April 16, 2018

Macro Report, Transitioning Coverage

Equity Research

URANIUM SECTOR

American Made: Reviving the U.S. Uranium Industry

EVENT

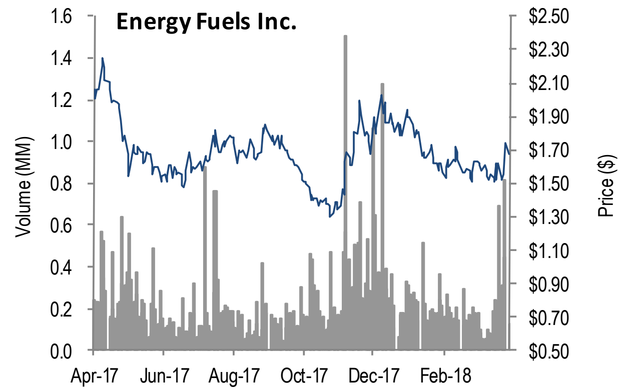
In January, two domestic uranium producers filed a Section 232 petition with the U.S. Department of Commerce ("DOC") proposing to reserve 25% of the U.S. nuclear market (utility demand) for domestic uranium production. In response, and in the very near term, we believe the DOC will make a decision to open an investigation. Once an investigation is initiated, the Secretary of the DOC will have 270 days to complete a report and submit it to the President. The President will then have 90 days to act on the Secretary's recommendations.

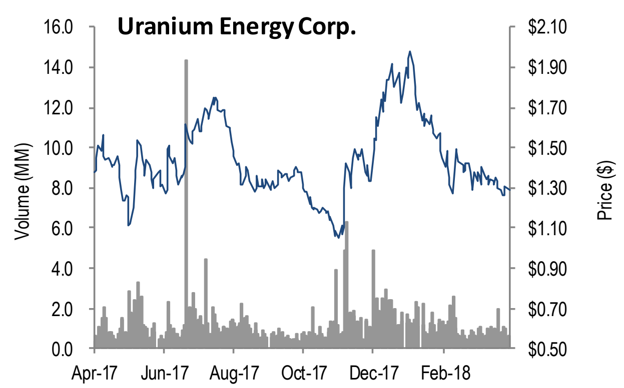
BOTTOM LINE

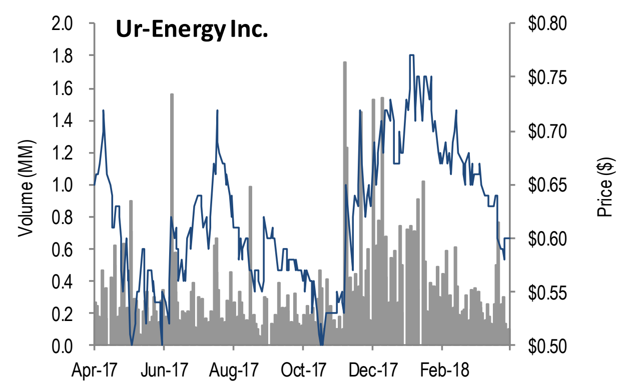
At present, domestic production fulfils less than 5% of U.S. utility requirements. Should the DOC conclude that it is in the Nation's best interest to increase this figure, and should the President concur, domestic uranium prices would have to move *considerably* higher to incentivize new production.

TRANSITIONING COVERAGE

- **Section 232 Potentially a Massive Catalyst:** Should the Section 232 petition end up resulting in a policy shift in the U.S., three domestic uranium producers would stand to dramatically benefit including:
- **Energy Fuels Inc. (UUUU-NYSE, EFR-TSX):** Currently under research restriction.
- **Uranium Energy Corp. (UEC-NYSE):** Currently under research restriction.
- **Ur-Energy Inc. (URG-NYSE, URE-TSX):** Buy - $1.25/C$1.50/share target. Our target price is based on a multiple of 1.0x $\text{NAVPS}_{7.5\%}$ driven via a long-term uranium price of $50.00/lb U3O8.







Company profile: Energy Fuels Ltd., Uranium Energy Corp., and Ur-Energy Inc. are three operating uranium producers with 100% of their output coming from conventional hard rock mines and/or in-situ recovery ("ISR") operations in the United States.

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BACKGROUND

In early March, U.S. President Donald Trump announced his intention to impose stiff tariffs on imported steel and aluminum. At the time, this announcement came as a shock to virtually everyone, dominated the news cycle for days, and now continues to be the topic of heavy debate and market uncertainty. What is far less well known, is that the tariffs on imported steel and aluminum was not a "shock" announcement at all, but rather the culmination of a process that originated on April 19, 2017, when the Secretary of Commerce initiated an investigation under Section 232 of the Trade Expansion Act of 1962.

SECTION 232 EXPLAINED (BRIEFLY)

Section 232 of the Trade Expansion Act of 1962 authorizes the Secretary of the DOC (Mr. Wilbur Ross) to conduct investigations related to the effects of imports of any material on the national security of the United States. We note that once an investigation is initiated by the DOC under Section 232, the Secretary of the DOC has 270 days in which to complete a report and submit it to the President of the United States. Once the report is submitted, the President then has 90 days within which to act on the recommendations made by the Secretary in the report. As it relates to the recently announced tariffs on steel and aluminum, the Section 232 report was completed by the Secretary and submitted to the President on January 12, 2018; seven days ahead of the 270-day window. We note that the President announced the proposed tariffs on imported steel and aluminum on March 2, 2018, comfortably within the 90-day window.

