President's U.S. Nuclear Fuel Working Group Releases Plan to Revitalize the Domestic Uranium Mining Industry

written by Raj Shah | April 24, 2020

April 23, 2020 (Source) – **Ur-Energy Inc.** (NYSE American:URG) (TSX:URE) ("Ur-Energy") is pleased to announce that the United States Nuclear Fuel Working Group ("NFWG") established by President Trump released its report today detailing the steps required to revitalize the domestic uranium mining and broader nuclear industries.

In January 2018, the two legitimate remaining U.S. domestic uranium producers, Ur-Energy USA Inc. and Energy Fuels Resources (USA) Inc., filed a Section 232 Petition with the Department of Commerce seeking an investigation into the impact of uranium imports on national security. As a direct result of the ensuing investigation, in July 2019, President Trump took action to establish the NFWG to "examine the current state of domestic nuclear fuel production to reinvigorate the entire nuclear fuel supply chain. . .." The most relevant recommendations in the report for the uranium mining sector are:

- Beginning in 2020, the U.S. government should make direct purchases of 17 to 19 million total pounds of U_3O_8 to establish a uranium reserve. These purchases would provide direct support to the front end of the fuel cycle and help re-establish our nation's critical capabilities.

- 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.
- Restart the U.S.'s sole conversion plant beginning no later than 2022 and produce 6,000 to 7,500 tons of UF_6.
- Restart domestic enrichment in the 2023 timeframe with at least 25% of material being unobligated. By law, unobligated material must be sourced domestically.
- Support the Department of Commerce's efforts to extend the Russian Suspension Agreement to protect against future uranium dumping. The government should consider lowering the cap on Russian imports.
- Create a level playing field for all energy sources in power markets and encourage FERC to improve competition in the wholesale energy markets.
- Enable the NRC to deny imports of nuclear fuel fabricated in Russia or China for national security purposes.

Ur-Energy's Chairman and CEO Jeff Klenda stated, "We are grateful for the President's leadership on this matter and are excited to see the results of the NFWG's holistic review of the entire industry. As the NFWG's recommendations are implemented, we will enjoy a revitalized nuclear industry and, consequently, a reduced reliance on nuclear imports from our nation's geostrategic rivals. While awaiting today's report, we have maintained operational readiness at our fully-permitted Lost Creek Mine with experienced technical and operational staff and a well-maintained plant. More than six and a half years into production at Lost Creek, we are still producing in the first mine unit and the initial three header houses of the second mine unit. Ur-Energy is prepared to rapidly expand uranium production at Lost Creek, to an annualized runrate of one million pounds.

And, soon we will add production from our Shirley Basin Mine."

As discussed in our operational update from April 20, 2020, Ur-Energy continues production operations at its Lost Creek uranium in-situ recovery project in south-central Wyoming. At this time, the COVID-19 pandemic has caused no interruption of our production operations at Lost Creek. We have taken additional safety precautions as directed by the government and health officials, and are able to report that our workforce remains healthy. The Lost Creek facility has the constructed and licensed capacity to produce up to two million pounds of U_3O_8 per year and the previously-reported mineral resources to feed the processing plant for many years to come. A ramp-up of production at Lost Creek will continue with further development in the fully-permitted first two mine units, where there are an estimated 4.3 million pounds U_3O_8 (Measured (2.9Mlbs) and Indicated (1.4Mlbs) categories) remaining, and thereafter into ten additional mining areas as defined in the Lost Creek Property Preliminary Economic Assessment, as amended, which together hold an added 7.13 million pounds Measured (3.68Mlbs) and Indicated (3.46Mlbs) U_3O_8 and 3.9 million pounds U_3O_8 characterized as Inferred.

With future development and construction in mind, our current staff members were retained as having the greatest level of experience and adaptability allowing for an easier transition back to full operations. Lost Creek operations can increase to full production rates in as little as six months following a go decision, simply by developing additional header houses within the fully permitted MU2. Development expenses during this time are estimated to be approximately $14 million and are almost entirely related to MU2 drilling and header house construction costs. Lost Creek does not require any significant capital expenditures in order to increase production. After the initial

development expenditures, revenues from new appropriately-priced contracts should cover further development activities. The Lost Creek plant has been routinely maintained to be fully ready to receive additional flows for increased production when warranted. This operating strategy will allow us to control production costs, minimize development expenditures, maximize cash flows and maintain the operational flexibility to respond to market conditions. We are therefore better positioned, with lower ramp-up costs – and less associated dilution – than other uranium recovery operators or the build-out stories which are prevalent in our depressed market.

Our Shirley Basin project, with certain licenses and authorizations in place and all others expected by mid-summer 2020, has a reported mineral resource of nearly 9 million pounds U3O8 in Measured (7.5Mlbs) and Indicated (1.3Mlbs) categories, as set forth in the Shirley Basin Preliminary Economic Assessment.

As we are able to further review the report and learn specifics about implementation, we will provide additional updates as appropriate.

NI 43-101 Review of Technical Information: Michael Mellin, Ur-Energy Lost Creek Mine Geologist, P.Geo. and Qualified Person as defined by NI 43-101, reviewed and approved the technical information contained in this news release.

About Ur-Energy

Ur-Energy is a uranium mining company operating the Lost Creek *in-situ* recovery uranium facility in south-central Wyoming. We have produced, packaged and shipped more than 2.6 million pounds from Lost Creek since the commencement of operations. Applications are under review by various agencies to incorporate our LC East project area into the Lost Creek

permits and to operate at our Shirley Basin Project. Ur-Energy is engaged in uranium mining, recovery and processing activities, including the acquisition, exploration, development and operation of uranium mineral properties in the United States. Shares of Ur-Energy trade on the NYSE American under the symbol “URG” and on the Toronto Stock Exchange under the symbol “URE.” Ur-Energy’s corporate office is in Littleton, Colorado; its registered office is in Ottawa, Ontario. Ur-Energy’s website is www.ur-energy.com.

Cautionary Note Regarding Forward-Looking Information

This release may contain “forward-looking statements” within the meaning of applicable securities laws regarding events or conditions that may occur in the future (*e.g.,* the timing for implementation of the recommendations in the NFWG report and whether the initial understandings set forth here are fully accurate; determination of future development and construction priorities at Lost Creek and beyond; the ability to readily and rapidly ramp-up production operations at Lost Creek; timing for the receipt of remaining regulatory authorizations for Shirley Basin, and to commence operations at the site; whether our cost projections for ramp up activities at both sites are correct, and whether we will bear such costs with low associated dilution; the technical and economic viability of Lost Creek and Shirley Basin as set forth in their respective preliminary economic assessments, including the estimates of mineral resources at each project; and the outcome of the budget appropriations process related to the establishment of the national uranium reserve) and are based on current expectations that, while considered reasonable by management at this time, inherently involve a number of significant business, economic and competitive risks, uncertainties and contingencies. Factors that could cause actual results to differ materially from any forward-looking statements include, but are not limited to,

capital and other costs varying significantly from estimates; failure to establish estimated resources and reserves; the grade and recovery of ore which is mined varying from estimates; production rates, methods and amounts varying from estimates; delays in obtaining or failures to obtain required governmental, environmental or other project approvals; inflation; changes in exchange rates; fluctuations in commodity prices; delays in development and other factors described in the public filings made by the Company at www.sedar.com and www.sec.gov. Readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are based on the beliefs, expectations and opinions of management as of the date hereof and Ur-Energy disclaims any intent or obligation to update them or revise them to reflect any change in circumstances or in management's beliefs, expectations or opinions that occur in the future.