

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED March 31, 2023
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD OF _____ TO _____.

Commission File Number: 001-33905

UR-ENERGY INC.

(Exact name of registrant as specified in its charter)

Canada

State or other jurisdiction of incorporation or organization

Not Applicable

(I.R.S. Employer Identification No.)

10758 West Centennial Road, Suite 200

Littleton, Colorado 80127

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 720-981-4588

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:

Common stock

Trading Symbol

URG (NYSE American); URE (TSX)

Name of each exchange on which registered:

NYSE American; TSX

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 26, 2023, there were 264,726,804 shares of the registrant's no par value Common Shares ("Common Shares"), the registrant's only outstanding class of voting securities, outstanding.

UR-ENERGY INC.
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When we use the terms “Ur-Energy,” “we,” “us,” or “our,” or the “Company” we are referring to Ur-Energy Inc. and its subsidiaries, unless the context otherwise requires. Throughout this document we make statements that are classified as “forward-looking.” Please refer to the “Cautionary Statement Regarding Forward-Looking Statements” section below for an explanation of these types of assertions.

Cautionary Statement Regarding Forward-Looking Information

This report on Form 10-Q contains "forward-looking statements" within the meaning of applicable United States (“U.S.”) and Canadian securities laws, and these forward-looking statements can be identified by the use of words such as "expect," "anticipate," "estimate," "believe," "may," "potential," "intends," "plans" and other similar expressions or statements that an action, event or result "may," "could" or "should" be taken, occur or be achieved, or the negative thereof or other similar statements. These statements are only predictions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. Such statements include, but are not limited to: (i) the ability to maintain safe and compliant operations at Lost Creek as we return to commercial production levels; (ii) the timing for completion of ongoing development at Lost Creek and to determine future development and construction priorities for Shirley Basin; (iii) whether the results of the recent delineation drilling are indicative of additional mineralization; (iv) the ability to ramp-up to higher production levels in a timely and cost-effective manner; (v) the timing and outcome of final regulatory approvals of the amendments for uranium recovery at the LC East Project; (vi) continuing effects of supply-chain disruption and whether the Company will continue to anticipate and overcome such delays; (vii) the viability of our ongoing research and development efforts, including the timing and cost to implement and operate one or more of them; (viii) whether the new centralized services facility will provide the operational, financial and environmental benefits currently foreseen; (ix) the ability to complete additional favorable uranium sales agreements; (x) resolution of the continuing challenges within the uranium market, including supply and demand projections and whether recent increases in spot and term pricing will continue and be sustained; (xi) the impacts of the Russian invasion of Ukraine on the global economy and more specifically on the nuclear fuel industry including U.S. uranium producers; (xii) whether the U.S. and other nations implement significant and continuing sanctions on Russia with respect to imports of nuclear fuel; (xiii) whether proposals in Congress to support the nuclear industries will be made law and what effects they would have; and (xiv) impacts on the global markets of climate change initiatives of nations and multi-national companies. Additional factors include, among others, the following: challenges presented by current inventories and largely unrestricted imports of uranium products into the U.S.; future estimates for production; capital expenditures; operating costs; mineral resources, grade estimates and recovery rates; market prices; business strategies and measures to implement such strategies; competitive strengths; estimates of goals for expansion and growth of the business and operations; plans and references to our future successes; our history of operating losses and uncertainty of future profitability; status as an exploration stage company; the lack of mineral reserves; risks associated with obtaining permits and other authorizations in the U.S.; risks associated with current variable economic conditions; our ability to service our debt and maintain compliance with all restrictive covenants related to the debt facility and security documents; the possible impact of future debt or equity financings; the hazards associated with mining production operations; compliance with environmental laws and regulations; wastewater management; the possibility for adverse results in potential litigation; uncertainties associated with changes in law, government policy and regulation; uncertainties associated with a Canada Revenue Agency or U.S. Internal Revenue Service audit of any of our cross border transactions; changes in size and structure; the effectiveness of management and our strategic relationships; ability to attract and retain key personnel and management; uncertainties regarding the need for additional capital; sufficiency of insurance coverages, bonding surety arrangements, and indemnifications for our inventory; uncertainty regarding the fluctuations of quarterly results; foreign currency exchange risks; ability to enforce civil liabilities under U.S. securities laws outside the U.S.; ability to maintain our listing on the NYSE American and Toronto Stock Exchange (“TSX”); risks associated with the expected classification as a "passive foreign investment company" under the applicable provisions of the U.S. Internal Revenue Code of 1986, as amended; risks associated with our investments and other risks and uncertainties described under the heading “Risk Factors” in our Annual Report on Form 10-K, dated March 6, 2023.

Cautionary Note to Investors Concerning Disclosure of Mineral Resources

Unless otherwise indicated, all mineral resource estimates included in this report on Form 10-Q have been prepared in accordance with U.S. securities laws pursuant to Regulation S-K, Subpart 1300 (“S-K 1300”). Prior to these estimates, we prepared our estimates of mineral resources in accord with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves (“CIM Definition Standards”). NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for public disclosure an issuer makes of scientific and technical information concerning mineral projects. We are required by applicable Canadian Securities Administrators to file in Canada an NI 43-101 compliant report at the same time we file an S-K 1300 technical report summary. The NI 43-101 and S-K 1300 reports (for each of the Lost Creek Property and Shirley Basin Project), as amended, September 19, 2022, are substantively identical to one another except for internal references to the regulations under which the report is made, and certain organizational differences.

Investors should note that the term “mineral resource” does not equate to the term “mineral reserve.” Mineralization may not be classified as a “mineral reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Investors should also understand that “inferred mineral resources” have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an “inferred mineral resource” will ever be upgraded to a higher category. Under S-K 1300, estimated “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies. Additionally, as required under S-K 1300, our report on the Lost Creek Property includes two economic analyses to account for the chance that the inferred resources are not upgraded as production recovery progresses and the Company collects additional drilling data; the second economic analysis was prepared which excluded the inferred resources. The estimated recovery excluding the inferred resources also establishes the potential viability at the property, as detailed in the S-K 1300 report. Investors are cautioned not to assume that all or any part of an “inferred mineral resource” exists or is economically or legally mineable.

PART I

Item 1. FINANCIAL STATEMENTS

Ur-Energy Inc.

Interim Consolidated Balance Sheets

(expressed in thousands of U.S. dollars)

(the accompanying notes are an integral part of these consolidated financial statements)

| | Note | March 31, 2023 | December 31, 2022 |
|---|-------------|-----------------------|------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash | 3 | 77,276 | 33,003 |
| Accounts receivable | | 10 | 8 |
| Inventory | 4 | 6,275 | 9,903 |
| Prepaid expenses | | 1,198 | 1,030 |
| Total current assets | | <u>84,759</u> | <u>43,944</u> |
| Non-current assets | | | |
| Restricted cash | 5 | 8,223 | 8,137 |
| Mineral properties | 6 | 35,407 | 35,682 |
| Capital assets | 7 | 20,669 | 20,132 |
| Total non-current assets | | <u>64,299</u> | <u>63,951</u> |
| Total assets | | <u>149,058</u> | <u>107,895</u> |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 8 | 1,858 | 1,168 |
| Current portion of notes payable | 9 | 5,444 | 5,366 |
| Current portion of leases payable | | 58 | - |
| Current portion of warrant liability | 11 | 1,373 | - |
| Environmental remediation accrual | | 69 | 69 |
| Total current liabilities | | <u>8,802</u> | <u>6,603</u> |
| Non-current liabilities | | | |
| Notes payable | 9 | 4,304 | 5,694 |
| Lease liability | | 303 | 16 |
| Asset retirement obligations | 10 | 30,861 | 30,701 |
| Warrant liability | 11 | 8,232 | 2,382 |
| Total non-current liabilities | | <u>43,700</u> | <u>38,793</u> |
| Shareholders' equity | | | |
| Share capital | 12 | 293,611 | 258,646 |
| Contributed surplus | | 19,965 | 19,843 |
| Accumulated other comprehensive income | | 3,948 | 4,265 |
| Accumulated deficit | | (220,968) | (220,255) |
| Total shareholders' equity | | <u>96,556</u> | <u>62,499</u> |
| Total liabilities and shareholders' equity | | <u>149,058</u> | <u>107,895</u> |

