

Ready for the inevitable change in the market, as a secure domestic uranium industry is in the United States' best interest

The world still needs energy of all forms. Despite the ongoing (and hopefully temporary) impact of the global coronavirus pandemic, world prices for many consumable commodities have fallen. Great for consumers, but not so great for the producers.

A case in point was the third quarter results released by Ur-Energy Inc. (NYSE American: URG | TSX: URE) late on October 30, 2020. The company's Form 10-Q for the quarter ended September 30, 2020, highlights that no sales were made in Q3-2020 and none are expected for the current quarter. The company had contractual sales in the first half of 2020, which were profitably met by product purchases and not from inventory, which totaled just over 268,000 pounds of U308 at the end of the quarter.

Ur-Energy is a uranium mining company operating the Lost Creek in-situ recovery uranium facility in south-central Wyoming. The Lost Creek processing facility, which includes all circuits for the production, drying and packaging of uranium for delivery into sales transactions, is designed and anticipated under current licensing to process up to one million pounds of U308 annually from the Lost Creek mine. The processing facility has the physical design capacity to process two million pounds of U308 annually, which provides additional capacity to process material from other sources.



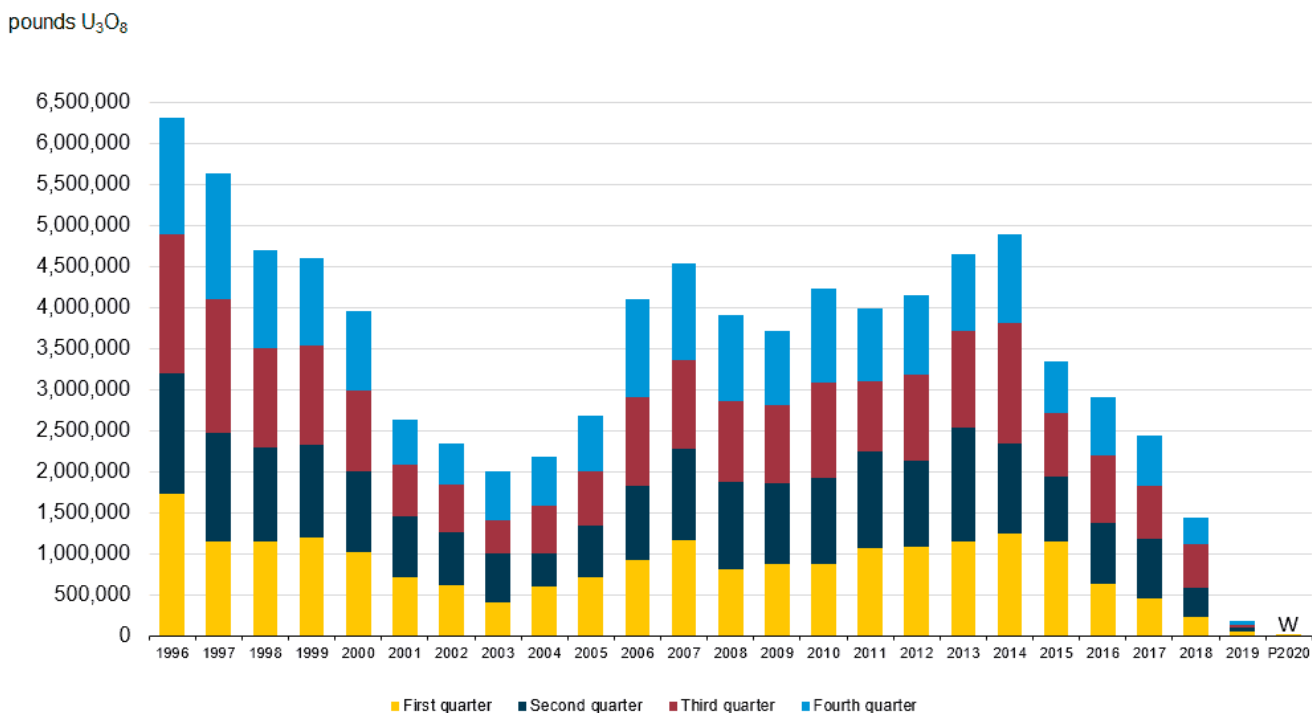
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The company has a total of 12 US uranium properties, including 10 properties in the Great Divide Basin, Wyoming including Lost Creek as shown above. Notably, the company also has nearby assets in the Shirley Basin, with a Measured and Indicated resource of 8.8 million pounds. Uranium was produced from this area from the 1960s through the 1990s and totaled more than approximately 71 million pounds of uranium, so this is a known resource for the company. An application to the state of Wyoming for a permit to mine the Shirley Basin Project is in process and the company anticipates that the necessary permits and authorizations should be received in Q1-2021.

In the interim, Ur-Energy continues to operate at reduced levels with the lowest possible cost structure in anticipation of an improved uranium market. While the company did produce

uranium at Lost Creek in the quarter (~2,500 pounds), this was 40% lower than the previous two quarters and half the production of Q4-2019. This reflects the current state of the global uranium business and particularly in the US which has seen a response to the low-price environment with dramatically falling US Uranium production.

Figure 1. Uranium concentrate production in the United States, 1996 to second-quarter 2020



P = Preliminary data

Source: U.S. Energy Information Administration: Form EIA-851A, *Domestic Uranium Production Report (Annual)*, and Form EIA-851Q, *Domestic Uranium Production Report (Quarterly)*

Source

Fortunately, there initiatives in play to rejuvenate the domestic industry. In 2019, US President Trump established a United States Nuclear Fuel Working Group (NFWG) as a response to the Petition 232 initiative launched by Ur-Energy and Energy Fuels Inc. in 2018, which released a report in April 2020 with recommendations to revitalize the domestic uranium mining and broaden nuclear industries. Among the recommendations was the establishment of a government-funded uranium reserve, but most importantly was the recognition of the state of the domestic industry and a call to action to protect security of domestic supply.

Additionally, on September 20, 2020, US President Trump issued an Executive Order “on Addressing the Threat to the Domestic Supply Chain from Reliance on Critical Minerals from Foreign Adversaries”. It declares a “National Emergency” to expand the domestic mining industry, considering the list developed in 2018 of 35 minerals deemed critical to U.S. national security and the economy which include uranium and rare earths. More specifically to uranium, it was also announced on October 6, 2020 that the US Department of Commerce and the Russian state atomic energy corporation, Rosatom, have amended an agreement that was to expire on December 31, 2020 that extends the 1992 pact through 2040 and reduces U.S. reliance on uranium from Russia during that time period.

For the moment, all domestic uranium companies have to do is maintain low-cost operations and be ready for the inevitable change in the market, as a secure domestic uranium industry is in the United States’ best interest. Ur-Energy completed a net \$4.3M equity raise in August 2020 and just announced a restructuring with the State of Wyoming for deferral of State Bond Loan payments until October 2022. They are part of a critical and strategic industry in the US and investors should be watching for future industry developments.