URANIUM WILL LIKELY BE NEXT

Similar to the proposed tariffs on steel and aluminum, on January 16, 2018, two domestic uranium producers, Energy Fuels and Ur-Energy, filed a Section 232 petition with the U.S. Department of Commerce. The petition filed by the two U.S. producers proposes to reserve 25% of the U.S. nuclear market (utilities) for domestic uranium production. At present, domestic production fulfills less than 5% of U.S. utility requirements.

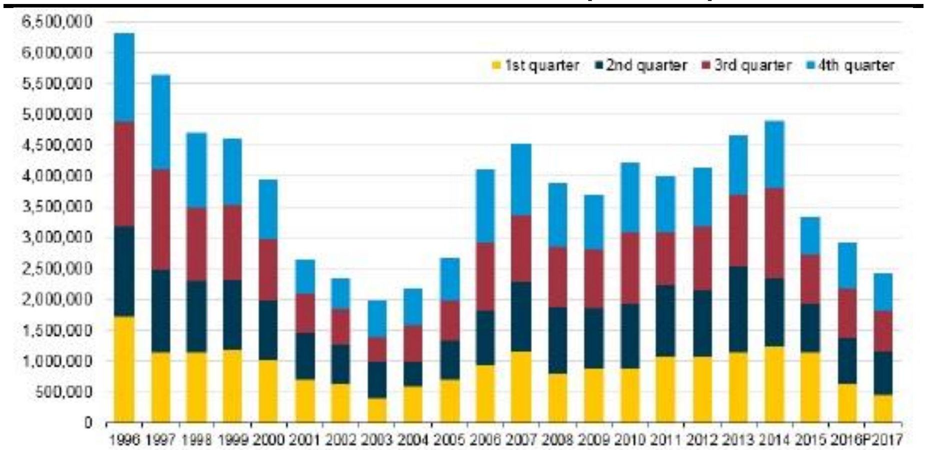
TIMING OF AN ANNOUNCEMENT

Once a Section 232 petition has been filed, the DOC *must* open an investigation within a loosely defined "reasonable timeframe." We note that it has been over three months since Energy Fuels and Ur-Energy filed the Section 232 petition and the DOC has yet to officially open an investigation. In our discussions with management of both Energy Fuels and Ur-Energy, this delay is a result of the implementation process of the tariffs on imported steel and aluminum that is consuming the vast majority of the DOC's time, personnel, and resources. That being said, as it relates to the U.S. Nuclear industry, it is over three months since the Section 232 was filed by UUUU-NYSE and URG-NYSE, and we believe that this is likely nearing the end of what can be considered a "reasonable timeframe." Given the fact that the DOC is *obligated* to open an investigation, we believe that an announcement on this is likely an imminent event, potentially within a matter of weeks. Using the steel and aluminum tariffs as a precedent, now that a Section 232 has been filed with respect to domestic uranium production, once the DOC initiates an investigation, the Secretary of the DOC will have 270 days to complete a report and submit it to the President. The President will then have 90 days to act on the Secretary's recommendations. We note that the Section 232 petition filed by Ur-Energy and Energy Fuels differs from that filed by the U.S. steel and aluminum industries insofar as it does not include a request for tariffs, but it does provide the most recent precedent in terms of the timing of implementation. Following the 270+90 day schedule (at the latest) as mandated under Section 232, the U.S. uranium producers have a potentially *significant* positive catalyst in the form of materially higher U.S. uranium prices likely coming as early as year end 2018, but more likely Q1/19.

U.S. UTILITIES CURRENTLY RELIANT ON RUSSIA

What is largely unknown by the vast majority of Americans, is that Kazakhstan and Uzbekistan (and by extension, Russia) supplies ~20 MMlb U3O8 (or equivalent) to the U.S. nuclear energy market (utilities) every year, representing ~40% of U.S. utility requirements of ~50 MMlb/yr. By contrast, in 2017 domestic U.S. uranium production totalled 2.5 MMlb U3O8e, down for a fourth consecutive year (Exhibit 1). Given the fact that nuclear energy powers 20% of the U.S. baseload electrical grid and accounts for +60% of U.S. carbon-free electricity, the United States, in effect, has become dependent on low-cost uranium supplied by Russia (the ties between Russia and Kazakhstan's state-owned uranium producer, Kazatomprom, are extensive and well documented). This presents a potentially massive risk, particularly in the current environment of strained U.S.-Russian relations, and seemingly impending/ongoing trade wars. To this point, last week, draft legislation was put forward to Russia's Lower House of Parliament proposing to suspend all nuclear co-operation with the United States, including uranium exports. In short, securing the safety of the domestic U.S. uranium industry, which the Section 232 petition aims to do, would be a very prudent, almost necessary, move for the DOC and White House to make, in our view.

Exhibit 1. U.S. Domestic Uranium Production (lb U3O8e)



Source: U.S. Energy Information Administration

BACK TO SECTION 232

The Section 232 petition filed by Energy Fuels and Ur-Energy proposes to reserve 25% of the U.S. utilities' uranium requirements for domestic uranium production. At present, domestic uranium production fulfills less than 5% of U.S. utility requirements, dwarfed by Russia/Kazakhstan/Uzbekistan at 40%. We believe it to be highly likely that the DOC will ultimately conclude that it is in the Nation's best interest (national security) to reduce the dependence on Russian uranium via increasing production in the United Sates. If and when this is completed under Section 232, and should the President concur, domestic uranium prices would have to move *considerably* higher to incentivize new production, in our view, closer to, and likely in excess of, our long-term forecast of $50.00/lb U3O8, approximately 145% higher than current spot prices.

