Market Wagers on Uranium as the Hottest Commodity, Ur-Energy Reveals an All-American Advantage

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Spot uranium prices and correspondingly the underlying stocks that have any association with uranium are on fire these days. The biggest reason given for the sudden upward trajectory in the spot price of uranium is the massive increase in buying by the Sprott Physical Uranium Trust (TSX: U.UN). The newly-formed Sprott fund (created via the purchase of the publicly traded Uranium Participation Units) started buying uranium on the spot market in mid-August and has amassed over 24 million pounds of uranium, sometimes buying more than 500,000 pounds in a single day, according to its website and social media account. Then on Monday Sprott updated its at-the-market equity program to issue up to an additional US$1.0 billion of units of the Trust in Canada. That equates to an additional 25 million pounds assuming a price of US$40/lb and that doesn't include spot volume being purchased by the likes of Yellow Cake PLC (LSE: YCA) and Denison Mines Corp. (NYSE American: DNN | TSX: DML). For context, the annual global demand for uranium is currently estimated at roughly 180 million pounds.

This resurgence in uranium prices to almost 7 year highs has helped uranium mining stocks across the board. However, one company is poised to perhaps be the largest beneficiary of these higher prices and that's Ur-Energy Inc. (NYSE American: URG | TSX: URE). Ur-Energy is engaged in uranium mining, recovery and processing operations, as well as the exploration and

development of uranium mineral properties all within the friendly confines of the United States of America. With the USA having just under 100 nuclear reactors currently operating, which supply 20% of its generated annual electricity there's no doubt that a secure domestic supply of uranium should be of ever increasing importance.

At Ur-Energy's flagship project in Wyoming, Lost Creek, production has totaled approximately 2.7 million pounds of U_3O_8 since commencement of operations in 2013. While Lost Creek continues to operate at reduced production levels, the reduced production operations have allowed the Company to sustain operating cost reductions while continuing to conduct preventative maintenance and optimize processes in preparation for ramp up to full production rates. At the end of March the Wyoming Uranium Recovery Program approved access to six planned mine units in addition to the already licensed three mine units at Lost Creek. The approval also increases the license limit for annual plant production to 2.2 million pounds U_3O_8. The current mineral resource estimate for the Lost Creek Property, is 14.6 million pounds in the Measured and Indicated categories, and 6.44 million pounds in the Inferred category before subtracting production to date of 2.7 million pounds.

A little further East finds Ur-Energy's second primary property at Shirley Basin, also in Wyoming. Property holdings of patented lands, unpatented mining claims, and private leases total nearly 3,700 acres (~1,500 hectares). A 2015 Preliminary Economic Assessment estimates 8.8 million pounds of Measured and Indicated uranium resources. The Company estimates that a total of 6.3 million pounds of U_3O_8 may be produced from the project which received all major permits required to begin construction of the project at the end of May. Situated in a historic mining district where past production was 28.3 million pounds of U_3O_8,

the project has existing access roads, power, waste disposal facility and shop buildings onsite. Because delineation and exploration drilling were completed historically, the project is construction ready.

Ur-Energy recently announced Q2 results which were highlighted by ending the period with cash and cash equivalents of US$21.5 million and 285,000 pounds of U_3O_8 in inventory at the conversion facility. At yesterday's price of roughly US$44/lb that equates to an additional US$12.5 million. Granted the Company does not anticipate selling its existing finished-product inventory in 2021, unless market conditions change sufficiently to warrant its sale. But as we've seen over the last few weeks the landscape is changing quickly. Additionally, there are just over 11 million warrants with a US$1 strike that expire Sep 25th which one would anticipate would be exercised for an additional US$11 million in funding. If all 11 million warrants are exercised the Company would have approximately 206 million shares outstanding giving it a market cap of just under US$380 million based on yesterday's close of US$1.84. With the capacity to ratchet up quickly to 1.0 million pounds of annual U_3O_8 production at an estimated capital cost of US$14 million there seems to be an interesting value proposition here.