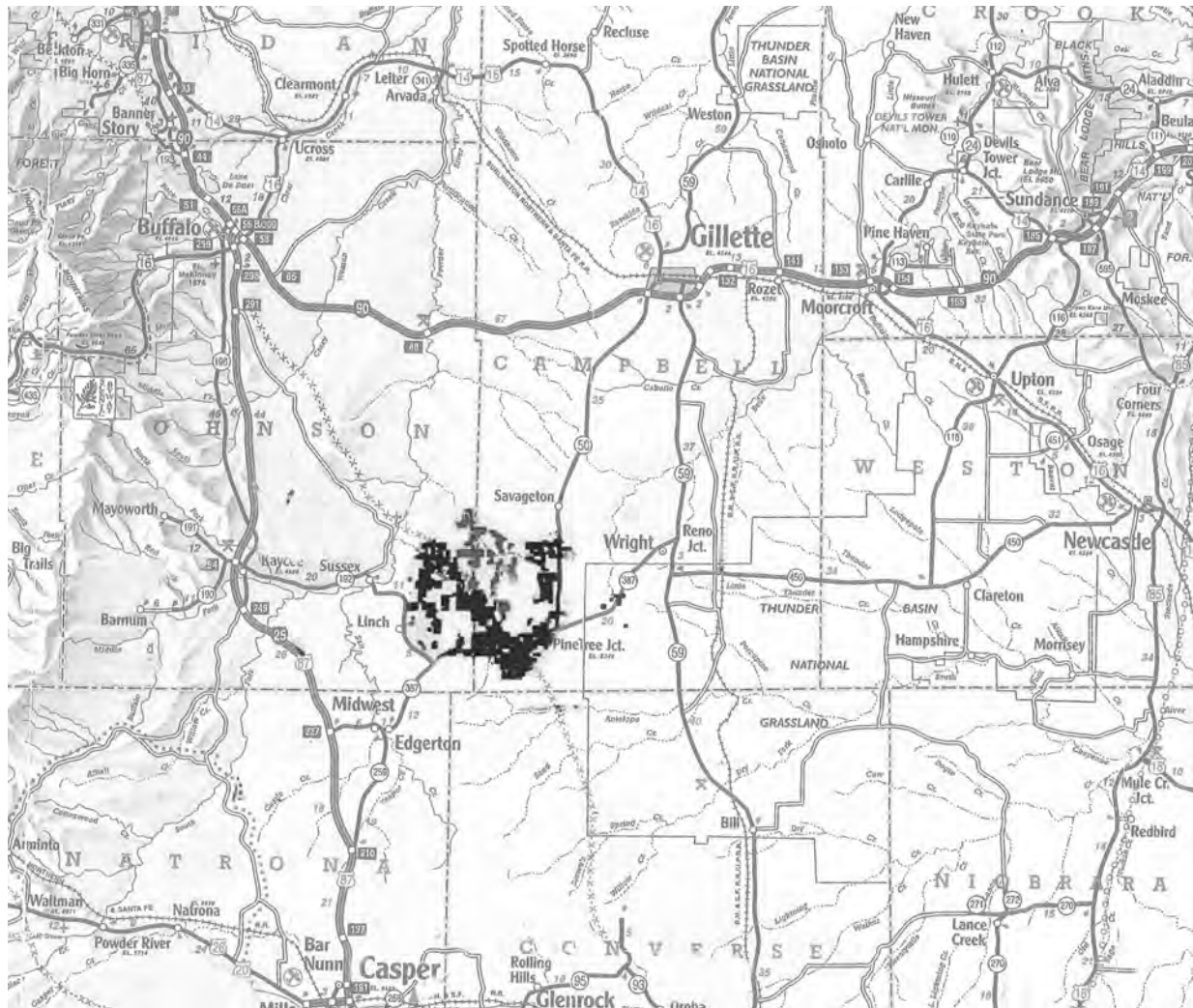


Source: Uranerz Energy Corporation 2011

We plan to maintain, explore and, if warranted, develop our properties in the Powder River Basin area of Wyoming.

Powder River Basin Properties

As of December 31, 2011, our Powder River Basin properties include both our 100% owned properties and those properties included within the Arkose Mining Venture. These principal properties comprise in total approximately 87,414 acres and consist of a combination of federal mining claims, state mineral leases and private fee mineral leases. A map showing the location of our 100% owned Powder River Basin and Arkose Mining Venture properties is provided below:



Urnerz Claims

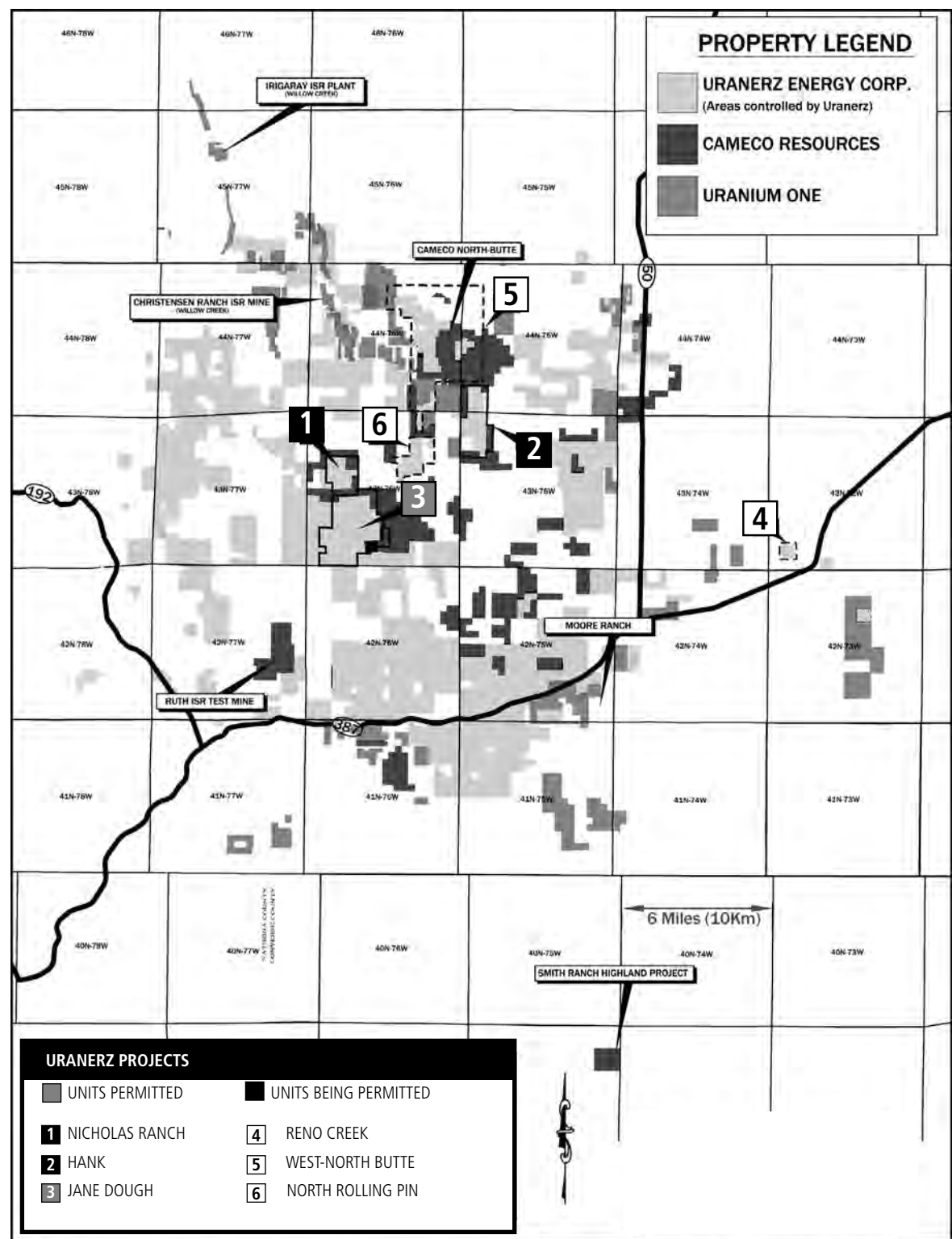


Arkose Claims



Source: Uranerz Energy Corporation 2011

An additional map showing the location of our properties within the general Powder River Basin property area and our key property units is presented below:



Source: Uranerz Energy Corporation 2011

Ownership Interests

Our ownership interests in the properties within the Powder River Basin are summarized as follows:

100% Owned Properties

Our 100% owned properties are comprised of unpatented lode mining claims, state leases and fee (private) mineral leases, as summarized as follows:

Property Composition	Ownership Interest ⁽¹⁾	Number of Claims/Leases	Acreage (Approximate)
Unpatented Lode Mining Claims	100%	839	16,780 acres
State Leases	100%	6	5,840 acres
Fee (private) Mineral Leases	100%	41	2,641 acres
Total			25,261 acres

⁽¹⁾ Subject to royalties, as discussed further below.

These 100% owned properties in the Powder River Basin include the following core property units:

Property	No. Claims	Approximate Acreage
Jane Dough	22	440
Collins Draw	32	640
North Rolling Pin	54	1,080
Hank	66	1320
Nichols Ranch	36	720
Willow Creek	11	220
West North-Butte	125	2,500
East Nichols	44	880
North Nichols	107	2,140
TOTAL	497	9,940

We continue to look for more prospective lands in the Powder River Basin and as a result may locate, purchase or lease additional unpatented lode mining claims; and/or purchase or lease additional fee mineral (private) lands during the next twelve months, however there is no assurance any additional properties will be acquired.

Arkose Mining Venture

The Arkose Mining Venture properties are comprised of unpatented mineral lode claims, state leases and fee (private) mineral leases, as summarized as follows:

Property Composition	Ownership Interest ⁽¹⁾	Number of Claims/Leases	Acreage (Approximate)
Unpatented Mineral Lode Claims	81%	2,641	43,207 acres
State Leases	81%	3	2,080 acres
Fee (private) Mineral Leases	81%	65	16,866 acres
Total			62,153 acres

⁽¹⁾ Subject to royalties, as discussed further below.

We completed the acquisition of an undivided 81% interest in the Arkose Mining Venture mineral properties on January 15, 2008. This acquisition was completed pursuant to a purchase and sale agreement with mining venture previously announced on September 19, 2007 between Uranerz, and NAMMCO, Steven C. Kirkwood, Robert W. Kirkwood and Stephen L. Payne (collectively, the "NAMMCO Sellers"). The total purchase price that we paid to acquire this 81% interest in the Arkose Mining Venture included cash of \$5,757,000 and 5,750,000 shares of our common stock issued to the NAMMCO Sellers.

In connection with our acquisition of an 81% interest in the Arkose Mining Venture, we entered into a venture agreement dated as of January 15, 2008 (the "Venture Agreement") with United Nuclear, LLC ("United Nuclear"), a limited liability company wholly owned by the NAMMCO Sellers and their designee under the purchase and sale agreement. Under the Venture Agreement, we agreed that United Nuclear will hold (and contribute to) its nineteen percent (19%) working interest in the Arkose Mining Venture, and we will operate and be the manager of the Arkose Mining Venture under the name "Arkose Mining Venture". We and United Nuclear agreed to contribute funds to programs and budgets approved under the Arkose Mining Venture in accordance with our respective interests in the Venture.

The Venture Agreement provides that we, as manager, will have management and control over operations carried out by the Arkose Mining Venture. We are obligated to present proposed programs and budgets to the management committee of the Arkose Mining Venture on an annual basis. The proposed programs and budgets may include exploration programs, pre-feasibility studies, feasibility studies, development, mining, and expansion or modification of operation plans. Proposed programs and budgets are reviewed by the management committee appointed under the Arkose Mining Venture which includes at least two members from each company appointed by Uranerz and United Nuclear respectively. Unless otherwise provided in the Venture Agreement, the vote of the participant with a participating interest greater than 50% will determine decisions of the management committee. A participant may elect to participate in an approved program and budget either (i) in proportion to the participant's respective interest in the Arkose Mining Venture, or (ii) not at all. In the event that a participant elects not to participate in a program and budget, then its participating interest in the Venture Agreement is subject to recalculation in accordance with the Venture Agreement to reflect the decision not to participate.

This overview of the Venture Agreement does not provide a full discussion of all terms and conditions of the Venture Agreement. Interested parties are encouraged to read the entire copy of the Venture Agreement that was filed with the SEC as an exhibit to our Current Report on Form 8-K filed on January 22, 2008.

The Arkose Mining Venture includes the following property units on which we have conducted exploration:

- South Doughstick
- East Buck
- Sand Rock
- House Creek
- Lone Bull
- Monument
- Stage
- Cedar Canyon
- South Collins Draw
- Little Butte
- Beecher Draw
- Kermit
- Jane Dough

Other Powder River Basin Projects

Through a combination of claim staking, purchasing, and leasing, we also have acquired interests in several projects that lie within the Powder River Basin but outside of the project areas discussed above. These properties include the Verna Ann, Niles Ranch, Reno Creek, and South Reno Creek projects which cover approximately 1,694 acres. In general, these projects are located in sandstone basins of Tertiary age with known uranium mineralization. However, due to our focused approach we have not yet initiated exploration work on these projects. Additional leasing in the Reno Creek Project has prompted us to acquire past exploration and development data for this area to support a National Instrument 43-101 report which was published on October 13, 2010. If warranted, environmental base line work may begin thereafter with the goal of submitting an environmental permit application for ISR facilities.

Forfeiture of certain Powder River Basin interests

During August 2011, we decided to forfeit our interests in certain mining claims in the Powder River Basin which we determined, based on the review, analysis and recommendations of our geological staff, did not merit further exploration and accordingly were no longer of strategic interest or value to the Company. The claims, which were forfeited, effective September 1, 2011, when the annual renewal fee would have become due, were comprised of: 38 claims in which we had held a 100% interest in the Divide project areas and 216 claims in the South Collins Draw, East Buck, Kermit, Little Butte, South Doughstick and Beecher Draw project areas, in which we held an 81% interest through the Arkose Mining Venture. We will continue to review our property portfolio and may decide to forfeit other interests in the future if we determine that they are no longer of strategic interest.

NI 43-101 Technical Reports

We have obtained technical reports on the following material properties:

Name of Report	Authors of Technical Report	Date of Report
Technical Report, Reno Creek Property, Campbell County, Wyoming, U.S.A.	TREC, Inc., 951 Werner Court Suite 395, Casper Wyoming 82601	October 13, 2010
Technical Report, North Rolling Pin Project, Campbell County, Wyoming, U.S.A.	TREC, Inc., 951 Werner Court Suite 395, Casper Wyoming 82601	June 4, 2010
Technical Report, Doughstick Project, Campbell County, Wyoming, U.S.A.	TREC, Inc., 951 Werner Court Suite 395, Casper Wyoming 82601	January 26, 2010
Technical Report, South Doughstick Property, Campbell and Johnson Counties, Wyoming, U.S.A.	TREC, Inc., 951 Werner Court Suite 395, Casper Wyoming 82601	February 25, 2010 (Amended) October 12, 2009
Technical Report, Nichols Ranch Property, Johnson and Campbell Counties, Wyoming, U.S.A.	Kurtis J. Brown, P.G., Senior Vice President, Uranerz Energy Corporation, 1701 East "E" Street, Casper Wyoming 82605	June 5, 2009
Technical Report - West North-Butte Satellite Properties, Campbell County, Wyoming, U.S.A.	TREC, Inc., 341 East "E" Street, Suite 200, Casper Wyoming 82601 Don R. Woody, P.G, Woody Enterprises, 9005 Sypes Canyon Road, Bozeman, Montana 58715	December 9, 2008
Preliminary Assessment – Nichols Ranch In-Situ Recovery Uranium Project, Powder River Basin, Wyoming, U.S.A	TREC, Inc., 341 East "E" Street, Suite 200, Casper Wyoming 82601	July 25, 2008

Technical Report – The Hank Unit
Property, Campbell County,
Wyoming, U.S.A.

TREC, Inc., 341 East “E”
Street, Suite 200, Casper
Wyoming 82601

May 1, 2008

Don R. Woody, P.G, Woody
Enterprises, 9005 Sypes
Canyon Road, Bozeman,
Montana 58715

Technical Report on the Arkose
Mining Venture Project, Campbell
and Johnson Counties, Wyoming, U.S.A.

TREC, Inc., 341 East “E”
Street, Suite 200, Casper
Wyoming 82601

February 27, 2008

Don R. Woody, P.G, Woody
Enterprises, 9005 Sypes
Canyon Road, Bozeman,
Montana 58715

Cautionary Note to United States Investors

As a company listed on the TSX, we are required by Canadian law to provide disclosure in accordance with Canadian Securities Administrators’ National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). This required disclosure includes the preparation and filing of technical reports on our material mineral properties with Canadian securities commissions under NI 43-101. These technical reports are furnished by us to the U.S. Securities and Exchange Commission (the “SEC”) on Form 8-K in order to satisfy our “public disclosure” obligations under SEC Regulation FD and are not filed with the SEC. U.S. reporting requirements for disclosure of mineral properties, including disclosure required in this Annual Report on Form 10-K, are governed by the Industry Guide 7 (“SEC Guide 7”) of the SEC. The standards of disclosure of mineral properties under NI 43-101 and SEC Guide 7 are substantially different. All mineral resources disclosed in our NI 43-101 technical reports referenced herein have been estimated in accordance with the definition standards on mineral resources and mineral reserves of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101. These definitions differ from the definitions in SEC Guide 7. Under SEC Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average commodity price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

The NI 43-101 technical reports referenced herein use the terms “mineral resource,” “measured mineral resource,” “indicated mineral resource” and “inferred mineral resource”. We advise investors that these terms are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into SEC Guide 7 reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of any mineral resource exists or is economically or legally mineable. Disclosure of “contained pounds” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in-place tonnage and grade without reference to unit measures.

The following information regarding our ownership interests in our material properties, their geology and their exploration history is taken from these technical reports.

Hank Unit and Nichols Ranch Unit

Within the Nichols Ranch Unit we have 36 unpatented lode mining claims, two fee surface and mineral leases, and one surface use agreement. There is an overriding royalty interest in favor of Excalibur Industries on all federal unpatented lode mining claims that were acquired by us from Excalibur Industries. Many of the unpatented lode mining claims located at the Hank Unit and at the Nichols Ranch Unit have an associated gross royalty payable to Excalibur Industries of 6 percent when the spot price of uranium is less than \$45.00 per pound and of 8 percent if the uranium spot price is \$45.00 per pound or higher. In addition, there is a portion of the Nichols Ranch Unit that includes private (fee) mineral that is subject to the above Excalibur Industries royalty, plus an additional royalty payable to the fee mineral owner under the fee leases (equaling a 12 percent or 16 percent royalty depending upon the spot price of uranium).

Within the Hank Unit, we have 66 unpatented lode mining claims, two fee surface and mineral leases, and one surface use agreement. The Hank Unit permit boundary encompasses approximately 2,250 acres. Within the permit boundary, we have the right to mine approximately 1,393 acres of mineral rights. Of the 66 unpatented lode mining claims comprising the Hank Unit, 56 of the claims have a royalty interest burden, payable to Excalibur Industries, of 6 or 8 percent depending on the selling price of uranium. This royalty interest is based on uranium produced from these claims.

West North-Butte Satellite Properties

The West North-Butte property covers approximately 1,960 acres of land and is comprised of 125 unpatented lode mining claims and one surface use agreement, of which 6 unpatented lode mining claims are subject to a royalty interest burden, payable to Excalibur Industries, of 6 or 8 percent depending on the price of uranium.

The east portion of the West North-Butte property covers approximately 325 acres of land and is comprised of 17 unpatented lode mining claims and one surface use agreement. None of the claims in this property are subject to a royalty.

The Willow Creek property covers approximately 220 acres of land and is comprised of 11 unpatented lode mining claims and one surface use agreement, all of which unpatented lode mining claims are subject to a royalty interest burden, payable to Excalibur Industries, of 6 or 8 percent depending on the price of uranium.

Arkose Mining Venture

The Arkose Mining Venture properties consist of unpatented lode mining claims, fee mineral leases, and state mineral leases. The land surface consists of private, federal and state lands. There are 2,641 unpatented lode mining claims included in the Arkose Property which comprise 43,207 acres and 65 fee mineral leases and 3 state leases included in the Arkose Property which comprise 18,946 acres. All of the unpatented lode mining claims are owned by us subject to the beneficial interests of the participants in the Arkose Mining Venture.

Of the 2,641 unpatented lode mining claims, 750 unpatented lode mining claims have an overriding royalty interest burden of 0.25%. This overriding royalty interest is based on production of uranium on these claims.

The title of the Arkose Mining Venture to the leased property included in the Arkose Property is a leasehold interest subject to the various terms as set forth in the applicable leases (the "Arkose Leases"). The Arkose Leases are mineral leases only and the Arkose Mining Venture obtained surface use agreements with the various surface owners of said lands prior to commencing any activities. The majority of the Arkose Leases (other than the three state leases, which are paid annually) are paid up for either five or ten years. The five-year paid-up leases have an option to extend for a second five-year term, and for so long thereafter as the property under the lease is in production. The Arkose Leases only cover uranium and other fissionable minerals. Commingling of ores from adjacent lands is allowable under the fee mineral leases.

Royalties under the fee mineral leases are variable and can range from a flat 4% on uranium production to a sliding scale of 2-10% with different intermediate break points with the 10% rate applying to sales prices of \$100 per pound of uranium and greater.

Unpatented Lode Mining Claims

Our unpatented lode mining claims, including those subject to the Arkose Mining Venture, are located on minerals owned by the federal government and open to location, with the surface being owned either by the federal government or private individuals. In addition, the unpatented lode mining claims are recorded in the appropriate county and filed with the state office of the Bureau of Land Management (the "BLM").

The unpatented lode claims do not have an expiration date. However, affidavits must be filed annually with the BLM and respective county recorder's offices in order to maintain the claims' validity. All of the unpatented lode claims have annual filing requirements (\$140 per claim) with the BLM, to be paid on or before September 1 of each year.

Most of the above-mentioned unpatented lode claims are located on Stock Raising Homestead land where the U.S. government has issued a patent for the surface to an individual and reserved the minerals to the U.S. government subject to the location rights by claimants as set forth in the federal Mining Act of 1872.

Mining Leases

Our leasehold interests within our 100% owned properties are subject to the various terms as set forth in the applicable leases. The state leases and leases on fee mineral lands usually have annual payments, royalty obligations, and the term of the leases vary, but for the most part can be extended by production. The fee surface and mineral leases apply only to uranium and other fissionable minerals and typically have a 10-year term with the right to extend the leases with production. Commingling of production from adjacent lands is allowable under the fee mineral leases.

Surface Rights

The Powder River Basin area has surface rights under applicable laws that allow for exploration disturbance, road construction and facility siting. The claimant must first notify the surface owner of its intention to locate unpatented lode mining claims on the owner's surface and then try and reach an agreement with the surface owner to pay for damages caused by the claimant's operations. If an agreement cannot be reached, the claimant may post a bond with the Bureau of Land Management to cover the amount of the damages caused by the claimant's operations.

We have negotiated surface use agreements with various surface owners covering a majority of our project areas. We are currently negotiating with various surface owners to enter into surface agreements covering the balance of the unpatented lode claims not already covered by surface use agreements. The surface use agreements typically provide for reimbursement to the surface owner of actual damages resulting from our operations.

Taxes and Fees

We will be required to pay severance tax and ad valorem tax to the State of Wyoming, in addition to various maintenance, land impact and access fees as well as other consideration to surface holders.

Location and Access; Topography, Elevation and Vegetation; Climate

The Powder River Basin area is located approximately 50 miles southwest of Gillette, Wyoming and 100 miles northeast of Casper, Wyoming. The area is accessed from State Highway 50 from the east or State Highway 387 from the south, and various internal gravel surface county and private roads. Casper is on Interstate 25, approximately one hour by air from either Denver, Colorado or Salt Lake City, Utah.

Our Powder River Basin properties are located in portions of Campbell and Johnson Counties, Wyoming, U.S.A., and are approximately 60 air miles northeast of Casper, Wyoming. The Powder River Basin properties cover lands in various sections in the Townships 41 to 44 North and Ranges 74 to 78 West.

The center of our properties (centered east-west) is approximately eight miles west of the junction of Wyoming Highways 50 and 387. The properties are accessible via two-wheel drive on existing county and/or private gravel and dirt roads. Accessibility for drilling at this time appears acceptable with the exception of very wet or snowy ground surface conditions. Road development and improvements may be required.

The Powder River Basin properties are located within the Wyoming Basin physiographic province in the central portion of the Powder River Basin, within the Pumpkin Buttes Mining District. The Pumpkin Buttes are a series of small buttes rising several hundred feet above the surrounding plains. Portions of the Powder River Basin properties are located east, west and south of these buttes. The cap rocks on top of the buttes are erosional remnants of the Tertiary White River Formation that is believed to have overlain the majority of the Powder River Basin. The volcanic tuffs in the White River Formation have been cited as the source of uranium in this basin.

The area in which the Powder River Basin properties is located is a low lying plain, and elevations range from approximately 4,390 feet (1,440 meters) in the northwest to approximately 5,450 feet (1,790 meters) in the southeast. Historically and currently the land is used for livestock and wildlife grazing. Vegetation is characteristically sagebrush grassland with some pines on elevated terrain and some deciduous trees within drainages.

The climate is semi-arid and receives an annual precipitation of approximately 9.4 inches, the most falling in the form of late autumnal to early spring snows. The summer months are usually hot, dry and clear except for infrequent heavy rains. Cold, wind and snow/blizzards can make winter exploration work in this area difficult but not impossible. The weather may limit the time periods for capital construction but should not have any significant adverse impacts on the operation of an ISR facility.

Geology

Our Powder River Basin properties encompass approximately 87,414 acres, and potential target mineralized zones are expected to occur throughout the properties. The potential target mineralization within the Powder River Basin properties is believed to be alteration-reduction trends hosted in the Eocene age channel sands that lie at depths of approximately 300 to 1,100 feet from the surface. Roll front deposits of uranium mineralized material are anticipated to occur within these properties. An alteration reduction trend is a natural chemical boundary trend line in a sandstone aquifer where reduced (non-oxidized) sand is in contact with altered (oxidized) sand. Uranium mineralization may be found along the trend line.

Our Powder River Basin properties contain alteration-reduction trends hosted in Eocene age channel sands. Alteration-reduction trends in the Pumpkin Buttes Mining District are typically composed of multiple, stacked roll front deposits that often contain associated uranium mineralization. A stacked roll front is a type of uranium occurrence found in thick sandstone where a number of mineralization trends are stacked on top of each other. Uranium mineralization within and adjacent to the Powder River Basin properties are found in the Eocene Wasatch Formation (Wasatch). The Wasatch is a fluvial deposit composed of arkosic sandstones that are typically 25% or more feldspar grains and indicates a source rock where chemical weathering was not extreme and the sediments have not been transported far. A fluvial deposit is a deposit of uranium mineralization found in sandstones that originated from sediments laid down by streams and rivers. The arkosic sandstone is a type of sandstone that contains a high percentage of feldspar grains. The medium grain size and relatively good sorting of this sediment implies water transportation, probably in a meandering river/stream system. The Wasatch formation is interlaid with sandstones, claystones, siltstones, carbonaceous shale, and thin coal seams that overlie the Paleocene Fort Union Formation, another fluvial sedimentary unit.

Exploration History

Our Powder River Basin properties are located within the Pumpkin Buttes Mining District which was the first commercial uranium production district in Wyoming. Uranium was first discovered in the Pumpkin Buttes in 1951. Intermittent production from some 55 small mines through 1967 produced 36,737 tons of ore containing 208,143 pounds of uranium. This early mining focused on shallow oxidized ores exploited by small open pit mines. The ore was generally transported to the Atomic Energy Commission buying station in Edgemont, South Dakota. Modern mining in the district has focused on deeper reduced ores. Uranium One's Christensen Ranch (now called Willow Creek) and Irigaray ISR uranium mining areas and processing facilities are located within the Pumpkin Buttes Mining District, approximately 10 and 16 air miles, respectively, from the Arkose Property. These mines have completed successful ISR mining and aquifer restoration in the Wasatch formation.