Ur-Energy Inc.**Interim Consolidated Statements of Operations and Comprehensive Loss***(expressed in thousands of U.S. dollars, except share data)**(the accompanying notes are an integral part of these consolidated financial statements)*

| | Note | Three Months Ended March 31, | |
|---|------|---------------------------------|----------------|
| | | 2023 | 2022 |
| Sales | 13 | 6,447 | - |
| Cost of sales | 14 | (6,504) | (1,722) |
| Gross loss | | (57) | (1,722) |
| Operating costs | 15 | (3,065) | (3,298) |
| Loss from operations | | (3,122) | (5,020) |
| Net interest income (expense) | | 213 | (174) |
| Warrant liability revaluation gain (loss) | 11 | 1,867 | (2,973) |
| Foreign exchange gain (loss) | | 336 | (11) |
| Other income (loss) | 13 | (7) | 1,250 |
| Net loss | | (713) | (6,928) |
| Foreign currency translation adjustment | | (317) | (108) |
| Comprehensive loss | | (1,030) | (7,036) |
| Loss per common share: | | | |
| Basic | | 0.00 | (0.03) |
| Diluted | | 0.00 | (0.03) |
| Weighted average common shares: | | | |
| Basic | | 241,893,816 | 217,254,138 |
| Diluted | | 241,893,816 | 217,254,138 |

Ur-Energy Inc.

Interim Consolidated Statements of Changes in Shareholders' Equity

(expressed in thousands of U.S. dollars, except share data)

(the accompanying notes are an integral part of these consolidated financial statements)

| Three Months Ended March 31, | Note | Shares | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income | Accumulated Deficit | Shareholders' Equity |
|---------------------------------|------|---------------------------|-----------------------|------------------------|---|-------------------------|-------------------------|
| December 31, 2021 | | 216,782,694 | 248,319 | 20,040 | 4,142 | (203,115) | 69,386 |
| Exercise of stock options | 12 | 239,422 | 244 | (73) | - | - | 171 |
| Exercise of warrants | 12 | 259,000 | 308 | - | - | - | 308 |
| Shares issued for cash | 12 | 1,214,774 | 2,128 | - | - | - | 2,128 |
| Less share issue costs | 12 | - | (53) | - | - | - | (53) |
| Stock compensation | | - | - | 261 | - | - | 261 |
| Comprehensive loss | | - | - | - | (108) | (6,928) | (7,036) |
| March 31, 2022 | | <u>218,495,890</u> | <u>250,946</u> | <u>20,228</u> | <u>4,034</u> | <u>(210,043)</u> | <u>65,165</u> |
| December 31, 2022 | | 224,699,621 | 258,646 | 19,843 | 4,265 | (220,255) | 62,499 |
| Exercise of stock options | 12 | 536,183 | 429 | (131) | - | - | 298 |
| Shares issued for cash | 12 | 39,491,000 | 37,528 | - | - | - | 37,528 |
| Less share issue costs | 12 | - | (2,992) | - | - | - | (2,992) |
| Stock compensation | | - | - | 253 | - | - | 253 |
| Comprehensive loss | | - | - | - | (317) | (713) | (1,030) |
| March 31, 2023 | | <u>264,726,804</u> | <u>293,611</u> | <u>19,965</u> | <u>3,948</u> | <u>(220,968)</u> | <u>96,556</u> |

Ur-Energy Inc.**Interim Consolidated Statements of Cash Flow***(expressed in thousands of U.S. dollars)**(the accompanying notes are an integral part of these consolidated financial statements)*

| | Note | Three Months Ended March 31, | |
|---|------|---------------------------------|----------------|
| | | 2023 | 2022 |
| Cash provided by (used for): | | | |
| Operating activities | | | |
| Net loss for the period | | (713) | (6,928) |
| Items not affecting cash: | | | |
| Stock based compensation | | 253 | 261 |
| Net realizable value adjustments | | 2,875 | 1,722 |
| Amortization of mineral properties | | 313 | 312 |
| Depreciation of capital assets | | 473 | 456 |
| Accretion expense | | 122 | 112 |
| Amortization of deferred loan costs | | 11 | 11 |
| Mark to market loss (gain) | | (1,867) | 2,973 |
| Unrealized foreign exchange loss (gain) | | (336) | 11 |
| Accounts receivable | | (2) | (2) |
| Inventory | | 753 | (1,722) |
| Prepaid expenses | | (168) | (158) |
| Accounts payable and accrued liabilities | | 613 | 730 |
| | | <u>2,327</u> | <u>(2,222)</u> |
| Investing activities | | | |
| Purchase of capital assets | | (665) | (60) |
| | | <u>(665)</u> | <u>(60)</u> |
| Financing activities | | | |
| Issuance of common shares and warrants for cash | 12 | 46,637 | 2,128 |
| Share issue costs | 12 | (2,914) | (53) |
| Proceeds from exercise of warrants and stock options | | 298 | 365 |
| Repayment of debt | | (1,324) | - |
| | | <u>42,697</u> | <u>2,440</u> |
| Effects of foreign exchange rate changes on cash | | | |
| | | <u>-</u> | <u>22</u> |
| Increase in cash, cash equivalents, and restricted cash | | 44,359 | 180 |
| Beginning cash, cash equivalents, and restricted cash | | 41,140 | 54,155 |
| Ending cash, cash equivalents, and restricted cash | 16 | <u>85,499</u> | <u>54,335</u> |

Ur-Energy Inc.
Condensed Notes to Consolidated Financial Statements
March 31, 2023

(expressed in thousands of U.S. dollars unless otherwise indicated)

1. Nature of Operations

Ur-Energy Inc. (the “Company”) was incorporated on March 22, 2004, under the laws of the Province of Ontario. The Company continued under the Canada Business Corporations Act on August 8, 2006. The Company is an exploration stage issuer, as defined by United States Securities and Exchange Commission (“SEC”). The Company is engaged in uranium mining and recovery operations, with activities including the acquisition, exploration, development, and production of uranium mineral resources located primarily in Wyoming. The Company commenced uranium production at its Lost Creek Project in Wyoming in 2013.

Due to the nature of the uranium recovery methods used by the Company on the Lost Creek Property, and the definition of “mineral reserves” under Subpart 1300 to Regulation S-K (“S-K 1300”), the Company has not determined whether the properties contain mineral reserves. The recoverability of amounts recorded for mineral properties is dependent upon the discovery of economic resources, the ability of the Company to obtain the necessary financing to develop the properties and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

2. Summary of Significant Accounting Policies

Basis of presentation

These interim consolidated financial statements do not conform in all respects to the requirements of U.S. generally accepted accounting principles (“US GAAP”) for annual financial statements. These interim consolidated financial statements reflect all normal adjustments which in the opinion of management are necessary for a fair presentation of the results for the periods presented. These interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2022. We applied the same accounting policies as in the prior year. Certain information and footnote disclosures required by US GAAP have been condensed or omitted in these interim consolidated financial statements.

3. Cash and Cash Equivalents

The Company’s cash and cash equivalents consist of the following:

| Cash and cash equivalents | March 31, 2023 | December 31, 2022 |
|----------------------------------|---------------------------|------------------------------|
| Cash on deposit | 3,527 | 2,560 |
| Money market funds | 73,749 | 30,443 |
| | 77,276 | 33,003 |

Ur-Energy Inc.
Condensed Notes to Consolidated Financial Statements
March 31, 2023

(expressed in thousands of U.S. dollars unless otherwise indicated)

4. Inventory

The Company's inventory consists of the following:

| Inventory by Type | March 31, 2023 | December 31, 2022 |
|-------------------------------|---------------------------|------------------------------|
| Conversion facility inventory | 6,275 | 9,903 |
| | 6,275 | 9,903 |

Using lower of cost or net realizable value ("NRV") calculations, the Company reduced the inventory valuation by \$2,875 and \$1,722 for the three months ended March 31, 2023, and March 31, 2022, respectively.

5. Restricted Cash

The Company's restricted cash consists of the following:

| Restricted Cash | March 31, 2023 | December 31, 2022 |
|------------------------------|---------------------------|------------------------------|
| Cash pledged for reclamation | 8,223 | 8,137 |
| | 8,223 | 8,137 |

The Company's restricted cash consists of money market accounts and short-term government bonds.

