

URANERZ ENERGY CORP.

Form SB-2

December 20, 2006

As filed with the Securities and Exchange Commission on December 18, 2006.

Registration Statement No. 333-

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM SB-2**

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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**URANERZ ENERGY CORPORATION**

(Name of small business issuer in its charter)

**Nevada**

State or jurisdiction of  
incorporation or organization

**1081**

Primary Standard Industrial  
Classification Code Number

**98-0365605**

I.R.S. Employer Identification No.

**Suite 1410 - 800 West Pender Street**

**Vancouver, British Columbia Canada V6C 2V6**

**604-689-1659**

(Address and telephone number of principal executive offices)

**1701 East E Street**

**P.O. Box 50850**

**Casper, Wyoming, 82601**

**307-265-8900**

(Address and telephone number of principal place of business)

**Dorsey & Whitney LLP**

Republic Plaza Building, Suite 4700

370 Seventeenth Street

Denver, CO 80202-5647

(303) 629-3400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

***Copies to:***

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Denver, CO 80202-5647

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**Approximate date of proposed sale to the public:** From time to time after the effective date of this registration statement.

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**If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.**

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**If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.**

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

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#### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee
Common Stock to be offered for resale by selling shareholders	28,058,698	\$3.32	\$93,152,376.36	\$9,968
Common Stock acquirable upon exercise of warrants to be offered for resale by selling stockholders (2)	4,812,849	\$3.32	\$15,978,658.68	\$1,710
<b>TOTAL</b>	<b>32,871,547</b>	<b>--</b>	<b>\$109,133,536</b>	<b>\$11,678</b>

- (1) Estimated pursuant to Rule 457(c) under the Securities Act of 1933, as amended, solely for purposes of calculating amount of registration fee, based on the average of the high and low sales prices of the Registrant's common stock on December 15, 2006, as quoted on the American Stock Exchange.
- (2) Consists of 3,622,499 shares issuable upon exercise of March 3, 2006 Warrants at a price of \$1.75 until March 3, 2007 and then at \$2.50 until March 3, 2008, 1,071,100 shares issuable upon exercise of May 19, 2006 Warrants exercisable at a price of \$2.25 until May 19, 2006, and 119,250 shares issuable upon exercise of Warrants issued as commissions in the March 3, 2006 and May 19, 2006 private placements.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this prospectus is not complete and may be changed. The selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these shares, and the selling shareholders are not soliciting an offer to buy these shares in any state where the offer or sale is not permitted.

**PRELIMINARY PROSPECTUS**

**Subject To Completion: Dated \_\_\_\_\_, 2006**

**Uranerz Energy Corporation**

**32,871,547 Shares of Common Stock**

This prospectus relates to the sale, transfer or distribution of up to 32,871,547 shares of the common stock, par value \$0.001 per share, of Uranerz Energy Corporation, by selling shareholders described herein. The price at which the selling shareholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. The shares of common stock registered for sale:

28,058,698 shares of common stock held by selling shareholders;

3,622,499 shares of common stock acquirable upon exercise of Warrants issued March 3, 2006 (March Warrants) at \$1.75 per share until March 3, 2007 and then at \$2.50 per share until March 3, 2008 held by selling shareholders;

1,071,100 shares of common stock acquirable upon exercise of Warrants issued May 19, 2006 (May Warrants) at \$2.25 per share held by selling shareholders; and

119,250 shares of common stock acquirable upon exercise of Warrants issued as commission on the March 3, 2006 and May 19, 2006 private placements at between \$1.75 and \$2.25 per share held by selling shareholders.

We will not receive any proceeds from the sale or distribution of the common stock by the selling shareholders.

We may receive proceeds from the exercise of the warrants, if any, and will use the proceeds from any exercise for general working capital purposes.

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Our common stock is listed on the American Stock Exchange (AMEX) under the symbol URZ . On December 15, 2006, the closing sale price for our common stock was \$3.32 on the AMEX.

Investing in our common stock involves risks. See Risk Factors and Uncertainties beginning on page 5.

These securities have not been approved or disapproved by the SEC or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_, 2006.

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## **SUMMARY INFORMATION**

*This summary does not contain all of the information you should consider before buying shares of our common stock. You should read the entire prospectus carefully, especially the Risk Factors and Uncertainties section and our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in shares of our common stock.*

## **THE OFFERING**

This is an offering of up to 32,871,547 shares of our common stock by certain selling shareholders.

