URANERZ ENERGY CORP.
Form 10-Q
August 10, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2009**

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	**98-0365605**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1701 East E Street, PO Box 50850	
Casper, Wyoming	**82605-0850**
(Address of principal executive offices)	(Zip Code)

(307) 265-8900
(Registrant s telephone number, including area code)

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

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities
Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file

such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

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

Large accelerated filer	[ ]	Accelerated filer	[X]
Non-accelerated filer	[ ]	Smaller reporting company	[ ]

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

Number of shares of issuer s common stock outstanding at **August 4, 2009: 55,502,387**

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Uranerz Energy Corporation
(An Exploration Stage Company)

June 30, 2009

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

	June 30, 2009 $ (Unaudited)	December 31, 2008 $
ASSETS		
Current Assets		
Cash	9,301,625	821,242
Marketable securities	9,371,630	20,432,035
Prepaid expenses and deposits	316,128	641,215
Other current assets	13,344	10,269
Total Current Assets	19,002,727	21,904,761
Mineral Property Reclamation Bonds (Note 6(i))	318,783	318,404
Property and Equipment (Note 5)	588,009	642,572
Total Assets	19,909,519	22,865,737
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	207,480	186,872
Accrued liabilities (Note 7)	445,240	228,800
Due to related parties (Note 9)	51,688	50,000
Current portion of loan payable (Note 8)	35,452	34,067
Total Current Liabilities	739,860	499,739
Loan Payable (Note 8)		18,079
Total Liabilities	739,860	517,818
Commitments and Contingencies (Notes 6 and 12)		
Stockholders Equity		
Preferred Stock, 10,000,000 shares authorized, $0.001 par value;		
Nil shares issued and outstanding		
Common Stock, 200,000,000 shares authorized, $0.001 par value;		
55,502,387 shares issued and outstanding (December 31, 2008 - 55,452,387)	55,502	55,452
Additional Paid-in Capital	83,201,812	82,366,879
Deficit Accumulated During the Exploration Stage	(64,018,246)	(60,143,997)
Total Uranerz Shareholder s Equity	19,239,068	22,278,334
Non-controlling Interest	(69,409)	69,585
Total Equity	19,169,659	22,347,919
Total Liabilities and Stockholders Equity	19,909,519	22,865,737

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

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

	Three Months Ended June 30, 2009 $	Three Months Ended June 30, 2008 $	Six Months Ended June 30, 2009 $	Six Months Ended June 30, 2008 $	Accumulated From May 26, 1999 (Date of Inception) to June 30, 2009 $
Revenue					
Expenses					
Depreciation	43,191	28,404	85,811	53,138	287,353
Foreign exchange	8,636	3,114	2,273	5,148	26,826
General and administrative (Note 9)	959,370	1,125,638	2,628,655	4,378,195	27,101,760
Joint venture expenses		651,928		890,130	
Mineral property expenditures	1,124,651	541,082	1,540,684	25,403,134	40,717,316
Total Operating Expenses	2,135,848	2,350,166	4,257,423	30,729,745	68,133,255
Operating Loss	(2,135,848)	(2,350,166)	(4,257,423)	(30,729,745)	(68,133,255)
Other Income (Expense)					
Gain on sale of investment securities					79,129
Interest income	55,248	144,819	113,994	207,115	1,846,061
Loss on settlement of debt					(132,000)
Mineral property option payments received					152,477
Total Other Income (Expense)	55,248	144,819	113,994	207,115	1,945,667
Loss from continuing operations	(2,080,600)	(2,205,347)	(4,143,429)	(30,522,630)	(66,187,588)
Discontinued operations (Note					

4)

Gain (Loss) from discontinued operations		31		(1,889)	(28,732)
Gain on disposal of discontinued operations		753,557		753,557	979,709
Gain on discontinued operations		753,588		751,668	950,977
Net Loss	(2,080,600)	(1,451,759)	(4,143,429)	(29,770,962)	(65,236,611)
Net loss attributable to non-controlling Interest	193,620		269,180		1,218,365
Net loss attributable to the Company	(1,886,980)	(1,451,759)	(3,874,249)	(29,770,962)	(64,018,246)
Amounts attributable to Company Shareholders:					
Loss from continuing operations	(1,886,980)	(2,205,347)	(3,874,249)	(30,522,630)	(64,969,223)
Income from discontinued operations		753,588		751,668	950,977
Net loss attributable to the Company	(1,886,980)	(1,451,759)	(3,874,249)	(29,770,962)	(64,018,246)
Net Loss Per Share Attributable to Company Shareholders Basic and Diluted					
Continuing Operations	(0.03)	(0.04)	(0.07)	(0.62)	
Discontinued Operations		0.01		0.01	
Net Loss Per Share Basic and Diluted	(0.03)	(0.03)	(0.07)	(0.61)	
Weighted Average Shares	55,475,000	53,768,000	55,464,000	49,043,000	

Outstanding

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

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

	Six Months Ended June 30, 2009 $	Six Months Ended June 30, 2008 $	Accumulated From May 26, 1999(Date of Inception) to June 30, 2009 $
Operating Activities			
Net loss	(3,874,249)	(29,770,962)	(64,018,246)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation	85,811	53,138	287,353
Equity loss on investment			74,617
Gain on the disposal of discontinued operations		(689,988)	(979,709)
Gain on sale of investment securities			(79,129)
Expenses incurred by joint venture		890,130	
Loss on settlement of debt			132,000
Mineral property option payment received			(37,500)
Non-controlling interest	(138,994)		(69,409)
Shares issued to acquire mineral properties		19,090,000	19,090,000
Stock-based compensation	797,483	2,548,225	16,509,391
Changes in operating assets and liabilities:			
Prepaid expenses and deposits	325,087	136,031	(309,891)
Other current assets	(3,075)	42,926	(13,319)
Accounts payable and accrued liabilities	237,048	125,226	783,391
Due to related parties	1,688	(28,759)	522,446
Net Cash Used in Operating Activities	(2,569,201)	(7,604,033)	(28,108,005)
Investing Activities			
Reclamation bonds	(379)	(230,904)	(318,783)
Acquisition of subsidiary, net cash paid			(48)
Purchase of investment securities		(14,074,050)	(20,432,035)
Proceeds from sale of investment securities	11,060,405		11,177,034
Advances to joint venture		(1,523,267)	
Purchase of property and equipment	(31,248)	(152,064)	(776,947)
Disposition of subsidiary			905,092

