

Lining up uranium production, Ur-Energy responds to new sale agreements and rising demand

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Uranium prices continue to drift higher as demand grows and supply remains both constrained and at risk of disruption by Russia and Russian controlled entities. In the past month, uranium prices are up ~4% and they are up [15.72%](#) over the past year. At the current price low cost uranium producers are starting to do quite well.

Uranium prices continue to march higher the past 3 years, currently at US\$50.80



Source: [Trading Economics](#)

Ur-Energy Inc.

[Ur-Energy Inc.](#) (NYSE American: URG | TSX: URE) is a leading low cost U.S. uranium producer from their Lost Creek uranium mine & facility in south-central Wyoming, USA. They also own the Shirley Basin, Last Soldier, and Lucky Mc Mine uranium projects in the USA. Shirley Basin is ready to go subject to market demand for more uranium – Meaning it has its [permits and authorizations](#) to begin construction.

Ur-Energy [announced](#) in mid-December 2022 that they had signed an additional multi-year uranium sales agreement for delivery of 300,000 pounds of uranium concentrates per annum over a 5-year period beginning in 2024 with a leading nuclear fuel company. Ur-Energy's total sales quantity under contract (after this announcement) is **500,000 pounds** of uranium concentrates per annum, beginning in 2024, plus or minus.

Additional Sales plus Uranium Reserve sales, and Ur-Energy decide to ramp up Lost Creek production

Then on December 19, 2022, Ur-Energy announced further great news with even more sales commitments from uranium buyers, including the U.S reserve. Ur-Energy [stated](#): “The Company's total sales quantity now under contract will be 600,000 pounds U_3O_8 per year beginning in 2024, plus or minus a small, optional flex. Having secured these sales commitments, Ur-Energy has made the decision to immediately ramp up production at its operating Lost Creek uranium mine to levels sufficient to deliver into these current contracts. The Company will target an initial annual production rate of 600,000 pounds U_3O_8 , which represents 50% of Lost Creek's licensed wellfield production capacity of 1.2 million pounds.....we expect to commence production in Q1 2023 and reach the initial annual production rate in Q4 2023.”

Furthermore, the Department of Energy has agreed [to buy 100,000 pounds of domestically produced uranium concentrate](#) from Ur-

Energy for the National Uranium Reserve at a sales price of US\$64.47/lb. Ur-Energy say that they will provide the material for this one-time purchase from their existing U.S. produced inventory of 324,000 pounds. Ur-Energy's Lost Creek Mine life of mine operation cost is an estimated [~US\\$16.34/lb.](#)

Expansion potential

Production and sales mean revenue to Ur-Energy in 2023. Given the uranium price is now higher Ur-Energy should be able to potentially make a decent profit margin as they scale operations back up again. Furthermore, Ur-Energy has an unrivaled potential to expand production further as the company [states](#): "Our current contract book fills just over 25% of our annual licensed wellfield capacity of 2.2 million pounds and only 14% of our annual licensed processing capacity of 4.2 million pounds. This leaves us considerable room to increase production, open satellite operations, toll process material for other companies, and sell into a rising market."

Ur-Energy CEO John Cash sums up the excitement well [stating](#):

"The growth in our contract book gives us the confidence to ramp production at Lost Creek to 600,000 pounds per year. Our entire team has been working toward this goal for several years and we are excited to bring our low cost, flagship property back into meaningful production. In addition to our Lost Creek mine, our Shirley Basin Project has all major permits and licenses required to construct and operate a one million pound per year production facility."

