

John Cash on how Ur-Energy's patented technology provides real cost savings for U3O8 producers

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In this InvestorIntel interview, Tracy Weslosky interviews [Ur-Energy Inc.](#)'s (NYSE American: URG | TSX: URE) CEO, Chairman, and President John Cash about Ur-Energy's successful [Phase 1 field testing](#) on its patented injection well casing and installation technology. With an 85% reduction in casing cost, John says that the technology results in significant cost savings per pound of U_3O_8 produced.

Over the course of the interview, John discusses some of the environmental benefits of the technology which include the following.

- Reduction of heavy vehicle traffic since **drill rig time on injection wells is reduced from approximately 3.5 to 0.5 days** per well as demonstrated during initial field tests;
- Up to **85% fewer air emissions** during installation of injection wells;
- Less noise due to shortened drill rig and water truck time;
- A further reduction in already low well failure rates due to fewer points of potential failure, because the casing material is "tougher" in many respects than conventional PVC well casing, and the completion method requires less exposure to the drill string and bit compared to conventional methods

John goes on to share how the technology can potentially be applied across the in-situ recovery industry including copper, lithium, soda ash, potash, and other soluble minerals.

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 in Littleton, Colorado and its registered office is in Ottawa, Ontario.

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

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Ready-to-go uranium producer Ur-Energy benefitting from demand drivers in the U.S. market

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[Ur-Energy Inc.](#) (NYSE American: URG | TSX: URE | FSE: U9T), a company engaged in uranium mining, recovery, and processing activities, is benefitting from demand drivers in the U.S. market that are set to help U.S. uranium producers.

Ur-Energy operates the Lost Creek In-Situ Recovery (ISR) uranium facility in Wyoming. The company has produced, packaged, and shipped more than 2.6 million pounds of uranium since the start of operations in 2013.

U.S. National Uranium Reserve

The current positive sentiment surrounding uranium stocks is a reflection of uranium energy being part of a clean-energy economy and the United States government moving forward in creating a uranium strategic reserve that should benefit domestic producers.

In December 2020, the U.S. Congress passed a spending proposal that earmarked US\$75 million in new funding for a [national uranium stockpile](#). The Bill is awaiting the President's signature to become a law. The Congressional funding of a national uranium reserve suggests a longer-term strategy for the uranium industry.

Currently priced at approximately US\$30 per pound, this action would result in a 2.5-million pound purchase of domestic

uranium, well above the current domestic production, which was 174,000 pounds of U_3O_8 in 2019 and declined even further in 2020.

Part of the “Clean Energy” Revolution

In addition, nuclear power was included in President Joe Biden’s [“Plan for a Clean Energy Revolution and Environmental Justice”](#) and recent speculation that the plan could include extending the current end-date of U.S. nuclear facilities thereby increasing long-term demand, has driven up uranium stock prices.

Included in President Biden’s plan is the use of small modular reactors and micro-reactors that could also increase demand for uranium.

According to the [U.S. Geological Survey](#) (USGS), uranium power generates 20% of the United States’ electricity production and almost 100% of the uranium is imported creating a potential national security issue.

With the advent of electric vehicles and the goal to reduce greenhouse gas emissions, Morningstar forecasted a 1.2% average annual U.S. electricity demand growth through 2030. Electricity is set to take market share from other energy sources, such as coal and oil.

Ur-Energy’s ISR Facility

ISR is a mining process used to recover minerals, such as uranium, where wells are drilled into the ore body and a special solution is pumped into the deposit, and then pumped out of other wells into a processing plant. The process is less damaging to the terrain than a typical open-pit mine.

Ur-Energy’s ISR uranium facility has been operating at reduced capacity due but as the uranium price or demand increases, Ur-Energy can easily ramp up production levels to accommodate the

market.

The company estimates that it would cost US\$15.4 million to get production fully restored to 1 million pounds per year and would take 6 to 9 months.

In addition, the company has other nearby resources that can be exploited including the Shirley Basin and the Lost Soldier projects. Its processing facility was designed to process up to two million pounds of U_3O_8 annually so can easily scale up.

From the three projects, Ur-Energy controls Measured & Indicated resources of 35.6 million pounds of U_3O_8 and an Inferred resource at 8.2 million pounds, more than enough resources to fuel its processing plant for 20 years.

Upcoming Supply-Demand Imbalance

According to a recent report from the World Nuclear Association, there are approximately 440 nuclear power reactors operating in the world today, and about 50 reactors are currently being constructed. In total, about 100 reactors are on order or planned, and more than 300 are being proposed.

In the 2020 World Energy Outlook report, the forecasted nuclear capacity growth from 2019 to 2040 was estimated at over 15%.

The current pandemic has negatively impacted supply with Cameco temporarily shutting down the Cigar Lake mine due to COVID-19 concerns. This follows the closing of Cameco's McArthur River and Key Lake operations due to low uranium prices.

Final Thoughts

Ur-Energy is well-positioned as a ready-to-go uranium producer in this current energy market that favours "Clean Energy".

With a cash resource of C\$5.9 million and 269,000 U₃O₈ pounds of ready-to-sell, “drummed” inventory, worth over US\$8 million, the company has a solid financial base that it can use to ramp up production as the market dictates.

Ur-Energy is currently trading at C\$1.27, with a Market Cap of C\$216 million.

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, U₃O₈ spot prices increased nearly 33 percent to \$33 per pound in June. U₃O₈ 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.

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	150
Outlays, discretionary		O	---	---	45	90	150	150	150	150	150	150	150	150

[Source](#): Page 127

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.