The bonding requirements for reclamation obligations on various properties have been reviewed and approved by the Wyoming Department of Environmental Quality ("WDEQ"), including the Wyoming Uranium Recovery Program ("URP"), and the Bureau of Land Management ("BLM") as applicable. The restricted money market accounts are pledged as collateral against performance surety bonds, which secure the estimated costs of reclamation related to the properties. Surety bonds providing \$28.4 million of coverage towards reclamation obligations are collateralized by the restricted cash.

Ur-Energy Inc.
Condensed Notes to Consolidated Financial Statements
March 31, 2023

(expressed in thousands of U.S. dollars unless otherwise indicated)

6. Mineral Properties

The Company's mineral properties consist of the following:

| Mineral Properties | Lost Creek Property | Shirley Basin Project | Other U.S. Properties | Total |
|---------------------------------------|----------------------------|------------------------------|------------------------------|---------------|
| December 31, 2022 | 3,280 | 17,688 | 14,714 | 35,682 |
| Change in estimated reclamation costs | - | 38 | - | 38 |
| Depletion and amortization | (313) | - | - | (313) |
| March 31, 2023 | 2,967 | 17,726 | 14,714 | 35,407 |

Lost Creek Property

The Company acquired certain Wyoming properties in 2005 when Ur-Energy USA Inc. purchased 100% of NFU Wyoming, LLC. Assets acquired in this transaction include the Lost Creek Project, other Wyoming properties, and development databases. NFU Wyoming, LLC was acquired for aggregate consideration of \$20 million plus interest. Since 2005, the Company has increased its holdings adjacent to the initial Lost Creek acquisition through staking additional claims and making additional property purchases and leases.

There is a royalty on each of the State of Wyoming sections under lease at the Lost Creek, LC West and EN Projects, as required by law. We are not recovering U₃O₈ within the State section under lease at Lost Creek and are therefore not subject to royalty payments currently. Other royalties exist on certain mining claims at the LC South, LC East and EN Projects. There are no royalties on the mining claims in the Lost Creek, LC North, or LC West Projects.

Shirley Basin Project

The Company acquired additional Wyoming properties in 2013 when Ur-Energy USA Inc. purchased 100% of Pathfinder Mines Corporation ("Pathfinder"). Assets acquired in this transaction include the Shirley Basin mine, other Wyoming properties, and development databases. Pathfinder was acquired for aggregate consideration of \$6.7 million, the assumption of \$5.7 million in estimated asset reclamation obligations, and other consideration.

Other U.S. properties

Other U.S. properties include the acquisition costs of several prospective mineralized properties, which the Company continues to maintain through claim payments, lease payments, insurance, and other holding costs in anticipation of future exploration efforts.

Ur-Energy Inc.
Condensed Notes to Consolidated Financial Statements
March 31, 2023

(expressed in thousands of U.S. dollars unless otherwise indicated)

7. Capital Assets

The Company's capital assets consist of the following:

| Capital Assets | March 31, 2023 | | | December 31, 2022 | | |
|-------------------------|----------------|--------------------------|----------------|-------------------|--------------------------|----------------|
| | Cost | Accumulated Depreciation | Net Book Value | Cost | Accumulated Depreciation | Net Book Value |
| Rolling stock | 4,022 | (3,467) | 555 | 3,486 | (3,437) | 49 |
| Enclosures | 34,845 | (15,583) | 19,262 | 34,379 | (15,164) | 19,215 |
| Machinery and equipment | 1,662 | (1,022) | 640 | 1,659 | (1,007) | 652 |
| Furniture and fixtures | 265 | (149) | 116 | 265 | (144) | 121 |
| Information technology | 1,122 | (1,039) | 83 | 1,114 | (1,035) | 79 |
| Right of use assets | 33 | (20) | 13 | 33 | (17) | 16 |
| | 41,949 | (21,280) | 20,669 | 40,936 | (20,804) | 20,132 |

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

| Accounts Payable and Accrued Liabilities | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| Accounts payable | 1,129 | 660 |
| Accrued payroll liabilities | 550 | 449 |
| Accrued severance, ad valorem, and other taxes payable | 179 | 59 |
| | 1,858 | 1,168 |

9. Notes Payable

On October 15, 2013, the Sweetwater County Commissioners approved the issuance of a \$34.0 million Sweetwater County, State of Wyoming, Taxable Industrial Development Revenue Bond (Lost Creek Project), Series 2013 (the "Sweetwater IDR Bond") to the State of Wyoming, acting by and through the Wyoming State Treasurer, as purchaser. On October 23, 2013, the Sweetwater IDR Bond was issued, and the proceeds were in turn loaned by Sweetwater County to Lost Creek ISR, LLC pursuant to a financing agreement dated October 23, 2013 (the "State Bond Loan"). The State Bond Loan calls for payments of interest at a fixed rate of 5.75% per annum on a quarterly basis commencing January 1, 2014. The principal was to be paid in 28 quarterly installments commencing January 1, 2015.

On October 1, 2019, the Sweetwater County Commissioners and the State of Wyoming approved an eighteen-month deferral of principal payments beginning October 1, 2019. On October 6, 2020, the State Bond Loan was again modified to defer principal payments for an additional eighteen months. Quarterly principal payments resumed on October 1, 2022, and the last payment will be due on October 1, 2024.

Ur-Energy Inc.
Condensed Notes to Consolidated Financial Statements
March 31, 2023

(expressed in thousands of U.S. dollars unless otherwise indicated)

The following table summarizes the Company's current and long-term debt.

| Current and Long-term Debt | March 31, 2023 | December 31, 2022 |
|-----------------------------------|---------------------------|------------------------------|
| Current | | |
| State Bond Loan | 5,487 | 5,409 |
| Deferred financing costs | (43) | (43) |
| | <u>5,444</u> | <u>5,366</u> |
| Long-term | | |
| State Bond Loan | 4,326 | 5,727 |
| Deferred financing costs | (22) | (33) |
| | <u>4,304</u> | <u>5,694</u> |

The schedule of remaining payments on outstanding debt as of March 31, 2023, is presented below.

| Remaining Payments | Total | 2023 | 2024 | Final Payment |
|---------------------------|---------------|--------------|--------------|--------------------------|
| State Bond Loan | | | | |
| Principal | 9,813 | 4,086 | 5,727 | Oct-2024 |
| Interest | 572 | 365 | 207 | |
| | <u>10,385</u> | <u>4,451</u> | <u>5,934</u> | |

10. Asset Retirement Obligations

Asset retirement obligations ("ARO") relate to the Lost Creek mine and Shirley Basin project and are equal to the current estimated reclamation cost escalated at inflation rates ranging from 0.74% to 2.44% and then discounted at credit adjusted risk-free rates ranging from 0.33% to 9.23%. Current estimated reclamation costs include costs of closure, reclamation, demolition and stabilization of the wellfields, processing plants, infrastructure, aquifer restoration, waste dumps, and ongoing post-closure environmental monitoring and maintenance costs. The schedule of payments required to settle the future reclamation extends through 2033.

The present value of the estimated future closure estimate is presented in the following table.

| Asset Retirement Obligations | Total |
|---------------------------------------|----------------------|
| December 31, 2022 | 30,701 |
| Change in estimated reclamation costs | 38 |
| Accretion expense | 122 |
| March 31, 2023 | <u>30,861</u> |

The restricted cash discussed in note 5 relates to the surety bonds provided to the governmental agencies for these and other reclamation obligations.

Ur-Energy Inc.
Condensed Notes to Consolidated Financial Statements
March 31, 2023

(expressed in thousands of U.S. dollars unless otherwise indicated)

11. Warrant Liability

In February 2021, we issued 16,930,530 warrants as part of an underwritten public offering with two warrants redeemable for one common share of the Company's stock at a price of \$1.35 per full share. The warrants will expire in February 2024.

In February 2023, we issued 39,100,000 warrants as part of an underwritten public offering with two warrants redeemable for one common share of the Company's stock at a price of \$1.50 per full share. The warrants will expire in February 2026.

Because the warrants are priced in U.S. dollars and the functional currency of Ur-Energy Inc. is Canadian dollars, a derivative financial liability was created. The liability created, and adjusted monthly, is calculated using the Black-Scholes model described below as there is no active market for the warrants. Any gain or loss from the adjustment of the liability is reflected in net income for the period.