These properties were originally part of a large exploration area encompassing Townships 33 through 50 North of Ranges 69 through 79 West, on the 6th principal meridian. In 1966, Mountain West Mines Inc. (MWM, now Excalibur Industries) began a successful drilling exploration program in a portion of this area. In 1967, MWM entered into an agreement with Cleveland-Cliffs Iron Company (CCI) for further exploration and option if suitable resources were found. CCI exercised its option in 1976 with plans to begin underground mining operations in the vicinity of North Butte. Changing economic conditions and the development of ISR mining technology reportedly ended much of CCI's interest in the area. By the late 1980s they began selling select properties or allowing them to revert back to the federal government.

In addition to CCI, other uranium exploration companies during the last forty years have controlled property either within or near our Powder River Basin properties. These included Kerr McGee, Conoco, Texaco, American Nuclear, Tennessee Valley Authority and Uranerz U.S.A., Inc. Uranium One NC (via subsidiary Cogema Resources Inc. ("Cogema")) and Power Resources Inc. d.b.a Cameco resources (a subsidiary of Cameco Corporation) have retained portions of their original land positions in the area. The mining claims and leases originally controlled by most of these companies were let go over the years due to market conditions. These property abandonments continued into 2004.

As a result of this history of exploration and our own exploration efforts, there is available to us for our exploration of the Powder River Basin properties published and unpublished mineral trend projections, mineral resource summaries and historic and current mineral resource reports developed by us or other operators from these properties or adjacent mineral properties, as applicable. In addition, there are publicly available drill results from approximately 1,250 coal bed methane (CBM) exploration/production wells in the region of the Arkose Mining Venture properties, which are discussed further below.

Nichols Ranch ISR Uranium Project

Between 1968 and 1980 CCI drilled 117 holes and installed 3 water wells on the Nichols Ranch property. Texas Eastern Nuclear Inc. in 1985 completed limited drilling and exploration on the property and in early 1990s Rio Algom Co. also completed limited drilling in the area.

Between 1968 and 1980, CCI drilled 197 holes within the Hank Unit. In 1985, Texas Eastern Nuclear, Inc. completed limited drilling and exploration on the property (approximately 28 borings). In the early 1990s, Kerr McGee Corporation and Rio Algom Mining Corporation also completed limited drilling in the area.

We drilled 61 exploratory holes and seven wells within the Hank Unit during 2006 and 2007 and eight additional wells in 2009. We drilled 257 exploration holes, including three core holes and three water wells at the Nichols Ranch Unit during 2006 and 2007 and 25 exploration holes and seven wells in 2009. There was no new drilling activity at Hank during 2010 and 2011.

West North-Butte Satellite Properties

Between 1968 and 1985, CCI drilled approximately 380 exploratory holes with the satellite properties. From 1983 to 1985, Texas Eastern Nuclear drilled approximately 12 exploratory holes in the satellite properties and from approximately 1990 to 1992 Rio Algom Mining Corporation drilled approximately 5 exploratory holes. In 2006, we completed an acquisition of the satellite properties, and in 2007 and 2008, drilled approximately 127 exploratory holes.

Arkose Mining Venture

It is estimated that over 4,000 historic uranium exploration holes may have been drilled within the Arkose Property. This exploration was conducted by numerous exploration companies from the 1960s through the 1990s. Although this historic exploration data are known to exist, obtaining information on all but a handful (less than 50) of specific drill hole data, such as gamma, resistivity, and lithology logs, was not possible until 2010 when Uranerz acquired the Huber log library. Coal bed methane ("CBM") exploration/production wells were drilled by numerous companies for development of CBM resources in the area. A total of approximately 1,250 CBM exploration/production wells have been drilled on or immediately adjacent to the Arkose Property. Most of this drilling was completed from 1,200 to 2,000 feet deep and is on-going. CBM exploration/production wells and their associated gamma logs are all drilled and logged through the uranium mineralization-bearing sand horizons. Utilizing the available uranium drill data and the CBM drill data base, we had a technical report prepared in February 2008 to independently address the geology and potential uranium mineralization within our mineral holdings on the Arkose Mining Venture. This technical report was prepared in accordance with Canadian National Instrument 43-101 requirements, as discussed above under "NI 43-101 Technical Reports".

The NAMMCO Sellers commenced acquiring rights to the properties comprising the Arkose Property in 2005, and continued to do so through 2006 and 2007. On January 15, 2008, we completed the acquisition of an undivided 81% interest in the Arkose Property and formed the Arkose Mining Venture with the vendors of these properties, the NAMMCO Sellers, as described in greater detail above under "Arkose Mining Venture".

Local Resources and Properties Infrastructure

Infrastructure at the site of the Powder River Basin properties is dominantly related to local oil, gas, and CBM exploration and development. Mineralized locations will affect future siting of well fields and processing facilities. Generally, the proximity of the Powder River Basin properties to paved roads will be beneficial with respect to transportation of equipment, supplies, personnel and product to and from the properties. Power transmission lines are located on or near parts of the Powder River Basin properties. We have secured power from the local electrical service provider to accommodate our needs. Water is available from wells developed at planned facility locations (potable) and water for in-situ recovery ("ISR") operations will come from the operation itself, i.e. the extracted groundwater. Therefore, the basic infrastructure (power, water and transportation) required to support an ISR mining operation is located within reasonable proximity of the Powder River Basin properties.

Personnel required for exploration, construction and operation at the Powder River Basin properties are expected to come from Gillette, Wright, Buffalo and Casper, Wyoming.

Typical ISR mining operations also require a disposal well for limited quantities of fluids that cannot be returned to the production aquifers. Commonly, oil and gas wells within aquifers that have been or can be condemned for public use, are utilized for such purposes. Oil and gas wells, both abandoned and producing, are located in the immediate vicinity of the properties.

We are currently developing our first ISR mining operation at Nichols Ranch.

Exploration Completed by Uranerz

2011 Drilling Program

During 2011 we were engaged in drilling exploration/development efforts on both our 100% owned Powder River Basin properties and on the Arkose Mining Venture Powder River Basin properties. The purpose of the 2011 drilling program was to find previously unknown or little-known uranium mineralization trends and to delineate known trends, which would provide data for permitting and eventual production operations in favorably identified areas. During the 2011 drilling program, approximately six miles of uranium roll front trends were investigated

On our 100% owned properties, 38 delineation holes were drilled on our Nichols Ranch property. The purpose of this drilling was for final delineation drilling in Production Area 2 prior to beginning the monitor well and production well installation in Production Area 1.

In addition to drilling at the Nichols Ranch property, 75 delineation drill holes were completed at our Collins Draw project southeast of Nichols Ranch. The target was the 100 Sand, the same as the Nichols Ranch trend. On the Arkose Mining Venture properties a total of 269 holes were drilled during 2011. The numbers were as follows: East Buck project 86 holes, Kermit project 99 holes, Cedar Canyon project 23 holes, Sand Rock Project 13 holes, and at the Monument project 48 holes. Drilling targets were mainly in the 100 Sand at Kermit and in the 70 and 80 Sands at Monument. Trends of mineralization were found in both the Kermit and Monument project areas. A total of six miles of roll front mineral trends were drilled in 2011.

2010 Drilling Program

During 2010, on Arkose Mining Venture properties, a total of 311 holes were drilled. At Arkose's South Doughstick extension Property a total of 52 holes were drilled with targets in the 100 Sand. At the Arkose Kermit project area 57 exploration holes were drilled in the 100 Sand with mineralization found in pod like structures. Drilling was also conducted at the East Buck project area with 202 exploration holes drilled. Targets were in the 100 through the 130 Sands.

2009 Drilling Program

During 2009 we were engaged in drilling exploration efforts on both our 100% owned Powder River Basin properties and on the Arkose Mining Venture Powder River Basin properties. During the 2009 drilling program, approximately 11.5 miles of uranium roll front trends were investigated.

On our 100% owned properties, 51 delineation holes were drilled on our Nichols Ranch, Doughstick and North Nichols Ranch properties. The purpose of this drilling was primarily to prepare for the installation of baseline monitor wells for our planned Nichols Ranch ISR production facility. A National Instrument 43-101 report was completed on the Nichols Ranch property in June of 2009.

Additional drilling was carried out on the Company's 100% owned Doughstick properties, which lead to the preparation of a combined National Instrument Report, as described above, in respect of this property as well as Arkose's North Jane and Doughstick properties.

During 2009, on Arkose Mining Venture properties, a total of 514 holes were drilled. At Arkose's North Jane Property a total of 51 holes were drilled with mineralization found in two horizons of the 100 sand. A combined National Instrument 43-101 independent report in respect of the Company's 100% owned Doughstick property and Arkose's North Jane and Doughstick properties was prepared in respect of the 2009 drilling results from those properties and filed in January of 2010.

At Arkose's South Doughstick property 104 delineation drill holes were completed. Favorable mineralization led to the completion of an independent National Instrument 43-101 technical report dated October 12, 2009 and subsequently amended on February 25, 2010.

2008 Exploration Program

In 2008 we were engaged in drilling exploration efforts on both our 100% owned Powder River Basin properties, and on the Arkose Mining Venture properties. During the 2008 drilling program, approximately 19 miles of uranium roll front trends were investigated. For the 2008 drilling season, March 6, 2008 through December 12, 2008, a total of 933 exploration and delineation holes were completed. The average depth per hole was 687 feet and a total of 640,578 feet was drilled. Breakout of the drilling was 165 holes on our 100% owned properties and 768 holes on Arkose Mining Venture properties.

We determined based on the results of this drilling program to complete a NI 43-101 technical report on the South Doughstick property. We received this technical report in February of 2010.

During 2008 no new exploration work was undertaken in the immediate Nichols Ranch proposed mine area.

In December 2008 we received an independent NI 43-101 technical report for the nearby West North-Butte Satellite Properties. A copy of this technical report was filed on SEDAR on December 11, 2008 and a copy furnished to the SEC on December 11, 2008.

2006 and 2007 Exploration Programs

We drilled a total of 78 rotary drill holes on the Hank, Nichols Ranch, and Doughstick projects during 2006, with 46 holes demonstrating uranium mineralization.

During 2006 environmental permitting activities also continued at the Hank and Nichols Ranch projects with the completion of a total of five hydrogeologic test wells, and the drilling of six core holes. The core was submitted for laboratory testing to support radiation permitting requirements as well as to define resource disequilibrium attributes.

From February 19 to December 20, 2007, we drilled a total of 486 uranium trend delineation holes and eight hydrologic sampling wells on our 100% owned properties located in the central Powder River Basin, utilizing as many as three drill rigs and one electric log probing unit. This represents a total of approximately 300,000 feet of drilling with an average depth of 617 feet per hole.

A total of 214 delineation holes were drilled on Nichols Ranch in 2007. In the final months of the 2007 drilling program, we focused our exploration efforts on our West North-Butte, Collins Draw, Hank and Nichols Ranch properties to facilitate sub-surface geologic mapping with cross sections and to refine previous geologic models delineating known trends of uranium mineralization.

2011 Development Program

Installation of monitor wells at the Nichols Ranch project began in August, 2011 and in late 2011 production well installation began. Through December 31, 2011, a total of 71 monitor wells had been drilled. Production well installation began in the northwest portion of the well field in the 'nose' area of the mineral trend. Well field surface construction facilities were installed during the 4th quarter of 2011. These included a make-up water well for drill rigs, a truck turn-a-round / laydown area, and a cement silo and pad. Construction equipment purchased included a second cement truck, telescoping forklift, polyhose spooler, air compressor, and pump hose spooler. Eight new personnel, including a supervisor, were hired to conduct the work.

2012 Exploration/ Development Program

For 2012, the Arkose Mining Venture plans to utilize one drill rig and one company electric logging unit. Supervision in the field will be conducted by a Uranerz field geologist. The drilling is planned to concentrate on continued exploration for uranium in the Monument project area located in the southern portion of the Arkose property. Drilling in the southern area would be largely wide spaced holes to explore for and then bracket uranium trends encountered at depths up to 1000 feet.

During 2012, the plan for 100% Uranerz properties is for the installation of production wells at Nichols Ranch, Production Area 1 (PA#1). The plan calls for completion of PA#1 during 2012. This work will require up to six contract drill rigs; an existing company electric logging unit, a current staff of five and four new field personnel to conduct cementing, well equipment installation, and surface facilities installation.

It is estimated that one well pilot hole per two installed wells will be "Drilled Not Completed" (DNC) due to the irregular mineralization outline. These holes will be abandoned with cement using the company's cementing unit.

The well field installation includes drilling, casing, cementing, well development, pump, wire, drop pipe, O2 system, and a weather enclosure. After the wells have their completion zones finished, a pump-pulling unit will install the production/monitor pumps. A total of 592 wells are planned to be installed including 252 injection wells, 240 recovery wells, and 241 DNCs.

Nichols Ranch ISR Uranium Project

The mine plan for the Nichols Ranch ISR Uranium Project includes a processing facility at our Nichols Ranch property and a second ion exchange facility at our Hank property. The initial production level from these two properties is planned to be in the range of 600,000 to 1,100,000 pounds per year (as U_3O_8). The processing facility is licensed for a capacity of two million pounds per year of uranium (as U_3O_8) and it is intended that it will process uranium-bearing well field solutions from Nichols Ranch., Uranium-loaded resin from both Nichols and Hank will be transported to Cameco's plant to complete the processing. The project received its regulatory approvals in 2011 and is under construction.

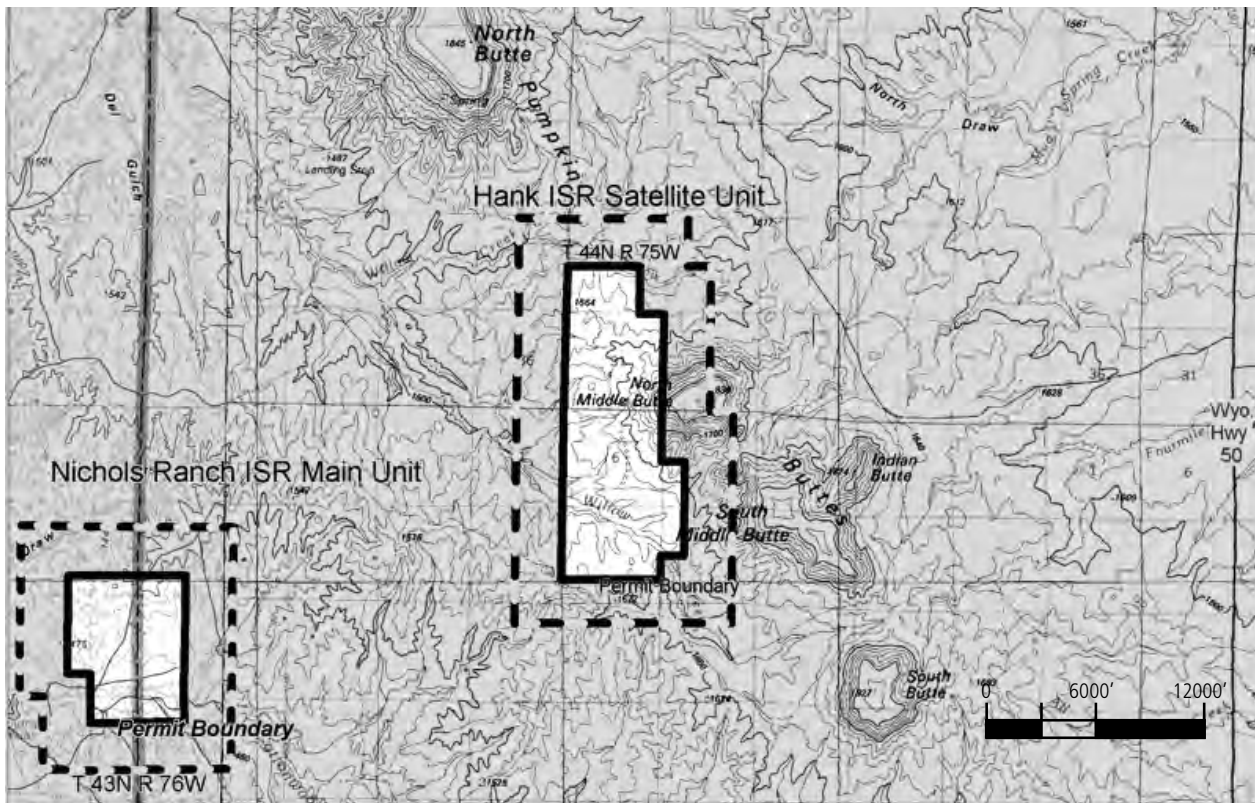
Preliminary Assessment

We obtained a preliminary assessment or scoping study of the Nichols Ranch Uranium In-Situ Recovery Project ("Project") in July 2008. The preliminary assessment was prepared for us in accordance with the guidelines set forth under NI 43-101 and the Standards and Guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum incorporated by reference therein for the submission of technical reports on mining properties. The purpose of the assessment was to perform a preliminary evaluation of the technical and economic viability of the Project using the most current scientific, engineering and cost information available. The preliminary assessment was prepared to support our development and licensing strategy for our Nichols Ranch and Hank properties. Investors are cautioned that this assessment was preliminary in nature and is not based on capital and operating costs estimates that are sufficiently refined to support a feasibility study evaluating the project.

The assessment analyzed the planned development of a commercial uranium ISR and processing operation. The evaluation uses available design information to develop capital and operating cost estimates for the proposed well fields, processing plants, infrastructure and associated facilities. Capital and operating cost estimates were provided in the preliminary assessment along with an economic analysis based on these costs and projected revenue from the recovery and sale of uranium (U_3O_8).

Location of the Nichols Ranch ISR Uranium Project

The Nichols Ranch ISR Uranium Project will be on the properties comprising our Nichols Ranch ISR main unit and our Hank ISR satellite unit, as illustrated below:



Targeted Mineralization

The targeted mineralized zones for the Nichols Ranch Unit in the A Sand unit are 300 to 700 feet below the surface and occur in two long narrow trends meeting at the nose. The nose is in the northwest corner of the deposit where the two narrow trends meet to form the tip of the geochemical front. The Hank Unit's two targeted mineralized zones in the F Sand unit range from 200 to 600 feet below the ground surface depending on the topography and changes in the formation elevation and stratigraphic horizon.

Mining Plan

In order to mine the uranium resources at the Project, infrastructure, including four well fields, a processing plant (the "Nichols Ranch PP") and a second ion exchange (IX) plant (the "Hank Satellite Facility") will need to be constructed. See "Nichols Ranch ISR Uranium Project" above. Well fields are designated areas above the mineralized zone that are sized to achieve the desired production goals. The piping/well system will inject water-leaching solution into the mineralized zone and recover the uranium-enriched water after it has flowed through the mineralization. The mineralized zone is the geological sandstone unit where the recovery solutions are injected and recovered in an in-situ recovery well field, and it is bounded between impermeable aquitards. Production areas are the individual areas that will be mined in the well field. The injection and recovery wells are completed in the mineralized zone intervals of the production sand.

We anticipate the patterns for the injection and recovery wells to follow the conventional five-spot pattern. Depending on the mineralized zone shape, seven spot or line drive patterns may be used in some locations. A typical five spot pattern contains four injections wells and one recovery well. The dimensions of the pattern vary depending on the mineralized zone, but the injection wells will likely be between 50 to 120 feet apart. In order to effectively recover the uranium and also to complete the groundwater restoration, the wells will be completed so that they can be used as either injection or recovery wells. During mining operations, a slightly greater volume of water will be recovered from the mineralized zone aquifer than injected in order to create a cone of depression or a flow gradient towards the recovery wells.

The Nichols Ranch Unit is anticipated to include the Nichols Ranch PP and two production areas, PA#1 and PA#2. As the productivity or solution grade (uranium concentration in the lixiviant) of some patterns for PA#1 decrease below the economic limit, replacement patterns from PA#2 will be placed into operation in order to maintain the desired flow rate and solution grade at the processing plant. Eventually, all the patterns in PA#1 will reach their economic limit and all production flow in that area will cease. At that time, all production flow will be coming from PA#2 and restoration activities will commence at PA#1.

Each planned Nichols Ranch Unit production area includes a number of injection wells, recovery wells, monitoring wells, header houses and associated piping and power supply. Header houses will be located within the well field and will distribute recovered fluids from recovery wells to trunk lines, and injection fluids from the processing facility through the trunk lines to injection wells. The planned Nichols Ranch Unit (Production Areas 1 and 2) is anticipated to include the following:

- 534 injection wells;
- 403 recovery wells;
- 126 monitoring wells; and
- 15 header houses.

The planned Hank Unit will include a satellite IX facility and two production areas, P#1 and P#2. The Hank Unit production areas will follow a similar developmental, production, and restoration schedule as outlined above for the Nichols Ranch Unit production areas.

Each planned Hank Unit production area includes a number of injection wells, recovery wells, monitoring wells, header houses and associated piping and power supply. The planned Hank Unit is anticipated to include the following:

- 168 injection wells;
- 150 recovery wells;
- 53 monitoring wells; and
- 6 header houses.

Two Underground Injection Control (UIC) deep disposal wells will also be required, two at the Nichols Ranch Unit and two at the Hank Unit, for disposal of liquid wastes from well field bleed, processing plant operations and restoration.

Mine Planning and Permitting

We are proceeding with mine construction for the Nichols Ranch ISR Uranium Project that is initially sited on the Nichols Ranch property.

The primary regulatory approvals for an ISR uranium mine came from the WDEQ at the state level, and from the NRC at the federal level. The WDEQ issued a Permit to Mine, and the NRC issued a Material License. Both the state and federal agencies looked at all environmental aspects of a proposed ISR mine including reclamation of the land surface following mining operations, and restoration of impacted ground water. Work place safety and the safety of the public are also closely monitored by regulatory agencies. Posting of a reclamation bond by the mine operator with the regulatory agencies in an amount \$6.8 million to cover the total estimated cost of reclamation by a third party was also a requirement of the licenses. The reclamation bond was provided in 2011.

We have not at this stage completed any comprehensive feasibility studies on these properties demonstrating that development of any of the properties is commercially warranted. Proceeding with these advanced activities prior to completing detailed feasibility analysis adds risk to our plan of operations and we may incur costs which might not otherwise have been incurred.

Prior to the start of mining (the injection of lixiviant into the ore body aquifer), we must have obtained all the necessary permits, licenses, and approvals required by the Wyoming Department of Environmental Quality – Land, Water and Air Divisions and the U.S. Nuclear Regulatory Commission. The various state and federal permits and licenses that are needed or have been obtained for the Project are summarized below:

Permits and Licenses for the Nichols Ranch ISR Project

Permit, License, or Approval Name	Agency	Status
Material License	NRC	Obtained
Permit to Mine (UIC Permit)	WDEQ-LQD	Obtained
Permit to Appropriate Groundwater	SEO	Obtained
Well field Authorization	WDEQ-LQD	Obtained
Deep Disposal Well Permits	WDEQ-WQD	Application in discussion
WYPDES	WDEQ- WQD	Obtained
11(e)2 Byproduct/Waste Disposal Agreement	N/A	In discussion
Permit to Construct Septic Leach Field	County	Obtained
Air Quality Permit	WDEQ-AQD	Obtained

Notes: NRC - Nuclear Regulatory Commission
 WDEQ-LQD - Wyoming Department of Environmental Quality Land Quality Division
 WDEQ-WQD - Wyoming Department of Environmental Quality Water Quality Division
 WDEQ-AQD - Wyoming Department of Environmental Quality Air Quality Division
 WYPDES – Wyoming Pollution Discharge Elimination System
 SEO - State Engineer's Office

2012 Plan of Operations for Powder River Basin Properties

During 2012, we plan to:

- continue with our exploration of our Powder River Basin Properties as outlined above under "2012 Exploration/Development Program";
- continue with our permitting and mine planning efforts, including proceeding with environmental studies and engineering and design, in connection with the an application to mine Jane Dough; and
- continue construction of our Nichols Ranch ISR Uranium Project.

All of our projects are at the exploration and development stage and there can be no assurance that a commercially viable mineral deposit, or reserve, exists on any of our properties until appropriate exploratory and development work is done and results are assessed. Further exploration will be required before a final evaluation as to the economic, technical and legal feasibility of mining of any of our exploration properties is determined. There is no assurance that further exploration will result in a final evaluation that a commercially viable mineral deposit exists on any of our mineral properties. We anticipate that we will require additional financing in order to pursue full development of these projects. We have sufficient financing to continue exploration and development of our mineral claims but there is no assurance that we will be able to obtain the necessary financing to conduct mining activities beyond those presently planned, if warranted. Because of the long lead times for environmental permitting of mining operations in North America, we have started to collect environmental baseline data and prepare the environmental permitting applications on a third property, Jane Dough, adjacent to Nichols Ranch, that has the potential, based on data in our possession, of being developed into a commercial in-situ recovery uranium mine. However, we have not at this stage completed any comprehensive feasibility study on this property demonstrating that it is commercially warranted. Proceeding with these advanced activities prior to completing detailed feasibility analysis adds risk to our plan of operations and we may incur costs which might not otherwise have been incurred.

Wyoming - Great Divide/Red Desert Properties

Our Great Divide Basin properties were not considered material and all were permitted to lapse in 2011.

Saskatchewan Canada

Our remaining claims expired on January 30, 2011. We have no other property interests in Saskatchewan.

Texas

Our Texas properties were not considered material property and all were permitted to lapse in 2011.

2012 Property Expenditures

Our cash expenditures in 2012, excluding capital assets and major property acquisitions, are estimated to be \$10.1 million, as follows:

Exploration	\$ 1,400,000
Environmental and land	\$ 640,000
General and administrative expenses	\$ 5,400,000
Operations	\$ 2,700,000
	\$ 10,140,000

These estimates are subject to change. Capital costs and operating revenue, netting approximately \$16 million are in addition. As of the date of this Annual Report, we believe we have sufficient financing to continue exploration, permitting and construction activities over the next twelve months.

ITEM 3. LEGAL PROCEEDINGS

We are not aware of any material pending or threatened litigation or of any proceedings known to be contemplated by governmental authorities which are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole. There are no material proceedings pursuant to which any of our directors, officers or affiliates or any owner of record or beneficial owner of more than 5% of our securities or any associate of any such director, officer or security holder is a party adverse to us or has a material interest adverse to us.

ITEM 3A. EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth certain information with respect to our current executive officers and key employees. The ages of the executive officers and key employees are shown as of December 31, 2011.

Name	Current Office with Company	Principal Occupation	Director/Officer Since	Age
Glenn Catchpole	President and Chief Executive Officer; Director	President and Chief Executive Officer, Uranerz Energy Corporation	March 1, 2005	68
George Hartman	Executive Vice President and Chief Operating Officer; Director	Executive Vice President and Chief Operating Officer, Uranerz Energy Corporation	May 9, 2005	71
Dennis Higgs	Executive Chairman; Director	Executive Chairman, Uranerz Energy Corporation	May 26, 1999	53
Benjamin Leboe	Senior Vice President, Finance and Chief Financial Officer	Chief Financial Officer of Uranerz Energy Corporation	May 23, 2006	66
Kurtis Brown	Senior Vice President, Geology and Development	Senior Vice President, Geology and Development of Uranerz Energy Corporation	March 8, 2007	61
Sandra MacKay	Senior Vice President, Legal and Corporate Secretary	Senior Vice President, Legal and Corporate Secretary of Uranerz Energy Corporation	July 1, 2009	52
Douglas Hirschman	Vice President, Lands	Vice President, Lands of Uranerz Energy Corporation	December 6, 2007	59

The following is a description of the business background of the executive officers of Uranerz Energy Corporation.

Mr. Glenn Catchpole was appointed to the Board and became our President on March 1, 2005. Mr. Catchpole is a licensed professional engineer who holds an M.S. in civil engineering from Colorado State University. He has been active in the uranium solution mining industry since 1978, holding various positions including well field engineer, project manager, general manager and managing director of several uranium solution mining operations.