Net Cash Provided by (Used In) Investing Activities	11,028,778	(15,980,285)	(9,445,687)
Financing Activities			
Repayment of loan payable	(16,694)	(15,415)	(62,962)
Advances to related party			10,700
Proceeds from issuance of common stock	37,500	24,168,475	48,578,051
Share issuance costs		(1,387,219)	(1,670,472)
Net Cash Provided By Financing Activities	20,806	22,765,841	46,855,317
Effect of Exchange Rate Changes on Cash		(481)	
Increase (Decrease) In Cash	8,480,383	(818,958)	9,301,625
Cash - Beginning of Period	821,242	11,343,737	
Cash - End of Period	9,301,625	10,524,779	9,301,625
Non-cash Investing and Financing Activities			
Sale of 60% of Rolling Hills investment for interest in mineral projects		774,216	774,216
Investment securities received as a mineral property option payment			37,500
Purchase of equipment with loan payable			98,414
Common stock issued to settle debt		402,250	744,080
Common stock issued for mineral property costs		19,090,000	19,105,000
Supplemental Disclosures			
Interest paid	1,810	3,089	11,053
Income taxes paid			

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

Uranerz Energy Corporation
(An Exploration Stage Company)
Consolidated Statement of Stockholders Equity
For the Six Month Period from January 1, 2009 to June 30, 2009
(Expressed in US dollars)

	Common Stock Shares #	Common Stock Amount $	Additional Paid-in Capital $	Deficit Accumulated During the Exploration Stage $	Non-Controlling Interest $	Total $
Balance, December 31, 2008	55,452,387	55,452	82,366,879	(60,143,997)	69,585	22,347,919
Stock options exercised at $0.75 per share	50,000	50	37,450			37,500
Fair value of stock options granted			797,483			797,483
Net loss and comprehensive for the period				(3,874,249)	(269,180)	(4,143,429
Change in non-controlling interest					130,186	130,186
Balance, June 30, 2009	55,502,387	55,502	83,201,812	(64,018,246)	(69,409)	19,169,659

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

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2009
(Expressed in US dollars)
(Unaudited)

1. Nature of Operations

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

The Company is an Exploration Stage Company, as defined by Statement of Financial Accounting Standard (SFAS) No.7 *Accounting and Reporting by Development Stage Enterprises* and Securities Act Industry Guide 7. The Company s principal business is the acquisition and exploitation of uranium and mineral resources.

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2009
(Expressed in US dollars)
(Unaudited)

2. Summary of Significant Accounting Policies (continued)

e) 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 SFAS No. 109 *Accounting for Income Taxes* as of its inception. Pursuant to SFAS No. 109 the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in these consolidated financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

f) Fair Value of Financial Instruments

Our financial instruments consist principally of cash and cash equivalents and short-term marketable securities, and accounts payable. Marketable securities consist of time deposits longer than three months and are classified as held to maturity securities. Pursuant to SFAS No. 157 (SFAS 157), *Fair Value Measurements* , the fair value of our cash equivalents and marketable securities is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective relatively short maturity dates or durations.

g) Recent Accounting Pronouncements

In May 2009, FASB issued SFAS No. 165 (SFAS 165), *Subsequent Events*. SFAS 165 establishes general standards of for the evaluation, recognition and disclosure of events and transactions that occur after the balance sheet date. Although there is new terminology, the standard is based on the same principles as those that currently exist in the auditing standards. The standard, which includes a new required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009. The adoption of SFAS 165 did not have a material effect on the Company s consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162 (SFAS 162), *The Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The adoption of this statement is not expected to have a material effect on the Company s consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 (SFAS 161), *Disclosures about Derivative Instruments and Hedging Activities An Amendment of FASB Statement No. 133* (SFAS 133). This statement is intended to improve financial reporting of derivative instruments and hedging activities by requiring enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. The provisions of SFAS 161 are effective November 15, 2008. The adoption of SFAS 161 did not have a material effect on the Company s consolidated financial statements.

In December 2007 the FASB issued SFAS No. 160 (SFAS 160), *Noncontrolling Interests in Consolidated Financial Statements an amendment of Accounting Research Bulletin No. 51* . SFAS 160 addresses the accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interest, changes in a parent s ownership interest, and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The adoption of SFAS 160 did not have a material effect on the Company s consolidated financial statements.

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2009
(Expressed in US dollars)
(Unaudited)

2. Summary of Significant Accounting Policies (continued)

g) Recent Accounting Pronouncements (continued)

In December 2007 the FASB issued SFAS No. 141R (SFAS 141R), *Business Combinations*. SFAS 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets (including in-process research and development) acquired, the liabilities assumed, and any non-controlling interest in the acquiree. Prior to the adoption of SFAS 141R, in- process research and development was immediately expensed. In addition, under SFAS 141R all acquisition costs are expensed as incurred. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for financial statements issued for fiscal years beginning after December 15, 2008. The effect of adopting SFAS 141R will depend upon the nature, terms and size of any acquisition we consummate after the effective date of January 1, 2009.

In April 2009 the FASB issued FSP No. 141R-1 (FSP No. 141 R-1) *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*. FSP 141R-1 amends the provisions in Statement 141R for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. The FSP eliminates the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria in Statement 141R and instead carries forward most of the provisions in SFAS 141 for acquired contingencies. FSP 141R-1 is effective for contingent assets and contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We expect FSP 141R-1 will have an impact on our consolidated financial statements, but the nature and magnitude of the specific effects will depend upon the nature, term and size of the acquired contingencies. The effect of adopting FSP 141R-1 will depend upon the nature, terms and size of any acquired contingencies consummated after the effective date of January 1, 2009.

On April 9, 2009, the FASB issued three FSPs intended to provide additional application guidance and enhanced disclosures regarding fair value measurements and other-than-temporary impairments of securities.

FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly,* provides guidelines for making fair value measurements more consistent with the principles presented in FASB Statement No. 157, Fair Value Measurements. FSP FAS 157-4 must be applied prospectively and retrospective application is not permitted. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity early adopting FSP FAS 157-4 must also early adopt FSP FAS 115-2 and FAS 124-2.

FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments,* provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on debt securities. FSP FAS 115-2 and FAS 124-2 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity may early adopt this FSP only if it also elects to early adopt FSP FAS 157-4.

FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments,* enhances consistency in financial reporting by increasing the frequency of fair value disclosures. FSP 107-1 and APB 28-1 is effective for interim periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. However, an entity may early adopt these interim fair value disclosure requirements only if it also elects to early adopt FSP FAS 157-4, FSP FAS 115-2 and FAS 124-2.

The adoption of these FSPs did not have a material effect consolidated financial statements.

On April 13, 2009, the Securities and Exchange Commission s (SEC) Office of the Chief Accountant and Division of Corporation Finance issued SEC Staff Accounting Bulletin 111 (SAB 111). SAB 111 amends and replaces SAB Topic 5M, *Miscellaneous Accounting Other Than Temporary Impairment of Certain Investments in Equity Securities* to reflect FSP FAS 115-2 and FAS 124-2. This FSP provides guidance for assessing whether an impairment of a debt security is other than temporary, as well as how such impairments are presented and disclosed in the financial statements. The amended SAB Topic 5M maintains the prior staff views related to equity securities but has been amended to exclude debt securities from its scope. SAB 111 is effective upon the adoption of FSP FAS 115-2 and FAS 124-2. The adoption of SAB 111 did not have a material effect on the Company s consolidated financial statements.

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2009
(Expressed in US dollars)
(Unaudited)

2. Summary of Significant Accounting Policies (continued)

h) Reclassifications

Certain reclassifications have been made to the prior period s financial statements to conform to the current period s presentation including the reclassification of non-controlling interest upon the adoption of SFAS 160.

	Cost $	Accumulated Depreciation $	June 30, 2009 Net Carrying Value $	December 31, 2008 Net Carrying Value $
Computers and office equipment	172,263	76,967	95,296	108,757
Field equipment	703,099	210,386	492,713	533,815
	875,362	287,353	588,009	642,572

6. Mineral Properties

a) On April 26, 2005, the Company entered into an agreement to acquire a 100% interest in two mineral prospecting permits located in the Athabasca Basin area of Saskatchewan, Canada for consideration of Cdn$40,757 and a 2% royalty on the prospecting permits. This agreement was with a company controlled by a director of the Company. On October 20, 2005, the agreement was amended so that the Company has a one-time right, exercisable for ninety days, following the completion of a bankable feasibility study to buy one-half of the vendor s royalty interest for Cdn$1,000,000. On November 4, 2005, the Company entered into an option and joint venture agreement with a company (the Optionee) on the Company s two mineral prospecting permits. The Optionee can earn a 60% interest in the property by paying the Company Cdn$75,000 in three annual installments of Cdn$25,000 each and incurring Cdn$1,500,000 in exploration expenditures in various stages by May 1, 2008. The Optionee can elect to earn an additional 10% interest by incurring an additional Cdn$1,500,000 by November 1, 2009. On October 10 2007, the first option was extended five months from May 1, 2008 to October 1, 2008. On April 24, 2008 the Optionee forfeited its right to earn an interest in the property. The Company received Cdn$50,000 of instalment payments with respect to this agreement.

b) 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 $250,000. The amounts were paid in installments and completed by January 2007.

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2009
(Expressed in US dollars)
(Unaudited)

6. Mineral Properties (continued)

c) 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, depending upon the future selling price of uranium recovered from these properties.

d) On February 17, 2006, as amended on March 16, 2006, September 8, 2006 and March 20, 2008, the Company entered into a letter agreement to option and joint venture its six Mongolian projects to another company (the Optionee). In June 2008 the Optionee earned an undivided 60% interest in the projects through assumption of 60% of the Company s wholly owned subsidiary, Rolling Hills Resources LLC. The remaining 40% interest in Rolling Hills was sold in 2008.

e) On June 7, 2006, the Company entered into an Agreement with another company (the Optionee) on two of the Company s exploration projects located within the Red Desert area of southwest Wyoming. Under the Agreement the Company and the Optionee are to form a joint venture to conduct further exploration and to develop the properties. The Optionee shall have the right to earn a 50% equity interest in the joint venture during the first phase of the exploration program by managing the property, incurring a minimum $100,000 per year of exploration costs on the projects, and incurring $750,000 of exploration costs, within three years of inception of the agreement.

On completion of the first phase of the exploration program, should either the Company or the Optionee elect not to contribute to the costs of the second phase of expenditures on a pro-rata basis, then the contributing party shall have the right to earn a further 1% interest in the joint venture for every $25,000 spent on the projects to a maximum interest in the joint venture of 70% (maximum expenditures of $500,000).

On completion of the second phase of expenditures, should either the Company or the Optionee elect not to contribute to all further expenditures on a pro-rata basis the electing party would be awarded a 6% royalty for its contribution up to that point and the contributing party shall have the right to earn a further 1% interest in the joint venture for every $25,000 spent on the project to a maximum interest in the joint venture of 100% (maximum expenditures of $750,000). As at June 30, 2009, the Optionee has met the minimum expenditure requirements and is continuing phase one.

f) On October 30, 2006, the Company entered into an agreement with an officer and director of the Company (the Related Party), to use certain geological reports held by the Related Party for the purposes of staking and acquiring potential areas of interest in exchange for $402,250. In December 2007, the staking and acquisition program was completed and a liability of $402,250 was recorded as due to Related Party. During the year ended December 31, 2008, this debt was settled through the issuance of 160,900 common shares.

g)

On January 23, 2007, the Company entered into a purchase agreement to acquire three mineral properties consisting of 138 unpatented lode mining claims located in Campbell County, Wyoming for $3,120,000 which was paid on February 1, 2007.

h) In 2007, the Company acquired several mining leases in Briscoe County, Texas for a total purchase price of $60,817.

i) Reclamation bonds totaling $318,783 (December 31, 2008 - $318,404) are pledged to the State of Wyoming, Department of Environmental Quality, for property reclamation.

j) 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, USA and entered into a venture agreement with the vendor pursuant to which the Company will explore the properties. In accordance with the terms of the September 19, 2007 Purchase Agreement, the Company paid $5,757,043 cash and issued 5,750,000 shares of the Company s common stock at a fair value of $19,090,000 to acquire the 81% interest. At January 15, 2008, the acquisition cost of $24,847,043 was allotted as follows:

Prepaid expenses	$ 229,247
Mineral property expenditures	24,617,796
	$ 24,847,043

k) 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.

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2009
(Expressed in US dollars)
(Unaudited)

6. Mineral Properties (continued)

l) 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.

m) On September 18, 2008, the Company leased 984 acres of mineral properties within the Company s North Reno Creek project area in Wyoming (see Note 12(e)).

n) 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.

	June 30, 2009 $	December 31, 2008 $
Reclamation costs	281,810	228,800
Mineral exploration expenses	124,340	
General and administrative expenses	39,090	
Total accrued liabilities	445,240	228,800

8. Loan Payable

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		June 30, 2009	December 31, 2008
Loan payable to vendor, interest imputed at 8% per annum, maturing June 2010, and secured by field equipment	$	35,452	52,146
Less current portion:		(35,452)	(34,067)
	$		18,079

9. Related Party Transactions / Balances

a) During the six months ended June 30, 2009, the Company incurred $161,788 (2008 - $192,000) for consulting services and office expenses (included in general and administrative expenses) to companies controlled by a director who is Chairman of the Company. Other general and administrative expenses were reimbursed in the normal course of business. As at June 30, 2009, $15,000 (December 31, 2008 nil) is owing to the director and these companies, which is unsecured, non-interest bearing, and due on demand.

b) During the six months ended June 30, 2009, the Company incurred $96,000 (2008 - $96,000) for consulting services (included in general and administrative expenses) to a director who is also Executive Vice President and Chief Operating Officer. Other general and administrative expenses were reimbursed in the normal course of business. At June 30, 2009, consulting services and expenditures incurred on behalf of the Company of $21,703 (December 31, 2008 - $50,000) is owed to this director, and the amounts are unsecured, non-interest bearing, and due on demand.

c) During the six months ended June 30, 2009, the Company incurred $90,000 (2008 - $90,000) for consulting services (included in general and administrative expenses) to a company controlled by the President and Chief Executive Officer of the Company. Other general and administrative expenses were reimbursed in the normal course of business.

d) During the six months ended June 30, 2009, the Company incurred consulting fees of $62,940 (2008 - $65,000) to an entity controlled by the Chief Financial Officer of the Company. The amounts have been recorded as general and administrative expense.

e) During the six months ended June 30, 2009, the Company incurred consulting fees of $68,487 (2008 - $62,617) to an officer of the Company. Other general and administrative expenses were reimbursed to the officer in the normal course of business. At June 30, 2009, consulting services and expenditures incurred on behalf of the Company of $14,985 (December 31, 2008 nil) is owed to this officer, and the amounts are unsecured, non-interest bearing, and due on demand.

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9. Related Party Transactions / Balances (continued)

f) During the six months ended June 30, 2009, the Company incurred consulting fees of $27,000 (2008 - $66,000) to a company controlled by an officer of the Company. Other general and administrative expenses were reimbursed to the officer in the normal course of business.

g) During the six months ended June 30, 2009, the Company incurred and paid fees of $84,500 (2008 - $58,000) to five non-executive directors of the Company for their service as directors. Other general and administrative expenses were reimbursed to the directors in the normal course of business.

	Six Months Ended June 30, 2009	June 30, 2008
Expected dividend yield	0%	0%
Risk-free interest rate	1.33%	2.94%
Expected volatility	132%	134%
Expected option life (in years)	3.99	4.13

The total intrinsic value of stock options exercised during the six months ended June 30, 2009 and 2008, was $30,000 and $641,954.

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	1,327,500	0.65		
Forfeited	(150,000)	2.61		
Exercised	(50,000)	0.75		
Outstanding, June 30, 2009	5,967,200	1.84	3.16	3,314,056
Exercisable, June 30, 2009	5,929,450	1.83	3.16	3,314,056

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10. Stock Based Compensation (continued)

A summary of the status of the Company s non-vested shares as of June 30, 2009, and changes during the six months ended June 30, 2009 is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value $
Non-vested at December 31, 2008	158,500	2.86
Granted	1,327,500	0.53
Vested	(1,443,250)	0.72
Forfeited	(5,000)	2.89
Non-vested at June 30, 2009	37,750	2.60

As at June 30, 2009, there was $31,953 of total unrecognized compensation cost related to non-vested stock option agreements. That cost is expected to be recognized over a weighted average period of 0.62 years.

11. Stock Purchase Warrants

As at the June 30, 2009, the following common share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
4,932,498	$3.50	April 15, 2010

12. Commitments

a) Effective January 1, 2008 the Company amended its July 1, 2005 agreement with a company controlled by a director of the Company for consulting services to be provided to the Company at a revised amount of $12,897 (Cdn$15,000) per month plus termination provisions of five times annual compensation.

b) Effective January 1, 2008 the Company amended its March 1, 2005 agreement with a company controlled by the President of the Company for consulting services to be provided to the Company at a revised amount of $15,000 per month plus termination provisions of five times annual compensation.

c) Effective January 1, 2008 the Company amended its May 6, 2005 agreement with the Executive Vice-President of the Company for consulting services to be provided to the Company at a revised amount of $1,000 per day plus termination provisions of five times annual compensation.

d)

Effective January 1, 2008 the Company amended its May 23, 2006 agreement with an entity owned by the Chief Financial Officer of the Company for consulting services to be provided to the Company at a revised rate of $10,318 (Cdn$12,000) per month plus termination provisions of three times annual compensation.

e) On September 18, 2008 the Company signed two mining lease agreements which require ten annual payments of $75,000. The first payment was made on signing. (Refer to Note 6(m)).

f) Effective September 1, 2008 the Company amended its office and administration services agreement with a company controlled by a director, for an amount of $14,617 (Cdn$17,000) per month, extending its term to August 31, 2010.

g) As of December 31, 2008, the Company has 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. The Company and the Arkose Mining Venture have a 100% record of completing reclamation without recourse to security provided.

h) On May 1, 2009 the Company has agreed to pay an estimated cost of $202,987 for the Nichols Ranch Line Extension Project. As at June 30, 2009, $40,597 has been paid and recorded as a prepaid expense.

i) On June 23, 2009 the Company has signed a letter of understanding in which the Company has agreed to pay an estimated customer advance of $674,200 subject to the completion and development of a definitive term sheet. As at June 30, 2009, no amount has been paid.

