

UR-ENERGY INC.

Moves Closer to a Production Re-Start Decision

EVENT

This morning Ur-Energy reported its Q3/21 results and commenced a development/construction program at its Lost Creek in-situ-recovery (ISR) uranium operation in Wyoming.

BOTTOM LINE

Modest Positive – Lost Creek is currently on care-and-maintenance, being kept in a state of “operational readiness.” Should a production “go” decision be made, the operation has the potential to ramp back up to nameplate capacity in nine months, for upfront capital of only ~\$14 MM, producing at the rate of +1 MMlb U₃O₈/year.

FOCUS POINTS

- **Balance Sheet in Great Shape** – URG has been selectively utilizing its at-the-market (ATM) equity facility, and combined with proceeds from recently exercised warrants, is sitting with a cash balance of \$40.9 MM. The Company also has 285 Klb U₃O₈ in finished inventory that at current spot prices has a market value of \$12.3 MM.
- **Moving Toward a Production Re-Start Decision?** – Last month URG commenced a development program to build a new header house in Mine Unit 2 (MU2) at Lost Creek that will be complete in Q1/22. This will support a drill program in H1/22 and enable the construction of the next four header houses at MU2. A “go” decision is looking more likely.
- **No Change to Buy Rating/Target** – Based on a target multiple of 1.5x NAVPS^{7.5%} (unchanged), we are maintaining our Buy rating and \$3.50/C\$4.50/share target price on Ur-Energy. Without question, fundamentally, Ur-Energy is poised to benefit more on a relative basis than any of its peers from higher spot and term prices in the near-term.

Recommendation:

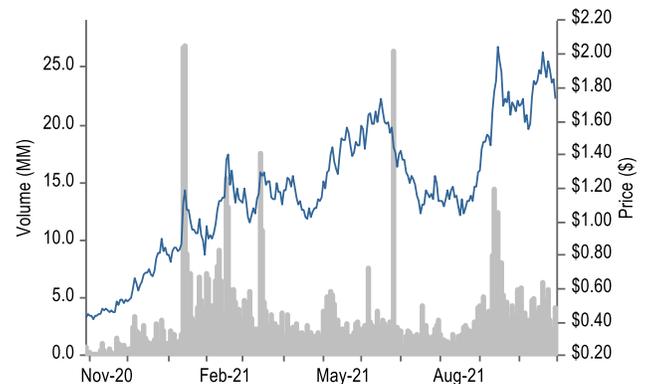
BUY

Symbol/Exchange: URG-NYSE/URE-TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: \$1.74/C\$2.18
One-year target: \$3.50/C\$4.50
Return to Target: 101.1%
Cash on hand: \$40.9 MM

Financial Summary:

Shares O/S (MM)	210.8	52-week range	\$0.42-\$2.10	
Market cap (MM\$)	\$366.8	Avg. 30D vol. (000)	3,746	
Market float (MM\$)	\$354.0	Fiscal year-end	31-Dec	
Calendar Year	2020A	2021E	2022E	2023E
Uranium Production (K lb)	15.9	15.0	750.0	2,000.0
Uranium Sales (K lb)	200.0	288.4	750.0	2,000.0
Realized U3O8 Price (\$/lb)	\$41.50	\$50.00	\$55.00	\$65.00
Cash Operating Costs (\$/lb)	\$25.83	\$24.75	\$24.75	\$27.38
All-In Sustaining Costs (\$/lb)	\$32.52	\$74.75	\$25.75	\$28.38
Basic EPS, dil., adj.	(\$0.09)	(\$0.03)	\$0.05	\$0.29
Dividends per share	-	-	-	-
CFPS (before W/C)	(\$0.00)	(\$0.00)	\$0.08	\$0.35
Free CFPS	(\$0.00)	(\$0.00)	\$0.07	\$0.34

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.

MOVES CLOSER TO A PRODUCTION RESTART DECISION

This morning Ur-Energy reported its Q3/21 results. Ur-Energy's Lost Creek in-situ-recovery uranium operation is still on care-and-maintenance, and so the Company is effectively pre-revenue, with immaterial EPS or CFPS at present. That said, Ur-Energy has been proactive over the last several years, keeping Lost Creek in a state of "operational readiness." This took a notable step forward last month, with the Company commencing a construction and development program to build a new header house in Mine Unit 2 (MU2) at Lost Creek that will be complete in Q1/22. This will support a drill program in H1/22 and enable the construction of the next four header houses at MU2. We view this as effectively *prepping* the operation for a restart, and note that once a "go" decision has officially been made, Lost Creek can be ramped up to nameplate capacity (+1.0 MMLb U₃O₈/year) in as little as nine months, for development capital of only ~\$14 MM. This is faster, and at significantly lower cost relative to any other U.S. based uranium mine or project. Moreover, Lost Creek is a proven operation with a dependable production history and cash costs among the lowest in the industry globally.

BALANCE SHEET LOOKING GOOD

Ur-Energy has been selectively utilizing its at-the-market (ATM) equity facility, and combined with proceeds from recently exercised warrants, is sitting with a cash balance of \$40.9 MM, up from \$21.5 MM at exit Q2/21. The Company also has 285 Klb U₃O₈ in finished inventory that at current spot prices has a market value of \$12.3 MM.

Exhibit 1. Ur-Energy Updated NAVPS Breakdown

Asset (\$)		Value (\$MM)	\$ Per Share	% of NAV
Lost Creek	NPV, 7.5%	\$254.5	\$1.21	53%
Shirley Basin	NPV, 7.5%	\$169.1	\$0.80	35%
Total Mining Assets		\$423.7	\$2.01	87%
Cash, S/T Investments, U inventory		\$61.0	\$0.29	13%
Current Debt + S/T Leases		\$0.0	\$0.00	
Long Term Debt + S/T Leases		(\$12.3)	(\$0.06)	
Future Equity Financing		\$0.0	\$0.00	
Future Debt Financing		\$0.0	\$0.00	
Net Asset Value		\$472.4	\$2.24	
P/NAV			0.78x	

Source: Cantor Fitzgerald

URANIUM SENTIMENT CONTINUES TO IMPROVE

Over the last year, sentiment in the uranium sector has turned increasingly positive. The narrative has clearly shifted as it has become abundantly clear that nuclear power has a critically important and *growing* role to play in the energy mix of the future. We point to a number of positive developments in the last month alone:

- **October 29:** UK Adopts Nuclear Energy Finance Plan (source: Nuclear Engineering International, link [here](#)).

- ▶ **October 18:** Kazatomprom Announces Physical Uranium Fund (source: World Nuclear News, link [here](#), Cantor note [here](#)).
- ▶ **October 16:** UK Net Zero Emission Plan to Focus on Nuclear Power (source: Bloomberg, link [here](#)).
- ▶ **October 15:** France's EDF Offers to Build Six Nuclear Reactors in Poland (source: Power Engineering International, link [here](#)).
- ▶ **October 12:** Led by France, 10 EU Countries Call on Brussels to Label Nuclear Energy as Green Source (source: Euronews.com, link [here](#)).
- ▶ **October 11:** Japan's new PM Defends Pro-Nuclear Stance in Parliamentary Debut (source: Reuters, link [here](#)).

MAINTAINING BUY RATING AND PRICE TARGET

Based on a target multiple of 1.5x NAVPS_{7.5%} (unchanged), we are maintaining our Buy rating and \$3.50/C\$4.50/share target price on Ur-Energy. Without question, fundamentally, Ur-Energy is poised to benefit more on a relative basis than any of its peers from higher spot and term prices in the near-term.

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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

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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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