In 1988 Mr. Catchpole joined Uranerz U.S.A., Inc. (controlled by a large German utility and unaffiliated with Uranerz Energy Corporation) and subsequently became Director of Regulatory Affairs, Environmental Engineering and Solution Mining for that company. Uranerz U.S.A., Inc. became the world's third largest producer of uranium yellowcake in the late 1990s. Mr. Catchpole's responsibilities at Uranerz U.S.A., Inc. included the monitoring and oversight of the environmental and regulatory aspects of two large uranium mines in Canada, and the operational aspects of one uranium solution mine in the United States. In 1996 Mr. Catchpole was appointed General Manager and Managing Director of the Inkai uranium solution mining project located in the Republic of Kazakhstan (Central Asia). In 1998 Cameco Corporation acquired Uranerz U.S.A. Inc., and Mr. Catchpole continued his post at the Inkai Project as an employee of Cameco. Mr. Catchpole spent six years taking the Inkai project from acquisition through pre-feasibility study, joint venture formulation, government licensing, environmental permitting, design, construction and the first phase commercial demonstration start-up. The Inkai uranium project is now one of the largest ISR uranium mines in the world.

Following his departure from Cameco in 2002, Mr. Catchpole was an independent consulting engineer providing project management to the oil and gas, mining, and construction industries. Mr. Catchpole is experienced in all phases of project development including environmental permitting, procurement, scheduling, budgeting, and construction of infrastructure and main facilities. He has served on numerous mineral evaluation and due diligence teams.

In addition to his duties at Uranerz Energy Corporation, Mr. Catchpole is currently the president of the Uranium Producers of American ("UPA") which is a trade association consisting of some 15 uranium companies and one U.S. conversion facility. The UPA works with U.S. Congressmen and Senators, and federal agencies to promote disposition of the U.S. government uranium stockpile in such a way as minimize the adverse impact on the uranium market.

Mr. George Hartman was appointed to the Board of Directors and the role of Vice President, Mining on May 9, 2005 and subsequently appointed Executive Vice President and Chief Operating Officer. He has thirty-eight years of experience in developing green field projects into mining production companies including both metals and industrial mineral projects. He has an M. S. degree in Mineral Economics (Colorado School of Mines) and a B. S. in Chemistry (University of Denver). Four process patents have been granted in his name. His experience includes thirty years managing several in-situ recovery uranium mines from green field exploration sites through commercial production.

For the past fourteen years Mr. Hartman was General Manager for Fort Cady Minerals Corporation where he had complete responsibility for solution mining and process development, permitting, design, procurement, construction, production and property management. Property management included federal mining claims and private leases for a large deposit of borate mineral. He managed the project from test stage through construction and operation of a demonstration production facility. He was also involved with product marketing.

From 1982 to 1989 Mr. Hartman was General Manager, In Situ Leach Projects, for Uranerz U.S.A. Inc. During this period he managed the interests of all in-situ uranium projects which Uranerz U.S.A. owned including Ruth, Crow Butte, and North Butte. Under his management, Uranerz U.S.A. served as the contract operator for the successful test solution mining of the Christensen Ranch uranium property now owned by Uranium One and called Willow Creek. He was on the Uranerz U.S.A. Inc. acquisition team that studied potential uranium and precious and base metal properties in Nebraska, Colorado, Texas, New Mexico, Utah, California and Wyoming.

Prior to joining Uranerz U.S.A., Mr. Hartman was president of Ogle Petroleum Inc. from 1979 to 1982 where he was in overall operating charge of this uranium production company that joint ventured with Duke Power on a commercial solution mine in Wyoming. He was responsible for managing the project from green field exploration through commercial production (shipped filtered yellowcake to the converter). Mr. Hartman personally designed the processing plant facilities.

Also, previous to his work with Uranerz U.S.A. Inc., Mr. Hartman was the Texas Mines Manager for Wyoming Mineral Corporation (Westinghouse) from 1976 to 1979, where he was responsible for the management of two production in-situ uranium mines with ion exchange processing plants in Bruni, and Three Rivers, Texas (shipped dried yellowcake to the converter).

Mr. Dennis Higgs is a member of the Board of Directors. Mr. Higgs was appointed to the Board of Directors as President and Chief Executive Officer on May 26, 1999, and resigned as President and Chief Executive Officer on March 1, 2005. Mr. Higgs became Executive Chairman of our Board of Directors on February 1, 2006.

Mr. Higgs has been involved in the financial and venture capital markets for over twenty-five years, raising millions of dollars in the United States, Canada and Europe. He founded his first junior exploration company in 1983 and took it public through an initial public offering in 1984. Since then, Mr. Higgs has been involved in the founding, financing and initial public listing of several companies.

In July 1990, Mr. Higgs established Senate Capital Group Inc., a private venture capital company which provides management consulting and investor relations services.

Mr. Benjamin Leboe was appointed as the Company's Chief Financial Officer on May 23, 2006 and acted as our Corporate Secretary from October, 2006 to December, 2007 and from January 2009 to July 2009. He was appointed Senior Vice President, Finance and Chief Financial Officer on July 1, 2010. Mr. Leboe was a Senior Consultant, of the Business Development Bank of Canada from January 2005 to February 2006. Previously, from 1990 to 2004, Mr. Leboe was a senior financial officer and executive in public companies based in Vancouver and Montreal.

Mr. Leboe has been the Principal of Independent Management Consultants of British Columbia from 1990 to date. Mr. Leboe was previously a partner of KPMG Consulting from 1978 to 1990. Mr. Leboe received his bachelor of commerce degree from the University of British Columbia. Mr. Leboe is a Chartered Accountant and a Certified Management Consultant in the Province of British Columbia.

Mr. Kurtis Brown was appointed Senior Vice President, Exploration in March 2007 and Senior Vice President, Geology and Development in December 2011. Mr. Brown, a 35 year veteran in the mineral extraction industry, started his uranium geology career with the OPI-Western Joint Venture in Wyoming in 1977. Mr. Brown managed the daily operation of the well fields, and developed innovative methods for regulating flow balance, conducting well field maintenance, and performing well work-over. He also served as the designated mine site radiation safety officer. In the mid-1980s Mr. Brown assisted with the start-up of the Christensen Ranch ISR commercial uranium mine (now called Willow Creek) performing environmental permitting and compliance duties. Mr. Brown was also involved with aquifer restoration activities at the Irgaray ISR mine.

Mr. Brown joined Uranerz U.S.A., Inc. in 1989 to conduct detailed feasibility studies for their proposed North Butte ISR mine. His work included well field geology, reserves estimation, design and selection of surface and down hole equipment, and cost analysis. He also conducted claims assessment drilling and assisted in the procurement of required state and federal mining permits. Prior to joining the Company full-time in 2007, Mr. Brown was a Company consultant, providing geology services including the acquisition evaluations of Great Divide and Powder River Basin projects.

Mr. Brown received his Bachelor's degree in Geology from the University of Wyoming. He is a Registered Professional Geologist in Wyoming and a Certified Safety Professional. In addition to his uranium background, he has extensive experience in coal and industrial minerals mining as well as oil and gas extraction.

Ms. Sandra MacKay was appointed our Vice President, Legal and Corporate Secretary in July 2010 and Senior Vice President, Legal and Corporate Secretary in December 2011. From July 2009 to June 2010 Ms. MacKay was Legal Counsel and Corporate Secretary of Uranerz. Ms. MacKay obtained her Bachelor of Laws in 1983 from the University of British Columbia. She practiced as a commercial and securities lawyer with a major Vancouver law firm before joining Chevron Canada Limited as in-house counsel. Ms. MacKay has over 20 years of experience working as counsel within business organizations in a variety of industries including petrochemical, engineering, and biotechnology. She previously acted as corporate counsel to QLT Inc., a Vancouver based dual listed (Nasdaq/TSX) international biotechnology company, and as Vice President and General Counsel to Aker Solutions Canada Inc., a Vancouver based international supplier of engineering technology which is part of the Aker group of Companies based in Oslo, Norway. Ms. MacKay has acted for both public and private companies on a wide variety of corporate-commercial transactions including acquisitions, licensing transactions, and joint ventures and has provided general counsel to her clients on various subject matters including securities law compliance, employment law, corporate governance and general corporate-commercial matters.

Mr. Douglas Hirschman was appointed our Vice President, Lands in December 2007. Mr. Hirschman is a graduate of the University of Wyoming and has over 30 years of experience in the mineral exploration industry serving in various capacities and most recently as Manager of Lands, International, Newmont Mining Corporation. Mr. Hirschman has supervised mineral property acquisitions, prepared and negotiated agreements including joint ventures, performed land status investigations on federal, state and private mineral interests in the Western U.S.A., and maintained land records insuring timely satisfaction of land payments and agreement obligations.

Arrangements between Officers and Directors

To our knowledge, there is no arrangement or understanding between any of our executive officers and any other person, including directors, pursuant to which the officer was selected to serve as an officer.

Family Relationships

None of our executive officers are related by blood, marriage, or adoption to any other director or executive officer.

Legal Proceedings

We are not aware of any material legal proceedings to which any of our executive officers or any associate of any of our executive officers is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

We are not aware of any of our executive officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses) or being subject to any of the items set forth under Item 401 of Regulation S-K.

ITEM 4. MINE SAFETY DISCLOSURE

Mine Safety Disclosure

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States, and that is subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety and Health Act of 1977, are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended December 31, 2011, the Company had no such specified health and safety violations, orders or citations, related assessments or legal actions, mining-related fatalities, or similar events in relation to the Company’s United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

Part 2

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock began trading on the NYSE Amex Equities Exchange (formerly, the American Stock Exchange) on August 10, 2006 under the symbol "URZ", and previously, since May 6, 2004, on the Financial Industry Regulatory Authority's Over the Counter Bulletin Board ("OTCBB") under the symbol "URNZ", formerly known as "CVTU". Our common stock has also traded, since August 2007, on the Toronto Stock Exchange under the symbol "URZ" and on the Frankfurt Exchange under the symbol "U9E".

The following table shows the high and low sales price or bid price for our common stock for the calendar quarters indicated, as reported by the NYSE Amex Equities, www.nyse.com.

Period	High	Low
2011		
Fourth Quarter	\$ 2.30	\$ 1.17
Third Quarter	\$ 3.47	\$ 1.36
Second Quarter	\$ 3.53	\$ 2.52
First Quarter	\$ 5.93	\$ 2.60

Period	High	Low
2010		
Fourth Quarter	\$ 4.13	\$ 1.51
Third Quarter	\$ 1.73	\$ 0.87
Second Quarter	\$ 1.99	\$ 1.02
First Quarter	\$ 2.24	\$ 1.10

Period	High	Low
2009		
Fourth Quarter	\$ 2.39	\$ 1.20
Third Quarter	\$ 2.50	\$ 1.40
Second Quarter	\$ 2.21	\$ 0.58
First Quarter	\$ 1.10	\$ 0.47

As of March 12, 2012, the closing bid quotation for our common stock was \$2.54 per share as quoted by the NYSE Amex Equities.

As of March 12, 2011, we had 77,149,074 shares of common stock issued and outstanding, held by approximately 13,600 shareholders. Many shares are registered through intermediaries, making the precise number of shareholders difficult to obtain.

Dividend Policy

We anticipate that we will retain any earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any further determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent on the financial condition, operating results, capital requirements and other factors that our Board of Directors deems relevant. We have never declared a dividend.

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or
2. Our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have never paid cash dividends on our capital stock. We currently intend to retain any profits we earn to finance the growth and development of our business. We do not anticipate paying any cash dividends in the foreseeable future.

Repurchase of Securities

During 2011, neither the Company nor any affiliate of the Company repurchased shares of common stock of the Company registered under Section 12 of the Securities Exchange Act of 1934, as amended.

Equity Compensation Plan Information

As at December 31, 2011, we had one equity compensation plan under which our shares of common stock have been authorized for issuance to our officers, directors, employees and consultants, namely our 2005 Stock Option Plan. Our 2005 Stock Option Plan has been approved by our shareholders.

The following summary information is presented for our 2005 Stock Option Plan, as amended, as of December 31, 2011.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (c)
Equity Compensation Plans Approved By Security Holders	7,751,180	\$2.54	18,680,360
Equity Compensation Plans Not Approved By Security Holders	Not Applicable	Not Applicable	Not Applicable

2005 Stock Option Plan Information

The following is a summary of important Stock Option Plan provisions. It is not a comprehensive discussion of all of the terms and conditions of the Stock Option Plan. The information provided below may be modified or altered by some provisions in the Stock Option Plan. Readers are advised to review the full text of the Stock Option Plan to fully understand all terms and conditions of the Stock Option Plan.

Purpose

The purpose of the Stock Option Plan is to advance the best interests of the Company by providing additional incentive to those persons who have a substantial responsibility for its management, affairs, and growth by increasing their proprietary interest in the success of the Company, thereby encouraging them to maintain their relationships with the Company. Further, the availability and offering of Stock Options under the Plan supports and increases the Company's ability to attract, engage and retain individuals of exceptional talent upon whom, in large measure, the sustained progress growth and profitability of the Company for the shareholders depends.

Persons Eligible

Any employee, director, general partner, officer, attorney, accountant, consultant or advisor providing services to the Company or any parent, affiliate, or subsidiary of the Company is eligible to be designated a participant in the Stock Option Plan.

Administration

The Company's Compensation Committee administers the Stock Option Plan. The Committee has the power to: (i) designate Stock Option Plan participants; (ii) grant stock options; (iii) establish rules and regulations for the administration of the Stock Option Plan; (iv) determine the amount, price, type and timing of each stock option grant; (v) cancel any stock option awarded under the Stock Option Plan, under certain circumstances; (vi) correct defects in the Plan or in any granted stock option; and (vii) make any other determination or take any other action that the Committee deems necessary or desirable for the administration of the Stock Option Plan.

Shares Available under the Stock Option Plan

The total number of shares of the Company available for grants of stock options under the Stock Option Plan is 30,000,000 Common Shares, subject to adjustment as herein provided, which shares may be either authorized but unissued or reacquired Common Shares of the Company. If a stock option or portion thereof expires or terminates for any reason without having been exercised in full, the unpurchased shares covered by such nonqualified stock option shall be available for future grants of stock options under the Stock Option Plan. Shares issuable upon exercise of stock options have been registered under the U.S. Securities Act of 1933, as amended, pursuant to the Company's Registration Statement on Form S-8, filed with the Securities and Exchange Commission on November 21, 2005.

Terms and Conditions of Stock Options

Stock options may be granted to any person who is performing or who has been engaged to perform services of special importance to management in the operation, development and growth of the Company. As of June 11, 2008 the option price of stock options is set at the weighted average closing market price for the five days preceding the grant. All stock options granted under the Stock Option Plan must be granted within twenty years of the date the plan was adopted and all granted stock options must be exercised within ten years of the date of grant. The Committee may grant stock options which vest in installment periods and may modify such periods to accelerate vesting. Stock options are evidenced by a form stock option agreement.

Exercise of Stock Options

The exercise of vested stock options is made upon written notice to the Company of intent to exercise and payment of the exercise price. The exercise price may be paid (i) in cash, cashier's check, certified check, bank draft or money order, or (ii) at the discretion of the Committee, by delivery of fully paid non-assessable common shares of the Company, valued at the fair market value for such shares, determined by the average of the high and low sales price of the Company's common shares on the date of exercise.

Transfer of Stock Options

Except by will, the laws of descent and distribution, or with the written consent of the Committee, no right or interest in any stock option granted under the Stock Option Plan is assignable or transferable, and no right or interest of any optionee is liable for, or subject to, any lien, obligation or liability of the optionee. Upon petition to, and thereafter with the written consent of the Committee, an optionee may assign or transfer all or a portion of the optionee's rights and interest in any stock option granted under the Stock Option Plan. Stock options are exercisable during the optionee's lifetime only by the optionee or assignees, or the duly appointed legal representative of an incompetent optionee, including following an assignment consented to by the Committee.

Adjustments to Stock Options

In the event that the outstanding common shares of the Company are changed into or exchanged for a different number or kinds of shares or other securities of the Company by reason of merger, consolidation, other reorganization, recapitalization, reclassification, combination of shares, stock split-up or stock dividend:

- Prompt, proportionate, equitable, lawful and adequate adjustment shall be made of the aggregate number and kind of shares subject to stock options which may be granted under the Stock Option Plan, such that the optionee shall have the right to purchase such common shares as may be issued in exchange for the common shares purchasable on exercise of the nonqualified stock option had such merger, consolidation, other reorganization, recapitalization, reclassification, combination of shares, stock split-up or stock dividend not taken place;

- Rights under unexercised stock options or portions thereof granted prior to any such change, both as to the number or kind of shares and the exercise price per share, will be adjusted appropriately, provided that such adjustments will be made without change in the total exercise price applicable to the unexercised portion of such nonqualified stock options but by an adjustment in the price for each share covered by such nonqualified stock option; or
- Upon any dissolution or liquidation of the Company or any merger or combination in which the Company is not a surviving corporation, each outstanding stock option granted hereunder shall terminate, but the optionee shall have the right, immediately prior to such dissolution, liquidation, merger or combination, to exercise his nonqualified stock option in whole or in part, to the extent that it shall not have been exercised, without regard to any installment exercise provisions in such nonqualified stock option.

Also, upon the occurrence of any person acquiring more than 20% of the common shares of the Company through a tender offer, exchange offer, or otherwise, upon a change in control of the Company or upon the sale of substantially all the assets of the Company, any optionee who is also a Company insider will be entitled to receive cash for their nonqualified stock options equal to the final offer price per share paid in the offer or similar event, or in the case of a change in control or sale of assets, the aggregate fair market value of the shares.

Amendment of the Plan

The Board of Directors may at any time suspend or terminate the Plan, in whole or in part or amend it from time to time as appropriate in the best interests of the Company. No amendments will, without the consent of the optionee, affect previously granted stock options.

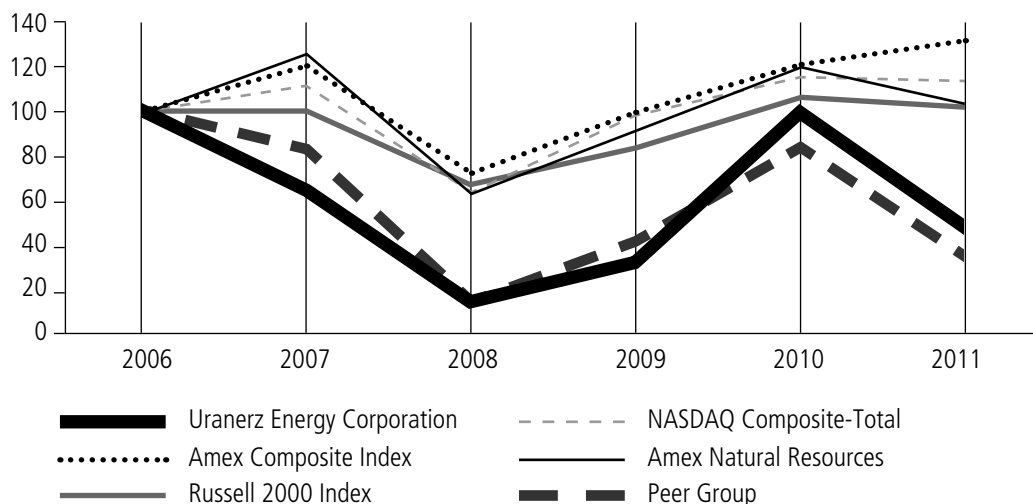
Recent Sales of Unregistered Securities

We did not sell any securities in 2011 that were not registered under the Securities Act of 1933, as amended.

Stock Performance Graph

The performance graph below shows Uranerz Energy Corporation's cumulative total return based on an initial investment of \$100 in Uranerz' common stock, as compared with the Russell 2000 Index, AMEX Natural Resources Index, AMEX Composite, NASDAQ Composite Total Return, and a peer group consisting of Uranium Energy Corp., UR Energy Corp., and Powertech Uranium Corp. The chart shows yearly performance marks over a five year period. This performance chart assumes: (1) \$100 was invested on January 1, 2006 in Uranerz common stock at the initial price of \$1.00, in the Russell 2000 Index, AMEX Natural Resources Index, AMEX Composite, NASDAQ Composite Total Return, and the peer group's common stock; and (2) all dividends are reinvested. Canadian dollar closing price quotes on the Toronto Stock Exchange are converted to U.S. dollars using the noon exchange rates as quoted by the Federal Reserve Bank on the date of the closing price quote. Dates on the chart represent the last trading day of the indicated fiscal year.

Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
December 2011



ITEM 6. SELECTED FINANCIAL DATA

Selected financial data about Uranerz for the last five years is set forth in the table below. You should read the data in the table in conjunction with the consolidated financial statements and related notes set forth in Item 8, "Financial Statements and Supplementary Data."

*Dollars and shares in thousands U.S.A,
except per share amounts*

	2011	2010	2009	2008	2007
Operating expenses					
Depreciation	\$ 216	200	176	129	57
Reclamation accretion	\$ 2	-	-	-	-
Foreign exchange	\$ 50	6	3	(4)	24
General and administrative	\$ 12,995	8,424	4,599	6,153	7,858
Mineral property expenditures	\$ 2,506	6,662	4,778	30,505	7,008
Total operating expenses	\$ 15,769	15,292	9,556	36,783	14,947
Gain on sale on investment securities	\$ -	-	-	-	-
Interest income	\$ 79	52	155	610	710
Loss on settlement of debt	\$ -	-	-	-	-
Mineral property options received	\$ -	-	-	-	44
Gain (Loss) on discontinued operations	\$ -	-	-	977	(4)
Non-controlling interest - portion of net loss	\$ 570	640	702	949	
Net loss for the year	\$ 15,120	14,600	8,699	34,247	14,197

Common stock data

Weighted average shares outstanding	75,981	64,433	57,060	52,263	38,438
Net loss per share – basic and diluted	\$ 0.20	0.23	0.15	0.66	0.37
Total shares outstanding at December 31	77,087	70,821	64,195	55,452	39,224

Balance sheet data at December 31

Total assets	\$ 48,649	40,634	30,810	22,866	12,216
Property, plant and equipment – net	\$ 10,224	503	541	643	406
Working capital	\$ 32,759	36,526	29,191	21,405	11,114
Total debt	\$ -	-	-	18	52
Common shareholders' equity	\$ 45,391	39,767	30,033	22,278	11,518

Cash flow data

Net cash used for operating activities	\$ 8,765	10,897	8,170	14,182	9,259
Net cash used for (provided by) investing activities	\$ 7,942	(6,904)	(11,590)	20,161	281
Net cash provided by financing activities	\$ 14,915	20,004	16,184	23,821	8,590

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements for the three years ended December 31, 2011, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the section heading "Item 1A. Risk Factors" and elsewhere in this Annual Report. See section heading "Cautionary Statement Regarding Forward-Looking Statements".

Overview

We are an exploration stage company engaged in the acquisition and exploration of uranium properties. We own interests in properties in Wyoming. We are principally focused on the exploration of our projects in the Powder River Basin area of Wyoming. We plan to maintain, explore and, when warranted, develop our projects in the Powder River Basin area of Wyoming.

In December 2007 we filed permit applications to mine two of our properties in the Powder River Basin area of Wyoming that we feel may have the potential, based on data in our possession, of being developed into commercial in-situ recovery uranium mines. These permit applications for our Nichols Ranch ISR Uranium Project were approved in 2011. Construction commenced in August 2011 with completion targeted for late 2012.

In support of our goals for 2011, we focused our efforts on the following six key operating priorities:

- Exploration in Wyoming
- Mine planning for our Nichols Ranch ISR Uranium Project
- Environmental and mine planning for additional permitting in the Powder River Basin, Wyoming
- Acquisition of properties and evaluation of uranium potential
- Investor relations and financing
- Construction of the Nichols Ranch ISR Uranium Project

Results of Operations

Twelve-month period ended December 31, 2011 compared to twelve-month period ended December 31, 2010

Revenue

We have not earned any revenues to date and we anticipate that we will not generate any revenues until late 2012.

Operating Expenses and Other Expenses (Income)

We incurred total operating expenses of \$15,769,154 for the twelve-month period ended December 31, 2011, as compared to \$15,291,692 for the corresponding period in 2010. Operating expenses in the amount of \$6,299,188 were attributable to stock-based compensation, an increase of \$2,553,023 while mineral property expenditures, for exploration and mine planning, declined \$4,156,285 over 2010. Our general and administrative expenses, excluding stock based compensation, consisted primarily of payroll, consulting, investor relations and general overhead increased \$2,018,586 over 2010 reflecting increased executive compensation, corporate affairs and growth in Casper operations to accommodate development of the Nichols Ranch ISR Uranium Project.

We earned \$79,165 of interest income for the twelve-month period ended December 31, 2011 as compared to \$52,290 for the corresponding period in 2010. This increase was due to additional short term investments. The non-controlling interest of our Arkose Mining Venture absorbed \$570,423 of our 2011 net loss (\$639,419 in 2010). Net loss attributable to the Company for the twelve-month period ended December 31, 2011 was \$15,119,566, as compared to \$14,599,983 in 2010.

Our 2011 Plan of Operations, described in our Form 10K filed March 15, 2011, outlined planned expenditures which were subsequently substantially incurred as expected. As we anticipated, our exploration expenses, excluding capital acquisitions, were reduced following the receipt of approvals for construction of the Nichols Ranch ISR Uranium Project in July 2011. Our general and administrative expenses continued to increase as we complied with our obligations to many stockholders as a reporting company under the Securities Exchange Act of 1934, as amended, listed on the NYSE Amex Equities and the Toronto stock exchanges. As anticipated, we did not earn any revenues during the 2011 fiscal year as we were engaged in exploration, permitting and development of our mineral properties.

Cash Used in Operating Activities

Net cash used in operating activities was \$8,765,229 for the twelve-month period ended December 31, 2011, compared to \$10,896,545 for the corresponding period in 2010. The decrease in net cash used in operations includes a decrease of \$2,898,285 for mineral-related cash expenditures, an increase of \$2,018,586 for general and administrative expenses and a decrease of \$1,268,888 of operating assets and liabilities.

Cash Used in Investing Activities

We invested \$7,941,910 in property, equipment and reclamation bonds in the twelve-month period ended December 31, 2011, compared to \$1,863,353 the corresponding period in 2010.

Cash Provided by Financing Activities

Net cash provided by financing activities amounted to \$14,914,514 for the twelve-month period ended December 31, 2011, primarily from warrants exercised for common stock, compared to \$20,004,293 for the corresponding period in 2010.

Twelve-month period ended December 31, 2010 compared to twelve-month period ended December 31, 2009

Revenue

We did not earn any revenues in 2010.

Operating Expenses and Other Expenses (Income)

We incurred total operating expenses of \$15,291,692 for the twelve-month period ended December 31, 2010, as compared to \$9,556,528 for the corresponding period in 2009. The increase of operating expenses in the amount of \$5,735,165 (60%) was primarily attributable to an increase of non-cash expenses amounting to \$4,081,900 for warrants issued for mineral properties and stock-based compensation. Mineral property expenditures, for exploration and mine planning, increased \$625,523 over 2009. Our general and administrative expenses consisted primarily of stock based compensation, payroll, consulting, investor relations and general overhead increased \$3,824,054 or 83% more than 2009 reflecting a \$2,823,900 increase in stock based compensation and a \$1,000,154 increase in corporate affairs, investor relations and Casper operations.

Our interest expense for the twelve-month period ended December 31, 2010, imputed on an interest free loan, was \$404 (2009 – \$2,941). We earned \$52,290 of interest income for the twelve-month period ended December 31, 2010 as compared to \$155,402 for the corresponding period in 2009. This reduction was due to low rates of short term investments. The non-controlling interest of our Arkose Mining Venture absorbed \$639,419 of our 2010 net loss (\$701,972 in 2009). Net loss attributable to the Company for the twelve-month period ended December 31, 2010 was \$14,599,983, as compared to \$8,699,154 for the corresponding period in 2009, an increase of \$5,900,829 (68%). This increase was largely due to the 2010 increase in operating expenses.

Our 2010 Plan of Operations, described in our Form 10K filed March 15, 2010, outlined planned expenditures which were subsequently substantially incurred as expected. Stock-based compensation was additional, non-cash, expenditure. As we anticipated, our exploration expenses, excluding property acquisitions, declined as a result of our planned development of our Nichols Ranch ISR Uranium Project.

Cash Used in Operating Activities

Net cash used in operating activities was \$10,896,545 for the twelve-month period ended December 31, 2010, compared to \$8,169,977 for the corresponding period in 2009. The increase in net cash used in operations includes an increase of \$625,523 for mineral related cash expenditures, \$1,000,756 for general and administrative expenses and \$815,381 of prepaid expenses and deposits.