The Company's warrant liabilities consist of the following:

| Warrant Liability Activity | Feb-2021 Warrants | Feb-2023 Warrants | Total |
|---|----------------------|----------------------|--------------|
| December 31, 2022 | 2,382 | - | 2,382 |
| Warrants issued | - | 9,109 | 9,109 |
| Mark to market revaluation gain | (1,012) | (855) | (1,867) |
| Effects for foreign exchange rate changes | 3 | (22) | (19) |
| March 31, 2023 | 1,373 | 8,232 | 9,605 |

| Warrant Liability Duration | Feb-2021 Warrants | Feb-2023 Warrants | Total |
|--------------------------------------|----------------------|----------------------|--------------|
| Current portion of warrant liability | 1,373 | - | 1,373 |
| Long-term warrant liability | - | 8,232 | 8,232 |
| | 1,373 | 8,232 | 9,605 |

The fair value of the warrant liabilities on March 31, 2023, was determined using the Black-Scholes model with the following assumptions:

| Black-Scholes Assumptions as of March 31, 2023 | Feb-2021 Warrants | Feb-2023 Warrants |
|--|----------------------|----------------------|
| Expected forfeiture rate | 0.0% | 0.0% |
| Expected life (years) | 0.8 | 2.9 |
| Expected volatility | 63.2% | 72.5% |
| Risk free rate | 3.7% | 3.5% |
| Expected dividend rate | 0.0% | 0.0% |
| Exercise price | \$ 1.35 | \$ 1.50 |
| Market price | \$ 1.06 | \$ 1.06 |

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(expressed in thousands of U.S. dollars unless otherwise indicated)

12. Shareholders' Equity and Capital Stock

Common shares

The Company's share capital consists of an unlimited amount of Class A preferred shares authorized, without par value, of which no shares are issued and outstanding; and an unlimited amount of common shares authorized, without par value, of which 264,726,804 shares and 224,699,621 shares were issued and outstanding as of March 31, 2023, and December 31, 2022, respectively.

On February 4, 2021, the Company closed an underwritten public offering of 14,722,200 common shares and accompanying warrants to purchase up to 7,361,100 common shares, at a combined public offering price of \$0.90 per common share and accompanying warrant. The warrants have an exercise price of \$1.35 per whole common share and will expire three years from the date of issuance. Ur-Energy also granted the underwriters a 30-day option to purchase up to an additional 2,208,330 common shares and warrants to purchase up to 1,104,165 common shares on the same terms. The option was exercised in full. Including the exercised option, Ur-Energy issued a total of 16,930,530 common shares and accompanying warrants to purchase up to 8,465,265 common shares. The gross proceeds to Ur-Energy from this offering were approximately \$15.2 million. After fees and expenses of \$1.3 million, net proceeds to the Company were approximately \$13.9 million.

On February 21, 2023, the Company closed an underwritten public offering of 34,000,000 common shares and accompanying warrants to purchase up to 17,000,000 common shares, at a combined public offering price of \$1.18 per common share and accompanying warrant. The warrants have an exercise price of \$1.50 per whole common share and will expire three years from the date of issuance. Ur-Energy also granted the underwriters a 30-day option to purchase up to an additional 5,100,000 common shares and warrants to purchase up to 2,550,000 common shares on the same terms. The option was exercised in full. Including the exercised option, Ur-Energy issued a total of 39,100,000 common shares and accompanying warrants to purchase up to 19,550,000 common shares. The gross proceeds to Ur-Energy from this offering were approximately \$46.1 million. After fees and expenses of \$2.9 million, net proceeds to the Company were approximately \$43.2 million.

Stock options

In 2005, the Company's Board of Directors approved the adoption of the Company's stock option plan (the "Option Plan"). The Option Plan was most recently approved by the shareholders on May 7, 2020. Eligible participants under the Option Plan include directors, officers, employees, and consultants of the Company. Under the terms of the Option Plan, grants of options will vest over a three-year period: one-third on the first anniversary, one-third on the second anniversary, and one-third on the third anniversary of the grant. The term of the options is five years.

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Activity with respect to stock options is summarized as follows:

| Stock Option Activity | Outstanding Options # | Weighted- average exercise price \$ |
|------------------------------|--------------------------------------|--|
| December 31, 2022 | 8,574,904 | 0.66 |
| Granted | 1,371,432 | 1.15 |
| Exercised | (536,183) | 0.55 |
| March 31, 2023 | 9,410,153 | 0.74 |

The exercise price of a new grant is set at the closing price for the shares on the Toronto Stock Exchange (TSX) on the trading day immediately preceding the grant date and there is no intrinsic value as of the date of grant.

We received \$0.3 million from options exercised in the three months ended March 31, 2023. Stock-based compensation expense from stock options was \$0.2 million for the three months ended March 31, 2023.

As of March 31, 2023, there was approximately \$1.2 million unamortized stock-based compensation expense related to the Option Plan. The expenses are expected to be recognized over the remaining weighted-average vesting period of 2.2 years under the Option Plan.

As of March 31, 2023, outstanding stock options are as follows:

| Exercise Price | Options Outstanding | | | Options Exercisable | | | Expiry |
|---------------------------|------------------------------|---|--|----------------------------------|---|--|---------------|
| | Number of Options | Weighted- average Remaining Contractual Life | Aggregate Intrinsic Value | Number of Options | Weighted- average Remaining Contractual Life | Aggregate Intrinsic Value | |
| \$ | # | years | \$ | # | years | \$ | |
| 0.69 | 807,997 | 0.4 | 300,789 | 807,997 | 0.4 | 300,789 | 2023-08-20 |
| 0.67 | 716,674 | 0.7 | 277,392 | 716,674 | 0.7 | 277,392 | 2023-12-14 |
| 0.58 | 2,335,005 | 1.6 | 1,110,984 | 2,335,005 | 1.6 | 1,110,984 | 2024-11-05 |
| 0.47 | 2,681,881 | 2.6 | 1,593,346 | 1,894,002 | 2.6 | 1,125,255 | 2025-11-13 |
| 1.06 | 1,322,164 | 3.4 | - | 566,911 | 3.4 | - | 2026-08-27 |
| 1.65 | 175,000 | 4.0 | - | 58,333 | 4.0 | - | 2027-03-14 |
| 1.15 | 1,371,432 | 4.8 | - | - | - | - | 2028-01-04 |
| 0.74 | 9,410,153 | 2.5 | 3,282,511 | 6,378,922 | 1.8 | 2,814,420 | |

The aggregate intrinsic value of the options in the preceding table represents the total pre-tax intrinsic value for stock options, with an exercise price less than the Company's TSX closing stock price as of the last trading day in the three months ended March 31, 2023 (approximately US\$1.06), that would have been received by the option holders had they exercised their options on that date. There were 6,541,557 in-the-money stock options outstanding and 5,753,678 in-the-money stock options exercisable as of March 31, 2023.

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The fair value of the stock options on their respective grant dates was determined using the Black-Scholes model with the following assumptions:

| Stock Options Fair Value Assumptions | 2023 | 2022 |
|---|-------------|-------------|
| Expected forfeiture rate | 5.3% | 5.6% |
| Expected life (years) | 3.8 | 3.9 |
| Expected volatility | 62.6% | 72.7% |
| Risk free rate | 1.5% | 1.9% |
| Expected dividend rate | 0.0% | 0.0% |
| Weighted average exercise price (CAD\$) | \$ 1.55 | \$ 2.23 |
| Black-Scholes value (CAD\$) | \$ 0.89 | \$ 1.22 |

Restricted share units

On June 24, 2010, the Company's shareholders approved the adoption of the Company's restricted share unit plan (the "RSU Plan"), as subsequently amended and now known as the Restricted Share Unit and Equity Incentive Plan (the "RSU&EI Plan"). The RSU&EI Plan was approved by our shareholders most recently on June 2, 2022.

Eligible participants under the RSU&EI Plan include directors and employees of the Company. Granted RSUs are redeemed on the second anniversary of the grant. Upon an RSU redemption, the holder of the RSU will receive one common share, for no additional consideration, for each RSU held.