IMPLICATION TO THE U.S. URANIUM PRODUCERS

With this report, we are transitioning coverage (following the recent departure of an analyst) of the only producing U.S. listed uranium companies with 100% of their output coming from conventional hard-rock mines and/or ISR projects located in the United States; Energy Fuels, Uranium Energy Corp, and Ur-Energy. We are currently under research restriction on Energy Fuels and Uranium Energy Corp., but are able to rollout our revised target and recommendation on Ur-Energy. While highly speculative at this point, and obviously subject to the findings of the DOC and resultant decision by the President, in our view, the Section 232 petition has the potential to materially increase uranium prices in the U.S. Effectively, the uranium market would see an unprecedented shift, with spot and term uranium prices for domestic material trading at a significant premium to international spot and term prices. This outcome would prove to be a massive benefit to the domestic producers and would drive significant share price outperformance in UUUU-NYSE, UEC-NYSE, and URG-NYSE as a result.

HIGH RETURN POTENTIAL COMES WITH HIGHER RISK

At present, the current uranium spot/term prices and uranium stocks in general, are not pricing in any impact from a positive outcome resulting from the Section 232. In our view, the likelihood of this happening is far greater than zero, particularly due to the fact that we regard uranium as far more strategic to the national security of the United States than steel and/or aluminum. We believe this creates an excellent asymmetric investment opportunity in owning a basket of U.S. domestic producers, namely, Energy Fuels, Uranium Energy Corp., and Ur-Energy. Should our investment thesis prove to be correct, and Section 232 ultimately drive domestic uranium prices up 145% to +$50/lb U3O8 (the lowest level necessary to incentivize even modest U.S. production growth), operating leverage within the mining business itself could propel UUUU's, UEC's and URG's share prices multiple times higher than their current depressed levels. That said, the significant upside potential also comes with above average risk. Essentially, a positive result via the Section 232 process would not just be a watershed moment for the U.S. uranium mining industry; it is an imperative "must have" if the industry is to survive at all. Discussed in more detail later in the report on a company-specific basis, put simply, the U.S. uranium producers break-even (at best) delivering into pre-existing higher-priced long-term contracts, but would hemorrhage cash if they were forced to deliver into the spot market. Over the next several years, any long-term contracts currently in place will fully expire, prompting the complete shutdown of all uranium production in the United States. Essentially, higher uranium prices are a must if the U.S. uranium industry is to survive, and a Section 232 decision will be the industry's make or break moment. Another risk to our investment thesis, is whether uranium production originating from Canada would be considered "domestic" by the DOC and eventually the White House. We note that Canada is the second largest uranium producer (behind Kazakhstan) and could ramp-up new production in the Athabasca Basin (Northern Saskatchewan) at considerably lower cost than most uranium producers/developers in the United States.

April 16, 2018
Transitioning Coverage

ENERGY FUELS INC.

Transitioning Coverage

Equity Research

EVENT

We are currently Research Restricted on Energy Fuels Inc. pending closing of the sale of certain earlier stage uranium properties in Wyoming to Uranium Energy Corp. The transaction is expected to close in mid-2018, at which point we will resume/transition coverage following the recent departure of an analyst.

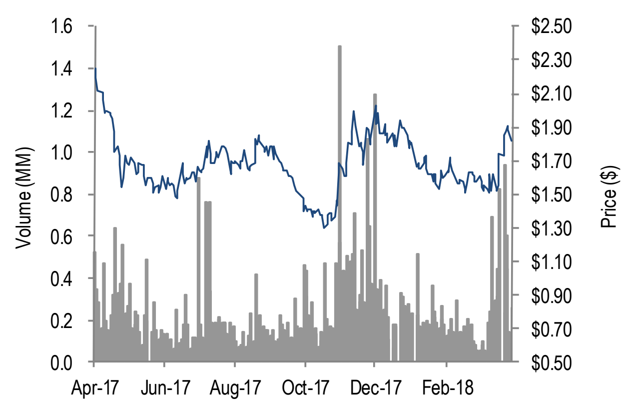
Recommendation:	**N/A (Restricted)**
Symbol/Exchange:	UUUU-NYSE, EFR-TSX
Sector:	Metals & Mining
All dollar values in US$ unless otherwise noted.	
Current price:	$1.82/C$2.29
One-year target:	N/A (Restricted)
Return to Target:	N/A (Restricted)
Cash & Equivalents:	$18.6 MM

Financial summary

Shares O/S (MM)	74.4	52-week range	$1.30-$2.11
Market cap ($MM)	$133.2	Avg. weekly vol. (000)	1,025
Market float ($MM)	$127.4	Fiscal year-end	31-Dec

Calendar Year	**2014A**	**2015A**	**2016A**	**2017A**
Uranium Production (K lb)	943.0	570.0	1,015.0	1,570.0
Uranium Sales (K lb)	800.0	1,075.0	1,148.0	520.0
Realized U3O8 Price ($/lb)	$57.19	$56.46	$47.41	$47.05
Cash Operating Costs ($/lb)	$37.35	$34.99	$30.88	$28.22
All-In Sustaining Costs ($/lb)	$38.22	$42.53	$31.14	$28.22
Basic EPS, dil., adj.	($4.41)	($2.46)	($0.70)	($0.39)
Dividends per share	-	-	-	-
CFPS (before W/C)	($0.03)	($0.17)	($0.39)	($0.12)
Free CFPS	($0.10)	($1.65)	($0.51)	($0.29)

Source: Company Reports and Cantor Fitzgerald Estimates



Company profile: Energy Fuels Ltd. operates the White Mesa mill in Utah, currently toll-treating third party uranium ores and processing alternate feed material. It also operates the ISR Nichols Ranch uranium facility in Wyoming.