<b>Shares Offered By the Selling Shareholders</b>	32,871,547 shares of common stock, \$0.001 par value per share, including:  28,058,698 shares of common stock held by selling shareholders; and  3,622,499 shares of common stock acquirable upon exercise of March Warrants at \$1.75 to \$2.50 per share; and  1,071,100 shares of common stock acquirable upon exercise of May Warrants at \$2.25 per share; and  119,250 shares of common stock acquirable upon exercise of Commission Warrants at \$1.75 to \$2.50 per share.
<b>Offering Price</b>	Determined at the time of sale by the selling shareholders
<b>Common Stock Outstanding as of December 13, 2006</b>	34,510,338 shares
<b>Use of Proceeds</b>	We will not receive any of the proceeds of the shares offered by the selling shareholders. We may receive proceeds from the exercise of warrants, if any, and will use any such proceeds for general working capital purposes.
<b>Dividend Policy</b>	We currently intend to retain any future earnings to fund the development and growth of our business. Therefore, we do not currently anticipate paying cash dividends.
<b>American Stock Exchange Symbol</b>	URZ

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The number of shares of our common stock that will be outstanding immediately after this offering includes 34,510,338 shares of common stock outstanding as of December 13, 2006. This calculation excludes:

2,395,000 shares of common stock issuable upon vested exercise of options outstanding as of December 13, 2006;

3,622,499 shares of common stock acquirable upon exercise of March Warrants at \$1.75 per share until March 3, 2007 and then at \$2.50 per share until March 3, 2008;

1,071,100 shares of common stock acquirable upon exercise of May Warrants at \$2.25 per share; and

119,250 shares of common stock issuable to the underwriters pursuant to Commission Warrants granted to the underwriters at a price of \$1.75 to \$2.50 per share.

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**SUMMARY OF OUR BUSINESS**

Uranerz Energy Corporation was incorporated under the laws of the State of Nevada as Carleton Ventures Corp. on May 26, 1999. On July 5, 2005, we changed our name from Carleton Ventures Corp. to Uranerz Energy Corporation. Our executive offices are located at Suite 1410 - 800 West Pender Street, Vancouver, British Columbia Canada V6C 2V6, and our phone number is 604-689-1659.

Our principal business offices are located at Suite 1410-800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6, and our telephone number is (604) 689-1659. Our operations office is located at 1701 East E Street, PO Box 50850, Casper, Wyoming 82605-0850, USA and our phone number there is 307-265-8900.

We are engaged in the acquisition, exploration and, if warranted, development of uranium properties. We own interests in properties in Wyoming, USA; Saskatchewan, Canada; and Mongolia. We have entered into joint venture agreements for each of our Saskatchewan and Mongolia properties whereby the joint venture partner for each property can earn an ownership interest in the property. We have also joint ventured our uranium projects in the Great Divide Basin area of Wyoming, and plan to maintain, explore, and if warranted, develop our projects in the Powder River Basin area of Wyoming.

We hold interests in the following mineral properties:

<b>Name of Property</b>	<b>Location</b>
State Mineral Leases, Federal Mining Claims and Private (Fee) Mineral	Powder River Basin, Wyoming, USA
State Mineral Leases, Federal Mining Claims (option and joint venture agreement in place)	Great Divide Basin, Wyoming, USA
Cochrane River Property (option and joint venture agreement in place)	Saskatchewan, Canada
Eight Exploration Licenses (option and joint venture agreement in place)	Mongolia

Our plan of operations is to carry out exploration and environmental permitting of our Wyoming Powder River Basin properties while our joint venture partners will be responsible for carrying out exploration of our Wyoming Great Divide Basin properties, Saskatchewan properties, and Mongolia properties.

We are an exploration stage company. All of our projects are at the exploration stage and there can be no assurance that a commercially viable mineral deposit, or reserve, exists on any of our properties until appropriate exploratory work is done and a comprehensive evaluation based on such work concludes legal and economic feasibility. Further exploration beyond the scope of our planned exploration activities will be required before a final evaluation as to the economic and legal feasibility of mining of any of our 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 may require additional financing in order to pursue full exploration of these claims. We do not have sufficient financing to undertake full exploration and development of all our mineral claims at present and there is no assurance that we will be able to obtain the necessary financing. Because of the long lead times for environmental permitting of mining operations in North America, we have started collecting environmental baseline data on two of our properties in the Powder River Basin area of Wyoming that we feel have the potential, based on data in our possession, of being developed into commercial in-situ recovery uranium mines.





**SELECTED FINANCIAL DATA**

The selected financial information presented below as of and for the periods indicated is derived from our financial statements contained elsewhere in this prospectus and should be read in conjunction with those financial statements.

