

May 5, 2017



## Ur-Energy Releases 2017 Q1 Results

LITTLETON, Colo., May 5, 2017 /PRNewswire/ -- **Ur-Energy Inc.** (NYSE MKT:URG TSX:URE) ("Ur-Energy" or the "Company") has filed the Company's Form 10-Q for the quarter ended March 31, 2017, with the U.S. Securities and Exchange Commission at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml) and with Canadian securities authorities on SEDAR at [www.sedar.com](http://www.sedar.com).



Chairman of the Company, Jeff Klenda noted, "We continue to execute on our strategy to satisfy our 2017 deliveries through a combination of purchased and produced pounds. In the first quarter, we purchased 200,000 pounds at an average cost of \$20 per pound, which led to gross profit margins in excess of 57 percent and cash flows from operations of \$6.5 million. We did this while at the same time reaching the safety milestone of 12 months with no lost-time accidents. I couldn't be more proud of our team."

### Lost Creek Uranium Production and Sales

During the three months ended March 31, 2017, a total of 79,340 pounds of  $U_3O_8$  was captured within the Lost Creek plant. 74,382 pounds were packaged in drums and 72,643 pounds of drummed inventory were shipped to the conversion facility. We sold 250,000 pounds of  $U_3O_8$  during the period, of which 50,000 pounds were from produced inventory and 200,000 pounds were from purchased  $U_3O_8$ . Inventory, production and sales figures for the Lost Creek Project are presented in the following tables.

| <b>Production and Production Costs</b>          | <b>Unit</b> | <b>2017 Q1</b> | <b>2016 Q4</b> | <b>2016 Q3</b> | <b>2016 Q2</b> |
|-------------------------------------------------|-------------|----------------|----------------|----------------|----------------|
| Pounds captured                                 | lb          | 79,340         | 103,558        | 141,774        | 133,341        |
| Ad valorem and severance tax                    | \$000 \$    | 241            | 247            | 552            | 304            |
| Wellfield cash cost <sup>(1)</sup>              | \$000 \$    | 889            | 864            | 858            | 846            |
| Wellfield non-cash cost <sup>(2)</sup>          | \$000 \$    | 776            | 777            | 778            | 778            |
| Ad valorem and severance tax per pound captured | \$/lb \$    | 3.04           | 2.39           | 3.89           | 2.28           |
| Cash cost per pound captured                    | \$/lb \$    | 11.20          | 8.34           | 6.05           | 6.34           |
| Non-cash cost per pound captured                | \$/lb \$    | 9.78           | 7.50           | 5.49           | 5.83           |
| Pounds drummed                                  | lb          | 74,382         | 111,049        | 145,893        | 130,308        |
| Plant cash cost <sup>(3)</sup>                  | \$000 \$    | 1,488          | 1,336          | 1,564          | 1,505          |
| Plant non-cash cost <sup>(2)</sup>              | \$000 \$    | 491            | 493            | 495            | 494            |
| Cash cost per pound drummed                     | \$/lb \$    | 20.00          | 12.03          | 10.72          | 11.55          |
| Non-cash cost per pound drummed                 | \$/lb \$    | 6.60           | 4.44           | 3.40           | 3.77           |
| Pounds shipped to conversion facility           | lb          | 72,643         | 98,775         | 149,540        | 148,714        |
| Distribution cash cost <sup>(4)</sup>           | \$000 \$    | 47             | 68             | 86             | 123            |
| Cash cost per pound shipped                     | \$/lb \$    | 0.65           | 0.69           | 0.58           | 0.83           |
| Pounds purchased                                | lb          | 200,000        | -              | -              | -              |
| Purchase costs                                  | \$000 \$    | 4,015          | -              | -              | -              |
| Cash cost per pound purchased                   | \$/lb \$    | 20.08          | -              | -              | -              |