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URANIUM ENERGY CORP.

Transitioning Coverage

EVENT

We are currently Research Restricted on Uranium Energy Corp. pending closing of the purchase of certain earlier stage uranium properties in Wyoming from Energy Fuels Inc. The transaction is expected to close in mid-2018, at which point we will resume/transition coverage following the recent departure of an analyst.

Recommendation: N/A (Restricted)

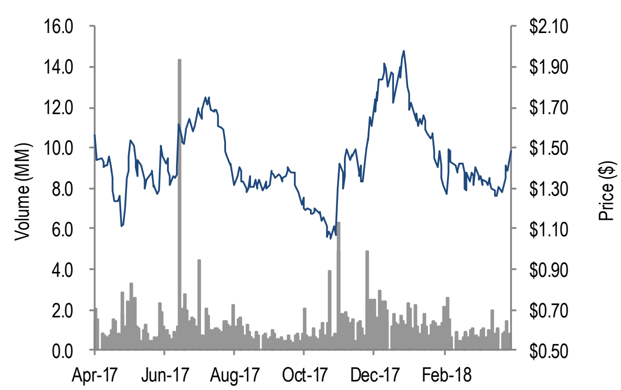
Symbol/Exchange:	UEC-NYSE
Sector:	Metals & Mining
All dollar values in US$ unless otherwise noted.	
Current price:	$1.49
One-year target:	N/A (Restricted)
Return to Target:	N/A (Restricted)
Cash & Equivalents:	$3.6 MM

Financial summary

Shares O/S (MM)	157.8	52-week range	$1.09-$1.94
Market cap ($MM)	$241.5	Avg. weekly vol. (000)	5,100
Market float ($MM)	$231.1	Fiscal year-end	31-Jul

Calendar Year	2014A	2015A	2016A	2017A
Uranium Production (K lb)	44.0	16.0	2.0	2.1
Uranium Sales (K lb)				
Realized U3O8 Price ($/lb)				
Cash Operating Costs ($/lb)				
All-In Sustaining Costs ($/lb)				
Basic EPS, dil., adj.	($0.29)	($0.25)	($0.16)	($0.14)
Dividends per share	-	-	-	-
CFPS (before W/C)	($0.22)	($0.15)	($0.12)	($0.10)
Free CFPS	($0.22)	($0.18)	($0.13)	($0.11)

Source: Company Reports and Cantor Fitzgerald Estimates



Company profile: UEC owns production ready "Hub & Spoke" ISR operations with a centralized plant (Hobson) in Texas. In addition, it owns a fully permitted ISR project in Wyoming (Reno Creek) and several other earlier stage U3O8 prospects.

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April 16, 2018
Transitioning Coverage

Equity Research

UR-ENERGY INC.

Transitioning Coverage, Maintaining Buy

EVENT

We are resuming coverage of Ur-Energy Inc. following the recent departure of an analyst.

BOTTOM LINE

We are maintaining our Buy recommendation and re-initiating/transitioning coverage with a 52-week target price of \$1.25/C\$1.50/share. This target is based on a multiple of 1.0x $NAVPS_{7.5\%}$ driven via a long-term uranium price of \$50.00/lb U3O8. We note that our Buy recommendation is predicated on a successful outcome of the Section 232 process, and meaningfully higher U.S. U3O8 prices relative to current spot and term levels.

FOCUS POINTS

- **Track Record of Production –** Production from Lost Creek has been continuous since 2013. Up to Q1/18, ~2.4 MMlb U3O8 has been produced at the ISR operation. This is set to grow as additional wells from Mine Unit 2 ("MU2") start coming on-line in greater number later this year. At higher U3O8 prices, production at Lost Creek could ultimately ramp-up to ~1.0 MMlb U308 per annum.
- **Contract Portfolio –** Ur-Energy will continue to benefit from a strong contract portfolio currently comprised of 1.59 MMlb spanning Q1/18-2021. The contracted price over this period averages \$49.09/lb, well above the current spot of \$20.50/lb.
- **Shirley Basin Upside Once Prices Firm –** Acquired from Areva in 2013 as part of Pathfinder acquisition, Shirley Basin represents the second phase of production growth. The standalone ISR-project is estimated to contain 8.8 MMlb U3O8, supporting a production rate of ~1.0 MMlb/yr with LOM operating costs averaging \$14.54/lb (according to a 2015 Preliminary Economic Assessment).

