

Ur-Energy readies its Lost Creek mine and in-situ processing facility for a Uranium Bull Market in 2022

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The uranium market is back. The uranium price rose very strongly in H2 2021 and is now consolidating, having reached [US\\$46.45/lb](#). Demand for baseload nuclear power should only increase this decade as the world looks to de-carbonize and move away from coal power. Is this the beginning of a uranium bull market?



Source: [Trading Economics](#)

Today's company announced in November 2021 its intention to prepare for "full production-ready status" at their U.S uranium mine with production able to begin following preparations in Q1 2022.

The company is [Ur-Energy Inc.](#) (NYSE American: URG | TSX: URE). Ur-Energy operates its 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. When operational, Ur-Energy is among the top two U.S uranium producers and is a global low-cost uranium producer. It also owns the Shirley Basin, Lucky Mc mine, and Last Soldier uranium projects in the USA as well as the Excel Gold Project in Nevada.

Ur-Energy uses a uranium in situ recovery process at their Lost Creek Mine which has a lower environmental impact



Source: [Ur-Energy website](#)

In the November 1, 2021 [announcement](#) Ur-Energy Chairman and CEO, Jeff Klenda stated:

“In addition to the release of our 2021 Q3 results 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...”

“Throughout the prolonged downturn of the uranium market... we optimized our production processes, conducted extensive maintenance, and readied the Lost Creek plant for full production. Now we are seeing a fundamental shift in the uranium market, as evidenced by a 70 percent rise in the spot price from earlier year lows and are taking active measures to better prepare for immediate start up when warranted.”

Note: Bold emphasis is by the author.

Fast forward to today and we still have similar strong uranium prices as in November 2021 and, we are in Q1, 2022. This means we can reasonably expect Ur-Energy to soon announce a move from reduced operations to full production operations.

Huge expansion of uranium production potential for Ur-Energy

Lost Creek is capable of ramping up to an annualized run rate of one million pounds of uranium production.

CEO Klenda [stated](#): “Our second uranium ISR project, Shirley Basin, stands ready for development and construction. Having

received all remaining major approvals for Shirley Basin earlier this year, we have effectively doubled the Company's licensed and permitted production capacity."

U.S. uranium Reserve update and Build Back Better plan

In June 2021 World Nuclear News [reported](#): "The request notes that the DOE Office of Nuclear Energy and the National Nuclear Security Administration are working to develop and implement the reserve which received an enacted USD75 million in FY21 but does not request funds for the program in FY22."

Then in September 2021, the U.S Federal register [stated](#): "The Department of Energy (DOE) published the Request for information (RFI) to invite public comment on topics related to the Establishment of the DOE's Uranium Reserve program on August 11, 2021."

[The Nuclear Energy Institute](#) highlights 2022 as potentially being a good year for nuclear, with the Build Back Better Act poised to hopefully pass in early 2022, which includes a production tax credit (PTC) for electricity generated by nuclear power plants in operation today.

Closing remarks

A stronger uranium price is looking positive for the uranium miners in 2022. Constrained supply and strengthening demand are near-term positives. In the longer term, the move away from coal powered baseload energy to nuclear energy is another potential positive this decade for uranium.

Ur-Energy is a top two U.S uranium producers, currently preparing to start up production again at their Lost Creek Mine. The Company can rapidly ramp back up its uranium supply and has an additional capacity that can be developed in the near term,

particularly at Shirley Basin.

Ur-Energy trades on a market cap of US\$266 million. Will 2022 be the year U.S uranium miners finally bring back lost production capacity? We will soon see.

**Up 207% over the past year,
Ur-Energy's revenue is
'forecast' to rise
exponentially in the next 2
years**

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Uranium prices have grinded higher in 2021 and the outlook has never looked better for U.S uranium miners with forecast uranium deficits in the years ahead. US uranium producers are well placed to benefit from the Biden policies that understand the importance of nuclear and securing uranium. Right now the USA produces virtually zero uranium and is dependent upon Russia (including Russia controlled sources in Kazakhstan) for [about 50%](#) of their uranium supply. [20%](#) of U.S electricity relies on nuclear as does much of the U.S Navy fleet.

[Ur-Energy Inc.](#) (NYSE American: URG | TSX: URE) is among the top two U.S uranium producers and is a global low cost uranium producer. Ur-Energy operates the Lost Creek in-situ recovery uranium facility in south-central Wyoming, USA, currently on

hold due to the uranium prices bear market. The stock is having a stellar year, [up 207%](#) over the past year boosted by improving uranium prices and positive uranium policy from the Biden administration.

