

Ur-Energy (URE-CN, URG)

Production Ramping Higher as Cash Now Totals ~1/3 of Mcap

Event

Late last week, Ur-Energy announced its Q2/2024 results. On the operational front, production was highlighted by 70,679 lbs U3O8 captured, 64,170 lbs dried & packaged and 70,390 lbs shipped (as previously announced on July 16). The captured figure represents a notable +85% sequential increase as three header houses came online in 1H/2024. Note as well that header house 2-9 (HH2-9) came online in mid-July while HH2-10 is scheduled to come online in mid-August. Given the strong results, process inventory now stands at 86,204 lbs with finished inventory held at the conversion facility totaling 74,625 lbs (35,199 lbs were shipped to the conversion facility on July 25, 2024). Post-results, reaffirmed guidance (lower end of 550,000-650,000 lbs) and financing, we maintain our NAV_{8%} valuation methodology for the currently expected operations at Lost Creek and Shirley Basin. Our 1.10x NAV_{8%} multiple remains, equating to upside of +189% from the most recent quote.

Details

- **Setting Up for a Strong 2H/2024 and Beyond** – As opposed to the previous Q1/2024 quarter when there were no uranium deliveries, during this latest quarter, 75,000 lbs U3O8 were delivered at an average realized price of \$61.65 per lb for gross proceeds of \$4.6M. Over the remainder of 2024, the company received notice from customers for the delivery of 495,000 lbs in 2H/2024. Deliveries for FY/2025 are committed to three customers for a base amount recently increased by 30,000 lbs to reach 730,000 lbs. This was due to the recent election from one customer to flex up its purchases by 10%. FY/2024 production guidance was maintained between 550,000-650,000 lbs.
- **Financing Now Closed, Acquisition to Come?** – On July 29 2024, it was announced that the public offering for 57.15M common shares (priced at \$1.05) was closed. The company now holds ~\$121.3M of cash in treasury - this large war chest equates to approximately 1/3 of current mcap. Ur-Energy presently has two assets - the currently producing Lost Creek and the rapidly progressing Shirley Basin. Combined, these two assets amount to ~28.0M lbs (global) of U3O8, a development figure well below those of ISR peers. The company stated that it is "currently bidding on an acquisition opportunity involving a significant non-producing uranium asset in the United States". We have long advocated for some kind of largescale acquisition for the development pipeline.
- **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 (5.7M lbs covering the 2024-2030 period) but also includes the current cash war chest as mentioned above. In addition to the current cash balance, uranium inventory of 182,399 lbs, equates to ~\$14.8M at the current spot.

Conclusion

Given our LT \$120/lb uranium price objective, we maintain our 1.1x NAV_{8%} price objective which equates to upside of +189% from the recent close. Note that URG shares are off by 35% YTD. Shares currently trade at a 0.38x P/NAV.

Full details can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Ticker	URG
Ticker	URE-CN

Current Price (\$)	\$1.01
12-Mth Price Objective (\$)	\$2.90
Potential Upside	189%
Mkt Cap, Basic (\$M)	\$365.6M
Mkt Cap, FD (\$M)	\$372.1M
EV (\$M)	\$295.7M
Shares O/S Basic (M)	359.90
1-Mth Return	-33.3%
3-Mth Return	-41.8%
YTD Return	-35.1%

	2024e	2025e	2026e
U3O8 Production lbs	620,000	1,180,000	1,650,000

LOM Production lbs	17,544,300
LOM avg. Cash Cost\$/lb	\$19.20
LOM avg. AIC\$/lb	\$44.18

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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