Recommendation: **Buy**

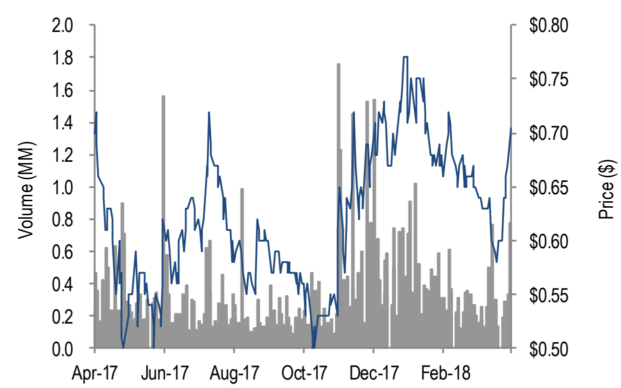
Symbol/Exchange:	URG-NYSE, URE-TSX
Sector:	Metals & Mining
All dollar values in US\$ unless otherwise noted.	
Current price:	\$0.70/C\$0.86
One-year target:	\$1.25/C\$1.50
Return to Target:	79%
Cash & Equivalents:	\$11.4 MM

Financial summary

Shares O/S (MM)	146.6	52-week range	\$0.51-\$0.79
Market cap (\$MM)	\$102.6	Avg. weekly vol. (000)	1,250
Market float (\$MM)	\$98.2	Fiscal year-end	31-Dec

Calendar Year	2017A	2018E	2019E	2020E
Uranium Production (K lb)	254.0	300.0	540.0	650.0
Uranium Sales (K lb)	780.0	480.0	540.0	650.0
Realized U3O8 Price (\$/lb)	\$49.19	\$49.69	\$50.00	\$50.00
Cash Operating Costs (\$/lb)	\$24.32	\$23.75	\$27.50	\$25.00
All-In Sustaining Costs (\$/lb)	\$25.03	\$25.08	\$28.24	\$25.92
Basic EPS, dil., adj.	\$0.00	(\$0.03)	(\$0.02)	(\$0.02)
Dividends per share	-	-	-	-
CFPS (before W/C)	\$0.04	\$0.01	\$0.01	\$0.01
Free CFPS	\$0.04	\$0.01	(\$0.07)	(\$0.12)

Source: Company Reports and Cantor Fitzgerald Estimates



Company profile: Ur-Energy operates the Lost Creek ISR facility in Wyoming that can be quickly expanded in a higher uranium price environment. The company is the only profitable U.S. producer at present given its favourable LT contracts.

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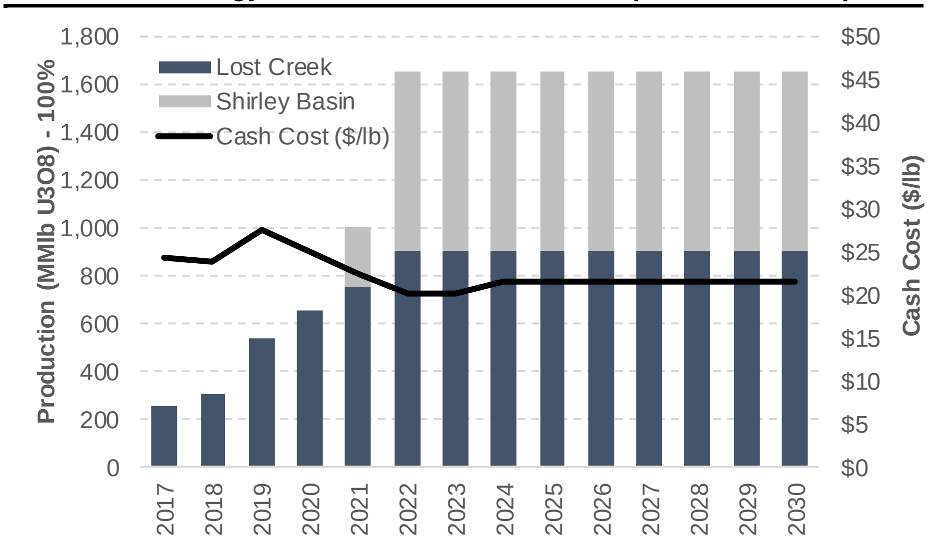
BRIEF COMPANY OVERVIEW

Ur-Energy is the lowest cost uranium producer in the United States and has been operating continuously since 2013. Its asset base is 100% domestic, comprised of the producing Lost Creek ISR operation, and the development stage Shirley Basin (Pathfinder) project, both of which are located in Wyoming. Ur-Energy management has done an excellent job weathering the weakness in spot and term uranium prices over the last several years. Over the years 2011-2015, generally a period of higher uranium prices, the company made the decision to enter into a number of long-term contracts at what can now be considered highly advantageous prices. At present, Ur-Energy has long-term contracts totaling 1.59 MMlb U3O8 over the Q1/18-2021 period at average prices of $49.09/lb U3O8, well above current spot prices of $20.50/lb U3O8 and term prices of $30.00/lb U3O8. With this being the case, while Lost Creek continues to produce, U3O8 from the ISR operation is presently drummed and held in inventory, and lower-cost material is purchased by the company on the spot market, then delivered into existing long-term contracts. Ur-Energy's advantageous long-term contract book has enabled it to generate positive free cash flow over the last several years of depressed uranium prices, the only domestic producer that can boast this. In 2017 Lost Creek captured 265 Klb U3O8 (drummed 254 Klb U3O8) at cash operating costs of $24.32/lb U3O8, and Ur-Energy purchased an additional 519 Klb U3O8 on the spot market at an average price of $21.35/lb U3O8. 2017 sales totaled 780 Klb U3O8 at an average price of $49.09/lb, relative to 2017 spot and term price averages of $22.18/lb U3O8 and $32.90/lb U3O8, respectively. We estimate 2018 production at Lost Creek of 300 Klb U3O8 at cash operating costs of $23.75/lb U3O8. Production guidance at Lost Creek will be released on May 4, 2018. This year Ur-Energy will deliver 470 Klb U3O8 into long-term contracts at an average price of $49/lb U3O8. In Q1/18, delivery of 370 Klb U3O8 was made at an average price of $51.75/lb U3O8. We note that Lost Creek is highly scalable, at relatively low cost, and in a higher uranium price environment, has the potential to be ramped up to the production rate of ~1.0 MMlb U3O8 per annum. We estimate this potential ramp-up would take 9-12 months to complete and cost approximately $5 MM.

Exhibit 1. Ur-Energy Production and Cost Profile (Cantor Estimate)



Source: Cantor Fitzgerald

LOST CREEK OVERVIEW

The Lost Creek property is located 90 miles southwest of Casper, Wyoming, and 45 miles south of Jeffrey City, Wyoming, along U.S. Highway 287. The Lost Creek property itself consists of five ISR-recoverable deposits: LC East, LC West, LC North, LC South, and EN, spread over the 37,500 acre property package. The state-of-the-art central Lost Creek ISR production facility was completed in 2013. The plant facility has a licensed capacity for 6,000 gallons per minute ("gpm"), but is highly scalable and is capable of operating at materially higher rates. Two dryers on the back-end of the plant can each process up to 1.0 MMlb U3O8 per year. Production activity from the facility began in August 2013, and over that period (through to the most recent quarter), approximately 2.4 MMb U3O8 has been recovered (captured).

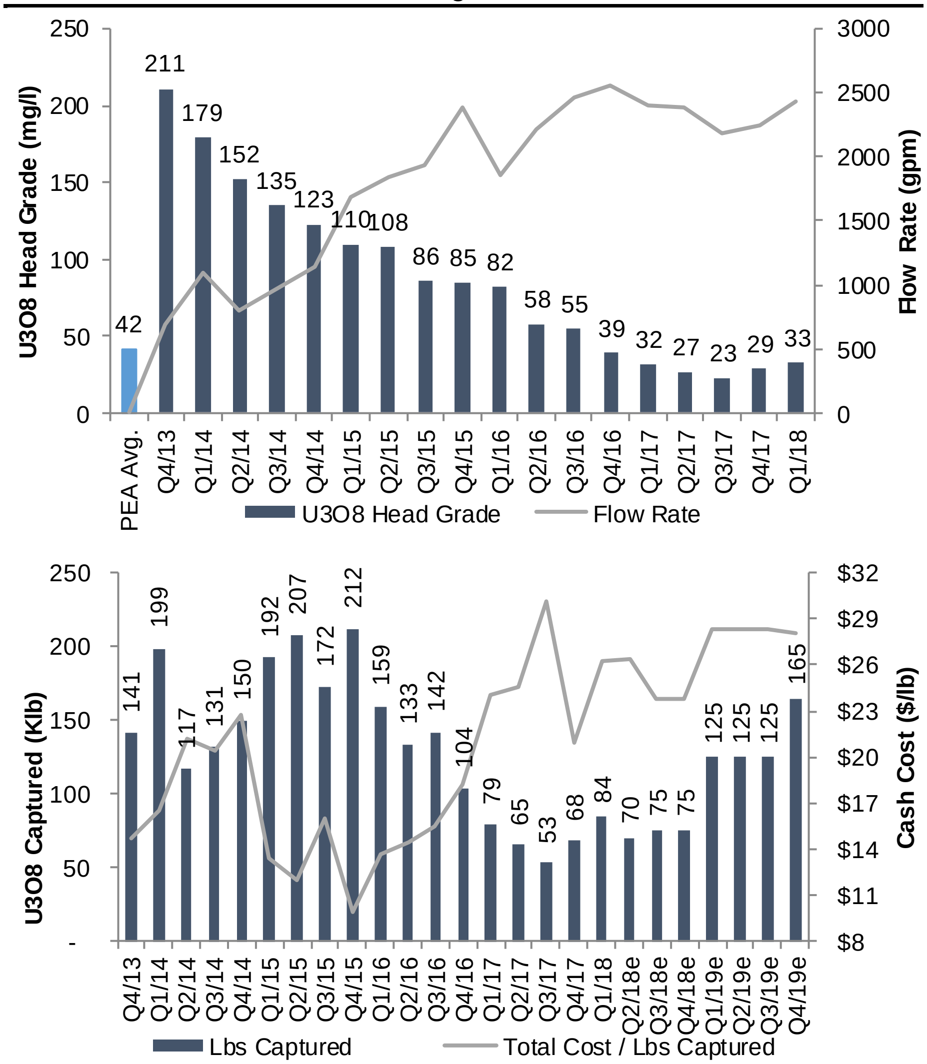
Exhibit 2. Lost Creek Processing Plant

Source: Ur-Energy

LOST CREEK PRODUCTION HISTORY

Production was initially sourced from Lost Creek Mine Unit 1 ("MU1"), with the first header house at Mine Unit 2 ("MU2") coming online in August 2017. Thus far, the operating characteristics from MU2 have been similar to those of MU1. As of Q1/18, two header houses are now operational at MU2, all contributing to production at Lost Creek, alongside residual production from MU1. A third header house at MU2 is scheduled to come on-line later this month. Given that Lost Creek is well into its fifth year of continuous production, grades have fallen to average 28 mg/l during FY2017, while flow rates have averaged 2,300 gpm for the year. With the introduction of new header houses at MU2, grades have begun to increase and flow rates continue to move steadily higher. Note that in Q1/18, grades averaged 33 mg/l while flow rates averaged 2,432 gpm (Exhibit 2). Note that over the first three years of production, head grades have averaged well above that of the initial Lost Creek Preliminary Economic Assessment ("PEA") projection (42 mg/l), published in 2012. Since initial production in August 2013, cumulatively, Lost Creek has produced approximately 2.4 MMlb U3O8, and continues to produce material today. That said, in light of the continued weakness in the spot market, over the last few quarters, management's strategy has been to fill contracted commitments *only* and not sell into the spot market. This practice will continue until U3O8 prices rebound significantly, likely to the $40-50/lb U3O8 range (Cantor Estimate). While produced material is drummed and stored in inventory, Ur-Energy