

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

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)

Ur-Energy stands ready to supply future US uranium reserve

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

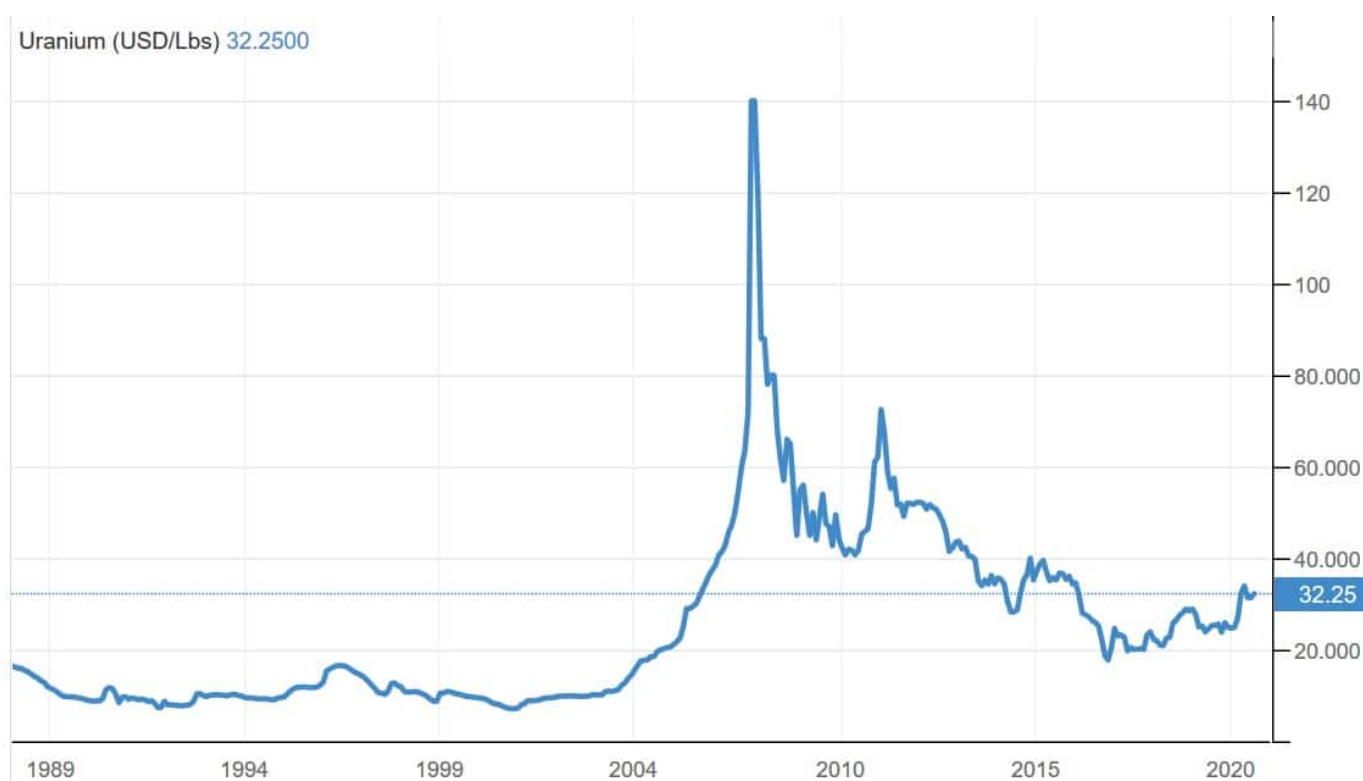
As the US struggles to finalize their new uranium funding to build a significant US uranium reserve using the previously announced US\$150 million U.S. uranium reserve program, two new Acts have recently gone to US legislators.

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 U_3O_8 at the Lost Creek plant, of which 2,892 pounds of U_3O_8 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.

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

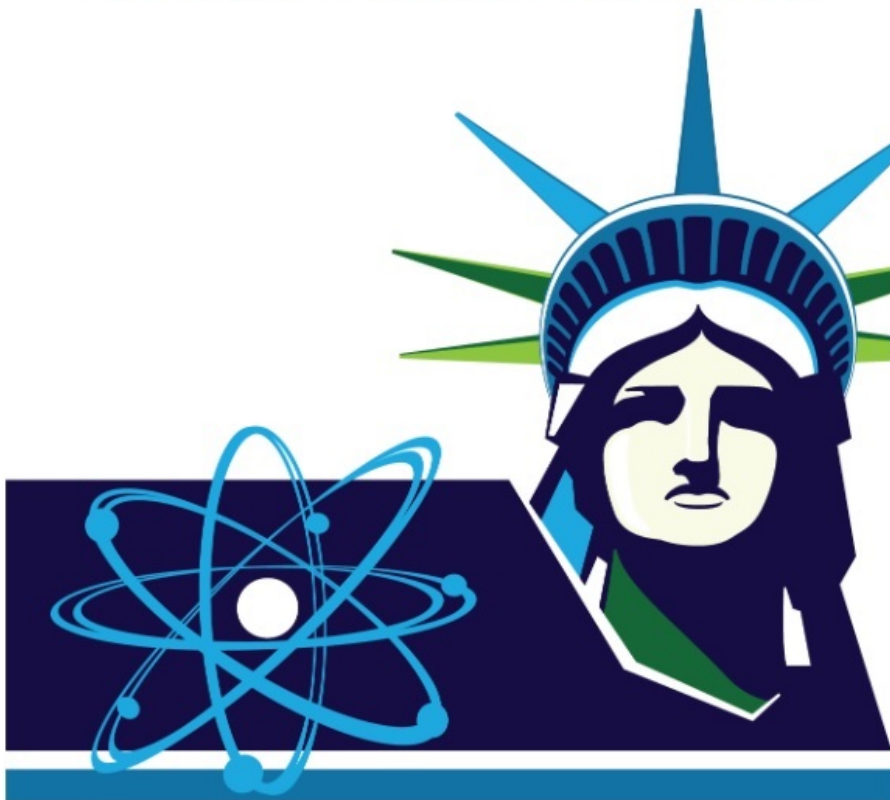
The United States Nuclear Fuel Working Group (NFWG), via the

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”

RESTORING AMERICA’S COMPETITIVE NUCLEAR ENERGY ADVANTAGE

A strategy to assure U.S. national security



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).