March 1, 2021
Company Update

UR-ENERGY INC.

Cashed-up for a U.S. Uranium Re-start

Equity Research

EVENT

After the close on Friday, Ur-Energy reported its Q4/20 financial results and provided an outlook for 2021.

BOTTOM LINE

Positive. Ur-Energy's Lost Creek in-situ recovery (ISR) operation in Wyoming is currently on standby and being kept in a state of operational readiness. It is the lowest cost uranium operation in the United States and can be ramped back up to steady-state production in just six-months.

FOCUS POINTS

- **Cashed-Up for Re-Start –** The Company has a cash balance of $18.6 MM and 284.4 Klb U_3O_8 of available-for-sale inventory (equating to an additional ~$8.2 MM at spot prices). Re-start CAPEX at Lost Creek is budgeted at $14 MM at which point the operation would be ramped back up to its nameplate capacity of ~1 MMlb U_3O_8/year.
- **Russell 3000 Index on Deck?** – The uranium equities have performed exceptionally well year-to-date as sentiment towards the nuclear industry, particularly in the United States, has improved considerably. Ur-Energy's share price performance has been no exception. As we have previously noted, we believe the Company now commands a market cap and sufficient trading liquidity to likely be a prime candidate for inclusion in the Russell 3000 index upon its next re-balance in June.
- **Maintaining Buy Rating and Target Price** – Ur-Energy is best positioned to sign new long-term contracts, and re-start operations in the quickest timeframe relative to its peers. We maintain our Buy rating and $1.50/C$2.00/share price target on the Company.

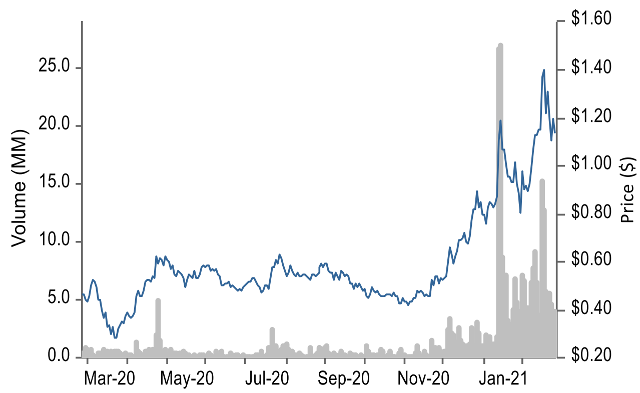
Recommendation:	**BUY**
Symbol/Exchange:	URG NYSE / URE TSX
Sector:	Metals & Mining
All dollar values in US$ unless otherwise noted.	
Current price:	$1.13, C$1.45
One-year target:	$1.50/C$2.00
Return to Target:	32.7%
Cash on hand:	$18.6 MM

Financial Summary

Shares O/S (MM)	188.3	52-week range	$0.27-$1.57
Market cap ($MM)	$212.8	Avg. 30D vol. (000)	7,180
Market float ($MM)	$205.3	Fiscal year-end	31-Dec

Calendar Year	**2020A**	**2021E**	**2022E**	**2023E**
Uranium Production (K lb)	15.9	250.0	1,000.0	1,000.0
Uranium Sales (K lb)	200.0	523.4	1,000.0	1,000.0
Realized U3O8 Price ($/lb)	$41.50	$40.00	$50.00	$50.00
Cash Operating Costs ($/lb)	$25.83	$24.75	$24.75	$24.75
All-In Sustaining Costs ($/lb)	$32.52	$27.75	$25.50	$25.50
Basic EPS, dil., adj.	($0.09)	($0.04)	$0.06	$0.06
Dividends per share	-	-	-	-
CFPS (before W/C)	($0.00)	$0.00	$0.09	$0.09
Free CFPS	($0.00)	($0.08)	$0.08	$0.08

Source: Company Reports and Cantor Fitzgerald Estimates



Company profile: Ur-Energy is a production stage uranium company with primary assets located in Wyoming, USA.

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See disclosure and a description of our recommendation structure at the end of this report.

INVENTORY BUILDS IN Q4/20

After the close on Friday, Ur-Energy reported its Q4/20 financial results and provided an outlook for 2021 including the potential timing (six-month ramp-up) and cost ($14 MM) of a re-start at Lost Creek. With no uranium sales in the quarter (as expected) EPS and CFPS were immaterial, but we note that Lost Creek produced 9 Klb U_3O_8 (drummed) in Q4/20, driving an increase in available-for-sale inventory to 284.4 Klb U_3O_8. Ur-Energy exited Q4/20 with $4.3 MM in cash, $0.5 MM in short-term debt, and $12.7 MM in long-term debt due 2022-2024. Subsequent to quarter-end, the Company completed a $15.2 MM equity financing (in which Cantor Fitzgerald participated as lead-underwriter), bringing balance sheet liquidity up to ~$27 MM (Cantor estimate) including available-for-sale inventory and excluding restricted cash.