**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 U<sub>3</sub>O<sub>8</sub> prior to sale.

| Sales and cost of sales                          | Unit  | 2017 Q1   | 2016 Q4  | 2016 Q3  | 2016 Q2  |
|--------------------------------------------------|-------|-----------|----------|----------|----------|
| Pounds sold                                      | lb    | 250,000   | 100,000  | 200,000  | 187,000  |
| U <sub>3</sub> O <sub>8</sub> sales              | \$000 | \$ 14,819 | \$ 3,270 | \$ 9,471 | \$ 6,741 |
| Average contract price                           | \$/lb | \$ 59.28  | \$ 32.70 | \$ 47.36 | \$ 39.35 |
| Average spot price                               | \$/lb | \$ -      | \$ -     | \$ -     | \$ 27.00 |
| Average price per pound sold                     | \$/lb | \$ 59.28  | \$ 32.70 | \$ 47.36 | \$ 36.05 |
| U3O8 cost of sales <sup>(1)</sup>                | \$000 | \$ 6,295  | \$ 3,082 | \$ 5,818 | \$ 5,094 |
| Ad valorem and severance tax cost per pound sold | \$/lb | \$ 4.00   | \$ 2.98  | \$ 3.09  | \$ 2.65  |
| Cash cost per pound sold                         | \$/lb | \$ 26.12  | \$ 18.27 | \$ 17.50 | \$ 16.88 |
| Non-cash cost per pound sold                     | \$/lb | \$ 15.48  | \$ 9.57  | \$ 8.50  | \$ 7.71  |
| Cost per pound sold - produced                   | \$/lb | \$ 45.60  | \$ 30.82 | \$ 29.09 | \$ 27.24 |
| Cost per pound sold - purchased                  | \$/lb | \$ 20.08  | \$ -     | \$ -     | \$ -     |
| Average cost per pound sold                      | \$/lb | \$ 25.18  | \$ 30.82 | \$ 29.09 | \$ 27.24 |
| U3O8 gross profit                                | \$000 | \$ 8,524  | \$ 188   | \$ 3,653 | \$ 1,647 |
| Gross profit per pound sold                      | \$/lb | \$ 34.10  | \$ 1.88  | \$ 18.27 | \$ 8.81  |
| Gross profit margin                              | %     | 57.5%     | 5.7%     | 38.6%    | 24.4%    |
| Ending Inventory Balances                        |       |           |          |          |          |
| <i>Pounds</i>                                    |       |           |          |          |          |
| In-process inventory                             | lb    | 28,164    | 29,891   | 57,647   | 62,028   |
| Plant inventory                                  | lb    | 14,019    | 12,274   | -        | 3,654    |
| Conversion facility inventory                    | lb    | 113,528   | 84,689   | 84,808   | 135,723  |
| Total inventory                                  | lb    | 155,711   | 126,854  | 142,455  | 201,405  |
| <i>Total cost</i>                                |       |           |          |          |          |
| In-process inventory                             | \$000 | \$ 712    | \$ 897   | \$ 866   | \$ 929   |

|                               |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|
| Plant inventory               |       | 670   | 461   | -     | 115   |
|                               | \$000 | \$    | \$    | \$    | \$    |
| Conversion facility inventory |       | 4,379 | 2,751 | 2,539 | 3,846 |
|                               | \$000 | \$    | \$    | \$    | \$    |
| Total inventory               |       | 5,761 | 4,109 | 3,405 | 4,890 |
|                               | \$000 | \$    | \$    | \$    | \$    |
| <i>Cost per pound</i>         |       |       |       |       |       |
| In-process inventory          |       | 25.28 | 30.01 | 15.02 | 14.98 |
|                               | \$/lb | \$    | \$    | \$    | \$    |
| Plant inventory               |       | 47.79 | 37.56 | -     | 31.47 |
|                               | \$/lb | \$    | \$    | \$    | \$    |
| Conversion facility inventory |       | 38.57 | 32.48 | 29.94 | 28.34 |
|                               | \$/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.

U<sub>3</sub>O<sub>8</sub> sales of \$14.8 million for 2017 Q1 were based on selling 250,000 pounds at an average price of \$59.28 into term contract deliveries. We did not make any spot sales during the quarter. Of the 250,000 pounds sold, 50,000 were from produced inventory and 200,000 were from purchased U<sub>3</sub>O<sub>8</sub>. For the quarter, our cost of sales totaled \$6.3 million at an average cost of \$25.18 per pound.

