URANERZ ENERGY CORP.
Form 10-K/A
May 09, 2013

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

FORM 10-K/A
(Amendment No. 2)

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

For the fiscal year ended **December 31, 2012**

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 of 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)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock: $0.001 par value	**NYSE MKT**

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]

Indicate by checkmark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [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 (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. [ ]

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

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 Act).
Yes [ ] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant s most recently completed second fiscal quarter: $88,432,240

The number of shares of the Registrant s common stock outstanding as of April 26, 2013 was 77,207,574.

Explanatory Note: The Company hereby files this amendment number two to its annual report on Form 10-K for the year ended December 31, 2012, as originally filed with the United States Securities and Exchange Commission (the SEC) on March 28, 2013 (the Original Report), as first amended and restated in amendment number one, as filed with the SEC on April 29, 2013 (the First Amended Report) to correct an unintentional error in the audit report contained in the First Amended Report. The audit report for the Company s audited annual financial statements for the year ended December 31, 2012, contained a cross-reference to the auditor s attestation report on their audit of the Company s internal control over financial reporting which states that such report expressed an unqualified opinion. The cross-reference should have stated that the attestation report expressed an adverse opinion. This amended report contains a corrected audit report in Item 8. Outside of correcting the unintentional error in the auditor s report, no disclosure contained in the Original Report or the First Amended Report is being amended, updated or otherwise revised.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report and the exhibits attached hereto contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company s anticipated results and progress of the Company s operations in future periods, planned exploration and, if warranted, enhancement of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often, but not always, using words or phrases such as expects or does not expect , is expected , anticipates or does not anticipate , plans , estimates or intends certain actions, events or results may , could , would , might or will be taken, occur or be achieved) are not statem historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to our limited operating history;
- risks related to the probability that our properties contain reserves;
- risks related to our past losses and expected losses in the near future;
- risks related to our need for qualified personnel for exploring for, starting and operating a mine;
- risks related to our lack of known reserves;
- risks related to the fluctuation of uranium prices;
- risks related to environmental laws and regulations and environmental risks;
- risks related to using our in-situ recovery mining process;
- risks related to exploration and, if warranted, development of our properties;
- risks related to our ability to acquire necessary mining licenses or permits;
- risks related to our ability to make property payment obligations;
- risks related to the competitive nature of the mining industry;
- risks related to our dependence on key personnel;
- risks related to requirements for new personnel;
- risks related to securities regulations;
- risks related to stock price and volume volatility;
- risks related to dilution;
- risks related to our lack of dividends;
- risks related to our ability to access capital markets;
- risks related to market events;
- risks related to our issuance of additional shares of common stock;
- risks related to acquisition and integration issues;
- risks related to defects in title to our mineral properties;
- risks related to the construction and delay in construction of the Nichols Ranch ISR Uranium Project;
- risks related to our ability to initiate production and achieve targeted production rates at our Nichols Ranch ISR Uranium Project;
- risks related to higher than expected operating costs at our Nichols Ranch ISR Uranium Project; and
- risks related to our ability to complete construction of the Nichols Ranch ISR Uranium Project if the Wyoming Business Council financing is not obtained.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the section headings Item 1. Description of the Business , Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K/A filed with the SEC on April 29, 2013. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Except as required by law, we disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. **We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.**

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Uranerz Energy Corporation
(An Exploration Stage Company)

December 31, 2012 (Restated)

Report of Independent Registered Public Accounting Firm

To the Directors and Stockholders
Uranerz Energy Corporation
(An Exploration Stage Company)

We have audited the accompanying consolidated balance sheets of Uranerz Energy Corporation as of December 31, 2012 and 2011 and the related consolidated statements of comprehensive loss, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2012 and accumulated from May 26, 1999 (Date of Inception) to December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidation financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Uranerz Energy Corporation as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2012 and accumulated from May 26, 1999 (Date of Inception) to December 31, 2012, in conformity with accounting principles generally accepted in the United States.

As described in Note 16 to the consolidated financial statements, the Company has corrected its treatment of certain costs incurred in 2011 and 2012 to expense them rather than capitalize them to construction in progress and property and equipment. This change has been reflected in the December 31, 2012 and 2011 consolidated financial statements, both of which have been restated.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred cumulative losses and does not have sufficient cash to complete its current plan, which raises substantial doubt about the Company s ability to continue as a going concern. Management s plans regarding this matter are also described in Notes 1 and 15 b) & c). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 28, 2013, except for the effect of the restatement described in Note 16 to the consolidated financial statements and the matter described in the third and fourth paragraphs of Management s Report on Internal Control over Financial Reporting (Restated), as to which the date is April 24, 2013, expressed an adverse opinion thereon.

/s/ Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada

April 24, 2013

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

	December 31, 2012 $ (Restated Note 16)	December 31, 2011 $ (Restated Note 16)
ASSETS		
Current Assets		
Cash	7,016,710	34,644,745
Prepaid expenses and deposits (Note 5(a))	824,162	890,848
Other current assets	28,486	29,826
Total Current Assets	7,869,358	35,565,419
Prepaid Expenses and Deposits (Note 5(a))	1,024,136	816,016
Mineral Property Reclamation Surety Deposits (Note 7)	2,068,399	2,043,107
Property and Equipment (Note 3)	591,601	469,934
Total Assets	11,553,494	38,894,476
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	1,269,967	1,507,968
Accrued liabilities (Note 5(b) and 6(f))	866,807	1,226,242
Due to related parties (Note 6(b))	14,534	71,340
Total Current Liabilities	2,151,308	2,805,550
Asset Retirement Obligations (Note 7)	1,071,843	339,564
Total Liabilities	3,223,151	3,145,114
Commitments and Contingencies (Notes 5 and 12)		
Subsequent Events (Note 15)		
Stockholders Equity		
Preferred Stock, 10,000,000 shares authorized, $0.001 par value;		
No shares issued and outstanding		
Common Stock, 750,000,000 shares authorized, $0.001 par value;		
77,207,574 (2011 - 77,086,774) shares issued and outstanding	77,208	77,087
Additional Paid-in Capital	145,421,983	143,876,826
Deficit Accumulated During the Exploration Stage	(137,291,216)	(108,316,767)
Total Stockholders Equity	8,207,975	35,637,146
Non-controlling Interest	122,368	112,216
Total Equity	8,330,343	35,749,362
Total Liabilities and Stockholders Equity	11,553,494	38,894,476

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

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

	Accumulated From May 26, 1999 (Date of Inception) to December 31, 2012 $ (Restated Note 16)	Years Ended December 31, 2012 $ (Restated Note 16)	2011 $ (Restated Note 16)	2010 $
Revenue				
Expenses				
Depreciation	1,035,035	241,610	215,740	200,266
Accretion expense (Note 7)	52,417	49,899	2,518	
Foreign exchange	105,107	22,612	49,610	5,464
General and administrative (Note 9)	56,766,466	6,274,247	12,995,662	8,424,053
Mineral property expenditures	85,677,992	22,801,376	12,259,691	6,661,909
Total Operating Expenses	143,637,017	29,389,744	25,523,221	15,291,692
Operating Loss	(143,637,017)	(29,389,744)	(25,523,221)	(15,291,692)
Other Income (Expense)				
Gain on sale of investment securities	79,129			
Interest income	2,061,331	42,407	79,165	52,290
Loss on settlement of debt	(132,000)			
	152,477			

Mineral property option payments received				
Total Other Income	2,160,937	42,407	79,165	52,290
Loss from continuing operations	(141,476,080)	(29,347,337)	(25,444,056)	(15,239,402)
Discontinued operations				
Loss from discontinued operations	(28,732)			
Gain on disposal of discontinued operations	979,709			
Gain on Discontinued Operations	950,977			
Net Loss and Comprehensive Loss	(140,525,103)	(29,347,337)	(25,444,056)	(15,239,402)
Net Loss and Comprehensive Loss attributable to non-controlling interest	3,233,887	372,888	570,423	639,419
Net Loss and Comprehensive Loss Attributable to Company Stockholders	(137,291,216)	(28,974,449)	(24,873,633)	(14,599,983)
Amounts attributable to Company stockholders				
Loss from continuing operations	(138,242,193)	(28,974,449)	(24,873,633)	(14,599,983)
Gain on discontinued	950,977			

operations				
Net Loss Attributable to the Company	(137,291,216)	(28,974,449)	(24,873,633)	(14,599,983)
Net Loss Per Share Basic and Diluted		(0.38)	(0.33)	(0.23)
Weighted Average Number of Shares Outstanding		77,166,000	75,981,000	64,433,000

(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)

	Accumulated From May 26, 1999 (Date of Inception) to December 31, 2012 $ (Restated Note 16)	Years Ended December 31, 2012 $ (Restated Note 16)	2011 $ (Restated Note 16)	2010 $
Operating Activities				
Net loss and comprehensive loss	(140,525,103)	(29,347,337)	(25,444,056)	(15,239,402)
Adjustments to reconcile net loss to cash used in operating activities:				
Depreciation	1,035,035	241,610	215,740	200,266
Accretion expense	52,417	49,899	2,518	
Increase in asset retirement obligation	1,019,426	682,380	337,046	
Equity loss on investment	74,617			
Gain on disposition of discontinued operations	(979,709)			
Gain on sale of investment securities	(79,129)			
Loss on settlement of debt	132,000			

Non-cash mineral property option payment	(37,500)			
Shares issued to acquire mineral properties	19,105,000			
Warrants issued for mineral property costs	1,258,000			1,258,000
Stock-based compensation	28,218,039	1,448,394	6,404,307	3,746,165
Changes in operating assets and liabilities:				
Prepaid expenses and deposits	(1,842,061)	(141,434)	(65,012)	(908,009)
Other current assets	(28,461)	1,340	2,185	(8,302)
Accounts payable and accrued liabilities	2,267,441	(546,315)	1,972,789	60,471
Due to related parties	485,293	(56,806)	22,154	(5,734)
Net Cash Used in Operating Activities	(89,844,695)	(27,668,269)	(16,552,329)	(10,896,545)
Investing Activities				
Reclamation surety deposits	(2,068,399)	(25,292)	(23,386)	(1,700,938)
Acquisition of subsidiary, net cash paid	(48)			
	20,548,664			8,766,943

Proceeds from sale of marketable securities				
Investment in property and equipment	(1,528,220)	(414,398)	(131,424)	(162,415)
Purchase of investment securities	(20,432,035)			
Disposition of subsidiary	905,092			
Net Cash Used in Investing Activities	(2,574,946)	(439,690)	(154,810)	6,903,590
Financing Activities				
Repayment of loan payable	(98,414)			(18,079)
Advances from related party	10,700			
Contributions from non-controlling interest	3,356,256	383,040	574,686	692,852
Proceeds from issuance of common stock	100,674,947	96,884	14,364,471	20,506,915
Share issuance costs	(4,507,138)		(24,643)	(1,177,395)
Net Cash Provided by Financing Activities	99,436,351	479,924	14,914,514	20,004,293
Increase (Decrease) In Cash	7,016,710	(27,628,035)	(1,792,625)	16,011,338
Cash - Beginning of		34,644,745	36,437,370	20,426,032

Period				
Cash - End of Period	7,016,710	7,016,710	34,644,745	36,437,370
Non-cash Investing and Financing Activities				
Sale of 60% of subsidiary for interest in mineral property	774,216			
Investment securities received as a mineral property option payment	37,500			
Purchase of equipment with loan payable	98,414			
Stock options issued for mineral property expenditures	170,598	113,423	57,175	
Common stock issued to settle debt	744,080			
Warrants issued for mineral property costs	1,258,000			1,258,000
Common stock issued for mineral property costs	19,105,000			
Supplemental Disclosures				
Interest paid	12,608		424	404
Income taxes paid				

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

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Uranerz Energy Corporation
(An Exploration Stage Company)
Consolidated Statement of Stockholders Equity
For the Period from May 26, 1999 (Date of Inception) to December 31, 2012
(Expressed in US dollars)

	Common Stock Shares #	Amount $	Additional Paid-in Capital $	Accumulated Other Comprehensive Income $	Deficit Accumulated During the Development Stage $	Non-Controlling Interest $	Total $
Balance, May 26, 1999 (Date of inception)							
Net loss for the period					(2,465)		(2,465)
Balance, December 31, 1999					(2,465)		(2,465)
Net loss for the year							
Balance, December 31, 2000					(2,465)		(2,465)
Shares issued for cash at $0.001 per share	1,500,000	1,500					1,500
Shares issued for cash at $0.01 per share	2,500,000	2,500	22,500				25,000
Shares issued to acquire mineral property interest at $0.01 per share	1,500,000	1,500	13,500				15,000
Shares issued for cash at $0.35 per share	90,500	91	31,584				31,675
Net loss for the year					(47,158)		(47,158)
Balance, December 31,	5,590,500	5,591	67,584		(49,623)		23,552

2001					
Shares issued for cash at $0.35 per share	50,000	50	17,450		17,500
Net loss for the year				(51,671)	(51,671)
Balance, December 31, 2002	5,640,500	5,641	85,034	(101,294)	(10,619)
Net loss for the year				(26,916)	(26,916)
Balance, December 31, 2003	5,640,500	5,641	85,034	(128,210)	(37,535)
Net loss for the year			-	(20,096)	(20,096)
Balance, December 31, 2004	5,640,500	5,641	85,034	(148,306)	(57,631)
Shares issued for cash at $0.10 per share	6,959,500	6,959	688,991		695,950
Shares issued for cash at $0.40 per unit	5,420,000	5,420	2,162,580		2,168,000
Share issuance costs			(43,987)		(43,987)
Shares issued to settle debt	200,000	200	211,800		212,000
Shares issued for compensation to related parties at a fair value of $1.01 per share	3,775,000	3,775	3,808,975		3,812,750
Net loss for the year				(5,002,225)	(5,002,225)
Balance, December 31, 2005	21,995,000	21,995	6,913,393	(5,150,531)	1,784,857

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

Uranerz Energy Corporation
(An Exploration Stage Company)
Consolidated Statements of Stockholders Equity
For the Period from May 26, 1999 (Date of Inception) to December 31, 2012
(Expressed in US dollars)

	Common Stock Shares #	Common Stock Amount $	Additional Paid-in Capital $	Accumulated Other Comprehensive Income $	Deficit Accumulated During the Development Stage $	Non-Controlling Interest $	Total $
Balance, December 31, 2005	21,995,000	21,995	6,913,393		(5,150,531)		1,784,857
Shares issued for cash at $1.00 per share	7,245,000	7,245	7,237,755				7,245,000
Shares issued for cash at $1.75 per share	2,142,200	2,142	3,746,708				3,748,850
Share issuance costs			(516,964)				(516,964)
Shares issued for finders fees	238,498	238	277,460				277,698
Shares issued upon the exercise of warrants	2,700,000	2,700	1,774,550				1,777,250
Shares issued for services at $0.91 per share	100,000	100	90,900				91,000
Shares and options issued to settle debt	139,640	140	129,690				129,830
Fair value of stock options granted			4,124,025				4,124,025
				542			542

Foreign currency translation adjustments						
Net loss for the year					(6,548,901)	(6,548,901)
Balance, December 31, 2006	34,560,338	34,560	23,777,517	542	(11,699,432)	12,113,187
Shares issued upon the exercise of warrants	4,481,749	4,482	8,312,196			8,316,678
Shares issued upon the exercise of options	182,000	182	287,918			288,100
Fair value of stock options granted			4,997,753			4,997,753
Foreign currency translation adjustments				(61)		(61)
Net loss for the year					(14,197,366)	(14,197,366)
Balance, December 31, 2007	39,224,087	39,224	37,375,384	481	(25,896,798)	11,518,291
Shares issued to acquire mineral properties	5,750,000	5,750	19,084,250			19,090,000
Shares issued upon the exercise of warrants	96,100	96	240,154			240,250
Shares issued upon the exercise of options	356,300	356	304,669			305,025
Shares issued pursuant to private placement	9,865,000	9,865	23,666,135			23,676,000
Shares issued to settle debt	160,900	161	402,089			402,250

Share issuance costs			(1,387,219)				(1,387,219)
Fair value of stock options granted			2,681,417				2,681,417
Foreign currency translation adjustments				(481)			(481)
Net loss for the year					(34,247,199)	(949,185)	(35,196,384)
Contribution from non-controlling interest						1,018,770	1,018,770
Balance, December 31, 2008	55,452,387	55,452	82,366,879		(60,143,997)	69,585	22,347,919
Shares issued upon the exercise of options	242,500	243	165,882				166,125
Shares issued pursuant to public offering	8,500,000	8,500	16,991,500				17,000,000
Share issuance costs			(1,634,628)				(1,634,628)
Fair value of stock options granted			922,265				922,265
Net loss for the year					(8,699,154)	(701,972)	(9,401,126)
Contribution from non-controlling interest						686,908	686,908
Balance, December 31, 2009	64,194,887	64,195	98,811,898		(68,843,151)	54,521	30,087,463

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

Uranerz Energy Corporation
(An Exploration Stage Company)
Consolidated Statement of Stockholders Equity
For the Period from May 26, 1999 (Date of Inception) to December 31, 2012
(Expressed in US dollars)

	Common Stock Shares #	Common Stock Amount $	Additional Paid-in Capital $	Deficit Accumulated During the Development Stage $	Non-Controlling Interest $	Total $
Balance, December 31, 2009	64,194,887	64,195	98,811,898	(68,843,151)	54,521	30,087,463
Fair value of stock options granted			3,746,165			3,746,165
Fair value of warrants issued for mineral property costs			1,258,000			1,258,000
Shares issued upon the exercise of options	454,100	454	431,461			431,915
Shares issued upon the exercise of warrants	25,000	25	74,975			75,000
Shares issued pursuant to public offering	6,147,446	6,147	19,993,853			20,000,000
Share issuance costs			(1,177,395)			(1,177,395)
Net loss for the year				(14,599,983)	(639,419)	(15,239,402)
Contribution from non-controlling interest					692,852	692,852
Balance, December 31, 2010	70,821,433	70,821	123,138,957	(83,443,134)	107,954	39,874,598
Fair value of stock options granted			6,404,307			6,404,307
Shares issued upon the exercise of options	2,223,920	2,224	2,237,984			2,240,208
Shares issued upon the exercise of warrants	4,041,421	4,042	12,120,221			12,124,263
Share issuance costs			(24,643)			(24,643)
Contribution from non-controlling interest					574,685	574,685
				(24,873,633)	(570,423)	(25,444,056)

Net loss for the year (Restated - Note 16)						
Balance, December 31, 2011 (Restated - Note 16)	77,086,774	77,087	143,876,826	(108,316,767)	112,216	35,749,362
Fair value of stock options granted			1,448,394			1,448,394
Common stock issued upon the exercise of options	120,800	121	96,763			96,884
Contribution from non-controlling interest					383,040	383,040
Net loss and comprehensive loss for the year (Restated - Note 16)				(28,974,449)	(372,888)	(29,347,337)
Balance, December 31, 2012 (Restated - Note 16)	77,207,574	77,208	145,421,983	(137,291,216)	122,368	8,330,343

(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
December 31, 2012
(Expressed in US dollars)

1. Nature of Operations

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

The Company is an Exploration Stage Company, as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 915, *Development Stage Entities*. The Company s principal business is the acquisition and exploitation of uranium and mineral resources.

As at December 31, 2012, the Company has an accumulated deficit, no debt and cash on hand of $7,016,710. The Company s operating expenditure plan for the following 12 months will require cash of $7,000,000 and the Company s Nichols Ranch ISR Uranium Project will require cash of $18,000,000. To meet the cash requirement to carry out its complete plan, the Company will be required to raise financing through borrowing, issuing additional shares, or a combination of borrowing and issuing additional shares Accordingly, there are material uncertainties that cast substantial doubt about the Company s ability continue as a going concern. Management has plans in place to address the Company s cash requirements, as outlined in Notes 15(b) and (c). The completion of any plan is dependent on various factors, some of which are beyond management s control, and there can be no assurance that they will be successful.

2. Summary of Significant Accounting Policies

a) Basis of Presentation and Principles of Consolidation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and the accounts of an unincorporated venture, Arkose Mining Venture (Arkose) in which the Company holds an 81% interest and maintains majority voting control. The Company s fiscal year-end is December 31.

b) Use of Estimates

The preparation of these consolidated statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to useful life and recoverability of long-lived assets, stock-based compensation, asset retirement obligations, deferred income tax asset valuations, fair values of financial instruments and loss contingencies. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

c) Cash and Cash Equivalents

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

d) Property and Equipment

Property and equipment consists of computers, office equipment and field equipment. These assets are recorded at cost and are depreciated on a straight-line basis over their estimated lives.

e) Financial Instruments/Concentrations

Financial instruments consist principally of cash and cash equivalents and accounts payable. Pursuant to ASC 820, *Fair Value Measurements and Disclosures* and ASC 825, *Financial Instruments* the fair value of cash equivalents and marketable securities is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective relatively short maturity dates or durations.

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2. Summary of Significant Accounting Policies (continued)

f) Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and exploitation of mineral properties with the objective of extracting minerals from these properties.

Mineral property exploration costs are expensed as incurred. Costs for acquired mineral property databases are capitalized and then impaired if the criteria for capitalization are not met. Capitalization of mine development costs that meet the definition of an asset commence once all operating mineralization is classified as proven and probable reserves, and a bankable feasibility study has been completed.

Mineral property acquisition costs are capitalized initially and then expensed if the criteria for capitalization are not met and unless the Company determines a property can be economically developed as a result of establishing proven and probable reserves, a bankable feasibility study and reasonably securing all operating permits. In the event that a mineral property is acquired through the issuance of the Company s shares, the mineral property is recorded at the fair value of the respective property or the fair value of common shares and other instruments issued, whichever is more readily determinable.

When mineral properties are acquired under option agreements with future acquisition payments to be made at the sole discretion of the Company, those future payments, whether in cash, shares, or other instruments are recorded only when the Company has made or is obliged to make the payment or issue the shares or instruments.

Certain costs incurred constructing a mineral processing facility are expensed as incurred. These costs include the site preparation, processing plant and equipment for in situ uranium mining.

During the year ended December 31, 2012, mineral property expenditures totalling $22,801,376 (2011 - $12,259,691, 2010 - $6,661,909) were expensed, including $21,280,188 (2011 $9,754,067, 2010 - $Nil) of wellfield and construction costs related to our Nichols Ranch ISR Uranium Project.

h) Contingent Liabilities - Off Balance Sheet Arrangements

The Company has obtained financial surety relating to certain of its future restoration and reclamation obligations as required by regulatory agencies. The Company has bank Letters of Credit and performance bonds issued for the benefit of the Company to satisfy these regulatory requirements.

i) Asset Retirement Obligations

United States regulatory authorities require the Company to restore and reclaim its mine area after mining is completed. Pursuant to ASC 410, *Asset Retirement and Environmental Obligations*, the fair value of asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Upon initial recognition of a liability, the fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. Future reclamation and remediation costs are accrued based on management's best estimate at the end of each period of the costs expected to be incurred to remediate each project.

Estimations and assumptions used in applying the expected present value technique to determine fair values are reviewed periodically. At December 31, 2012, the Company had accrued $1,071,843 (2011 - $339,564) for restoration and reclamation obligations.

Estimated site restoration costs for exploration activities are accrued when incurred. Costs for environmental remediation are estimated each period by management based on current regulations, actual expenses incurred, available technology and industry standards. Any change in these estimates is included in exploration expense during the period and the actual restoration expenditure incurred are charged to the accumulated asset retirement obligation provision as the restoration work is completed. At December 31, 2012, the Company has recorded $39,000 (2011 $50,160) for well reclamation obligations in accrued liabilities for which work is required as part of its ongoing exploration expenses.

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2. Summary of Significant Accounting Policies (continued)

j) Foreign Currency Translation

The functional and reporting currency of the Company is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated to United States dollars in accordance with ASC 740, Foreign Currency Translation Matters, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of net income or loss. Foreign currency transactions are primarily undertaken in Canadian dollars. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

k) Comprehensive Loss

ASC 220, *Comprehensive Income* establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. During the years ended December 31, 2012, 2011 and 2010, the Company had no items that represent other comprehensive loss.

l) Long-lived Assets

In accordance with ASC 360*, Property Plant and Equipment* the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; decreases in current period cash flows or operating losses, combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and a current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and eventual disposal of the asset, as well as specific appraisals in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

m) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation Stock Based Compensation*, which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.

ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model as its method of determining fair value. This model is affected by the Company s stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company s expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

Options granted to consultants are valued based at the fair value of the service received by the Company unless the amount is not readily determinable, in which case they are valued using the Black Scholes model.

n) Basic and Diluted Net Loss Per Share

The Company computes net loss per share in accordance with ASC 260, *Earnings per Share*. ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. Shares underlying these securities totaled approximately 11,225,880 as of December 31, 2012 (2011 9,751,180; 2010 - 12,960,600).

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2. Summary of Significant Accounting Policies (continued)

o) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted ASC 740, *Income Taxes* as of its inception. Pursuant to ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward and mineral property acquisition, exploration and development costs. The potential benefits of net operating losses have not been recognized in these consolidated financial statements because the Company cannot be assured that it is more likely than not to utilize the net operating losses carried forward in future years.

p) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its consolidated financial statements.

Fair Value Accounting

In May 2011, ASC guidance was issued related to disclosures around fair value accounting. The updated guidance clarifies different components of fair value accounting including the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified in a reporting entity s shareholders equity and disclosing quantitative information about the unobservable inputs used in fair value measurements that are categorized in Level 3 of the fair value hierarchy. The Company s January 1, 2012 adoption of the updated guidance had no impact on the Company s consolidated financial position, results of operations or cash flows.

Comprehensive Loss/income

In June 2011, the ASC guidance was issued related to comprehensive income/loss. Under the updated guidance, an entity will have the option to present the total of comprehensive income/ loss either in a single continuous statement of comprehensive income/loss or in two separate but consecutive statements. In addition, the update required certain disclosure requirements when reporting other comprehensive income/ loss. The update does not change the items reported in other comprehensive income/ loss or when an item of other comprehensive income/ loss must be reclassified to income. The Company adopted the new guidance and presents the total comprehensive loss in a single continuous statement of comprehensive loss effective for its fiscal year beginning January 1, 2012.

q) Recently Issued Accounting Pronouncements

Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February, 2013, ASC guidance was issued related to items reclassified from Accumulated Other Comprehensive Income. The new standard requires either in a single note or parenthetically on the face of the financial statements: (i) the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and (ii) the income statement line items affected by the reclassification. The update is effective for the Company s fiscal year beginning January 1, 2013, with early adoption permitted. The Company does not expect the guidance to have a significant impact on the consolidated financial position, results of operations or cash flows.

Disclosures about Offsetting Assets and Liabilities

In November 2011, ASC guidance was issued related to disclosures about offsetting assets and liabilities. The new standard requires disclosures to allow investors to better compare financial statements prepared under U.S GAAP with financial statements prepared under IFRS. The update is effected for the Company s fiscal year beginning January 1, 2013, and interim periods within those annual periods. Retrospective application is required.

In January 2013, ASC guidance was issued to clarify that the disclosure requirements are limited to derivatives, repurchase agreements, and securities lending transactions to the extent that they are (i) offset in the financial statements or (ii) subject to an enforceable master netting arrangement or similar agreement. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

r) Reclassifications

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

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3. Property and Equipment

	Cost $	Accumulated Depreciation $	December 31, 2012 Net Carrying Value $ (Restated - Note 16)	December 31, 2011 Net Carrying Value $ (Restated - Note 16)
Computers and office equipment	311,068	213,069	97,999	85,258
Field equipment	1,315,567	821,965	493,602	384,676
	1,626,635	1,035,034	591,601	469,934

4. Mineral Properties

a) On November 18, 2005, the Company entered into an agreement to acquire a 100% interest in 10 mining claims located in the Powder River Basin area, Wyoming, in consideration of advanced royalty payment of $250,000. The amounts were paid in installments and completed by January 2007. These mining claims are mainly located on Nichols Ranch ISR Uranium Project and subject to varying royalty interest indexed to the sales price of uranium.

b) On December 9, 2005, the Company entered into an option agreement to acquire a 100% interest in 44 mining claims within six mineral properties located in the Powder River Basin area, Wyoming. As at December 31, 2007 all requirements of this option agreement were satisfied and a deed for the 44 claims was received. A royalty fee of between 6% - 8% is payable for uranium extracted, based on the uranium spot price at the time of extraction and delivery.

c) On February 1, 2007, the Company acquired three mineral properties consisting of 138 unpatented lode mining claims located in Campbell County, Wyoming for a total purchase price of $3,120,000.

d) On January 15, 2008, the Company acquired an undivided eighty-one percent (81%) interest in approximately 82,000 acres (33,100 hectares) of mineral properties located in the central Powder River Basin of Wyoming, and entered into a venture agreement (the Arkose Mining Venture) with the vendor pursuant to which the Company will explore the properties.

e) 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.

f) 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.

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

h) 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.

i) On July 7, 2009, the Company, on behalf of the Arkose Mining Venture, leased 320 acres of mineral properties within the Arkose area of interest in Wyoming.

j) On January 26, 2010, the Company acquired Geological Data on the North Reno Creek uranium prospect located in Campbell County, Wyoming for a total purchase price of $600,000.

k) On August 13, 2010, the Company acquired Geological Data on the Powder River Basin, Wyoming by issuing warrants with a fair value of $1,258,000 to purchase 2,000,000 common shares of the Company at an exercise price of $3.00 per share.

l) On July 19, 2011, the Company received its Materials License from the Nuclear Regulatory Commission which allowed it to proceed with construction of its Nichols Ranch ISR Uranium Project in Wyoming.

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5. Balance Sheet Details

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

	December 31, 2012 $	December 31, 2011 $
Insurance	29,061	148,910
Lease costs	396,043	324,800
Reclamation bonding	188,058	209,183
Surface use and damage costs	205,400	205,514
Other	5,600	2,441
Current prepaid expenses and deposits	824,162	890,848
Deposits	29,771	29,417
Power supply advance	674,200	674,200
Surface use and damage costs	320,165	
Power supply deposit		112,399
Non-current prepaid expenses and deposits	1,024,136	816,016

b) The components of accrued liabilities are as follows:

	December 31, 2012 $	December 31, 2011 $
Construction expenses	223,053	309,624
Mineral exploration expenses	88,064	148,808
Reclamation costs (note 2(i))	39,000	50,160
Registration fees		74,050
Employee expense	116,690	72,200
Executive compensation (note 6 (f))	400,000	500,000
Professional fees		71,400
Total accrued liabilities	866,807	1,226,242

6. Related Party Transactions / Balances

a) During the year ended December 31, 2012, the Company incurred $nil (2011 - $nil, 2010 - $131,355) for contracted office and administrative services (included in general and administrative expenses) to a company controlled by a Director.

b) During the year ended December 31, 2012, the Company incurred $996,520 (2011 - $1,023,410, 2010 - $919,186) for consulting services (included in general and administrative expenses) provided by Officers. Other general and administrative expenses were reimbursed in the normal course of business. At

December 31, 2012, consulting services and expenditures incurred on behalf of the Company of $14,534 (2011 - $71,340, 2010 - $46,493) are owed to these Officers, and these amounts are unsecured, non-interest bearing, and due on demand.

c) During the year ended December 31, 2012, the Company paid Directors fees of $174,000 (2011 - $161,240, 2010 - $159,000) for non-executive Directors. The amounts have been recorded as general and administrative expenses.

d) During the year ended December 31, 2012, the Company incurred $20,000 (2011 - $373,000, 2010 - $15,900) for bonuses (included in general and administrative expenses) to Officers.

e) During the year ended December 31, 2012, the Company paid $Nil (2011- $321,993, 2010 Nil) to Officers for other compensation which is included in general and administrative expenses.

f) During the year ended December 31, 2012, the Company recognized a $400,000 (2011 - $500,000) provision for bonuses to Directors and Officers, all of which is included in accrued liabilities at December 31, 2012.

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7. Asset Retirement Obligations

The following summary sets forth the annual changes to the Company s asset retirement obligation relating to the Company s Nichols Ranch ISR Uranium Project in Wyoming:

Balance at December 31, 2010	$	
Liabilities incurred		304,046
Reclassified from current liabilities		33,000
Accretion expense		2,518
Balance at December 31, 2011	$	339,564
Liabilities incurred		682,380
Accretion expense		49,899
Balance at December 31, 2012	$	1,071,843

The current portion of reclamation and remediation liabilities of $39,000 and $50,160 at December 31, 2012 and December 31, 2011, respectively, are included in accrued liabilities (see Note 5(b)).

In 2008 the Company provided a bond in the amount of $622,500 to the State of Wyoming, Department of Environmental Quality or the Secretary of the Interior, United States Government. The bond is in lieu of depositing cash to guarantee reclamation of exploration drill holes in the Arkose Mining Venture and surety was provided by an insurance company. The bond applies to 250 drill holes on a revolving basis. To date, the Company, including the Arkose Mining Venture, has a 100% record of completing reclamation without recourse to security provided.

In December 2010, the Company provided a $1,700,000 cash security to support a bond in the amount of $6,800,000 to the State of Wyoming, Department of Environmental Quality or the Secretary of the Interior, United States Government. The bond is in lieu of depositing cash to guarantee mine reclamation and surety was provided by an insurance company. The bond applies to the first year s operation of the Company s Nichols Ranch ISR Uranium Project. This amount together with other surety deposits of $368,399 have been classified as mineral property reclamation surety deposits.

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8. Common Stock

Share transactions for the year ended December 31, 2012:
During the year ended December 31, 2012, the Company issued 120,800 shares of common stock, pursuant to the exercise of stock options, for proceeds of $96,884.

Month	Shares Issued	Proceeds $
January	10,000	7,500
February	52,300	40,559
March	10,000	13,300
April	-	-
May	4,000	2,600
June	-	-
July	-	-
August	40,000	30,000
September	-	-
October	4,500	2,925
November	-	-
December	-	-
Total	120,800	96,884

Share transactions for the year ended December 31, 2011:

a) In February 2011, the Company issued 4,041,421 shares of common stock, pursuant to the exercise of common share purchase warrants, for gross proceeds of $12,124,263.

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

c) During the year ended December 31, 2011, the Company issued 2,223,920 shares of common stock, pursuant to the exercise of stock options, for proceeds of $2,240,208.

Month	Shares Issued	Proceeds $
January	565,720	527,358
February	270,500	349,975
March	625,000	451,450
April	80,000	56,000
May	249,500	364,175
June	85,000	65,650
July	170,000	284,800
August	44,500	32,925
September	40,000	30,000

October	33,700	25,275
November		
December	60,000	52,600
Total	2,223,920	2,240,208

Share transactions for the year ended December 31, 2010:

a) During October, November and December 2010, the Company issued 454,100 shares of common stock, pursuant to the exercise of stock options, for proceeds of $431,915.

b) In December 2010, the Company issued 25,000 shares of common stock, pursuant to the exercise of common share purchase warrants, for proceeds of $75,000.

c) In December 2010, the Company issued 6,147,446 shares of common stock, pursuant to a public financing for gross proceeds of $20,000,000. The Company incurred share issuance costs of $1,177,395 relating to the offering.

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9. Stock-based Compensation

The Company adopted a Stock Option Plan dated November 7, 2005 under which the Company is authorized to grant stock options to acquire up to a total of 10,000,000 shares of common stock. No options shall be issued under the Stock Option Plan at a price per share less than the defined Market Price. On June 11, 2008, the Company modified the Stock Option Plan to define Market Price as the volume weighted average trading price of the Company s common shares on the Toronto Stock Exchange or American Stock Exchange, now the NYSE Amex, whichever has the greater trading volume for the five trading days before the date of grant. On June 15, 2011, the Company amended the 2005 Non-Qualified Stock Option Plan to increase the number of shares authorized for issuance under the plan from 10,000,000 to 30,000,000 and extend the plan termination date for an additional 10 years.

On March 3, 2010, the Company modified the terms of 5,286,700 outstanding options. The weighted average grant date fair value of the modified stock options was $0.49 and the Company recognized an additional $2,535,808 stock-based compensation expense which is included in general and administrative expense related to the modification of these options.

During the year ended December 31, 2010, the Company granted 1,240,000 stock options to directors, officers, employees and consultants to acquire 702,500 common shares at an exercise price of $1.33 per share for 5 - 10 years, 185,000 common shares at an exercise price of $1.35 per share for 1.5 years, 100,000 common shares at an exercise price of $1.40 per share for 10 years, 200,000 common shares at an exercise price of $1.64 per share for 1.5 years, 2,500 common shares at an exercise price of $1.20 per share for 1.5 years, and 50,000 common shares at an exercise price of $3.19 per share for two years. During the year ended December 31, 2010, the Company recorded stock-based compensation for the vested options of $1,210,357 as general and administrative expense related to these options.

During the year ended December 31, 2011, the Company granted 2,624,500 stock options with immediate vesting to directors, officers, employees and consultants to acquire 1,045,000 common shares at an exercise price of $3.98 per share expiring in 5 10 years, 884,500 common shares at an exercise price of $3.21 per share for 10 years, 50,000 common shares at $2.87 per share for 2 years, and 645,000 common shares at an exercise price of $1.89 per share for 5 10 years. The Company also granted 802,500 stock options to acquire 802,500 shares at $1.89 per share for 10 years that vest 40% on the date of grant, 30% on the first anniversary of the grant date and 30% on the second anniversary of the grant date. During the year ended December 31, 2011, the Company recorded stock-based compensation for the vested options of $6,299,188, as general and administrative expense, $105,119 as exploration expenses.

During the year ended December 31, 2012, the Company recorded $315,502 for the vesting of previously granted stock options, as general and administrative expense.

During the year ended December 31, 2012, the Company granted 80,000 stock options with immediate vesting to consultants to acquire 80,000 common shares at an exercise price of $1.32 per share expiring in 2 10 years. The Company also granted 1,610,500 stock options to acquire 1,610,500 shares at $1.32 per share for 10 years that vest 40% on the date of grant, 30% on the first anniversary of the grant date and 30% on the second anniversary of the grant date. During the year ended December 31, 2012, the Company recorded stock-based compensation for the vested options of $685,683, as general and administrative expense, $203,584 as exploration expenses.

On October 3, 2012, the Company modified the terms of 767,700 outstanding options held by the Company s former Executive Vice President. The options were set to expire on October 15, 2012 and the Company extended the expiration date to March 15, 2014. The weighted average grant date fair value of the modified stock options was $0.37 and the Company recognized an additional $243,625 stock-based compensation expense which is included in general and administrative expense related to the modification of these options.

The weighted average grant date fair value of stock options granted during the years ended December 31, 2012, 2011 and 2010 was $1.23, $2.05 and $0.93 per share, respectively. At December 31, 2012, the Company had 17,084,860 shares of common stock available to be issued under the Stock Option Plan.

The weighted average assumptions used for each of the years ended December 31, are as follows:

	2012	2011	2010
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.72%	1.42%	1.57%
Expected volatility	119%	97%	107%
Expected option life (in years)	9.70	4.68	3.27

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9. Stock-based Compensation (continued)

The total intrinsic value of stock options exercised during the years ended December 31, 2012, 2011 and 2010, was $164,439, $6,849,524, and $1,003,198 respectively.

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

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
		$		$
Outstanding, December 31, 2009	5,949,700	1.88		