

July 28, 2017



Ur-Energy Releases 2017 Q2 Results

LITTLETON, Colo., July 28, 2017 /PRNewswire/ -- **Ur-Energy Inc.** (NYSE American:URG, TSX:URE) ("Ur-Energy" or the "Company") has filed the Company's Form 10-Q for the quarter ended June 30, 2017, with the U.S. Securities and Exchange Commission at www.sec.gov/edgar.shtml and with Canadian securities authorities on SEDAR at www.sedar.com.



Ur-Energy Chairman Jeff Klenda observed, "Once again, we lowered our average cost per pound sold by supplementing production with low-cost purchases and delivering those pounds into our high-priced, long-term, sales contracts. This strategy has enabled us to build inventory, generate cash and develop our second mine unit, which is on time and under budget. In times of persistently low uranium prices, we have and will continue to take full advantage of our high-priced sales contracts, which continue into the next decade."

Lost Creek Production and Sales

During the three months ended June 30, 2017, a total of 65,257 pounds of U₃O₈ were captured within the Lost Creek plant. 70,833 pounds were packaged in drums and 74,406 pounds of the drummed inventory were shipped to the conversion facility. We sold 241,000 pounds of U₃O₈ during the period of which 210,000 pounds were purchased. Inventory, production and sales figures for the Lost Creek Project are presented in the following tables.

Production and Production Costs	Unit	2017 Q2	2017 Q1	2016 Q4	2016 Q3
Pounds captured	lb	65,257	79,340	103,558	141,774
Ad valorem and severance tax	\$000	\$ 227	\$ 241	\$ 247	\$ 552
Wellfield cash cost ⁽¹⁾	\$000	\$ 599	\$ 889	\$ 864	\$ 858
Wellfield non-cash cost ⁽²⁾	\$000	\$ 780	\$ 776	\$ 777	\$ 778

Ad valorem and severance tax per pound captured			3.48	3.04	2.39	3.86
	\$/lb	\$				
Cash cost per pound captured			9.18	11.20	8.34	6.06
	\$/lb	\$				
Non-cash cost per pound captured			11.95	9.78	7.50	5.46
	\$/lb	\$				
Pounds drummed	lb		70,833	74,382	111,049	145,895
Plant cash cost ⁽³⁾			1,270	1,488	1,336	1,564
	\$000	\$				
Plant non-cash cost ⁽²⁾			491	491	493	491
	\$000	\$				
Cash cost per pound drummed			17.89	20.00	12.03	10.71
	\$/lb	\$				
Non-cash cost per pound drummed			6.93	6.60	4.44	3.40
	\$/lb	\$				
Pounds shipped to conversion facility	lb		74,406	72,643	98,775	149,540
Distribution cash cost ⁽⁴⁾			26	47	68	86
	\$000	\$				
Cash cost per pound shipped			0.35	0.65	0.69	0.58
	\$/lb	\$				
Pounds purchased	lb		210,000	200,000	-	-
Purchase costs			4,870	4,015	-	-
	\$000	\$				
Cash cost per pound purchased			23.19	20.08	-	-
	\$/lb	\$				

Notes:

- 1 Wellfield cash costs include all wellfield operating costs. Wellfield construction and development costs, which include wellfield drilling, header houses, pipelines, power lines, roads, fences and disposal wells, are treated as development expense and are not included in wellfield operating costs.
- 2 Non-cash costs include the amortization of the investment in the mineral property acquisition costs and the depreciation of plant equipment, and the depreciation of their related asset retirement obligation costs. The expenses are calculated on a straight line basis so the expenses are typically constant for each quarter. The cost per pound from these costs will therefore typically vary based on production levels only.
- 3 Plant cash costs include all plant operating costs and site overhead costs.

- 4 Distribution cash costs include all shipping costs and costs charged by the conversion facility for weighing, sampling, assaying and storing the U₃O₈ prior to sale.

