

URANERZ ENERGY CORP.

Form 424B2

October 15, 2009

Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION. PRELIMINARY PROSPECTUS SUPPLEMENT DATED OCTOBER 15, 2009

**Preliminary Prospectus Supplement
to Prospectus dated August 21, 2009**

**Filed Pursuant to Rule 424(b)(2)
Registration No. 333-160504**

10,000,000 Units

URANERZ ENERGY CORPORATION

Uranerz Energy Corporation (which we refer to as **Uranerz**, the **Company**, **we**, or **us**) is offering and selling up to 10,000,000 shares of its common stock (which we refer to as the **Shares**) and warrants to purchase up to an additional 5,000,000 shares of its common stock (which we refer to as the **Warrants**) pursuant to this prospectus supplement and the accompanying base prospectus. We are offering the Shares and Warrants in units (which we refer to as the **Units**) each consisting of one Share and one-half of one Warrant, each whole Warrant exercisable to purchase one additional share of common stock of the Company at a price of \$3.00 per share of common stock, subject to adjustment and early termination, for a period of 30 months following the closing of this offering. The Units will be sold at a negotiated price of \$2.00 per Unit. The Units will not be issued or certificated. The Shares and Warrants are immediately separable and will be issued separately. We do not intend to apply for listing the Warrants on any securities exchange.

Our shares of common stock are traded on the NYSE Amex LLC (which we refer to as the **Amex**) and on the Toronto Stock Exchange (which we refer to as the **TSX**) under the symbol **URZ**, and on the Frankfurt Exchange under the symbol **U9E**. On October 14, 2009, the closing price of our shares of common stock on the Amex was \$2.24 per share of common stock, on the TSX was Cdn \$2.26 per share of common stock and on the Frankfurt Exchange was 1.43 per share of common stock. **There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this prospectus supplement. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such Warrants, and the extent of issuer regulation.** Our principal executive offices are located at 1701 East E Street, PO Box 50850, Casper, Wyoming 82605-0850, and our telephone number is 307-265-8900.

Investing in the Units involves a high degree of risk. Before buying any Units, you should read the discussion of material risks of investing in our Units in the Risk Factors section beginning on page S-10 of this prospectus supplement and the Risk Factors and Uncertainties section beginning on page 7 of the accompanying base prospectus and in the documents incorporated by reference herein and therein.

	Per Unit Price⁽¹⁾	Total⁽²⁾⁽³⁾
Public offering price	\$ 2.00	\$20,000,000
Placement agents' fees	\$ 0.12	\$1,200,000

Proceeds, before expenses, to us	\$ 1.88	\$18,800,000
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- (1) A Unit consists of one Share together with one-half of one Warrant, each whole Warrant exercisable to purchase one share of common stock. This table excludes shares of common stock issuable upon exercise of the Warrants offered hereby.
- (2) This table is based on the sale of 10,000,000 Shares and does not reflect the proceeds from the exercise of Warrants covering 5,000,000 additional shares of common stock registered in this offering which have an exercise price of \$3.00 per share of common stock. See "Description of Warrants" in this prospectus supplement.
- (3) In addition, we have granted the placement agents an option (which we refer to as the **Agents Option**) to place up to an additional 1,500,000 Units at the same price as the offering price to the public exercisable, in whole or in part, at the sole option of Dahlman Rose & Company, LLC and Haywood Securities Inc., on behalf of the placement agents, at any time up to two business days prior to the closing of the offering. This prospectus supplement covers the offer and sale of the Units upon exercise of the Agents Option. If the Agents Option is fully exercised, the total public offering price, placement agents' fees and proceeds, before expenses, to us, will be \$23,000,000, \$1,380,000 and \$21,620,000, respectively. A purchaser who acquires Units forming part of the Agents Option, if applicable, acquires those Units under this prospectus supplement.

We are offering and selling the Units pursuant to an agency agreement dated October 1, 2009 by and among us and Dahlman Rose & Company, LLC, Haywood Securities Inc., GMP Securities L.P., Dundee Securities Corporation, and Versant Partners Inc. as placement agents in connection with this offering. The placement agents are not required to purchase or sell any Units, Shares or Warrants offered hereby nor are they required to sell any specific number or dollar amount of Units, but will use their best efforts to arrange for the sale of all of the Units offered hereby. Because there is no minimum offering amount required as a condition to the closing of this offering, the actual offering amount, placement agents' fees, and proceeds, before expenses, to us are not presently determinable and may be substantially less than the maximum amounts set forth above.

We expect the Shares and Warrants offered hereby to be delivered on or about October 1, 2009, or such earlier date as we and the placement agents may agree following the completion of the placement of all of the Units offered pursuant to this prospectus supplement.

Neither the United States Securities Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying base prospectus. Any representation to the contrary is a criminal offense.

Dahlman Rose & Company

Haywood Securities Inc.

GMP Securities L.P.

Dundee Securities Corporation

Versant Partners Inc.

The date of this prospectus supplement is October 1, 2009

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying base prospectus and any free writing prospectus relating to this offering. We have not, and the placement agents have not, authorized any other person to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. We are not, and the placement agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying base prospectus, any free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of the respective dates of such documents. Our business, financial condition, results of operations and prospects may have changed since those dates. Information in this prospectus supplement updates and modifies the information in the accompanying base prospectus and information incorporated by reference herein and therein. To the extent that any statement made in this prospectus supplement or any free writing prospectus (unless otherwise specifically indicated therein) differs from those in the accompanying base prospectus, the statements made in the accompanying base prospectus and the information incorporated by reference herein and therein are deemed modified or superseded by the statements made by this prospectus supplement.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-1
<u>WHERE TO FIND ADDITIONAL INFORMATION</u>	S-1
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-2
<u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>	S-3
<u>SUMMARY</u>	S-5
<u>RISK FACTORS</u>	S-10
<u>USE OF PROCEEDS</u>	S-12
<u>CONSOLIDATED CAPITALIZATION</u>	S-13
<u>SELECTED CONSOLIDATED FINANCIAL DATA</u>	S-14
<u>DIVIDEND POLICY</u>	S-15
<u>DESCRIPTION OF COMMON STOCK</u>	S-15
<u>DESCRIPTION OF WARRANTS</u>	S-15
<u>PLAN OF DISTRIBUTION</u>	S-17
<u>LEGAL MATTERS</u>	S-19

INTEREST OF EXPERTS

S-20

S-i

Table of Contents

BASE PROSPECTUS

<u>ABOUT THIS PROSPECTUS</u>	1
<u>SUMMARY</u>	2
<u>RISK FACTORS AND UNCERTAINTIES</u>	7
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	13
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	14
<u>RECENT DEVELOPMENTS</u>	15
<u>USE OF PROCEEDS</u>	15
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	15
<u>DESCRIPTION OF COMMON SHARES</u>	15
<u>DESCRIPTION OF DEBT SECURITIES</u>	16
<u>DESCRIPTION OF WARRANTS</u>	27
<u>DESCRIPTION OF SUBSCRIPTION RECEIPTS</u>	29
<u>DESCRIPTION OF UNITS</u>	32
<u>PLAN OF DISTRIBUTION</u>	33
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	34
<u>INTERESTS OF NAMED EXPERTS AND COUNSEL</u>	38
<u>EXPERTS</u>	38
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	38

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement relates to a registration statement that we filed with the United States Securities and Exchange Commission (which we refer to as the **SEC**) utilizing a shelf registration process. Under this shelf registration process, we may, from time to time, offer, sell and issue any of the securities or any combination of the securities described in the accompanying base prospectus in one or more offerings. The accompanying base prospectus provides you with a general description of the securities we may offer. This prospectus supplement contains specific information about the terms of this offering of Units by us. This prospectus supplement and any free writing prospectus filed by us (unless otherwise specifically stated therein) may add, update or change information contained in the accompanying base prospectus and the documents incorporated by reference herein and therein. You should read this prospectus supplement, the accompanying base prospectus and any free writing prospectus filed by us together with the information described under the sections entitled, **Where to Find Additional Information** and **Incorporation of Certain Information by Reference** in this prospectus supplement and any additional information you may need to make your investment decision. We have also filed this prospectus supplement and the accompanying base prospectus with the securities regulatory authorities in each of the provinces of Canada, except Quebec, pursuant to the multi-jurisdictional disclosure system (which Canadian-filed prospectus supplement and accompanying prospectus we refer to as the **Canadian Prospectus**). The securities qualified under the Canadian Prospectus may be offered and sold in each of the provinces of Canada, other than Quebec, subject to any applicable securities laws.

Prospective investors should be aware that the acquisition of the Shares and Warrants described herein and the exercise of the Warrants may have tax consequences both in the United States and Canada, as applicable. Such consequences for investors who are resident in, or citizens of, the United States or Canada may not be described fully in this prospectus supplement, the accompanying base prospectus or the Canadian Prospectus. See **U.S. Federal Income Tax Consequences** in the accompanying base prospectus.

Unless otherwise stated, currency amounts in this prospectus supplement are stated in United States dollars. The financial statements incorporated by reference in this prospectus supplement and the accompanying base prospectus, and the selected consolidated financial data derived therefrom included in this prospectus supplement, are presented in United States dollars. References to \$ are to U.S. dollars and references to Cdn\$ are to Canadian dollars. The financial statements incorporated by reference in this prospectus supplement and the accompanying base prospectus, and the selected consolidated financial data derived therefrom included in this prospectus supplement, have been prepared in accordance with United States Generally Accepted Accounting Principles.

The registration statement that contains the accompanying base prospectus (SEC File No. 333-160504) (including the exhibits filed with and the information incorporated by reference into the registration statement) contains additional important business and financial information about us, the Units, the Shares, and the Warrants that is not presented or delivered with this prospectus supplement. That registration statement, including the exhibits filed with the registration statement and the information incorporated by reference into the registration statement, can be read at the SEC's website, www.sec.gov, or at the SEC office mentioned under the section of this prospectus supplement entitled **Where to Find Additional Information** below.

WHERE TO FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy materials we have filed with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. Our SEC filings also are available to the public on the SEC's Internet site at www.sec.gov. In addition, we maintain a

website that contains information about us, including our SEC filings, at www.uranerz.com. The information contained on our website does not constitute a part of this prospectus supplement, the accompanying base prospectus, the Canadian Prospectus or any other report or documents we file with or furnish to the SEC or with the securities regulatory authorities in Canada.

S-1

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying base prospectus and the documents incorporated herein and therein by reference contain forward-looking-statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern our anticipated results and developments in our operations in future periods, planned exploration and, if warranted, development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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

- risks related to our limited operating history;
- risks related to the probability that our properties contain reserves;
- risks related to our past losses and expected losses in the near future;
- risks related to our need for qualified personnel for exploring for, starting and operating a mine;
- risks related to our lack of known reserves;
- risks related to the fluctuation of uranium prices;
- risks related to environmental laws and regulations and environmental risks;
- risks related to using our in-situ recovery mining process;
- risks related to exploration and, if warranted, development of our properties;
- risks related to our ability to acquire necessary mining licenses or permits;
- risks related to our ability to make property payment obligations;
- risks related to the competitive nature of the mining industry;
- risks related to our dependence on key personnel;
- risks related to requirements for new personnel;
- risks related to securities regulations;

risks related to stock price and volume volatility;

risks related to dilution;

risks related to our lack of dividends;

risks related to our ability to access capital markets;

risks related to recent market events;

risks related to our issuance of additional shares of common stock;

risks related to acquisition and integration issues; and

risks related to defects in title to our mineral properties.

S-2

Table of Contents

For a more detailed discussion of such risks and other important factors that could cause actual results to differ materially from those in such forward-looking statements please see the section entitled **Risk Factors** beginning on page S-10 of this prospectus supplement and the section entitled **Risk Factors and Uncertainties** beginning on page 7 of the accompanying base prospectus and, to the extent applicable, the **Risk Factors** sections in our annual reports on Form 10-K and our quarterly reports on Form 10-Q as filed with the SEC and the Canadian securities authorities that are incorporated by reference herein. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that these statements will prove to be accurate as actual results and future events could differ materially from those anticipated in the statements. Except as required by law, we assume no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should review our subsequent reports filed with the SEC and the Canadian securities authorities on Forms 10-K, 10-Q and 8-K and any amendments thereto. We qualify all forward-looking statements by these cautionary statements.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

This prospectus supplement is deemed, as of the date hereof, to be incorporated by reference into the accompanying base prospectus solely for the purpose of offering the Units. Other documents are also incorporated, or are deemed to be incorporated, by reference into the accompanying base prospectus, and reference should be made to the accompanying base prospectus for full particulars thereof.

The following documents which have been filed by us with securities commissions or similar authorities in Canada and with the SEC, are also specifically incorporated by reference into, and form an integral part of the accompanying base prospectus, as supplemented by this prospectus supplement (excluding, unless otherwise provided therein or herein, information furnished pursuant to Item 2.02 and Item 7.01 of any Current Report on Form 8-K):

- (a) our Annual Report on Form 10-K for the year ended December 31, 2008, which report contains our audited financial statements and the notes thereto as at December 31, 2008 and 2007 and for the three years ended December 31, 2008, together with the auditors' report thereon, as filed on March 12, 2009;
- (b) our Proxy Statement on Schedule 14A, dated April 30, 2009, in connection with our June 10, 2009 annual general meeting of stockholders, as filed on April 30, 2009;
- (c) our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which report contains our unaudited financial statements and the notes thereto as at June 30, 2009 and for the three and six month periods ended June 30, 2009 and 2008, as filed on August 10, 2009;
- (d) our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, which report contains our unaudited financial statements and the notes thereto as at March 31, 2009 and for the three month periods ended March 31, 2009 and 2008, as filed on May 11, 2009;
- (e) our Current Reports on Form 8-K filed January 8, 2009, June 16, 2009 and October 14, 2009;
- (f) the description of our common stock contained in our registration statement on Form SB-2, as amended (No. 333-12633), as filed on March 15, 2002, including any amendment or report filed for purposes of updating such description; and

- (g) all other documents filed by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**), after the date of this prospectus supplement but before the end of the offering of the securities made by this prospectus supplement and the accompanying base prospectus.

You may obtain copies of any of these documents by contacting us at the address and telephone number indicated below or by contacting the SEC as described under the section entitled **Where to Find Additional Information**. You may request a copy of these documents, and any exhibits that have specifically been incorporated

Table of Contents

by reference as an exhibit to the registration statement of which this prospectus supplement forms a part, at no cost, by writing to or telephoning:

Uranerz Energy Corporation
1701 East E Street, PO Box 50850
Casper, Wyoming 82605-0850
Attention: Sandra R. MacKay, Corporate Secretary
(604) 689-1659

You should rely only on the information provided or incorporated by reference in this prospectus supplement, the accompanying base prospectus and any free writing prospectus. You should not assume that the information in this prospectus supplement, the accompanying base prospectus, any free writing prospectus or any document incorporated herein or therein, is accurate as of any date other than the date on the front cover of the applicable document.

S-4

Table of Contents

SUMMARY

The following is a summary of the principal features of the offering and is not intended to be complete. It should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus supplement, the accompanying base prospectus, any free writing prospectus filed by us and the documents incorporated by reference herein and therein, including the sections entitled Risk Factors. Unless otherwise indicated, the information in this prospectus supplement assumes that the placement agents will not exercise the Agents' Option to place additional Units.

The Company

Uranerz Energy Corporation 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 1701 East E Street, PO Box 50850, Casper, Wyoming 82605-0850, USA and our phone number there is 307-265-8900.

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

General

We are an exploration stage company engaged in the acquisition and exploration of uranium properties. Uranium used in this context refers to U_3O_8 . U_3O_8 , also called yellowcake, is triuranium octoxide produced from uranium ore and is the most actively traded uranium-related commodity.

We are principally focused on the exploration of our properties in the Powder River Basin area of Wyoming. We are exploring these properties with the objective of assessing their viability for commercial in-situ recovery (which we refer to as **ISR**) uranium mining projects. ISR is a low cost mining process that uses a leaching solution to extract uranium from underground ore bodies. We also own interests in properties in the Great Divide Basin area of Wyoming, in Texas and in Saskatchewan, Canada.

We have applied for mine operating permits on two of our properties in the Powder River Basin area of Wyoming that we feel have the potential, based on data in our possession, of being developed into commercial in-situ recovery uranium mines. These permits, if received, should allow us to produce uranium yellowcake concentrate, which can be sold directly to utilities for fuel used in nuclear electrical generating facilities.

Our Powder River Basin properties include:

- our 100% owned properties that totalled 30,945 acres as of October 15, 2009;
- our 81% interest Arkose Mining Venture properties that totalled 88,128 acres as of October 15, 2009; and
- additional properties that we have acquired inside the Powder River Basin area.

Our 100% owned properties are comprised of unpatented mineral lode claims, state leases and fee (private) mineral leases, summarized as follows:

Property Composition	Ownership Interest⁽¹⁾	Number of Claims/ Leases	Acreage (Approximate)
Unpatented Lode Mining Claims	100%	1,096	21,920 acres
State Leases	100%	7	6,480 acres
Fee (private) Mineral Leases	100%	23	2,545 acres
Total			30,945 acres

(1) Subject to various royalties.

S-5

Table of Contents

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

Property	No. Claims	Acreage (Approximate)
Doughstick	22	440
Collins Draw	38	760
North Rolling		
Pin	65	1,300
Hank	66	1,320
Nichols Ranch	36	720
C-Line	40	800
Willow Creek	11	220
West North-Butte	145	2,900
East Nichols	44	880
North Nichols	107	2,140
TOTAL	574	11,480

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

Property Composition	Ownership Interest⁽¹⁾	Number of Claims/ Leases	Acreage (Approximate)
Unpatented Lode			
Mining Claims	81%	4,104	67,141 acres
State Leases	81%	3	2,080 acres
Fee (private) Mineral			
Leases	81%	68	18,907 acres
Total			88,128 acres

Through a combination of claim staking, purchasing, and leasing we have also acquired interests in several projects that lie within the Powder River Basin but outside of the project areas discussed above. These properties include the Verna Ann, Niles Ranch, North Reno Creek, and South Reno Creek projects. These projects are located in sandstone basins of Tertiary age with known uranium mineralization. However, due to our focus on other projects, we have not yet initiated exploration work on these projects.

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

We have applied for mine operating permits on two of our properties in the Powder River Basin area of Wyoming that we feel have the potential, based on data in our possession, of being developed into commercial in-situ recovery uranium mines. We plan to use the low cost mining process of ISR. The leaching agent, which contains an oxidant

such as oxygen with sodium bicarbonate (commonly known as baking soda), is added to the native groundwater and injected through wells into the ore body in a sandstone aquifer to dissolve the uranium. This

S-6

Table of Contents

solution is then pumped via other wells to the surface for processing resulting in a cost-efficient and, relative to other common mining methods, a more environmentally-friendly mining process.

The ISR mining process differs dramatically from conventional mining techniques in that ISR mining leaves the rock matrix in place. The ISR technique avoids the movement and milling of rock and ore as well as mill tailing waste associated with more traditional mining methods.

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

The mine plan for the Nichols Ranch ISR Uranium Project includes a central processing facility at our Nichols Ranch property and a satellite ion exchange facility at our Hank property. The ultimate production level from these two properties is planned to be in the range of 600,000 to 800,000 pounds per year (as U_3O_8). The central processing facility is planned for a licensed capacity of 2 million pounds per year of uranium (as U_3O_8) and it is intended that it will process uranium-bearing well-field solutions from Nichols Ranch, as well as uranium-loaded resin transported from the Hank satellite facility, plus uranium-loaded resin from any additional satellite deposits that may be developed on our other Powder River Basin properties. We believe this centralized design enhances the economics of our potential additional satellite projects by maximizing production capacity while minimizing further capital expenditures on processing facilities. The project is progressing through detailed engineering and design.

In anticipation of receiving all the approvals necessary to mine in 2010, we have commenced a marketing program for conditional sales of uranium from our Nichols Ranch ISR Uranium Project. On July 23, 2009, we announced that we entered into a sales agreement with Exelon Generation Company, LLC for the sale of uranium over a five year period for defined pricing. On August 17, 2009 we announced the second contract for the sale of uranium to a U.S. utility over five years, with a pricing structure that contains references to both spot and long-term prices and includes a floor and ceiling price.

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

Recent Developments

During August 2009, we decided to forfeit our interests in certain mining claims which we determined, based on the review, analysis and recommendations of its geological staff, did not merit further exploration and accordingly were no longer of strategic interest or value to the Company. The claims, which were forfeited, effective

S-7

Table of Contents

September 1, 2009, when the annual renewal fee would have become due, were comprised of: 285 claims in which we had held a 100% interest in the Streeter, Collins Draw, East Nichols, North Nichols, Eagle and Cyclone Rim project areas and 132 claims in the Little Butte and South Collins project areas, in which we held an 81% interest through the Arkose Mining Venture.

On October 13, 2009, we filed an amended and restated technical report entitled "Technical Report, South Doughstick Property, Campbell and Johnson Counties, Wyoming, U.S.A." prepared by Douglass H. Graves, PE of TREC, Inc. and dated October 12, 2009. The technical report was amended after we discovered that the Arkose Mining Venture does not control 100 percent of the fee mineral interests on the west one half of Section 29 in the South Doughstick project area. We recently discovered that the Arkose Mining Venture's interest is subject to a 50 percent interest for the minerals on the west one half of Section 29. This has resulted in 50% decrease in the mineralized material for that section (a decrease of approximately 18% of the mineralized material for the total South Doughstick project) as reported in the previous technical report, dated August 11, 2009.

The Offering

The following is a brief summary of certain terms of this offering and is not intended to be complete. It does not contain all of the information that will be important to a holder of Shares. For a more complete description of our shares of common stock, see the section entitled "Description of Common Stock" in this prospectus supplement and the accompanying base prospectus.

Issuer:	Uranerz Energy Corporation
Offering:	Up to 10,000,000 Units Each Unit consists of one Share and one half of one Warrant.
Warrants:	Each whole Warrant will entitle the holder to purchase one share of our common stock, subject to adjustment and early termination, for a period of 30 months after the closing of this offering at a price of \$3.00. The Warrants will be freely transferable, subject to the terms and conditions of the Warrant Indenture. In the event that our shares of common stock trade in the United States at a closing price of greater than \$3.50 per share for a period of 20 consecutive trading days at any time following the closing of this offering, we may accelerate the expiry date of the Warrants by giving notice via a press release to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by us. See section entitled "Description of Warrants" in this prospectus supplement.
Amount:	Up to \$20,000,000
Price to the Public:	\$2.00 per Unit
Agents' Option:	We have granted to the placement agents an Agents' Option, exercisable in whole or in part, at the sole option of Dahlman Rose & Company, LLC

and Haywood Securities Inc., on behalf of the placement agents, at any time up to two business days prior to the closing of the offering to place up to 1,500,000 additional Units at the public offering price (15% of the Units issued under the offering).

**Shares of Common Stock
Outstanding⁽¹⁾:**

Prior to the offering: 55,694,887 shares of common stock

After the offering: 65,694,887 shares of common stock⁽²⁾

S-8

Table of Contents

Placement Agents Fee:	We have agreed to pay the placement agents a fee equal to \$0.12 for each Unit sold pursuant to the offering. See the section entitled "Plan of Distribution" in this prospectus supplement.
Use of Proceeds:	The net proceeds from the sale of the Units in this offering are estimated to be approximately \$18.49 million (\$21.31 million if the Agents' Option is exercised in full), after deducting the placement agents' fee and estimated offering expenses. We intend to use the net proceeds from this offering: (i) to continue development of commercial mining facilities at our Nichols Ranch project, including site and infrastructure preparations, finalization of mine design and completion of engineering and construction drawings, (ii) for further exploration of our properties and the Arkose Mining Venture's properties in the Powder River Basin, Wyoming, (iii) for the advancement of environmental activities, applications and licenses, including the advancement of the Nichols Ranch federal and state mining applications, and (iv) for acquisitions and further development of acquired properties, working capital requirements and/or for other general corporate purposes. See the section entitled "Use of Proceeds" in this prospectus supplement.
Risk Factors:	Investing in the Units involves risks that are described in the "Risk Factors" section beginning on page S-10 of this prospectus supplement and the "Risk Factors and Uncertainties" section beginning on page 7 of the accompanying base prospectus and, to the extent applicable, the "Risk Factors" sections of our annual reports on Form 10-K and our quarterly reports on Form 10-Q as filed with the SEC and Canadian securities authorities.
Tax Considerations:	Purchasing the Shares and Warrants and exercising the Warrants may have tax consequences in the United States and Canada. This prospectus supplement, the accompanying base prospectus and the Canadian Prospectus may not describe these consequences fully. Investors should read the tax discussion in the base prospectus. See the section entitled "U.S. Federal Income Tax Consequences" in the accompanying base prospectus.
Listing Symbol:	Our shares of common stock are listed for trading on the Amex and the TSX, in each case under the symbol "URZ", and on the Frankfurt Exchange under the symbol "U9E". There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the offering.

- (1) These figures do not include 5,874,700 shares of common stock reserved for issuance pursuant to outstanding stock options, which are exercisable at a weighted average price of \$1.89 per share, as at October 15, 2009.

To the extent any options are exercised, new options are issued under our equity incentive plans, or we otherwise issue additional shares of common stock or securities exercisable for or convertible into shares of common stock, there will be further dilution to new investors. As of the date of this prospectus supplement, there are

3,204,860 shares of common stock available for issuance under our equity incentive plans.

- (2) If the Agents' Option is exercised in full, 67,194,887 shares of common stock will be outstanding after this offering. These figures do not include the exercise of the Warrants.

S-9

Table of Contents

RISK FACTORS

Investing in the Shares is speculative and involves a high degree of risk. Prospective investors should carefully consider the following risks, as well as the other information contained in this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein and therein before investing in the Shares. If any of the following risks actually occurs, our business could be materially harmed. The risks and uncertainties described below are not the only ones faced by us. Additional risks and uncertainties, including those of which we are currently unaware or that are currently deemed immaterial, may also materially and adversely affect our business, financial condition, cash flows, prospects and the price of our common stock.

The following is a short description of the risks and uncertainties which are more fully described under the section entitled "Risk Factors and Uncertainties" in the accompanying base prospectus:

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

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

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;

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;

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 could result in the loss your investment;

Our future profitability will be dependent on uranium prices;

Our operations are subject to environmental regulation and environmental risks;

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

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

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;

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;

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 mining industry is highly competitive;

Our strategic success is dependent upon the ability of our key management employees and our ability to attract and retain key management employees;

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

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

Stock market price and volume volatility;

Dilution through the granting of options;

S-10

Table of Contents

You may lose your entire investment in our shares;

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 in the foreseeable future;

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; and

Recent market events and conditions including disruptions in the U.S. and international credit markets and other financial systems and the deterioration of the U.S. and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on our ability to fund our working capital and other capital requirements.

Additional Risk Factors

The issuance of additional shares of common stock may negatively impact the trading price of our shares of common stock.

We have issued equity securities in the past and may continue to issue equity securities to finance our activities in the future, including to finance future acquisitions, or as consideration for acquisitions of businesses or assets. In addition, outstanding options and warrants to purchase shares of common stock may be exercised, resulting in the issuance of additional shares of common stock. The issuance by us of additional shares of common stock would result in dilution to our stockholders, and even the perception that such an issuance may occur could have a negative impact on the trading price of our shares of common stock.

There can be no assurance as to the liquidity of the trading market for the Warrants or that a trading market for the Warrants will develop.

There is currently no public market through which the Warrants may be sold and we do not intend to apply for the listing of the Warrants on any securities exchange. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Acquisitions and integration issues may expose us to additional risks which could have a material adverse effect on our business.

Our business strategy includes making targeted acquisitions. Any acquisition that we make may be of a significant size, may change the scale of our business and operations, and may expose us to new geographic, political, operating, financial and geological risks. The success of our acquisition activities depends on our ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with our own. Any acquisitions would be accompanied by risks which could have a material adverse effect on our business. For example, there may be significant decreases in commodity prices after we have committed to complete the transaction and have established the purchase price or exchange ratio; a material ore body may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise and maintaining uniform standards, policies and controls across the organization; the integration

of the acquired business or assets may disrupt our ongoing business and our relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. If we choose to use equity securities as consideration for such an acquisition, existing stockholders may suffer dilution. Alternatively, we may choose to finance any such acquisition with our existing resources. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

S-11

Table of Contents

Our mineral properties may be subject to defects in title.

We own, lease, or have under option, unpatented and patented mining claims, mineral claims or concessions and fee mineral leases which constitute our property holdings. The ownership and validity or title of unpatented mining claims and concessions are often uncertain and may be contested. We also may not have, or may not be able to obtain, all necessary surface rights to develop a property. We have not conducted title research in relation to many of our mining claims and concessions to ensure clean title. We cannot guarantee that title to our properties will not be challenged. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. We may incur significant costs related to defending the title to our properties. A successful claim contesting our title to a property may cause us to compensate other persons or perhaps reduce our interest in the affected property or lose our rights to explore and, if warranted, develop that property. This could result in us not being compensated for our prior expenditures relating to the property. Also, in any such case, the investigation and resolution of title issues would divert our management's time from ongoing exploration and development programs.

USE OF PROCEEDS

The net proceeds from the sale of the Units in this offering are estimated to be approximately \$18.49 million, after deducting the placement agents' fee and estimated offering expenses (\$21.31 million if the Agents' Option is exercised in full).

We intend to allocate the net proceeds from the offering as follows:

- (i) approximately \$6 million to continue development of commercial mining facilities at our Nichols Ranch project, including site and infrastructure preparations, finalization of mine design and completions of engineering and construction drawings;
- (ii) approximately \$4.5 million for further exploration of our properties and the Arkose Mining Venture's properties on the Powder River Basin, Wyoming;
- (iii) approximately \$2 million for the advancement of environmental activities, applications and licenses, including the advancement of our Nichols Ranch federal and state mining applications;
- (iii) to use any remaining net proceeds of the offering, including the net proceeds from the exercise of the Agents' Option, if any, for acquisitions, and further development of acquired properties, working capital requirements and/or for other general corporate purposes.

The actual amount that we spend in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above, and will depend on a number of factors, including those described in the Risk Factors section beginning on page S-10 of this prospectus supplement and the Risk Factors and Uncertainties section beginning on page 7 of the accompanying base prospectus and, to the extent applicable, the Risk Factors sections in our annual reports on Form 10-K and its quarterly reports on Form 10-Q as filed with the SEC and the Canadian securities authorities.

Until such time as the net proceeds of the offering are used as described above, we intend to invest the net proceeds primarily in short-term bank guaranteed deposits or other substantially similar secure deposits.

As we advance our business plan, we may, from time to time, issue additional shares of common stock or other securities by filing one or more additional prospectus supplements and through other offerings of securities.

Depending on opportunities, economic conditions and the results of the activities described above we may use a portion of the use of proceeds allocated above to invest in property acquisitions or complete other corporate activities designed to achieve our corporate goals. Estimated costs and the scope of activities cannot be determined at this time.

Table of Contents**CONSOLIDATED CAPITALIZATION**

Since June 30, 2009, there have been no changes to our share capital, on a consolidated basis, except for the exercise of 192,500 share purchase options for proceeds of \$128,625.

The following table sets forth our cash and consolidated capitalization as at June 30, 2009 on an actual basis and as adjusted to give effect to the distribution of the Units offered hereunder after deducting the placement agents' fee and the estimated expenses of the offering payable by us (not including the exercise of the Warrants and assuming no exercise of the Agents' Option) and the application of the net proceeds from this offering as described under the section entitled "Use of Proceeds". The amount of proceeds we ultimately receive from this offering is dependent upon numerous factors and subject to general market conditions. Also, as there is no minimum offering amount required as a condition to the closing of this offering, the actual offering amount, placement agents' fees, and proceeds, before expenses, to us may be substantially less than the maximum amounts. Accordingly, the amounts shown in the table "As at June 30, 2009 after giving effect to the issuance of the Units" column may differ from actual results.

The table should be read in conjunction with our audited annual consolidated financial statements as at and for the year ended December 31, 2008, our unaudited consolidated financial statements as at and for the six months ended June 30, 2009, including the notes thereto, and the management's discussion and analysis thereof, incorporated in each case by reference in this prospectus supplement and the accompanying base prospectus.

	As at June 30, 2009	
	Actual (Unaudited)	As Adjusted⁽²⁾ (Unaudited)
Cash and marketable securities	\$18,673,255	\$37,163,255
Stockholders' equity		
Common stock: 200,00,000 shares of common stock authorized, par value \$0.001; 55,502,387 shares issued and outstanding as of June 30, 2009; 65,502,387 shares of common stock issued and outstanding as adjusted ⁽¹⁾	55,502	65,502
Preferred Stock, 10,000,000 shares authorized, \$0.001 par value	--	--
Additional paid-in capital	83,201,812	101,681,812
Deficit Accumulated During Exploration Stage	(64,018,246)	(64,018,246)
Total Uranerz Stockholder's Equity	19,239,068	37,729,068

Non-controlling Interest	(69,409)	(69,409)
Total Equity	19,169,659	37,659,659
Total Capitalization	\$19,169,659	\$37,659,659

(1) These figures do not include 6,072,200 shares of common stock reserved for issuance pursuant to outstanding stock options, which are exercisable at a weighted average exercise price of \$1.89 per share. These figures do not include the exercise of the Warrants.

(2) Excludes post June 30, 2009, exercise of 197,500 share purchase options and prior to the exercise of the Agents Option. If the Agents Option is exercised in full, cash and marketable securities, stockholders equity, total Uranerz stockholder s equity, non-controlling interest, total equity, and total capitalization would be \$39,983,755, \$40,549,068, \$40,479,659, \$(69,409), \$40,479,659, and \$40,479,659, respectively.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA**

The selected financial data in the table below has been selected in part, from our consolidated financial statements, which have been prepared in accordance with United States Generally Accepted Accounting Principles. The selected consolidated financial data is not intended to replace the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 or in our Quarterly Report on Form 10-Q for the quarter-ended June 30, 2009 which are incorporated by reference herein.

	Six months ended June, 30, 2009 (unaudited)	Year Ended December 31				
		2008	2007	2006	2005	2004
OPERATING DATA						
Operating Loss	(4,257,423)	(36,783,869)	(14,947,046)	(7,105,220)	(4,891,392)	(20,096)
Total Other Income (Expense)	113,994	610,408	754,036	578,063	(110,833)	--
Loss from continuing operations	(4,143,429)	(36,173,461)	(14,193,010)	(6,527,157)	(5,002,225)	(20,096)
Gain (Loss) on discontinued operations	--	977,077	(4,356)	(21,744)	--	--
Net loss	(4,143,429)	(34,247,199)	(14,197,427)	(6,548,901)	(5,002,225)	(20,096)
Net Loss Per Share - Basic and Diluted	(0.07)	(0.66)	(0.37)	(0.22)	(0.38)	--
Weighted Average Shares Outstanding	55,464,000	52,263,000	38,438,000	29,738,000	12,995,000	5,640,500
BALANCE SHEET DATA						
Cash	9,301,625	821,242	11,333,432	12,293,890	1,925,021	7,470
Marketable securities	9,371,630	20,432,035	--	--	--	--
Amounts receivable	--	--	92,444	--	--	--
Prepaid Expenses and deposits	316,128	641,215	323,677	64,870	20,686	--
Current assets of discontinued operations	--	10,269	10,305	--	--	--
Advances to related party	--	--	--	--	23,358	--
Other current Assets	13,344	--	--	--	--	--

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Total Current Assets	19,002,727	21,904,761	11,759,858	12,358,760	1,969,065	7,470
Mineral Property						
Reclamation Bonds	318,783	318,404	50,000	10,000	--	--
Property and Equipment	588,009	642,572	406,288	123,236	9,278	--
Total Assets	19,909,519	22,865,737	12,216,146	12,491,996	1,978,343	7,470
Current liabilities						
Accounts payable	207,480	186,872	138,188	169,688	27,699	14,278
Accrued liabilities	445,240	228,800	4,950	9,074	22,087	--
Due to related parties	51,688	50,000	471,115	200,047	143,700	50,823
Current portion of loan payable	35,452	34,067	31,456	--	--	--
Total Current Liabilities	739,860	499,739	645,709	378,809	193,486	65,101
Loan Payable	--	18,079	52,146	--	--	--
Total Liabilities	739,860	517,818	697,855	378,809	193,486	65,101
Total Uranerz						
Shareholders equity	19,239,068	22,278,334	11,518,291	12,113,187	1,784,857	(57,631)
Non-controlling Interest	(69,409)	69,585	--	--	--	--
Total Equity	19,169,659	22,347,919	11,518,291	12,113,187	1,784,857	(57,631)
Total Liabilities and Shareholders equity	19,909,519	22,865,737	12,216,146	12,491,996	1,978,343	7,470

S-14

Table of Contents

DIVIDEND POLICY

We have never declared or paid any dividends on our shares of common stock. We intend to retain its earnings, if any, to finance the growth and development of our business and do not expect to pay dividends or to make any other distributions in the near future. Our board of directors will review this policy from time to time having regard to our financing requirements, financial condition and other factors considered to be relevant.

DESCRIPTION OF COMMON STOCK

We are authorized to issue 200,000,000 shares of common stock of which, as of October 15, 2009, 55,694,887 shares of common stock are issued and outstanding. Our shares of common stock are entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Except as otherwise required by law, the holders of our shares of common stock will possess all voting power. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all of our shares of common stock that is present in person or represented by proxy. Holders of our shares of common stock representing 33 1/3% of our capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of our stockholders. A vote by the holders of a majority of our outstanding shares of common stock is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to our Articles of Incorporation. Our Articles of Incorporation do not provide for cumulative voting in the election of directors.

The holders of our shares of common stock will be entitled to such cash dividends as may be declared from time to time by our board of directors from funds available therefor.

Upon liquidation, dissolution or winding up, the holders of our shares of common stock will be entitled to receive pro rata all assets available for distribution to such holders.

In the event of any merger or consolidation with or into another company in connection with which our shares of common stock are converted into or exchangeable for shares of stock, other securities or property (including cash), all holders of our shares of common stock will be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash).

Holders of our shares of common stock have no pre-emptive rights or conversion rights and there are no redemption provisions applicable to our shares of common stock.

DESCRIPTION OF WARRANTS

The Warrants will be issued in registered form under, and will be governed by, an indenture to be dated as of the date of the closing of this offering (which we refer to as the **Warrant Indenture**) between us, and Corporate Stock Transfer, Inc. as warrant agent. Each whole Warrant will entitle the holder to purchase one share of our common stock at an exercise price of \$3.00, subject to adjustment and early termination, as described below. If not exercised, the Warrants will expire 30 months from the date of the closing of this offering. The shares of common stock underlying the Warrants, when issued upon exercise of the Warrants, will be fully paid and non-assessable, and we will pay any transfer tax incurred as a result of the issuance of the underlying shares of common stock except for any tax payable in respect of any transfer in a name other than the holders .

In the event that our shares of common stock trade in the United States at a closing price of greater than \$3.50 per share for a period of 20 consecutive trading days at any time following the closing of this offering, we may accelerate

the expiry date of the Warrants by giving notice via a press release to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by us.

The Warrants contain provisions for cashless exercise in certain limited circumstances, as described below, and there is no minimum or maximum amount that may be exercised at any one time. The Warrants may be transferred or assigned. We may require payment of a sum sufficient to cover any taxes or governmental or other charges that may be imposed in connection with any registration of transfer or exchange of a Warrant certificate.

S-15

Table of Contents

The Warrant Indenture will provide for adjustment in the number of shares of common stock issuable upon the exercise of the Warrants and/or the exercise price per share of common stock upon the occurrence of certain events, including:

- (a) the issuance of shares of common stock or securities exchangeable for or convertible into shares of common stock at no additional cost to all or substantially all of the holders of the shares of common stock by way of a stock dividend or other distribution;
- (b) the subdivision, redivision or change of the shares of common stock into a greater number of shares;
- (c) the reduction, combination or consolidation of the shares of common stock into a lesser number of shares;
- (d) the issuance to all or substantially all of the holders of the shares of common stock of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase shares of common stock, or securities exchangeable for or convertible into shares of common stock, at a price per share of common stock to the holder (or at an exchange or conversion price per share of common stock) of less than 95% of the Current Market Price, as defined in the Warrant Indenture, for the shares of common stock on such record date; and
- (e) the issuance or distribution to all or substantially all of the holders of shares of common stock of securities of the Company (including securities exchangeable for or convertible into shares of common stock), or other property or assets of the Company.

The Warrant Indenture will also provide for adjustment in the class and/or number of shares of common stock issuable upon the exercise of the Warrants and/or exercise price per share of common stock in the event of the following additional events:

- (a) re-classification of the shares of common stock (other than as described above);
- (b) consolidation, amalgamations, arrangements or mergers of the Company with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding shares of common stock or a change of the shares of common stock into other shares); or
- (c) the transfer of the property or assets of the Company as an entirety or substantially as an entirety to another corporation or entity (other than transfers of the property or assets of the Company which do not result in any reclassification of the outstanding shares of common stock or a change of the shares of common stock into other shares).

No adjustment to the exercise price or the number of shares of common stock purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the prevailing exercise price or a change in the number of shares of common stock purchasable upon exercise by at least one one-hundredth of a share of common stock, as the case may be.

We will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, we will give notice to each registered holder of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of shares of common stock issuable upon exercise of

the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

We are not required to issue fractional shares upon the exercise of the Warrants (and are not required to pay cash in lieu of the issuance of fractional shares). The holders of the Warrants will not possess any rights as shareholders of the Company until such holders exercise the Warrants.

For the life of the Warrants, subject to their terms, the holders of the Warrants have the opportunity to profit from a rise in the market price of the shares of common stock without assuming the risk of ownership of the

S-16

Table of Contents

underlying shares of common stock. Furthermore, the terms on which we obtain additional capital during the life of the Warrants may be adversely affected by the existence of these Warrants.

From time to time, we and the warrant agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that, in the opinion of the warrant agent, does not prejudice the rights of the warrant agent or the holders of the Warrants. In accordance with and subject to the terms of the Warrant Indenture, amendments or supplements to the Warrant Indenture that so prejudice the interests of the holders of the Warrants may only be made by extraordinary resolution, which will be defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of shares of common stock which may be acquired pursuant to all the then outstanding Warrants, and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the votes cast upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants entitled to acquire not less than 66 2/3% of the aggregate number of shares of common stock which may be acquired pursuant to all the then outstanding Warrants.

It is a condition of the closing of this offering that we file prior to the closing of this offering with the SEC a prospectus supplement regarding the offering of shares of common stock issuable from time to time upon the exercise of the Warrants. We have agreed to use our reasonable best efforts to maintain the registration statement or another registration statement relating to these shares of common stock effective until the earlier of the expiration date of the Warrants and the date on which no Warrants remain outstanding (provided, however, that nothing shall prevent our amalgamation, arrangement, merger or sale, including any take-over bid, and any associated delisting or deregistration or ceasing to be a reporting issuer, provided that, so long as the Warrants are still outstanding and represent a right to acquire securities of the acquiring company, the acquiring company shall assume our obligations under the Warrant Indenture). If no such registration statement is effective, no person holding Warrants will be permitted to exercise Warrants, unless an exemption from the registration requirements of the U.S. Securities Act is available. During any such period, any person holding Warrants may give notice to us of their desire to exercise the Warrants, at which time we will, at our sole discretion, either (i) redeem the Warrants held by them for a redemption price equal to the difference between the current market price (as applicable) per share of common stock and the exercise price, multiplied by the number of shares of common stock otherwise issuable upon the exercise of the Warrants or (ii) permit the cashless exercise of the Warrants and issue such number of shares of common stock calculated pursuant to the provisions of the Warrant Indenture, provided that such shares of common stock shall not be subject to any transfer restrictions in the United States or Canada (provided, however, that nothing shall prevent our amalgamation, arrangement, merger or sale, including any take-over bid, and any associated delisting or deregistration or ceasing to be a reporting issuer, provided that, so long as the Warrants are still outstanding and represent a right to acquire securities of the acquiring company, the acquiring company shall assume our obligations under the Warrant Indenture). If no such registration statement is effective, we will notify the warrant agent in accordance with the provisions of the Warrant Indenture.

There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in this offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such Warrants, and the extent of issuer regulation.

All of the foregoing statements are subject to the more detailed provisions of the Warrant Indenture. The Warrant Indenture will be included as an exhibit to our current report on Form 8-K that will be filed with the SEC in connection with the consummation of this offering.