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13. 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 SFAS 131, *Disclosure about Segments of an Enterprise and Related Information*. The CODM allocates resources and assesses the performance of the Company based on the results of operations.

Prior to the year ended December 31, 2008, the Company only had one operating segment.

		June 30, 2009	
	Total $	Uranerz $	Arkose $
Total Assets	19,909,519	19,509,741	399,778

		For the Three Months Ended June 30, 2009	
	Total $	Uranerz $	Arkose $
Net loss	(1,886,980)	(1,395,345)	(491,635)

		For the Three Months Ended June 30, 2008	
Net loss	(1,451,759)	(799,831)	(651,928
Gain from discontinued operations	753,588	753,588	

		For the Six Months Ended June 30, 2009	
	Total $	Uranerz $	Arkose $

Net loss	(3,874,249)	(3,271,084)	(603,165)

		For the Six Months Ended June 30, 2008	
Net loss	(29,770,962)	(28,880,832)	(890,130)
Gain from discontinued operations	751,688	751,688	

14. Subsequent Events

In accordance with SFAS 165, we have evaluated subsequent events through August 6, 2009, the date of issuance of the unaudited consolidated financial statements. During this period we did not have any material recognizable subsequent events.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operation

Forward-Looking Statements

This quarterly report contains forward-looking-statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern our anticipated results and developments in our 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 or 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 o stating that certain actions, events or results may , could , would , might or will be taken, occur or be achieved) 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;
- risks related to using our in-situ recovery mining process;
- risks related to exploration and, if warranted, development of our properties;
- risks related to some of our officers having other commitments for their time and attention;
- risks related to our ability to make property payment obligations;
- risks related to the competitive nature of the mining industry;
- risk related to the capital markets and our ability to raise capital for project development and working capital requirements, as required; and
- risks related to our securities.

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 sections titled Risk Factors and Uncertainties contained in our annual report on Form 10-K for the year ended December 31, 2008 and filed with the Securities and Exchange Commission on March 12, 2009. 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. 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.

General

Uranerz Energy Corporation is incorporated under the laws of the State of Nevada. Our executive offices are located at 1701 East E Street, PO Box 50850, Casper, Wyoming 82605-0850, USA and our phone number there is 307-265-8900. Our principal business office and 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 also maintain an administrative office located at Suite 1410 - 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6, and our telephone number there is 604-689-1659.

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

We are an exploration stage company engaged in the acquisition, exploration and, if warranted, development of uranium properties. We are principally focused on the exploration 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 in-situ recovery (ISR) uranium mining projects. We also own interests in properties in the Great Divide Basin area of Wyoming, in Texas and in Saskatchewan, Canada.

Our Powder River Basin properties include:

- our 100% owned properties that totaled 34,076 acres as of June 30, 2009,
- our 81% interest Arkose Mining Venture properties that totaled 90,210 acres as of June 30, 2009, and
- additional properties that we have acquired outside the Powder River Basin area.

Our 100% owned properties in the Powder River Basin are comprised of unpatented mining lode claims, state leases and fee (private) mineral leases, summarized below:

Property Composition	**Ownership Interest [1]**	**Number of Claims/ Leases**	**Acreage (Approximate)**
Unpatented Lode Mining Claims	100%	1,264	25,049 acres
State Leases	100%	9	6,480 acres
Fee (private) Mineral Leases	100%	16	2,447 acres
Total		**1,291**	**33,976 acres**

(1) Subject to various royalties.

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

Property	**No. Claims**	**Approximate Acreage**
Doughstick	22	440
Collins Draw	58	1,160
State Lease	NA	640
North Rolling Pin	65	1,300
Hank	63	1,260
Nichols Ranch	35	700
C-Line	40	800
Willow Creek	11	220
West North-Butte	145	2,900
East Nichols	116	2,320
North Nichols	143	2,860
TOTAL	**698**	**13,960**

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

Property Composition	**Ownership Interest** (1)	**Number of Claims/ Leases**	**Acreage (Approximate)**
Unpatented Lode Mining Claims	81%	4,242	69,383 acres
State Leases	81%	3	2,080 acres
Fee (private) Mineral Leases	81%	67	18,747 acres
Total		**4,312**	**90,210 acres**

(1) Subject to various royalties.

Through a combination of claim staking, purchasing, and leasing we have also 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, North Reno Creek, and South Reno Creek projects. 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.

Our plan of operations is to carry out exploration of our Wyoming Powder River Basin properties while our joint venture partner will be responsible for carrying out exploration of our Wyoming Great Divide Basin properties. Our Texas and Saskatchewan properties are under strategic review. The information regarding the location and access for our Saskatchewan and Wyoming properties, together with the history of operations, present condition and geology of each of our properties, is presented in Item 2 of our Annual Report on Form 10-K for the year ended December 31, 2008 under the heading Description of Properties, previously filed with the SEC on March 12, 2009.

