URANERZ ENERGY CORP.
Form 10QSB/A
October 11, 2006

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

FORM 10-QSB/A
Amendment No. 1

[X] Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended **March 31, 2006**

[ ] Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _____to _____

Commission File Number: **000-50180**

URANERZ ENERGY CORPORATION
(Name of small business issuer as specified in its charter)

NEVADA	**98-0365605**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Suite1410 - 800 West Pender Street, Vancouver, BC, Canada V6C 2V6
(Address of principal executive offices)

604-684-4691
Issuer's telephone number

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. **29,551,532 of Common Stock as of April 25, 2006**

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

EXPLANATORY NOTE

This Amendment No. 1 to Form 10-QSB hereby amends the Company's original Quarterly Report on Form 10-QSB for the three months ended March 31, 2006, originally filed with the Securities and Exchange Commission on May 18, 2006, as follows:

- the Company's interim financial statements for the three months ended March 31, 2006 are amended to:
  - ♦ amend Note 2(e) entitled "Mineral Property Costs" in order to provide additional disclosure of the Company's accounting policy to confirm that in the event payments are received from options for mineral properties in the event there are no capitalized mineral property costs, then the option payments received are recognized directly in earnings for the period;
  - ♦ amend Note 2(j) to provide that the Company accounts for stock-based awards under the recognition and measurement provisions of SFAS 123 "Accounting for Stock Based Compensation" using the fair value method of accounting; and
  - ♦ amend Note 2(j) to provide that the Company applied a weighted average fair value of stock options of $1.67 in its determination of the fair value for options granted during the period from January 6, 2006 to January 27, 2006 using the Black-Scholes option pricing model.
- Item 2 of the Form 10-QSB entitled "Management's Discussion and Analysis of Plan of Operations is amended to:
  - ♦ provide additional disclosure regarding the option with respect to its Saskatchewan Cochrane River property granted to Triex Minerals Corporation in order to confirm that the initial payment of Cdn$25,000 was received by the Company during the fourth quarter of fiscal 2005 and that this amount is recorded in the Company's financial statements on the consolidated statements of operations under the heading "Other Income – Mineral Properties" during the fourth quarter of fiscal 2005;
  - ♦ provide additional disclosure regarding the option with respect to its Mongolian property granted to Bluerock Resources Ltd. in order to confirm that, of the total amount of $35,000 paid, $5,000 was received by the Company in the first quarter of fiscal 2006 and $30,000 was received in the second quarter of fiscal 2006, and that these amounts are recorded in the Company's financial statements on the consolidated statements of operations under the heading "Other Income – Mineral Properties"

PART I

Item 1. Financial Statements

Uranerz Energy Corporation
(An Exploration Stage Company)

March 31, 2006

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

	March 31, 2006 $	December 31, 2005 $
ASSETS	(unaudited)	
Current Assets		
Cash	8,422,952	1,925,021
Accounts receivable	4,320	
Prepaid expenses (Note 6(a) and (b))	27,825	20,686
Advances to related party (Note 6(e))	34,958	23,358
Total Current Assets	8,490,055	1,969,065
Property and Equipment (Note 3)	8,754	9,278
Total Assets	8,498,809	1,978,343
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	32,300	27,699
Accrued liabilities	18,517	22,087
Advances payable (Note 10(d))	61,250	
Due to related parties (Note 6)	83,484	143,700
Total Liabilities	195,551	193,486
Commitments and Contingencies (Notes 1, 4 and 9)		
Subsequent Events (Note 10)		
Stockholders Equity		
Preferred Stock, 10,000,000 shares authorized, $0.001 par value;		
Nil shares issued and outstanding		
Common Stock, 100,000,000 shares authorized, $0.001 par value;		
29,438,750 and 21,995,000 shares issued and outstanding, respectively	29,439	21,995
Additional Paid-in Capital	17,008,866	6,913,393
Subscriptions Receivable (Note 7(a))	(151,750)	
Deficit Accumulated During the Exploration Stage	(8,583,297)	(5,150,531)
Total Stockholders Equity	8,303,258	1,784,857
Total Liabilities and Stockholders Equity	8,498,809	1,978,343

(The accompanying consolidated 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)