Exhibit 1. Quarterly Results

	Q1/20A	Q2/20A	Q3/20A	Q4/20A	Q4/20E
U3O8 Prod'n (000 lbs)	1.4	2.9	2.5	9.0	2.5
Produced Pounds Sold (000 lbs)	0	0	0	0	0
Purchased Pounds Sold (000 lbs)	33	167	0	0	0
Total Pounds Sold (000 lbs)	33	167	0	0	0
Ending U3O8 Inventory (000 lbs)	268.6	272.7	273.4	284.4	275.9
Cash cost / lb	$24.94	$26.01	-	-	-
Financials					
Net Revenue (000 $)	$1,370	$6,934	$0	$0	$0
Operating Cost (000 $)	$3,105	$6,517	$789	$458	$1,800
Operating Cash Flow (000 $)	($2,125)	($930)	($2,789)	($2,599)	($3,044)
Net Income (000 $)	($3,641)	($2,227)	($3,660)	($5,204)	($4,660)
EPS, dil., adj.	($0.02)	($0.01)	($0.02)	($0.03)	($0.03)
CFPS, dil. (before W/C changes)	($0.00)	$0.01	($0.01)	($0.01)	($0.02)
Free CFPS	($0.00)	$0.01	($0.01)	($0.01)	($0.02)

Source: Cantor Fitzgerald

UR-ENERGY CASHED-UP FOR RE-START

Ur-Energy's Lost Creek ISR operation in Wyoming is the lowest cost source of primary uranium supply in the United States and resides in the bottom quartile of the cost curve for uranium mines globally. While over the last several years, the Company has primarily been using spot market purchases to deliver into its long-term contracts, we note that cash costs of *produced* material from Lost Creek, currently being held in inventory, have averaged $17.50/lb U_3O_8. As the lowest-cost uranium operator in the United States, Ur-Energy is best positioned to sign new long-term contracts, and re-start in the quickest timeframe relative to its peers. We anticipate re-start CAPEX at Lost Creek of $15.0 MM (Company guidance has been set at $14.0 MM) at which point the operation would be ramped-up in 6-12 months (Company guidance has been set at six months) to its nameplate capacity of ~1 MMlb U_3O_8/year (in-line with Company guidance). Lost Creek is currently on standby and being kept in a state of operational readiness, fully cashed-up, and primed for re-start.

RUSSELL 3000 INDEX ON DECK?

The uranium equities have performed exceptionally well year-to-date as sentiment towards the nuclear industry, particularly in the United States, has improved considerably. Ur-Energy's share price performance has been no exception and we believe it now commands a market cap and sufficient trading liquidity to likely be a prime candidate for inclusion in the Russell 3000 index upon its next re-balance in June. We recommend institutional investors in the uranium sector have a position in Ur-Energy ahead of this event.

URANIUM SENTIMENT IMPROVING IN THE U.S.

Over the last 3-4 months, sentiment in the uranium sector has turned increasingly positive, as we originally highlighted in our recent Macro Report: *A Green Economy and Electric Vehicles Start with Metals* on January 25 (link here). Under the Biden Administration, the United States has rejoined the Paris Climate Agreement that calls for net-zero carbon emissions for most of the developed-world by 2050. With uranium currently generating 80% of carbon-free grid power in the United States, coupled with the aggressive nuclear power expansion plans of China (the world's second largest economy), it has become abundantly clear that nuclear power has a critically important and *growing* role to play in the energy mix of the future.

BEST POSITIONED FOR U.S. GOVERNMENT CONTRACTS

The 2021 U.S. appropriations budget includes $75 MM per year of funding for the U.S. government to purchase domestically produced uranium and create a strategic reserve. Ur-Energy has 284.4 Klb U_3O_8 of available-for-sale inventory ($8.2 MM at spot prices, ~$12.5 MM at "incentive" prices) that could partially seed this new strategic U.S. government stockpile. Moreover, given that the Lost Creek operation can ramp-up the quickest and produce at the lowest cost, Ur-Energy is best positioned to win future contracts to produce domestic origin uranium and deliver directly to the U.S. government.

Exhibit 2. Updated NAVPS Estimate

Asset ($)		Value ($MM)	$ Per Share	% of NAV
Lost Creek	NPV, 7.5%	$133.8	$0.71	67%
Shirley Basin (option value)	$3.50/lb	$30.9	$0.16	15%
Total Mining Assets		$164.7	$0.87	82%
Cash, S/T Investments, U inventory		$34.9	$0.19	18%
Current Debt + S/T Leases		($0.5)	($0.00)	
Long Term Debt + S/T Leases		($12.7)	($0.07)	
Future Equity Financing		$0.0	$0.00	
Future Debt Financing		$0.0	$0.00	
Net Asset Value		**$186.5**	**$0.99**	
P/NAV			1.14x	

Source: Cantor Fitzgerald

MAINTAINING BUY RATING AND PRICE TARGET

With sentiment around nuclear improving in the United States, along with $75 MM in Federal funding ready to be deployed into purchasing U.S. produced uranium, Ur-Energy's prospects of re-starting Lost Creek are now a matter of "when" and not "if" in our view. This is further solidified by the Company's balance sheet, with total liquidity of ~$27 MM comfortably covering re-start CAPEX of $15 MM (Cantor estimate). We maintain our Buy rating on Ur-

Energy and $1.50/C$2.00/share price target based on a target multiple of 1.5x NAVPS, in-line with the valuation of other uranium producers in our coverage universe.

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Cantor *has* provided investment banking services or received investment banking related compensation from Ur-Energy within the past 12 months.

The analysts responsible for this research report *do not have*, either directly or indirectly, a long or short position in the shares or options of Ur-Energy.

The analyst responsible for this report *has* not visited the material operations of Ur-Energy. No payment or reimbursement was received for the related travel costs.

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The research analyst whose name appears on this report hereby certifies that the opinions and recommendations expressed herein accurately reflect his personal views about the securities, issuers or industries discussed herein.

Definitions of recommendations

BUY: The stock is attractively priced relative to the company's fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company's fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company's fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.