has placed opportunistic purchase orders on the spot market, and used this purchased material to fill advantageously priced contracted commitments. As such, produced/captured U3O8 from Lost Creek has been significantly lower than what is potentially achievable at the ISR-operation under better market conditions. This is by design, and a prudent decision by Ur-Energy management, in our view. This strategy has allowed Ur-Energy to realize net margins of nearly $25/lb, all while conserving future production for a higher U3O8 price environment. As an example, in Q1/18, 370 Klb were purchased at an average price of $25.00/lb, and subsequently sold into a long-term contracts at a price of $52.50/lb. We forecast that production from Lost Creek will capture an average of 75 Klb per quarter over the course of 2018, an average of 125 Klb in the first three quarters of 2019, followed by 165 Klb in Q4/19. We forecast AISC to average $26/lb over the next two years. We note that Lost Creek is highly scalable, at relatively low cost, and in a higher uranium price environment, has the potential to be ramped up to the production rate of ~1.0 MMlb U3O8 per annum, which would significantly reduce cash operating costs (given the fixed component) as well, likely towards the $17.50-20.00/lb range. We estimate this potential ramp-up would take 9-12 months to complete and cost approximately $5 MM.

Exhibit 2. Lost Creek Production Figures



Source: Ur-Energy, Cantor Fitzgerald

Exhibit 3. Ur-Energy Contract Delivery Schedule

Production Year	Pounds Under Contract (U3O8)	Average Contract Price
2018	470,000	$49.06/lb*
2019	540,000	$49.06/lb*
2020	390,000	$49.06/lb*
2021	190,000	$49.06/lb*

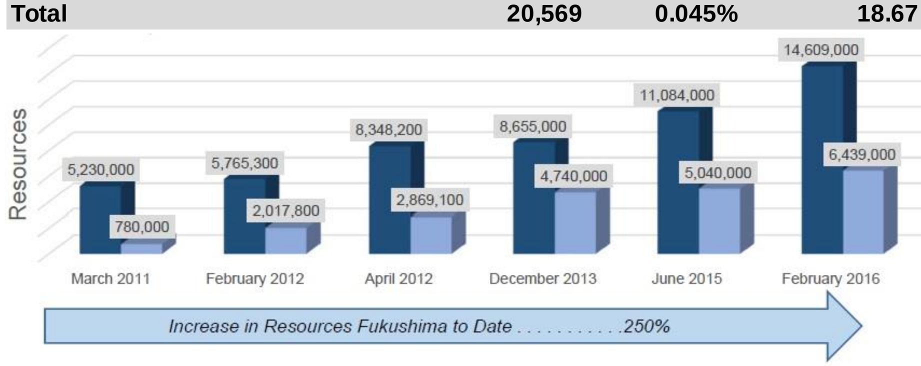
*Average contract price for years 2018-2021. Not split out by year.
Source: Cantor Fitzgerald, Ur-Energy

LOST CREEK RESOURCE & MINE LIFE

As of the end of 2017, Lost Creek contained 43-101 compliant resources of 12.2 MMlb grading 0.05% U3O8 in the Measured & Indicated categories and an additional 6.4 MMlb grading 0.04% in the Inferred category. If/when higher uranium prices return, and at the fully-ramped production rate of ~1 MMlb/yr, the Lost Creek resource should support a mine life of +12 years (Cantor estimate). That said, Ur-Energy has an excellent track record of exploration success at Lost Creek, and has consistently grown 43-101 complaint resources at the operation over the last decade (Exhibit 4).

Exhibit 4. Lost Creek Resource Table, Resource Growth

Lost Creek	Tonnes (000s)	Grade (%U3O8)	Contained (MMlb)
Measured & Indicated	13,201	0.046%	12.24
Inferred	7,368	0.044%	6.44
Total	**20,569**	**0.045%**	**18.67**