Ur-Energy at a Glance



- **Lost Creek ISR Uranium Facility (9 years)**
 - Produced ~2.7Mlbs U_3O_8 through 2022
 - **Ramp-up decision announced**
 - 11.9Mlbs. Measured and Indicated Resource at 0.046% and 6.6Mlbs. Inferred Resource at 0.044%
 - **Return to operations will be a return to low operation cost of ~\$16.34/lb. (LoM)**
 - 14-year mine life with numerous unexplored roll fronts
- **Shirley Basin ISR Facility – licensed, permitted and construction ready**
 - Increases licensed production capacity to 4.2M pounds; much infrastructure already in place
 - 8.8Mlbs. Measured and Indicated Resource at 0.23%
 - Proven in situ producer and perhaps first commercial in situ uranium mine in the world
- **Flexibility and value realized through higher-priced term contracts**
 - URG awarded a one-time 100,000lb. sales contract with DOE at a price of \$64.47/lb.
 - After DOE sale, substantial remaining inventory (~224,000lbs.)
 - Two long-term sales agreements with leading companies: 600,000lbs annually beginning in 2024

*Technical Report Summary, Lost Creek ISR Uranium Property Sweetwater, Wyoming, USA
prepared by Western Water Consultants, Inc. d/b/a WWC Engineering - 9/19/2022
See Disclaimer re Forward-looking Statements and Projections (slide 2)

Source: [Ur-Energy company presentation](#)

Closing comments

They say timing is everything in life. In this case, it certainly looks like the timing is now right to take a further look at Ur-Energy. The stock is currently trading on a market cap of [C\\$395 million](#) ([US\\$292 million](#)) with 2023 sales and production commencing, then expanding in 2024 with 600,000 pounds U_3O_8 pa of contracted sales; with potential to expand on that further with 4.2 million pounds pa of licensed production capacity and a large inventory of U_3O_8 . It looks like there should be some good times ahead for Ur-Energy after enduring the last uranium downturn.

John Cash of Ur-Energy talks about renewed support for uranium producers and nuclear energy

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In this InvestorIntel interview host Jack Lifton talks to [Ur-Energy Inc.](#)'s (NYSE American: URG | TSX: URE) Chairman, CEO & President John Cash about the recent positive news for uranium producers and the coming renaissance of nuclear energy.

In the interview, which can also be viewed in full on the InvestorIntel YouTube channel ([click here to access InvestorChannel.com](#)), John tells Jack that "so much good news has come out in the last just two or three weeks," starting with the Inflation Reduction Act, which includes "a number of provisions within that act that really provide a lot of support for our existing reactors in the U.S. and also new builds going forward." John goes on to say that "everyone was assuming that a number of reactors in the U.S. would be shutting down over the next 20 years, but I don't think that's the case anymore," and "that means that they'll be buying more uranium. There will be more demand on the front end of the fuel cycle and throughout the fuel cycle to keep those reactors up and running."

John also talks about the increasing reliance on nuclear fuel as a green, carbon neutral source of energy, with reactors being restarted and new builds underway, including China's ongoing build program of 150 new reactors. He also talks about the

future of small modular reactors, with the expectation in the industry that as many as 300 new small modular reactors will be built by 2050 to meet domestic energy needs. John tells Jack that this renewed interest in nuclear energy will substantially increase demand for uranium, particularly from producers in stable, friendly jurisdictions.

To access the full InvestorIntel interview, [click here](#)

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About Ur-Energy Inc.

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 approximately 2.6 million pounds U_3O_8 from Lost Creek since the commencement of operations. 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 and is in the process of obtaining remaining amendments to Lost Creek authorizations for expansion of Lost Creek. Ur-Energy is engaged in uranium recovery and processing activities, including the acquisition, exploration, development, and operation of uranium mineral properties in the United States. The primary trading market for Ur-Energy's common shares is on the NYSE American under the symbol "URG." Ur-Energy's common shares also trade on the Toronto Stock Exchange under the symbol "URE." Ur-Energy's corporate office is located in Littleton, Colorado and its registered office is located in Ottawa, Ontario.

To know more about Ur-Energy Inc., [click here](#)

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If you have any questions surrounding the content of this interview, please contact us at +1 416 792 8228 and/or email us direct at info@investorintel.com.

Ur-Energy stands ready to supply future US uranium reserve

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U.S. legislation on the table to reduce foreign dependency

As the US [struggles to finalize](#) their new uranium funding to build a significant US uranium reserve using the previously announced [US\\$150 million U.S. uranium reserve program](#), two new Acts have recently gone to US legislators.