INCOME STATEMENT DATA	Year Ended December 31		Three Months Ended		Nine Months Ended	
	2005	2004	September 30 2006 (unaudited)	2005	September 30 2006 (unaudited)	2005
Revenue	NIL	NIL	NIL	NIL	NIL	NIL
Operating Expenses	4,891,392	20,096	1,045,730	4,139,143	6,033,049	4,457,716
Net (Loss)	(5,002,225)	(20,096)	(899,594)	4,139,143	(5,801,995)	(4,457,716)
(Loss) per Common share*	(0.38)	-	(0.03)	(0.30)	(0.20)	(0.43)
Weighted Average Number of Common Shares Outstanding	12,995,000	5,640,500	31,787,000	13,831,000	28,789,000	10,338,000

BALANCE SHEET DATA:	At December 31, 2005	At September 30, 2006 (unaudited)
Working Capital (Deficiency)	1,775,579	10,803,318
Total Assets	1,978,343	11,205,766
Accumulated (Deficit)	(5,150,531)	(10,952,526)
Stockholders Equity	1,784,857	10,910,812

\* Basic and diluted.

**RISK FACTORS AND UNCERTAINTIES**

Readers should carefully consider the risks and uncertainties described below before deciding whether to invest in shares of our common stock.

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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.

***Because our auditors have issued a going concern opinion, we may not be able to achieve our objectives and may have to suspend or cease exploration activities.***

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive exploration activities. For these reasons our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern. However, our management is of the opinion that we have sufficient financing with which to pursue our plan of operations over the next twelve months.

***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. We have had no significant operations and since incorporation our operating cash flow needs have been financed solely through an offering of our common stock. As a result, we have little historical financial and operating information available to help you evaluate our performance or an investment in our common stock and warrants.

***Because the probability of an individual prospect ever having reserves is extremely remote, in all probability our properties do not contain any reserves, and any funds spent on exploration will 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 extremely remote, in all probability our properties do not contain any reserves, and any funds spent on exploration will be lost. It is not known with certainty that 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, precious or base metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses 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 are 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. We have no exploration history upon which an evaluation of our future success or failure can

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be made. Our net loss since inception through September 30, 2006 is \$10,952,526. 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
- \* our ability to reduce exploration 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 may not 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 which may result in the loss of your investment.***

Some, but not all, of our officers and directors do 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 will have to hire qualified persons to perform surveying, exploration, and excavation of our property. 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 development activities, which would likely result in the loss of your investment.

***We have no known reserves. Without reserves we may not be able to generate income and if we cannot generate income we will have to cease exploration activities which result in the loss your investment.***

We have no known reserves. Without reserves, we may not be able to generate income and if we cannot generate income we will have to cease exploration activities which would likely result in the loss of your investment. We have attempted 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. It is not known with certainty that uranium exists on any of our properties.

Even in the event commercial quantities of uranium are discovered, the mining properties might not be brought into a state of commercial production. Estimates of mineral resources are inherently imprecise and depend to some extent on statistical inferences drawn from limited methods, which may prove unreliable. Fluctuations in the market prices of uranium may render reserves and deposits containing relatively low grades of uranium uneconomic. Whether a uranium, precious or base metal deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as its size and grade; costs and efficiency of the recovery methods that can be employed; proximity to infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on our invested capital.

***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 U3O8. 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 and uranium production levels and costs of production. Spot prices for U3O8 were at \$20.00 per pound U3O8 in December 2004, and then increased to \$31.25 per pound in September 2005 and to \$35.25 per pound as of December 31, 2005. As of December 11, 2006, the U.S. weekly spot price of U3O8 was \$65.50 per pound.

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***Our operations are subject to environmental risks.***

We are required to comply with 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 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 also are required to comply with environmental protection laws in Mongolia. We are required to comply with the Atomic Energy Act, as amended by UMTRCA, by applying for and maintaining an operating license from the State of Wyoming. Uranium operations must conform to the terms of such licenses, which include provisions for protection of human health and the environment from endangerment due to radioactive materials. The licenses encompass protective measures consistent with

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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 milling. 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, mining and in-situ 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 its operation or its exploration of its properties or, if feasible, to commence development, construction or operation of mining facilities at such properties on terms which enable operations to be conducted 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 bulldozers, drilling rigs, and other equipment that we might need to conduct exploration and 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 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 an 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:

- unusual or unexpected geological formations;
- fires, floods, earthquakes, volcanic eruptions, and other natural disasters;
- power outages and water shortages;
- cave-ins, land slides, and other similar mining hazards;
- labor disruptions and labor disputes;
- inability to obtain suitable or adequate machinery, equipment, or labor;
- liability for pollution or other hazards; and
- other known and unknown risks involved in the operation of mines and the conduct of exploration.

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,