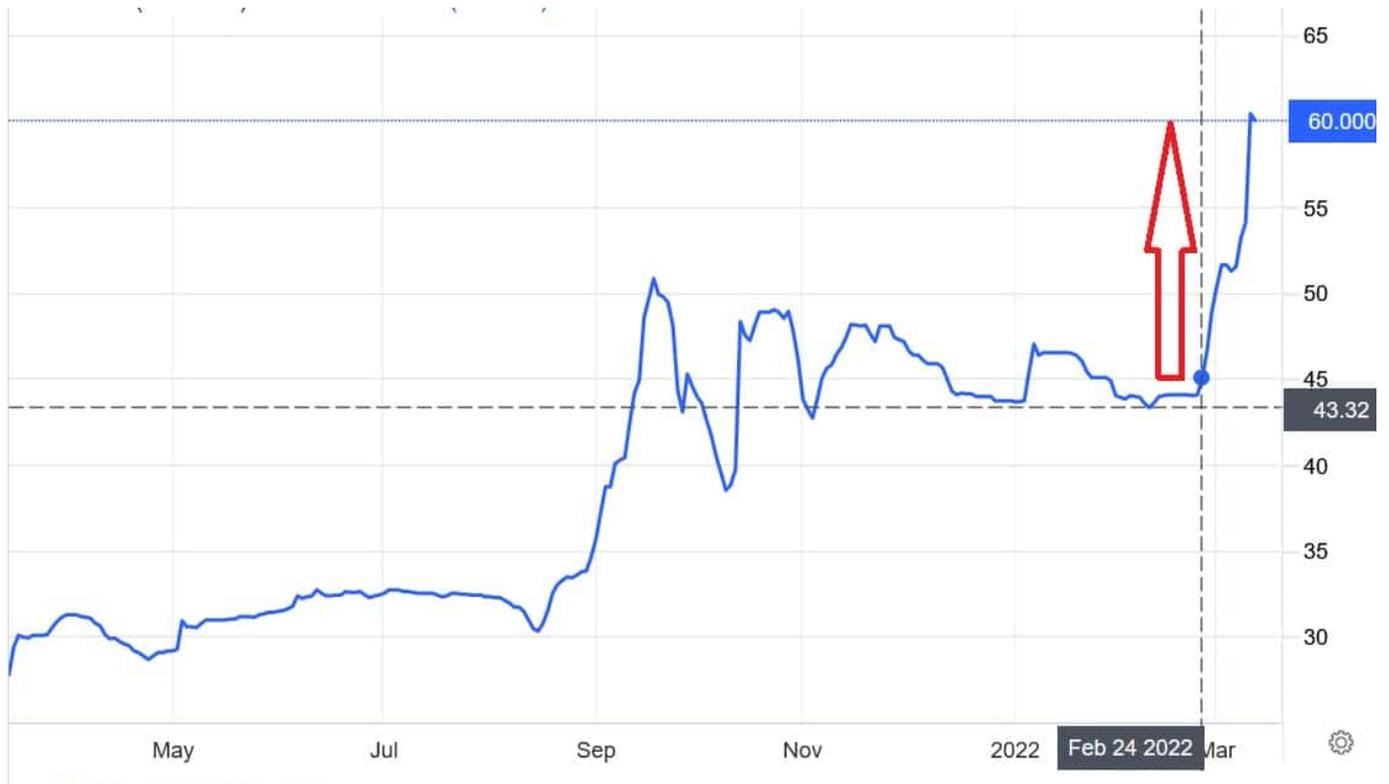


Ur-Energy, Hedging the uranium supply against the chaos of war

The big question right now is what will Putin do next? Last week U.S President Biden banned Russian oil and gas imports. Will Russia respond by banning uranium exports to the USA? That would certainly cause a huge drama given that Russia largely controls the uranium market (41% of supply from Kazakhstan, 6% from Russia) and the USA's dependence on uranium to power 19% of the electricity grid and a significant part of its navy which is nuclear powered.

In anticipation of a possible Russian uranium export ban or supply shock, the uranium price has been moving higher since the war began. At the current uranium price of US\$60/lb the outlook for uranium producers is looking dramatically improved.

Uranium prices have spiked higher since the Russia-Ukraine war began on February 24, 2022



Source: Trading Economics

Ur-Energy Inc. (NYSE American: URG | TSX: URE) is among the top two U.S uranium producers (when operational). Ur-Energy operates their 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. Ur-Energy also owns several other projects including the Shirley Basin Project (construction ready), Lucky Mc Mine, and Last Soldier uranium projects in the USA as well as the Excel Gold Project in Nevada, USA.

A summary of U-Energy’s uranium projects in the USA



Lost Creek

Lost Creek, our flagship project, has demonstrated operational excellence for more than seven years of uranium production,



Shirley Basin

What is now our Shirley Basin Project historically produced more than 28 million pounds of uranium, primarily from the 1960s through



Other U.S. Projects

Our other U.S. projects include the Lost Soldier project, located near Lost Creek and the Lucky Mc Mine Site, an historic mine in the Gas

Source: Ur-Energy website

The recent good news for Ur-Energy investors can be summed up from the following two key announcements:

1. November 1, 2021 – Ur-Energy announces Lost Creek development program to advance readiness to ramp up uranium production. Ur-Energy stated: “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.”
2. March 9, 2022 – “The economic analyses within the Lost Creek report continue to support the potential viability of the property. Total future life of mine (LoM) production (without additional exploration) is modeled to be 12.3 million pounds from 2022 to 2036 with LoM operating costs estimated to be \$16.34 per pound. All in, the estimated total costs per pound, including royalties and extraction taxes, is estimated at \$33.61 per pound before income tax of \$8.72 per pound. Pricing used in the analysis ranged from \$50.80 to \$66.04 per pound.....The Property has a calculated before tax internal

rate of return (IRR) of 72.2 percent and a before tax net present value (NPV) of \$210.9 million applying an 8% discount rate. When income taxes are included in the calculation, the **after-tax IRR is 66.8 percent and the after tax NPV is \$156.8 million.**"

Note: Bold emphasis by the author.

Lost Creek update

Minimal controlled production continued at Lost Creek throughout 2021 in recognition of market conditions. Ur-Energy has all required permits for operations within the first three mine units at Lost Creek and expects to have the final permit to allow operations within the HJ and KM Horizon at LC East and additional mine units at Lost Creek this year. Ur-Energy is in the process of obtaining remaining additional amendments to Lost Creek authorizations for expansion of the Lost Creek Mine.

Lost Creek recently received an amendment to its license allowing expansion of mining activities within the existing Lost Creek Project and the adjacent LC East Project. The license now allows annual plant production of up to 2.2 million pounds U_3O_8 , which includes wellfield of up to 1.2 million pounds U_3O_8 and toll processing of up to 1 million pounds U_3O_8 . Additional approvals (as referenced above) for this expansion are expected in H2 2021.

At the current uranium price of US\$60/lb it looks highly likely we will very soon hear an announcement of Lost Creek production restarting.

Shirley Basin update

In addition to Lost Creek, Ur-Energy can bring on their Shirley Basin Project. It has a **before tax IRR of 105.6% and NPV8% of \$129.7 million**. Ur-Energy has all major permits and authorizations to begin construction at Shirley Basin, the

Company's second in situ recovery uranium facility in Wyoming, USA.

2021 year end results

Ur-Energy's 2021 results are not important given that there was virtually zero (251 pounds of U_3O_8) uranium production and no sales. Ur-Energy reported: "As of December 31, 2021, we had cash resources consisting of cash and cash equivalents of \$46.2 million. No sales of U_3O_8 were necessary in 2021. The Company had a net loss of \$22.9 million or \$0.12 per common share."

Ur-Energy, new CEO, John Cash stated:

"We are encouraged by the dramatic increase in domestic and global support for nuclear power, as it is increasingly recognized as the only plausible solution to climate change. Ur-Energy is in the enviable position of being able to quickly ramp up and participate in an improving uranium market and, in addition, we could immediately deliver up to 284,000 pounds U_3O_8 into the Uranium Reserve Program, currently being established by the U.S. Department of Energy. On March 3, 2022, we had \$44.7 million in cash, plus our ready to sell U.S. produced inventory, worth approximately \$14.4 million at recent spot prices. Additionally, we continue to advance the construction of header house 2-4 to expedite production when market signals allow us to ramp up at Lost Creek."

Closing remarks

Uncertainty of uranium supply from Russia and Russian controlled sources such as Kazakhstan is leading to a surge in uranium prices, up almost 50% in the past 3 weeks since the Russia-Ukraine war commenced.

At current prices, Ur-Energy's two key projects Lost Creek and Shirley Basin would be highly profitable as per recent economic studies done at uranium prices similar to today's

price. All of this means it is highly likely we will soon see the resumption of uranium production by Ur-Energy at Lost Creek Mine in the near term. It also times well with the U.S.'s intentions to build up a reserve of uranium and the recent White House Fact Sheet aiming to build USA supply chains for key materials.

For investors looking at a hedge against the war, then look no further than uranium. And if Putin bans exports of Russian controlled uranium to the USA and others, then expect to see uranium prices closer to US\$100/lb, than to today's price of US\$60/lb.

Ur-Energy trades on a market cap of US\$380 million. Looks appealing.