American Ur-Energy increases production as the Prohibiting Russian Uranium Imports Act places upward pressure on uranium prices

written by InvestorNews | June 26, 2023
Things are heating up nicely in the US uranium market.

The US government is now buying US-produced uranium at a premium to ensure they can support the local industry and build up a significant US uranium reserve. Furthermore, there is a bill pending to cut off Russian imports of low-enriched uranium. If passed, there are certain waivers if the US has no other uranium source and any ban would not begin until 2028. Additionally, Congress is considering steps to further bolster US nuclear fuel production capacity via the Nuclear Fuel Security Act.

As announced on June 1, 2023:

> *"The House Energy and Commerce Committee has advanced a bill to the chamber's floor that, with certain exceptions, would ban the import of low-enriched uranium from Russia into the United States……the Prohibiting Russian Uranium Imports Act (H.R. 1042) was approved in a (slightly) bipartisan 29–21 vote on May 24."*

As a result of this uncertainty and limited new supply, the uranium price surged higher in the past few months

Source: [Trading Economics]

All of the above is good news for US uranium producers.

Ur-Energy Inc.

[Ur-Energy Inc.] (NYSE American: URG | TSX: URE) is a US uranium producer at their Lost Creek in-situ recovery uranium facility in south-central Wyoming. As [announced] on May 30, 2023, the Company has restarted commercial production and completed the Casper Centralized Services Facility for full laboratory and construction services for each of Ur-Energy's mining projects. 2023 looks like potentially a big year for Ur-Energy as they ramp up production at their Lost Creek Facility and look to potentially start construction (subject to the placement of new off-take sales contracts) at their Shirley Basin Project.

The Lost Creek in-situ recovery uranium facility is now in production

Back in February InvestorIntel reported that Ur-Energy was about to immediately ramp up production at its Lost Creek uranium facility in response to new sales agreements and that

> *"Ur-Energy's total sales quantity under contract is **500,000 pounds** of uranium concentrates per annum, beginning in 2024, plus or minus".*

That figure has now risen to 600,000 pounds with the Department of Energy agreeing to buy 100,000 pounds of of domestically produced uranium concentrate from Ur-Energy for the National Uranium Reserve at a sales price of US$64.47/lb.

Ur-Energy stated on May 30, 2023:

> *"Lost Creek production inventory will be sold into our remaining 2023 contract book of 180,000 pounds U_3O_8 in the second half of the year. Beginning in 2024, the Company's total sales quantity under contract is **600,000 pounds** U_3O_8 annually, plus or minus a small, optional flex."*

A positive sign that there is a very strong demand for Ur-Energy's uranium.

Ur-Energy COO, Steve Hatten, stated:

> *"This restart of normal operations at Lost Creek marks the first of a series of planned production areas scheduled for 2023 and 2024. We hope our return to commercial production also is the beginning of a resurgence of the uranium mining industry in the United States."*