Cash Used in Investing Activities

We invested \$1,863,353 in equipment and reclamation bonds in the twelve-month period ended December 31, 2010, compared to \$74,663 the corresponding period in 2009. During the twelve-month period ended December 31, 2010, we reduced our allocation in securities invested over 90 days by \$8,766,943.

Cash Provided by Financing Activities

Net cash provided by financing activities amounted to \$20,004,293 for the twelve-month period ended December 31, 2010, primarily from a public issue of common stock, compared to \$16,184,338 for the corresponding period in 2009.

Assets and Liabilities

We had total assets of \$48,620,039 at December 31, 2011 compared to \$40,648,543 at December 31, 2010, primarily cash accumulated from the sale of shares and investment in property plant and equipment. Prepaid expenses and deposits amounted to \$3,749,971 at December 31, 2011 (2010 - \$3,661,573), Property and Equipment was \$469,934 compared to \$503,129 at December 31, 2010. Construction in Progress was \$9,754,067 at December 31, 2011. Our liabilities were \$3,145,114 compared to \$759,485 at December 31, 2010. Liabilities include due to related parties of \$71,340 (2010 - \$49,186) and Asset Retirement Obligation of \$339,564.

Liquidity and Capital Resources

Our operations are primarily financed by proceeds from issuances of common stock. Our cash and short term security position at December 31, 2011 was \$34,644,745 compared to \$36,437,370 as of December 31, 2010. We had working capital of \$32,759,869 as of December 31, 2011, compared to working capital of \$36,526,165 as of December 31, 2010.

Financings

During the year ended December 31, 2011, the Company:

1. Issued 4,041,421 shares of common stock upon the exercise of share purchase warrants for cash proceeds of \$12,124,263.
2. Issued 2,223,920 shares of common stock upon the exercise of stock options for cash proceeds of \$2,240,208.

During the year ended December 31, 2010, the Company:

1. Issued 25,000 shares of common stock upon the exercise of share purchase warrants for cash proceeds of \$75,000.
2. Issued 454,100 shares of common stock upon the exercise of stock options for cash proceeds of \$431,915.
3. Issued 2,000,000 warrants, valued at \$1,258,000, for common stock for mineral properties.
4. Issued 6,147,446 shares of common stock pursuant to public offering for cash proceeds of \$20,000,000 less offering expenses of \$1,177,395.

During the year ended December 31, 2009, the Company:

1. Issued 242,500 shares of common stock upon the exercise of stock options for cash proceeds of \$166,125.
2. Completed a public offering of 8,500,000 units, comprised of 8,500,000 common shares and 4,250,000 common share purchase warrants, at \$2.00 per unit for gross proceeds of \$17,000,000. Each warrant entitled the holder to purchase one common share for \$3.00 for a period ending April 27, 2012.

Capital Requirements

Our cash position of \$34,644,745 at December 31, 2011 is available for future operations. We estimate that our cash expenditures for operations over the next twelve months will be approximately \$10.1 million as outlined below. Our estimated capital expenditures and revenue will net approximately an additional \$16 million requirement. Therefore, we believe that we have sufficient capital to fund expenditures for operations over the next twelve months. Property acquisitions and operations beyond 2012 will be financed through cash on hand, cash flow from operations, debt and one or more equity issues. We expect to maintain our focus on exploration and mine development efforts in Wyoming.

Our plan of operation for the next twelve months is to continue with exploration and development of our Wyoming Powder River Basin properties. Our planned geological exploration programs are described in Item 2 of this Report. Our planned cash operating expenditures for the year ending December 31, 2011 for corporate expenses, exploration on our Wyoming mineral properties and general and administrative expenses are summarized as follows:

Category	Planned Cash Expenditures Over the Next Twelve Months
Exploration	\$1,400,000
Environmental, production and well planning	\$640,000
General and Administrative expenses	\$5,400,000
Operations	\$2,700,000
TOTAL	\$10,140,000

In addition to our planned operating expenditures we may increase exploration expenditures and make additional property acquisitions beyond the above as opportunities arise. We plan to continue to develop our Nichols Ranch ISR Uranium Project. Our exploration and development plans will be continually evaluated and modified as exploration and permitting results become available. Modifications to our plans will be based on many factors, including: results of exploration, assessment of data, weather conditions, exploration costs, the price of uranium and available capital. Further, the extent of our operations and investment programs that we undertake will be dependent upon the amount of financing available to us.

We estimate that initial revenues will commence from the Nichols Ranch ISR Uranium Project in late 2012. We anticipate that funding to carry out our 2012 plans will be from existing resources, revenue and equity as considered necessary.

Future Financings

We may require additional financing to carry out an expanded program of exploration, mine planning and property acquisitions and development of the Nichols Ranch ISR Uranium Project during 2012. This may require debt financing and/or additional sales of our common stock in order to raise the funds necessary to pursue opportunities and to fund our working capital.

Issuances of additional shares would result in dilution to our existing shareholders. There is no assurance that we will be successful in completing any financings. Failure to obtain additional financing on a timely basis could require a reduced plan of operations and acquisitions beyond 2012.

As we expect our reliance on equity financings to continue into the future, the future market conditions will be critical for us to raise necessary funds to meet our capital requirements. If we are unable to obtain acceptable financing through equity investments, we will seek multiple solutions including, but not limited to, credit facilities or debenture issuances.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders. Our contingent liabilities are described in Note 13 of the audited consolidated financial statements following under the section heading "Item 8. Financial Statements and Supplementary Data".

Contractual Obligations

Our contractual obligations extending beyond the fiscal year ended December 31, 2011 are described in Notes 13 and 16 of the audited consolidated financial statements following under the section heading "Item 8. Financial Statements and Supplementary Data".

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires our management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain.

We have identified certain accounting policies, described below, that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in Note 2 to the audited financial statements included in this Annual Report.

Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and development 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 similarly expensed upon acquisition. Capitalization of mine development costs that meet the definition of an asset begin once all operating mineralization is classified as proven and probable reserves, and a bankable feasibility study has been completed or the Company determines that a mine will be developed.

Mineral property acquisition costs are expensed as incurred if the criteria for capitalization are not met and unless 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.

As of the date of these financial statements, the Company has no capitalized mineral property expenditures except those related to the development of the Nichols Ranch ISR Uranium Project. During the year ended December 31, 2011, mineral property expenditures totaling \$2,505,624 (2010 - \$6,661,909, 2009 - \$4,778,386) were expensed and construction in progress at Nichols Ranch totaled \$9,754,067 at December 31, 2011 (2010 – Nil).

Restoration and Reclamation Costs (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, 2011, the Company had accrued \$339,564 for restoration and reclamation obligations, of which \$304,046 was added to construction in progress during the year ended December 31, 2011 and of which \$33,000 was expensed prior to 2011.

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 is charged to the accumulated asset retirement obligation provision as the restoration work is completed. At December 31, 2011, the Company has recorded \$50,160 (2010 – \$78,084, 2009 – \$75,540) for well reclamation obligations in accrued liabilities for which work is required as part of its ongoing exploration expenses.

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 behaviors. 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.

No tax benefits were attributed to stock-based compensation expense because a full valuation allowance was maintained for all net deferred tax assets.

Accounting Developments

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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are not exposed to risks associated with commodity prices, interest rates and credit as of December 31, 2011. Commodity price risk is defined as the potential loss that we may incur as a result of changes in the fair value of uranium. Interest rate risk results from our debt and equity instruments that we issue to provide financing and liquidity for our business. Credit risk would arise from the extension of credit throughout all aspects of our business but is not yet significant.



2011

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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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, 2011 and 2010 and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2011 and accumulated from May 26, 1999 (Date of Inception) to December 31, 2011. 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, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2011 and accumulated from May 26, 1999 (Date of Inception) to December 31, 2011, in conformity with accounting principles generally accepted in the United States.

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, 2011, 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 12, 2012 expressed an unqualified opinion thereon.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada

March 12, 2012

Consolidated Balance Sheets

(Expressed in U.S. dollars)

	December 31, 2011 \$	December 31, 2010 \$
ASSETS		
Current Assets		
Cash	34,644,745	36,437,370
Prepaid expenses and deposits (Note 6(a))	890,848	816,269
Other current assets	29,826	32,011
Total Current Assets	35,565,419	37,285,650
Prepaid Expenses and Deposits (Note 6(a))	816,016	825,583
Mineral Property Reclamation Surety Deposits (Note 8)	2,043,107	2,019,721
Property and Equipment (Note 3)	469,934	503,129
Construction in Progress (Note 4)	9,754,067	—
Total Assets	48,648,543	40,634,083
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	1,507,968	93,115
Accrued liabilities (Note 6(b))	1,226,242	617,184
Due to related parties (Note 7(b) &(c))	71,340	49,186
Total Current Liabilities	2,805,550	759,485
Asset Retirement Obligation (Note 8)	339,564	—
Total Liabilities	3,145,114	759,485
Commitments and Contingencies (Notes 5 and 13)		
Subsequent Events (Note 16)		
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; 77,086,774 and 70,821,433 shares issued and outstanding, respectively	77,087	70,821
Additional Paid-in Capital	143,876,826	123,138,957
Deficit Accumulated During the Exploration Stage	(98,562,700)	(83,443,134)
Total Stockholders' Equity	45,391,213	39,766,644
Non-controlling Interest	112,216	107,954
Total Equity	45,503,429	39,874,598
Total Liabilities and Stockholders' Equity	48,648,543	40,634,083

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

Consolidated Statements of Operations

(Expressed in U.S. dollars)

	Accumulated From May 26, 1999 (Date of Inception) to December 31, 2011 \$	2011 \$	Years Ended December 31, 2010 \$	2009 \$
Revenue	—	—	—	—
Expenses				
Depreciation	793,425	215,740	200,266	175,877
Accretion expense (Note 8)	2,518	2,518	—	—
Foreign exchange	82,495	49,610	5,464	2,868
General and administrative (Note 10)	50,492,217	12,995,662	8,424,053	4,599,397
Mineral property expenditures	53,122,551	2,505,624	6,661,909	4,778,386
Total Operating Expenses	104,493,206	15,769,154	15,291,692	9,556,528
Operating Loss	(104,493,206)	(15,769,154)	(15,291,692)	(9,556,528)
Other Income (Expense)				
Gain on sale of investment securities	79,129	—	—	—
Interest income	2,018,924	79,165	52,290	155,402
Loss on settlement of debt	(132,000)	—	—	—
Mineral property option payments received	152,477	—	—	—
Total Other Income	2,118,530	79,165	52,290	155,402
Loss from continuing operations	(102,374,676)	(15,689,989)	(15,239,402)	(9,401,126)
Discontinued operations				
Loss from discontinued operations	(28,732)	—	—	—
Gain on disposal of discontinued operations	979,709	—	—	—
Gain on Discontinued Operations	950,977	—	—	—
Net Loss	(101,423,699)	(15,689,989)	(15,239,402)	(9,401,126)
Net loss attributable to non-controlling interest	2,860,999	570,423	639,419	701,972
Net loss Attributable to the Company	(98,562,700)	(15,119,566)	(14,599,983)	(8,699,154)
Amounts attributable to Company stockholders				
Loss from continuing operations	(99,513,677)	(15,119,566)	(14,599,983)	(8,699,154)
Gain on discontinued operations	950,977	—	—	—
Net loss attributable to the Company	(98,562,700)	(15,119,566)	(14,599,983)	(8,699,154)
Net Loss Per Share – Basic and Diluted		(0.20)	(0.23)	(0.15)
Weighted Average Number of Shares Outstanding		75,981,000	64,433,000	57,060,000

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

Consolidated Statements of Cash Flows

(Expressed in U.S. dollars)

	Accumulated From May 26, 1999 (Date of Inception) to December 31, 2011 \$	Years Ended December 31,		
		2011 \$	2010 \$	2009 \$
Operating Activities				
Net loss	(101,423,699)	(15,689,989)	(15,239,402)	(9,401,126)
Adjustments to reconcile net loss to cash used in operating activities:				
Depreciation	793,425	215,740	200,266	175,877
Accretion expense	2,518	2,518	—	—
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	—	1,258,000	—
Stock-based compensation	26,664,526	6,299,188	3,746,165	922,265
Changes in operating assets and liabilities:				
Prepaid expenses and deposits	(1,700,627)	(65,012)	(908,009)	(92,628)
Other current assets	(29,801)	2,185	(8,302)	(13,440)
Accounts payable and accrued liabilities	1,288,954	447,987	60,471	234,154
Due to related parties	542,099	22,154	(5,734)	4,921
Net Cash Used in Operating Activities	(54,389,326)	(8,765,229)	(10,896,545)	(8,169,977)
Investing Activities				
Reclamation surety deposits	(2,043,107)	(23,386)	(1,700,938)	(379)
Acquisition of subsidiary, net cash paid	(48)	—	—	—
Proceeds from sale of marketable securities	20,548,664	—	8,766,943	11,665,092
Investment in property and equipment	(8,900,922)	(7,918,524)	(162,415)	(74,284)
Purchase of investment securities	(20,432,035)	—	—	—
Disposition of subsidiary	905,092	—	—	—
Net Cash Used In Investing Activities	(9,922,356)	(7,941,910)	6,903,590	11,590,429
Financing Activities				
Repayment of loan payable	(98,414)	—	(18,079)	(34,067)
Advances from related party	10,700	—	—	—
Contributions from non-controlling interest	2,973,216	574,686	692,852	686,908
Proceeds from issuance of common stock	100,578,063	14,364,471	20,506,915	17,166,125
Share issuance costs	(4,507,138)	(24,643)	(1,177,395)	(1,634,628)
Net Cash Provided By Financing Activities	98,956,427	14,914,514	20,004,293	16,184,338
Increase In Cash	34,644,745	(1,792,625)	16,011,338	19,604,790
Cash - Beginning of Period	—	36,437,370	20,426,032	821,242
Cash - End of Period	34,644,745	34,644,745	36,437,370	20,426,032
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 construction in progress	105,119	105,119	—	—
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	2,941
Income taxes paid	—	—	—	—

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

Consolidated Statement of Stockholders' Equity

For the Period from May 26, 1999 (Date of Inception) to December 31, 2011

(Expressed in U.S. 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, 2001	5,590,500	5,591	67,584	—	(49,623)	—	23,552
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)

Consolidated Statements of Stockholders' Equity

For the Period from May 26, 1999 (Date of Inception) to December 31, 2011

(Expressed in U.S. dollars)

	Common Stock		Additional	Accumulated	Deficit		
	Shares	Amount	Paid-in	Other	Accumulated	Non-Controlling	Total
	#	\$	Capital	Comprehensive	During the	Interest	\$
			\$	Income	Development	\$	
				\$	\$		
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	—	—	—	542	—	—	542
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
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)

Consolidated Statement of Stockholders' Equity

For the Period from May 26, 1999 (Date of Inception) to December 31, 2011
(Expressed in U.S. dollars)

	Common Stock Shares #	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
Net loss for the year	—	—	—	(15,119,566)	(570,423)	(15,689,989)
Balance, December 31, 2011	77,086,774	77,087	143,876,826	(98,562,700)	112,216	45,503,429

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

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.

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 U.S. 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 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, field equipment and construction in progress. These assets are recorded at cost and, when ready for use, are depreciated on a straight-line basis over their estimated lives.

e) Financial Instruments/Concentrations

The Company's financial instruments consist principally of cash and accounts payable. The Company believes that the recorded values of all of the Company's other financial instruments approximate their current fair values because of their nature and relatively short maturity dates or durations.

f) Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and development 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 similarly expensed upon acquisition. 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 or the Company determines that a mine will be developed.

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

f) Mineral Property Costs (continued)

Mineral property acquisition costs are expensed as incurred 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.

As of the date of these financial statements, the Company has capitalized mineral property construction in progress expenditures of \$9,754,067 (2010 – Nil). During the year ended December 31, 2011, mineral property expenditures totalling \$2,505,624 (2010 – \$6,661,909, 2009 – \$4,778,386) were expensed.

g) 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.

h) Restoration and Reclamation Costs (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, 2011, the Company had accrued \$339,564 for restoration and reclamation obligations, of which \$304,046 was added to construction in progress during the year ended December 31, 2011 and of which \$33,000 was expensed prior to 2011.

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, 2011, the Company has recorded \$50,160 (2010 – \$78,084, 2009 – \$75,540) for well reclamation obligations in accrued liabilities for which work is required as part of its ongoing exploration expenses.

i) 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.

j) 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, 2011, 2010 and 2009, the Company had no items that represent other comprehensive loss.

2. Summary of Significant Accounting Policies (continued)

k) 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.

l) 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.

m) 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 9,751,180 as of December 31, 2011 (2010 – 12,960,600; 2009 - 15,132,200).

n) 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.

o) 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.

p) Reclassifications

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

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

3. Property and Equipment

	Cost \$	Accumulated Depreciation \$	December 31, 2011 Net Carrying Value \$	December 31, 2010 Net Carrying Value \$
Computers and office equipment	258,477	173,219	85,258	85,936
Field equipment	1,004,881	620,205	384,676	417,193
	1,263,358	793,424	469,934	503,129

4. Construction in Progress

The construction in progress consists of construction costs related to the construction of the plant and equipment for the Nichols Ranch ISR Uranium Project. Upon completion of construction and commissioning of the plant, these costs will be transferred to property and equipment and categorized for amortization based on the estimated useful life of the plant and the related ore deposits that the plant is expected to service.

	Cost \$
Site	1,232,431
Buildings	1,991,156
Equipment	1,323,042
Field equipment	474,320
Well field	3,342,056
Mine development cost	1,391,062
	9,754,067

5. Mineral Properties

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

On September 18, 2008, the Company leased 984 acres of mineral properties within the Company's North Reno Creek project area in Wyoming.

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

5. Mineral Properties (continued)

- g) 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.
- h) 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.
- i) 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.
- j) 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.
- k) 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.

6. Balance Sheet Details

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

	December 31, 2011 \$	December 31, 2010 \$
Consulting	—	5,295
Insurance	148,910	66,905
Lease costs	324,800	405,012
Reclamation bonding	209,183	224,655
Surface use and damage costs	205,514	109,806
Other	2,441	4,596
Current prepaid expenses and deposits	890,848	816,269
Deposits	29,417	29,233
Power supply advance	674,200	674,200
Power supply deposit	112,399	122,150
Non-current prepaid expenses and deposits	816,016	825,583

- b) The components of accrued liabilities are as follows:

	December 31, 2011 \$	December 31, 2010 \$
Construction expenses	309,624	—
Mineral exploration expenses	148,808	457,100
Reclamation costs	50,160	78,084
Registration fees	74,050	—
Employee vacation	72,200	—
Executive compensation	500,000	—
Professional fees	71,400	—
Other	—	82,000
Total accrued liabilities	1,226,242	617,184

Notes to the Consolidated Financial Statements

December 31, 2010 *(Expressed in U.S. dollars)*

7. Related Party Transactions / Balances

- a) During the year ended December 31, 2011, the Company incurred \$nil (2010 - \$131,355, 2009 - \$180,300) 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, 2011, the Company incurred \$1,023,410 (2010 - \$919,186, 2009 - \$818,068) 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, 2011, consulting services and expenditures incurred on behalf of the Company of \$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, 2011, the Company incurred Directors' fees of \$161,240 (2010 - \$159,000, 2009 - \$105,500) for non-executive Directors. The amounts have been recorded as general and administrative expenses. At December 31, 2010, expenditures incurred on behalf of the Company of \$nil (2010 - \$2,693) are owed to these Directors.
- d) During the year ended December 31, 2011, the Company paid \$373,000 (2010 - \$15,900, 2009 - \$1,500) for bonuses (included in general and administrative expenses) to officers.
- e) During the year ended December 31, 2011, the Company paid \$321,993 to officers for other compensation which is included in general and administrative expenses.
- f) During the year ended December 31, 2011, the Company recognized a \$500,000 provision for bonuses to directors and senior management, all of which is included in accrued liabilities at December 31, 2011.

8. 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
Revision of estimated cash flows	—
Balance at December 31, 2011	\$ 339,564

The current portion of reclamation and remediation liabilities of \$50,160 and \$78,084 at December 31, 2011 and December 31, 2010, respectively, are included in accrued liabilities (see Note 6(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, have 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 \$343,107 have been classified as mineral property reclamation surety deposits.

9. Common Stock

Share transactions for the year ended December 31, 2011:

- a) 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.
- b) On August 8, 2011, the Company increased the number of authorized common shares from 200,000,000 to 750,000,000.
- c) 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:

- d) 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.
- e) 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.
- f) 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.

Share transactions for the year ended December 31, 2009:

- a) In May 2009, the Company issued 50,000 shares of common stock pursuant to the exercise of common share purchase options for proceeds of \$37,500.
- b) In August 2009, the Company issued 37,500 shares of common stock pursuant to the exercise of common share purchase options for proceeds of \$24,375.
- c) In September 2009, the Company issued 155,000 shares of common stock pursuant to the exercise of common share purchase options for proceeds of \$104,250.
- d) In October 2009, the Company completed a public offering of 8,500,000 units of the Company at a price of \$2.00 per unit for gross proceeds of \$17,000,000. Each unit comprises one share of the Company's common stock and one half of one share purchase warrant, with each whole warrant exercisable to purchase one additional share of the Company's common stock for a period of 30 months at an exercise price of \$3.00. The Company incurred share issuance costs of \$1,634,628 and issued 4,250,000 common share purchase warrants exercisable for \$3.00 per share during the thirty month period ending April 27, 2012, relating to the offering

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

10. 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.

During the year ended December 31, 2009, the Company granted 1,502,500 stock options with immediate vesting to directors, officers, employees and consultants to acquire 1,327,500 common shares at an exercise price of \$0.65 per share for 2 - 7 years, 100,000 common shares at an exercise price of \$2.07 per share for 10 years and 75,000 common shares at an exercise price of \$1.37 for 2 years. During the year ended December 31, 2009, the Company recorded stock-based compensation for the vested options of \$922,265 as general and administrative expense.

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, and \$105,119 as construction in progress.

The weighted average grant date fair value of stock options granted during the years ended December 31, 2011, 2010 and 2009 was \$2.05, \$0.93 and \$0.60 per share, respectively. At December 31, 2011, the Company had 18,680,360 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:

	2011	2010	2009
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.42%	1.57%	1.34%
Expected volatility	97%	107%	129%
Expected option life (in years)	4.68	3.27	3.89

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

10. Stock-based Compensation (continued)

The total intrinsic value of stock options exercised during the years ended December 31, 2011, 2010 and 2009, was \$6,849,524, \$1,003,198, and \$276,400 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, 2008	4,839,700	2.18		
Granted	1,502,500	0.78		
Forfeited	(150,000)	2.61		
Exercised	(242,500)	0.69		
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	7.08	1,162,421
Exercisable, December 31, 2011	7,269,680	2.58	6.88	1,162,421

A summary of the status of the Company's non-vested stock options outstanding as of December 31, 2011, and changes during the years ended December 31, 2011, 2010 and 2009 is presented below:

Non-vested stock options	Number of Options	Weighted Average Grant Date Fair Value \$
Non-vested at December 31, 2008	158,500	2.86
Granted	1,502,500	0.78
Vested	(1,529,000)	0.77
Forfeited	(5,000)	2.89
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

As at December 31, 2011, there was \$642,965 of unrecognized compensation cost related to non-vested stock option agreements. This cost is expected to be recognized over a weighted average period of 1.95 years.

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

11. 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 (Refer to Note 9(a)). 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	2,000,000	3.00

As at December 31, 2011, the following common share purchase warrants were outstanding:

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

12. 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.

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

13. 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. The first four payments have been made. Refer to Note 5(g).
- c) Refer to Note 8 for commitments pertaining to mineral property reclamation surety deposits.
- d) On May 1, 2009, the Company agreed to pay an estimated cost of \$202,987, subsequently revised to \$163,107, for the Nichols Ranch Power Line Extension Project. As at December 31, 2011, \$50,708 for engineering and design has been incurred and recorded as an expense and \$112,399 has been paid as a deposit which will be reclassified when the Project is completed.
- e) On May 19, 2010, the Company signed an office premises lease for a period of three years commencing September 1, 2010. Rent is approximately \$48,074 (Cdn\$50,604) per annum.
- f) At December 31, 2011 the Company has construction purchase orders outstanding for approximately \$6,000,000.
- g) 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.
- h) The Company is committed under two sales agreements to supply triuranium octoxide over a five year period. One sales agreement has defined pricing each year and the second agreement has pricing which contains market referenced price, with combined spot and long term indicators, to set the sales price.

14. Income Taxes

The Company has adopted the provisions of ASC 740, *Income Taxes*. Pursuant to ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefit of net operating losses have not been recognized in the consolidated financial statements because the Company cannot be assured that it is more likely than not that it will utilize the net operating losses carried forward in future years. The Company has approximately \$37,851,440 of net operating losses to carry forward which are available to offset taxable income in future years which expire through fiscal 2031. For the years ended December 31, 2011, 2010 and 2009 the valuation allowance established against the deferred tax assets increased by \$8,052,774, \$4,458,681, and \$2,888,179 respectively.

The components of the net deferred tax asset at December 31, 2011, 2010, and 2009, the statutory tax rate, the effective tax rate, and the amount of the valuation allowance are indicated below:

	December 31, 2011 \$	December 31, 2010 \$	December 31, 2009 \$
Net loss before taxes	(15,689,989)	(15,239,402)	(9,401,126)
Statutory rate	35%	35%	35%
Computed expected tax (recovery)	(5,491,496)	(5,333,791)	(3,290,394)
Stock-based compensation	(192,618)	1,311,158	322,793
Joint venture chargeback	86,917	75,154	79,422
Other	(2,455,577)	(511,202)	—
Increase in valuation allowance:			
Net operating loss	5,472,168	2,127,013	1,215,744
Exploration and development	2,580,606	2,331,668	1,672,435
Mineral property acquisition costs	—	—	—
Reported income taxes	—	—	—

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

14. Income Taxes (continued)

	December 31, 2011 \$	December 31, 2010 \$	December 31, 2009 \$
Deferred tax asset			
- Net operating losses	13,248,004	7,775,836	5,648,823
- Mineral property acquisition, exploration and development	20,259,606	17,679,000	15,347,332
- Less valuation allowance	(33,507,610)	(25,454,836)	(20,996,155)
Net deferred tax asset	—	—	—

The Company has incurred operating losses of approximately \$37,851,440 which, if unutilized, will expire through to 2031. 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	13,486,365	2031
	<u>\$ 37,851,440</u>	

15. 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.

Notes to the Consolidated Financial Statements

December 31, 2010 (Expressed in U.S. dollars)

15. Segment Disclosures (continued)

Financial statement information by operating segment for the years ended December 31, 2011, 2010 and 2009 is presented below:

	Total \$	December 31, 2011 Uranerz \$	Arkose \$
Assets	48,648,543	47,986,464	662,079
Net loss attributable to the Company	(15,119,566)	(13,786,844)	(1,332,722)
Interest expense	—	—	—
Interest revenue	79,165	78,779	386
Depreciation	(215,740)	(215,740)	—
Accretion	(2,518)	(2,518)	—

	Total \$	December 31, 2010 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 expense	—	—	—
Interest revenue	52,290	51,352	938
Depreciation	(200,266)	(200,266)	—

	Total \$	December 31, 2009 Uranerz \$	Arkose \$
Assets	30,810,289	30,153,087	657,202
Net loss attributable to the Company	(8,699,154)	(6,900,858)	(1,798,296)
Interest expense	(2,941)	(2,941)	—
Interest revenue	155,402	155,402	—
Depreciation	(175,877)	(175,877)	—

16. Subsequent Events

- a) On February 14, 2012 the Company signed an office lease for a primary term of two years, beginning the 1st day of February, 2012 and ending on the 31st day of January, 2014. Rent consideration is \$141,258 per annum. The lease agreement may be renewed for two additional years.
- b) In February 2012, the Company approved an additional \$1,000,000 of construction relating to its Nichols Ranch ISR Uranium Project.

