

UR-ENERGY INC.

Primed and Permitted for a U.S. Uranium Re-start

EVENT

This morning Ur-Energy received the final major permits required to commence construction at Shirley Basin, its second ISR-uranium operation located in Wyoming.

BOTTOM LINE

Positive. We are upgrading our valuation on Shirley Basin from option value of \$3.50/lb U₃O₈ in-situ to a DCF-based NPV_{7.5%}. This results in a boost to our consolidated Ur-Energy NAVPS from \$0.99 to \$1.16.

FOCUS POINTS

- **Primed and Permitted for U.S. Uranium Re-Start** – Between Lost Creek and Shirley Basin, Ur-Energy has visibility on a multi-phase re-start ultimately capable of producing ~4 MMlb U₃O₈/year, entirely from low-cost U.S. based operations.
- **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 imminent rebalance.
- **Maintaining Buy Rating, Increasing 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. Based on a multiple of 1.5x NAVPS (unchanged), we are increasing our target price on Ur-Energy from \$1.50/C\$2.00/share to \$1.75/C\$2.25/share.

Recommendation:

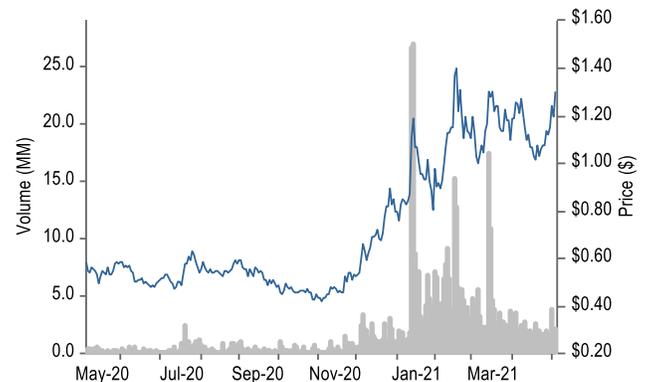
BUY

Symbol/Exchange: URG NYSE / URE TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: \$1.30/C\$1.59
One-year target: \$1.75/C\$2.25↑
Return to Target: 34.6%
Cash on hand: \$18.6 MM

Financial Summary

Shares O/S (MM)	189.4	52-week range	\$0.42-\$1.57	
Market cap (MM\$)	\$246.2	Avg. 30D vol. (000)	5,403	
Market float (MM\$)	\$237.6	Fiscal year-end	31-Dec	
Calendar Year	2020A	2021E	2022E	2023E
Uranium Production (K lb)	15.9	250.0	1,000.0	2,000.0
Uranium Sales (K lb)	200.0	523.4	1,000.0	2,000.0
Realized U3O8 Price (\$/lb)	\$41.50	\$40.00	\$50.00	\$50.00
Cash Operating Costs (\$/lb)	\$25.83	\$24.75	\$24.75	\$27.38
All-In Sustaining Costs (\$/lb)	\$32.52	\$27.75	\$25.50	\$28.38
Basic EPS, dil., adj.	(\$0.09)	(\$0.04)	\$0.06	\$0.14
Dividends per share	-	-	-	-
CFPS (before W/C)	(\$0.00)	\$0.00	\$0.09	\$0.20
Free CFPS	(\$0.00)	(\$0.08)	\$0.08	\$0.19

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.

SHIRLEY BASIN READY TO GO

This morning Ur-Energy announced that the State of Wyoming and the U.S. Environmental Protection Agency (EPA) have completed their reviews of the Shirley Basin In-Situ Recovery (ISR) project in Wyoming and have issued three key approvals; the final Source and By-product Material License, the Permit to Mine, and the Aquifer Exemption permit. These approvals represent the final major permits required to begin construction of the Shirley Basin project. As a reminder, the Shirley Basin processing facility has permitted capacity to produce 2 MMlb U₃O₈/year.

UR-ENERGY CASHED-UP FOR RE-START

Ur-Energy completed an equity financing in Q1/21, has ~\$27 MM in cash and available-for-sale uranium in inventory, negligible short-term debt (\$0.5 MM) and \$12.7 MM in long-term debt due 2022-2024. We anticipate re-start CAPEX at Lost Creek in Wyoming of \$15.0 MM (Company guidance has been set at \$14.0 MM) at which point Ur-Energy's first operation would be ramped-up in 6-12 months (Company guidance has been set at six months) to its nameplate capacity of ~1 MMlb U₃O₈/year (in-line with Company guidance). We note that the Lost Creek ISR operation has permitted capacity of up to 2 MMlb U₃O₈/year. It is currently on standby and being kept in a state of operational readiness. With the final permits now in place at Shirley Basin, Ur-Energy has visibility on a multi-phase re-start ultimately capable of producing ~4 MMlb U₃O₈/year, entirely from its two low-cost U.S. based operations.

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 imminent rebalance. 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 4-5 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. More recently, various reputable news outlets are reporting that the White House is considering subsidies for U.S. nuclear power plants to help meet the Country's climate targets. According to Bloomberg (link [here](#)) "there's a deepening understanding with the [Biden] administration that it needs nuclear to meet its zero-emissions goals" and "the United States has more than 90 nuclear reactors, the most in the world, and the business is the Country's top source of emissions-free power generation." With uranium currently generating 80% of carbon-free grid power in the United States, it has become abundantly clear that nuclear power has a critically important and *growing* role to play in the energy mix of the future. Ur-Energy is uniquely positioned to capitalize on the resurgence of nuclear power in the United States. As a reminder, 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 U₃O₈ of available-for-sale inventory (\$8.6 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, followed shortly thereafter by Shirley Basin, Ur-Energy is best positioned to win future contracts to produce domestic origin uranium and potentially deliver directly to the U.S. government.

Exhibit 1. Updated NAVPS Estimate

Asset (\$)		Value (\$MM)	\$ Per Share	% of NAV
Lost Creek	NPV, 7.5%	\$133.8	\$0.71	57%
Shirley Basin (option value)	NPV, 7.5%	\$64.3	\$0.34	28%
Total Mining Assets		\$198.1	\$1.05	85%
Cash, S/T Investments, U inventory		\$34.9	\$0.18	15%
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		\$219.9	\$1.16	
P/NAV			1.13x	

Source: Cantor Fitzgerald

MAINTAINING BUY RATING, RAISING PRICE TARGET

We are upgrading our valuation on Shirley Basin from option value of \$3.50/lb U₃O₈ in-situ to a DCF-based NPV_{7.5%}. This results in a boost to our consolidated Ur-Energy NAVPS from \$0.99 to \$1.16. Based on a multiple of 1.5x NAVPS (unchanged), we are increasing our target price on Ur-Energy from \$1.50/C\$2.00/share to \$1.75/C\$2.25/share. We maintain our Buy rating on the Company.

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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.

Analyst certification

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.

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