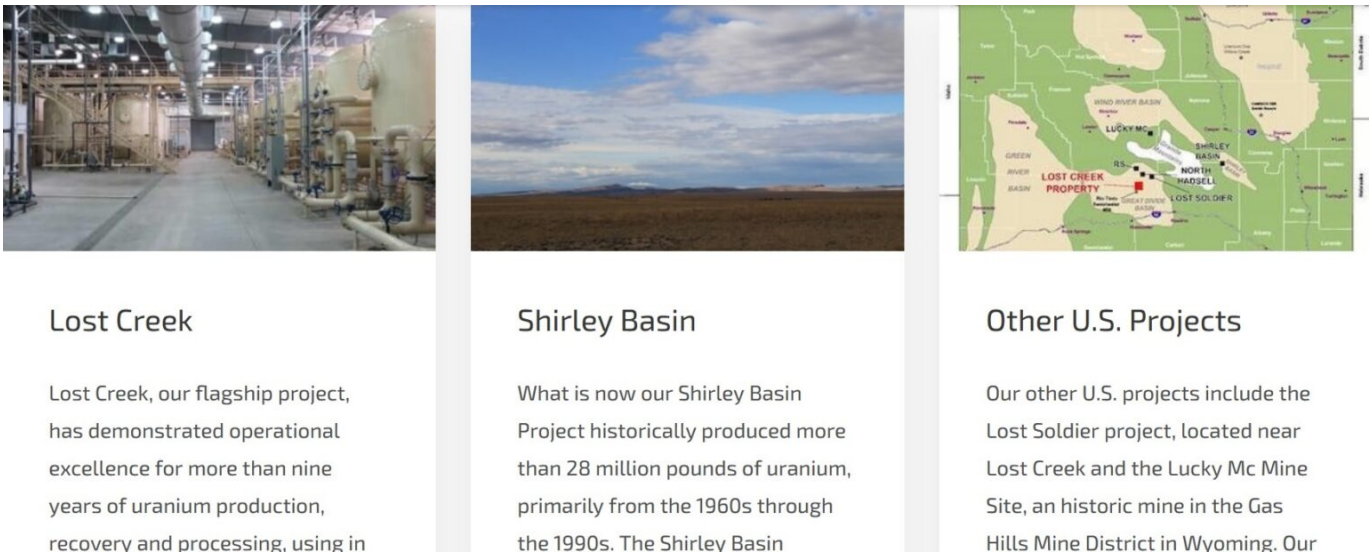
Shirley Basin Project

Ur-Energy's Shirley Basin Project has all major permits and licenses required to construct and operate a one million pound per year production facility.

Ur-Energy CEO, John Cash, stated in May, 2023:

> *"As the market continues to improve, we are increasingly optimistic that additional profitably priced sales contracts will incentivize a ramp up to full production at Lost Creek and, potentially, the build out of Shirley Basin. 2023 promises to be an exciting year for Ur-Energy and our shareholders."*

Ur-Energy – Lost Creek Facility, the ready to construct Shirley Basin Project, and other uranium projects in USA



Source: Ur-Energy website

Q1 2023 Financial results

In Q1, 2023, Ur-Energy delivered 100,000 pounds of U_3O_8 at a sales price of $64.47/lb for proceeds of $6.4 million to the U.S. Department of Energy ("DOE") national uranium reserve.

During the Quarter, Ur-Energy generated $2.3 million from operating activities.

On May 1, 2023, Ur-Energy stated in their Q1 2023 Financials announcement:

> *"Including the Q1 DOE sale, we expect to sell 280,000 pounds U_3O_8 in 2023 for $17.3 million and, together with the base amount of 600,000 pounds U_3O_8 to be sold annually 2024 – 2028, total anticipated revenues to the Company will be approximately $205 million…….Sales prices are anticipated to be profitable on a Company-wide, all-in cost basis, and are escalated annually from initial pricing in 2023 and 2024….."*

Closing remarks

Ur-Energy is back in business. Prior to the Lost Creek restart, Ur-Energy was essentially on hold awaiting stronger uranium prices. Uranium contracts for several years ahead, potentially bode well for future profitability for the Company. If we continue to see reasonable uranium prices (at or above US$50/lb) then Ur-Energy will also look to bring on their second project Shirley Basin and thereby expand their production volumes further.

Ur-Energy trades on a market cap of C$280 million.

Energy Fuels Strengthens Its Rare Earths Supply Portfolio

written by InvestorNews | June 26, 2023

When I last discussed Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR), it was all about the working capital the Company had cobbled together to move forward. The article was entitled "Show me the money!", a quote stolen from the movie "*Jerry McGuire*". The reason being, following the closing of the sale of three wholly-owned subsidiaries to enCore Energy Corp. (NYSE American: EU | TSXV: EU), which together held Energy Fuels' Alta Mesa ISR Project, for total consideration of US$120 million, the Company had accrued a war chest of roughly US$240 million. Subsequently, Energy Fuels has converted some of its marketable U3O8 inventory into US$18.5 million cash with a deal to sell 300,000 pounds of natural uranium concentrates to the US government for the establishment of a strategic uranium reserve. This is all good news but the question becomes what will the Company do with all this capital?