Supplemental Financial Information (\$,000)

2011	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	\$ -	\$ -	\$ -	\$ -
Net profit (loss) attributable to the Company	\$ (3,561)	\$ (2,113)	\$ (4,263)	\$ (5,183)
Basic and diluted profit (loss) per share	(0.04)	(0.03)	(0.06)	(0.07)

2010	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	\$ -	\$ -	\$ -	\$ -
Net profit (loss) attributable to the Company	\$ (2,189)	\$ (4,064)	\$ (2,652)	\$ (5,695)
Basic and diluted profit (loss) per share	(0.04)	(0.06)	(0.04)	(0.09)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

During the period covered by this Annual Report on Form 10-K for the fiscal year ended December 31, 2011, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operations of the Company's disclosure controls and procedures (as defined in Rule 13a – 15(e) and Rule 15d – 15(e) under the Exchange Act). Based on that evaluation the CEO and the CFO have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were adequately designed and effective in ensuring that: (i) information required to be disclosed by the Company in reports that it files or submits to the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms; and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Internal Control over Financial Reporting*Management's Report on Internal Control over Financial Reporting*

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the design and operation of the Company's internal control over financial reporting as of December 31, 2011, based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls,

evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2011 and no material weaknesses were discovered.

The effectiveness of internal control over financial reporting as of December 31, 2011 has been audited by Manning Elliott LLP, the independent registered public accounting firm that audited the Company's financial statements included in this Annual Report.

The Company's independent registered public accounting firm, Manning Elliott LLP, has issued an attestation report on the Company's internal control over financial reporting.

Attestation Report of the Independent Registered Public Accounting Firm



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CHARTERED ACCOUNTANTS

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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 Uranerz Energy Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Uranerz Energy Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Uranerz Energy Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated balance sheets of Uranerz Energy Corporation as of December 31, 2011 and 2010, and the related consolidated statements of operations, cash flows, and stockholders equity for each of the three years in the period ended December 31, 2011 and accumulated from May 26, 1999 (Date of Inception) to December 31, 2011 and our report dated March 12, 2012 expressed an unqualified opinion thereon.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada
March 12, 2012

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the above-referenced evaluation by management of the effectiveness of our internal control over financial reporting that occurred during the fourth quarter ended December 31, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None

Part 3

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Reference is made to the information set forth under the captions "Election of Directors" and "Executive Officers" in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A in connection with our 2012 annual general meeting of shareholders, which information is incorporated by reference to this Annual Report on Form 10-K.

Code of Ethics

We have adopted a Corporate Code of Ethics administered by our Senior Vice President, Finance and Chief Financial Officer, Benjamin Leboe. We believe our Code of Ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct, to provide full, fair, accurate, timely and understandable disclosure in public reports, to comply with applicable laws, to ensure prompt internal reporting of code violations, and to provide accountability for adherence to the code. Our Code of Ethics provides written standards that are reasonably designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, the SEC and in other public communications made by an issuer;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations of the Code to an appropriate person or persons identified in the code; and
- Accountability for adherence to the Code.

Our Code of Ethics is available at our website at www.uranerz.com. We intend to disclose any waiver from a provision of our Code of Ethics that applies to any of our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions that relates to any element of our Code of Ethics on our website. No waivers were granted from the requirements of our Code of Ethics during the year ended December 31, 2011, or during the subsequent period from January 1, 2012, through the date of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information set forth under the captions “Election of Directors” and “Executive Officers” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, in connection with our 2012 annual general meeting of shareholders, which information is incorporated by reference to this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Reference is made to the information set forth under the captions “Security Ownership of Principal Shareholders and Management” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, in connection with our 2012 annual general meeting of shareholders, which information is incorporated by reference to this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Reference is made to the information set forth under the caption “Certain Transactions” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, in connection with our 2012 annual general meeting of shareholders, which information is incorporated by reference to this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Reference is made to the information set forth under the captions “Audit Committee Report” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, in connection with our 2012 annual general meeting of shareholders, which information is incorporated by reference to this Annual Report on Form 10-K.

PART 4

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, 2011 and 2010

Statements of Consolidated Operations for the years ended December 31, 2011, 2010, and 2009

Statements of Consolidated Cash Flows for the years ended December 31, 2011, 2010, and 2009

Statements of Consolidated Common Shareholders' Equity from May 26, 1999 (Date of Inception) to December 31, 2011

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 ⁽¹⁾
3.2	Bylaws, as amended ⁽¹⁾
3.3	Articles of Amendment filed July 5, 2005 ⁽³⁾
3.4	Articles of Amendment filed August 8, 2008 ⁽¹⁶⁾
3.5	Articles of Amendment filed July 8, 2009 ⁽¹⁷⁾
3.6	Certificate of Amendment filed August 12, 2009 ⁽²⁴⁾
4.1	Share Certificate ⁽¹⁾
4.2	Form of Lock-up Agreement ⁽¹⁹⁾
4.3	Warrant Indenture, dated October 27, 2009 ⁽²⁰⁾
4.4	Supplemental Warrant Indenture, dated December 8, 2009 ⁽²¹⁾
4.5	Shareholder Rights Plan, dated August 25, 2010 ⁽²²⁾
10.1	Office and Administration Services Agreement between the Company and Senate Capital Group Inc. dated September 1, 2005 ⁽²⁾
10.2	Agreement for Services between the Company and Highlands Capital, Inc. dated November 1, 2005 ⁽²⁾
10.3	Financial Public Relations Agreement between the Company and Accent Marketing Ltd. dated November 1, 2005 ⁽²⁾
10.4	Mineral Property Purchase Agreement between the Company and Ubex Capital Inc. dated April 26, 2005 ⁽²⁾
10.5	Joint Venture Agreement between the Company and Triex Minerals Corporation dated November 4, 2005 ⁽²⁾
10.6	Consulting Agreement between the Company and Ubex Capital Inc. for management and consulting services ⁽²⁾
10.7	Consulting Agreement between Catchpole Enterprises and the Company ⁽³⁾
10.8	Joint Venture Agreement between the Company and Bluerock Resources Ltd. ⁽³⁾
10.9	Option and Purchase Agreement for federal mining claims in Wyoming ⁽³⁾
10.10	Agreement to Purchase ten mining claims in Wyoming ⁽³⁾
10.11	2005 Stock Option Plan as amended June 10, 2009 ⁽¹⁷⁾
10.12	Mr. George Hartman letter agreement. ⁽³⁾
10.13	Black Range Minerals Agreement dated June 7, 2006 ⁽⁵⁾
10.14	Amendment to Joint Venture Agreement dated September 12, 2006 between the Company and Bluerock Resources Ltd. ⁽⁶⁾
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 ⁽⁷⁾⁽⁸⁾
10.16	Consulting Agreement dated February 1, 2007 between the Company and O & M Partners, LLC ⁽⁷⁾⁽⁸⁾
10.17	Christensen Ranch Agreement dated October 30, 2006 between the Company and George Hartman ⁽⁹⁾⁽¹⁰⁾
10.18	Amendment Agreement dated January 1, 2007 between the Company and Ubex Capital Inc. ⁽¹⁰⁾
10.19	Amendment Agreement dated January 1, 2007 between the Company and Catchpole Enterprises Inc. ⁽¹⁰⁾
10.20	Amendment Agreement dated January 1, 2007 between the Company and Senate Capital Group Inc. ⁽¹⁰⁾
10.21	Purchase and Sale Agreement with NAMMCO dated September 19, 2007, as amended ⁽¹¹⁾⁽¹²⁾
10.22	Venture Agreement with United Nuclear LLC dated January 15, 2008 ⁽¹³⁾
10.23	Agreement with Independent Management Consultants of British Columbia
10.24	Subscription Agreement with Denison Mines dated March 27, 2008

10.25	Agency Agreement with Haywood Securities and Cormark Securities Inc. dated April 15, 2008 ⁽¹⁴⁾
10.26	Amendment to Joint Venture Agreement dated March 20, 2008 between the Company and Bluerock Resources Ltd. ⁽¹⁵⁾
10.27	Amended Hartman Letter Agreement effective January 1, 2008 ⁽¹⁸⁾
10.28	Sales Agreement with Haywood Securities, November 30, 2010 – Form 8K filed December 1, 2010 ⁽²³⁾
23.1	<u>Consent of Manning Elliott LLP, independent registered accountants</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a-15(f) of the Exchange Act</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a-15(f) of the Exchange Act</u>
32.1	<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>
32.2	<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, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Stockholders' Equity, and (v) Notes and Schedules to the Consolidated Financial Statements, tagged as blocks of text.

(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 Report on Form 10-KSB 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 Report on Form 10-KSB 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 on Form 10-K 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.
(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.

GLOSSARY OF TECHNICAL TERMS

The following defined technical terms are used in this Annual Report:

DEQ/WDEQ: Department of Environmental Quality, State of Wyoming

Exploration drilling: drilling done in search of new mineral deposits or for the possible extensions of existing deposits up to the time a company decides that sufficient ore reserves are present to justify commercial development.

FASB: Financial Accounting Standards Board

GAAP: Accounting principles generally accepted in the United States of America

In-situ recovery (ISR): the recovery, by chemical leaching, of the uranium component of an ore body without physically extracting the ore from the ground. ISR mining utilizes injection of appropriate oxidizing chemicals into an ore-bearing sandstone deposit with extraction by production wells; also referred to as solution mining.

NRC: Nuclear Regulatory Commission

SEC: Securities and Exchange Commission

SFAS: Statement of Financial Accounting Standards

Uranium: a heavy, naturally radioactive, metallic element of atomic number 92. Its two principal isotopes are ²³⁵U and ²³⁸U, of which the ²³⁵U is the necessary component for the nuclear fuel cycle.

Uranium concentrate (yellowcake): a yellowish to yellow-brownish powder obtained from the chemical processing of uranium ore. Yellowcake typically contains 70 to 90% U₃O₈ by weight.

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: <u>/s/ Glenn Catchpole</u>	<u>/s/ Benjamin Leboe</u>
Glenn Catchpole, President and CEO	Benjamin Leboe, Senior Vice President, Finance
Principal Executive Officer	Principal Financial Officer and
Director	Principal Accounting Officer
Date: March 13, 2012	Date: March 13, 2012

In accordance with the Securities Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

Per: /s/ Glenn Catchpole
Glenn Catchpole, President, Director
Date: March 13, 2012

Per: /s/ Dennis Higgs
Dennis Higgs, Executive Chairman, Director
Date: March 13, 2012

Per: /s/ Gerhard Kirchner
Dr. Gerhard Kirchner, Director
Date: March 13, 2012

Per: /s/ George Hartman
George Hartman, Executive Vice President,
Director
Date: March 13, 2012

Per: /s/ Peter Bell
Peter Bell, Director
Date: March 13, 2012

Per: /s/ Paul Saxton
Paul Saxton, Director
Date: March 13, 2012

Per: /s/ Arnold Dyck
Arnold Dyck, Director
Date: March 13, 2012



Proxy Statement





URANERZ ENERGY CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To all Stockholders of Uranerz Energy Corporation:

You are invited to attend the 2012 Annual Meeting of Stockholders (the "**Annual Meeting**") of Uranerz Energy Corporation (the "**Company**"). The Annual Meeting will be held at the Hilton Garden Inn, 1150 North Poplar Street, Casper, Wyoming 82601 on Wednesday, June 13, 2012, at 9:30 a.m. Mountain Daylight Time ("**MDT**"). The purposes of the meeting are:

1. To elect the Nominees to the Company's Board of Directors to serve until the Company's 2013 Annual Meeting of Stockholders or until successors are duly elected and qualified; the following are nominees for election as Directors: Glenn Catchpole, George Hartman, Dennis Higgs, Paul Saxton, Gerhard Kirchner, Peter Bell, and Arnold Dyck;
2. To ratify the appointment of the Company's independent registered public accounting firm, Manning Elliott LLP, for the fiscal year ending December 31, 2012; and
3. Any other business that may properly come before the Annual Meeting.

The Board of Directors has fixed April 19, 2012 as the record date for the Annual Meeting. Only stockholders of the Company of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders as of April 19, 2012 will be available at the Annual Meeting for inspection by any stockholder. Stockholders will need to register at the meeting to attend and vote at the meeting. If your shares are not registered in your name, you will need to obtain a proxy from your broker, bank or other institution that holds your shares or present proof of your ownership of those shares at the meeting in order to register to attend and vote. You should ask the broker, bank or other institution that holds your shares to provide you with either a copy of an account statement or a letter that shows your ownership of Company stock as of April 19, 2012. Please bring that documentation to the meeting.

IMPORTANT

Whether or not you expect to attend the Annual Meeting, please sign and return the enclosed proxy promptly. If you decide to attend the meeting, you may, if you wish, revoke the proxy and vote your shares in person. The Company's Proxy Statement for the 2012 Annual Meeting of Stockholders and the Company's Annual Report for the fiscal year ended December 31, 2011 are available at <http://www.uranerz.com/s/2012annualmeeting.asp>.

By Order of the Board of Directors,

/s/ Sandra R. MacKay
Sandra R. MacKay
Corporate Secretary
Uranerz Energy Corporation

April 25, 2012

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PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 13, 2012

Unless the context requires otherwise, references in this statement to "*Uranerz Energy*", "*Uranerz*", the "*Company*", "*we*", "*us*" or "*our*" refer to Uranerz Energy Corporation.

The Annual Meeting of Stockholders of Uranerz Energy (the "*Annual Meeting*") will be held at the Hilton Garden Inn, 1150 North Poplar Street, Casper, Wyoming 82601 on Wednesday, June 13, 2012, at 9:30 a.m. Mountain Daylight Time ("*MDT*").

We are providing the enclosed proxy materials and form of proxy in connection with the solicitation by the Company's Board of Directors (the "*Board*") of proxies for this Annual Meeting. The Company anticipates that this Proxy Statement and the form of proxy will first be mailed to holders of the Company's shares of common stock (the Company's shares of common stock will be referred to as "*shares*" and the whole class of common stock referred to as the "*common stock*") on or about May 1, 2012. A notice of the availability of this Proxy Statement and the form of proxy will first be mailed to holders of the Company's common stock on or about this date.

You are invited to attend the Annual Meeting at the above stated time and location. If you plan to attend and your shares are held in "street name" – in an account with a bank, broker, or other nominee –you must obtain a proxy issued in your name from such broker, bank or other nominee.

You can vote your shares by completing and returning the proxy card or, if you hold shares in "street name," by completing the voting form provided by the broker, bank or other nominee.

A returned signed proxy card without an indication of how shares should be voted will be voted FOR the election of all nominees and FOR the ratification of the appointment of the Company's independent registered public accounting firm.

Our corporate bylaws define a quorum as one-third of the voting power of the issued and outstanding voting stock present in person or by proxy. The Company's Articles of Incorporation do not allow cumulative voting for directors. The nominees who receive the most votes will be elected. An affirmative vote of a simple majority of the shares present, whether in person or by proxy, is required to approve the appointment of the Company's independent registered public accounting firm.

QUESTIONS AND ANSWERS ABOUT PROXY MATERIALS AND VOTING

Why am I receiving this Proxy Statement and proxy card?

You are receiving this Proxy Statement and proxy card because you were a stockholder of record at the close of business April 19, 2012 and are entitled to vote at the Annual Meeting. This Proxy Statement describes issues on which the Company would like you, as a stockholder, to vote. It provides information on these issues so that you can make an informed decision. You do not need to attend the Annual Meeting to vote your shares.

When you sign the proxy card you appoint Glenn Catchpole, President & Chief Executive Officer of the Company, and Dennis Higgs, Executive Chairman of the Board of the Company, as your representatives at the Annual Meeting. As your representatives, they will vote your shares at the Annual Meeting (or any adjournments or postponements) in accordance with your instructions on your proxy card. With proxy voting, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the Annual Meeting, it is a good idea to complete, sign and return your proxy card in advance of the Annual Meeting, just in case your plans change.

If an issue comes up for vote at the Annual Meeting (or any adjournments or postponements) that is not described in this Proxy Statement, your representatives will vote your shares, under your proxy, in their discretion, subject to any limitations imposed by law.

When is the record date?

The Board has fixed April 19, 2012 as the record date for the Annual Meeting. Only holders of the Company's common stock as of the close of business on that date will be entitled to vote at the Annual Meeting.

How many shares are outstanding?

As of April 19, 2012, the Company had 77,159,074 shares of common stock issued and outstanding. The Company's common stock is the only outstanding voting security of the Company.

What am I voting on?

You are being asked to vote on the following:

- The election of the seven (7) nominees to the Company's Board to serve until the Company's 2013 annual meeting of stockholders or until successors are duly elected and qualified; the following are nominees for election as Directors: Glenn Catchpole, George Hartman, Dennis Higgs, Paul Saxton, Gerhard Kirchner, Peter Bell, and Arnold Dyck;
- The ratification of the appointment of the Company's independent registered public accounting firm, Manning Elliott LLP, for the fiscal year of 2012; and
- Any other business that may properly come before the meeting.

How many votes do I get?

Each share is entitled to one vote. No cumulative rights are authorized, and dissenters' rights are not applicable to any of the matters being voted upon.

The Board recommends a vote **FOR** the election of all Directors and **FOR** the ratification of the appointment of the Company's independent registered public accounting firm.

How do I vote?

You have several voting options. You may vote by:

- Signing your proxy card and mailing it in the enclosed, prepaid and addressed envelope;
- Signing and faxing your proxy card to our transfer agent, Corporate Stock Transfer, for proxy voting, to the fax number provided on the proxy card;
- Voting over the internet by following the procedures provided on the proxy card; or
- Attending the Annual Meeting and voting in person.

If your shares are held in an account with a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy card from your broker, bank, or other nominee.

Can stockholders vote in person at the Annual Meeting?

The Company will pass out written ballots to anyone who wants to vote at the Annual Meeting. If you hold your shares through a brokerage account but do not have a physical share certificate, or the shares are registered in someone else’s name, you must request a legal proxy from your stockbroker or the registered owner to vote at the meeting.

What if I share an address with another stockholder and we received only one copy of the proxy materials?

If certain requirements are met under relevant U.S. securities law, including in some circumstances, the stockholders’ prior written consent, we are permitted to deliver one annual report and one proxy statement to a group of stockholders who share the same address. If you share an address with another stockholder and have received only one copy of the proxy materials, but desire another copy, please send a written request to our offices at the address below or call us at (604) 689-1659 to request another copy of the proxy materials. Please note that each stockholder should receive a separate proxy card to vote the shares they own.

Send requests to: Uranerz Energy Corporation
Suite 1410 – 800 West Pender Street,
Vancouver, B.C., Canada V6C 2V6

Attention: Sandra R. MacKay, Corporate Secretary

What if I change my mind after I return my proxy?

You may revoke your proxy and change your vote at any time before the polls close at the Annual Meeting. You may do this by:

- Signing another proxy with a later date and mailing it to the attention of: Jason K. Brenkert, Inspector of Elections, at 1400 Wewatta Street, Suite 400, Denver, Colorado, 80202, so long as it is received prior to 12:00 p.m. MDT, on June 12, 2012;
- Voting in person at the Annual Meeting; or
- Giving written notice of the revocation of your proxy to the Company’s Corporate Secretary, Sandra R. MacKay, at Suite 1410 – 800 West Pender Street, Vancouver, B.C., Canada V6C 2V6, prior to 12:00 p.m., MDT on June 12, 2012.

Beneficial stockholders should refer to the instructions received from their broker, bank or intermediary or the registered holder of the shares if they wish to change their vote.

How many votes do you need to hold the meeting?

To conduct the Annual Meeting, the Company must have a quorum, which means that one-third of the outstanding voting shares of the Company as of the record date must be present at the Annual Meeting. The common stock is the only outstanding voting stock of the Company. Based on 77,159,074 shares outstanding as of the record date of April 19, 2012, 25,719,692 shares must be present in person or by proxy for the quorum to be reached. Your shares will be counted as present at the Annual Meeting if you:

- Submit a properly executed proxy card (even if you do not provide voting instructions); or
- Attend the Annual Meeting and vote in person.

What if I abstain from voting?

Abstentions with respect to a proposal are counted for the purposes of establishing a quorum. Since the Company's by-laws state that matters presented at a meeting of the stockholders must be approved by the majority of the voting power of the voting shares present at the meeting, a properly executed proxy card marked *ABSTAIN* with respect to a proposal will have the same effect as voting *AGAINST* that proposal. However, as described below, election of directors is by a plurality of the votes cast at the meeting. A properly executed proxy card marked *WITHHELD* with respect to the election of directors will not be voted and will not count *FOR* any of the nominees for which the vote was withheld.

What effect does a broker non-vote have?

Brokers and other intermediaries, holding shares in street name for their customers, are generally required to vote the shares in the manner directed by their customers. If their customers do not give any direction, brokers may vote the shares on routine matters, but not on non-routine matters. Since the election of directors under this Proxy Statement is uncontested, the election of directors is considered a non-routine matter and brokers are not permitted to vote shares held in street name for their customers in relation to this item of business. The ratification of the appointment of the Company's independent registered public accounting firm for the fiscal year of 2012 is considered a routine matter and brokers will be permitted to vote shares held in street name for their customers.

The absence of a vote on a non-routine matter is referred to as a broker non-vote. Any shares represented at the Annual Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have no impact in the election of directors, except to the extent that the failure to vote for an individual results in another individual receiving a larger proportion of votes cast for the election of directors. Any shares represented at the Annual Meeting but not voted (whether by abstention, broker non-vote or otherwise) with respect to the proposal to ratify the appointment of the independent registered public accountant will have the same effect as a vote against such proposal.

How many votes are needed to elect directors?

The nominees for election as directors at the Annual Meeting will be elected by a plurality of the votes cast at the meeting. A properly executed proxy card marked *WITHHELD* with respect to the election of directors will not be voted and will not count *FOR* or *AGAINST* any of the nominees.

How many votes are needed to ratify the appointment of the independent registered public accountant Manning Elliott LLP?

The ratification of the appointment of the independent registered public accountant Manning Elliott LLP will be approved if a majority of the voting power of the voting shares present at the meeting votes *FOR* the proposal. A properly executed proxy card marked *ABSTAIN* with respect to this proposal will have the same effect as voting *AGAINST* this proposal.

Will my shares be voted if I do not sign and return my Proxy Card?

If your shares are held through a brokerage account, your brokerage firm, under certain circumstances and subject to certain legal restrictions, may vote your shares; otherwise your shares will not be voted at the meeting. See "What effect does a broker non-vote have?" above for a discussion of the matters on which your brokerage firm may vote your shares.

If your shares are registered in your name, and you do not sign and return your proxy card, your shares will not be voted at the Annual Meeting.

Where can I find the voting results of the meeting?

Within four (4) business days of the Annual Meeting, the Company will file a current report on Form 8-K with the Securities and Exchange Commission ("*SEC*") announcing the voting results of the Annual Meeting.

Who will pay for the costs of soliciting proxies?

The Company will bear the cost of soliciting proxies. In an effort to have as large a representation at the meeting as possible, the Company's directors, officers and employees may solicit proxies by telephone or in person in certain circumstances. These individuals will receive no additional compensation for their services other than their regular salaries. Upon request, the Company will reimburse brokers, dealers, banks, voting trustees and their nominees who are holders of record of the Company's Common Stock on the record date for the reasonable expenses incurred in mailing copies of the proxy materials to the beneficial owners of such shares.

When are stockholder proposals due for the 2013 annual meeting of stockholders?

In order to be considered for inclusion in next year's 2013 proxy statement, stockholder proposals must be submitted in writing to the Company's Corporate Secretary, Sandra R. MacKay, at Uranerz Energy Corporation, Suite 1410, 800 West Pender Street, Vancouver, B.C., Canada V6C 2V6, and received no later than January 1, 2013, provided that this date may be changed in the event that the date of the annual meeting of stockholders to be held in calendar year 2013 is changed by more than 30 days from the date of the annual meeting of stockholders to be held in calendar year 2012. Such proposals must also comply with the requirements as to form and substance established by the SEC if such proposals are to be included in our proxy statement and form of proxy.

Similarly, stockholder proposals not submitted for inclusion in the proxy statement and received after March 15, 2013 will be considered untimely pursuant to Rule 14a-5(e)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") provided that this date may be changed in the event that the date of the annual meeting of stockholders to be held in the calendar year 2013 is changed by more than 30 days from the date of the Annual Meeting of stockholders to be held in calendar year 2012.

How can I obtain a copy of the 2011 Annual Report on Form 10-K?

The Company's 2011 Annual Report on Form 10-K, including financial statements, is available through the SEC's website at www.sec.gov.

At the written request of any stockholder who owns shares on the record date, the Company will provide to such stockholder, without charge, a paper copy of the Company's 2011 Annual Report on Form 10-K as filed with the SEC, including the financial statements, but not including exhibits. If requested, the Company will provide copies of the exhibits for a reasonable fee.

Requests for additional paper copies of the 2011 Annual Report on Form 10-K should be mailed to:

Uranerz Energy Corporation
Suite 1410 – 800 West Pender Street,
Vancouver, B.C., Canada V6C 2V6

Attention: Sandra R. MacKay
Corporate Secretary

What materials accompany or are attached to this proxy statement?

The following materials accompany this proxy statement:

1. Form of proxy card; and
2. The Company's Annual Report on Form 10-K.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting

Under rules adopted by the Securities and Exchange Commission, we are now furnishing proxy materials on the internet in addition to mailing paper copies of the materials to each stockholder of record. **Instructions on how to access and review the proxy materials on the internet can be found on the proxy card or voting instruction form sent to stockholders of record. The 2011 Annual Report and this Proxy Statement can be accessed on the Company's website at www.uranerz.com/s/2012annualmeeting.asp.** Directions for attending the Annual Meeting can also be found at [this website](http://www.uranerz.com/s/2012annualmeeting.asp).

PROPOSAL 1 — ELECTION OF DIRECTORS

GENERAL QUESTIONS

What is the current composition of the Board?

The current Board is composed of seven directors. The Company's current bylaws require the Board to have at least one and not more than twelve directors.

Is the Board divided into classes? How long is the term?

No, the Board is not divided into classes. All directors serve one-year terms until their successors are elected and qualified at the next annual meeting of stockholders.

Who is standing for election this year?

The Board has nominated the following seven current Board members for election at the 2012 Annual Meeting, to hold office until the 2013 Annual Meeting:

- Glenn Catchpole
- George Hartman
- Dennis Higgs
- Paul Saxton
- Gerhard Kirchner
- Peter Bell
- Arnold Dyck

What if a nominee is unable or unwilling to serve?

Should any one or more of these nominees become unable or unwilling to serve, which is not anticipated, the Board may designate substitute nominees, in which event the proxy representatives will vote proxies that otherwise would be voted for the named nominees for the election of such substitute nominee or nominees.

How are nominees elected?

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the meeting.

The Board recommends a vote FOR each of the nominees. All proxies executed and returned without an indication as to how shares should be voted will be voted FOR the election of all nominees.

INFORMATION ON THE BOARD OF DIRECTORS, EXECUTIVE OFFICERS, AND KEY EMPLOYEES

The following table sets forth certain information with respect to our current directors, executive officers and key employees. The term for each director expires at our next annual meeting or until his or her successor is appointed. The ages of the directors, executive officers and key employees are shown as of December 31, 2011.

Name	Current Office with Company	Principal Occupation	Director/Officer Since	Age
Glenn Catchpole	President & Chief Executive Officer; Director	President & Chief Executive Officer, Uranerz Energy Corporation	March 1, 2005	68
George Hartman	Executive Vice President & Chief Operating Officer; Director	Executive Vice President & Chief Operating Officer, Uranerz Energy Corporation	May 9, 2005	71
Dennis Higgs	Executive Chairman	Executive Chairman of the Board, Uranerz Energy Corporation	May 26, 1999	53
Paul Saxton*	Director	President of Lincoln Mining Corporation	October 26, 2004	65
Gerhard Kirchner*	Director	Member, Advisory Board, Mindoro Resources Limited	March 13, 2005	81
Peter Bell*	Director	President of Ezon Healthtech Corporation	May 10, 2006	77
Arnold J. Dyck*	Director	Retired	May 23, 2006	71
Benjamin Leboe	Senior Vice President, Finance & Chief Financial Officer	Senior Vice President, Finance & Chief Financial Officer of Uranerz Energy Corporation	May 23, 2006	66
Kurtis Brown	Senior Vice President, Geology & Development	Senior Vice President, Geology & Development, Uranerz Energy Corporation	March 8, 2007	61
Sandra MacKay	Senior Vice President, Legal & Corporate Secretary	Senior Vice President, Legal & Corporate Secretary, Uranerz Energy Corporation	July 1, 2009	52
Douglas Hirschman	Vice President, Lands	Vice President, Lands, Uranerz Energy Corporation	December 6, 2007	57

* Indicates that the director is "independent" in accordance with Rules 121 and 803A of the NYSE Amex Company Guide.