	From May 26, 1999 (Date of Inception) to March 31, 2006 $	For the Three Months Ended March 31, 2006 $	For the Three Months Ended March 31, 2005 $
Revenue			
Expenses			
Depreciation	1,731	524	59
Foreign exchange	5,876	2,082	
General and administrative (Notes 2(j) and 6)	7,569,541	2,978,889	7,500
Impairment loss on mineral property costs	652,650	312,455	
Mineral exploration	146,991	43,141	3,000
Total Operating Expenses	8,376,789	3,337,091	10,559
Operating Loss	(8,376,789)	(3,337,091)	(10,559)
Other Income (Expense)			
Mineral property option payments received	26,167	5,000	
Loss on settlement of debt	(232,675)	(100,675)	
Net Loss For the Period	(8,583,297)	(3,432,766)	(10,559)
Net Loss Per Share Basic and Diluted		(0.14)	
Weighted Average Shares Outstanding		24,309,000	5,640,500

(The accompanying consolidated 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)

	For the Three Months Ended March 31, 2006 $	For the Three Months Ended March 31, 2005 $
Cash Flows Used In Operating Activities		
Net loss for the period	(3,432,766)	(10,559)
Adjustment to reconcile net loss to cash used in operating activities:		
Depreciation	524	59
Impairment loss on mineral properties	312,455	
Debt settled with options	89,146	
Loss on settlement of debt	100,675	
Stock-based compensation	2,758,408	
Changes in operating assets and liabilities:		
Prepaid expense	(7,139)	3,413
Accounts receivable	(4,320)	
Accounts payable and accrued liabilities	1,031	
Advances payable	61,250	
Due to related parties	(56,768)	8,679
Net Cash Used in Operating Activities	(177,504)	1,592
Cash Flows Used In Investing Activities		
Acquisition of mineral properties	(312,455)	
Acquisition of subsidiary, net cash paid	(48)	
Purchase of property and equipment		(3,568)
Net Cash Flows Used In Investing Activities	(312,503)	(3,568)
Cash Flows From Financing Activities		
Proceeds from issuance of common stock	7,002,938	
Proceeds from common stock subscriptions		25,000
Advances to related parties	(15,000)	
Net Cash Flows Provided By Financing Activities	6,987,938	25,000
Increase In Cash	6,497,931	23,024
Cash - Beginning of Period	1,925,021	7,470

Cash - End of Period	8,422,952	30,494
Non-cash Investing and Financing Activities		
Options granted to settle debt	89,146	
Supplemental Disclosures		
Interest paid		
Income taxes paid		

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

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
March 31, 2006 and 2005
(Expressed in US dollars)

1. Nature of Operations and Continuance of Business

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

On January 9, 2006, the Company acquired 100% of the issued and outstanding share capital of Rolling Hills Resources LLC, a Mongolian company. See Note 5.

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* . The Company s principal business is the acquisition and exploration of uranium and mineral resources. The Company has not presently determined whether its properties contain mineral reserves that are economically recoverable.

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company s interests in the underlying properties, and the attainment of profitable operations. As at March 31, 2006, the Company has working capital of $8,294,504, and has accumulated losses of $8,583,297 since inception. These factors raise substantial doubt regarding the Company s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

a) Basis of Presentation and Principals of Consolidation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. These financial statements include the accounts of the Company and its wholly-owned subsidiary Rolling Hills Resources LLC, a Mongolian company. All intercompany transactions and balances have been eliminated.The Company s fiscal year-end is December 31.

b) Use of Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Cash and Cash Equivalents

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

d) Property and Equipment

Property and equipment consists of computer hardware, is recorded at cost and is depreciated on a straight line basis over five years.