Activity with respect to RSUs is summarized as follows:

| Restricted Share Unit Activity | Outstanding RSUs | Weighted- average Grant Date Fair Value |
|---------------------------------------|-----------------------------|--|
| | # | \$ |
| December 31, 2022 | 305,530 | 1.14 |
| Granted | 342,852 | 1.15 |
| March 31, 2023 | 648,382 | 1.14 |

Stock-based compensation expense from RSUs was \$0.1 million for the three months ended March 31, 2023.

As of March 31, 2023, there was approximately \$0.4 million unamortized stock-based compensation expense related to the RSU&EI Plan. The expenses are expected to be recognized over the remaining weighted-average vesting periods of 1.6 years under the RSU&EI Plan.

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As of March 31, 2023, outstanding RSUs were as follows:

| Number of RSUs # | Weighted-average Remaining Contractual Life Years | Aggregate Intrinsic Value \$ | Redemption Date |
|------------------------|---|---------------------------------------|--------------------|
| 305,530 | 0.7 | 323,862 | 2023-08-27 |
| 342,852 | 1.8 | 363,423 | 2025-01-04 |
| 648,382 | 1.1 | 687,285 | |

The fair value of restricted share units on their respective grant dates was determined using the Intrinsic Value Method with the following assumptions:

| Restricted Share Unit Fair Value Assumptions | 2023 | 2022 |
|--|---------|------|
| Expected forfeiture rate | 3.8% | Nil |
| Grant date fair value (CAD\$) | \$ 1.55 | Nil |

Warrants

In February 2021, the Company issued 16,930,530 warrants to purchase 8,465,265 of our common shares at \$1.35 per full share.

In February 2023, the Company issued 39,100,000 warrants to purchase 19,550,000 of our common shares at \$1.50 per full share.

The following represents warrant activity during the period ended March 31, 2023:

| Warrant Activity | Outstanding Warrants # | Number of Shares to be Issued Upon Exercise # | Per Share Exercise Price \$ |
|--------------------------|------------------------------|---|-----------------------------------|
| December 31, 2022 | 16,730,530 | 8,365,265 | 1.35 |
| Issued | 39,100,000 | 19,550,000 | 1.50 |
| March 31, 2023 | 55,830,530 | 27,915,265 | 1.46 |

No warrants were exercised in the three months ended March 31, 2023.

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As of March 31, 2023, outstanding warrants were as follows:

| Exercise Price \$ | Number of Warrants # | Weighted-average Remaining Contractual Life years | Aggregate Intrinsic Value \$ | Expiry |
|-------------------------|----------------------------|---|---------------------------------------|------------|
| 1.35 | 16,730,530 | 0.8 | - | 2024-02-04 |
| 1.50 | 39,100,000 | 2.9 | - | 2026-02-21 |
| 1.46 | 55,830,530 | 2.3 | - | |

Fair value calculation assumptions for stock options, restricted share units, and warrants

The Company estimates expected future volatility based on daily historical trading data of the Company's common shares. The risk-free interest rates are determined by reference to Canadian Treasury Note constant maturities that approximate the expected life. The Company has never paid dividends and currently has no plans to do so.

Share-based compensation expense is recognized net of estimated pre-vesting forfeitures, which results in expensing the awards that are ultimately expected to vest over the expected life. Estimated forfeitures and expected lives were based on actual historical experience.

13. Sales and Other Income

Revenue is primarily derived from the sale of U₃O₈ under multi-year agreements or spot sales agreements. There was one sale of U₃O₈ to one customer in the three months ended March 31, 2023, and no sales in the three months ended March 31, 2022.

There were no disposal billings in the three months ended March 31, 2023, and March 31, 2022.

During March 2022, we sold a royalty interest related to Strata Energy's Lance Uranium ISR Project for \$1.3 million. There was no carrying value related to the royalty on our balance sheet therefore the entire amount was recognized as other income.

14. Cost of Sales

Cost of sales includes ad valorem and severance taxes related to the extraction of uranium, all costs of wellfield and plant 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. The resulting inventoried cost per pound is compared to the NRV of the product, which is based on the estimated sales price of the product, net of any necessary costs to finish the product. Any inventory value in excess of the NRV is charged to cost of sales.

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Cost of sales consists of the following:

| Cost of Sales | Three Months Ended March 31, | |
|----------------------------------|---------------------------------|--------------|
| | 2023 | 2022 |
| Cost of product sales | 3,629 | - |
| Lower of cost or NRV adjustments | 2,875 | 1,722 |
| | <u>6,504</u> | <u>1,722</u> |

15. Operating Costs

Operating expenses include exploration and evaluation expense, development expense, general and administration (“G&A”) expense, and mineral property write-offs. Exploration and evaluation expense consists of labor and the associated costs of the exploration and evaluation departments as well as land holding and exploration costs including drilling and analysis on properties which have not reached the permitting or operations stage. Development expense relates to properties that have reached the permitting or operations stage and include costs associated with exploring, delineating, and permitting a property. Once permitted, development expenses also include the costs associated with the construction and development of the permitted property that are otherwise not eligible to be capitalized. G&A expense relates to the administration, finance, investor relations, land, and legal functions, and consists principally of personnel, facility, and support costs.

Operating costs consist of the following:

| Operating Costs | Three Months Ended March 31, | |
|----------------------------|---------------------------------|--------------|
| | 2023 | 2022 |
| Exploration and evaluation | 371 | 539 |
| Development | 1,149 | 621 |
| General and administration | 1,422 | 2,026 |
| Accretion | 122 | 112 |
| | <u>3,065</u> | <u>3,298</u> |

16. Supplemental Information for Statement of Cash Flows

Cash, cash equivalents, and restricted cash per the Statement of Cash Flows consists of the following:

| Cash and Cash Equivalents, and Restricted Cash | March 31, | March 31, |
|--|---------------|---------------|
| | 2023 | 2022 |
| Cash and cash equivalents | 77,276 | 46,315 |
| Restricted cash | 8,223 | 8,020 |
| | <u>85,499</u> | <u>54,335</u> |

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Interest expense paid was \$0.1 million and \$0.2 million for the three months ended March 31, 2023, and 2022, respectively.

17. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash, accounts payable and accrued liabilities, warrant liability and notes payable. The Company is exposed to risks related to changes in interest rates and management of cash and cash equivalents and short-term investments.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, and restricted cash. These assets include Canadian dollar and U.S. dollar denominated certificates of deposit, money market accounts, and demand deposits. These instruments are maintained at financial institutions in Canada and the U.S. Of the amount held on deposit, approximately \$0.6 million is covered by the Canada Deposit Insurance Corporation, the Securities Investor Protection Corporation, or the U.S. Federal Deposit Insurance Corporation, leaving approximately \$84.9 million at risk on March 31, 2023, should the financial institutions with which these amounts are invested be rendered insolvent. The Company does not consider any of its financial assets to be impaired as of March 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due.

As of March 31, 2023, the Company's current financial liabilities consisted of accounts payable and accrued liabilities of \$0.9 million, and \$5.4 million for the current portion of notes payable.

As of March 31, 2023, we had \$77.3 million of cash and cash equivalents.

Sensitivity analysis

The Company has completed a sensitivity analysis to estimate the impact that a change in interest rates would have on the net loss of the Company. This sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a negligible effect on the three months ended March 31, 2023. The financial position of the Company may vary at the time that a change in interest rates occurs, causing the impact on the Company's results to vary.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Business Overview

The following discussion and analysis by management is designed to provide information that we believe is necessary for an understanding of our financial condition, changes in financial condition, and results of our operations and should be read in conjunction with the audited financial statements and MD&A contained in our Annual Report on Form 10-K for the year ended December 31, 2022.

Incorporated on March 22, 2004, Ur-Energy is an exploration stage issuer, as that term is defined by the SEC. We are engaged in uranium recovery and processing activities, including the acquisition, exploration, development and operation of uranium mineral properties in the U.S. We are operating our first in situ recovery uranium facility at our Lost Creek Project in Wyoming. Ur-Energy is a corporation continued under the *Canada Business Corporations Act* on August 8, 2006. Our common shares are listed on the TSX under the symbol "URE" and on the NYSE American under the symbol "URG."