The following is a description of the business background of the nominees for director and current executive officers of Uranerz Energy Corporation.

Uranerz Exploration and Mining Limited, Uranerz Canada Limited, Uranerz U.S.A., and the original Uranerz group of companies (which entities are referred to below in the description of the background of certain of the nominees for director and current executive officers) are not connected with, or a predecessor company to Uranerz Energy Corporation. The original Uranerz group of companies was acquired by Cameco, the world's largest primary uranium producer, in 1998.

Mr. Glenn Catchpole was appointed to the Board and became our President on March 1, 2005. Mr. Catchpole is a licensed engineer who holds an M.S. in civil engineering from Colorado State University. He has been active in the uranium solution mining industry since 1978, holding various positions including well field engineer, project manager, general manager and managing director of several uranium solution mining operations.

In 1988 Mr. Catchpole joined Uranerz U.S.A., Inc. and Uranerz Exploration and Mining and became Director of Regulatory Affairs, Environmental Engineering and Solution Mining. Mr. Catchpole's responsibilities included the monitoring and oversight of the environmental and regulatory aspects of two large uranium mines in Canada and the operational aspects of one uranium solution mine in the United States. In 1996 Mr. Catchpole was appointed General Manager and Managing Director of the Inkai uranium solution mining project located in the Republic of Kazakhstan (Central Asia). In 1998 Cameco Corporation acquired Uranerz U.S.A. Inc., and Mr. Catchpole continued his post at the Inkai Project for Cameco. Mr. Catchpole spent six years taking the Inkai project from acquisition through feasibility study, joint venture formulation, government licensing, environmental permitting, design, construction and the first phase start-up.

Following his departure from Cameco in 2002, Mr. Catchpole was an independent consulting engineer providing project management to the oil and gas, mining, and construction industries. Mr. Catchpole is experienced in all phases of project development including environmental permitting, procurement, scheduling, budgeting, and construction of infrastructure and mining facilities. He has served on numerous mineral evaluation and due diligence teams.

Mr. George Hartman was appointed to the Board and the position of Senior Vice President, Mining on May 9, 2005 and was subsequently appointed Executive Vice President and Chief Operating Officer. Mr. Hartman has 40 years of experience developing metals and industrial mineral projects from the green field exploration stage to production. He has an M.S. degree in Mineral Economics (Colorado School of Mines) and a B.S. in Chemical Engineering (University of Denver). Four process patents have been granted in his name. His experience includes 16 years managing several in-situ leach uranium mines from green field exploration sites through commercial production.

Prior to joining Uranerz Energy, Mr. Hartman was General Manager for Fort Cady Minerals Corporation where he had complete responsibility for solution mining and process development, permitting, design, procurement, construction, production and property management. These responsibilities included a large deposit of borate mineral where he managed the project from the test-stage through construction and operation of a demonstration production facility. He also managed product marketing involving both domestic and foreign accounts.

From 1982 to 1989 Mr. Hartman was General Manager, In-Situ Leach Projects, for Uranerz U.S.A.. During this period he managed the interests of all in-situ uranium projects which Uranerz U.S.A. owned including Ruth, Crow Butte, and North Butte. Under his supervision, Uranerz served as the contract operator for the successful test solution mining of the Christensen Ranch uranium property now owned by Uranium One. He was also on the Uranerz acquisition team that studied potential uranium and precious and base metal properties throughout the western United States.

Prior to joining Uranerz U.S.A., Mr. Hartman was President of Ogle Petroleum Inc. where he was in overall operating charge of the uranium production company that joint ventured with Duke Power on a commercial solution mine in Wyoming. He was responsible for managing the project from green field exploration through commercial production (shipped filtered yellowcake to the converter). Mr. Hartman personally designed the processing plant facilities.

Also previous to his work at Uranerz U.S.A., Mr. Hartman was the Texas Mines Manager for Wyoming Mineral Corporation (Westinghouse), where he was responsible for the management of two production in-situ uranium mines with ion exchange processing plants in Bruni and Three Rivers, Texas (shipped dried yellow cake to the converter).

Mr. Dennis Higgs is Executive Chairman of the Board. Mr. Higgs was appointed to the Board as President and Chief Executive Officer on May 26, 1999, and resigned as President and Chief Executive Officer on March 1, 2005. Mr. Higgs became Executive Chairman of our Board on February 1, 2006.

Mr. Higgs has been involved in the financial and venture capital markets for over twenty-five years, raising millions of dollars in the United States, Canada and Europe. He founded his first junior exploration company in 1983 and took it public through an initial public offering in 1984. Since then, Mr. Higgs has been involved in the founding, financing, initial public listing, and building of several companies. Mr. Higgs was directly involved with the founding and initial public offering of Arizona Star Resource Corp. and the listing and financing of BioSource International Inc.

Mr. Paul Saxton was appointed to the Board on October 26, 2004. Mr. Saxton is a mining engineer who also holds an MBA from the University of Western Ontario. He has been active in the mining industry since 1969, holding various positions including mining engineer, mine superintendent, president and chief executive officer of numerous Canadian mining companies.

Following ten years with Cominco, Mr. Saxton became Vice President and president of Mascot Gold Mines Ltd., initially working on the design and construction of the Nickel Plate mine in British Columbia, Canada. Subsequently Mr. Saxton became a Vice President of Corona Corporation where he was responsible for western operations and exploration for the company and was instrumental in the re-opening of the Nickel Plate Mine. In 1989, Mr. Saxton was appointed Senior Vice President of Viceroy Resource Corporation where he was responsible for helping to obtain financing and the construction and operations of the Castle Mountain mine in California. In 1994, Mr. Saxton was appointed President of Loki Gold Corporation and Baja Gold Inc. where he was responsible for arranging over \$45 million in mine financing and bringing the Brewery Creek Gold mine into production. Loki Gold, Baja Gold and Viceroy merged in 1996 and Mr. Saxton was named President of the new entity.

Following his departure from Viceroy in 1999, Mr. Saxton became president of Standard Mining Corp., organizing the company and supervising its exploration activities until 2001, when Standard Mining Corp. was merged with Doublestar Resources Ltd. In March 2004, Mr. Saxton was appointed as a director and President of Lincoln Gold Corporation, a company engaged in mineral exploration in Mexico and in the States of California and Nevada.

Mr. Saxton chairs the Company's Corporate Governance & Nominating committee and is a member of the Compensation committee.

Dr. Gerhard Kirchner was appointed to the Board March 13, 2005. Dr. Kirchner has 40 years of international mine development and management experience including 20 years with Uranerz Exploration and Mining Ltd. He received a multidisciplinary education in mining engineering and economic geology, and a Doctorate in Mining Sciences from the University of Leoben, Austria.

At Uranerz Exploration and Mining Ltd., Dr. Kirchner spent nine years as General Manager and 11 years as Senior Vice President. He and his team were responsible for the Key Lake uranium discovery, and the acquisition, engineering and development of projects such as the Midwest uranium deposit, Eagle Point North uranium deposit, Star Lake gold deposit and the Crow Butte ISL uranium deposit.

Previous to his work with Uranerz, Dr. Kirchner spent six years designing, developing and managing the Kamoto Mine in Kolwezi, Zaire; four years consulting on mining and civil engineering projects in several countries including Surinam, Nigeria and Congo; and five years as a mine superintendent and exploration manager in Greenland where he discovered the Molybdenum Porphyry Erzberg. Dr. Kirchner also spent three years as a project engineer on dams in Austria and Japan, and road projects in Saudi Arabia.

Dr. Kirchner is a member of the advisory board of Mindoro Resources Limited, a public company whose shares are listed on the TSX Venture Exchange and the Frankfurt Exchange. During the period June 2004 to January 2008, Dr. Kirchner was a member of Mindoro's board of directors and served as its chairman.

Dr. Kirchner is a member of the Company's Audit, Compensation and Corporate Governance & Nominating Committees.

Mr. Peter Bell was appointed to the Board on May 10, 2006. Mr. Peter Bell practiced as a licensed pharmacist until 1968. Since that time he has been a self-employed consultant and a director and member of a number of private and public companies and professional organizations. Mr. Bell is a director of Current Technology Corporation which markets an electrostatic hair maintenance and re-growth process, since 1992. Since 1997 Mr. Bell has been a director and is the President of Ezon Healthcare Corporation, a private company that is involved in the development of a graphic labeling system for pharmaceutical products.

Mr. Bell has provided a wide range of consultant services to businesses and health care companies and organizations. These consultant services included: sales management and reorganization of sales force; regional market development and marketing strategy; medical opinion surveys and market analysis; medical device product market development; business immigration program presentations; management studies in healthcare organizations; development and growth of public corporations and reverse takeovers in public companies.

Mr. Bell holds a Bachelor of Science Degree in Pharmacy from the University of Manitoba and a Masters in Business Administration from the University of Western Ontario.

Mr. Bell chairs the Company's Compensation Committee and is a member of the Audit and Corporate Governance & Nominating committees.

Mr. Arnold Dyck was appointed to the Board on May 10, 2006. Mr. Dyck was employed at Uranerz Exploration and Mining Limited from 1977 to 1998. Mr. Dyck progressed through various positions with Uranerz Canada Limited, Uranerz Exploration and Mining Limited, and Uranerz U.S.A. Inc. to become the Senior Vice President and Chief Financial Officer for the Uranerz group of companies. He also served as a member of the board of directors for Uranerz U.S.A. Inc. and as chairman of the board of directors of a subsidiary mining company.

Prior to his employment with Uranerz Exploration and Mining Limited, Mr. Dyck was employed with and responsible for the accounting, finance and corporate secretarial functions for a three year period during the initial development of a food and feed scientific research and development pilot facility with government, university and corporate joint ownership. For the five years prior to this Mr. Dyck fulfilled various executive positions in the development a new electronics manufacturing operation.

Mr. Dyck is a graduate of the Registered Industrial Accountant education program and was awarded the designation of Certified Management Accountant in 1975.

Mr. Dyck chairs the Company's Audit Committee and is a member of its Corporate Governance & Nominating and Compensation Committees.

Mr. Benjamin Leboe was appointed as the Company's Chief Financial Officer on May 23, 2006 and acted as our Corporate Secretary from October 2006 to December 2007 and from January 2009 to July 2009. Mr. Leboe also serves as the Company's Ethics Officer, Principal Accounting Officer and Senior Vice President of Finance. Mr. Leboe has been Principal, Independent Management Consultants of British Columbia, since 1990. Prior to joining Uranerz he was a Senior Consultant, management consulting of the Business Development Bank of Canada, from 2005 to 2006. Previously, from 1995 to 2005 he was a director, Chief Financial Officer, Principal Accounting Officer and Treasurer of numerous public companies in Canada and U.S.A.. From 1991 to June 1995, he served as Chief Financial Officer and Vice President of VECW Industries Ltd. He was a Partner of KPMG Consulting and its predecessor firms from 1978 to 1990.

Mr. Leboe holds a Bachelor of Commerce and Business Administration, Finance and Accounting, from the University of British Columbia. He is a Chartered Accountant and Certified Management Consultant in Canada.

Mr. Kurtis Brown, a 35 year veteran of the mining industry, was appointed Senior Vice President of the Company in March 2007. Immediately prior to joining Uranerz, Mr. Brown was Health, Safety and Environmental Manager for Kellogg, Brown & Root, a natural gas producer. Mr. Brown also has five years experience as an independent geological consultant. In his previous employment, Mr. Brown assisted with the start up of the Christensen Ranch ISR commercial uranium mine now owned by Uranium One. Mr. Brown earned his Bachelor of Arts Degree in Geology from the University of Wyoming and is a Wyoming State certified Professional Geologist and Safety Professional.

Ms. Sandra MacKay joined the Company on July 1, 2009 as Legal Counsel and Corporate Secretary. She was appointed Vice President, Legal and Corporate Secretary in July of 2010 and Senior Vice President, Legal & Corporate Secretary in December of 2011.

Ms. MacKay obtained her Bachelor of Laws in 1983 from the University of British Columbia. Ms. MacKay has over 25 years of experience working within law firms and as counsel within business organizations in a variety of industries including petrochemical, engineering, biotechnology and mining. Ms. MacKay's legal experience includes acting for both public and private companies on a wide variety of corporate-commercial transactions. Ms. MacKay has provided general counsel to her clients on a broad range of subject matters including securities law compliance, employment law, corporate governance and general corporate-commercial matters, and in the negotiation and drafting of related agreements.

Mr. Douglas Hirschman was appointed Vice President, Lands of the Company in December 2007. Mr. Hirschman is a graduate of the University of Wyoming and has over 30 years of experience in the mineral exploration industry serving in various capacities and most recently as Manager of Lands, International with Newmont Mining Corporation. Mr. Hirschman has supervised mineral property acquisitions, prepared and negotiated agreements including joint ventures, performed land status investigations on federal, state and private mineral interests in the Western U.S.A., and maintained land records insuring timely satisfaction of land payments and agreement obligations.

No Family relationships or Arrangements involving Executive Officers or Key Employees

None of our executive officers or key employees is related by blood, marriage or adoption to any other director or executive officer.

To our knowledge, there is no arrangement or understanding between any of our officers and any other person pursuant to which the officer was selected to serve as an officer.

Advisory Board

We have an advisory board comprised of two professional geologists.

Dr. Franz J. Dahlkamp has over 45 years experience as an economic geologist, with specific emphasis in uranium. He started as an economic geologist with several mining companies in Germany and abroad. In 1968 he began working with the Uranerz group of companies and by 1974 he became the head of their exploration department. While at Uranerz he organized and established the Uranerz group of subsidiary companies for uranium exploration in Australia, Canada, and the U.S.A., and conducted reconnaissance surveys for uranium worldwide.

Since 1978 Dr. Dahlkamp has been consulting for mining companies, utilities, and national and international institutions including the International Atomic Energy Agency. From 1978 to 2002, Dr. Dahlkamp lectured at the Universities of Leoben and Salzburg, Austria, and Munich, Germany (on uranium deposits: geology, economics and exploration).

Dr. Dahlkamp has published numerous articles and three books on the subject of uranium geology.

Dr. Dahlkamp has a PhD (1958), a Dr. of Science (Habilitation 1979), and is an Honorary Chair (Honorary-Professor) at the Mining-University of Leoben (1990).

Dr. Gerhard Ruhrmann has over 30 years experience as an exploration and mine geologist. From 1976 to 1992, he worked for major uranium producers in positions responsible for exploration management in a wide variety of geological systems and the development of exploration tools for high-grade unconformity-related uranium deposits.

In 1993, Dr. Ruhrmann joined the consulting branch of the Uranerz group of companies, accepting exploration and mine reclamation assignments in Eastern Europe, Central and Southeast Asia, Australasia, Africa and North America. In 2001 he co-authored a book on environmental mine management. Since 2003, he has practiced as an independent consultant to the mining industry, governments and international agencies.

Dr. Ruhrmann holds a doctorate degree in earth sciences from the University of Tuebingen, Germany. Dr. Ruhrmann has been a lecturer on mineral exploration at the University of Leoben, Austria, since 2001.

Arrangements between Officers and Directors

To our knowledge, there is no arrangement or understanding between any of our officers and any other person, including Directors, pursuant to which the officer was selected to serve as an officer.

Family Relationships

None of our directors is related by blood, marriage, or adoption to any other director, executive officer, or other key employees.

Other Directorships

No directors of the Company are also directors of issuers with a class of securities registered under Section 12 of the *United States Securities Exchange Act of 1934*, as amended, (the “**Exchange Act**”) (or which otherwise are required to file periodic reports under the Exchange Act).

Legal Proceedings

The Company is not aware of any material legal proceedings to which any director, officer or affiliate of the Company, or any owner of record or beneficially of more than five percent of common stock of the Company, or any associate of any director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

The Company is not aware of any of its directors or officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses) or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

Director Qualifications and Background

The Company’s Corporate Governance & Nominating Committee identifies candidates for nomination to the Board. The Company does not have a formal policy with respect to evaluation of nominees, however, it has been the Company’s practice to seek to compose a Board which brings a full complement of skills and attributes and experience to the Board and in this respect the Company looks for a diverse range of attributes and qualifications among its Board candidates. These include: financial acumen, previous public company governance experience, experience in the uranium industry, sound business experience, government relations experience, investor relations experience, sales and marketing experience, ISR mining experience, and knowledge of the nuclear power industry. Each candidate is not expected to possess all of these attributes but rather the Corporate Governance & Nominating committee seeks to nominate a group which, in the aggregate, is comprised of individuals who contribute the full range of such experience and qualifications. Additionally, each nominee is expected to display: a commitment to good governance and the protection of stockholder interests, demonstrated leadership skills, and effective communication skills. Nominees who have previously served as directors of the Company are also evaluated on the basis of their attendance record and their dedication to fulfillment of their responsibilities as a director of the Company.

In developing its recommendation as to the nominees to the Board for 2012, the Corporate Governance & Nominating Committee concluded that the proposed nominees should each serve as a director based on the following particular experience, qualifications and attributes of each nominee:

Mr. Glenn Catchpole is recommended as a nominee to the Board because of the following particular qualifications: extensive experience in the uranium industry; extensive government relations experience; proven business acumen; proven leadership abilities; strong interpersonal skills; a demonstrated ability to manage personnel; and a proven ability to take projects from exploration stage through production start-up.

Mr. George Hartman is recommended as a nominee to the Board because of the following particular qualifications: extensive experience in the uranium industry; extensive experience in managing ISR uranium mines from green field exploration to commercial production; demonstrated ability to manage projects and personnel; demonstrated experience in negotiation with utility companies and other third parties; effective leadership and management skills; and strong interpersonal skills.

Mr. Dennis Higgs is recommended as a nominee to the Board because of the following particular qualifications: significant experience in the raising of capital in the public markets; proven experience in forming companies and taking them from start-up to viability; significant experience in mergers & acquisitions and financings; experience in the mining industry and previous experience as a director of a public company; understanding of United States and Canadian securities laws and regulations; demonstrated leadership and interpersonal skills; and strong presentation and communication skills.

Mr. Paul Saxton is recommended as a nominee to the Board because of the following particular qualifications and attributes: Mr. Saxton is a professional engineer with extensive experience in the mining industry, including working as a mine superintendent and a chief executive officer of a number of Canadian mining companies. Mr. Saxton has considerable previous public company director experience and experience raising capital in the public markets.

Dr. Gerhard Kirchner is recommended as a nominee to the Board because of the following particular qualifications and attributes: over 30 years of exploration, mine design, development and management experience, 20 of which have been in the uranium industry. Dr. Kirchner also has previous public company board experience, considerable investor relations experience and knowledge; his consultancy experience includes advising on mining and engineering projects worldwide.

Mr. Peter Bell is recommended as a nominee to the Board because of the following particular qualifications and attributes: Mr. Bell has considerable experience as a director of both public and private companies and professional organizations. Mr. Bell has broad business experience including having provided a broad range of consulting services to businesses in respect of marketing and sales efforts, business growth and development.

Mr. Arnold Dyck is recommended as a nominee to the Board because of the following particular qualifications and attributes: Mr. Dyck is a Certified Management Accountant and is qualified as a “financial expert” as defined for Audit Committee purposes by applicable securities legislation. Mr. Dyck is knowledgeable in best audit committee practices and has previously served on the boards of directors of subsidiary companies of public companies. Mr. Dyck’s management and professional experience includes working within the uranium mining industry for the original Uranerz group of companies in a professional capacity and ultimately as a member of the board of directors of certain companies within that group.

The Corporate Governance & Nominating Committee also evaluates each candidate in respect of whether their personal and professional schedules allow them to dedicate sufficient time to governance of the Company and in each case the above nominees have demonstrated consistent conscientiousness in devoting their time and energies to the affairs of the Company.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

We believe that effective corporate governance is critical to our long-term success and our ability to create value for our stockholders. We regularly review our corporate governance practices, monitor emerging developments in corporate governance and update our policies and procedures when our Board determines that it would benefit the Company and our stockholders to do so. We also monitor our corporate governance policies and practices to maintain compliance with the provisions of the Sarbanes-Oxley Act of 2002, the SEC rules, the corporate governance standards of the NYSE Amex (the “**NYSE Standards**”) and applicable Canadian requirements.

We maintain a corporate governance page on our website that includes: our Code of Business Conduct and Ethics and the charters for the Audit, Corporate Governance & Nominating and Compensation Committees of our Board, all of which can be found at www.uranerz.com by clicking on “Corporate Governance” under the heading “About Us”.

BOARD OF DIRECTORS CONSTITUTION

The Company’s current bylaws require the Board to have at least one and no more than twelve directors. The current Board is composed of seven directors. A Board of seven directors is being proposed for 2012.

Director Independence

We had seven Directors at December 31, 2011, including four independent Directors, as follows:

Glenn Catchpole
George Hartman
Dennis Higgs
Paul Saxton, independent
Gerhard Kirchner, independent
Peter Bell, independent
Arnold Dyck, independent

Consistent with NYSE Standards, the Board assesses the independence of its members not less than annually. The Board applies the requirements for independence set out in section 803A of the NYSE Amex Company Guide and considers all relevant facts and circumstances in making its assessment.

In addition to the independence requirements set out above, the Company's Code of Business Conduct and Ethics specifically addresses conflict of interest situations involving directors. Pursuant to our Code of Business Conduct and Ethics, all directors are required to act in the best interests of the Company and to avoid conflicts of interest.

With the assistance of the Corporate Governance & Nominating Committee, the Board has considered the relationship of the Company to each of the nominees for election by the stockholders and has determined that four of the seven nominees for election as directors at the Annual Meeting are independent (Messrs. Saxton, Bell and Dyck and Dr. Kirchner). The three nominees who are not independent (Messrs. Catchpole, Hartman and Higgs) are officers of the Company and members of management.

MEETINGS OF THE BOARD AND BOARD MEMBER ATTENDANCE AT ANNUAL MEETING

Action by the Board of Directors or committees of the Board may be taken at in-person meetings, at meetings held by conference call, or by unanimous written consent. During the fiscal year ended December 31, 2011, the Board held four meetings in-person or by teleconference. The 2011 attendance record of Board members was 100% (every director attended all meetings of the full Board). At its regular in-person Board meetings the Board holds sessions at which the independent directors meet in the absence of management directors.

Board members are not required, but are expected to make every effort, to attend the annual meeting of stockholders. All of the current Board members attended last year's annual meeting. All seven current Board members who are nominated for election are expected to attend the 2012 Annual Meeting.

COMMUNICATIONS TO THE BOARD

Stockholders who are interested in communicating directly with members of the Board, or the Board as a group, may do so by writing directly to the individual Board member c/o Corporate Secretary, Sandra R. MacKay, at Uranerz Energy Corporation, Suite 1410 – 800 West Pender Street, Vancouver, B.C., Canada V6C 2V6. The Company's Corporate Secretary will forward communications directly to the appropriate Board member. If the correspondence is not addressed to a particular member, the communication will be forwarded to a Board member to bring to the attention of the Board. The Company's Corporate Secretary will review all communications before forwarding them to the appropriate Board member.

BOARD LEADERSHIP STRUCTURE

The Board has reviewed our Company's current Board leadership structure in light of the composition of the Board, the Company's size, the nature of the Company's business, the regulatory framework under which the Company operates, the Company's stockholder base and other relevant factors. Under the current Board leadership structure the positions of Chairman of the Board (the Executive Chairman) and Chief Executive Officer (the President & Chief Executive Officer) are two separate and distinct positions. The Board is of the view that this Board leadership structure is appropriate for the Company. The Board noted the following factors in reaching its determination:

- The Board operates efficiently and effectively under its current structure;
- By virtue of their complimentary but distinct backgrounds and experience, the executive functions within the Company are appropriately divided between the two incumbents, as is the leadership of the Company's two operational offices; the President & Chief Executive Officer oversees the Casper, Wyoming office activities and the Executive Chairman oversees those of the Vancouver, Canada office;
- The President & Chief Executive Officer and the Executive Chairman provide an appropriate cross-check over one another in a manner which allows for effective decision making; and
- The separation of the two functions improves management – independent director information sharing and communication because both the President & Chief Executive Officer and the Executive Chairman have direct communication with independent directors.

The Company does not have a lead independent director or independent chairman. Given the size of the Board, the Board believes that the presence of four independent directors out of the seven directors on the Board, is sufficient independent oversight of the Executive Chairman and President & Chief Executive Officer. The independent directors work well together in the current board structure and the Board does not believe that selecting a lead independent director is necessary to improve or enhance the Board's oversight role.

THE BOARD OF DIRECTORS' ROLE IN RISK MANAGEMENT OVERSIGHT

The understanding, identification and management of risk are essential elements for the successful management of the Company.

Risk oversight begins with the Board.

The Audit Committee also has oversight responsibility with respect to the integrity of the Company's financial reporting process and systems of internal control regarding finance and accounting, as well as its financial statements. The Compensation Committee considers risks related to the Company's compensation programs. The Corporate Governance & Nominating Committee considers risks related to succession planning and the independence of the Board.

The Board as a whole regularly assesses management's effectiveness in identifying and appropriately controlling risks. Not less than annually, management presents a report to the Board summarizing its review and analysis of the Company's methods for identifying and managing risks.

In the event that a committee is allocated responsibility for examining and analyzing a specific risk, such committee reports on the relevant risk exposure during its regular reports to the entire Board to facilitate proper risk oversight by the entire Board.

Based on a review of the nature of operations, we do not believe that any areas of the Company are incented to take excessive risks that would likely have a material adverse effect on our operations.

BOARD COMMITTEES

Our Board has established three standing committees: an Audit Committee, a Compensation Committee, and a Corporate Governance & Nominating Committee and a fourth committee: the Marketing Committee.

The information below sets out the current members of each of Uranerz' Board committees and summarizes the functions of each of the Board committees in accordance with their charters.

Audit Committee

We have a standing Audit Committee, established in accordance with section 3(a)-(58)-(A) of the Exchange Act, as amended. The Audit Committee's charter complies with Rule 10A-3 of the Exchange Act and the requirements of the NYSE Amex Company Guide. Our Audit Committee is comprised of three directors all of whom, in the opinion of the Company's Board, are independent (in accordance with Rule 10A-3 and the requirements of Section 803B of the NYSE Amex Company Guide) and financially literate: Arnold Dyck (Chair), Peter Bell, and Gerhard Kirchner. Mr. Arnold Dyck satisfies the requirement of a "financial expert" as defined under Item 407(d)-(5) of Regulation S-K and is, in the opinion of the Company's Board, financially sophisticated as that term is used in the NYSE Amex Company Guide.

Our Audit Committee monitors our audit and the preparation of financial statements and all financial disclosure contained in our SEC filings. Our Audit Committee appoints our external auditors, monitors their qualifications and independence and determines the appropriate level of their remuneration. The external auditors report directly to the Audit Committee. Our Audit Committee has the authority to terminate our external auditors' engagement and approve in advance any services to be provided by the external auditors that are not related to the audit.

The Committee's charter requires the Committee to evaluate the functioning of the Committee on an annual basis. The Committee also reviews its charter annually.

During the fiscal year ended December 31, 2011, the Audit Committee met six times. The Chairman of the Committee attended all six meetings; the other members of the Committee attended five of the six meetings. A copy of the Audit Committee charter can be found on the Company's website at: www.uranerz.com.

Audit Committee Report

The Company's Audit Committee oversees the Company's financial reporting process on behalf of the Board. For most of fiscal year 2011 the Audit Committee was comprised of three members. During the second quarter of fiscal year 2011 (April 1 – June 15) the Audit Committee was comprised of four members. Each member is "independent" as determined under Rule 10A-3 of the Exchange Act and the rules of the NYSE Amex. The Audit Committee operates under a written charter adopted by the Board.

The Committee assists the Board by overseeing the (1) integrity of the Company's financial reporting and internal control, (2) independence and performance of the Company's independent auditors, and (3) the avenue of communication between management, the independent auditors, and the Board.

In the course of providing its oversight responsibilities regarding the 2011 financial statements, the Committee reviewed the 2011 audited financial statements, which appear in the 2011 Annual Report to Stockholders, with management and the Company's independent auditors. The Committee reviewed accounting principles, practices, and judgments as well as the adequacy and clarity of the notes to the financial statements.