Ur-Energy's stock has been rising with the beginning of what looks to be a new uranium bull market



Source: [Yahoo finance](#)

An update on Ur-Energy

Over the past year, the Company has been working on their expansion plans. Ur-Energy now 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.

At Lost Creek, the mine is [currently on care and maintenance](#) awaiting higher uranium prices or suitably priced long term contracts.

Ur-Energy's revenue is 'forecast' to rise exponentially the next 2 years

Based on an online [analyst's forecasts](#), Ur-Energy is set to grow revenues from US\$8 million in 2021 (close to zero in operating profits) to US\$24 million in 2022 (US\$24 million in operating profits), and to US\$75 million in 2023 (US\$40 million in operating profits). That's a tremendous forecast revenue rise and would be mostly due to the anticipated ramp up in uranium production by Ur-Energy, forecast uranium deficits with stronger uranium pricing, and the U.S plan to establish a US\$150 million pa U.S. uranium reserve building program over the next 10 years.

Joining the broad-market Russell 3000® Index

[Announced](#) on June 7, 2021, Ur-Energy is set to join the broad-market Russell 3000® Index as of June 28, 2021. This is a significant milestone achievement for the Company. Approximately \$17.9 trillion is currently benchmarked to FTSE Russell indexes. Ur-Energy Chairman and CEO Jeff Klenda, [stated](#):

“Ur-Energy is excited to be included in the Russell 3000® Index. This listing reflects the significant increase in our market capitalization over the past several months, and our continued effort to build shareholder value. Inclusion in the Russell 3000® is significant as the Russell indexes are widely followed by the investment community. We believe inclusion in the Russell index provides us with the opportunity to expand our shareholder registry as we continue to progress our strategic initiatives and maintain operational readiness until we ramp-up production operations at our Lost Creek Project.”

Closing remarks

All indicators are pointing to higher priced uranium. A key being forecast global deficits the next 5 years+ due to strong demand and constrained supply. Another is that the Biden administration is pro smart nuclear, and the U.S wanting to achieve an independent supply of critical materials such as uranium. The only way to do this is by buying uranium from ally countries or more ideally from U.S producers on long term contracts that are profitable for the miners. Existing U.S demand to feed the U.S's nuclear reactors and military plus supply to build the reserve are all critical priorities right now for the USA.

Ur-Energy is ideally positioned in the USA to play a very significant part in restoring U.S energy security and the U.S uranium reserve. This helps explain why the stock has already

run ahead by 207% in the past year and now trades on a market cap of US\$316 million. The stock may well take a short-term pause but the next decade looks very strong for Ur-Energy.

Further learning

[Ur-Energy's Jeff Klenda on Biden's interest in nuclear energy, US utilities 'just-in-time deliveries' for uranium and being the lowest cost producer of uranium in the U.S. \(video\)](#)

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

written by InvestorNews | January 19, 2022

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).

Energy Fuels' Mark Chalmers addresses the impact of the coronavirus on the uranium market and steps up to the

critical materials supply chain podium

written by InvestorNews | January 19, 2022

Given the recent announcement of a US\$1.5 billion (US\$150 million pa for 10 years) uranium reserve to be allocated to US uranium producers, there has been quite a buzz around the uranium sector which is currently dominated by Energy Fuels.

Energy Fuels CEO Mark Chalmers, accompanied by several members of senior management, lead an excellent Company [webcast](#) update, with a special address on the impact of the coronavirus (COVID-19) on the critical materials sector on Friday morning. During this webcast, he provided an update on the Company, covering everything from the US uranium reserve to the Company's FY 2019 results. During this webcast he identified the increasing prioritization by the U.S. government for a both U.S. sourced critical materials and the build-out of a North American rare earths supply chain. Below I touch on the key highlights.

[Energy Fuels Inc.](#) (NYSE: UUUU | TSX: EFR) is one of only three US uranium miners still in production, and has been the largest US uranium producer over the past 4 years. Energy Fuels has the largest uranium resource portfolio in the U.S. among producers, with an ability to rapidly scale up production if needed. Added to this Energy Fuels is a leading U.S. vanadium producer. There is also some potential for future rare earths processing at White Mesa Mill.

The White Mesa Mill is a strategic asset

for Energy Fuels and the USA

Many don't know, but the White Mesa Mill has produced about the same amount of uranium and vanadium over its lifetime to date, or about 45 million pounds of each. White Mesa Mill can also recycle alternate feed materials and materials from land clean ups.