During the winter of 2008/09 leach amenability studies were performed on sample cores obtained from the Doughstick and South Doughstick properties. Standard ISR leach bottle roll tests were conducted on the samples by Energy Laboratories in Casper, Wyoming. The leach amenability studies intend to demonstrate that the uranium mineralization is capable of being leached using conventional ISR chemistry. The leach solution was prepared using sodium bicarbonate as the source of the carbonate complexing agent. Hydrogen peroxide was added as the uranium oxidizing agent. The study is an indication of the ore s reaction rate and the potential uranium recovery. The test results showed the uranium recovery percentage for South Doughstick as 87.8%, and the uranium recovery percentage for Doughstick as 77.1% . The 88 and 77 percent results are greater than the 73 percent that Uranerz used in its Preliminary (Economic) Assessment of the Nichols Ranch Uranium ISR Project. Doughstick and South Doughstick properties are located approximately 2 miles south of Nichols Ranch.

Drilling in 2009 began April 21 on the Arkose Mining Venture properties. Through July 3, 2009, a total of 199 uranium trend and delineation holes were drilled utilizing up to three drill rigs and two electric log probing units. Drilling was conducted at South Doughstick, Cedar Canyon, and a new adjacent area, North Jane.

A total of 93 holes were drilled at the South Doughstick property and extended the known 100 Sand uranium-mineralized trend an additional 2,600 feet farther south in the middle of the property. Drilling also began one mile south of the primary South Doughstick trend on an extension where uranium mineralization has been found in the 100 Sand with 43 exploration holes drilled at this location. Preparation of a National Instrument 43-101 technical report on the South Doughstick property is in progress and is expected to be released in the near future.

At Cedar Canyon, 32 exploration holes were drilled but only minor mineralization was found. In an adjacent area between the Uranerz Doughstick property and Cedar Canyon, new uranium mineralization was found in the 100 Sand. This area of the Arkose property, designated the North Jane project, is believed to be an extension of the trend located at the Company s 100%-owned Doughstick property. To date, 31 holes have been drilled at North Jane with good results. A separate National Instrument 43-101 technical report has been started for the Uranerz Doughstick property, but will now wait for the North Jane drilling to be completed, as these two properties are adjacent and believed to be part of the same trend. The combined effort for drilling on the Arkose properties through July 3, 2009 represents approximately 126,117 feet of drilling with an average depth of 634 feet per hole.

In addition to the Arkose exploration program, 51 delineation holes were drilled on Uranerz 100%-owned Nichols Ranch and other near-by properties. The purpose of this drilling was primarily to prepare for the installation of baseline monitor wells for the planned Nichols Ranch ISR uranium mining facility Well Field Unit #1.

The objective of the 2009 Arkose drilling project is to find previously unknown or little known uranium mineralization trends and to delineate known trends, thus providing data for permitting and eventual production operations in favorably identified areas. During the first half of 2009, uranium mineralization found ranged from <0.01% eU_3O_8 to 0.51% eU_3O_8. A cut-off grade of 0.03% eU_3O_8 was established for Arkose projects. Approximately 45.2 % of the 199 holes drilled to date in 2009 met or exceeded the minimum cut-off grade. Some of the delineation drilling was conducted in rows or fences of drill holes, with each end of the fence being drilled until barren sand was found. This drilling technique typically results in two or more barren holes per fence.

The drilling results Uranerz has achieved at the Arkose South Doughstick, North Jane, and South Doughstick Extension properties is encouraging. The full extent of the uranium resources on the South Doughstick project area was virtually unknown prior to the Uranerz drilling program last season. Considering that the proposed Nichols Ranch ISR uranium facility site is only 2 to 3 miles away, additional mineralization should further enhance Uranerz position in this area of the Powder River Basin. Looking to the remainder of our summer drilling activities, after North Jane has been delineated, we plan to move to the Little Butte area where mineralization was found in 2008. Drilling at Little Butte will concentrate on the 90 Sand and a trend nose structure we believe is contained there.

We have applied for mine operating permits 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. We plan to use the low cost mining process of in-situ recovery mining (which we refer to as ISR), a process that uses a leaching solution to extract uranium from underground ore bodies. The leaching agent, which contains an oxidant such as oxygen with sodium bicarbonate (commonly known as baking soda), is added to the native groundwater and injected through wells into the ore body in a sandstone 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.

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 does not produce mill tailing waste associated with more traditional mining methods.

Applications for a Permit to Mine and a Source Material License for the Nichols Ranch ISR Uranium Project were submitted to the Wyoming Department of Environmental Quality Land Quality Division (WDEQ) and the United States Nuclear Regulatory Commission (NRC) in December of 2007. Both the NRC and WDEQ applications were deemed complete for further technical and environmental review in April 2008 and August 2008, respectively. In the fall of 2008, Uranerz received Requests for Additional Information (RAI) for the technical review from the NRC. Uranerz submitted responses to the RAI, consisting of answers with supporting data, to the NRC during March 2009. This return of information and data will allow the NRC to progress with the review, which should ultimately lead to the issuance of the required Source Materials License that allows Uranerz to receive, possess, use, transfer, and deliver radioactive materials. Uranerz also received an RAI from the NRC for the environmental portion of the application review on March 12, 2009. Uranerz submitted responses to the environmental RAI in May 2009. The WDEQ is currently conducting their detailed review of the Permit to Mine application and both the NRC and WDEQ applications are progressing through the regulatory review process. Approval of the permit applications is expected to allow us to proceed with commercial advancement of the two properties leading to production of yellowcake using the ISR method of uranium mining.

The mine plan for the Nichols Ranch ISR Uranium Project includes a central processing facility at our Nichols Ranch property and a satellite ion exchange facility at our Hank property. The ultimate production level from these two properties is planned to be in the range of 600,000 to 800,000 pounds per year (as U_3O_8). The central processing facility is planned for a licensed capacity of 2 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, as well as uranium-loaded resin transported from the Hank satellite facility, plus uranium-loaded resin from any additional satellite deposits that may be developed on our other Powder River Basin properties. This centralized design enhances the economics of our potential additional satellite projects by maximizing production capacity while minimizing further capital expenditures on processing facilities. The project is progressing through detailed engineering and design. On June 6, 2009, we announced and released a technical report on the Nichols Ranch property. See Form 8-K filed with the Securities and Exchange Commission on June 6, 2009.

In anticipation of receiving all the approvals necessary to mine in 2010, we have commenced a marketing program for conditional sales of uranium from our Nichols Ranch ISR Uranium Project. On July 23, 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 for defined pricing.