The Audit Committee reviewed the independence and performance of the independent auditors who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, and such other matters as required to be communicated by the independent auditors in accordance with Statement of Auditing Standard 61, as superseded by Statement of Auditing Standard 114 – the Auditor's Communication with Those Charged with Governance, as modified or supplemented.

The Audit Committee reviews the independent auditors' audit plan, scope and timing, not less than annually. The Audit Committee has received the written disclosures and the letter from the independent auditors required by applicable standards of the Public Company Accounting Oversight Board for independent auditor communications with audit committees concerning independence as may be modified or supplemented, concerning its independence as required under applicable standards for auditors of public companies.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Annual Report to the SEC on Form 10-K for the year ended December 31, 2011. The committee and the Board have also recommended the selection of Manning Elliot LLP as independent auditors for the Company for the fiscal year 2012.

Submitted by the Audit Committee Members:

Arnold Dyck, Chairman
Peter Bell
Gerhard Kirchner

Compensation Committee

We have a standing Compensation Committee currently comprised of four directors all of whom, in the opinion of the Company's Board, are independent (under Section 803A of the NYSE Amex Company Guide): Peter Bell (committee Chair), Arnold Dyck, Gerhard Kirchner and Paul Saxton. Dr. Kirchner became a member of the Compensation Committee effective December 9, 2011. We have a Compensation Committee charter that complies with the requirements of the NYSE Amex. Our Compensation Committee is responsible for considering and authorizing terms of employment and compensation of executive officers and providing advice on compensation structures. Our Chief Executive Officer may not be present during the voting determination or deliberations in respect of his compensation. In addition, our Compensation Committee reviews both our overall salary objectives and significant modifications made to employee benefit plans, including those applicable to executive officers. The Compensation Committee is also responsible for reviewing and making recommendations to the Board with respect to succession planning for the Chief Executive Officer, the Executive Chairman, the Chief Operating Officer and the Chief Financial Officer.

The Compensation Committee is responsible for administration of the Company's stock option plan (the **"Stock Option Plan"**). The Compensation Committee authorizes the granting of stock options and determines the number of shares covered by each grant and the terms and conditions of the stock option, subject to the provisions of the Stock Option Plan.

The Compensation Committee also reviews the remuneration of independent directors from time to time to ensure that it properly reflects the responsibilities associated with being an effective independent director.

The Compensation Committee's charter requires the committee to evaluate the functioning of the committee on an annual basis. The Compensation Committee also reviews its charter annually.

During the fiscal year ended December 31, 2011, the Compensation Committee met four times. All of the then members of the Compensation Committee attended all of the meetings held in fiscal year 2011. In addition the Compensation Committee rendered certain decisions by way of resolutions by written consent during the course of the year. A copy of the Compensation Committee charter can be found on the Company's website at www.uranerz.com.

The Compensation Committee does not and cannot delegate its authority to determine director and executive officer compensation. Our Compensation Committee and management did not engage the services of an external compensation consultant during fiscal year 2011.

Corporate Governance & Nominating Committee

We have a standing Corporate Governance & Nominating Committee comprised of four directors all of whom, in the opinion of the Company's Board, are independent (under Section 803A of the NYSE Amex Company Guide): Paul Saxton (committee Chair), Arnold Dyck, Gerhard Kirchner and Peter Bell. Mr. Bell became a member of the committee effective June 15, 2011. We have a Corporate Governance & Nominating Committee charter that complies with the requirements of the NYSE Amex. Our Corporate Governance & Nominating Committee is responsible for developing our approach to corporate governance issues.

The Corporate Governance & Nominating Committee evaluates the qualifications of potential candidates for director and recommends to the Board nominees for election at the next annual meeting or any special meeting of stockholders, and any person to be considered to fill a Board vacancy resulting from death, disability, removal, resignation or an increase in Board size. During fiscal year 2010 the committee developed a Board member skills matrix which identifies those personal attributes which each Board nominee is expected to possess as well as the range of professional and business experience which it felt the Board should possess in the aggregate. The committee refers to the skills matrix in its evaluation of individual directors and in its process for selecting and evaluating potential candidates to the Board. Candidates for the Board are required to demonstrate five personal attributes: he or she must (i) adhere to the highest standards of ethics and integrity, (ii) be a team player, (iii) be independent-minded, (iv) have strong business acumen and (v) possess a thorough understanding of the fiduciary duties of a director. Additionally, the Corporate Governance & Nominating Committee seeks to find candidates for the Board which display some or all of these skills and attributes: uranium mining industry experience, financial expertise or literacy, strategic planning experience, investment banking or capital raising experience, human resources knowledge, public company board experience, government relations experience, marketing experience and a mindset for risk management and oversight.

The Company does not have a formal policy regarding diversity in the selection of nominees for directors. The Corporate Governance & Nominating Committee does however consider diversity as part of its overall selection strategy. In considering diversity of the Board in its criteria for selecting nominees, the Corporate Governance & Nominating Committee takes into account various factors and perspectives, including differences of viewpoint, professional experience, education, skills and other individual qualities and attributes that contribute to Board heterogeneity, as well as race, gender and national origin. The Corporate Governance & Nominating Committee seeks persons with leadership experience in a variety of contexts and, among public company leaders, across a variety of industries. The Corporate Governance & Nominating Committee believes that this expansive conceptualization of diversity is the most effective means to implement Board diversity. The Corporate Governance & Nominating Committee assesses the effectiveness of this approach as part of its annual review of its charter.

Recommendations for director nominees made by stockholders are subject to the same consideration as nominees selected by the Committee or the Board. The Committee does not have a set policy for whether or how stockholders are to recommend nominees for consideration by the Board. No stockholder or stockholders holding 5% or more of the Company's outstanding shares, either individually or in aggregate, recommended a nominee for election to the Board during this past year. All of the nominees included on the proxy card accompanying this proxy statement were nominated by the Corporate Governance & Nominating Committee and were recommended by the Company's current Board.

The Corporate Governance & Nominating Committee is responsible for evaluating the functioning of the Board and its committees on an annual basis, and making recommendations to the full Board as appropriate.

The Corporate Governance & Nominating Committee oversees the Board education program and evaluates and recommends educational programs to independent Board members. During fiscal year 2011, three of the four independent Board members attended director education programs.

The Corporate Governance & Nominating Committee's charter requires the committee to evaluate the functioning of the committee on an annual basis. The committee also reviews its charter annually.

During the fiscal year ended December 31, 2011, the Corporate Governance & Nominating Committee met three times. All of the then members of the Corporate Governance & Nominating Committee attended all of the meetings held in fiscal year 2011. A copy of the Corporate Governance & Nominating Committee charter can be found on the Company's website at www.uranerz.com.

Marketing Committee

We have a Marketing Committee comprised of four directors: George Hartman, Glenn Catchpole, Dennis Higgs and Arnold Dyck. The Marketing Committee is not a standing committee but rather a special committee responsible for developing our strategic approach to marketing and negotiation of strategic uranium sales contracts. The Corporate Governance & Nominating Committee evaluates the benefit of and need for a Marketing Committee of the Board on an annual basis. That review will next occur at the end of fiscal year 2012.

DIRECTOR COMPENSATION

The following table sets forth the compensation granted to our directors for the fiscal year ended December 31, 2011.

Director Compensation 2011

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$) Note ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non- Qualified Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Gerhard Kirchner	28,625		177,379				206,004
Paul Saxton	25,750		177,379				203,129
Arnold Dyck	58,125		234,256				291,381
Peter Bell	35,990		177,379				213,369
Richard Holmes ⁽²⁾	12,750		161,710				174,460

- Option award compensation is the fair value for stock options granted during the period, a notional amount estimated at the date of the grant using the Black-Scholes option-pricing model in accordance with FASB ASC 718. All options were priced at the market price of common shares on the date of the grant (\$3.98 in respect of those granted January 10, 2011, \$3.21 in respect of those granted April 8, 2011 and \$1.89 in respect of those granted December 12, 2011). The actual value received by the directors may differ materially from that reported herein.
- Mr. Holmes ceased to serve as a director effective June 15, 2011.

Director Compensation Agreements and Summary of Director Compensation Policies

During the fiscal year ended December 31, 2011, the Company compensated its independent directors as follows:

For Board meeting attendance:

\$1,000 per meeting (\$500 per telephone meeting) plus:

Annual Board retainer: \$12,000 per year.

For Committee service for the period January 1, 2011 – March 31, 2011, retainers as follows (no meeting fees):

- Audit Committee: Chair: \$11,000/year. Members: \$8,000/year.
- Corporate Governance & Nominating Committee: Chair: \$3,000/year. Members: \$2,000/year.
- Compensation Committee: Chair: \$4,500/year. Members: \$3,000/year.
- Marketing Committee: Chair: (Nil – Executive). Independent Members: \$1,000/day. Executive Members: Nil.

Effective April 1, 2011, certain changes were made to the Committee retainers as follows:

- Audit Committee: Chair: \$15,000/year. Members: \$8,000/year (unchanged).
- Corporate Governance & Nominating Committee: Chair: \$4,000/year. Members: \$2,500/year.
- Compensation Committee: Chair: \$6,000/year. Members: \$4,000/year.
- Marketing Committee: unchanged.

OTHER GOVERNANCE MATTERS

Code of Business Conduct and Ethics

We have adopted a corporate Code of Business Conduct and Ethics administered by our Senior Vice President, Finance and Chief Financial Officer, Benjamin Leboe. We believe our Code of Business Conduct and Ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct, to provide full, fair, accurate, timely and understandable disclosure in public reports, to comply with applicable laws, to ensure prompt internal reporting of code violations, and to provide accountability for adherence to the Code. Our Code of Business Conduct and Ethics provides written standards that are reasonably designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, the SEC and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- accountability for adherence to the code.

Our Code of Business Conduct and Ethics is available on our website at www.uranerz.com. A copy of the Code of Business Conduct and Ethics will be provided to any person without charge upon written request to the Company at its executive offices: Uranerz Energy Corporation, Suite 1410 – 800 West Pender Street, Vancouver, B.C., Canada V6C 2V6. We intend to disclose on our website any waiver from a provision of our Code of Business Conduct and Ethics that applies to any of our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions that relates to any element of our Code of Business Conduct and Ethics. No waivers were granted from the requirements of our Code of Business Conduct and Ethics during the fiscal year ended December 31, 2011, or during the subsequent period from January 1, 2012, through to the date of this proxy statement.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires any person who is a director or executive officer of the Company or who beneficially holds more than 10% of any class of our securities which have been registered with the Securities and Exchange Commission, to file reports of initial ownership and changes in ownership with the Securities and Exchange Commission. These persons are also required under the regulations of the Securities and Exchange Commission to furnish us with copies of all Section 16(a) reports they file.

To our knowledge, based solely on our review of the copies of the Section 16(a) reports furnished to us, all Section 16(a) filing requirements applicable to our directors, executive officers and holders of more than 10% of any class of our registered securities were timely complied with.

EXECUTIVE COMPENSATION

Named Executive Officers

Set out below are particulars of the compensation paid to the following persons (the “**Named Executive Officers**”):

- (a) the Company’s Executive Chairman;
- (b) the Company’s Chief Executive Officer;
- (c) the Company’s Chief Operating Officer;
- (d) the Company’s Chief Financial Officer; and
- (e) the Company’s next most highly compensated executive officer.

As at December 31, 2011, we had five Named Executive Officers, whose names and positions held are set out in the Summary Compensation Table below.

Summary Compensation Table

A summary of cash and other compensation paid in accordance with management consulting contracts for our Principal Executive Officer and other Named Executive Officers for the last three fiscal years is as follows:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards ^{(1) (2)} (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation ⁽⁸⁾ (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Dennis Higgs Executive Chairman and Director ⁽³⁾	2011	186,700	85,000		538,947			145,996	956,643
	2010	180,794			455,111				635,905
	2009	159,200			75,334				231,234
Glenn Catchpole President/ CEO and Director ⁽⁴⁾	2011	185,400	85,000		538,947			145,996	955,343
	2010	185,400	15,000		460,830				661,230
	2009	180,000	500		86,096				266,596
George Hartman Executive Vice President/ COO and Director ⁽⁴⁵⁾	2011	197,760	85,000		544,645				827,405
	2010	197,760			442,725				640,485
	2009	190,000	500		75,334				265,834
Benjamin Leboe Chief Financial Officer ⁽⁵⁶⁾	2011	152,140	50,000		538,947			15,000	756,087
	2010	145,730			292,743				438,473
	2009	129,830			75,334				205,164
Sandra MacKay, Senior Vice President, Legal & Corporate Secretary ⁽⁷⁾	2011	158,975	45,000		539,365			15,000	758,340
	2010	153,000			142,458				285,458
	2009	75,000			76,216				151,216

Notes to Summary of Executive Compensation and Executive Compensation Agreements

- (1) Option award compensation figures for 2011 and 2009 are a fair value calculation which is a notional amount estimated at the date of the grant using the Black-Scholes option-pricing model in accordance with FASB ASC 718. The actual value received by the executives may differ materially from that reported herein.

- (2) Option award compensation figures for 2010, in respect of Messrs. Higgs, Catchpole, Hartman and Leboe are comprised of: (a) a fair value calculation for stock options awarded during the period, a notional amount estimated at the date of the grant using the Black-Scholes option-pricing model base in accordance with FASB ASC 718; plus (b) the fair value for modifying, by extending the expiry dates, previously granted unexercised stock options, also a notional amount estimated at the date of the modification, March 3, 2010, using the Black-Scholes option-pricing model in accordance with FASB ASC 718. All such options were priced at the market price of common shares on the date of the modification.
- (3) Salary is a management fee paid to a private holding company of Mr. Dennis Higgs. Mr. Higgs became Executive Chairman of our Board on February 1, 2006. In 2005 we entered into a consulting agreement with Ubex Capital Inc., wholly owned by Dennis Higgs. Under that agreement the Company currently pays a monthly fee of CDN\$15,915 in consideration of the provision of the services of Mr. Higgs as Executive Chairman.
- (4) Salary is a management fee paid to a private holding company of Mr. Glenn Catchpole. Mr. Catchpole was appointed President and CEO on March 1, 2005. In 2005 we entered into a consulting agreement with Catchpole Enterprises Inc. Catchpole Enterprises is wholly owned by Glenn and Judy Catchpole. Under that agreement the Company currently pays a monthly consulting fee of USD\$15,915 in consideration of the provision of the services of Mr. Catchpole as our President and Chief Executive Officer.
- (5) Salary is a consulting fee paid to Mr. George Hartman. Mr. Hartmann was appointed Senior Vice President, Mining on May 9, 2005 and subsequently appointed Executive Vice President and Chief Operating Officer. Mr. Hartman is paid for consulting at the rate of \$1,030 per day.
- (6) Salary is a consulting fee paid to an entity owned by Benjamin Leboe. Mr. Leboe was appointed Chief Financial Officer on May 23, 2006 and Senior Vice President, Finance on June 9, 2010. In 2006 we entered into a consulting agreement with Independent Management Consultants of British Columbia. (IMC). IMC is wholly owned by Benjamin Leboe, our Chief Financial Officer. Under that agreement the Company currently pays for consulting services provided at the rate of CDN\$13,420 per month.
- (7) Ms. MacKay joined the Company on July 1, 2009. Salary is a consulting fee paid to Sandra R. MacKay Professional Law Corporation, a private corporation owned by Sandra MacKay. Ms. MacKay was appointed Senior Vice President, Legal on December 8, 2011. Under the consulting agreement between the Company and Sandra R. MacKay Professional Law Corporation the Company currently pays a monthly consulting services fee of CDN\$13,965.
- (8) Other compensation is the award of extraordinary one time bonuses acknowledging the contribution of the Named Executive Officer to financing related activities in January and February of 2011, as explained further in the Compensation Discussion & Analysis below.

COMPENSATION DISCUSSION AND ANALYSIS

Oversight of Executive Compensation Program

The Compensation Committee of the Board oversees the Company's compensation programs, which are designed specifically for the Company's most senior executive officers, including the Executive Chairman, Chief Executive Officer, Chief Operating Officer, the Chief Financial Officer and the Senior Vice President, Legal. (collectively, **"senior executive officers"**). Additionally, the Compensation Committee is charged with the review and approval of all annual compensation decisions relating to senior executive officers.

The Compensation Committee is composed entirely of independent, non-management members of the Board. Each year, and at such other times as is necessary, the Company reviews any and all relationships that each director has with the Company, and the Board subsequently reviews these findings. The Board has determined that none of the Compensation Committee members have any material business relationships with the Company.

The responsibilities of the Compensation Committee, as stated in its charter, include the following:

- to review and assess the adequacy of the Compensation Committee charter annually and submit any proposed changes to the Board for approval;
- to produce an annual report on senior executive officer compensation for inclusion in the Company's proxy statement relating to its annual meeting of stockholders;
- to review and make such recommendations to the Board as the Compensation Committee deems advisable with regard to all incentive-based compensation plans and equity-based plans;
- to assess the achievement of personal and corporate goals and objectives that are relevant to the compensation of the Company's senior executive officers;
- to evaluate senior executive officer performance in light of the goals and objectives that were set and determine and recommend senior executive officer compensation based on such evaluation; and
- to review and make recommendations to the Board with respect to the compensation of the senior executive officers.

Overview of Executive Compensation Program

The Company recognizes that people are our primary asset and our principal source of competitive advantage. In order to recruit, motivate and retain the most qualified individuals as senior executive officers, the Company strives to maintain an executive compensation program that is competitive in the mining industry which is a competitive, global labor market. Although the Company is currently in the exploration stage, in order to achieve our objective of becoming a producer we have drawn primarily upon senior experienced talent from senior companies within the industry or relevant profession. The purpose of the Company's compensation program is to encourage exceptional organizational and individual performance and to reward senior executive officers for enhancing shareholder value and achieving corporate goals.

In order to accomplish our goals and to ensure that the Company's executive compensation program is consistent with its direction and business strategy the following compensation objectives underpin the compensation program for our senior executive officers:

- encourage and reward performance which supports the Company's core values and business objectives;
- provide competitive total compensation and reward programs to enhance the Company's ability to attract, motivate and retain knowledgeable and experienced senior executive officers; and
- emphasize a "pay for performance" system, in which an individual's short and long-term compensation and career advancement are dependent upon both individual and Company performance, with an objective of increasing long-term shareholder value.

Compensation Elements and Rationale

There are three basic components to the Company's executive compensation program: base salary, short term incentive cash awards and long-term incentive equity compensation.

(i) Base salary

Annual base salary must be considered in the context of the overall compensation package. Generally, the Company will target being competitive within the peer group and market place where we compete for talent, however the Company has taken a conservative position in respect of base salaries which we consider appropriate to the Company's stage of development. Base salaries of our senior executive officers are relatively low compared to our peer group.

(ii) Short term incentive (cash)

The objective of the short term incentive program is to put variable pay at risk, motivate the executive officers to achieve pre-determined objectives and provide a means to reward achievement of corporate milestones and fulfillment of the annual business plan. Historically the Company has been conservative in its award of short term incentives which we consider appropriate to the Company's stage of development. During fiscal year 2012, as the Company transitions to an operating company, the process for the award of short term incentives will be more formalized. During fiscal year 2012 corporate and individual goals will be set for each executive officer and any award of short term incentive payments or bonuses will be made after evaluation of demonstrated results measured pursuant to pre-established measurement criteria. As significant corporate milestones are achieved by the Company during fiscal year 2012 and thereafter, we expect short term incentive compensation awards to become a more significant element of the overall executive officer compensation program and we expect that such awards will be made on terms more consistent with those made by peer group companies to their senior executive officers.

(iii) Long term incentive (equity)

The Company's long term incentive program provides for the granting of stock options to senior executive officers to both motivate executive performance and retention and align executive officer performance to shareholder value. In awarding long term incentives the Company compares the long term incentive program to that of peer group companies and evaluates such factors as the number of options available in the Stock Option Plan and the number of options outstanding relative to the number of shares outstanding. The Company has historically sought to award stock options on a competitive basis given the conservative position taken in respect of cash compensation components.

(iv) Non-cash compensation

The Company does not currently provide a benefit program such as health and welfare benefits or retirement saving programs to its senior executive officers, although it does make such standard health and welfare programs available to its other employees. During fiscal year 2012 the Company will consider extending such a program to its senior executive officers in order to ensure its compensation program remains competitive.

Several of the Company's senior executive officers provide services through consulting or management agreements with the Company. Compensation is paid as "consulting" or "management" fees pursuant to these agreements. From the Company's perspective, these services are provided in this manner for flexibility considerations. The Company has determined that it is in the best interests of the Company and its shareholders to maintain consulting and management agreements rather than employment agreements as it decreases the number of actual employees of the Company and ensures that employment of key senior executive officers can be negotiated on an as-needed basis with individualized terms—a vital concern to the Company given the relative costs of management salaries and expenses in an exploration stage company.

In general terms, our senior executive officer compensation program is intended to operate in an integrated manner to meet our objectives for the program and decisions about each element of the compensation program are made after taking into account the other elements of the program. As an exploration stage company without revenues, our compensation program has provided us with maximum flexibility whereby the Company could conserve cash by paying modest base salaries and modest or no short term incentive bonuses, whilst utilizing the long term incentive award compensation element to ensuring that the program continued to allow us to recruit, retain and reward the highest caliber of senior executive officers.

Review of Senior Executive Officer Performance

The Compensation Committee reviews, on an annual basis, the overall compensation package for the senior executive officers and evaluates executive officer performance relative to corporate goals. The Compensation Committee has the opportunity to meet with the senior executive officers at various times during the year, which assists the Compensation Committee in forming its own assessment of each individual's performance. Additionally, the Chief Executive Officer provides his evaluation to the Committee of the performance of the other senior executive officers.

During fiscal year 2010 the Company participated in a mining industry salary survey to which the Compensation Committee referred in assessing the competitiveness of the Company's senior executive officer compensation program. The Committee concluded that the cash compensation elements of its executive officer compensation program, base salaries and short term cash incentives, appeared low relative to peer companies.

During fiscal year 2011 the Compensation Committee reviewed all elements of its executive compensation program. While the Compensation Committee acknowledged that the salary survey suggests that the Company's historic rates of executive compensation are low relative to companies of similar size, the committee does not wish to change the Company's pay philosophy until the Company enters into revenue production. At that time the committee intends to take a more formulaic approach to the tying of executive compensation to financial returns and proposes to place a significant amount of executive compensation "at risk", tied to corporate and personal goal achievement. While the Company is still not revenue producing, the Compensation Committee prefers to keep base salaries at modest levels, and to reward extraordinary achievements in its discretion, where corporate or personal achievements so warrant and the Company is in a financial position to award incentive compensation. With this in mind, the Compensation Committee met in December of 2010 to review the performance of each executive officer and the achievement of corporate goals in general. The Compensation Committee considered in particular the following corporate achievements: the introduction of a more formalized executive officer succession plan, the advancements of the Company's licensing applications and exploration programs, the adoption of a shareholder rights plan, and the completion of design of the Company's proposed Nichols Ranch processing facility. The Compensation Committee, exercising its discretion, in accordance with its charter, determined that a grant of a cash bonus to each executive officer, to be paid in January of 2011 for retention purposes, was in order. The cash bonus amounts were determined having regard to compensation levels of mining companies of similar sizes, with reference to the 2010 mining industry salary survey described above, in an effort to ensure that the overall cash compensation paid to each executive officer, that is, the combination of base salary plus cash incentive, yielded an annual amount of compensation which was conservative but fair for each individual. The individual bonus awards granted are described below.

In March of 2011 the Compensation Committee granted a discretionary bonus to four executive officers in recognition of the extraordinary achievements during the period December 2010 through February 2011 in increasing the Company's treasury by over \$32 million. The Compensation Committee earmarked an amount of 1% of the amounts raised as being in order for compensation of the executive officers instrumental in such initiatives and apportioned that aggregate amount (\$321,993) amongst the Executive Chairman and the President & Chief Executive Officer (\$145,996.50 each), in light of their extraordinary leadership in raising such capital, thereby positioning the Company to advance its corporate goals and objectives for the remainder of fiscal year 2011. Upon the recommendation of the Executive Chairman and the President & Chief Executive Officer, the sums of \$15,000 were paid to each of the Chief Financial Officer and the Vice President, Legal, in recognition of their efforts in support of the financing activities. Those amounts were deducted from the amount earmarked to be shared between the Executive Chairman and the President & Chief Executive Officer.

In December 2011 the Compensation Committee assessed the performance and accomplishments of the executive officers for the year in general terms; a bonus pool of \$500,000 was recommended and accrued for individual allocations to be determined and paid in fiscal year 2012.

During fiscal year 2012 the Committee proposes to adopt a more formalized cash incentive, or bonus, program, whereby future bonus awards will be less discretionary and more tied to preset corporate goals, with a significant element of the overall cash compensation for each executive officer being pay "at risk", with base salaries remaining modest in relation to peer companies.

Dennis Higgs, Executive Chairman

Mr. Higgs is compensated through the Company's consulting agreement with Ubex Capital Inc. The Board considers Mr. Higgs' continuing involvement to be of vital interest to the Company's success and increased Ubex's consulting services over time to the point where Mr. Higgs provides the Company services as a fully involved Executive Chairman. Mr. Higgs' consulting rate is based on the Board of Directors determination upon recommendation by the Compensation Committee of the value of his expertise to the Company. No adjustment to that rate was made in 2011.

In January of 2011 Mr. Higgs was awarded a discretionary cash retention bonus in the amount of \$85,000 in recognition of his instrumental contribution to the achievement of corporate goals. In March of 2011 Mr. Higgs was awarded a discretionary cash bonus in the amount of \$145,996.50 in recognition of his leadership and extraordinary efforts in the raising of over \$32 million in capital in a three month period. The review process which lead to such bonus awards, and the underlying compensation philosophy for such awards, is described above.

Glenn Catchpole, President & Chief Executive Officer

Mr. Catchpole is compensated indirectly through the Company's consulting agreement with Catchpole Enterprises Inc. ("CEI"). The Company engaged CEI in early 2005 to provide industry expertise and strategic planning consulting services and full-time executive management to create a viable resource company. The Board and the Compensation Committee considers Mr. Catchpole's continuing involvement to be of vital interest to the Company's success as President and Chief Executive Officer. The Board has chosen the consulting arrangement to minimize administrative costs and to maintain the certainty and flexibility of contractual arrangements. Mr. Catchpole's consulting rate is based on the Board's determination upon recommendation by the Compensation Committee of the value of his expertise to the Company.

In January of 2011 Mr. Catchpole was awarded a discretionary cash retention bonus in the amount of \$85,000 in recognition of his instrumental contribution to the achievement of corporate goals. In March of 2011 Mr. Catchpole was awarded a discretionary cash bonus in the amount of \$145,996.50 in recognition of his leadership and extraordinary efforts in the raising of over \$32 million in capital in a three month period. The review process which lead to such bonus awards, and the underlying compensation philosophy for such awards, is described above.

George Hartman, Executive Vice President & Chief Operating Officer

The Company's compensation policy for Mr. Hartman is based on days spent consulting for the Company. The Board of Directors and the Compensation Committee believes that this provides the Company with greater flexibility in controlling expenses. Mr. Hartman's services as Executive Vice President & Chief Operating Officer entail a varying degree of attention to the Company's exploration and development activities. Mr. Hartman has extensive expertise in the area of mining production, including specifically, in-situ recovery of uranium, which expertise is very valuable to the Company. Mr. Hartman's consulting rate is based on the Board of Directors determination upon recommendation by the Compensation Committee of the value of his expertise to the Company.

In January of 2011 Mr. Hartman was awarded a discretionary cash retention bonus in the amount of \$85,000 in recognition of his instrumental contribution to the achievement of corporate goals and his individual contribution to the advancement of the Company's licensing initiatives, exploration programs and processing plant design. The review process which lead to the bonus award, and the underlying compensation philosophy for the award, is described above.