On Monday, we gained some insight into how Energy Fuels was going to invest some of its capital going forward to expand its uranium and rare earth business lines. As a reminder, Energy Fuels is a leading US-based critical minerals company. The Company mines uranium and produces natural uranium concentrates that are sold to major nuclear utilities for the production of carbon-free nuclear energy. Energy Fuels recently began production of advanced rare earth element ("REE") materials, including mixed REE carbonate, and plans to produce commercial quantities of separated REE oxides in the future. Energy Fuels also produces vanadium from some of its projects, as market conditions warrant, and is evaluating the recovery of radionuclides needed for emerging cancer treatments. The

Company's White Mesa Mill in Utah is the only conventional uranium mill operating in the US today, has a licensed capacity of over 8 million pounds of U3O8 per year, and from various uranium-bearing ores, has the ability to produce vanadium when market conditions warrant, as well as REE products.

Completes the Acquisition of Rare Earth and Heavy Mineral Project in Brazil

The latest update from Energy Fuels sheds some light on its emerging rare earths business segment. First, the Company announced that it has completed its previously announced acquisition of seventeen (17) mineral concessions between the towns of Prado and Caravelas in the State of Bahia, Brazil totaling 15,089.71 hectares (approximately 37,300 acres or 58.3 square miles). At the Closing, the Company paid the mineral owners the remaining US$21.9 million in cash. Acquisition of the Bahia Project is expected to supply the raw materials needed by the Company's US facility for the production of advanced rare earth materials used in EVs, clean energy, and defense technologies.

Prior to closing on the Bahia Project, Energy Fuels commenced a sonic drilling program on the property to further define and quantify the heavy mineral sand resource, particularly at depth. The Company expects to finalize the Phase 1 sonic drilling at the Bahia Project this month, totaling 2,250 meters. The Company plans to announce the Phase 1 drilling results this year and start Phase 2 drilling in Q3/2023. Once data from both drill programs are available, the Company plans to engage industry leaders to calculate an initial mineral resource estimate for use in an S-K 1300 (US) compliant Initial Assessment and an NI

43-101 (Canada) compliant Technical Report.

Expanding the White Mesa Mill

Another area Energy Fuels is deploying capital is the production of separated Neodymium-Praseodymium (NdPr) products at the White Mesa Mill and plans for future REE separation. The Company is currently separating lanthanum (“La”) and cerium (“Ce”) from its commercial rare earth carbonate stream utilizing existing Mill infrastructure. Energy Fuels is proceeding with the modification and enhancement of its infrastructure at the Mill (“Phase 1”) to expand its “light” REE separation facilities to be capable of producing commercial quantities of separated NdPr oxide. Earlier this year, the Company began construction on its “Phase 1” REE separation facilities, which includes modifications and enhancements to the solvent extraction circuits at the Mill. Because Energy Fuels is utilizing the existing infrastructure at the Mill, “Phase 1” capital is expected to total only about $25 million. “Phase 1” is expected to be operational later this year or early 2024, at which point Energy Fuels believes it will be the ‘first to market’ among US companies with commercial quantities of separated NdPr available to EV, renewable energy, and other companies for offtake.

Granted the capital expenditures noted above will barely make a dent in Energy Fuels’ war chest, it’s good to see the Company prudently spending capital to advance and diversify its business. However, keep in mind this is the largest US producer of uranium. Uranium production still remains the Company’s core business, and it continues to make progress on resuming production at its mines.

Energy Fuels currently trades at a market cap of approximately US$1.13 billion (C$1.51 billion).