Financial Position

The Company s overall financial position is disclosed in the Company s Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on March 12, 2009 and the unaudited Financial Statements at June 30, 2009 as provided herein under the section heading Financial Statements above.

Liquidity and Capital Resources

We are carrying out an exploration, environmental and mine design program with a budget of approximately $5,900,000 in 2009. This plan, plus general and administrative expenses of approximately $3,600,000 amounts to cash requirements of approximately $9,500,000 for the year ending December 31, 2009 as reported in Item 2 of our Annual Report on Form 10-K for the year ended December 31, 2008 under the heading Description of Properties , previously filed with the SEC on March 12, 2009. Mineral property acquisitions, dependent upon opportunities that may arise, and equipment acquisitions of approximately $1,500,000 are expected be additional expenditures. During the six months ended June 30, 2009, mineral property expenditures incurred were $1,540,684, including minor acquisitions.

At June 30, 2009, we had cash and short term securities of $18,673,255 and working capital of $18,262,867, as compared to the ending near cash balance of $21,253,277 and working capital of $21,405,022 as at December 31, 2008. Our working capital at June 30, 2009 includes $9,371,630 of short term marketable securities compared to $20,432,035 as at December 31, 2008, which are equivalent to cash for operational purposes.

Net cash used in operating activities was $2,569,201 for the six months ended June 30, 2009, compared to $7,604,033 for the corresponding period in 2008. The decrease in net cash used in operations of $5,034,832 resulted primarily from a decrease in mineral property cash expenditures of $4,772,450 from 2008 when substantial properties were acquired. Net cash from investing activities was $11,028,778 for the six months ended June 30, 2009, compared to $15,980,285 used in the corresponding period in 2008; the variance derived primarily from the investment in short term marketable securities.

Net cash provided by financing activities amounted to $20,806 for the six months ended June 30, 2009, compared to $22,765,841 provided in the corresponding period in 2008 when common shares were issued for proceeds of $24,168,475..

During the twelve-month period following the date of this quarterly report, we anticipate that we will not generate any revenue. We anticipate that any additional funding may be in the form of equity financing from the sale of our common stock and the exercise of share purchase warrants. Our exploration plans will be continually evaluated and modified as exploration and environmental results become available. General and administrative expenses, planning and environmental expenses are incurred throughout the year; most of our exploration expenditures are incurred during the nine-month period of March through November. 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 exploration programs that we undertake will be dependent upon the amount of financing available to us. We believe we have sufficient cash to continue our exploration and planning and to meet on-going operating expenses for the next twelve months, and beyond as we scale our operations to the resources we have available.

To date, our primary source of funds has been equity investments, and this trend is expected to continue together with production related financing when our mine development permitting is complete. Recently, the poor conditions in the U.S. housing market and the subsequent credit restrictions which caused a loss of confidence in the broader U.S. and global credit are working their way through the financial system. These disruptions in the 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. Our access to additional capital may not be available on terms acceptable to us. If, when additional funding is required, we are unable to obtain financing through equity investments on terms suitable to us, we will seek multiple solutions including, but not limited to, credit facilities or debenture issuances, or, if necessary, selling off property interests, either by selling production interests, royalty interests or properties.

On July 10, 2009, we filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission and a preliminary prospectus in Canada under which, when effective, we may issue up to $50 million in common stock, debt securities, warrants, subscription receipts or other such securities.

Our current short term investments have not been affected by the current stock market disruptions as these investments are primarily in low risk bearer deposit notes issued and guaranteed by Canadian Chartered banks. At the end of the investment period of these securities, we plan on reinvesting the securities in similar short term instruments. Management and the board of directors periodically meet to review the status of these investments and determine investment strategies, taking into account current market conditions and the short and long term capital needs of the Company.

Results of Operations

Three-month period ended June 30, 2009 compared to three-month period ended June 30, 2008

Revenue and Operating Expenses

We have not earned any revenues to date and we anticipate that we will not generate any revenues during the twelve-month period following the date of this quarterly report.

We incurred total operating expenses of approximately $2,135,848 for the three-month period ended June 30, 2009, as compared to $2,350,166 for the corresponding period in 2008. The decrease of operating expenses in the amount of $214,318 was primarily attributable to a $166,268 decrease in general and administrative expenses.

We had no significant financing expense for the three-month periods ended June 30, 2009 and 2008. We earned $55,248 of interest income for the three-month period ended June 30, 2009 as compared to $144,819 for the corresponding period in 2008. This income resulted from short term investments.

Net loss for the three-month period ended June 30, 2009 was approximately $1,886,980, as compared to approximately $1,451,759 for the corresponding period in 2008, primarily due to the reduction of interest income and an increase in mineral property expenditures.

Six-month period ended June 30, 2009 compared to six-month period ended June 30, 2008

We incurred total operating expenses of approximately $4,257,423 for the six-month period ended June 30, 2009, as compared to $30,729,745 for the corresponding period in 2008. The decrease of operating expenses in the amount of $26,472,322 was primarily attributable to a $23,862,450 decrease in mineral property expenditures and a $1,749,540 decrease in general and administrative expenses. Our $24,617,796 acquisition of NAMMCO properties is included in the mineral property expenditures for six-month period ended June 30, 2008.

We had no significant financing expense for the six-month periods ended June 30, 2009 and 2008. We earned $113,994 of interest income for the six month period ended June 30, 2009 as compared to $207,115 for the corresponding period in 2008. This income resulted from short term investments. A gain on sale of approximately $753,557 for 60% of former subsidiary, Rolling Hills LLP, was realized during the six month period ended June 30, 2008.

Net loss for the six-month period ended June 30, 2009 was approximately $3,874,249, as compared to approximately $29,770,962 for the corresponding period in 2008, a decrease of $25,896,713. The net loss was abnormally affected by the acquisition of properties in the 2008 period and results of operations can be more expected to reflect historical levels for the remainder of 2009, unless other significant acquisitions are identified and concluded.

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 are material to stockholders except as disclosed in the unaudited Financial Statements at June 30, 2009. The Company has had no material changes to its off-balance sheet arrangements as disclosed in the Company s Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on March 12, 2009 and the unaudited Financial Statements at June 30, 2009 as provided herein under the section heading Financial Statements above.