On July 29, 2020, legislation was introduced in the House of Representatives by Representatives Cheney and Latta to [establish a National Uranium Reserve](#). Then on July 30, 2020, U.S. Senator Barrasso, Chairman of the Senate Committee on Environment and Public Works, introduced the [American Nuclear Infrastructure Act of 2020](#). Among other items, it includes the authorization to create a uranium reserve to fuel America's nuclear reactors with domestic fuel and bolster America's uranium industry.

The last 4 years of low uranium prices has led to significant uranium [supply destruction](#) to the point where demand for new uranium will likely put a floor on uranium prices and keep them from falling back again. The uranium miners who survived stand to benefit as the cycle turns positive.

Uranium prices from 1989 to today – Currently at USD 32.25



Source: [Trading Economics](#)

Today I look at one US uranium miner who is well placed to prosper.

[Ur-Energy Inc.](#) (NYSE: URG | TSX: URE) is one of only two primary US uranium producers still operating able to bring on new uranium supply with a globally competitive cost of production. Ur-Energy's flagship project is the Lost Creek Property in Wyoming. They also have several other uranium projects including Shirley Basin and Lost Soldier.

There are two key aspects investors should know about Ur-Energy:

1. They already have a competitive cost of uranium production and a large and growing uranium reserve/inventory.
2. They have the ability to rapidly expand uranium production if needed.

Ur-Energy continues to build up their uranium inventory ready for anticipated US Reserve purchases

In Q2, 2020 Ur-Energy produced [4,119 pounds of U₃O₈](#) at the Lost Creek plant, of which 2,892 pounds of U₃O₈ were packaged in drums. Inventory at the converter totaled approximately 268,552 pounds at June 30, 2020. In 2020 Q2, Ur-Energy sold 167,000 purchased pounds under a term contract at an average price of \$41.50 per pound. The 167,000 pounds were purchased at a weighted average cost of \$26.01 per pound. There were no sales of produced inventory in the first six months and we do not anticipate any sales of produced inventory in 2020.

Ur-Energy has the ability to quickly expand their uranium production from Lost Creek

Ur-Energy is prepared to rapidly expand uranium production at Lost Creek, to an annualized run rate of one million pounds. They can also bring on their other projects, albeit with a time lag.

For investors new to Ur-Energy, what is happening here is that the Company is building up their inventory of uranium, while still meeting their long term contracts. This inventory would be perfectly suited to sell to a US uranium reserve if and when purchases begin, ideally at higher prices.

Drilling for uranium at Ur-Energy's Lost Creek Property



[Source](#)

On August 5, 2020 Ur-Energy stated in their [Q2, 2020 earning release](#):

“Following multiple announcements of industry production suspensions and reductions earlier this year, U_3O_8 spot prices increased nearly 33 percent to \$33 per pound in June. U_3O_8 spot prices have traded between \$32 and \$34 per pound since April. The production cuts amount to as much as 46 million pounds of primary production on an annualized basis and **are expected to widen the supply deficit as global demand continues to grow.**”

Ur-Energy also [stated](#):

“In July 2020, Energy Secretary Brouillette told the House Energy and Commerce Subcommittee on Energy that DOE is working to end U.S. reliance on Russia for nuclear fuel. **DOE wants to process American-sourced uranium** into high-grade fuel at the DOE facility in Portsmouth, Ohio **next year**. Centrifuges have been moved from DOE's Oak Ridge laboratories to Portsmouth.

Additionally, DOE is working with lawmakers to authorize the creation of the uranium reserve.”

Closing observations

The US uranium miners can see the light at the end of the tunnel, even if they are not there yet. The US government continues to progress – if slowly – towards establishing a secure uranium supply. Two new Acts have helped build pressure on the U.S. House Committee on Appropriations [who are yet to allocate](#) the Department of Energy’s previously recommended US\$150m of funds.

Meanwhile the global uranium supply destruction has pushed uranium prices higher, and in time the US government will surely finalize and release the funding for the proposed US uranium reserve.

The game of patience continues for investors, and leading US uranium companies such as Ur-Energy remain on hold and attractively valued due to the uncertainty. Just remember, patience is a virtue.