The gross profit from the sale of produced uranium for the quarter was \$0.8 million, which represents a gross profit margin of approximately 27%. Gross profit from the sale of purchased uranium was \$7.7 million, which represents a gross margin of approximately 66%. Total gross profit was \$8.5 million, or approximately 58%.

| Total Cost Per Pound Sold<br>Reconciliation <sup>1</sup> | Unit  | 2017 Q1    | 2016 Q4  | 2016 Q3  | 2016 Q2  |
|----------------------------------------------------------|-------|------------|----------|----------|----------|
| Ad valorem & severance taxes                             | \$000 | \$ 241     | \$ 247   | \$ 552   | \$ 304   |
| Wellfield costs                                          | \$000 | \$ 1,665   | \$ 1,641 | \$ 1,636 | \$ 1,624 |
| Plant and site costs                                     | \$000 | \$ 1,979   | \$ 1,829 | \$ 2,059 | \$ 1,998 |
| Distribution costs                                       | \$000 | \$ 47      | \$ 68    | \$ 86    | \$ 123   |
| Inventory change                                         | \$000 | \$ (1,652) | \$ (703) | \$ 1,485 | \$ 1,045 |
| Cost of sales - produced                                 | \$000 | \$ 2,280   | \$ 3,082 | \$ 5,818 | \$ 5,094 |
| Cost of sales - purchased                                | \$000 | \$ 4,015   | \$ —     | \$ —     | \$ —     |
| Total cost of sales                                      | \$000 | \$ 6,295   | \$ 3,082 | \$ 5,818 | \$ 5,094 |
| Pounds sold produced                                     | lb    | 50,000     | 100,000  | 200,000  | 187,000  |
| Pounds sold purchased                                    | lb    | 200,000    | —        | —        | —        |
| Total pounds sold                                        | lb    | 250,000    | 100,000  | 200,000  | 187,000  |
| Average cost per pound sold - produced <sup>(1)</sup>    | \$/lb | \$ 45.60   | \$ 30.82 | \$ 29.09 | \$ 27.24 |
| Average cost per pound sold - purchased                  | \$/lb | \$ 20.08   | \$ -     | \$ -     | \$ -     |
| Total average cost per pound sold                        | \$/lb | \$ 25.18   | \$ 30.82 | \$ 29.09 | \$ 27.24 |

<sup>1</sup> 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 first quarter of 2017, the average spot price per pound of U<sub>3</sub>O<sub>8</sub>, as reported by Ux Consulting Company, LLC and TradeTech, LLC, was approximately \$23.88. Market fundamentals have not changed sufficiently to warrant the accelerated development of mine

unit two ("MU2"). In response, we will instead develop MU2 at a controlled rate, which will allow us to produce at a level that will satisfy a portion of our term contracts.

In 2017, we have 600,000 pounds of  $U_3O_8$  under contract at an average price of approximately \$51 per pound. We have made arrangements to purchase 410,000 pounds at an average cost of \$22 per pound. The remaining pounds can readily be delivered from our current inventory and anticipated production. We are not forecasting any spot sales at this time, given the current spot market environment.

We expect to have contract sales of 241,000 pounds  $U_3O_8$  in 2017 Q2 at an average price of \$49 per pound. We have contracted to purchase 210,000 of those pounds at an average cost of \$23 per pound. The balance will be delivered from Lost Creek production.

The 2017 Q2 production target for Lost Creek is between 60,000 and 75,000 pounds  $U_3O_8$  dried and drummed. Full year 2017 production guidance is unchanged at between 250,000 and 300,000 pounds. Our production rate may be adjusted based on continuing operational matters and other indicators in the market.

Following advance purchasing and planning activities in March, drilling and other construction work to develop the first three header houses in MU2 commenced in early April. We expect to bring the first MU2 header house on line in 2017 Q3. Development expenditures are expected to increase as a result.

As at May 3, 2017, our unrestricted cash position was \$8.5 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 the NYSE MKT under the symbol "URG" and on the Toronto Stock Exchange under the symbol "URE." Ur-Energy's corporate office is located in Littleton, Colorado; its registered office is in Ottawa, Ontario. Ur-Energy's website is [www.ur-energy.com](http://www.ur-energy.com).

### **FOR FURTHER INFORMATION, PLEASE CONTACT**

Jeffrey Klenda, Chair and CEO

866-981-4588

[Jeff.Klenda@ur-energy.com](mailto:Jeff.Klenda@ur-energy.com)

### **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

production and continued maintenance of controlled production and development at Lost Creek; ability to deliver into existing contractual obligations through a balance of production and purchased pounds; and whether the Company's long term contracts adequately protect against market volatility) 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](http://www.sedar.com) and [www.sec.gov](http://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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