Contract to supply the U.S. Uranium Reserve puts Energy Fuels in the pilot’s seat for 2023

written by Tracy Weslosky | June 26, 2023
The uranium market had a reasonable 2022 with uranium prices up by 12%. The question on everyone’s mind is what will uranium prices do in 2023?

Given that the world needs to move away from fossil fuels and that nuclear offers reliable baseload power, smart nuclear looks to be a solid bet for the world’s energy future, especially with nuclear energy fueled by uranium now providing the U.S. with 50% of its zero carbon power.

Uranium prices trending higher in recent years

Source: [Trading Economics]

Uranium demand vs supply

In the last few years experts have been predicting that we will soon see [uranium deficits] accompanied by the higher prices needed to encourage new production. The late 2021 uranium price spike and continued rise in prices in 2022 suggests that uranium's time has finally arrived.

Energy Fuels CEO and President, Mark Chalmers, agrees: "Uranium is benefiting from a wave of investment into nuclear energy to address energy security and climate issues. At the same time, there are major questions on uranium supply."

Number one U.S. uranium producer Energy Fuels awarded a contract to sell $18.5 million of uranium to the U.S. Uranium Reserve

[Energy Fuels Inc.] (NYSE American: UUUU | TSX: EFR) boasts that they are the "[largest U.S uranium producer], with more production facilities, capacity & experience than other U.S. companies".

Its size and low-cost production has led to numerous contracts, including one to sell a base quantity of 3 million pounds of total U3O8 deliveries over the next 8 years scheduled to start this year. This already significant amount could increase up to 4.2 million pounds of deliveries, if all options are exercised. The uranium is to be sold using a pricing formula which maintains exposure to market upside, while limiting downside & adjusting for inflation.

In addition Energy Fuels announced on December 16, 2022, that it had been awarded a contract to sell $18.5 million of uranium to the U.S. Uranium Reserve. Energy Fuels expects to complete the sale of uranium for the Uranium Reserve to NNSA during Q1-2023.

Mark S. Chalmers, CEO and President of Energy Fuels, talks about the announced contract:

"Energy Fuels is pleased to contribute to U.S. energy security by supplying U.S.-origin uranium to the U.S. uranium reserve. Russia's invasion of Ukraine has highlighted America's troubling dependence on Russia and its allies for our nuclear fuel and uranium supply, and the need for the U.S. to rebuild its uranium and nuclear fuel capabilities. Today, nuclear energy provides the U.S. with roughly 20% of all electricity, and 50% of our clean, carbon-free electricity… For the past several years, U.S. uranium production has been near-zero and our only uranium conversion facility has been shut-down. The Uranium Reserve is a small, but important, step toward resolving this untenable situation."

Energy Fuels is much more than just a uranium producer, also producing rare earths, vanadium, medical isotopes, and recycling operations (of materials that contain uranium)

