Ur-Energy readies its Lost Creek mine and in-situ processing facility for a Uranium Bull Market in 2022

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The uranium market is back. The uranium price rose very strongly in H2 2021 and is now consolidating, having reached US$46.45/lb. Demand for baseload nuclear power should only increase this decade as the world looks to de-carbonize and move away from coal power. Is this the beginning of a uranium bull market?

Source: Trading Economics

Today's company announced in November 2021 its intention to prepare for "full production-ready status" at their U.S uranium mine with production able to begin following preparations in Q1 2022.

The company is Ur-Energy Inc. (NYSE American: URG | TSX: URE). Ur-Energy operates its flagship Lost Creek 'in-situ recovery' uranium mine and facility in south-central Wyoming, USA. The Lost Creek Mine and facility has been on care and maintenance awaiting higher uranium prices. When operational, Ur-Energy is among the top two U.S uranium producers and is a global low-cost uranium producer. It also owns the Shirley Basin, Lucky Mc mine, and Last Soldier uranium projects in the USA as well as the Excel Gold Project in Nevada.

Ur-Energy uses a uranium in situ recovery process at their Lost Creek Mine which has a lower environmental impact

Source: Ur-Energy website

In the November 1, 2021 announcement Ur-Energy Chairman and CEO, Jeff Klenda stated:

"In addition to the release of our 2021 Q3 results we are pleased to announce **the commencement of a development program at Lost Creek that will advance us from reduced operations to full production-ready status.** As of October 27, 2021, we had more than $40 million in cash and **285,000 pounds of U.S. produced U_3O_8 in inventory** worth approximately $13.4 million, stored at the conversion facility…. "

"Throughout the prolonged downturn of the uranium market…. we optimized our production processes, conducted extensive maintenance, and readied the Lost Creek plant for full production. Now we are seeing a fundamental shift in the uranium market, as evidenced by a 70 percent rise in the spot price from earlier year lows and are taking active measures to better prepare for immediate start up when warranted."

Note: Bold emphasis is by the author.

Fast forward to today and we still have similar strong uranium prices as in November 2021 and, we are in Q1, 2022. This means we can reasonably expect Ur-Energy to soon announce a move from reduced operations to full production operations.

Huge expansion of uranium production potential for Ur-Energy

Lost Creek is capable of ramping up to an annualized run rate of one million pounds of uranium production.

CEO Klenda stated: "Our second uranium ISR project, Shirley Basin, stands ready for development and construction. Having

received all remaining major approvals for Shirley Basin earlier this year, we have effectively doubled the Company's licensed and permitted production capacity."

U.S. uranium Reserve update and Build Back Better plan

In June 2021 World Nuclear News reported: "The request notes that the DOE Office of Nuclear Energy and the National Nuclear Security Administration are working to develop and implement the reserve which received an enacted USD75 million in FY21 but does not request funds for the program in FY22."

Then in September 2021, the U.S Federal register stated: "The Department of Energy (DOE) published the Request for information (RFI) to invite public comment on topics related to the Establishment of the DOE's Uranium Reserve program on August 11, 2021."

The Nuclear Energy Institute highlights 2022 as potentially being a good year for nuclear, with the Build Back Better Act poised to hopefully pass in early 2022, which includes a production tax credit (PTC) for electricity generated by nuclear power plants in operation today.

Closing remarks

A stronger uranium price is looking positive for the uranium miners in 2022. Constrained supply and strengthening demand are near-term positives. In the longer term, the move away from coal powered baseload energy to nuclear energy is another potential positive this decade for uranium.

Ur-Energy is a top two U.S uranium producers, currently preparing to start up production again at their Lost Creek Mine. The Company can rapidly ramp back up its uranium supply and has an additional capacity that can be developed in the near term,

particularly at Shirley Basin.

Ur-Energy trades on a market cap of US$266 million. Will 2022 be the year U.S uranium miners finally bring back lost production capacity? We will soon see.