Sales and cost of sales	Unit	<u>2017 Q2</u>	<u>2017 Q1</u>	<u>2016 Q4</u>	—
Pounds sold	lb	241,000	250,000	100,000	
U3O8 sales	\$000	\$ 11,797	\$ 14,819	\$ 3,270	
Average contract price	\$/lb	\$ 48.95	\$ 59.28	\$ 32.70	
Average spot price	\$/lb	-	-	-	
Average price per pound sold	\$/lb	\$ 48.95	\$ 59.28	\$ 32.70	
U3O8 cost of sales ⁽¹⁾	\$000	\$ 6,573	\$ 6,295	\$ 3,082	
Ad valorem and severance tax cost per pound sold	\$/lb	\$ 4.26	\$ 4.00	\$ 2.98	
Cash cost per pound sold	\$/lb	\$ 31.54	\$ 26.12	\$ 18.27	
Non-cash cost per pound sold	\$/lb	\$ 19.13	\$ 15.48	\$ 9.57	
Cost per pound sold - produced	\$/lb	\$ 54.93	\$ 45.60	\$ 30.82	
Cost per pound sold - purchased	\$/lb	\$ 23.19	\$ 20.08	\$ -	
Average cost per pound sold	\$/lb	\$ 27.26	\$ 25.18	\$ 30.82	
U3O8 gross profit	\$000	\$ 5,224	\$ 8,524	\$ 188	
Gross profit per pound sold	\$/lb	\$ 21.68	\$ 34.10	\$ 1.88	

Gross profit margin		44.3%	57.5%	5.7%
		%		
Ending Inventory Balances				
<i>Pounds</i>				
In-process inventory		19,010	28,164	29,891
	lb			
Plant inventory		10,446	14,019	12,274
	lb			
Conversion facility inventory		160,094	113,528	84,689
	lb			
Total inventory		<u>189,550</u>	<u>155,711</u>	<u>126,854</u>
	lb			
<i>Total cost</i>				
In-process inventory		352	712	897
	\$000	\$	\$	\$
Plant inventory		479	670	461
	\$000	\$	\$	\$
Conversion facility inventory		6,620	4,379	2,751
	\$000	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total inventory		<u>7,451</u>	<u>5,761</u>	<u>4,109</u>
	\$000	<u>\$</u>	<u>\$</u>	<u>\$</u>
<i>Cost per pound</i>				
In-process inventory		18.46	25.28	30.01
	\$/lb	\$	\$	\$
Plant inventory		45.85	47.79	37.56
	\$/lb	\$	\$	\$
Conversion facility inventory		41.35	38.57	32.48
	\$/lb	\$	\$	\$

Notes:

- 1 Cost of sales include all production costs (notes 1, 2, 3 and 4 in the previous Production and Production Cost table) adjusted for changes in inventory values.

U₃O₈ sales of \$11.8 million for 2017 Q2 were based on selling 241,000 pounds at an average price of \$48.95 into term contract deliveries. We did not make any spot sales during the quarter. Of the 241,000 pounds sold, 31,000 were from produced inventory at a cost per pound sold of \$54.93 and 210,000 were sold from purchased inventory at a cost per pound sold of \$23.19. For the quarter, our cost of sales totaled \$6.6 million at an average cost of \$27.26 per pound.

The \$54.93 cost per pound sold from produced inventory included a lower of cost or net realizable value \$456 thousand adjustment to our combined inventory during the quarter. The adjustment was largely driven by the fixed nature of our non-cash costs, which do not change regardless of the quantity of pounds produced, and was charged to the cost of sales for the quarter. During the quarter, we only sold 31,000 pounds from production and the charge amounted to an additional \$14.71 per pound sold from produced inventory. Before the adjustment, our total cost per pound sold from produced inventory was \$40.13 and the cash cost component was \$24.16 per pound sold.

The gross profit from the sale of produced uranium for the quarter was \$0.1 million, which represents a gross profit margin of approximately four percent. Gross profit from the sale of purchased uranium was \$5.1 million, which represents a gross margin of approximately 51%. Total gross profit was \$5.2 million, or approximately 44%.

Total Cost Per Pound Sold Reconciliation ¹	Unit	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2017
Ad valorem & severance taxes	\$000	\$ 227	\$ 241	\$ 247	\$ 552	\$
Wellfield costs	\$000	\$ 1,379	\$ 1,665	\$ 1,641	\$ 1,636	\$
Plant and site costs	\$000	\$ 1,761	\$ 1,979	\$ 1,829	\$ 2,059	\$
Distribution costs	\$000	\$ 26	\$ 47	\$ 68	\$ 86	\$
Inventory change	\$000	\$ (1,690)	\$ (1,652)	\$ (703)	\$ 1,485	\$
Cost of sales - produced	\$000	\$ 1,703	\$ 2,280	\$ 3,082	\$ 5,818	\$
Cost of sales - purchased	\$000	\$ 4,870	\$ 4,015	\$ —	\$ —	\$

Total cost of sales	\$000	\$ 6,573	\$ 6,295	\$ 3,082	\$ 5,818	\$
Pounds sold produced	lb	31,000	50,000	100,000	200,000	8
Pounds sold purchased	lb	210,000	200,000	—	—	4
Total pounds sold	lb	241,000	250,000	100,000	200,000	4
Average cost per pound sold - produced ⁽¹⁾	\$/lb	\$ 54.93	\$ 45.60	\$ 30.82	\$ 29.09	\$
Average cost per pound sold - purchased	\$/lb	\$ 23.19	\$ 20.08	\$ -	\$ -	\$
Total average cost per pound sold	\$/lb	\$ 27.27	\$ 25.18	\$ 30.82	\$ 29.09	\$

Note:

- The cost per pound sold reflects both cash and non-cash costs, which are combined as cost of sales in the statement of operations included in this filing. The cash and non-cash cost components are identified in the above inventory, production and sales table.