Benjamin Leboe, Senior Vice President, Finance & Chief Financial Officer

The Company's compensation policy for Mr. Leboe, as Principal of Independent Management Consultants of British Columbia is based on time spent consulting for the Company. The Board and the Compensation Committee believes that this provides the Company with greater flexibility in controlling expenses. Mr. Leboe's services as Chief Financial Officer entail a high and

specialized degree of attention to the Company's financial management and reporting activities. Mr. Leboe has extensive expertise in the area of financial management, accounting, business valuation and management consulting, which expertise is very valuable to the Company. Mr. Leboe's consulting rate is based on the Board's determination upon recommendation by the Compensation Committee of the value of his expertise to the Company.

In January of 2011 Mr. Leboe was awarded a discretionary cash retention bonus in the amount of \$50,000 in recognition of his instrumental contribution to the achievement of corporate goals, his individual contribution as a member of the Company's executive and his personal performance as a specialized chief financial officer. In March of 2011 Mr. Leboe was awarded a discretionary cash bonus in the amount of \$15,000.00 in recognition of his efforts in the raising of over \$32 million in capital in a three month period. The review process which lead to such bonus awards, and the underlying compensation philosophy for such awards, is described above.

Sandra MacKay, Senior Vice President, Legal & Corporate Secretary

Ms. MacKay renders legal services to the Company through a professional law corporation of which she is the principal. This compensation structure is considered customary in this field and is not considered adverse to the Company's interests in any way. Ms. MacKay's compensation rate is determined by the Board of Directors upon recommendation of the Compensation Committee, having regard to the value of her expertise to the Company. Ms. MacKay is an experienced lawyer with special expertise in the areas required in her role as general internal counsel to the Company and has an extensive business background.

In January of 2011 Ms. MacKay was awarded a discretionary cash retention bonus in the amount of \$45,000 in recognition of her instrumental contribution to the achievement of corporate goals, her individual contribution as a member of the Company's executive team and her personal performance as specialized legal counsel. In March of 2011 Ms. MacKay was awarded a discretionary cash bonus in the amount of \$15,000.00 in recognition of her efforts in the raising of over \$32 million in capital in a three month period. The review process which lead to such bonus awards, and the underlying compensation philosophy for such awards, is described above.

Grants of Plan-Based Awards 2011

Name	Estimated Non-Equity ⁽¹⁾	Future Incentive	Payouts Plan	Under Awards	All Other Stock Awards: Number of Shares of Stock or Units (#)	Award Date	Award Date Fair Value of Stock and Option Awards ⁽¹⁾
	Threshold \$	Target \$	Maximum \$				
Dennis Higgs	—	—		—	100,000	01/10/11	\$ 270,742
					80,000	04/08/11	\$ 191,287
					135,000	12/12/11	\$ 184,950
Glenn Catchpole	—	—		—	100,000	01/10/11	\$ 270,742
					80,000	04/08/11	\$ 191,287
					135,000	12/12/11	\$ 184,950
George Hartman	—	—		—	100,000	01/10/11	\$ 270,742
					80,000	04/08/11	\$ 191,287
					145,000	12/12/11	\$ 184,950
Benjamin Leboe	—	—		—	100,000	01/10/11	\$ 270,742
					80,000	04/08/11	\$ 191,287
					135,000	12/12/11	\$ 184,950
Sandra MacKay	—	—		—	100,000	01/10/11	\$ 270,742
					80,000	04/08/11	\$ 191,287
					135,000	12/12/11	\$ 184,950

- (1) Option award compensation is the fair value for stock options granted during the period, a notional amount estimated at the date of the grant using the Black-Scholes option-pricing model in accordance with FASB ASC 718. All options were priced at the market price of common shares on the date of the grant. **The actual value received by the executives may differ materially from that reported herein.**

Grants of Plan-Based Awards 2010

Name	Estimated Non-Equity ⁽¹⁾	Future Incentive	Payouts Plan	Under Awards	All Other Stock Awards: Number of Shares of Stock or Units (#)	Award Date	Award Date Fair Value of Stock and Option Awards ⁽¹⁾
	Threshold \$	Target \$	Maximum \$				
Dennis Higgs	—	—		—	70,000	01/05/10	\$ 66,242
Glenn Catchpole	—	—		—	70,000	01/05/10	\$ 66,242
George Hartman	—	—		—	70,000	01/05/10	\$ 66,242
Benjamin Leboe	—	—		—	70,000	01/05/10	\$ 66,242
Sandra MacKay	—	—		—	70,000	01/05/10	\$ 66,242

- (1) Option award compensation is the fair value for stock options granted during the period, a notional amount estimated at the date of the grant using the Black-Scholes option-pricing model in accordance with FASB ASC 718. All options were priced at the market price of common shares on the date of the grant. **The actual value received by the executives may differ materially from that reported herein.**

In 2010, stock option grants to directors, officers and employees not yet exercised were extended to expire ten years from the date of the grant. The fair value of this modification attributable to named officers on March 3, 2010 is as follows:

Dennis Higgs	— \$388,869
Glenn Catchpole	—\$394,588
George Hartman	—\$376,483
Benjamin Leboe	—\$226,500
Sandra MacKay	—\$0

Disclosure Relating to Grants of Plan-Based Awards

In January of 2011 the Company allocated 1,045,000 stock options for employees, consultants, directors and officers of which allocation 100,000 stock options were granted to each of Messrs. Higgs, Catchpole, Hartman and Leboe and Ms. MacKay under the Company's 2005 Nonqualified Stock Option Plan, each exercisable at \$3.98 per share of common stock acquirable (representing the fair market value of a share of the Company's common stock on the grant date), expiring January 2021. The amount of options for the senior executive officers was determined by the Compensation Committee after considering historic grant levels, peer group grant levels, the number of options available for grant, the number of options outstanding relative to the number of shares outstanding and after having judged the performance of such officers relative to individual and corporate goals to have been exemplary.

The January of 2011 grant amounts were less than historic grant amounts (by about one third) because the Company maintains a policy of endeavoring to ensure that the amount of options outstanding any time does not, in the aggregate, exceed 10% of the number of issued and outstanding shares of common stock then outstanding (the "10% Limitation"). The amount of options awarded to each executive officer in 2010 was also lower than historic grant levels (by about one half), also because the Company did not wish to have options outstanding which exceeded 10% Limitation. Subject to the 10% Limitation, the Company intends to make its executive stock options grants competitive, assuming executive officer performance is exemplary, because the base salary and cash incentive portions of the compensation program are acknowledged to be low at present

In March of 2011, the number of issued and outstanding shares of Company stock had increased as a result of the exercise of approximately 4,040,000 common share purchase warrants and 840,000 stock options during January and February 2011. In light of the fact that January 2010 and January 2011 executive officer stock option grant levels had been low because of the 10% Limitation, the Compensation Committee approved of an additional grant of options to its executive officers. Effective April 8, 2011, as part of a Company wide allocation of 884,500 options, each of Messrs. Higgs, Catchpole, Hartman, Leboe and Ms. MacKay were granted 80,000 stock options, all under the Company's 2005 Nonqualified Stock Option Plan, each exercisable at \$3.21 per share of common stock acquirable (representing the fair market value of the Company's common stock on the grant date), expiring April 2021.

In December of 2011, the Compensation Committee, as part of its annual review of the performance of the executive officers and the Company's overall compensation program, considered a universal option grant to all employees, directors and executive officers. The Compensation Committee determined that such a universal option grant consistent with historic levels was in order, in light of the Company's accomplishment in achieving the permits necessary to commence construction of the Nichols Ranch Project, and in light of the need to retain key employees given the increased staffing demands as the Company prepares for production. The grant of a total of 1,447,500 stock options was approved. The Compensation Committee was once again guided by the 10% Limitation, however, the 10% Limitation did not preclude an award to executive officers which was closer to historical levels. The Compensation Committee recommended a grant to the Named Executive Officers as follows: to each of Messrs. Higgs, Catchpole, Leboe and Ms. MacKay, a grant of 135,000 stock options, and to Mr. Hartman, a grant of 145,000 options. The additional number of options recommended in respect of Mr. Hartman was in recognition of his special achievement in overseeing construction of the Nichols Ranch project which was proceeding on time and on budget. The Compensation Committee departed from its usual practice of effecting such awards in January, following its annual compensation and performance review in December. Instead the Committee recommended to the Board that the awards be made effective immediately, in December of 2011. This timing recommendation was made so that, commencing in 2012, the grant of stock options, consistent with other elements of the executive compensation program, could be tied more directly to the Company's financial results. Commencing in 2012, when the Company is expected to enter production and generate revenues from the sale of products, the award of incentive compensation, including stock options, will be more closely tied to the achievement of Company financial goals. The achievement of Company goals is expected to be more measurable as a result, and the Compensation Committee intends to align the granting of stock options and cash incentive awards to its executive officers to corporate goal achievement. So that this approach could be applied beginning in the year in which the Company is expected to generate revenues, which is expected to be 2012, the regular annual option grant timing was brought forward to December of 2011, rather than January of 2012. The vesting terms of the stock options granted to the Named Executive Officers in December of 2011 were changed from past practice. Those stock options vest over a two year period instead of immediately; the Compensation Committee considered this in order to better align the interests of the Named Executive Officers with the interests of shareholders. Those options vest as to 40% upon grant and 30% on each of the first and second anniversaries of the grant date.

In light of the advancement of the timing of the December 2011 option grant, no award of options to executive officers was made in the first quarter of 2012.

Outstanding Equity Awards to Executives at Fiscal Year-end

Option Awards						Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiry Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Dennis Higgs	150,000	Nil	Nil	0.75	Jan 6, 2016	Nil	Nil	Nil	Nil
	250,000	Nil	Nil	3.20	Jan 26, 2017	Nil	Nil	Nil	Nil
	125,000	Nil	Nil	2.64	Jan 7, 2018	Nil	Nil	Nil	Nil
	40,000	Nil	Nil	0.65	Jan 5, 2019	Nil	Nil	Nil	Nil
	70,000	Nil	Nil	1.33	Jan 5, 2020	Nil	Nil	Nil	Nil
	100,000	Nil	Nil	3.98	Jan 10, 2021	Nil	Nil	Nil	Nil
	80,000	Nil	Nil	3.21	Apr 8, 2021	Nil	Nil	Nil	Nil
	54,000	81,000	Nil	1.89	Dec 12, 2021	Nil	Nil	Nil	Nil
Glenn Catchpole	240,000	Nil	Nil	0.75	Jan 6, 2016	Nil	Nil	Nil	Nil
	250,000	Nil	Nil	3.20	Jan 26, 2017	Nil	Nil	Nil	Nil
	125,000	Nil	Nil	2.64	Jan 7, 2018	Nil	Nil	Nil	Nil
	70,000	Nil	Nil	1.33	Jan 5, 2020	Nil	Nil	Nil	Nil
	100,000	Nil	Nil	3.98	Jan 10, 2021	Nil	Nil	Nil	Nil
	80,000	Nil	Nil	3.21	Apr 8, 2021	Nil	Nil	Nil	Nil
	54,000	81,000	Nil	1.89	Dec 12, 2021	Nil	Nil	Nil	Nil
George Hartman	250,000	Nil	Nil	3.20	Jan 26, 2017	Nil	Nil	Nil	Nil
	125,000	Nil	Nil	2.64	Jan 7, 2018	Nil	Nil	Nil	Nil
	70,000	Nil	Nil	1.33	Jan 5, 2020	Nil	Nil	Nil	Nil
	100,000	Nil	Nil	3.98	Jan 10, 2021	Nil	Nil	Nil	Nil
	80,000	Nil	Nil	3.21	Apr 8, 2021	Nil	Nil	Nil	Nil
	58,000	87,000	Nil	1.89	Dec 12, 2021	Nil	Nil	Nil	Nil
Benjamin Leboe	100,000	Nil	Nil	1.96	Jan 6, 2016	Nil	Nil	Nil	Nil
	125,000	Nil	Nil	3.20	Jan 26, 2017	Nil	Nil	Nil	Nil
	125,000	Nil	Nil	2.64	Jan 7, 2018	Nil	Nil	Nil	Nil
	70,000	Nil	Nil	1.33	Jan 5, 2020	Nil	Nil	Nil	Nil
	100,000	Nil	Nil	3.98	Jan 10, 2021	Nil	Nil	Nil	Nil
	80,000	Nil	Nil	3.21	Apr 8, 2021	Nil	Nil	Nil	Nil
	54,000	81,000	Nil	1.89	Dec 12, 2021	Nil	Nil	Nil	Nil
Sandra MacKay	100,000	Nil	Nil	2.07	Jul 2, 2019	Nil	Nil	Nil	Nil
	17,500	Nil	Nil	1.33	Jan 5, 2020	Nil	Nil	Nil	Nil
	100,000	Nil	Nil	3.98	Jan 10, 2021	Nil	Nil	Nil	Nil
	80,000	Nil	Nil	3.21	Apr 8, 2021	Nil	Nil	Nil	Nil
	54,000	81,000	Nil	1.89	Dec 12, 2021	Nil	Nil	Nil	Nil

Option Exercises and Stock Vested in 2011

Name	Option Grants		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$) ⁽²⁾
Dennis Higgs	300,000	\$1,202,000 ⁽¹⁾	Nil	Nil
Glenn Catchpole	270,000	\$1,131,563 ⁽¹⁾	Nil	Nil
George Hartman	453,700	\$1,284,992 ⁽¹⁾	Nil	Nil
Benjamin Leboe	56,000	\$ 246,400	Nil	Nil
Sandra MacKay	17,500	\$ 67,025	25,000	\$418.00

(1) Messrs. Higgs, Catchpole and Hartman entered into automatic sales disposition plans (Rule 10B5-1 trading plans) in January of 2011 to allow for the orderly exercise of certain of their option holdings at pre-determined prices and specified volumes. The values reported as realized all pertain to the exercise of stock options and subsequent sale of the underlying shares by those individuals in accordance with those trading plans.

(2) Nominal value not received unless shares sold.

Compensation Committee Interlocks and Insider Participation

No person who served as a member of the Compensation Committee during fiscal year 2011 was a current or former officer or employee of the Company or engaged in certain transactions with the Company required to be disclosed under Item 404 of Regulation S-K. Additionally, there were no compensation committee "interlocks" during fiscal year 2011, which generally means that no executive officer of the Company served as a director or member of the compensation committee of another entity, which had an executive officer serving as a director or member of the Company's Compensation Committee.

Pension Benefits

None.

Non-Qualified Deferred Compensation

None.

Retirement, Resignation or Termination Plans

Officers with contracts for services have notice requirements which permit pay in lieu of notice. In December 2007 we approved a policy whereby officers will receive a termination payment of a multiple of their annual compensation following a change in control of our Company. The multiple used for a change of control payment is five times for officers Higgs, Catchpole and Hartman and three times for all other officers.

Compensation Committee Report

The Compensation Committee oversees the Company's compensation reporting process on behalf of the Board. The Compensation Committee has four members, each of whom is "independent" as defined in the NYSE Amex Company Guide. The committee operates under a written charter, revised and adopted by the Board.

The Committee assists the Board by overseeing the (1) annual review of director and executive officer compensation policies and goals, (2) determining the compensation of directors and executive officers, and (3) providing accurate public disclosure of the Company's compensation program.

In the course of providing its oversight responsibilities regarding the Company's compensation of directors and executive officers in 2011, the Committee reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement.

Based on the Compensation Committee's review of the Compensation Discussion and Analysis and discussions with the Board and the Company's management, the Compensation Committee recommended that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by the members of the Compensation Committee of the Board:

Peter Bell, Chairman
Arnold Dyck
Gerhard Kirchner
Paul Saxton

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following tables set forth information as of December 31, 2011 regarding the ownership of our common stock by:

- each named executive officer, each director and all of our directors and executive officers as a group; and
- each person who is known by us to own more than 5% of our shares of common stock.

The number of shares beneficially owned and the percentage of shares beneficially owned are based on 77,086,774 shares of common stock outstanding as of December 31, 2011.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. Shares subject to options that are exercisable within 60 days following December 31, 2011 are deemed to be outstanding and beneficially owned by the optionee for the purpose of computing share and percentage ownership of that optionee but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table, and as affected by applicable community property laws, all persons listed have sole voting and investment power for all shares shown as beneficially owned by them.

DIRECTORS AND EXECUTIVE OFFICERS

Title of Class	Name and Address of Beneficial Owner	Number of Shares of Common Stock	Percentage of Common Stock ⁽¹⁾
Common Stock	Dennis Higgs, Director and Executive Chairman Suite 1410 – 800 West Pender St. Vancouver, B.C., V6C 2V6	4,744,000 ⁽²⁾	5.81%
Common Stock	Glenn Catchpole, Director, President and CEO/PEO 4413 East 22nd Street Casper, WY, 82609	2,371,100 ⁽³⁾	2.90%
Common Stock	George Hartman, Director, Executive VP and COO 1220 Elkhorn Valley Drive Casper, WY, 82609	1,440,900 ⁽⁴⁾	1.76%
Common Stock	Dr. Gerhard Kirchner, Director P.O.Box 196, Mont Nebo, Saskatchewan, S0J 1X0	681,122 ⁽⁵⁾	**
Common Stock	Paul Saxton, Director 188 Stonegate Drive Furry Creek, B.C., V0N 3G4	290,500 ⁽⁶⁾	**
Common Stock	Peter Bell, Director #105 – 3389 Capilano Road North Vancouver, B.C., V7R 4W7	329,000 ⁽⁷⁾	**

DIRECTORS AND EXECUTIVE OFFICERS

Common Stock	Arnold J. Dyck, Director 504 – 230 Saskatchewan Crescent East Saskatoon, Saskatchewan S7N 0K6	282,000 ⁽⁸⁾	**
Common Stock	Benjamin Leboe, Senior VP, Finance and CFO/PFO 16730 Carrs Landing Road Lake Country, B.C., V4V 1B2	665,000 ⁽⁹⁾	**
Common Stock	Sandra MacKay, Senior VP, Legal and Corporate Secretary Suite 1410 – 800 West Pender St. Vancouver, B.C., V6C 2V6	351,500 ⁽¹⁰⁾	**
Total		11,155,122	13.65%

** indicates ownership less than 1%

(1) The percent of class is based on 81,710,274 shares comprised of 77,086,774 shares of common stock issued and outstanding as of December 31, 2011 plus 4,623,500 options vested within 60 days of December 31, 2011.

(2) Includes 3,875,000 shares, and 869,000 exercisable share purchase options.

(3) Includes 1,452,100 shares, and 919,000 exercisable share purchase options.

(4) Includes 751,900 shares and 689,000 exercisable share purchase options.

(5) Includes 427,122 shares and 254,000 exercisable share purchase options.

(6) Includes 11,500 shares and 279,000 exercisable share purchase options.

(7) Includes nil shares and 329,000 exercisable share purchase options.

(8) Includes 3,000 shares and 279,000 exercisable share purchase options.

(9) Includes 11,000 shares and 654,000 exercisable share purchase options.

(10) Includes nil shares and 351,500 exercisable share purchase options.

NON-RELATED SHAREHOLDERS HOLDING OVER 5%

Title of Class	Name and Address of Beneficial Owner	Number of Shares of Common Stock	Percentage of Common Stock ⁽¹⁾
Common Stock	Cede & Co ⁽²⁾ Box 222 Bowling Green Stn. New York, NY 10274	63,292,754	82.02%
Common Stock	Mr. Robert Disbrow Suite 700, Waterfront Centre 200 Burrard Street, Vancouver, British Columbia, CANADA V6C 3L6	7,911,800 ⁽³⁾	10.26% ⁽³⁾
Common Stock	Deans Knight Capital Management Ltd. Suite 730, 999 West Hastings Street, Vancouver, British Columbia, CANADA V6C 2W2	4,426,900 ⁽⁴⁾	5.75% ⁽⁴⁾

(1) The percent of class is based on 77,086,774 shares of common stock issued and outstanding as of December 31, 2011.

(2) Central depository for unknown number of shareholders.

(3) As reported January 5, 2012. Includes 5,201,800 shares held by Haywood Securities Inc. over which Mr. Disbrow has dispositive power.

(4) As reported February 10, 2012.

It is believed by us that all persons named have full voting and investment power with respect to the shares indicated, unless otherwise noted in the table. Under the rules of the SEC, a person (or group of persons) is deemed to be a "beneficial owner" of a security if he or she, directly or indirectly, has or shares the power to vote or to direct the voting of such security, or the power to

dispose of or to direct the disposition of such security. Accordingly, more than one person may be deemed to be a beneficial owner of the same security. A person is also deemed to be a beneficial owner of any security, which that person has the right to acquire within 60 days, such as options or warrants to purchase our common stock.

We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in our control.

We are not, to the best of our knowledge, directly or indirectly owned or controlled by another corporation or foreign government.

As of December 31, 2011 we had approximately 104 registered stockholders of record of our common stock.

Change in Control

We are not aware of any arrangement that might result in a change in control in the future. We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in our control.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Reportable transactions with related parties since January 1, 2011, including named security holders, are as follows.

Mr. Dennis Higgs, Director & Executive Chairman

During the year ended December 31, 2011, the Company incurred \$186,700 (2010 - \$312,149; 2009 - \$339,500) for consulting services and office expenses (included in general and administrative expenses) to companies controlled by a director who is Executive Chairman of the Company. Other general and administrative expenses were reimbursed in the normal course of business.

Mr. Glenn Catchpole, Director, President & Chief Executive Officer

During the year ended December 31, 2011, the Company incurred \$185,400 (2010 \$185,400; 2009 - \$180,000) for consulting services (included in general and administrative expenses) to a company controlled by Mr. Catchpole, President & Chief Executive Officer of the Company. Other general and administrative expenses were reimbursed in the normal course of business.

Mr. George Hartman, Director, Executive Vice President & Chief Operating Officer

During the year ended December 31, 2011, the Company incurred \$197,760 (2010 \$197,760; 2009 - \$190,000) for consulting services (included in general and administrative expenses) to a director who is also Executive Vice President & Chief Operating Officer. Other general and administrative expenses were reimbursed in the normal course of business.

Mr. Benjamin Leboe, Senior Vice President, Finance & Chief Financial Officer

During the year ended December 31, 2011, the Company incurred consulting fees of \$152,140 (2010 \$145,730; 2009 - \$129,830) to an entity controlled by Mr. Leboe, the Chief Financial Officer of the Company. The amounts have been recorded as general and administrative expense.

Ms. Sandra MacKay, Senior Vice President, Legal & Corporate Secretary

During the year ended December 31, 2011, the Company incurred \$158,975 (2010 - \$153,000; 2009 - \$75,000) for consulting services (included in general and administrative expenses) to a corporation controlled by Ms. Sandra MacKay, the Senior Vice President, Legal of the Company. Other general and administrative expenses were reimbursed in the normal course of business.

Other

As disclosed above under "Executive Compensation – Stock Option Grants", we granted options to purchase shares of our common stock to our officers and directors under our 2005 Stock Option Plan during each of the three years ended December 31, 2011.

Policy for Review of Related Party Transactions

The Company has a policy for the review of transactions with related persons as set forth in the Company's Audit Committee Charter and internal practices. The policy requires review, approval or ratification of all transactions in which the Company is a participant and in which any of the Company's directors, executive officers, significant shareholders or an immediate family member of any of the foregoing persons has a direct or indirect material interest, subject to certain categories of transactions that are deemed to be pre-approved under the policy - including employment of executive officers, director compensation (in general, where such transactions are required to be reported in the Company's proxy statement pursuant to SEC compensation disclosure requirements), as well as certain transactions where the amounts involved do not exceed specified thresholds. All related party transactions must be reported for review by the Audit Committee of the Board pursuant to the Audit Committee's charter and the rules of the NYSE Amex.

Following its review, the Audit Committee determines whether these transactions are in, or not inconsistent with, the best interests of the Company and its shareholders, taking into consideration whether they are on terms no less favorable to the Company than those available with other parties and the related person's interest in the transaction. If a related party transaction is to be ongoing, the Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the related person.

Our policy for review of transactions with related persons was followed in all of the transactions set forth above and all such transactions were reviewed and approved in accordance with our policy for review of transactions with related persons.

PROPOSAL 2 — RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

What am I voting on?

The Audit Committee has selected Manning Elliot LLP to be the Company's Independent Registered Public Accounting Firm for the current fiscal year ending December 31, 2012.

This proposal seeks stockholder ratification of the appointment of Manning Elliot LLP.

Will a representative of Manning Elliot be present at the Annual Meeting?

The Company does not expect that a representative of Manning Elliot will be present at the Annual Meeting and therefore will not be available to make a statement or answer questions.

INFORMATION IN RESPECT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Manning Elliot LLP was the Independent Registered Public Accounting Firm for the Company in the fiscal year ended December 31, 2011.

Our financial statements have been audited by Manning Elliot LLP, independent registered public accounting firm, for the years ended December 31, 2011, 2010 and 2009.

The following table sets forth information regarding the amount billed to us by our independent auditor, Manning Elliott LLP for our three fiscal years ended December 31, 2011:

Years Ended December 31			
	2011	2010	2009
Audit Fees	\$120,560	\$88,000	\$120,000
Audit Related Fees	\$ 23,900	\$20,400	\$27,000
Tax Fees	\$ 4,160	\$16,900	\$16,000
All Other Fees	\$ 0	\$ 0	\$ 0
Total	\$148,620	\$115,300	\$163,000

Audit Fees

Audit Fees are the aggregate fees billed by our independent auditor for the audit of our annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

Audit Related Fees

Consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees".

Tax Fees

Consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include preparation of federal and state income tax returns.

All Other Fees

Consist of fees for product and services other than the services reported above.

Policy on Pre-Approval by Audit Committee of Services Performed by Independent Auditors

The Audit Committee has adopted procedures requiring the Audit Committee to review and approve in advance, all particular engagements for services provided by the Company's independent auditor. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit, review or attest services, to be approved by one or more members of the Audit Committee pursuant to authority delegated by the Audit Committee, provided the Audit Committee is informed of each particular service. All of the engagements and fees for fiscal year 2011 were pre-approved by the Audit Committee. The Audit Committee reviews with Manning Elliot LLP whether the non-audit services to be provided are compatible with maintaining the auditors' independence.

The Board recommends a vote FOR the ratification of the appointment of the independent registered public accounting firm.

OTHER MATTERS

As of the date of this Proxy Statement, management does not know of any other matter that will come before the meeting.

By Order of the Board of Directors,

/s/ Sandra R. MacKay
Sandra R. MacKay,
Corporate Secretary
Uranerz Energy Corporation

April 25, 2012

Please sign and return the enclosed form of proxy promptly. If you decide to attend the meeting, you may, if you wish, revoke the proxy and vote your shares in person.

CORPORATE INFORMATION

Corporate Headquarters

1701 East "E" Street
P.O. Box 50850
Casper, Wyoming
U.S.A 82605-0850

Tel: 307.265.8900
Fax: 307.265.8904

Administrative & Investor Relations Office

Suite 1410 – 800 West Pender Street
Vancouver, BC, Canada V6C 2V6

Derek Iwanaka
Manager, Investor Relations

Toll-Free: 1.800.689.1659
Tel: 604.689.1659
Fax: 604.689.1722
Email: investor@uranerz.com

Directors

Dennis Higgs, BCom

Glenn Catchpole, M.S., P.Eng.

George Hartman, M.S.

Dr. Gerhard Kirchner, P.Eng.

Paul Saxton, B.Sc., MBA, P.Eng.

Arnold Dyck, CMA

Peter Bell, B.Sc., MBA

Stock Exchange Listings

NYSE Amex Exchange: URZ
Toronto Stock Exchange: URZ
Frankfurt Exchange: U9E

Officers

Dennis Higgs, BCom
Executive Chairman

Glenn Catchpole, M.S., P.Eng.
President & Chief Executive Officer

George Hartman, M.S.
Executive VP & Chief Operating Officer

Benjamin Leboe, BCom, CA, CMC
Senior VP, Finance & Chief Financial Officer

Kurtis Brown, B.A., P.G.
Senior VP, Geology & Development

Sandra MacKay, LLB
Senior VP, Legal & Corporate Secretary

Doug Hirschman, B.S.
VP, Land

Auditors

Manning Elliott LLP
Chartered Accountants
Vancouver, BC, Canada

Transfer Agent

Corporate Stock Transfer
Denver, CO, U.S.A

Canadian Co-Transfer Agent

Equity Transfer and Trust
Toronto, ON, Canada

Legal Counsel

Dorsey & Whitney LLP
Denver, CO, U.S.A

McMillan LLP
Vancouver, BC, Canada

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STOCK
EXCHANGE

U9E