

URANERZ ENERGY CORP.
Form 10-K
March 17, 2008

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

FORM 10-K

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

For the fiscal year ended December 31, 2007 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from to

Commission file number: 001-32974

URANERZ ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State of other jurisdiction of incorporation or
organization)

98-0365605

(I.R.S. Employer Identification No.)

**Suite 1410 800 West Pender Street
Vancouver, British Columbia, Canada**

(Address of Principal Executive Offices)

V6C 2V6

(Zip Code)

(604) 689-1659

(Registrant's Telephone Number, including Area Code)

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

Title of Each Class
Common Stock, No Par Value

Name of Each Exchange on Which Registered
American Stock Exchange

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

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

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

Edgar Filing: URANERZ ENERGY CORP. - Form 10-K

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 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 definition of Accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):
Large Accelerated Filer [] Accelerated Filer [X] Non-Accelerated Filer [] Smaller Reporting Company []

Edgar Filing: URANERZ ENERGY CORP. - Form 10-K

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$159,000,000

The number of shares of the Registrant's Common Stock outstanding as of March 13, 2008 was 45,340,187.

TABLE OF CONTENTS

<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>1</u>
<u>PART I</u>	<u>2</u>
<u>ITEM 1. DESCRIPTION OF BUSINESS</u>	<u>2</u>
<u>ITEM 1A. RISK FACTORS AND UNCERTAINTIES</u>	<u>4</u>
<u>ITEM 1B. UNRESOLVED STAFF COMMENTS</u>	<u>12</u>
<u>ITEM 2. DESCRIPTION OF PROPERTIES</u>	<u>13</u>
<u>ITEM 3. LEGAL PROCEEDINGS</u>	<u>34</u>
<u>ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	<u>35</u>
<u>PART II</u>	<u>36</u>
<u>ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	<u>36</u>
<u>ITEM 6. SELECTED FINANCIAL DATA</u>	<u>44</u>
<u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>46</u>
<u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>54</u>
<u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	<u>55</u>
<u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	<u>56</u>
<u>ITEM 9A. CONTROLS AND PROCEDURES</u>	<u>56</u>
<u>ITEM 9B. OTHER INFORMATION</u>	<u>57</u>
<u>PART III</u>	<u>58</u>
<u>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	<u>58</u>
<u>ITEM 11. EXECUTIVE COMPENSATION</u>	<u>66</u>
<u>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	<u>74</u>
<u>ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE</u>	<u>76</u>
<u>ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	<u>77</u>
<u>PART IV</u>	<u>78</u>
<u>ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES</u>	<u>78</u>
<u>GLOSSARY OF TECHNICAL TERMS</u>	<u>82</u>
<u>SIGNATURES</u>	<u>83</u>

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the exhibits attached hereto contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned exploration and, if warranted, development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions 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 or 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 operation 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 doing business in Mongolia;
- risks related to the competitive nature of the mining industry; 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 , Description of the Business and Management s Discussion and Analysis of this Annual Report. 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.

We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Corporate Background

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

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

History

Uranerz was relatively inactive from 1999 until 2005 when it acquired mineral prospecting permits in Saskatchewan, mineral licenses in Mongolia and mining claims and leases in Wyoming. Exploration commenced in 2005 and has continued through 2006 and 2007 while additional mineral properties were acquired and exploration drilling was initiated in Wyoming. We have increased our personnel and operational consultants to move some of our Wyoming properties into the mine planning and permitting stage; activities which continue.

Our Business

We are an exploration stage company engaged in the acquisition, exploration and if warranted, development of uranium properties. We have an interest in the properties described below.

We own or control interests in properties in Wyoming, USA; Saskatchewan, Canada; and Mongolia. We have entered into joint venture agreements for each of our Saskatchewan and Mongolia properties whereby the joint venture partner for each property can earn an ownership interest in the property in exchange for exploration and, if warranted, development expenditure commitments and/or cash and equity consideration. We have also joint ventured our uranium projects in the Great Divide Basin area of Wyoming, and plan to maintain, explore or, if warranted, develop our projects in the Powder River Basin area of Wyoming. We anticipate that our joint venture partners will conduct exploration of our Wyoming Great Divide Basin, Saskatchewan and Mongolian mineral properties.

We are an exploration stage company. Because of the long lead times for environmental permitting of mining operations in North America, we have started collecting environmental baseline data on two of our properties in the Powder River Basin area of Wyoming that we feel have the potential, based on data in our possession, of being developed into commercial in-situ recovery uranium mines.

As of January 9, 2006, we own one subsidiary which is a Mongolian limited liability company with the name Rolling Hills Resources, LLC. Our Mongolian exploration licenses are held in the name of our subsidiary company.

Recent Corporate Developments

The following significant corporate developments occurred during our fiscal year ended December 31, 2007:

1. Throughout the fiscal year, we issued 4,481,749 shares of our common stock upon the exercise of outstanding share purchase warrants for gross cash proceeds of \$8,316,678;

2. We issued 182,000 common shares upon the exercise of stock options for gross cash proceeds of \$288,100;
3. On August 27, 2008, our shares of common stock began trading on the Toronto Stock Exchange under the symbol "URZ";

4. In September 2007 we concluded an agreement to acquire an undivided 81% interest in approximately 82,141 acres of property in the central Powder River Basin of Wyoming, USA and formed the Arkose Mining Venture pursuant to which we will be the operator. The properties acquired are in the area of our Nichols Ranch and Hank projects. The transaction closed in January 2008. For more details of the acquisition and the properties see the discussion below under the section heading Description of Properties Wyoming Properties NAMMCO Acquisition ;
5. We added experienced professionals to our management team including: Kurtis Brown as Senior Vice-President of Exploration, Douglas Hirschman as Vice President of Lands and Sonya Reiss as Vice President, Corporate Affairs and Corporate Secretary; and
6. We submitted applications to the U.S. Nuclear Regulatory Commission and the Land Quality Division of the Wyoming Department of Environmental Quality for licenses and permits to construct and operate in-situ recovery uranium facilities on our Nichols Ranch and Hank projects located in the central Powder River Basin of Wyoming. For more details of our permitting plans see the discussion below under the section heading Description of Properties Wyoming Properties Environmental Permitting .

Competition

We compete with other mining and exploration companies in connection with the acquisition of mineral properties. There is competition for the limited number of uranium acquisition opportunities, some of which is with other companies having substantially greater financial resources than we do. As a result, we may have difficulty acquiring attractive exploration properties and staking claims related to our properties.

Employees

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

Available Information

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

Uranerz Energy Corporation
Investor Relations
Suite 1410 800 West Pender Street
Vancouver, BC, Canada V6C 2V6

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

ITEM 1A. RISK FACTORS AND UNCERTAINTIES

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

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

Risks Related to Our Business

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

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

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

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

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

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

We were incorporated in 1999 and are engaged in the business of mineral exploration. We have not realized any revenue from our operations. We have a relatively limited exploration history upon which an evaluation of our future success or failure can be made. Our net loss since inception through December 31, 2007 is \$25,896,798, an amount which includes stock based compensation of \$13,030,491 and mineral property expenditures of \$8,684,649. Our ability to achieve and maintain profitability and positive cash flow is dependent upon:

- * our ability to locate a profitable mineral property;
- * our ability to generate revenues;
- * our ability to reduce exploration costs.

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

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

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

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

We have no known reserves. Without reserves, we may not be able to generate income and if we cannot generate income we will have to cease exploration activities which would likely result in the loss of your investment. We have attempted to acquire the surface and mineral rights on lands that we think are geologically favorable or where we have historical information in our possession that indicates uranium mineralization might be present. It is not known with certainty that economically recoverable uranium exists on any of our properties.

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

Our future profitability will be dependent on Uranium Prices

Because a significant portion of our anticipated revenues are expected to be derived from the sale of uranium, our net earnings, if any, can be affected by the long- and short-term market price of U3O8. Uranium prices are subject to fluctuation. The price of uranium has been and will continue to be affected by numerous factors beyond our control. With respect to uranium, such factors include the demand for nuclear power, political and economic conditions in

uranium producing and consuming countries, uranium supply from secondary sources and uranium production levels and costs of production. Spot prices for U₃O₈ were at \$20.00 per pound U₃O₈ in December 2004, and then, to \$35.25 per pound in December 2005 and \$72.00 per pound in December 2006. During 2007 the spot price reached a high of \$138.00 per pound. The U.S. monthly spot price of U₃O₈ was approximately \$90.00 per pound in December 2007.

Our operations are subject to environmental regulation and environmental risks.

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

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

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

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

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

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

Our level of profitability, if any, in future years will depend to a great degree on uranium prices and whether any of our exploration stage properties can be brought into production. The exploration for and development of mineral deposits involves significant risks. It is impossible to ensure that the current and future exploration programs and/or feasibility studies on our existing properties will establish reserves. Whether an uranium ore body will be

commercially viable depends on a number of factors, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; uranium prices, which cannot be predicted and which have been highly volatile in the past; mining, processing and transportation costs; perceived levels of political risk and the willingness of lenders and investors to provide project financing; labor costs and possible labor strikes; and governmental regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting materials, foreign exchange, environmental protection, employment, worker safety, transportation, and reclamation and closure obligations.

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

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

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

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

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

Because mineral exploration and development activities are inherently risky, we may be exposed to environmental liabilities. If such an event were to occur it may result in a loss of your investment.

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, none of our properties has a known body of commercial ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in extraction operations and the conduct of exploration programs. Although we intend to carry liability insurance with respect to our mineral exploration operations, we may become subject to liability for damage to life and property, environmental damage, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. There are also physical risks to the exploration personnel working in the rugged terrain of Mongolia, often in poor climate conditions. Previous mining operations may have caused environmental damage at certain of our properties. It may be difficult or impossible to assess the extent to which such damage was caused by us or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective. If any of our properties is

found to have commercial quantities of ore, we would be subject to additional risks respecting any development and production activities. Most exploration projects do not result in the discovery of commercially mineable deposits of ore.

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

The board of directors includes six individuals that have technical or financial experience in placing mining projects into production. However, we will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that we will have available to us the necessary expertise when and if we place mineral deposit properties into production.

Because certain of our mineral interests are in Mongolia, you will be exposed to political risk. Such political risk could result in us losing value of our properties in Mongolia. If this occurs you could lose your investment.

Some of our mineral interests are in Mongolia and may be affected by varying degrees of political instability and the policies of other nations in respect of these countries. These risks and uncertainties include military repression, political and labor unrest, extreme fluctuations in currency exchange rates, high rates of inflation, terrorism, hostage taking and expropriation. A small portion of our mineral interests are currently located in Mongolia. Our mining, exploration and development activities may be affected by changes in government, political instability and the nature of various government regulations relating to the mining industry, including but not limited to, environmental regulation, labor regulations, worker health and safety regulations, and royalties, taxes, import and export laws and regulations. Any changes in regulations or shifts in political conditions are beyond our control and may adversely affect our business and/or holdings. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, imposition of new, high government royalties and ownership interests, and safety factors. Our operations in Mongolia entail significant governmental, economic, social, medical and other risk factors common to all developing countries.

Because our Mongolian subsidiary company may require certain approvals to advance our operations we are at risk of not receiving such approvals. If we don't receive the necessary approvals we may lose our Mongolian property interests resulting in a loss of your investment.

While we are authorized to explore for uranium on our Mongolian projects, we may be required to obtain further approvals from regulatory authorities in Mongolia in order to conduct mining operations. There is no assurance that such approvals would be granted by the Mongolian authorities at all or on terms favorable to the continued operations. The laws of Mongolia are ambiguous, inconsistently applied and subject to reinterpretation or change. While we believe that we will be properly established and that we have taken the steps necessary to obtain our interest in these projects, there can be no guarantee that such steps will be sufficient to preserve our interests in these projects.

The mining industry is highly competitive.

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

Risks Related to Corporate and Financial Structure

We are dependent upon key management employees.

The success of our operations will depend upon numerous factors, many of which are beyond our control, including (i) our ability to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) our ability to attract and retain additional key personnel in sales, marketing, technical support and finance. We currently depend upon our management employees to seek out and form strategic

alliances and find and retain additional employees. There can be no assurance of success with any or all of these factors on which our operations will depend. We have relied and may continue to rely, upon consultants and others for operating expertise.

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

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

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

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

While we believe we have adequate internal control over financial reporting, we are required to evaluate our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002. Any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on the price of our shares of common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our annual report on Form 10-K for the fiscal year ended December 31, 2007, we are required to furnish a report by management on our internal control over financial reporting. Such report will contain among other matters, an assessment of the effectiveness of our internal control over financial reporting, including a statement as to whether or not our internal control over financial reporting is effective. This annual assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by our management. Beginning with our annual report on Form 10-K for the fiscal year ended December 31, 2007, such report also contains a statement that our auditors have issued an attestation report on our management's assessment of such internal controls. Public Company Accounting Oversight Board Auditing Standard No. 2 provides the professional standards and related performance guidance for auditors to attest to, and report on, our management's assessment of the effectiveness of internal control over financial reporting under Section 404.

While we believe our internal control over financial reporting is effective, we find that compiling the system and processing documentation and performing the evaluation needed to comply with Section 404 is both costly and challenging. We cannot be certain that we will be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that such internal control is effective. If we are unable to assert that our internal control over financial reporting is effective as of December 31, 2008 (or if, as at December 31, 2008, our auditors are unable to attest that our management's report is fairly stated or they are unable to express an opinion on the effectiveness of our internal controls), we could lose investor confidence in the accuracy and completeness of our financial reports, which would have a material adverse effect on our stock price.

Failure to comply with the new rules may make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage and/or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it

more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors, or as executive officers.

Stock market price and volume volatility

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

Dilution through the granting of options

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

You may lose your entire investment in our shares.

An investment in our common stock is highly speculative and may result in the loss of your entire investment. Only investors who are experienced investors in high risk investments and who can afford to lose their entire investment should consider an investment in us.

In the event that your investment in our shares is for the purpose of deriving dividend income or in expectation of an increase in market price of our shares from the declaration and payment of dividends, your investment may be compromised because we do not intend to pay dividends.

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

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

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

- adverse economic conditions;
- adverse general capital market conditions;

- poor performance and health of the uranium industry in general;

- bankruptcy or financial distress of unrelated uranium companies or marketers;
- significant decrease in the demand for uranium;
- adverse regulatory actions that affect our exploration and development plans; and
- terrorist attacks on our potential customers.

ITEM 1B. UNRESOLVED STAFF COMMENTS

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

ITEM 2. DESCRIPTION OF PROPERTIES

We currently have properties that are prospective for uranium mineralization located in Wyoming USA, Saskatchewan Canada, Mongolia and Texas USA.

Property	Location
State Mineral Leases, Federal Mining Claims and Private (Fee) Mineral including Joint Venture on certain land areas	Powder River Basin, Wyoming, USA
State Mineral Leases, and Federal Mining Claims (option and joint venture agreement in place)	Great Divide Basin, Wyoming, USA
Cochrane River Property (option and joint venture agreement in place)	Saskatchewan, Canada
Eight Exploration Licenses (option and joint venture agreement in place)	Mongolia
Private (Fee) Mineral Leases	Texas, USA

Our plan of operations is to carry out exploration of our Wyoming Powder River Basin properties while our joint venture partners will be responsible for carrying out exploration of our Wyoming Great Divide Basin, Saskatchewan, and Mongolia properties. Most of our exploration programs are preliminary in nature in that their completion may not result in a determination that our properties contain commercially exploitable quantities of uranium mineralization.

Our exploration program in the Wyoming Powder River Basin will be directed by our management and will be supervised by Mr. George Hartman, our vice-president of mining and chief operating officer. We will engage contractors to carry out our exploration programs under Mr. Hartman's supervision. Contractors that we plan to engage include project geologists, drilling companies and geophysical logging companies, each according to the specific exploration program on each property. Exploration of our Wyoming Great Divide Basin, Saskatchewan and Mongolian mineral properties will be undertaken by our partners, Black Range Minerals, Triex Minerals Corporation and Bluerock Resources Ltd., respectively.

Our management will make determinations as to whether to proceed with the additional exploration of our Wyoming Powder River Basin mineral properties based on the results of the preliminary exploration that we undertake. In completing these determinations, we will make an assessment as to whether the results of the exploration are sufficiently positive for us to proceed with more advanced exploration. On our Wyoming Great Divide Basin, Saskatchewan and Mongolian mineral properties, our partners are committed to certain minimum exploration expenditures over the earn-in period. The management of Black Range, Triex Minerals and Bluerock Resources will be responsible for overseeing the exploration in Wyoming Great Divide Basin, Saskatchewan and Mongolia, respectively. Triex and Bluerock are required to submit reports to us on the results of their exploration efforts in Canada and Mongolia.

Wyoming Properties

We have several projects in the Great Divide and Powder River Basins of Wyoming. We plan to maintain, explore and, if warranted, develop our projects in the Powder River Basin area of Wyoming. We have joint ventured our uranium projects in the Great Divide Basin area of Wyoming. Each of these projects comprises several federal mining claims, state mineral leases, or private fee mineral properties. In some cases the projects will comprise a

combination of state leases and private or federal mining claims. Our projects located in the Powder River Basin area of Wyoming include the Nichols Ranch, East Nichols, North Nichols, Hank, Doughstick, West North Butte, Collins Draw, Verna Ann, Niles Ranch, Willow Creek, C-Line, North Rolling Pin, Reno Creek North, and Reno Creek South and the Arkose Mining Venture (which acquisition closed subsequent to year-end). Within a seven mile radius of the Nichols Ranch project we hold mineral rights which are planned for future advancement as part of the Nichols Ranch ISR Project. This project area is referred to as the "Powder River ISR Complex", and includes the Nichols Ranch, East Nichols, North Nichols, Hank, Doughstick, West North Butte, Collins Draw, Willow Creek, C-Line, and North Rolling Pin. We have recently closed on a purchase and sales agreement to acquire an undivided eighty-one percent interest in a Wyoming general partnership's interest in mineral properties located in the central Powder River Basin. This interest consists of approximately 82,200 acres and is located adjacent to the 100% owned Uranerz properties to the East, South and West. This acquisition closed on January 15, 2008. Upon completion of this acquisition we control approximately 115,000 acres in the Powder River Basin area.

Our Wyoming properties are located near Casper, Wyoming as shown in the map below.

A Powder River Basin

B Great Divide Basin

See discussion under section heading Location and Access below.

Location map of our Powder River Basin properties (scale: each block represents 36 square miles) properties:

Our Wyoming mineral properties are undeveloped and do not contain any open-pit or underground mines. There is no plant or mining equipment located on our Wyoming mineral properties.

Location and Access; Proximity to Population Centers and Transport

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

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

The center of our properties (centered east-west) is approximately eight miles west of the junction of Wyoming Highways 50 and 387. The eastern edge of the site is only about one mile west of the junction of Wyoming Highways 50 and 387. The properties are accessible via two-wheel drive on existing county and/or private gravel and dirt roads. Accessibility for drilling at this time appears acceptable with the exception of very wet or snowy ground surface conditions. Road development and improvements may be required at a later time in order to support future development, if warranted, of well fields and processing facilities.

Geology

It is believed that our Powder River Basin properties contain alteration-reduction trends hosted in Eocene age channel sands. Alteration-reduction trends in the Pumpkin Buttes Mining District are typically composed of multiple, stacked roll front deposits that often contain associated uranium mineralization. The potential target mineral resources within the Powder River Basin properties are believed to be alteration-reduction trends hosted in the Eocene age channel sands that lie at depths of approximately 300 to 1100 feet from the surface. Uranium mineralization within and adjacent to the Powder River Basin properties are found in the Eocene Wasatch Formation (Wasatch). The Wasatch is a fluvial deposit composed of arkosic sandstones that are typically 25% or more feldspar grains and indicates a source rock where chemical weathering was not extreme and the sediments have not been transported far. The coarse grain size and relatively good sorting of this sediment implies water transportation, probably in a braided river system. The Wasatch formation is interlayered with sandstones, claystones, siltstones, carbonaceous shale, and thin coal seams that overlies the Paleocene Fort Union Formation, another fluvial sedimentary unit.

We have been engaged in recent exploration efforts on our 100% owned Powder River Basin properties, and have obtained data from the related drill results. For the Arkose Mining Venture properties, the available data includes publicly available drill results from approximately 1,250 coal bed methane (CBM) exploration/production wells with data both within and immediately adjacent to the Powder River Basin properties. Also available for all of the Powder River Basin properties owned or controlled by us were published and unpublished mineral trend projections, mineral resource summaries and historic and current mineral resource reports developed by us or other operators from these properties or adjacent mineral properties, as applicable.

Ownership Interest

Through a combination of claim staking and purchasing we now own or control properties covered by a total of approximately 5,663 federal lode mining claims on federal and private surface lands in the state of Wyoming where the mineral rights are owned by the federal government. In general, the claim staking is either in the Powder River Basin or the northern Great Divide Basin. The individual mining claims we have staked have been recorded with the county and federal governments. It is our objective to purchase or lease additional mineral claims and fee minerals directly from current private owners during the next twelve months, although there is no assurance that any acquisitions will be completed. We have acquired the rights to other federal mining claims in the Powder River Basin from private individuals.

Mineralized Areas and Existing Mine Workings

The Powder River Basin properties encompasses over approximately 115,000 acres, and potential target mineralized zones are expected to occur throughout the properties. The potential target mineralization within the Powder River Basin properties are believed to be alteration-reduction trends hosted in the Eocene age channel sands that lie at depths of approximately 300 to 1,100 feet from the surface. Roll front deposits of uranium mineralized material are anticipated to occur within these properties. There are no pre-existing mineral processing facilities or related tailings ponds or waste deposits on the Powder River Basin properties.

Royalties and Encumbrances on our Powder River Basin Properties

1,218 unpatented lode mining claims on our Powder River Basin properties have an overriding royalty interest burden of 0.25%. This overriding royalty interest is based on production of uranium on said claims. Royalties on some of the other unpatented lode mining claims are variable and can range from a flat 4% on uranium production to a sliding scale of 2-10% with different intermediate break points with the 10% rate applying to prices of \$100 per pound of uranium and greater. All of the unpatented lode claims have annual filing requirements (\$125 per claim) with the Bureau of Land Management to be paid on or before September 1 of each year.

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

Topography, Elevation and Vegetation

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

There are numerous ephemeral drainages within the area. A small portion of the Powder River Basin properties located in the south east falls within the Cheyenne River Drainage Basin. A small area in the eastern portion of the Powder River Basin properties falls within the Belle Fourche River Drainage Basin. The majority of the Powder River Basin properties is within the Powder River Drainage Basin.

The area in which the Powder River Basin properties is located is a low lying plain, and elevations range from approximately 4390 feet (1440 meters) in the northwest to approximately 5,450 feet (1,790 meters) in the south east. Historically and currently the land is used for livestock and wildlife grazing. Vegetation is characteristically sagebrush grassland with some pines on elevated terrain and some deciduous trees within drainages.

Climate

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

Surface Rights, Local Resources and Properties Infrastructure

The area has surface rights under applicable laws that allow for exploration disturbance, road construction and facility siting. The claimant must first notify the surface owner of its intention to locate unpatented lode claims on the owner's surface and then try and reach an agreement with the surface owner to pay for damages caused by the claimant's operations. Provided an agreement can not be reached the claimant may post a bond with the Bureau of Land Management to cover the amount of the damages caused by the claimant's operations. We are currently negotiating with various surface owners to enter into surface agreements covering the certain of the unpatented lode claims discussed herein.

Infrastructure at the site of the Powder River Basin properties is dominantly related to local oil, gas, and CBM exploration and development. Mineralized locations will affect future siting of well fields and processing facilities. Generally, the proximity of the Powder River Basin properties to paved roads will be beneficial with respect to transportation of equipment, supplies, personnel and product to and from the properties. Power transmission lines are located on or near parts of the Powder River Basin properties. Based upon discussions with the local electrical service provider, overhead power is currently committed but additional power for future projects can be made available. Water is available from wells developed at facility locations (potable) and water for ISR operations, if warranted, will come from the operation itself, i.e. the extracted groundwater. Therefore, the basic infrastructure

(power, water and transportation) necessary to support an ISR mining operation are located within reasonable proximity of the Powder River Basin properties.

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

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

Exploration History - Nichols Ranch ISR Uranium Project

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

Between 1968 and 1980 CCI drilled 117 holes and installed 3 water wells on the Nichols Ranch property. Texas Eastern Nuclear Inc. in 1985 completed limited drilling and exploration on the property and in early 1990s Rio Algom Co. also completed limited drilling in the area. In December 2005, we purchased the Nichols Ranch claims group as part of a six-property agreement to option from Excalibur Industries. We then expanded the properties by staking additional claims in the immediate and surrounding areas. In 2007 we had a technical report prepared to independently address the geology and uranium mineralization within our mineral holdings known as the Nichols Ranch ISR Uranium Project. This technical report was prepared in accordance with Canadian National Instrument 43-101 requirements.

Present Condition of Property - Nichols Ranch ISR Uranium Project

There are no pre-existing mineral processing facilities or related wastes on the property. In order to conduct exploratory drilling of the property, we were required to obtain permits (License to Explore) from the State of Wyoming Department of Environmental Quality, Land Quality Division, (WDEQ/LQD) and mine development, if warranted, would require a number of permits depending on the type and extent of development, one major permit being the mining permit issued by the WDEQ/LQD. Mineral recovery and processing for uranium would require a source materials license from the US Nuclear Regulatory Commission (USNRC).

Infrastructure at the site is dominantly related to local oil, gas, and CBM exploration and development. The site is located only 10 miles north of Wyoming Highway 387, and 12 miles west of the junction of Wyoming Highway 50. The proximity of the site to paved roads will be beneficial with respect to transportation of equipment, supplies, personnel and products to and from the site. Cleveland Cliffs Iron Company established 3 water supply/monitoring wells on site to support its exploration activities in the 1970s and 1980s. Electrical power and natural gas transmission lines are located within or immediately adjacent to the site. Thus, the basic infrastructure necessary to support an ISR mining operation, power, water and transportation, is located within reasonable proximity of the site. Typical ISR mining operations also require a disposal well for limited quantities of fluids that cannot be returned to the production aquifers. Commonly oil and gas wells within aquifers that have been or can be condemned for public use are utilized for such purposes. Oil and gas wells, both abandoned and producing, are located in the immediate vicinity of the site and nearby ISL operations such as Areva's Christensen Ranch and Irigaray Mines have disposal wells.

Adjacent Properties

At year-end 2007, within a 7 miles radius of Nichols Ranch we hold mineral rights to over 13,500 acres which are planned for future advancement as part of the advancement of the Nichols Ranch ISR Project. These lands are within the historic Pumpkin Buttes Mining District and have the potential for mineralization in the Wasatch Formation. The following table summarizes our land holding in the vicinity of Nichols Ranch.

Property	Township	Range	No. Claims	~ Acreage
Doughstick	T43N	R76W	53	1060
Collins Draw	T42/43N	R76W	58	1160
State Lease	T43N	R76W	NA	640
North Rolling Pin	T43N	R76W	40	800
Hank	T43N	R75W	38	760
C-Line	T43N	R75W	40	800
Willow Creek	T44N	R76W	11	220
West North Butte	T44N	R76/75W	145	2900
East Nichols	T43N	R76W	116	2320
North Nichols	T43/44N	R76W	143	2860
TOTAL			644	13,520

Environmental Permitting

Mine planning for both the Hank and Nichols Ranch properties continue with no anticipated problems.

Because of the long lead times for environmental permitting of mining operations in North America, we have filed applications to the State of Wyoming and the US Nuclear Regulatory Commission for permits to conduct ISR mining of uranium for the Nichols Ranch and Hank properties, located in the Pumpkin Buttes Mining District of the Powder River Basin in Johnson and Campbell counties of Wyoming. Although we are conducting pre-feasibility studies, we have not at this stage completed any comprehensive feasibility studies on these properties demonstrating that development of the properties is commercially warranted. Proceeding with these advanced activities prior to completing detailed feasibility analysis adds risk to our plan of operations and we may incur costs which might not otherwise have been incurred.

Approval of the environmental 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 should it be determined that development is warranted. It is currently contemplated that the main production facility would be located at the Nichols Ranch property, and the Hank property would have a satellite facility providing uranium-loaded resin or enriched eluate to the main facility.

The primary regulatory approvals for an ISR uranium mine come from the WDEQ at the state level, and from the USNRC at the federal level. The WDEQ issues a Permit to Mine, and the USNRC issues a Source Material License. It is anticipated that the NRC will complete a Generic Environmental Impact Statement prior to the approval of new uranium ISR production activities. Both the state and federal agencies look at all environmental aspects of a proposed ISR mine including reclamation of the land surface following mining operations, and restoration of impacted ground water. Work place safety and the safety of the public are also closely monitored by regulatory agencies. Posting of a reclamation bond by the mine operator with the regulatory agencies in an amount to cover the total estimated cost of reclamation by a third party is also a requirement of the law. The reclamation bond must be a "hard" bond which means it must be either cash, certificate of deposit, letter of credit or some other similar type of financial instrument.

We have engaged TRC Mariah Associates based in Laramie, Wyoming as the prime contractor for performing the several environmental baseline studies. Hydro Engineering from Casper, Wyoming has been engaged to perform the necessary aquifer pump tests, and prepare the hydrology section of the environmental permit applications. Environmental surveys such as vegetation, soils, wildlife, cultural resources, radiation and water quality have been completed. Reports were prepared and incorporated into our applications which were submitted to the WDEQ and NRC in the last quarter of 2007.

NAMMCO Acquisition

On September 19, 2007 we signed a Purchase and Sale Agreement with NAMMCO, a Wyoming general partnership, and associated individuals named therein (collectively, the "NAMMCO Group") to acquire an undivided eighty-one percent (81%) interest in the NAMMCO Group's mineral properties located in the central Powder River Basin of Wyoming, USA and to enter into a joint venture agreement with the NAMMCO Group pursuant to which we will be operator of these properties.

Under the terms of the Purchase and Sale Agreement, we paid a total of \$5,000,000 in cash and issued to the NAMMCO Group a total of 5,750,000 shares of our common stock to acquire the 81% interest in the NAMMCO properties. The agreement was subject to a due diligence period in our favor, ending on December 31, 2007 and to the concurrent signing of a mining joint venture agreement between the parties. The NAMMCO acquisition closed January 15, 2008 and a joint venture was formed, the Arkose Mining Venture ("Arkose Mining Venture"). As operator of the joint venture, our plan is to pursue an aggressive exploration program to determine the presence of uranium mineralization suitable for extraction by using the ISR mining method.

The Arkose Property is located in portions of Campbell and Johnson Counties, Wyoming, U.S.A., and is approximately 60 air miles northeast of Casper, Wyoming. The Arkose Property falls between Latitudes and Longitudes of approximately 106' 10 and 105' 48 West and 43' 47 and 43' 31 North, respectively. The Arkose Property covers lands in various sections in the Townships 41 to 44 North and Ranges 74 to 78 West.

The Arkose Property consists of unpatented lode mining claims, fee mineral leases, and state mineral leases. The land surface of the Arkose Property consists of private, federal and state lands. There are 4,226 unpatented lode mining claims within the Arkose Property which comprise approximately 69,137 acres; and 65 fee mineral leases and 3 state leases which comprise approximately 13,073 net acres. The NAMMCO properties have significantly expanded our mineral property holdings in the Powder River Basin area, which currently consist of approximately 32,701 acres (13,233 hectares). Uranerz now controls a total of approximately 114,911 acres (46,503 hectares, or approximately 179 square miles) of mineral properties in the Powder River Basin.

Ownership History of the Arkose Property

The following is a brief description of what is known about ownership history of the Arkose Property and the properties in the larger exploration area of which the Arkose Property was historically a part.

The NAMMCO Group commenced acquiring rights to the properties comprising the Arkose Property in 2005, and continued to do so through 2006 and 2007. On January 15, 2008, we completed an acquisition of an undivided eighty-one percent interest in the Arkose Property and formed the Arkose Mining Venture with United Nuclear LLC, a company wholly owned by the NAMMCO Group.

The Arkose Property was originally part of a large exploration area encompassing Townships 33 through 50 North of Ranges 69 through 79 West, on the 6th principle meridian. In 1966, Mountain West Mines Inc. (MWM now

Excalibur Industries) began a successful drilling exploration program in a portion of this area. In 1967, MWM entered into an agreement with Cleveland-Cliffs Iron Company (CCI) for further exploration and option if suitable resources were found. CCI exercised its option in 1976 with plans to begin underground mining operations in the vicinity of North Butte, within approximately 3 to 15 miles of the Arkose Property. Changing economic conditions and the development of ISR mining technology ended much of CCI's interest in the area.

In addition to CCI, other uranium exploration companies during the last forty years have controlled property either within or near the Arkose Property area. These included Kerr McGee, Conoco, Texaco, American Nuclear, and Tennessee Valley Authority. Areva NC (Cogema Resources Inc.) and Cameco Resources Inc. (a subsidiary of Cameco Corporation) have retained portions of their original land positions in the area. The mining claims and leases originally controlled by most of these companies were let go over the years due to market conditions. These property abandonments continued into 2004.

Exploration and Development Work Undertaken

The Arkose Mining Venture has commenced uranium exploration on the Arkose Property in March 2008. Exploration for uranium on the Arkose Property has been performed as historic uranium exploration by previous operators. In addition, and not for the purpose of uranium exploration, CBM exploration/production well development has been performed on the Arkose Property thus providing direct and indirect evidence of uranium mineralization via publicly available gamma log data.

It is estimated that over 4,000 historic uranium exploration holes may have been drilled within the Arkose Property. This exploration was conducted by numerous exploration companies from the 1960s through the 1990s. Although this historic exploration data are known to exist, obtaining information on all but a handful (<50) of specific drill hole data, such as gamma, resistivity, and lithology logs, has not been possible to date.

The CBM exploration/production wells were drilled by numerous companies for development of coal bed methane resources in the area. A total of approximately 1,250 CBM exploration/production wells have been drilled on or immediately adjacent to the Arkose Property. Most of this drilling was completed from 1,200 to 2,000 feet deep and is on-going. CBM exploration/production wells and their associated gamma logs are all drilled and logged through the uranium mineralization-bearing sand horizons.

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

Other Powder River Basin Projects

Through a combination of claim staking, purchasing, and leasing we also have several projects within the Powder River Basin but outside of the Powder River ISR Complex. These include the Verna Ann, Niles Ranch, Reno Creek North, and Reno Creek South projects. In general, these projects are located in sandstone basins of Cretaceous or Tertiary age with known uranium mineralization. However, due to our focused approach to the Powder River ISR potential, we have not yet initiated exploration work on these projects.

Planned Exploration - Powder River Basin

We have completed sufficient exploration in the Nichols Ranch area in order to focus on mine planning and permitting. Nonetheless, in 2008, we will continue a modest drilling program in this area to expand our knowledge of uranium potential for mining. The majority of our exploration in 2008 will be on the recently acquired Arkose Property described above. For more details on our exploration plans and expenditures please see the disclosure below under the section heading “Description of Properties – 2008 Exploration Plans”.

Great Divide/Red Desert Properties

On June 7, 2006, we entered into an agreement with Black Range Minerals Limited (Black Range) on two of our exploration projects located within the Red Desert area of southwest Wyoming. This formal agreement followed a strategic alliance agreement entered into between us and Black Range on May 18, 2006.

Under the terms of the agreement, we and Black Range agreed to form a joint venture to conduct further exploration and to develop the properties under the following conditions:

Stage 1

Under the terms of the joint venture Black Range shall have the right to earn a 50% equity interest in the joint venture by managing and meeting the first \$750,000 in exploration expenditures on the projects, at no cost to us, including land holding costs such as maintenance fees, lease costs etc.

Black Range is obliged to spend at least \$100,000 per year on exploration on the projects and to spend the first \$750,000 on exploration within three (3) years of inception of the joint venture agreement. Once Black Range has spent \$750,000 on the projects, our equity interest in the joint venture shall reduce to 50% and Black Range's equity interest shall increase to 50%.

Stage 2

On completion of the first phase of the exploration program, should we elect not to contribute to the costs of the second phase of expenditure on a pro-rata basis, then Black Range 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% (by spending \$500,000). On completion of the first phase of the exploration program, should Black Range elect not to contribute to the cost of the second phase of expenditure on a pro-rata basis, then we 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% (by spending \$500,000).

Stage 3

On completion of the second phase of expenditure, should we elect not to contribute to all further expenditure on a pro-rata basis, then Black Range 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 100% (by spending \$750,000). We would be awarded a 6% royalty for our contribution up to that point.

On completion of the second phase of expenditure, should Black Range elect not to contribute to all further expenditure on a pro-rata basis, then we 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 100% (by spending \$750,000). Black Range would be awarded a 6% royalty for their contribution up to that point.

As at December 31, 2007 Black Range has completed drilling at both locations in the Great Divide Basin with 32 holes drilled on the Eagle property in 2006 and 42 holes drilled on the Cyclone Rim property during 2007. Geologic study is continuing on these drill results. Accordingly, they have met the minimum expenditure requirements and are continuing phase one of the joint venture.

Saskatchewan Cochrane River Property

The Saskatchewan property extends to the northeast of the northern portion of Wollaston Lake. The closest community is the Village of Wollaston Lake which is located 50 km to the south. This community is served by a

year-round scheduled air link to the cities of Saskatoon and Prince Albert in central Saskatchewan. A winter road (during January, February and March) links the Wollaston Lake community with Provincial Highway 905 (and the provincial road network) on the west side of Wollaston Lake.

There is presently no road access to the Cochrane River property. Numerous lakes within the property can be accessed by float- and ski-equipped light aircraft which are available for charter at Points North Landing (75 km to the southwest) and at the Town of La Ronge (400 km to the south-southwest).

Property Location Map

Ownership Interest

Our Saskatchewan property, called the Cochrane River property originally consisted of two Mineral Prospecting Permits (MPP 1237 and MPP 1238) with a combined total areal extent of 67,480 hectares (166,747 acres). The property is located in northern Saskatchewan. Ubex Capital Inc. (Ubex) filed an application with Saskatchewan Industry and Resources (SIR) to acquire the permits on 31 January, 2005, and certificates confirming title were subsequently issued by SIR on 4th March, 2005. The permits were registered in the name of Ubex Capital Inc. with 100% unencumbered ownership.

Permit application fees which were submitted by Ubex, payable to SIR, were as follows:

For each permit, a refundable deposit of \$15,000, and a recording fee of \$0.15 per hectare.

The legal description of the permits consists of a listing of corner coordinates (NAD 27), as follows:

Permit MPP 1237

1. 102< 47' 19.68" W 58< 45 00 N
2. 102< 34 58.80 W 58< 40 30 N
3. 102< 52 08.40 W 58< 30 00 N
4. 103< 00 00 W 58< 30 00 N

5. 103< 00' 00" W 58< 39' 19.08" N

Permit MPP 1238

1. 102< 47' 19.68" W 58< 45' 00" N
2. 102< 34' 58.80" W 58< 40' 30" N
3. 102< 25' 01.20" W 58< 46' 16.32" N
4. 102< 27' 52.20" W 58< 47' 44.88" N
5. 102< 15' 34.20" W 58< 54' 11.16" N
6. 102< 17' 14.28" W 58< 55' 02.64" N
7. 102< 34' 00" W 58< 49' 55.56" N
8. 102< 40' 22.08" W 58< 48' 05.94" N

Title to MPP1237 and MPP 1238 has been sold to us by Ubex. We have entered into a mineral property purchase agreement with Ubex dated April 26th, 2005, to acquire an undivided 100% right, title and interest in the two mineral exploration properties. The agreement is subject to Ubex retaining a 2% royalty. Total consideration for this acquisition consists of a cash payment in the amount of \$40,756.95 Canadian dollars (Cdn\$), which is Ubex's cost of acquisition of the two permits. The sale of the properties to us has been completed.

Ubex Capital Inc. is 100% owned by Dennis Higgs, one of our directors. Ubex will retain a royalty of 2% on the property and will split the royalty with Darcy Higgs, Dennis Higgs' brother.

On October 20, 2005, an amendment to this agreement was signed that allows us the one time right exercisable for 90 days following completion of a bankable feasibility study to buy up to one half (50.0%) of Ubex's royalty interest (i.e. an amount equal to 1% Royalty) for Cdn\$1,000,000, leaving Ubex to retain not less than a 1% Royalty.

Saskatchewan mineral dispositions including permits are administered by SIR on behalf of the Crown of Canada in accordance with *The Mineral Disposition Regulations, 1986*. The holder of a permit is granted the exclusive right to explore for minerals (though not to extract, recover or produce minerals except for testing and scientific purposes) within the permit outline. A permit is valid for a period of two years and may not be renewed. While in compliance with the requirements of the regulations, a permit holder is entitled to convert any portion of a permit to mineral claims which may be held indefinitely. The two-year life on the permits ended on January 31, 2007. In late January and early February, 2007, a total of seven claims were staked within the boundaries of MPP 1237 and 1238, for a total of 28,012 hectares. The new claims have been recorded with the Saskatchewan mine recorder office in la Ronge, and they now are posted on the government website. The staked area covered the most interesting area of interest as interpreted from the DIGHEM V survey, as well as areas of anomalous lake sediment chemistry. A claim holder may subsequently convert his claim into a mineral lease which allows for commercial extraction of minerals.

History of Operations

On November 4, 2005, we signed an agreement to joint venture our Cochrane River property located in northern Saskatchewan, Canada, with Triex Minerals Corporation. Triex can earn a 60% interest in the Cochrane River property by making payments to us of Cdn\$75,000 and spending Cdn\$1,500,000 on the property by October 1, 2008. After completing the 60% earn-in phase, Triex can elect to earn an additional 10% interest in the project by spending

an additional Cdn\$1,500,000 by November 1, 2009. Several phases of exploration work have been

conducted by our joint venture partner (Triex) on the Cochrane River property. No mineralized material is known to exist.

Present Condition of the Property and Proposed Exploration Program

Our Saskatchewan mineral properties are undeveloped and do not contain any open-pit or underground mines. There is no plant or equipment located on our Saskatchewan mineral properties.

Since we have signed an agreement to joint venture our Cochrane River property with Triex, Triex is the operator of the exploration programs for this joint venture. Any exploration undertaken by Triex will be at its expense under the terms of the joint venture agreement. There is no assurance that Triex will make the cash payments or undertake the full amount of the exploration expenditures necessary for it to earn an interest in our Saskatchewan properties.

By January 2006 Triex had completed a detailed airborne geophysics survey on the Cochrane River properties. Fugro Airborne Surveys completed helicopter-borne geophysical surveys over four grids on the Cochrane River property for a total of 1,949 line kilometers. All the grids were flown at 100 meter line spacing to produce high resolution data. The grid areas covered major boundary zones on regional airborne magnetic maps, and on the location of known mineral occurrences, geochemical anomalies and previously defined conductors.

A follow-up ground exploration program commenced in August, 2006, to focus on grid-based and lakeshore prospecting and geological mapping, as well completing an extensive lake sediment survey facilitated by a Bell 206 helicopter equipped with floats. Recent advances in the understanding and modeling of the structural geometries of basement-hosted uranium deposits in the Athabasca Basin, such as Millennium, Sue C and Eagle Point, were applied to advance targets. Additional geophysical and remotely sensed data sets have been acquired from the public and private domain and integrated into the existing project GIS database in order to facilitate a detailed lineament analysis and integrated structural study which is focused on the potential for structurally controlled uranium deposits.

Ground-based resistivity surveys were completed which follows up on key targets identified from helicopter-borne DIGHEM V geophysical surveys (EM and magnetic) flown in January 2006.

During September, 2006, a program consisting of a lake sediment sample program covering both of our permits MPP 1237 and 1238 as well as some prospecting and mapping designed primarily as a ground truth of the 2006 DIGHEM V airborne magnetic/EM survey. A total of 390 lake sediment samples were taken. The approximate density of sampling was 1 per 1.5 sq. km.

From mid-November, 2006 until mid-February, 2007 a pole-dipole array D.C. resistivity survey was conducted on the Cochrane River project. Work on Cochrane River focused on MPP 1238, in an area that overlapped with a portion of the 2006 DIGHEM V survey. 14.8 line-km of grid was established but only 5.9 line-km of geophysics survey was covered on the grid on MPP 1238. The survey was cut short because the harsh winter conditions and extreme frozen ground affected the production rate of the survey.

The target on the Cochrane River property is structurally controlled, basement-hosted deposits at or near surface. It is planned that the structural models prepared for Eagle Point and other deposits in the eastern Athabasca Basin over the past 5 years will be incorporated into the program. Conductors were the focus of exploration in the 1970s. Triex plans to build on that work, not repeat it, by prioritizing targets related to conductors based on their structural setting.

A total of seven claims have now been staked within the boundaries of our mineral prospecting permits MPP 1237 and 1238, for a total of 28,012 hectares. These claims have been recorded with the Saskatchewan mine recorder office in la Ronge. A claim holder may subsequently convert its claim into a mineral lease which allows for commercial extraction of minerals.

The focus of the 2007 summer program was to complete property-scale geological mapping of outcrops, and systematic geochemical sampling of boulders and glacial till. The objective was to refine targets for first-pass drill-testing in 2008. Because outcrop is sparse in the region (<10% over the property), analyses are mostly for boulders and till. A total of 270 man-days were spent collecting:

- 65 outcrop samples
- 28 boulder samples
- 513 soil samples from glacial till

All samples were sent to Geolanalytical Laboratories of the Saskatchewan Research Council in Saskatoon.

The total cost for the 2007 summer program was approximately \$580,000.

Total cumulative expenditures by Triex on the Cochrane River property to October 4, 2007 are \$1.23 million. A cumulative \$1.5 million was to be spent on the property by May 1, 2008, for Triex to earn its first option of 60% interest in the property (the "First Option"). Although work on this property has progressed well (more or less continuously since 2005), and although the May 2008 deadline is still several months away, it was anticipated that it would be difficult to meet the deadline. Turnaround of geochemical data from SRC was slow and data from the summer program that are required to properly evaluate, rate, and rank drill targets was not available to properly plan the drill program. Second, processing of permit applications by the Saskatchewan government is slow, with a two to four month time frame. As such, that made a winter program in 2008 untenable and the May 1st option deadline unrealistic.

Triex requested a five month extension to the original May 1st, 2008 deadline for the First Option. That would allow Triex until October 1st, 2008, to properly compile and interpret data, formulate targets, and obtain the necessary permits in time to successfully complete a summer drill program next year. We agreed to this extension on October 10, 2007.

Geology

The property is underlain by highly deformed Paleoproterozoic Wollaston Group metasediments and Archean age granites which form part of a 60 km wide, northeast trending fold-thrust belt known as the Wollaston Domain. The Cochrane River property is located within the western portion of the Wollaston Domain where the metasediments contain abundant graphitic horizons.

The Athabasca Basin, which extends for some 425 km east-west x 220 km north-south, hosts several world class uranium deposits (McArthur River, Cigar Lake, Key Lake, and others). These deposits occur at and around the contact between western Wollaston Group metasediments and overlying Athabasca Group sandstone units and are generally termed unconformity-type deposits. Although much of the uranium ore is generally hosted by the overlying Athabasca Group sandstones, significant uranium mineralization commonly extends vertically beneath into the Wollaston Group rocks. This is particularly evident at the McArthur River deposit, where the majority of the uranium ore and the highest grades of mineralization occur in the underlying basement rocks.

The Athabasca Basin, which extends for some 425 km east-west x 220 km north-south, hosts several world class uranium deposits (McArthur River, Cigar Lake, Key Lake, and others). These deposits occur at and around the contact between western Wollaston Group metasediments and overlying Athabasca Group sandstone units and are generally termed unconformity-type deposits. Although much of the uranium mineralization is generally hosted by the overlying Athabasca Group sandstones, significant uranium mineralization commonly extends vertically beneath into the Wollaston Group rocks. This is particularly evident at the McArthur River deposit, where the majority of the uranium and the highest grades of mineralization occur in the underlying basement rocks.

Faults, particularly the common northeast-oriented strike slip faults of this region, tend to be localized within the soft, graphitic horizons of the Wollaston Group sediments, particularly where adjacent to relatively rigid basement units such as Archean granites. Fault movements, particularly strike-slip movements, enhance the electrical conductivity of

graphitic horizons by aligning the graphite grains and promoting electrical continuity. Reactivated basement faults also provide enhanced fluid permeability in the basement which facilitates fluid flow and mixing which are thought to be key components in the formation of the uranium deposits of the Athabasca Basin region. Thus, faults and particularly graphitic conductors are commonly sought as exploration targets for uranium mineralization. Graphitic conductor horizons which are in close proximity to Archean granite bodies are thought to be particularly favorable.

Mongolia***Location and Access***

Our eight exploration licenses in Mongolia are spread out across the country into four regional areas that we call the North Gobi Project, the East Gobi Tamtsag Project, the Central Gobi Project, and the West Central Highland Project. A tabulation of the eight licenses is presented below that includes location coordinates. Generally speaking, access to all eight licenses is by vehicles departing from the capital city of Ulaan Baatar. Roads, except in the immediate vicinity of Ulaan Baatar, are unimproved dirt/gravel and often just two tracks. Four wheel drive vehicles are the standard means of travel by western field crews on the Mongolian road system. Access to the capital city of Ulaan Baatar from outside of the country is by commercial air.

Table of Mongolian Licenses

No.	License No	Name Of license	Coordinates		Aimag* and (Province)	Soum Area (Hectares)
1	8560X	Ulaankhushu u (Khavtsal)	109 01 20 109 11 20 109 11 20 109 01 20	45 34 10 45 34 10 45 27 30 45 27 30	<u>DG</u> (Airag)	16091
2	10166X	Ovor bel	116 01 00 116 19 00 116 19 00 116 01 00	47 20 10 47 20 10 46 50 30 46 50 30	<u>DO</u> Matad	124527
3	10167X	Tasarkhai	115 30 00 116 00 00 116 00 00 115 30 00	47 00 00 47 00 00 46 54 00 46 54 00	<u>DO</u> Matad	42325
4	10165X	Khudgiin us	109 20 00 109 29 50 109 29 50 109 20 00	45 42 40 45 42 40 45 40 00 45 40 00	<u>DG</u> Airag	6308
5	10168X	Khartolgoi	105 05 00 105 25 00 105 25 00 105 05 00	45 00 00 45 00 00 44 51 30 44 51 30	<u>DU</u> Khuld, Delger khangai	41430
6	10169X	Chuluut	105 55 00 106 08 00 106 08 00 106 05 40 106 05 40 106 08 00 106 08 00 105 55 00	45 00 00 45 00 00 44 58 50 44 58 50 44 56 40 44 56 40 44 47 00 44 47 00	<u>DU</u> Khuld, Olziit	39987

7	10241X	Chuluut	100 27 00	48 17 00	<u>AR</u> <i>Ondor</i>	<i>ulaan, 11589</i>
			100 30 00	48 17 00		
			100 30 00	48 17 10		
			100 36 00	48 17 10		
			100 36 00	48 11 30		
			100 27 00	48 11 30		
8	10315X	Tolgod	109 00 00	45 54 00	<u>DG</u> <i>Dalan</i> <i>jargalan</i>	2558
			109 05 20	45 54 00		
			109 05 20	45 52 00		
			109 00 00	45 52 00		

DG - Dornogobi, DU - Dundgobi, AR - Arkhangai, DO Dornod

Location Map of the Uranerz Mongolian Exploration Licenses

Khavtsal Location Map

The Khavtsal property (license no. 8560X), our most advanced exploration property in Mongolia, is 321 kilometers south-southeast of Ulaan Baatar, the capital city of Mongolia in the Dornogovi province and Armag sub province. The approximate geographic center of the property is at 45(32'42" and 109(07'08'. Access to the property is by surfaced and undeveloped roads that head southerly from Ulaan Baatar. These roads parallel the main railway between Ulaan Baatar and southern Mongolia. The property is 30 kilometers south from the station Khar Armag along this railway.

License numbers 10168X and 10169X are located 108km southwest and 80km southwest respectively from the city of Mandalgobi in the Dzungovi province of Mongolia. Access is by primary improved and secondary roads.

License numbers 10165X and 10315X are located 108km southeast from the city of Sumber in the Dornogovi province of Mongolia. Access is provided by primary and secondary roads that parallel the central Mongolia railway between the capital of Ulaan Baatar and the border with China to the south.

License number 10241X is within an area known as Chuluut, approximately 102km northwest of the city of Tsetserleg in the province of Arhangav of Mongolia.

License numbers 10167X and 10166X are located 139km and 145km southeast respectively southeast of Choibalsan. Access is by primary and secondary roads.

Ownership Interest

We signed a letter agreement to option and joint venture our eight Mongolian exploration licenses to Bluerock Resources Ltd. (Bluerock). Under the terms of the agreement, we have granted to Bluerock the option to acquire an undivided 70% interest in the properties for payments totaling 150,000 common shares of Bluerock, \$120,000 in cash and by incurring exploration expenditures in the amount of \$1,500,000 on the properties by October 18, 2009.

We have retained the right to acquire a 21% interest in the joint venture, by paying to Bluerock an amount calculated in relation to the quantity of U3O8 within the Mongolian properties, as determined by a feasibility study. For measured mineral resources, we would pay a price of \$0.42 per pound of U3O8; for indicated mineral resources, we would pay a price of \$0.26 per pound of U3O8.

The defined terms, "measured mineral resources," "indicated mineral resources," and "inferred mineral resources" used in this quarterly report have the meanings set forth in National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"), which provides guidelines for use of the terms "mineral resource" and "mineral reserve" which are Canadian mining terms defined in accordance with the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves Definitions and guidelines adopted by the CIM. The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission's Industry Guide 7. In the United States, a mineral reserve is defined as a part of a mineral deposit, which could be economically and legally extracted or produced at the time the reserve determination is made by virtue of a bankable feasibility study. Accordingly, descriptions of mineral deposits in accordance with NI 43-101 may not be comparable to similar information made public by other U.S. companies under the United States federal securities laws and the rules and regulations thereunder.

Similar terms allow for us to acquire back a 21% interest in the joint venture if a gold deposit is discovered, based on a back-in price of \$5.25 per ounce of measured gold resources and \$3.15 per ounce of indicated gold resources.

History of Operations

Our Mongolian mineral properties are undeveloped and do not contain any open-pit or underground mines. There is no plant or mining equipment located on our Mongolian mineral properties.

All of our license areas have prospective characteristics that indicate favorability for hosting sediment-hosted, near-surface uranium deposits including a proximity to known sandstone-hosted uranium occurrences as identified by Russian-Mongolian survey work, radiometric anomalies and/or favorable geology. The licenses fall within areas surface mapped as or inferred to contain Upper Jurassic to Lower Cretaceous sedimentary sequences, and generally occur within basins framed by uplands comprised of crystalline rocks likely to provide a source for secondary

transport of uranium into the basin by groundwater flow. These geologic settings in Mongolia have demonstrated uranium deposit potential by comparison to known deposit occurrences. Similar geologic settings in China, the Commonwealth of Independent States including Russia, countries surrounding Mongolia, have demonstrated economic uranium production as well.

Since July 2006, Bluerock employees and contractors have prospected five of the eight license areas and conducted additional research relating to the Khavtsal permit 8560X (in Ulaanbaatar and Irkutsk). Bluerock has provided a brief description below of exploration results for each license area.

Bluerock's staff in Mongolia reviewed the results of its 2006 exploration efforts and has developed a program for 2007 that includes some follow-up geophysical work, but focused primarily on drill testing to expand the knowledge related to historical uranium information and to delineate uranium anomalies discovered last year. Additional information on the 2007 drilling program is discussed in the following sections.

Recent Exploration Activity

In 2007 Bluerock started drilling on our Ulaan Nuur uranium projects in Mongolia. The drilling program focused on three separate licenses located south of Ulaanbaatar in the Ulaan Nuur Depression. Based on Phase I geological data and discussions with on site geologists, Bluerock increased the planned metres of drilling from 3,000 metres to 4,000 metres.

Khavtsal

Drilling on the Khavtsal License focused on expanding the known uranium mineralization to the north and south of the historic Khavtsal mineralization. Geophysical surveys, completed in the first phase of the 2007 program, defined deeper basinal targets and interpreted fault structures that present newly defined targets for the expansion program.

Tolgod

Drilling on the Tolgod License focused on untested basinal targets associated with radiometric anomalies in both geophysical surveys and ground water studies.

Khudgiin Us

Drilling on the Khudgiin Us License was designed to locate the northern extension of known uranium mineralization in the Ulaan Nuur historic uranium anomaly. Results of 2007 geophysical surveys completed by Bluerock were incorporated into the drill planning for the project to ensure full coverage of the basinal targets.

Following the completion of the Khudgiin Us program the drill rigs and camp were moved to our Central Gobi uranium projects and the continuation of Bluerock's 2007 Mongolian JV uranium exploration program.

Samples from the 2007 Mongolian drilling programs were prepared and analyzed by Activation Laboratories, (Actlabs) of Ancaster Ontario, at their lab in Ulaanbaatar, Mongolia. Rock preparation consisted of crushing and pulverizing to 85% passing 75 micron mesh. Uranium results were analyzed by XRF. All samples of interest, plus 10% of the remainder were shipped to Canada by Actlabs, for ICP-MS verification at their Ancaster facility.

On October 11, 2007 Bluerock announced drilling and trenching results from the 2007 exploration programs on our Ulaan Nuur Basin uranium projects in Mongolia, as follows. The drilling programs were focused on three separate licenses, the Khavtsal, Khudgiin Us and Tolgod, all of which are located south of Ulaanbaatar in the Ulaan Nuur Basin.

Assay results defined anomalous uranium mineralization in drill holes and trenches on the Khavtsal license.

Additionally, the 2007 Khavtsal drilling program identified substantial thicknesses of coal with 18 of the 30 drill holes returning intervals greater than 1 metre of coal. 10 of these drill holes intersected greater than 10 metres total thicknesses of coal. Drill hole KH07-19 returned a 26 metre thick coal horizon within a 46 metre inter-bedded section of coal, sand and clay. These newly discovered coal intervals have been identified over a one-by-three kilometre area and are open to extension to the north and south. As the drill program was designed to identify and

measure uranium mineralization, the drill technique, sampling and logging was not optimized to define coal resources. Bluerock reports that it is planning a focused drill program to define the quality and continuity of these coal seams.

Uranium Exploration Results

Khavtsal

Assay results from the drilling program on the Khavtsal property have demonstrated continuity between two known, near surface, uranium occurrences and more importantly, indicated that uranium mineralization does extend to depth within the basin. Bluerock's geologists interpret the defined uranium anomalies as related to reduction (redox) fronts in the hosting sandstone's lignite horizons. This may indicate the presence of a large tonnage roll-front type deposit in the area; a program is being designed to explore this potential. Bluerock crews drilled 30 Reverse Circulation holes (2,938 total metres) on the Khavtsal property in 2007, with an averaged depth of 100 metres. Khavtsal had received a limited amount of uranium exploration work during the 1980s by a Soviet/Mongolian JV. The Soviets outlined two zones of near surface, lignite hosted uranium and a preliminary (non N.I. 43-101 compliant) resource was calculated at that time.

Concurrent with the drilling program, Bluerock crews excavated 12 trenches on the Khavtsal license designed to confirm and test near surface uranium mineralization as defined from the 1980s vintage Soviet uranium exploration programs. Trenches averaged 2 metres in width and 3 metres in depth.

All trenches expanded upon and/or confirmed the reported uranium mineralization. Trench TR07-01 established an interpreted continuity between two historical uranium showings.

All drill and trench results from the 2007 Khavtsal exploration program are being integrated with historic Soviet data by Company staff.

Khudgiin Us

Nine widely spaced RC holes (904 total metres) were drilled on the Khudgiin Us license. The drill program was designed to locate the northern extension of known uranium mineralization in the Ulaan Nuur historic uranium anomaly and integrated both surface mapping and the spring 2006 Bluerock geophysical surveys. While favorable sedimentary horizons were encountered, they were generally thin and relatively un-mineralized with assay values ranging from trace to 47 ppm U over 0.3 metres.

Tolgod

Four RC drill holes (159 total metres) were completed on the Tolgod concession and designed to target sedimentary hosted uranium mineralization. The basin was found to be shallower than postulated, constraining its potential to host a significant deposit. No significant assay were returned from this program

Central Gobi

Bluerock's 2007 Mongolia uranium exploration projects remained active with reverse circulation diamond drilling combined with a trenching program on the Central Gobi Project. A report on this program is pending.

Assaying and Analysis

Gamma log probing was carried out by G&DS Co. Ltd., (a third party contractor), who has a long record of third party geophysical surveying for TSX listed companies. The downhole logging system, manufactured by Mount Sopris Instrument Company, included a motorized winch based MXA-1000 unit, MGX II and Matrix data interface consoles

and two downhole probes, a 2PGA-1000 (Natural Gamma, SP, Single Point Resistance) and 2PEA-1000 (Normal Resistivity). The 2PGA-1000 probe was calibrated at the company's Grand Junction, Colorado calibration facilities on February 2007. Drill cutting check samples were collected and assayed by XRF to verify results and disequilibrium issues.

Drill and trenching samples from the 2007 exploration programs were prepared and analyzed by Activation Laboratories, (Actlabs) of Ancaster Ontario, at their lab in Ulaanbaatar, Mongolia. Rock preparation consisted of crushing and pulverizing to 85% passing 75 micron mesh. Uranium results were analyzed by XRF. Drilling samples were collected as chips from each 1 meter run. Chips were gamma probed with a hand held scintillometer by Company staff and samples collected on all intervals with greater than 120 CPS. Trenching samples were collected from vertical channels through the stratigraphic (flat lying) target horizons. All samples of interest, plus 10% of the remainder are shipped to Canada by Actlabs, for ICP-MS verification at their Ancaster facility.

2008 Exploration Plans

Our Optionee Bluerock Resources is preparing a strategic assessment of our Mongolian properties for 2008 that is based on the results of the 2007 program. We will review this analysis when received and move towards adopting an ownership strategy that is mutually agreeable to both companies. Options include further exploration or divestiture.

Texas

On July 16, 2007 we announced the completion of an initial leasing program of approximately 8,000 acres in the State of Texas. Based on geologic reports and more than 90 historic drill holes, these 8,000 acres are believed to cover a northeast-southwest uranium mineralization trend.

We made the decision to widen our operations into the State of Texas given the possibility of in-situ recovery mining as evidenced by the existence of at least two successful uranium mines currently operating in that State.

Geologic study has been completed on the historic data we obtained from third parties. Initial drilling programs have been designed using this analysis to evaluate the presence of the uranium mineralization and to select targets within the area. Field work is planned to commence in Q2 of 2008. This is planned to test the presence of the uranium indicated in historic data. The field work may also include coring and industry standard extraction testing procedures of the anomalous zones to characterize the host sand for suitability of in situ recovery.

The Texas project is presently not considered a material property and will not be considered a material property until more data and information on the project can be obtained.

Mineral property expenditures – all properties

Our plan of operations is to explore for uranium on our Wyoming Powder River Basin and Texas properties while our joint venture partners are primarily responsible for carrying out exploration of our Wyoming Great Divide Basin, Saskatchewan, and Mongolia properties. All of our projects are at the exploration stage and there can be no assurance that a commercially viable mineral deposit, or reserve, exists on any of our properties until appropriate exploratory work is done and a comprehensive evaluation based on such work concludes legal and economic feasibility. Further exploration will be required before a final evaluation as to the economic and legal feasibility of mining of any of our properties is determined. There is no assurance that further exploration will result in a final evaluation that a commercially viable mineral deposit exists on any of our mineral properties. We anticipate that we will require additional financing in order to pursue full exploration of these projects. We do not have sufficient financing to undertake full exploration and, if warranted, development of our mineral claims at present and there is no assurance that we will be able to obtain the necessary financing. Because of the long lead times for environmental permitting of mining operations in North America, we have collected environmental baseline data and filed the environmental permitting applications on two of our properties in Powder River Basin area of Wyoming that we feel may have the potential, based on data in our possession, of being developed into commercial in-situ recovery uranium mines. However, we have not at this stage completed any comprehensive feasibility studies on these properties demonstrating that development of any of the properties is commercially warranted. Proceeding with these advanced activities prior to completing detailed feasibility analysis adds risk to our plan of operations and we may incur costs which might not

otherwise have been incurred. Our cash expenditures in 2008, excluding property acquisitions, are estimated to be \$11.5 million, as follows:

<u>Wyoming</u>			
Exploration			
Wholly owned properties	\$	1,100,000	
Arkose properties	\$	5,200,000	\$ 6,300,000
Environmental			\$ 800,000
Production and well planning			\$ 300,000
<u>Texas exploration</u>			\$ 300,000
General and Administrative expenditures			\$ 3,800,000
Total			\$ 11,500,000

These estimates are subject to change.

ITEM 3. LEGAL PROCEEDINGS

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our security holders during the fourth quarter ended December 31, 2007.

PART II

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

Market Information

Our common stock began trading on the American Stock Exchange on August 10, 2006 under the symbol "URZ", and previously, since May 6, 2004, on the Over the Counter Bulletin Board (OTCBB) under the symbol "URNZ", formerly known as "CVTU". The American Stock Exchange has launched trading in options (derivatives: puts and calls) on our common stock. The options are quoted with position limits of 2,500,000 shares and strike prices of 2 ½ - 5 7 ½ - 10. The specialist is Jane Street Specialist. The Chicago Board Options Exchange began trading in options (derivatives: puts and calls) on our common stock on April 12, 2007. Our common stock also trades, since August 2007, on the Toronto Stock Exchange under the symbol URZ and on the Frankfurt Exchange under the symbol U9E .

The following table shows the high and low sales price or bid price for our common shares for the calendar quarters indicated, as reported by the American Stock Exchange, www.amex.com, and Bloomberg for the OTCBB, as applicable.

Period	High	Low
<u>2007</u>		
Fourth Quarter	\$ 4.73	\$ 2.53
Third Quarter	\$ 5.14	\$ 2.69
Second Quarter	\$ 7.65	\$ 5.01
First Quarter	\$ 5.69	\$ 2.95
<u>2006</u>		
Fourth Quarter	\$ 4.80	\$ 1.33
Third Quarter ⁽¹⁾	\$ 3.25	\$ 2.00
Second Quarter	\$ 3.22	\$ 1.70
First Quarter	\$ 2.69	\$ 1.12
<u>2005</u>		
Fourth Quarter	\$ 1.36	\$ 0.84
Third Quarter	\$ 1.79	\$ 0.55
Second Quarter	\$ 1.05	\$ 0.50
First Quarter	\$ 1.20	\$ 0.51

(1) Our common stock began trading on the American Stock Exchange on August 10, 2006.

As of March 13, 2007 the closing bid quotation for our common stock was \$2.40 per share as quoted by the AMEX.

As of March 13, 2007, we had 45,340,187 shares of common stock issued and outstanding, held by approximately 8,000 registered shareholders. Many shares are registered through intermediaries, making the precise number of shareholders difficult to obtain.

Dividend Policy

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

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

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

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

Repurchase of Securities

During 2007, neither the Company nor any affiliate of the Company repurchased common shares of the Company registered under Section 12 of the Securities Exchange Act of 1934, as amended.

Equity Compensation Plan Information

As at December 31, 2007, we had one equity compensation plan under which our common shares have been authorized for issuance to our officers, directors, employees and consultants, namely our 2005 Stock Option Plan. Our 2005 Stock Option Plan has been approved by our shareholders.

The following summary information is presented for our 2005 Stock Option Plan as of December 31, 2007.

	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options,	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Plan Category	(a)	(b)	(c)
Equity Compensation Plans Approved By Security Holders	4,283,000	\$2.00	5,395,360
Equity Compensation Plans Not Approved By Security Holders	Not Applicable	Not Applicable	Not Applicable

2005 Stock Option Plan Information

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

Purpose

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

Persons Eligible

Any employee, director, general partner, officer, attorney, accountant, consultant or advisor providing services to the Company or any parent, affiliate, or subsidiary of the Company is eligible to be designated a participant in the Stock Option Plan. However, stock option grants may only be granted to full- or part-time employees, officers, or directors of the Company or one of its subsidiaries.

Administration

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

Shares Available under the Stock Option Plan

The total number of shares of the Company available for grants of stock options under the Stock Option Plan shall be 10,000,000 Common Shares, subject to adjustment as herein provided, which shares may be either authorized but un-issued or reacquired Common Shares of the Company. If a stock option or portion thereof shall expire or terminate for any reason without having been exercised in full, the un-purchased shares covered by such nonqualified stock option shall be available for future grants of stock options under the Stock Option Plan. Shares issuable upon exercise of stock options have been registered under the U.S. Securities Act of 1933, as amended, pursuant to the Company's Registration Statement on Form S-8, filed with the Securities and Exchange Commission on November 21, 2005.

Terms and Conditions of Stock Options

Stock options may be granted to any person who is performing or who has been engaged to perform services of special importance to management in the operation, development and growth of the Company. The Committee has the sole power to set the option price of granted stock options. All stock options granted under the Stock Option Plan must be granted within ten years of the date the plan was adopted and all granted stock options must be exercised within ten years of the date of grant. The Committee may grant stock options which vest in installment periods and may modify

such periods to accelerate vesting. Stock options are evidenced by a form stock option agreement.

Exercise of Stock Options

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

Transfer of Stock Options

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

Adjustments to Stock Options

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

- Prompt, proportionate, equitable, lawful and adequate adjustment shall be made of the aggregate number and kind of shares subject to stock options which may be granted under the Stock Option Plan, such that the optionee shall have the right to purchase such common shares as may be issued in exchange for the common shares purchasable on exercise of the nonqualified stock option had such merger, consolidation, other reorganization, recapitalization, reclassification, combination of shares, stock split-up or stock dividend not taken place;
- Rights under unexercised stock options or portions thereof granted prior to any such change, both as to the number or kind of shares and the exercise price per share, will be adjusted appropriately, provided that such adjustments will be made without change in the total exercise price applicable to the unexercised portion of such nonqualified stock options but by an adjustment in the price for each share covered by such nonqualified stock option; or
- Upon any dissolution or liquidation of the Company or any merger or combination in which the Company is not a surviving corporation, each outstanding stock option granted hereunder shall terminate, but the optionee shall have the right, immediately prior to such dissolution, liquidation, merger or combination, to exercise his nonqualified stock option in whole or in part, to the extent that it shall not have been exercised, without regard to any installment exercise provisions in such nonqualified stock option.

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

Amendment of the Plan

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

affect previously granted stock options.

Recent Sales of Unregistered Securities

On January 15, 2008:

The Company completed an acquisition of an undivided 81% interest in the NAMMCO mineral properties, covering over approximately 82,000 acres (33,000 hectares) in the Pumpkin Buttes uranium mining district of the central Powder River Basin of Wyoming, U.S.A. (the “NAMMCO Properties”) pursuant to a purchase and sale agreement with mining venture previously announced on September 19, 2007 between the Company and the NAMMCO Group. With this acquisition, the Company has effectively tripled its property position in the Powder River Basin and now controls a total of approximately 115,000 acres (46,500 hectares, or approximately 170 square miles) of mineral properties in the area. Pursuant to the Purchase and Sale Agreement, the total purchase price paid by the Company to acquire its 81% interest in the NAMMCO Properties was cash in the amount of U.S. \$5,000,000 and 5,750,000 shares of the Company common stock issued to the NAMMCO Group (the “Uranerz Consideration Shares”).

In connection with its acquisition of its 81% interest in the NAMMCO Properties, the Company has entered into a joint venture agreement dated as of January 15, 2008 (the “Venture Agreement”) with United Nuclear, LLC (“United Nuclear”), a limited liability company wholly owned by the NAMMCO Group and their designee under the Purchase and Sale Agreement (as amended). Under the Venture Agreement, the parties agree that United Nuclear will hold (and contribute to) its nineteen percent (19%) working interest in the joint venture, and the Company will operate and be the manager of the joint venture under the name “Arkose Mining Venture”. Effective as of January 14, 2008, the Purchase and Sale Agreement was amended to reflect the formation of United Nuclear to serve as a vehicle pursuant to which the NAMMCO Group would enter into the Venture Agreement.

The Uranerz Consideration Shares issued to the NAMMCO Group were not registered under the Securities Act, or the laws of any state, and are subject to resale restrictions and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. The Uranerz Consideration Shares were placed pursuant to exemptions from registration requirements of the Securities Act provided by Section 506 of Regulation D of the Securities Act and/or Section 4(2) of the Securities Act. Pursuant to the Purchase and Sale Agreement, the Company granted the NAMMCO Group registration rights relating to the Uranerz Consideration Shares; and, in connection therewith, the Company is obligated to prepare and file or cause to be prepared and filed with the United States Securities and Exchange Commission, no later than one hundred and twenty (120) days after the issuance of the Uranerz Consideration Shares, a registration statement under the Securities Act on appropriate form registering the resale, from time to time, of such shares by the NAMMCO Group.

In connection with the issuance of the Uranerz Consideration Shares to the NAMMCO Sellers, the NAMMCO Group entered into a voting agreement with the Company dated as of January 15, 2008 pursuant to which each of such sellers granted the Company’s management or the Company’s appointed agent the right to vote fifty percent (50%) of their outstanding and currently held Uranerz Consideration Shares, whether held directly or indirectly by such sellers, for a period of three (3) years following the date of the issuance of the Uranerz Consideration Shares.

On February 1, 2007:

1. The Company issued 50,000 share purchase warrants to a consultant, exercisable at \$3.69 per share on or before February 1, 2008. The warrants were issued in a private transaction not involving a public offering pursuant to Section 4(2) of the Securities Act of 1933, as amended (the Securities Act).

During the period ended March 31, 2007, the Company issued 4,481,749 shares of common stock pursuant to the exercise of common share purchase warrants for proceeds of \$8,316,678. All warrants (i) were exercised by, and the underlying common shares issued to, or for the account or benefit of, Non- U.S. Persons (as that term is defined in Rule 902 of Regulation S under the Securities Act) outside the United States in off-shore transactions (as that term is defined in Rule 902 of Regulation S under the Securities Act) that are exempt from the registration requirements of the Securities Act pursuant to Rule 903 of Regulation S under the Securities Act or (ii) were exercised pursuant to

Rule 506 of Regulation D of the Securities Act on the basis that each investor is an accredited investor as defined under Rule 501(a) of Regulation D of the Securities Act of 1933, as amended. Each investor represented to us their intent to acquire the securities for investment purposes for their own account. No general solicitation or general advertising was undertaken in connection with the offering. All securities issued were endorsed with a restrictive

legend confirming that the securities could not be resold without registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act.

We completed the following sales of securities without registration pursuant to the Securities Act of 1933 (the Securities Act) during the year ended December 31, 2006:

On March 3, 2006:

1. We completed a private placement with twenty-three (23) investors of 2,755,000 Units at a price of \$1.00 per Unit for total proceeds of \$2,755,000 pursuant to Rule 506 of Regulation D of the Securities Act. We paid a commission equal to 7 ½ % of a portion of the funds raised in connection with the completion of the offering. The sales were completed pursuant to Rule 506 of Regulation D of the Securities Act on the basis that each investor is an accredited investor as defined under Rule 501(a) of Regulation D of the Securities Act of 1933, as amended. Each investor represented to us their intent to acquire the securities for investment purposes for their own account. No general solicitation or general advertising was undertaken in connection with the offering. All securities issued were endorsed with a restrictive legend confirming that the securities could not be resold without registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act.
2. We completed a private placement with one hundred and ten (110) investors of 4,490,000 Units at a price of \$1.00 per Unit for total proceeds of \$4,490,000 pursuant to Rule 903 of Regulation S of the Securities Act. We paid a commission equal to 7 ½ % of a portion of the funds raised in connection with the completion of the offering. We completed the offering of the Units pursuant to Rule 903 of Regulation S of the Securities Act on the basis that the sale of the Units was completed in an offshore transaction, as defined in Rule 902(h) of Regulation S. We did not engage in any directed selling efforts, as defined in Regulation S, in the United States in connection with the sale of the Units. The investors represented to us that the investors were not U.S. persons, as defined in Regulation S, and were not acquiring the Units for the account or benefit of a U.S. person. The subscription agreements executed between us and the investors included statements that the securities had not been registered pursuant to the Securities Act and that the securities may not be offered or sold in the United States unless the securities are registered under the Securities Act or pursuant to an exemption from the Securities Act. The investors agreed by execution of the subscription agreement for the Units: (i) to resell the securities purchased only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act or pursuant to an exemption from registration under the Securities Act; (ii) that we are required to refuse to register any sale of the securities purchased unless the transfer is in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act or pursuant to an exemption from registration under the Securities Act; and (iii) not to engage in hedging transactions with regards to the securities purchased unless in compliance with the Securities Act. All securities issued were endorsed with a restrictive legend confirming that the securities had been issued pursuant to Regulation S of the Securities Act and could not be resold without registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act. In aggregate we issued a total of 7,245,000 shares and 3,622,000 warrants, with each warrant entitling the holder to purchase one additional share of our common stock for a period of two years at an exercise price of \$1.75 per share until March 3, 2007, and at an exercise price of \$2.50 per share until March 3, 2008. In aggregate we have paid total commissions in cash of \$88,660 and 185,750 units. We filed a resale registration statement on Form SB-2 to register the shares of common stock issuable or issued to the investors for resale. The registration statement was declared effective on January 18, 2007 (SEC No. 333 139537).

On May 19, 2006:

1. We completed a private placement with four (4) investors of 720,000 Units at a price of \$1.75 per Unit for total proceeds of \$1,260,000 pursuant to Rule 506 of Regulation D of the Securities Act. We paid a commission equal to up to 8% on a portion of the funds raised in connection with the completion of the offering. The sales

were completed pursuant to Rule 506 of Regulation D of the Securities Act on the basis that each investor is an accredited investor , as defined under Rule 501(a) of Regulation D of the Securities Act. Each investor represented to us their intent to acquire the securities for investment purposes of their own account. No general solicitation or general advertising was undertaken in connection with the offering. All securities issued were endorsed with a restrictive legend confirming that the securities could not be resold without registration under the Securities Act or an applicable exemption from the requirements of the Securities Act.

2. We completed a private placement with thirty-six (36) investors of 1,422,200 Units at a price of \$1.75 per Unit for total proceeds of \$2,488,850 pursuant to Rule 903 of Regulation S of the Securities Act. We paid a commission equal to up to 8% on some of the funds raised in connection with the completion of the offering. We completed the offering of the Units pursuant to Rule 903 of Regulation S of the Securities Act on the basis that the sale of the Units was completed in an offshore transaction, as defined in Rule 902(h) of Regulation S. We did not engage in any directed selling efforts, as defined in Regulation S, in the United States in connection with the sale of the Units. The investors represented to us that the investors were not U.S. persons, as defined in Regulation S, and were not acquiring the Units for the account or benefit of a U.S. person. The subscription agreements executed between us and the investors included statements that the securities had not been registered pursuant to the Securities Act and that the securities may not be offered or sold in the United States unless the securities are registered under the Securities Act or pursuant to an exemption from the Securities Act. The investors agreed by execution of the subscription agreements for the Units: (i) to resell the securities purchased only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act or pursuant to an exemption from registration under the Securities Act; (ii) that we are required to refuse to register any sale of the securities purchased unless the transfer is in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act or pursuant to an exemption from registration under the Securities Act; and (iii) not to engage in hedging transactions with regards to the securities purchased unless in compliance with the Securities Act. All securities issued were endorsed with a restrictive legend confirming that the securities had been issued pursuant to Regulation S of the Securities Act and could not be resold without registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act.

We issued a total of 2,142,200 Shares and 1,071,100 Warrants, with each Warrant entitling the holder to purchase one additional share of our common stock for a period of one year at an exercise price of \$2.25 per Share until May 19, 2007. We paid a portion of commission in units in the amount of 52,266 units. In aggregate we issued a total of 2,194,466 common shares and 1,097,233 warrants.

We filed a resale registration statement on Form SB-2 to register the shares of common stock issuable or issued to the investors for resale. The registration statement was declared effective on January 18, 2007 (SEC No. 333 – 139537), was amended June 29, 2007 and again declared effective on July 13, 2007.

April 15, 2005 Private Placement Financing

1. We completed a private placement financing in April, 2005 for gross proceeds of \$695,950. The private placement financing was comprised of an aggregate of 6,959,500 shares at a price of \$0.10 per share to an aggregate of 21 purchasers. The sales were completed pursuant to Rule 506 of Regulation D of the Securities Act on the basis that each investor is an accredited investor, as defined under Rule 501(a) of Regulation D of the Securities Act. Each investor represented to us their intent to acquire the securities for investment purposes of their own account. No general solicitation or general advertising was undertaken in connection with the offering. All securities issued were endorsed with a restrictive legend confirming that the securities could not be resold without registration under the Securities Act or an applicable exemption from the requirements of the Securities Act.

October 17, 2005 Private Placement Financing

1. We completed a private placement financing in October, 2005 for gross proceeds of \$2,098,000. The private placement financing was comprised of an aggregate of 5,245,000 units at a price of \$0.40 per unit to an aggregate of 81 purchasers. Each unit was comprised of one share of our common stock and one-half share purchase warrant. Each full warrant entitles the holder to purchase one additional share of our common stock at an exercise price of \$0.60 per share for a period of one year from the date of issue. The sales were completed pursuant to Rule 506 of Regulation D of the Securities Act on the basis that each investor is an accredited investor, as defined under Rule 501(a) of Regulation D of the Securities Act. Each investor represented to us

their intent to acquire the securities for investment purposes of their own account. No general solicitation or general advertising was undertaken in connection with the offering. All securities issued were endorsed with a restrictive legend confirming that the securities could not be resold without registration under the Securities Act or an applicable exemption from the requirements of the Securities Act.

November 17, 2005 Private Placement Financing

1. We completed a private placement financing in November, 2005 for gross proceeds of \$70,000. The private placement financing was comprised of an aggregate of 175,000 units at a price of \$0.40 per unit to an aggregate of 2 purchasers. Each unit was comprised of one share of our common stock and one-half share purchase warrant. Each full warrant entitles the holder to purchase one additional share of our common stock at an exercise price of \$0.60 per share for a period of one year from the date of issue. The sales were completed pursuant to Rule 506 of Regulation D of the Securities Act on the basis that each investor is an accredited investor, as defined under Rule 501(a) of Regulation D of the Securities Act. Each investor represented to us their intent to acquire the securities for investment purposes of their own account. No general solicitation or general advertising was undertaken in connection with the offering. All securities issued were endorsed with a restrictive legend confirming that the securities could not be resold without registration under the Securities Act or an applicable exemption from the requirements of the Securities Act.

ITEM 6. SELECTED FINANCIAL DATA

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

Dollars and shares in thousands, except per share amounts

	2007	2006	2005	2004	2003
Operating expenses					
Depreciation	57	15	1	-	-
Foreign exchange	\$ 24	1	4	-	-
General and administrative	\$ 7,863	5,879	4,482	18	24
Impairment loss on mineral properties	\$ -	-	315	-	-
Mineral exploration	\$ 7,008	1,232	89	2	3
Total operating expenses	\$ 14,951	7,127	4,891	20	27
Gain on sale on investment securities	\$ -	79	-	-	-
Interest income	\$ 710	411	-	-	-
Loss on settlement of debt	\$ -	-	(132)	-	-)
Mineral property options received	\$ 44	87	21	-	-
Net loss for the year	14,197	6,549	5,002	20	27
Common stock data					
Weighted average shares outstanding	38,438	29,738	12,995	5,640	5,617
Net loss per share basic and diluted	\$ 0.37	0.22	0.38	-	-
Total shares outstanding at December 31	39,224	34,560	21,995	5,640	5,640
Balance sheet data at December 31					
Total assets	\$ 12,216	12,492	1,978	7	-
Property, plant and equipment net	\$ 406	123	9	-	-
Working capital	\$ 11,114	11,980	1,776	(58)	(38)
Total debt	\$ 52	-	-	-	-
Common shareholders equity	\$ 11,518	12,113	1,785	(58)	(38)
Cash flow data					
Net cash used for operating activities	\$ 9,259	1,692	581	3	8

Edgar Filing: URANERZ ENERGY CORP. - Form 10-K

Net cash used for investing activities	\$	281	472	326	-	-
Net cash provided by financing activities	\$	8,590	12,532	2,824	11	18
			45			

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

Overview

We are an exploration stage company engaged in the acquisition, exploration and, if warranted, development of uranium properties. We own interests in properties in Wyoming and Texas, USA; Saskatchewan, Canada; and Mongolia. We are principally focused on the exploration of our projects in the Powder River Basin area of Wyoming. We have entered into joint venture agreements for each of our Saskatchewan and Mongolia properties whereby the joint venture partner for each project can earn an ownership interest in the property in exchange for exploration and development expenditure commitments and/or cash and equity consideration. We have also joint ventured our uranium projects in the Great Divide Basin area of Wyoming. Our joint venture partners have conducted exploration of our Wyoming Great Divide Basin, Saskatchewan and Mongolian mineral properties and we anticipate this will continue. We plan to maintain, explore and, if warranted, develop our projects in the Powder River Basin area of Wyoming. We plan to commence exploration on our Texas project in 2008.

Because of the long lead times for environmental permitting of mining operations in North America, we have collected environmental baseline data on two of our properties in the Powder River Basin area of Wyoming that we feel may have the potential, based on data in our possession, of being developed into commercial in-situ recovery uranium mines. These permit applications were filed in December of 2007.

In support of our goals for 2007, we focused our efforts on the following five key operating priorities.

Exploration in Wyoming

Mine permitting

Acquisition of properties with uranium potential

Investor relations

Organization and staffing

Results of Operations

Twelve-month period ended December 31, 2007 compared to twelve-month period ended December 31, 2006

Revenue

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 report.

Operating Expenses and Other Expenses (Income)

We incurred total operating expenses of \$14,951,402 for the twelve-month period ended December 31, 2007, as compared to \$7,126,992 for the corresponding period in 2006. The increase of operating expenses in the amount of \$7,824,410 (110%) was primarily attributable to increased spending of \$5,776,188 on acquiring and exploring mineral properties in Wyoming as described in detail in Item 2 of this Annual Report on Form 10-K. Our general and administrative expenses consisted primarily of stock based compensation, payroll, consulting, investor relations and general overhead which increased \$1,983,747 or 33% over 2006 reflecting our growth in corporate affairs, investor relations (including listing on the Toronto Stock Exchange) and Casper operations.

Our interest expense for the twelve-month period ended December 31, 2007 was imputed on an interest free loan as \$3,692 (2006 – nil). We earned \$710,226 of interest income for the twelve-month period ended December 31, 2007 as compared to \$411,462 for the corresponding period in 2006. This income resulted from short term investments. Net loss for the twelve-month period ended December 31, 2007 was \$14,197,366, as compared to \$6,548,901 for the corresponding period in 2006, an increase of \$7,648,645 (117%).

As we anticipated, our exploration expenses continued to increase throughout the 2007 fiscal year in comparison with 2006 as a result of our planned exploration activities and as a result of payments required to maintain our interests in our mineral properties. In addition, as we anticipated, general and administrative expenses continued to increase as we complied with our obligations to many stockholders as a reporting company under the Securities Exchange Act of 1934, listed on the American Stock Exchange. As anticipated, we did not earn any revenues during the 2007 fiscal year as we were engaged in exploration and the permitting of our mineral properties.

Cash Used in Operating Activities

Net cash used in operating activities was \$9,258,752 for the twelve-month period ended December 31, 2007, compared to \$1,691,781 for the corresponding period in 2006. The increase in net cash used in operations reflects the growth of our operations, including an increase of \$5,776,188 for mineral related expenditures.

Cash Used in Investing Activities

We invested \$281,306 in equipment and reclamation bonds in the twelve-month period ended December 31, 2007, compared to \$471,727 for mineral properties and operating assets in the corresponding period in 2006.

Cash Provided by Financing Activities

Net cash provided by financing activities amounted to \$8,589,966 for the twelve-month period ended December 31, 2007, primarily from private placements of common stock, compared to \$12,531,835 for the corresponding period in 2006. We received an additional \$202,500 from the exercise of stock options in January 2008.

Twelve-month period ended December 31, 2006 compared to twelve-month period ended December 31, 2005

Revenue

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 report.

Operating Expenses and Other Expenses (Income)

We incurred total operating expenses of \$7,126,992 for the twelve-month period ended December 31, 2006, as compared to \$4,891,392 for the corresponding period in 2005. The increase of operating expenses in the amount of \$2,235,600 (46%) was primarily attributable to increased spending on acquiring and exploring mineral properties in Wyoming as described in detail in Item 2 of this Annual Report on Form 10-KSB. The impairment loss on mineral properties of \$449,952, an increase of 43% over 2005 is attributable to our acquisition of mineral properties that were initially capitalized and then, in the absence of a bankable feasibility report, are recorded as fully impaired. Our general and administrative expenses consisted primarily of stock based compensation, payroll, consulting, investor relations and general overhead which increased \$1,396,886 or 31% over 2005 reflecting our growth in corporate affairs and Casper operations.

We had no interest expense for the twelve-month period ended December 31, 2006. We earned \$411,462 of interest income for the twelve-month period ended December 31, 2006 as compared to none for the corresponding period in 2005. This income resulted from short term investments. Net loss for the twelve-month period ended December 31, 2006 was \$6,548,901, as compared to \$5,002,225 for the corresponding period in 2005, an increase of \$1,546,676 (31%).

We anticipate that our exploration expenses will continue to increase throughout the 2007 fiscal year in comparison with 2006 as a result of our planned exploration activities and as a result of payments required to maintain our interests in our mineral properties. In addition, we anticipate continued increased general and administrative expenses as we comply with our obligations to many stockholders as a reporting company under the Securities Exchange Act of 1934, listed on the American Stock Exchange. We anticipate that we will not earn any revenues during the current fiscal year or in the near future as we are presently engaged in exploration and the permitting of our mineral properties.

Cash Used in Operating Activities

Net cash used in operating activities was \$1,691,781 for the twelve-month period ended December 31, 2006, compared to \$580,559 for the corresponding period in 2005. The increase in net cash used in operations reflects the growth of our operations, including an increase of \$827,950 for mineral related expenditures.

Cash Used in Investing Activities

We invested \$578,308 in mineral properties and operating assets the twelve-month period ended December 31, 2006, compared to \$325,628 for the corresponding period in 2005. Proceeds from sale of investment securities were \$116,629 in 2006, none in 2005.

Cash Provided by Financing Activities

Net cash provided by financing activities amounted to \$12,531,835 for the twelve-month period ended December 31, 2006, primarily from private placements of common stock, compared to \$2,823,738 for the corresponding period in 2005.

Assets and Liabilities

We had total assets of \$12,216,146 at December 31, 2007 compared to \$12,491,996 at December 31, 2006, primarily cash accumulated from the sale of shares. Property and Equipment was \$406,288 compared to \$123,236 at December 31, 2006. Our liabilities were \$697,855 compared to \$378,809 at December 31, 2006. Liabilities include due to related parties of \$471,115 (2006 - \$200,047) and long term debt of \$52,146 (2006 - nil).

Liquidity and Capital Resources

Our operations are primarily financed by proceeds from issuances of common stock. Our cash position at December 31, 2007 was \$11,343,737 compared to \$12,293,890 as of December 31, 2006. We had working capital of \$11,114,149 as of December 31, 2007, compared to working capital of \$11,989,951 as of December 31, 2006.

Financings

During the year ended December 31, 2007, the Company:

1. Issued 4,481,749 shares of common stock upon the exercise of share purchase warrants for cash proceeds of \$8,316,678.
2. Issued 182,000 common shares upon the exercise of stock options for cash proceeds of \$288,100.

During the year ended December 31, 2006, the Company:

1. Issued 2,700,000 shares of common stock upon the exercise of share purchase warrants for cash proceeds of \$1,777,250.
2. Completed a private placement of 2,142,200 units at a price of \$1.75 per unit for gross proceeds of \$3,748,850 and net proceeds of \$3,607,397. Each unit is comprised of one share of the Company's common stock and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of the Company's common stock until May 19, 2007, at an exercise price of \$2.25 per share. A commission was payable, a portion of which was paid in units in the amount of 52,266 units. In aggregate the Company issued a total of 2,194,466 shares of common stock and 1,097,233 warrants.

3. Issued 8,640 common shares upon the exercise of stock options for \$8,858 offsetting amounts relating to consulting services rendered.
4. Issued 131,000 common shares upon the exercise of stock options to settle \$121,148 of debt owing to a director. A loss on settlement of debt of \$100,509 was recorded.

5. Issued 100,000 shares of common stock for consulting services with a fair value of \$91,000.
6. Completed a private placement consisting of 7,245,000 units at \$1.00 per unit for proceeds of \$7,147,186 net of issue costs and commissions. Each unit consists of one share of common stock and one-half share purchase warrant. The Company issued 7,245,000 shares of common stock and 3,622,500 warrants. Each full warrant entitles the holder to purchase one additional share of common stock for a period of two years at an exercise price of \$1.75 per share until March 3, 2007, and at an exercise price of \$2.50 per share until March 3, 2008. The Company issued 186,232 units for commissions pertaining to this private placement.

During the year ended December 31, 2005, the Company:

1. Issued 175,000 units at \$0.40 per unit for net proceeds of \$65,800. The Company paid commission expenses of \$4,200. Each unit consisted of one share of common stock and one half warrant. Each full warrant entitles the investor to purchase one additional share at an exercise price of \$0.60 per share on or before November 17, 2006.
2. Issued 200,000 common shares at a fair value of \$212,000 to settle a debt of \$80,000 owing to a company for public and investor relations services, resulting in a loss on debt settlement of \$132,000.
3. Issued 5,245,000 units at \$0.40 per unit for net proceeds of \$2,059,124. The Company paid commission expenses of \$38,876. Each unit consisted of one share of common stock and one half warrant. Each full warrant entitles the investor to purchase one additional share at an exercise price of \$0.60 per share for one year from the date of issue.
4. Issued 3,775,000 shares of common stock at \$0.001 per share as compensation to directors, officers and members of the Company's Advisory Board. The Company received cash proceeds of \$3,775 and the Company recorded stock-based compensation of \$3,808,975.
5. Issued 6,959,500 shares of common stock at \$0.10 per share for proceeds of \$695,039, net of offering costs of \$911.
6. Completed a private placement financing for gross proceeds of \$695,950. The private placement financing was comprised of an aggregate of 6,959,500 shares at a price of \$0.10 per share.

Capital Requirements

Our cash position of 11,343,737 at December 31, 2007, plus an estimated \$450,000 from the exercise of warrants and options provide approximately \$11.8 million for future operations. We estimate that our cash expenditures for operations over the next twelve months will be approximately \$11,500,000 as outlined below. Property acquisitions, including those committed at December 31, 2007 and operations beyond 2008 will be financed through one or more equity issues. We intend to focus most of our exploration efforts in Wyoming.

Our plan of operation for the next twelve months is to continue with exploration of our expanded Wyoming Powder River Basin properties while our joint venture partners carry out exploration activities in Saskatchewan, Mongolia and the Wyoming Great Divide Basin area under the terms of the joint venture agreements. Our planned geological exploration programs are described in Item 2 of this Report. Our planned cash operating expenditures for the year ending December 31, 2007 for corporate expenses, exploration on our Wyoming mineral properties and general and administrative expenses are summarized as follow:

Category	

	Planned Expenditures Over the Next Twelve Months (US\$)
Exploration	\$6,300,000
Environmental, production and well planning	\$1,100,000

General and Administrative expenses	\$3,800,000
TOTAL	\$11,500,000

In addition to our planned operating expenditures, we anticipate spending approximately \$7 million for acquisition of identified properties, including the NAMMCO acquisition completed in January, 2008, which included \$5 million in cash as part of the purchase price. We may make additional significant investments as opportunities arise. Our exploration and, if warranted, development plans will be continually evaluated and modified as exploration and environmental results become available. Modifications to our plans will be based on many factors, including: results of exploration, assessment of data, weather conditions, exploration costs, the price of uranium and available capital. Further, the extent of our operations and investment programs that we undertake will be dependent upon the amount of financing available to us.

During the twelve-month period following the date of this annual report, we anticipate that we will not generate any revenues. We anticipate that additional funding to carry out all our 2008 plans will be in the form of equity financing from the sale of our common stock.

Future Financings

We require additional financing to carry out our full program of exploration and property acquisitions during 2008. We plan to complete additional sales of our common stock in order to raise the funds necessary to pursue our plan of operations and to fund our working capital. Issuances of additional shares will result in dilution to our existing shareholders. There is no assurance that we will be successful in completing any financings. Failure to obtain additional financing on a timely basis would require a reduced plan of operations and acquisitions.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

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

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

Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and, if warranted, 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.

During the year ended December 31, 2007, mineral property expenditures totaling \$7,008,396 (2006 - \$1,232,208; 2005 - \$404,258) were expensed and the Company received mineral property option payments of \$43,810 (2006 -\$87,500; 2005 - \$21,167).

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.

Accounting Developments

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141R, *Business Combinations*. This statement replaces SFAS 141 and defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date that the acquirer achieves control. SFAS 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R also requires the acquirer to recognize contingent consideration at the acquisition date, measured at its fair value at that date. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 and earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements - Liabilities - an Amendment of ARB No. 51*. This statement amends ARB 51 to establish accounting and reporting standards for the Noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 and earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair va