

Jeffrey Klenda on the staying power of Ur-Energy's uranium project and the dangers of the Russian Suspension Agreement

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"When you talk about our quarter and our seventh year we are very pleased," Jeffrey Klenda, Chairman, President, and CEO of [Ur-Energy Inc.](#) (NYSE American: URG | TSX: URE), told InvestorIntel's Tracy Weslosky in an interview. "We started production in August of 2013. The thing that is most astonishing about it is that during that time we have emerged as one of the lowest cost producers, not just in North America but globally."

"Our recovery rate is in excess of 90%," Klenda told InvestorIntel. "We are still producing out of our first mine unit, seven years after we first started production there. That is extraordinary considering that most mine units last about two to three years before they are done. It's a beast of a project. We are in the second mine unit now and we have ten mine units to go after this. So, it is going to be a long life project."

Jeffrey went on to speak about the Russian Suspension Agreement. He said that the Agreement has morphed into a way for Russian companies to dump nuclear fuel into the US market. As a result, the US has developed an inordinate dependency on the Russian supply. He cautioned, "it is an unwise energy policy and it is downright dangerous national security policy."

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

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The DoE's plan to rebuild the uranium sector and "pull America's nuclear industrial base back from the brink of collapse..."

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The United States Nuclear Fuel Working Group (NFWG), via the US Department of Energy, released its report yesterday which gave glowing recommendations to rebuild the US uranium and nuclear energy sector. This is great news for the entire US uranium and nuclear sector, and particularly for US uranium miners. The title and contents of the report show the US Government's strong commitment to rebuild the sector and make 'it great again'.

US Dept. of Energy – "Restoring America's Competitive Nuclear Energy Advantage"



The report summary [states](#):

"As an initial and important step, the President's Fiscal Year 2021 Budget Request for the Department of Energy includes \$150 million to stand up a domestic Uranium Reserve. It will begin with the purchase of uranium from U.S. mines and of U.S.

conversion services.”

The [full NFWG report](#) states:

- “First, the U.S. Government will take bold action to revive and strengthen the uranium mining industry, support uranium conversion services, end reliance on foreign uranium enrichment capabilities, and sustain the current fleet, removing strategic vulnerabilities across the nuclear fuel cycle and restoring a world-class workforce to provide benefits to the U.S. and to compete in the international market.
- Next, the U.S. Government will leverage American technological innovation and advanced nuclear Research, Development, and Demonstration (RD&D) investments to accelerate technical advances and regain American nuclear energy leadership.
- Finally, the U.S. Government will move into markets currently dominated by Russian and Chinese State Owned Enterprises (SOE) and recover our position as the world leader in exporting best-in-class nuclear energy technology, and with it, strong non-proliferation standards. We will restore American nuclear credibility and demonstrate American commitment to competing in contested markets and repositioning America as the responsible nuclear energy partner of choice.”

“It is within our power to pull America’s nuclear industrial base back from the brink of collapse and restore our place as the global leader in nuclear technology – ensuring a strong national security position and buttressing our economic strength for generations.”

The report recommends to “provide immediate action to support US uranium mining”

Quoted from the [full NFWG report](#):

- “The Administration supports actions associated with the timeline that will provide funding for a competitive procurement for U.S. uranium mining, conversion services, in the very near term, as reflected in the Fiscal Year (FY) 2021 President’s Budget, and will also consider enrichment needs after first addressing the existing pressure on the uranium mining sector. The Department of Energy believes that a 10-year timeline reflects a responsible approach to addressing the challenges facing the front-end of the fuel cycle.....
- As included in the President’s Fiscal Year 2021 Budget Request, during the first year, it is expected that the reserve would directly support the operation of at least two U.S. uranium mines and the reestablishment of active domestic conversion capabilities.....
- Support Department of Commerce (DOC) efforts to extend the Russian Suspension Agreement (RSA) to protect against future uranium dumping in the U.S. market. Since 1992 DOC has upheld the need for a Suspension Agreement that establishes a maximum cap for imports of Russian uranium to 20% of the U.S. market to reduce the impact of Russia’s unfair trade practices. DOC is again reviewing the RSA for possible extension upon the expiration of the current agreement in 2020. The Working Group supports the extension of the RSA beyond 2020 and the consideration of further lowering the cap on Russian imports under future RSA terms.
- Enable Nuclear Regulatory Commission (NRC) to deny imports of nuclear fuel fabricated in Russia or China for national security purposes.”