The cost of sales includes ad valorem and severance taxes related to the extraction of uranium, all costs of wellfield, plant and site operations including the related depreciation and amortization of capitalized assets, reclamation and mineral property costs, plus product distribution costs. These costs are also used to value inventory and the resulting inventoried cost per pound is compared to the estimated sales prices based on the contracts or spot sales anticipated for the distribution of the product. Any costs in excess of the calculated market value are charged to cost of sales.

Continuing Guidance for 2017

At the end of the second quarter of 2017, the average spot price of U₃O₈, as reported by Ux Consulting Company, LLC and TradeTech, LLC, was approximately \$20.15 per pound. Market fundamentals have not changed sufficiently to warrant the accelerated development of Mine Unit 2 ("MU2"). We are developing MU2 at a controlled rate as approved by our Board of Directors in the first quarter which will allow us to produce at a level that will satisfy

a portion of our term contracts.

For 2017, we have 600,000 pounds of U₃O₈ under contract at an average price of approximately \$51 per pound. We purchased 410,000 pounds during the first two quarters of the year and will purchase 109,000 pounds in the third quarter for a total of 519,000 purchased pounds at an average cost of \$21 per pound. The remaining 81,000 pounds were delivered from our produced inventory during the first two quarters of the year. We may make one small spot sale later this year, which will be delivered from Lost Creek production. The spot sale will significantly lower the average sales price from produced inventory that will be used to calculate the 2017 ad valorem and severance taxes, which are based on total mine production for the year, and thereby significantly lower the amount of taxes to be paid.

The 2017 Q3 production target for Lost Creek is between 60,000 and 70,000 pounds U₃O₈ dried and drummed. Full year 2017 production guidance is unchanged at between 250,000 and 300,000 pounds. We do expect to bring the first MU2 header house on line in 2017 Q3, but our production rate may be adjusted based on continuing operational matters and other indicators in the market.

As at July 26, 2017, our unrestricted cash position was \$7.6 million

About Ur-Energy

Ur-Energy is a uranium mining company operating the Lost Creek *in-situ* recovery uranium facility in south-central Wyoming. We have produced, packaged and shipped more than two million pounds from Lost Creek since the commencement of operations. Applications are under review by various agencies to incorporate our LC East project area into the Lost Creek permits, and we have begun to submit applications for permits and licenses to construct and operate at our Shirley Basin Project. Ur-Energy is engaged in uranium mining, recovery and processing activities, including the acquisition, exploration, development and operation of uranium mineral properties in the United States. Shares of Ur-Energy trade on NYSE American under the symbol "URG" and on the Toronto Stock Exchange under the symbol "URE." Ur-Energy's corporate office is in Littleton, Colorado; its registered office is in Ottawa, Ontario. Ur-Energy's website is www.ur-energy.com.

FOR FURTHER INFORMATION, PLEASE CONTACT

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Cautionary Note Regarding Forward-Looking Information

This release may contain "forward-looking statements" within the meaning of applicable securities laws regarding events or conditions that may occur in the future (e.g., results of Lost Creek production, including meeting production projections; ability to maintain controlled production and development at Lost Creek; ability to deliver into existing contractual obligations through a balance of production and purchased pounds) and are

based on current expectations that, while considered reasonable by management at this time, inherently involve a number of significant business, economic and competitive risks, uncertainties and contingencies. Factors that could cause actual results to differ materially from any forward-looking statements include, but are not limited to, capital and other costs varying significantly from estimates; failure to establish estimated resources and reserves; the grade and recovery of ore which is mined varying from estimates; production rates, methods and amounts varying from estimates; delays in obtaining or failures to obtain required governmental, environmental or other project approvals; inflation; changes in exchange rates; fluctuations in commodity prices; delays in development and other factors described in the public filings made by the Company at www.sedar.com and www.sec.gov. Readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are based on the beliefs, expectations and opinions of management as of the date hereof and Ur-Energy disclaims any intent or obligation to update them or revise them to reflect any change in circumstances or in management's beliefs, expectations or opinions that occur in the future.

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