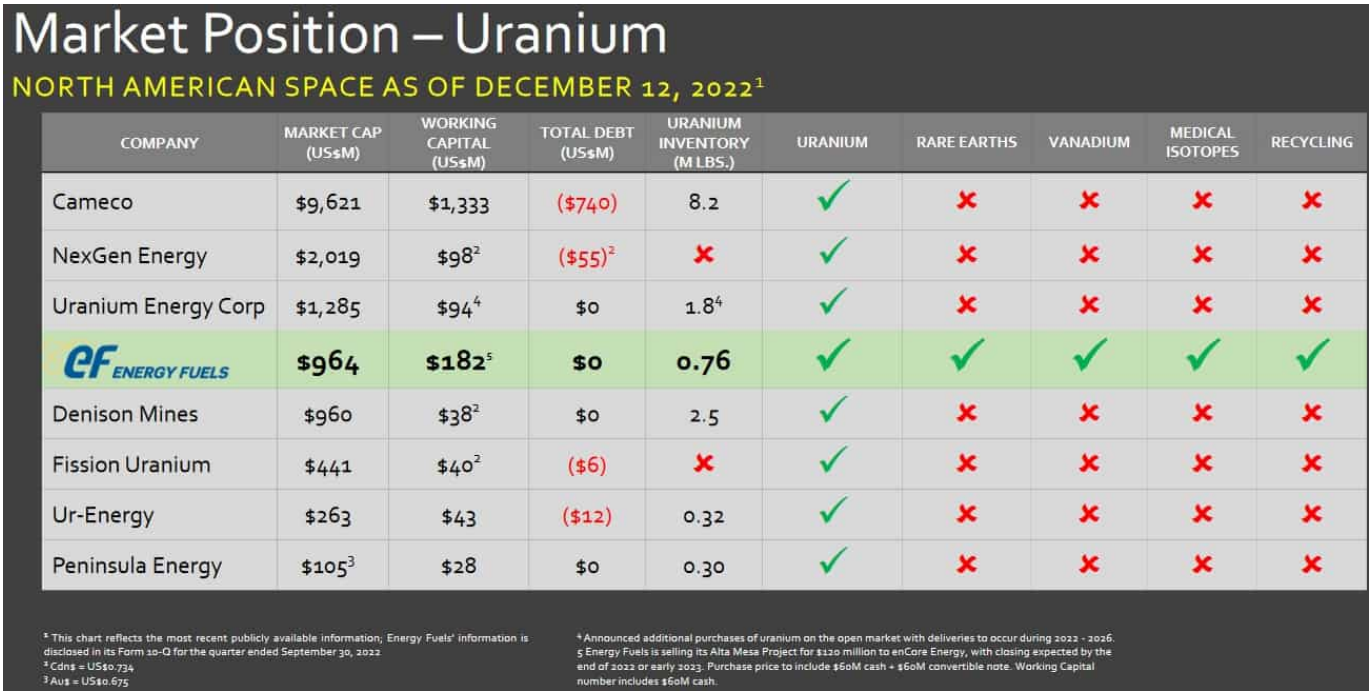
The core of Energy Fuels is their U.S. uranium assets and production, but they offer much more.

Energy Fuels' White Mesa Mill in Utah is the only existing facility in North America currently processing monazite ore to recover uranium, but also removing other radioactive elements and producing advanced rare earths products. In March 2022 the company began commercial scale rare earths separation & production of mixed rare earths carbonate, containing 32%-34% NdPr. Energy Fuels has a pilot-scale solvent extraction (SX) rare earths separation operation capable of producing 1-2 kg of NdPr oxide per day. Their plan is to expand this to 500-1,000MT of NdPr oxide per year by 2023-24. There is also a plan to produce heavy rare earths by 2026-27 at their White Mesa Mill.

Energy Fuels' White Mesa Mill is also a significant U.S. producer of vanadium. In 2022 the Company sold ~575,000 lbs. of vanadium at an average price of $13.44/lb. Energy Fuels is selectively selling existing inventory (currently ~1 million lbs.) into market strength.

Medical isotopes are in critical demand. Energy Fuels state that there are "several isotopes required for emerging cancer therapies ("targeted alpha therapy") that naturally occur in the White Mesa Mill's existing uranium & REE process streams" and that they are "evaluating the potential to recover radium to create a U.S. supply chain for this critical element."

Energy Fuels comparison to other North American uranium companies



Source: Company presentation

Closing comments

Energy Fuels looks ready to benefit in 2023 as market dynamics are in place to boost demand and prices for uranium. The company has a large existing inventory of both uranium and vanadium and the ability to quickly ramp up supply as shown by its recent contract to sell $18.5 million of uranium to the U.S. Uranium Reserve. Energy Fuels has an added bonus in that they also give investors exposure to a growing portfolio of green energy related metals and technology – including rare earths NdPr, vanadium, and recycling materials that contain natural uranium.

Energy Fuels trades on a current market cap of US$978 million, a 2023 PE of 11.8x.

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

written by InvestorNews | June 26, 2023

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)