Potential expansion of the currently proposed uranium reserve

The [full NFWG report](#) also states:

“A decision to expand the currently proposed uranium reserve will be made based on a variety of factors, including cost, impact, need, and on-the-ground conditions. The ultimate goal of the Administration’s actions is to create an appropriate safeguard for the United States and our allies against unfair market intervention by foreign states or other disruption and provide a source of unobligated uranium for strategic purposes in a manner that is in the best interest of the taxpayer. Any potential expansion of the currently proposed uranium reserve to include enriched uranium or an expansion of the AAFS (American Assured Fuel Supply) could require the procurement of the equivalent of about 24 additional large light-water reactor reloads of enriched uranium, with the following estimated scale of services to be procured and commencement dates:

- Mined and milled uranium estimated between 17 and 19 million pounds in the form of U3O8, beginning in 2020;
- Domestic conversion services resulting in about 6,000 to 7,500 tons of UF₆, beginning no later than 2022; and
- Domestic enrichment services beginning possibly in the 2023 timeframe, of which 25% would be unobligated. However, no commitment has been made to take action beyond the Uranium Reserve proposed in the FY21 Budget, which addresses the sectors most imminently at risk.”

The US uranium sector is set to rise again



Closing remarks

The NFWG/Department of Energy’s report officially confirms some of what was previously reported, with the title saying it all – “Restoring America’s Competitive Nuclear Energy Advantage.”

For the US uranium miners the US\$150 million US uranium reserve was confirmed to “directly support the operation of at least two U.S. uranium mines and the reestablishment of active domestic conversion capabilities.” The US uranium sector should get a significant boost from this great news.

Looking at the main US uranium miners Energy Fuels Inc. (NYSE: UUUU | TSX: EFR) and [UR-Energy Inc.](#) (NYSE: URG | TSX:URE), they stand to be the major beneficiaries, especially given they started the whole S232 petition back in January 2018. Others in the sector may also do well, include [Western Uranium & Vanadium Corp.](#) (CSE: WUC | OTCQX: WSTRF) and [Fission Uranium Corp.](#) (TSX: FCU | OTCQX: FCUUF).

George Glasier on Western Uranium & Vanadium’s Sunday Mine Complex and Trump’s \$1.5 billion plan to establish a U.S. uranium reserve

written by InvestorNews | August 12, 2020

In an InvestorIntel interview during [PDAC](#) last week, Tracy Weslosky secures an interview update with George Glasier on [Western Uranium & Vanadium Corp.](#) (CSE: WUC | OTCQX: WSTRF), a Colorado based uranium and vanadium conventional mining company focused on low cost near-term production of uranium and vanadium in the western United States, and development and application of

kinetic separation.

George started by saying that Western Uranium & Vanadium's Sunday Mine Complex is ready to go into production. The complex has five permitted uranium mines and the company has just finished building ore pads at the complex to move ore. George also spoke on recent news on how "the US Government has just released its FY2021 budget document to go forward for approval to the US Congress. It appears that the Nuclear Fuel Working Group's (NFWG) recommendations to support the US uranium industry have been supported, at least to the tune of a US uranium reserve per annum of US\$150 million over 10 years: a \$1.5 billion plan to establish a U.S. uranium reserve."

With the industry awaiting further recommendations from the NFWG, George comments that he is optimistic on this update.

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

Trump allocates \$150 million per annum to establish U.S. uranium reserve

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In breaking news the US Government has just released its FY2021 budget document to go forward for approval to the US Congress.

It appears that the Nuclear Fuel Working Group's (NFWG) recommendations to support the US uranium industry have been supported, at least to the tune of a US uranium reserve per

annum of US\$150 million over 10 years: a \$1.5 billion plan to establish a U.S. uranium reserve.

Some key points from the FY2021 US budget document are [quoted below](#) from pages 45-47:

- “Nuclear energy is also critical to the Nation’s energy mix and the Budget supports an array of programs to advance nuclear energy technologies. This portfolio promotes revitalization of the domestic industry and the ability of domestic technologies to compete abroad. The Budget provides \$1.2 billion for R&D and other important nuclear energy programs, including nearly \$300 million for the construction of the Versatile Test reactor—a first of its kind fast reactor that would help the private sector develop and demonstrate new technologies.
- **Supports Nuclear Fuel Cycle Capabilities.** On July 12, 2019, the President determined that “...the United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security.” **The Budget establishes a Uranium reserve for the United States to provide additional assurances of availability of uranium in the event of a market disruption.”**

Furthermore, the uranium reserve amounts are shown below, with US\$150 million pa allocated for a “uranium reserve” for “purchase of uranium” each year from 2021 to 2030, as well as other discretionary funds.