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
March 31, 2006 and 2005
(Expressed in US dollars)

2. Summary of Significant Accounting Policies (continued)

e) Mineral Property Costs

The Company has been in the exploration stage since its formation on May 26, 1999 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized when incurred using the guidance in EITF 04-02, *Whether Mineral Rights Are Tangible or Intangible Assets* . The Company assesses the carrying costs for impairment under SFAS 144, *Accounting for Impairment or Disposal of Long Lived Assets* at each fiscal quarter end. Payments received from options for mineral properties are applied against mineral property costs , or if there are no capitalized costs to be offset, then option payments received are recognized directly in earnings for the period . When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations. During the three months ended March 31, 2006, mineral property acquisition payments totaling $312,455 were impaired as there are no proven or probable reserves on these properties.

f) Financial Instruments

The fair values of cash, advances to related party, accounts payable, accrued liabilities and due to related parties approximate their carrying values due to the immediate or short-term maturity of these financial instruments. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash in excess of federally insured amounts. To date, the Company has not incurred a loss relating to this concentration of credit risk.

g) Interim Financial Statements

These interim unaudited financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company s financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

h) 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 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.

i) Foreign Currency Translation

The Company's functional currency is the United States dollar and management has adopted SFAS No. 52, Foreign Currency Translation . The functional currency of the Company s wholly owned subsidiary is the Mongolian Togrog. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at rates of exchange in effect at the balance sheet date. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Foreign currency transactions are primarily undertaken in Canadian dollars and Mongolian Togrogs. The Company has not, to the date of these financials statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

j) Stock-based Compensation

Prior to January 1, 2006, the Company accounted for stock-based awards under the recognition and measurement provisions of SFAS 123, "*Accounting for Stock-Based Compensation*" using the fair value method of accounting. Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123R "*Share Based Payments*", using the modified retrospective transition method. The Company had not issued any stock options or share based payments prior to January 1, 2006. Accordingly, there was no effect on the Company's reported loss from operations, cash flows or loss per share as a result of adopting SFAS No 123R.

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
March 31, 2006 and 2005
(Expressed in US dollars)

2. Summary of Significant Accounting Policies (continued)

j) Stock-based Compensation (continued)

2005 Stock Option Plan

The Company adopted a Stock Option Plan dated November 7, 2005 under which the Company is authorized to grant options to acquire up to a total of 10,000,000 shares of common stock.

On January 6, 2006, the Company granted stock options to directors to acquire 1,725,000 common shares at an exercise price of $0.75 per share exercisable to January 6, 2011. The fair value for options granted was estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average fair value of stock options granted was $1.38. During the three month period ended March 31, 2006, the Company recorded stock-based compensation of $2,383,950 as general and administrative expense.

On January 1, 2006, the Company granted stock options to consultants to acquire 270,000 common shares at an exercise price of $0.75 per share exercisable to January 6, 2011. The fair value for options granted was estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average fair value of stock options granted, was $1.38. During the three month period ended March 31, 2006, the Company recorded stock-based compensation of $373,140 as general and administrative expense.

From January 6 to January 27, 2006, the Company granted stock options to a director to acquire 110,800 common shares at exercise prices of $0.51 to $1.40 per share exercisable for 5 years to settle $84,000 of debt. The fair value for options granted was estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average fair value of stock options granted was $1.67 . During the three month period ended March 31, 2006, the Company recorded a loss on settlement of debt of $100,675.

From January 6 to March 9, 2006, the Company granted stock options to a director to acquire 6,880 common shares at exercise prices ranging from $0.01 to $1.42 per share exercisable for 5 years to settle $5,146 of debt. The fair value of 5,880 of the options was determined to be the consideration received as it was more reliably measurable. The fair value for 1,000 of options granted was estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average fair value of stock options granted was $1.32. During the three month period the Company recorded stock-based compensation of $1,318 as general and administrative expense.

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

	Number of Shares	Weighted average exercise price $
Outstanding, December 31, 2005		
Granted	2,112,680	0.75
Exercised		

Outstanding, March 31, 2006	2,112,680	0.75

Additional information regarding options outstanding as at March 31, 2006 is as follows:

Exercise prices		Outstanding and Exercisable Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price	
$ 0.00	$ 0.50	1,000	4.77	$	0.01
$ 0.50	$ 1.00	2,084,700	4.77	$	0.75
$ 1.00	$ 1.50	26,980	4.77	$	1.08
		2,112,680	4.77	$	0.76

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Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
March 31, 2006 and 2005
(Expressed in US dollars)

2. Summary of Significant Accounting Policies (continued)

j) Stock-based Compensation (continued)

The fair value for stock options granted during the period was estimated at the date of grant using the Black- Scholes option-pricing model and the weighted average fair value of stock options granted was $1.40. The weighted average assumptions used are as follows:

	Three Months Ended March 31, 2006 $	March 31, 2005 $
Expected dividend yield	0%	
Risk-free interest rate	4.25%	
Expected volatility	261%	
Expected option life (in years)	2.5	

k) Comprehensive Loss

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at March 31, 2006 and 2005, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

l) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, "*Earnings per Share*". SFAS No. 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

m) Recent Accounting Pronouncements

The Financial Accounting Standards Board has issued SFAS No. 155 *Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140* and No. 156 *Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140*, but they will not have a material effect in the Company s results of operations or financial position.

n) Reclassifications

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

3. Property and Equipment

	Cost $	Accumulated Depreciation $	March 31, 2005 Net Carrying Value $	December 31, 2004 Net Carrying Value $
Computer hardware	10,486	1,732	8,754	9,278

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
March 31, 2006 and 2005
(Expressed in US dollars)

4. Mineral Properties

a) The Company entered into an agreement dated March 14, 2001 to acquire a 100% interest in fourteen mineral claims located in Elko County, Nevada, in consideration of $10,052 and the issuance of 1,500,000 shares of common stock with a fair value of $15,000. This agreement was with a company controlled by a director of the Company. During the year ended December 31, 2005, the Company terminated its interest in these claims.

b) On April 26, 2005, the Company entered into an agreement (the Agreement) to acquire a 100% interest in two mineral claims located in the Athabasca Basin area of Saskatchewan, Canada in consideration of Cdn$40,757 and a 2% net smelter royalty. 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 agreement with a company (the Optionee) on the Company s two mineral claims. 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 (Cdn$25,000 received) 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.

c) In May 2005 the President of the Company acquired, on behalf of the Company, a 100% interest to a mineral license in Mongolia for $105,945. The President of the Company intends to transfer title to the property to the Company s wholly-owned Mongolian subsidiary, which was acquired on January 9, 2006.

d) A consultant to the Company acquired, on behalf of the Company, the right to one exploration license located in Mongolia for a nominal amount. The consultant intends to transfer title to the property to the Company s wholly-owned Mongolian subsidiary, which was acquired on January 9, 2006.

e) An agent of the Company acquired, on behalf of the Company, the rights to six exploration licenses located in Mongolia for $13,300. The amount was advanced to the agent by the President of the Company. The agent transferred title to the property to a Mongolian company, which became the Company s wholly-owned subsidiary which was acquired on January 9, 2006.

f) The Company has 16 mineral leases in the State of Wyoming on 31 parcels of land, for an aggregate cost of $14,600. Some of the applications were made in the name of the President or the Vice-President of the Company and will be transferred to the Company in the next twelve months. The Company has also staked 208 mineral claims.

g) The Company entered into an agreement dated November 18, 2005 to acquire a 100% interest in 10 mining claims located in the Powder River Basin area, Wyoming, in consideration of $250,000 payable in stages to January, 2007. As at March 31, 2005, $120,000 has been paid and $50,000 has been paid subsequent to year end.

h)

The Company entered into an option agreement dated December 9, 2005 to acquire a 100% interest in 44 mining claims within six mineral properties located in the Powder River Basin area, Wyoming. The Company can earn a 100% interest in the properties by incurring $750,000 in exploration costs within a three year period and paying an advance royalty of $250,000 (paid). The Company must pay a royalty fee of between 6% - 8%.

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

4. Mineral Properties (continued)

i) On February 17, 2006, as amended on March 16, 2006, the Company entered into a letter agreement to option its eight Mongolian projects to another company (the Optionee). The Optionee has the right to acquire a 55% interest in the projects in consideration for the following payments:

(i) $5,000 upon execution of the letter agreement (received);
(ii) $30,000 (received) and 150,000 shares (received subsequent to the period) of the Optionee paid on the later of the following: a 30 day due diligence period; or 10 days after the review of a report currently being written; or acceptance for filing by the TSX Venture Exchange (TSX-V). The payment must be made by April 21, 2006 upon TSX-V approval and certain conditions (good title, etc.) are met. If the good title condition is not met, the $5,000 deposit will be paid back to the Optionee;
(iii) $30,000 by October 18, 2006;
(iv) $40,000 by October 18, 2007;
(v) $50,000 by October 18, 2008; and
(vi) $50,000 by October 18, 2009.