Source: Cantor Fitzgerald, Ur-Energy

PATHFINDER/SHIRLEY BASIN OVERVIEW

Acquired from Areva in 2013 as part of the $6.6 MM "Pathfinder" acquisition, the Shirley Basin and Lucky Mc projects represent the second phase of production growth for Ur-Energy (the first phase being the expansion of Lost Creek). Both sites are located within 175 miles from Lost Creek, in the Shirley Basin and Gas Hills mining districts of Wyoming. From 1960-1990, Shirley Basin produced over 71 MMlb U3O8 until persistently low uranium prices spurred a decision to shutdown the operation. Similar to Lost Creek, it was operated using ISR methods. Shirley Basin is estimated to contain 8.8 MMlb U3O8 (Measured & Indicated), while no 43-101 compliant resource exists at Lucky Mc. We note that grades at Shirley Basin (0.23% U3O8) are four times higher than Lost Creek (0.05% U3O8) and leach kinetics, permeability, and flow rates have all tested higher as well. Ur-Energy completed a PEA in 2015 on Shirley Basin with the project demonstrating exceptionally low cash operating costs and resulting highly robust economics. Yearly production was projected at ~1 MMlb/yr U3O8 at estimated LOM operating cash costs of $14.54/lb produced. With an initial capex estimate of $30.6 MM and using an average long term uranium price of $65/lb U3O8, over the 8 year LOM period, the project returned an $NPV_{8\%}$ of $146 MM and an IRR of 117%. An application for a permit to mine was submitted in December 2015 and Ur-Energy is currently awaiting Wyoming's "Agreement State" program prior to pursuing a source material license. If/when permitted, and in an environment of higher U3O8 prices in the United States, Shirley Basin could potentially be built in 12-15 months (Cantor estimate) and ramp-up to full production within its first year of operation.

Exhibit 5. Pathfinder Resource Table

Pathfinder	Tonnes (000s)	Grade (%U3O8)	Contained (MMlb)
Measured & Indicated	1,915	0.230%	8.82
Inferred			
Total	**1,915**	**0.230%**	**8.82**

Source: Cantor Fitzgerald, Ur-Energy

Exhibit 6. Lost Creek and Pathfinder Locations

Source: Ur-Energy

NET ASSET VALUE OVERVIEW

Based on a long-term uranium price of $50/lb U3O8, we calculate a project $NPV_{7.5\%}$ of $127 MM on Lost Creek and $60 MM on Shirley Basin. Our DCF-based NPV and production profile assumes Lost Creek ultimately ramps up to approximately 1 MMlb/yr U3O8 and Shirley Basin is put into production at the rate outlined in the 2015 PEA. Including the company's current financial position of $15.9 MM in cash, short-term investments and uranium in inventory, and $19.5

MM in debt, we calculate a company-wide NAVPS of $1.25/C$1.50/share (Exhibit 7) for Ur-Energy. As of exit Q1/18, the company has current debt of $4.8 MM and long-term debt of $14.7 MM outstanding in the form of a Taxable Industrial Development Revenue Bond with Sweetwater County in the State of Wyoming (the "Sweetwater IDR Bond"). The loan calls for payments of interest at a fixed rate of 5.75% per annum, payable on a quarterly basis. The principal is payable in 28 quarterly installments that commenced January 1, 2015 and will continue through October 1, 2021.

Exhibit 7. NAVPS Breakdown

Asset ($)		Value ($MM)	$ Per Share	% of NAV
Lost Creek	7.5%	$126.8	$0.87	62%
Shirley Basin	7.5%	$60.3	$0.41	30%
Total Mining Assets		$187.1	$1.28	92%
Cash, S/T Investments, U inventory		$15.9	$0.11	8%
Current Debt + S/T Leases		($4.8)	($0.03)	
Long Term Debt + S/T Leases		($14.7)	($0.10)	
Future Equity Financing		$0.0	$0.00	
Future Debt Financing		$0.0	$0.00	
Net Asset Value		**$183.6**	**$1.25**	
P/NAV			0.57x	

Source: Cantor Fitzgerald

INVESTMENT THESIS

As it relates to the U.S. Nuclear industry, it is over three months since the Section 232 was filed by Energy Fuels and Ur-Energy, and we believe that this is likely nearing the end of what can be considered a "reasonable timeframe" for which the DOC to open an investigation. We believe that an announcement to this effect is likely an imminent event, potentially within a matter of weeks. While highly speculative at this point, and obviously subject to the findings of the DOC and resultant decision by the President, in our view, the Section 232 petition has the potential to materially increase uranium prices in the U.S. At present, the current uranium spot/term prices and uranium stocks in general, are not pricing in any impact from a positive outcome resulting from the Section 232. In our view, the likelihood of this happening is far greater than zero, particularly due to the fact that we regard uranium as far more strategic to the national security of the United States than steel and/or aluminum. We believe this creates an excellent asymmetric investment opportunity in owning a basket of U.S. domestic producers, namely, Energy Fuels, Uranium Energy Corp., and Ur-Energy. Should our investment thesis prove to be correct, and Section 232 ultimately drive domestic uranium prices up 145% to +$50/lb U3O8 (the lowest level necessary to incentivize even modest U.S. production growth), operating leverage within the mining business itself could propel UUUU's, UEC's and URG's share prices multiple times higher than their current depressed levels.

TARGET AND RECOMMENDATION

Based on a target multiple of 1.0x $\text{NAVPS}_{7.5\%}$ we are re-initiating coverage of Ur-Energy with a Buy rating and 52-week target price of $1.25/C$1.50/share. We note that this target price has the potential to move materially higher, largely dependent on if/when a Section 232 investigation is initiated, the outcome of the investigation, and ultimately a decision by the White House. That said, in our view, among the U.S. producer peer group, given its advantageous long-term contracts and best-in-class operating costs, Ur-Energy is in the premier position to weather the current period of depressed uranium prices. Moreover, Lost Creek is highly scalable at low cost, and as a result, would presumably be able to ramp-up quicker than most of its peers in a strengthening uranium price environment.

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