Energy Fuels' flagship White Mesa Mill produces both uranium and vanadium, with potential to add rare earths processing



Energy Fuels views on Russia

Russia has a long history of manipulating markets to gain a geopolitical advantage. If nothing changes the US could be dependent on Russia, China and its allies for uranium. **Also at the end of 2020, the Russian Suspension Agreement (RSA) expires. This means Russia could potentially export even more uranium into the US market leading to a price war, as we recently have seen with oil.** It would also potentially increase the US's dependence on Russia for uranium after 2021.

Energy Fuels views on President Trump's FY2021 budget provision for a U.S. uranium reserve of US\$150 million pa

Energy Fuels is positive on the recent move that the US plans to support the US uranium producers. There are no details yet on how the US\$150 million pa will be allocated but there is a very strong possibility that Energy Fuels will benefit, especially given they initiated the [Section 232 Petition](#).

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

“The reserve 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. These include Energy Fuels' White Mesa Mill in Utah and Energy Fuels' Nichols Ranch ISR Facility in Wyoming.

Energy Fuels (blue) has been the largest US producer of uranium over the last 4 years



Energy Fuels approach with COVID-19

Energy Fuels is adopting the following procedures to support the COVID-19 battle:

- Eliminating travel and conference attendance for the time being.
- In these tough times with low uranium and vanadium prices, Energy Fuels is focusing on cost-cutting measures and maintaining balance sheet strength.
- Energy Fuels state that of very significant concern right now is that “Kazakhstan might have to shut down uranium production due to COVID-19”. This could lead to a uranium supply shock given Kazakhstan is the world's largest uranium producing country.

Energy Fuels FY 2019 results and current activities

- Energy Fuels end 2019 cash and marketable securities, and inventory was at \$40.5 million. Added to this is \$19.5 million from 2020 activities. There is also US\$16 million

of convertible debt that matures on December 31, 2020 (payable in cash or shares at the Company's option). Net assets are therefore over \$40 million confirming a very strong balance sheet.

- Energy Fuels is currently pursuing additional cash flow opportunities in alternative feed materials, land cleanup, vanadium & rare earth elements. Energy Fuels is participating in a pilot-scale cleanup project for Navajo Nation, and is also supporting the cleanup of a private mine in Mexico.

Note: The White Mesa Mill is the only facility in U.S. that can recycle material into usable uranium.

Rare Earth Elements

Energy Fuels has been approached by several entities including the US Government to process certain uranium bearing rare earth elements at the White Mesa Mill. Energy Fuels [stated](#):

"We can play a significant part in bringing rare earth element production back to the United States."

Closing remarks

With the possibility that the world's largest uranium producing country Kazakhstan may have to shut down uranium production due to COVID-19, there is the very real potential for a supply shock to hit the uranium market.

One of the very best ways for investors to gain exposure to the US uranium and vanadium sectors is to consider investing in Energy Fuels. They stand to benefit from any uranium supply shock/price increase, an announcement of uranium contracts to build the newly announced uranium reserve, or any further announcements to support US critical materials supply. Energy

Fuels' strong balance sheet and top tier assets allow them the flexibility to turn on and off uranium and vanadium production depending on market prices.

By investing in Energy Fuels investors gain exposure to the leading US producer of both uranium and vanadium, and also a potential future rare earths processor. To gain exposure to uranium, vanadium, and rare earths (potential for processing) in one company, located in the USA, is quite unique and exceptional.

Blue Sky Uranium's CEO on competitive uranium production costs

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"We did put out some news and basically it is our plans for the next six months going forward which talks about expanding and commencing exploration program on three different targets to potentially find additional deposits and to grow the current deposits that we have. That really builds what we have done in last just over two months basically... We are extremely pleased with the [PEA] results that we got. The two real key factors to zero in on these results are, 1. that our CAPEX costs are estimated under \$130 million, that's a very very low cost for construction to go into production for a type of mine as large as Ivana will be. Second of all is the production cost, the All-In-Sustaining-Cost is just over \$18 a pound of uranium. It basically (if was in production today), it would rank it amongst

the absolute lowest cost producers on the planet.” States Nikolaos Cacos, President, CEO and Director of [Blue Sky Uranium Corp.](#) (TSXV: BSK | OTCQB: BKUCF), in an interview with InvestorIntel’s Tracy Weslosky.

Nikolaos went on to explain that the market is about to witness significant uranium demand because of a shortage of uranium supplies. Nikolaos also talked about Blue Sky’s recent pit sampling results from the Ivana Uranium-Vanadium deposit which indicate the potential for further expansion.

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

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