Ur-Energy has one wholly owned subsidiary, Ur-Energy USA Inc., incorporated under the laws of the State of Colorado. Ur-Energy USA Inc. has three wholly-owned subsidiaries: NFU Wyoming, LLC, a limited liability company formed under the laws of the State of Wyoming which acts as our land holding and exploration entity; Lost Creek ISR, LLC, a limited liability company formed under the laws of the State of Wyoming to operate our Lost Creek Project and hold our Lost Creek properties and assets; and Pathfinder Mines Corporation, incorporated under the laws of the State of Delaware, which holds, among other assets, the Shirley Basin Project in Wyoming. Our material U.S. subsidiaries remain unchanged since the filing of our Annual Report on Form 10-K, dated March 6, 2023.

We utilize in situ recovery ("ISR") of the uranium at our flagship project, Lost Creek, and will do so at other projects where possible. The ISR technique is employed in uranium extraction because it allows for an effective recovery of roll front uranium mineralization at a lower cost. At Lost Creek, we extract and process uranium oxide ("U₃O₈") for shipping to a third-party conversion facility to be weighed, assayed and stored until sold. After sale, when further processed, the uranium we have produced fuels carbon-free, emissions-free nuclear power which is a cost-effective, safe, and reliable form of electrical power. Nuclear power provides an estimated 50% of the carbon-free electricity in the U.S.

Our Lost Creek processing facility, which includes all circuits for the production, drying and packaging of U₃O₈ for delivery into sales transactions, is designed and approved under current licensing to process up to 1.2 million pounds of U₃O₈ annually from the Lost Creek wellfield. The processing facility has the physical design capacity and is licensed to process 2.2 million pounds of U₃O₈ annually, which provides additional capacity of up to one million pounds U₃O₈, to process material from other sources. We expect that the Lost Creek processing facility will be utilized to process captured U₃O₈ from our Shirley Basin Project for which we anticipate the need only for a satellite plant. However, the Shirley Basin permit and license allow for the construction of a full processing facility, providing greater construction and operating flexibility as may be dictated by market conditions.

The year began with domestically produced U₃O₈ inventory being delivered to the national uranium reserve established by the U.S. Department of Energy ("DOE"), National Nuclear Security Administration ("NNSA"). We were among the contract awards made by the NNSA reserve program in December 2022, and we delivered 100,000 pounds of U₃O₈ in January 2023 at a sales price of \$64.47 per pound. Proceeds of \$6.4 million were received by the Company shortly after delivery.

We have two multi-year sales agreements which call for deliveries beginning in 2023 and continuing through 2028, with the possibility of deliveries continuing under one agreement into 2029. Including the January DOE NNSA sale, we expect to sell 280,000 pounds U₃O₈ in 2023 for \$17.3 million and, together with the base amount of 600,000 pounds U₃O₈ to be sold annually 2024 – 2028, total anticipated revenues to the Company will be approximately \$205 million.

Uranium Market Update

Several U.S. uranium companies, including Ur-Energy, and the sole U.S. uranium convertor were awarded contracts by the NNSA reserve program in December 2022. While there continue to be proposals in Washington to expand the national uranium reserve program beyond the one-year process initiated by DOE in June 2022, nothing has been finalized.

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The Biden Administration continues to prioritize climate change initiatives, and its senior leaders, including DOE Secretary Granholm, have expressed an understanding that clean, carbon-free nuclear energy must be an integral part of those initiatives. Several pieces of federal legislation have been proposed which are intended to support nuclear energy. We continue to see signs of increased bipartisan support for the nuclear fuel industries.

We are watching other developments in Washington as bills are being considered in the House and Senate to cut off Russian imports of low-enriched uranium. The bills appear to have strong bipartisan and Department of Energy support, but the outcome remains uncertain. Any cessation of imports of nuclear fuel from Russia will introduce uncertainty into the supply chain as Russia is a major global supplier and the West has limited capacity to backfill any supply disruption. Congress is also considering steps to bolster U.S. nuclear fuel production capacity to mitigate the impact from global supply chain disruptions to nuclear utilities.

Global and domestic support for carbon free nuclear power continues to grow, as it becomes more widely recognized as the only scalable source of reliable, baseload energy. The World Nuclear Association reports that, globally, a total of 60 reactors are under active construction, an additional 100 reactors are on order or are planned, and over 300 reactors have been proposed. Notably, in the U.S., Southern Company's Vogtle Unit 3 reached initial criticality in March 2023 and the company plans to start Vogtle Unit 4 in late 2023. These are the first reactors to come online in the U.S. in more than 27 years.

In April, the G7 nations vowed to accelerate decarbonization efforts through renewable energy development and support for greater nuclear capacity, in language which recognized that nuclear energy provides clean baseload energy, high-quality long-term jobs, economic growth and energy security. Indeed, the growing interest in nuclear power is based not only on its carbon free attributes, but also on nations' objective to have energy security through energy independence. After Russia's invasion of Ukraine, some European nations expedited their nuclear buildout programs to reduce their reliance on natural gas sourced from an increasingly violent and unreliable neighbor.

Supply-demand fundamentals also continue to strengthen with the supply gap widening as secondary inventories decline while projections are for sustained growth of nuclear power through traditional uses and the construction of advanced reactors of various types. Finally, projections for sustained growth of nuclear power globally in coming years continue to incentivize investment in the fuel cycle industries.

Mineral Rights and Properties

We have 12 U.S. uranium properties. Ten of our uranium properties are in the Great Divide Basin, Wyoming, including Lost Creek. Currently, we control nearly 1,800 unpatented mining claims and three State of Wyoming mineral leases for a total of more than 35,000 acres in the area of the Lost Creek Property, including the Lost Creek permit area (the "Lost Creek Project"), and certain adjoining properties referred to as LC East, LC West, LC North, LC South and EN Project areas (collectively, with the Lost Creek Project, the "Lost Creek Property"). Our Shirley Basin Project permit area, also in Wyoming, comprises nearly 1,800 acres of Company-controlled mineral acres.

Lost Creek Property

Following our December 2022 decision to ramp up production levels at Lost Creek, we accelerated ongoing recruitment efforts for all operational and support positions for Lost Creek and, most recently, our Casper construction facility. Significantly, hiring of personnel has progressed to the point where all necessary operations staff are onboard to support required regulatory, safety, drilling, construction, wellfield, and plant activities. New hires have completed safety training and are at various stages of training with respect to their operating positions. The total number of employees assigned to Lost Creek now exceeds 50, with additional management, professional and support staff based in Casper and in Littleton, Colorado.

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Although the winter of 2023 has been one for the record books, we have persevered and have been able to advance many of our objectives while continuing to target initial ramp up of production in 2023 Q2. Our earlier drilling and well installation activities, begun in late 2021, mean that Header House (HH) 2-4 is nearing final surface construction. HH 2-4 pipeline and powerline have been installed. Trenching, piping and wire placement to all individual wells is complete and the HH 2-4 building is set on its foundation. Work now focuses on finalizing electrical work, additional piping and instrument terminations.

Well installation has also progressed substantially into HH 2-5 to make it ready for construction when HH 2-4 is complete, and staff have all necessary equipment to construct the header house. Long-lead items have also been ordered for the sixth and seventh header houses in the second mine unit at Lost Creek (MU2).

Our delineation drilling program saw 120 delineation holes completed within MU2 to facilitate final wellfield design for the next five header houses. This program was successful in providing better definition of resources for production planning. The primary target for the delineation drilling was the roll front system within the HJ Horizon which is the current production zone for MU2. In addition to the results within the HJ horizon, mineralization was routinely intersected in the underlying KM horizon. Additional drilling is scheduled to continue in this area during Q2 and Q3.

The delineation drill program also identified a previously unknown deeper portion of the mineralized redox trend along the northern edge of the drilled area. This is an indication that the regional trough of oxidation that controls the mineralized system deepens and extends to the north where there currently is no drill data within approximately 3,000 feet.

The first two mine units at Lost Creek (MU1 and MU2) have all appropriate permits necessary for a return to commercial level operations, including production resulting from ongoing MU2 construction and development. We have received Wyoming Uranium Recovery Program (“URP”) approval of the amendment to the Lost Creek source material license to include recovery from the LC East Project (HJ and KM horizons) immediately adjacent to the Lost Creek Project and additional HJ horizons at the Lost Creek Project. Currently, we await only approval by the Wyoming Department of Environmental Quality (“WDEQ”), Land Quality Division (“LQD”) of the amendment to the Lost Creek permit to mine adding HJ and KM horizons at LC East and HJ mine units at Lost Creek. We anticipate the LQD review will be complete in 2023 H1.

