

Ur-Energy (URE-CN, URG)

Uranium Purchases Plug the Near-Term Production Shortfall

Event

On April 11, Ur-Energy filed its 2024 year-end financials. Though FY uranium production from Lost Creek amounted to 265,744 captured lbs (81,767 lbs in Q4/2024) and met revised FY/2024 guidance for 260,000 lbs, we note that earlier in 2024 the full year production guidance figure was significantly higher at ~550,000 lbs. Given that the Q4/2024 captured figure was previously disclosed in February, coupled with the announced production shortfall, some sort of purchase was expected to happen in order to fill the 570,000 lb contractual obligations for FY/2024. That purchase figure was undertaken in Q4 and announced in conjunction with the filing of the year end numbers - 550,000 lbs purchases (incl. 250,000 lbs borrowed) at an average price of \$75.87 per lb.

Details

- **Lost Creek Operations Stabilizing Higher** – Lost Creek production continues to ramp higher as the latest print of 81,767 lbs captured in the Q4/2024 represents the highest quarterly level since the return to commercial production, as announced in May 2023. Much of the production shortfall was attributed to the inability to source the needed drill rigs to develop the wellfields. We note that following the May 2023 restart of Lost Creek commercial production, life-of-mine production from Lost Creek has amounted to ~3.1M lbs since 2013 when ISR production initially began.
- **Shirley Basin Next in Line** – Following the installation of 120 monitor wells for the first mine unit (SB MU1) which yielded excellent hydrologic results, the installation of downhole pumps in the monitor wells (using 6 drill rigs) is expected to begin in the coming weeks. Baseline sampling is subsequently expected to be completed in the spring. Though management expects flow rates to vary throughout the project, note that production rates within the test patters have been held within the range of 70-80 gpm which is consistent the documented historic flow from the early 1960s. Construction at Shirley Basin is expected to be completed in late 2025 with commissioning expected to begin in early 2026.
- **Strongest Internal Fundamentals Among Peers** – We continue to highlight Ur-Energy's strong fundamentals which set it apart from peers. These fundamentals not only include the current contract book (5.84M lbs covering the 2025-2033 period) but also includes a current cash war chest which we estimate to equal ~30% of current market capitalization and over 335,000 lbs held in inventory.

Conclusion

Much like other uranium producers before (most recently enCore Energy), relying on purchased inventory to meet contracted figures is increasingly becoming the norm during the ramp-up phase. Though FY revenues were higher y/y, a lower average price received coupled with higher costs (due to the inventory purchase) led to a loss of \$6.19/lb sold, reversing the \$30.90/lb sold gain, as seen in FY/2023. Factoring in the latest corporate adjustments, we maintain our NAV_{8%} valuation methodology however reduce our target multiple from 1.10x to 1.00x. Using a LT uranium forecast of \$80/lb, this equates to a price objective of \$1.20 (rounded) per share, representing +76% upside from the most recent close. Full details can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Ticker	URG
Ticker	URE-CN
Current Price (\$)	\$0.68
12-Mth Price Objective (\$)	\$1.20
Potential Upside	76%
Mkt Cap, Basic (\$M)	\$248.7M
Mkt Cap, FD (\$M)	\$249.8M
EV (\$M)	\$173.7M
Shares O/S Basic (M)	317.66
1-Mth Return	-15.7%
3-Mth Return	-38.5%
YTD Return	-40.6%

	2024	2025e	2026e
U3O8 Production lbs	265,742	530,000	1,050,000

LOM Production lbs	15,600,490
LOM avg. Cash Cost\$/lb	\$19.85
LOM avg. AIC\$/lb	\$44.46

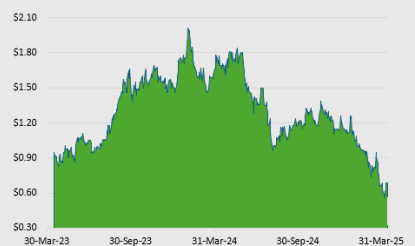
Measured & Indicated	PPM U3O8	Attrib. lbs
Lost Creek	460	11.9M

Inferred Resources	PPM U3O8	Attrib. lbs
Lost Creek	440	6.6M
Shirley Basin	275	8.8M

Company Description

Ur-Energy is a NYSE and TSX listed in-situ recovery (ISR) uranium company maintaining the Wyoming based Lost Creek Project in a state of operational readiness. Lost Creek began production in 2013 however owing to sustained uranium price weakness, a decision was taken to curtail production beginning in 2017. Production was restarted in 2023.

2-Year Stock Chart



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