Critical Accounting Policies

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses in the reporting period. We regularly evaluate our estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation and deferred income tax asset valuation allowances. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe 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 us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and the actual results, our future results of operations will be affected.

We believe the following critical accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements.

Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and development of mineral properties. Mineral property acquisition costs are capitalized in accordance with EITF 04-2 *Whether Mineral Rights Are Tangible or Intangible Assets* when management has determined that probable future benefits consisting of a contribution to future cash inflows have been identified and adequate financial resources are available or are expected to be available as required to meet the terms of property acquisition and budgeted exploration and development expenditures. Mineral property acquisition costs are expensed as incurred if the criteria for capitalization are not met. In the event that a mineral property is acquired through the issuance of the Company s shares, the mineral property will be recorded at the fair value of the respective property or the fair value of common shares, whichever is more readily determinable.

When mineral properties are acquired under option agreements with future acquisition payments to be made at the sole discretion of the Company, those future payments, whether in cash or shares, are recorded only when the Company has made or is obliged to make the payment or issue the shares. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves and pre-feasibility, the costs incurred to develop such property are capitalized.

Stock-based Compensation

The Company records stock-based compensation in accordance with SFAS 123(R), *Share-Based Payments,* 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. SFAS 123(R) 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 consolidated statement of operations over the vesting period.

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

Contractual Obligations

The Company has had no material changes to its contractual obligations as disclosed in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 12, 2009 and the unaudited Financial Statements at June 30, 2009 as provided herein under the section heading Financial Statements above.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our operations are not yet exposed to risks associated with commodity prices, interest rates and credit. 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. Industry-wide risks can, however, affect our general ability to finance exploration, and development of exploitable resources; such effects are not predictable or quantifiable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this report, an evaluation was carried out under the supervision of and with the participation of the Company s management, including its Chief Executive Officer (CEO), Glenn Catchpole, and Chief Financial Officer (CFO), Benjamin Leboe, 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.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During our most recently completed fiscal quarter ended June 30, 2009, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

The term internal control over financial reporting is defined as a process designed by, or under the supervision of, the registrant's principal executive and principal financial officers, or persons performing similar functions, and effected by the registrant's board of directors, management and other personnel, 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 and includes those policies and procedures that:

(a) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the registrant;

(b) 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 registrant are being made only in accordance with authorizations of management and directors of the registrant; and

(c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the registrant's assets that could have a material effect on the financial statements.

PART II- OTHER INFORMATION

Item 1. Legal Proceedings.

We currently are not a party to any material legal proceedings and, to our knowledge, no such proceedings are threatened or contemplated.

Item 1A. Risk Factors

Except for the risk factor as provided below, there have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on March 12, 2009

Recent 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.

In 2007, 2008 and into 2009, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions continued and worsened in 2008 and into 2009, causing 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. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

Although there are indications that the worst disruptions are over, these disruptions in the 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended June 30, 2009, no unregistered securities were sold.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

On June 10, 2009, Uranerz Energy Corporation held its annual general meeting of shareholders at the Hilton Garden Inn, 1150 N. Poplar Street, Casper, Wyoming 82601 at 9:30 a.m. local time. Shareholders representing 36,503,865 shares or 65.8% of the shares authorized to vote (55,452,387) were present in person or by proxy, representing a quorum for the purposes of the annual meeting. The shareholders approved the following:

Proposal #1 Election of Directors	**Voted For**		**Withheld**
The election of the Nominees to the Company s Board to serve until the Company s 2010 Annual Meeting of Shareholders or until successors are duly elected and qualified: Glenn Catchpole Dennis Higgs Gerhard Kirchner George Hartman Peter Bell Paul Saxton Arnold J. Dyck Richard Holmes	36,169,575 36,204,015 36,208,414 36,226,459 35,980,701 35,975,402 35,902,809 36,264,708		334,290 299,850 295,451 277,406 523,164 528,463 601,056 239,157
Proposal #2	**For**	**Against**	**Abstain**
To ratify the Company s Amended Articles of Incorporation to increase the Company s authorized shares of common stock from 100,000,000 to 200,000,000	33,865,280	2,528,761	109,824
Proposal #3	**For**	**Against**	**Abstain**
To ratify the Company s Amended 2005 Nonqualified Stock Option Plan	25,515,967	1,237,977	138,832
Proposal #4	**For**	**Against**	**Abstain**
To ratify the appointment of the Company s Independent Registered Public Accounting Firm for the 2009 fiscal year	36,348,923	78,636	76,306

Proxies were solicited under the proxy statement filed with the Securities and Exchange Commission on April 30, 2009. Each nominee for director was elected, and the Shareholders approved each proposal.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are attached to this Quarterly Report on Form 10-Q:

Exhibit Number	Description
3.1	Articles of Incorporation [(1)]
3.2	Bylaws, as amended [(1)]
3.3	Articles of Amendment filed July 5, 2005 [(2)]
3.4	Articles of Amendment filed August 8, 2008[(3)]
3.5	Articles of Amendment filed July 8, 2009[(4)]
4.1	Share Certificate [(1)]
10.1	2005 Stock Option Plan as amended on June 10, 2009[(5)]
10.2	Amended Hartman Letter Agreement effective January 1, 2008
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act
32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Previously filed as an exhibit to the Registrant s Form SB-2 filed March 15, 2002
(2) Previously filed as an exhibit to the Registrant s Annual Report on Form 10-KSB filed April 14, 2006
(3) Previously filed as an exhibit to the Registrant s Quarterly Report on Form 10-Q filed August 11, 2008
(4) Previously filed as an exhibit to the Registrants Form S-3 filed July 9, 2009
(5) Previously filed as an exhibit to the Registrants Form S-3 filed July 9, 2009

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

URANERZ ENERGY CORPORATION

By: /s/ *Benjamin Leboe*	By: */s/ Glenn Catchpole*
Benjamin Leboe, Chief Financial Officer	Glenn Catchpole, President and Principal Executive Officer, Director
Date: August 10, 2009	Date: August 10, 2009