TABLE 25-1. FEDERAL BUDGET BY AGENCY AND ACCOUNT, FY2021 PRESIDENT'S BUDGET POLICY
(In millions of dollars)

Account and Subfunction Code	2019		Estimate										
	Actual		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Uranium Reserve (019-20-2296):													
Appropriations, discretionary	271	BA	---	---	150	150	150	150	150	150	150	150	150
Outlays, discretionary		O	---	---	45	90	150	150	150	150	150	150	150

Detailed view for FY 2021 US uranium reserve funding budget

URANIUM RESERVE

For Department of Energy expenses necessary for Uranium Reserve activities to carry out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), \$150,000,000, to remain available until expended.

Program and Financing (in millions of dollars)

Identification code 089-2296-0-1-271		2019 actual	2020 est.	2021 est.
Obligations by program activity:				
0001	Purchase of uranium			150
0900	Total new obligations, unexpired accounts (object class 25.2)			150
Budgetary resources:				
Budget authority:				
Appropriations, discretionary:				
1100	Appropriation			150
1930	Total budgetary resources available			150
Change in obligated balance:				
Unpaid obligations:				
3010	New obligations, unexpired accounts			150
3020	Outlays (gross)			-45
3050	Unpaid obligations, end of year			105
Memorandum (non-add) entries:				
3200	Obligated balance, end of year			105
Budget authority and outlays, net:				
Discretionary:				
4000	Budget authority, gross			150
Outlays, gross:				
4010	Outlays from new discretionary authority			45
4180	Budget authority, net (total)			150
4190	Outlays, net (total)			45

Establishing a Uranium Reserve provides assurance of availability of uranium in the event of a market disruption and supports strategic U.S. fuel cycle capabilities. This action addresses immediate challenges to the production of domestic uranium and reflects the Administration's Nuclear Fuel Working Group (NFWG) priorities. The NFWG will continue to evaluate issues related to uranium supply chain and fuel supply.

[Source](#): Page 397

A response from the Department of Energy's Office of Nuclear Energy to the uranium reserve proposal

The Office of Nuclear Energy (NE) [stated](#):

*"NE is asking for \$150 million to set up a uranium reserve to further protect the nation's energy security interests. **The new program will help to reestablish the nation's nuclear fuel supply chain through the domestic production and conversion of uranium. The reserve is expected to support the operation of at least two U.S. uranium mines** and will ensure there is a backup supply of uranium in the event of a significant market disruption that prevents entities from acquiring fuel. NE would begin the procurement process for the reserve in FY21."*

The "at least two US uranium mines" would suggest the two that brought forward the original [Section 232 petition](#) – [Energy Fuels Inc.](#) (TSX: EFR | NYSE American: UUUU) and [Ur-Energy Inc.](#) (NYSE: URG | TSX: URE).

Ur-Energy Inc.'s Chairman, President and CEO Jeff Klenda added: "After years of sounding the alarm, Ur-Energy is pleased the Trump Administration has recognized the national security implications of ceding the nuclear fuel cycle to our geopolitical rivals and is now taking definitive action to shore up the domestic industry by establishing a national uranium reserve that will be supplied by domestically-mined uranium. The President's proposed budget includes up to \$150M per year from 2021 through 2030 to purchase domestic uranium. According to today's issue of *The Energy Daily* DOE Undersecretary Mark Menezes commented on Monday that, "This is the beginning of a long process" to address the nuclear fuel cycle. "It won't stop with the creation of the uranium reserve."

Curtis Moore, VP Marketing and Corp Development from Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR) commented: "Now that we've had a day or so to digest yesterday's budget news, we are increasingly optimistic about what it all means for Energy Fuels. The Office of Nuclear Energy within the U.S. Department of Energy stated that this money is '[expected to support the operation of at least two U.S. uranium mines](#) ...' There are currently only three or four uranium facilities operating in the U.S. right now, that have the current capability to supply a U.S. uranium reserve, including Energy Fuels' White Mesa Mill in Utah and our Nichols Ranch ISR Facility in Wyoming. So, at the very least, we think this money should go toward supporting these existing, proven, low-cost facilities and saving existing jobs and expertise.

