

# How the Prohibiting Russian Uranium Imports Act could be a game changer for the United States' uranium industry

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In this InvestorIntel interview, Tracy Weslosky talks with [Ur-Energy Inc.](#)'s (NYSE American: URG | TSX: URE) Chairman, CEO, and President John Cash about how Prohibiting Russian Uranium Imports Act, if passed, could be a game changer for the United States' uranium industry.

Highlighting Russia's dominance in the global uranium market, John discusses how the invasion of Ukraine by Russia has raised concerns about the security of supply chain, sending US utilities scrambling to find alternative sources of uranium in case the sanctions are finalized.

Speaking about how China, Kazakhstan, and Russia seem to be working together to dominate the global nuclear market, John says that the United States doesn't have enough uranium reserves to meet its own demand and needs support from allies such as Canada and Australia to fill the gap.

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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. The Company has produced, packaged, and shipped approximately 2.6 million pounds of  $U_3O_8$  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.

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

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# **U.S. nuclear power generation at historical heights as investors buy uranium**

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There has been a lot of talks lately about fossil fuel energy source prices rising, particularly coal and gas prices. But did you know that uranium prices are up 64% since the August low, and are now at US\$47.20/lb?

**Uranium prices are up 64% from the August 16, 2021 low (as on 18 October 2021)**



Source: [Trading economics](#)

The reason uranium prices are rising is that supply has reduced and demand is reviving with an upward trajectory.

### **Uranium supply**

In 2020, [~46Mlbs or](#) ~35% of global supply of uranium production (annualized), was suspended due to low prices. Kazatomprom, the world's largest uranium miner, announced a 20% reduction in production into 2023. Cameco shuttered McArthur River and (largest in Canada) Cigar Lake mines, and there are [several others](#). Meanwhile, U.S uranium production is non-existent, or as Ur-Energy [states](#): "2020 – 2021Q2: U.S. uranium production continues to be so low EIA unable to report due to commitments of confidentiality."

**EIA report: 2020 U.S. mined production negligible – too low to be reported**



Source: [UR-Energy company presentation](#)

### **Uranium demand**

Demand has remained strong and has recently been boosted by some serious market speculators. The one that grabs the headlines most is the [Sprott Physical Uranium Trust](#) which has been buying up millions of pounds of uranium. Of course, the regular buyers are the utilities that own and operate nuclear reactors and want to secure supply.

**World and U.S. nuclear power generation has recovered from a 2011 post-Fukushima contraction and is near historical peak generation levels**



Source: [Western Uranium & Vanadium company presentation](#)

While higher prices ultimately encourage supply to come back on, it appears there is no rush for uranium producers to ramp up to large volumes and swamp the market; especially as they are now enjoying the windfall of higher prices after 5 years of very low prices. Many are finding that distressed inventory has become an asset as market pricing exceeds production costs.

**Uranium is forecast to be in deficit each year to 2025**



Source: [Western Uranium & Vanadium company presentation \(courtesy Canaccord Genuity estimates\)](#)

### **3 leading U.S uranium producers**

[Energy Fuels Inc.](#) (NYSE American: UUUU | TSX: EFR) has been building uranium inventory while diversifying into [rare earths production](#). The Company has significant capacity to quickly increase low-cost U.S. uranium production from proven assets and has more production facilities, capacity & experience than any other U.S. company.

[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.

[Western Uranium & Vanadium Corp.](#) (CSE: WUC | OTCQX: WSTRF) own the Sunday Mine Complex, which is now back in pre-production development. On October 12, 2021 the Company [stated](#): “Active mine development operations have resumed at the Sunday Mine Complex, and the project is already producing strong

results.....The ore body is projected to be significantly larger than indicated by the previous limited surface drilling. Development ore is being stockpiled underground. Full production of the GMG ore body can begin with the improvement of market conditions and after development operations are completed within six months.”

## **Closing remarks**

The leading U.S uranium miners (as mentioned above) have seen significant stock price increases over the past year as uranium prices rose on the back of a growing uranium deficit.

Looking ahead the US uranium producers are well placed to benefit from the Biden policies that are becoming aware of the importance of smart nuclear power generation and of building a significant uranium reserve. After all, key parts of the U.S military and about 20% of U.S electricity rely totally on nuclear and hence uranium. Today, the U.S. imports 95% of its annualized uranium demand. There is a need to ramp up domestic and North American production if the more than 100 U.S. based civilian nuclear power reactors are to remain in service without interruption by geopolitical factors.

Meanwhile Europe, other than France, which gets 80% of its electric power from nuclear, and Asia are learning they also need a stable source of base load power that is not carbon based. As we approach the COP26 climate summit on November 1, the future of nuclear and uranium has never looked better.

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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 U<sub>3</sub>O<sub>8</sub> 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.

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## **Lifton with Energy Fuels' Moore on Trump and who has the largest uranium capacity in the US**

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“We have three production facilities. We have the White Mesa Mill in southeast Utah that is operating today...It has a capacity of producing 8 million pounds a year. We have an in-situ recovery (ISR) facility in Wyoming called the Nichols Ranch facility. It has a licensed capacity of 2 million pounds a year. Then we have Alta Mesa in-situ facility in South Texas which has produced about a million pounds per year. Nobody has as much capacity as we have...Uranium has not necessarily been on the government's watchlist until recently. When President Trump came into office, he issued a critical minerals list and there was finally a recognition that uranium is critical not just for the US national security but also for US energy security. There were 35 minerals on that list including vanadium. We are one of the major producers of vanadium in the United States. So, two of the

minerals on that list are produced by Energy Fuels.” States Curtis Moore, VP of Marketing and Corporate Development at [Energy Fuels Inc.](#) (NYSE American: UUUU | TSX: EFR), in an interview with InvestorIntel’s Jack Lifton.

Curtis went on to say that the US consumes about 47 million pounds of uranium per year but the country produced just 172,000 pounds of uranium last year which is not sufficient to supply even one nuclear reactor. Energy Fuels is the largest producer of uranium in the United States and has the only producing conventional uranium mill in the U.S. Curtis also said that the US imports close to 40% of its uranium from Kazakhstan, Russia, and Uzbekistan which are geopolitical rivals of the country. Uranium price is about \$25 per pound which below the cost of production of almost all of the US uranium producers. The heavily subsidized state-owned enterprises of Russia and China are flooding the market which is having an impact on the national security of the countries like the United States.

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

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