Department of Energy Uranium Reserve Program

In late 2020, Congress approved the appropriation of \$75 million for the establishment of a new national uranium reserve through which the DOE, NNSA, was directed to purchase domestically produced uranium. In June 2022, NNSA issued a solicitation for proposals to purchase from uranium producers qualified under the solicitation up to one million pounds U_3O_8 . In December 2022, we were awarded a contract to sell to the DOE NNSA uranium reserve 100,000 pounds of domestically produced U_3O_8 at a sales price of \$64.47 per pound. That delivery was made in January 2023 and sales proceeds of \$6.4 million were received shortly thereafter. Including the DOE NNSA sale, we anticipate selling 280,000 pounds U_3O_8 in 2023 at an average price of \$61.89 for revenues of \$17.3 million.

Shirley Basin

Our Shirley Basin Project stands construction ready, having received the source material license, permit to mine, plan of operations, and aquifer exemption for the project. These approvals represent the major permits required to begin construction of the Shirley Basin Project. Situated in an historic mining district, the project has existing access roads, power, waste disposal facility and shop buildings onsite. Delineation and exploration drilling were completed historically, and wellfield, pipeline and header house layouts are finalized. The drilling program which was planned to commence in 2023 Q1 at Shirley Basin to complete the monitor well ring for the first mine unit was deferred due to winter weather conditions and higher priorities at Lost Creek.

Research and Development

We continue to pursue several research and development (“R&D”) projects with an objective to introduce new methods of cost-effective technology to our Lost Creek Project, and to Shirley Basin when it is constructed. During Q1, we converted our provisional patent application with the U.S. Patent Office to a non-provisional patent application for our new injection well material and well installation technology. Following receipt of WDEQ authorization to proceed with field testing the materials and engineering, Phase One field testing was successfully completed in 2022 Q3-Q4.

The proposed method utilizes lower-cost materials which are generally available, even during current supply chain challenges. Field tests demonstrated a reduction in drill rig time on injection wells of approximately 75% compared with conventional methods, which also reduces environmental impacts. It is anticipated that the cost savings from reduced drill rig time will be partially offset by the need for additional in-house labor. Based on testing to date, it is anticipated that as much as a 49% savings on well installation costs may be realized on injection wells. We anticipate that Phase Two testing will be initiated in 2023 Q2.

We also continue to progress work on engineering of an advanced water treatment system. Beyond water recycling gains already achieved with our industry-leading Class V circuit, the new system may allow an additional 90% reduction of disposed water. This project is in advanced-stage analyses and planning. The value of increasing the water recycling rate is an increased reduction in required wastewater disposal, and thus the need for multiple additional (and costly) deep disposal wells. An added benefit will be the recycling of the majority of bleed and process water which would otherwise be disposed of as waste. As contemplated, the system will also provide enhanced water filtration of injection fluids which will allow for removal of existing and future header house filtration systems.

Casper Operations Headquarters

Construction of our new multipurpose central services facility is nearly complete at our Casper, Wyoming operations headquarters. The new 6,000 square foot building will allow for centralized construction activities as well as housing our shared services chemistry laboratory. The additional facility will allow us to construct header houses for Lost Creek and, when built and operational, Shirley Basin. Building, wiring and automating header houses in Casper, as well as other construction activities, will provide numerous safety, environmental and financial advantages to our operations.

Equity Financing

On February 21, 2023, we announced the closing of an underwritten public offering of 39,100,000 common shares and accompanying warrants to purchase up to 19,550,000 common shares, which includes the full exercise of the underwriters’ option to purchase up to 5,100,000 additional common shares and accompanying warrants to purchase up to 2,550,000 common shares, at a combined public offering price of \$1.18 per common share and accompanying warrant. The warrants have an exercise price of \$1.50 per whole common share and will expire three years from the date of issuance. The gross proceeds to the Company from the offering were approximately \$46.1 million, before deducting the underwriting discounts and commissions and other offering expenses payable by the Company.

Results of Operations*Reconciliation of Non-GAAP measures with US GAAP financial statement presentation*

The U₃O₈ price and cost per pound measures included in the following tables do not have a standardized meaning within US GAAP or a defined basis of calculation. These measures are used by management to assess business performance and determine production and pricing strategies. They may also be used by certain investors to evaluate performance. The following two tables provide a reconciliation of U₃O₈ price per pound sold and U₃O₈ cost per pound sold to the consolidated financial statements.

U₃O₈ Price per Pound Sold Reconciliation

| | <u>Unit</u> | <u>2023 Q1</u> | <u>YTD 2023</u> |
|--|-------------|----------------|-----------------|
| Sales per financial statements | \$000 | 6,447 | 6,447 |
| Disposal fees | \$000 | - | - |
| U ₃ O ₈ sales | \$000 | 6,447 | 6,447 |
| U ₃ O ₈ pounds sold | lb | 100,000 | 100,000 |
| U ₃ O ₈ price per pound sold | \$/lb | 64.47 | 64.47 |

U₃O₈ Cost per Pound Sold Reconciliation

| | <u>Unit</u> | <u>2023 Q1</u> | <u>YTD 2023</u> |
|---|-------------|----------------|-----------------|
| Cost of sales per financial statements | \$000 | 6,504 | 6,504 |
| Lower of cost or NRV adjustment | \$000 | (2,875) | (2,875) |
| U ₃ O ₈ cost of sales | \$000 | 3,629 | 3,629 |
| U ₃ O ₈ pounds sold | lb | 100,000 | 100,000 |
| U ₃ O ₈ cost per pound sold | \$/lb | 36.29 | 36.29 |

U₃O₈ Sales, Cost of Sales, and Gross Profit

Positive developments in the uranium markets continued to occur in 2022 and we were able to put in place new, multi-year, sales contracts. As previously announced, the Company made the decision to ramp up operations and production rates are expected to increase throughout the year. Initial deliveries into the term contracts will be made in 2023 Q3 and 2023 Q4.

During 2022, we submitted a bid to the U.S. DOE uranium reserve program. In December 2022, we were notified by the DOE that our bid was accepted, and 100,000 pounds U₃O₈ were delivered to the DOE on January 31, 2023.

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The following U₃O₈ Sales, U₃O₈ Cost of Sales, and U₃O₈ Gross Profit tables present the sales, cost of sales, and gross profit related to the DOE sale in 2023 Q1.

U₃O₈ Sales

The following table provides information on our U₃O₈ sales during 2023 Q1. There were no comparable U₃O₈ sales in the three preceding quarters.

| | <u>Unit</u> | <u>2023 Q1</u> | <u>YTD 2023</u> |
|---|-------------|----------------|-----------------|
| U₃O₈ Sales by Product | | | |
| U₃O₈ Sales | | | |
| Produced | \$000 | 2,789 | 2,789 |
| Purchased | \$000 | 3,658 | 3,658 |
| | \$000 | 6,447 | 6,447 |
| U₃O₈ Pounds Sold | | | |
| Produced | lb | 43,259 | 43,259 |
| Purchased | lb | 56,741 | 56,741 |
| | lb | 100,000 | 100,000 |
| U₃O₈ Price per Pounds Sold | | | |
| Produced | \$/lb | 64.47 | 64.47 |
| Purchased | \$/lb | 64.47 | 64.47 |
| | \$/lb | 64.47 | 64.47 |
| U₃O₈ Sales by Contract | | | |
| U₃O₈ Sales | | | |
| Term contracts | \$000 | 6,447 | 6,447 |
| Spot contracts | \$000 | - | - |
| | \$000 | 6,447 | 6,447 |
| U₃O₈ Pounds Sold | | | |
| Term contracts | lb | 100,000 | 100,000 |
| Spot contracts | lb | - | - |
| | lb | 100,000 | 100,000 |
| U₃O₈ Price per Pounds Sold | | | |
| Term contracts | \$/lb | 64.47 | 64.47 |
| Spot contracts | \$/lb | - | - |
| | \$/lb | 64.47 | 64.47 |

During 2022, we purchased 40,000 pounds U₃O₈ at \$49.50 per pound. The pounds were purchased with the intention of selling them to the U.S. DOE uranium reserve program. In December 2022, we were notified by the DOE that our bid was accepted, and 100,000 pounds U₃O₈ were delivered to the DOE on January 31, 2023 at an average price per pound sold of \$64.47.

U₃O₈ Cost of Sales

The following table provides information on our U₃O₈ cost of sales during 2023 Q1. There was no comparable U₃O₈ cost of sales in the three preceding quarters.

| | <u>Unit</u> | <u>2023 Q1</u> | <u>YTD 2023</u> |
|--|-------------|----------------|-----------------|
| U₃O₈ Cost of Sales by Product | | | |
| U₃O₈ Cost of Sales | | | |
| Ad valorem and severance taxes | \$000 | 26 | 26 |
| Cash costs | \$000 | 805 | 805 |
| Non-cash costs | \$000 | 383 | 383 |
| Produced | \$000 | 1,214 | 1,214 |
| Purchased | \$000 | 2,415 | 2,415 |
| | \$000 | 3,629 | 3,629 |
| U₃O₈ Pounds Sold | | | |
| Produced | lb | 43,259 | 43,259 |
| Purchased | lb | 56,741 | 56,741 |
| | lb | 100,000 | 100,000 |
| U₃O₈ Cost per Pound Sold | | | |
| Ad valorem and severance taxes | \$/lb | 0.60 | 0.60 |
| Cash costs | \$/lb | 18.61 | 18.61 |
| Non-cash costs | \$/lb | 8.85 | 8.85 |
| Produced | \$/lb | 28.06 | 28.06 |
| Purchased | \$/lb | 42.56 | 42.56 |
| | \$/lb | 36.29 | 36.29 |

The 100,000 pounds sold to the DOE consisted of 43,259 produced pounds and 56,741 purchased pounds. During 2022, we purchased 40,000 pounds U₃O₈ at \$49.50 per pound, which increased the average cost per pound purchased to \$42.56. The average cost per produced pound sold was \$28.06, and together with the purchased pounds, the average cost per pound sold was \$36.29.

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U₃O₈ Gross Profit

The following table provides information on our U₃O₈ gross profit during 2023 Q1. There was no comparable U₃O₈ gross profit in the three preceding quarters.

| | <u>Unit</u> | <u>2023 Q1</u> | <u>YTD 2023</u> |
|---|-------------|----------------|-----------------|
| U₃O₈ Gross Profit by Product | | | |
| U₃O₈ Sales | | | |
| Produced | \$000 | 2,789 | 2,789 |
| Purchased | \$000 | 3,658 | 3,658 |
| | \$000 | <u>6,447</u> | <u>6,447</u> |
| U₃O₈ Cost of Sales | | | |
| Produced | \$000 | 1,214 | 1,214 |
| Purchased | \$000 | 2,415 | 2,415 |
| | \$000 | <u>3,629</u> | <u>3,629</u> |
| U₃O₈ Gross Profit | | | |
| Produced | \$000 | 1,575 | 1,575 |
| Purchased | \$000 | 1,243 | 1,243 |
| | \$000 | <u>2,818</u> | <u>2,818</u> |
| U₃O₈ Pounds Sold | | | |
| Produced | lb | 43,259 | 43,259 |
| Purchased | lb | 56,741 | 56,741 |
| | lb | <u>100,000</u> | <u>100,000</u> |
| U₃O₈ Gross Profit per Pound Sold | | | |
| Produced | \$/lb | 36.41 | 36.41 |
| Purchased | \$/lb | 21.91 | 21.91 |
| | \$/lb | <u>28.18</u> | <u>28.18</u> |
| U₃O₈ Gross Profit Margin | | | |
| Produced | % | 56.5% | 56.5% |
| Purchased | % | 34.0% | 34.0% |
| | % | <u>43.7%</u> | <u>43.7%</u> |

The average price per pound sold was \$64.47 and the average cost per pound sold was \$36.29, which resulted in an average gross profit per pound sold of \$28.18 and an average gross profit margin of nearly 44%.

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U₃O₈ Production and Ending Inventory

The following table provides information on our production and ending inventory of U₃O₈ pounds.

| | <u>Unit</u> | <u>2022 Q2</u> | <u>2022 Q3</u> | <u>2022 Q4</u> | <u>2023 Q1</u> | <u>2023 YTD</u> |
|--|-------------|----------------|----------------|----------------|----------------|-----------------|
| U₃O₈ Production | | | | | | |
| Pounds captured | lb | 83 | 74 | 85 | 156 | 156 |
| Pounds drummed | lb | - | - | - | - | - |
| Pounds shipped | lb | - | - | - | - | - |
| Pounds purchased | lb | - | 40,000 | - | - | - |
| U₃O₈ Ending Inventory | | | | | | |
| Pounds | | | | | | |
| In-process inventory | lb | 1,223 | 1,279 | 1,357 | 1,498 | |
| Plant inventory | lb | - | - | - | - | - |
| Conversion inventory - produced | lb | 267,049 | 267,049 | 267,049 | 223,790 | |
| Conversion inventory - purchased | lb | 16,741 | 56,741 | 56,741 | - | |
| | lb | 285,013 | 325,069 | 325,147 | 225,288 | |
| Value | | | | | | |
| In-process inventory | \$000 | - | - | - | - | - |
| Plant inventory | \$000 | - | - | - | - | - |
| Conversion inventory - produced | \$000 | 7,488 | 7,488 | 7,488 | 6,275 | |
| Conversion inventory - purchased | \$000 | 435 | 2,415 | 2,415 | - | |
| | \$000 | 7,923 | 9,903 | 9,903 | 6,275 | |
| Cost per Pound | | | | | | |
| In-process inventory | \$/lb | - | - | - | - | - |
| Plant inventory | \$/lb | - | - | - | - | - |
| Conversion inventory - produced | \$/lb | 28.04 | 28.04 | 28.04 | 28.04 | |
| Conversion inventory - purchased | \$/lb | 25.98 | 42.56 | 42.56 | - | |
| | \$/lb | 27.80 | 30.46 | 30.46 | 27.85 | |
| Produced conversion inventory detail | | | | | | |
| Ad valorem and severance tax | \$/lb | 0.59 | 0.59 | 0.59 | 0.59 | |
| Cash cost | \$/lb | 18.60 | 18.60 | 18.60 | 18.60 | |
| Non-cash cost | \$/lb | 8.85 | 8.85 | 8.85 | 8.85 | |
| | \$/lb | 28.04 | 28.04 | 28.04 | 28.04 | |

During 2020, we intentionally reduced production operations at Lost Creek in response to the depressed state of the uranium market at that time. As a result, production rates declined significantly and remained low through 2022. Following our decision to ramp up in late 2022, production rates are expected to increase throughout the year. As new production is added to inventory, the average cost per pound produced is likely to increase until production rates approach targeted levels.

Three months ended March 31, 2023, compared to the three months ended March 31, 2022

The following table summarizes the results of operations for the three months ended March 31, 2023, and 2022:

| | Three Months Ended | | |
|---|---------------------------|----------------|---------------|
| | March 31, | | |
| | 2023 | 2022 | Change |
| Sales | 6,447 | - | 6,447 |
| Cost of sales | (6,504) | (1,722) | (4,782) |
| Gross loss | (57) | (1,722) | 1,665 |
| Operating costs | (3,065) | (3,298) | 233 |
| Gain loss from operations | (3,122) | (5,020) | 1,898 |
| Net interest expense | 213 | (174) | 387 |
| Warrant mark to market gain (loss) | 1,867 | (2,973) | 4,840 |
| Foreign exchange gain (loss) | 336 | (11) | 347 |
| Other income (loss) | (7) | 1,250 | (1,257) |
| Net loss | (713) | (6,928) | 6,215 |
| Foreign currency translation adjustment | (317) | (108) | (209) |
| Comprehensive loss | (1,030) | (7,036) | 6,006 |
| Loss per common share: | | | |
| Basic | 0.00 | (0.03) | 0.03 |
| Diluted | 0.00 | (0.03) | 0.03 |
| U ₃ O ₈ pounds sold | 100,000 | - | 100,000 |
| U ₃ O ₈ price per pound sold | 64.47 | - | 64.47 |
| U ