Congress Funds Establishment of National Uranium Reserve and Codifies Protections of the Recently Extended Russian Suspension Agreement

written by Raj Shah | December 23, 2020

December 22, 2020 (Source) – **Ur-Energy Inc.** (NYSE American:URG) (TSX:URE) (the "Company" or "Ur-Energy") is pleased to announce that initial funding for the creation of a national uranium reserve has been approved by Congress as a part of the consolidated appropriations bill and is expected to be signed into law by the President.

With passage of the "Energy and Water Development and Related Agencies Appropriations Act, 2021," the U.S. Department of Energy ("DOE"), National Nuclear Security Administration, will be provided $75,000,000 and is directed to coordinate with and support the Office of Nuclear Energy in the development and implementation of a national uranium reserve program. Further, DOE is directed to submit to the Committees on Appropriations of both Houses of Congress within 30 days a plan for the proposed establishment of a uranium reserve. The plan shall include the legal authorities which are in place or required to

- establish and operate a uranium reserve, including the purchase, conversion, and sale of uranium;
- a ten-year implementation plan of the activities for establishment and operations of a uranium reserve; and
- a ten-year cost estimate.

The plan will also include recommendations to consolidate this program with other existing uranium management activities within DOE to create efficiencies. Additionally, within the appropriations bill, the "Energy Act of 2020" includes an "Extension and Expansion of Limitations on Importation of Uranium from the Russian Federation," which provides protections effectively codifying the recently extended Russian Suspension Agreement. This offers additional legal protection against Russian imports flooding the U.S. uranium market.

Funding for the establishment of a national uranium reserve is the first significant act to implement the recommendations of the United States Nuclear Fuel Working Group ("Working Group") which released its report earlier this year. The Working Group Report detailed steps required to revitalize the domestic uranium mining and broader nuclear industries, to safeguard American energy and national security. As the Report concluded, "[t]he clear outcome of the Working Group's effort is confirmation that it is in [our] national security interests to preserve the assets and investments of the entire U.S. nuclear enterprise and to revitalize the sector to regain U.S. global nuclear leadership."

Given the Administration's stated priority of preserving existing assets of U.S. nuclear infrastructure, we believe government funding of uranium purchases will be directed toward established production companies with permitted physical infrastructure and proven production operations. Our Lost Creek Mine, utilizing classic *in situ* recovery technology, immediately satisfies these criteria since the mine and full processing plant are constructed and operations have been continuous since August 2013. Additionally, significant NI 43-101 compliant measured and indicated uranium resources are defined at the Lost Creek Property, providing for a mine life well into the future.

With future development and construction in mind, our current staff represent the greatest level of experience and adaptability allowing for an easier ramp-up to full operations. While Lost Creek's production rate has been controlled at reduced rates in recent years in recognition of market conditions, Lost Creek can increase to full production rates in as little as six months, simply through the development of additional header houses within its operational first and second mine units.

Nearly all development expenses during this time are related to drilling and header house construction costs and are estimated to be approximately $14 million. After initial development expenditures, revenues from new appropriately priced contracts should cover further development activity. We also have substantial finished, ready-to-sell U_3O_8 inventory that can be sold into government contracts anticipated under a Uranium Reserve Program to further support production ramp-up. The Lost Creek plant has been routinely maintained to be fully ready to receive additional flows for increased production when warranted. This operating strategy will allow Lost Creek to control development and production costs, maximize cash flows and maintain operational flexibility to respond to market conditions.

Funding of the Uranium Reserve, as recommended by the Working Group and passed with bipartisan support in Congress, is a critical step toward preserving existing infrastructure in the nuclear fuel cycle. The next, equally important step will be the passage of the American Nuclear Infrastructure Act ("ANIA") which will authorize the U.S. Department of Energy to establish the Uranium Reserve Program and begin making purchases from U.S. uranium miners. The program will assist to reduce the nation's overreliance on Russian and Kazakh nuclear fuel products. ANIA's co-sponsor, Senator John Barrasso, has said the ANIA "will

strengthen both America's energy and national security. . .. In the face of Russian and Chinese aggression, it's critical we remain the world's leading developer of nuclear energy technology. This bipartisan legislation gets that done. . . . This bill creates a national uranium reserve, so we always have access to American fuel to power American nuclear plants." Like the passage of the Uranium Reserve funding, ANIA has also received bipartisan support, as it passed out of the Senate Environment and Public Works Committee progressing to further Congressional consideration.

About Ur-Energy

Ur-Energy is a uranium mining company operating the Lost Creek *in-situ* recovery uranium facility in south-central Wyoming. We have produced, packaged, and shipped more than 2.6 million pounds from Lost Creek since the commencement of operations. Applications are under review by various agencies to incorporate our LC East project area into the Lost Creek permits and to operate at our Shirley Basin Project. Ur-Energy is engaged in uranium mining, recovery and processing activities, including the acquisition, exploration, development, and operation of uranium mineral properties in the United States. Shares of Ur-Energy trade on the NYSE American under the symbol "URG" and on the Toronto Stock Exchange under the symbol "URE." Ur-Energy's corporate office is in Littleton, Colorado; its registered office is in Ottawa, Ontario. Ur-Energy's website is www.ur-energy.com.

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Cautionary Note Regarding Forward-Looking Information

This release may contain “forward-looking statements” within the meaning of applicable securities laws regarding events or conditions that may occur in the future (*e.g.,* whether the President will sign the appropriations bill as expected; the specifics of the DOE plan for uranium purchases, the program by which such contracts will be made and on what timing, the ten-year plan, and other provisions, as required in the Act; whether ANIA is enacted into law to establish the uranium reserve and what is included in its final provisions; how the allocation of contracts and funds for the reserve will be determined and on what timeframe; our ability to readily and cost-effectively ramp-up production operations at Lost Creek when conditions warrant; the viability of the additional mining areas at Lost Creek; timing and results of implementation of other recommendations from the Working Group) and are based on current expectations that, while considered reasonable by management at this time, inherently involve a number of significant business, economic and competitive risks, uncertainties and contingencies.) Factors that could cause actual results to differ materially from any forward-looking statements include, but are not limited to, capital and other costs varying significantly from estimates; failure to establish estimated resources and reserves; the grade and recovery of ore which is mined varying from estimates; production rates, methods and amounts varying from estimates; delays in obtaining or failures to obtain required governmental, environmental or other project approvals; inflation; changes in exchange rates; fluctuations in commodity prices; delays in development and other factors described in the public filings made by the Company at www.sedar.com and www.sec.gov. Readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are based on the beliefs, expectations, and opinions of management as of the date hereof and Ur-Energy disclaims any intent or obligation to update them

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