In addition, Energy Secretary Dan Brouillette and others have stated that the Nuclear Fuel Working Group will announce more recommendations in the coming weeks. It is our belief that yesterday's announcement will support sustainable domestic uranium production of about 2-2.5 million pounds per year. However, if the U.S. wants to have an industry capable of supplying 5-10 million pounds per year, additional actions are required. The U.S. consumes about 48 million of uranium per year, not including military requirements. So, 2-2.5 million pounds only represents a tiny fraction of total U.S. demand; even 5-10 million pounds isn't much. So, we are interested to see what else the government has in mind. Indeed, government officials, including Wyoming Senator John Barrasso, who has been a staunch defender of President Trump, are calling for the government to do more. And, as an American, I'd like to see the government do more.

Finally, yesterday's announcements clearly indicate that nuclear fuel has become a major priority for the U.S. government. It is our belief that no matter which political party leads the U.S.

government, this program alone has the strong potential provide Energy Fuels and perhaps a couple of other companies with a nice baseline of production and revenue, enabling us to save jobs and uranium production capacity. The alternative is to become massively dependent on Russian uranium and nuclear fuel, which nobody in the U.S. wants to see.

There's still more work to do – in particular, how to implement this program to ensure its success. However, we believe yesterday's announcement was a huge step in the right direction."

Western Uranium & Vanadium Corp.'s (CSE: WUC | OTCQX: WSTRF) Founder and CEO George Glasier commented: "We are very pleased that President Trump provided for a national uranium reserve and acknowledged that the domestic production of uranium is a national security issue in his Fiscal Year 2021 – A Budget for America's Future. The multi-year efforts of the President, Nuclear Fuel Working Group, and Department of Commerce were ground-breaking for addressing domestic critical and strategic mineral requirements and initializing the rebuilding of America's nuclear fuel cycle. We look forward to the release of additional recommendations from the Nuclear Fuel Working Group report. In the short-term supporting domestic mining will reinvigorate hardworking mining communities, but in the end the result will be the advancement of national defense, nuclear infrastructure, and energy independence goals."

Closing comments

The budget document is a positive response by the Trump administration to the NFWG's recommendations to support the domestic uranium industry. At this stage it is still too early to know any details on terms – what price will the uranium be bought etc., we will provide updates as we secure them.

Jeff Klenda and Jack Lifton discuss American uranium as the market awaits the Nuclear Fuel Working Group's recommendation for Trump

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"In January of 2018, we submitted a Section 232 Petition which was a section under the Trade Expansion Act of 1962. This was immediately after a face to face meeting with the Secretary of Energy, Rick Perry. One of the things we were speaking to him about was our concerns that at that time we were roughly producing about 5% of our own (uranium) needs here in the United States and the other 95% was coming from outside the country. Almost 50% of that coming from Russia, Kazakhstan, and Uzbekistan. So we found ourselves in a position where although nuclear energy provides 20% of our baseload in the United States, we are allowing ourselves to become dangerously dependent on geostrategic rivals. That is a dangerous national security policy and we felt that Section 232 would be the best avenue that we can go to address that problem for the nation." States Jeffrey Klenda, Chairman, President, and CEO of [Ur-Energy Inc.](#) (NYSE: URG | TSX: URE), in an interview with InvestorIntel's Jack Lifton.

A Presidential Memorandum in July in response to the Section 232 established the U.S. Nuclear Fuel Working Group to provide a fuller analysis of national security considerations with respect

to the entire nuclear fuel supply chain, and specifically to develop recommendations for reviving and expanding domestic uranium production. Ur-Energy awaits the recommendations of the Working Group, which are anticipated to be made and acted upon at any time now.

Jeffrey went on to say that Ur-Energy is the lowest cost uranium producer outside of Kazakhstan. He said that state-owned companies in Kazakhstan receive subsidies from their government to offset their base cost and work under lax environmental constraints. They have also devalued their currency by 85-90 percent over the last five years, hence their costs are lower. Jeffrey also said that Ur-Energy's Lost Creek Project is in production and the company has strong fundamentals.

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

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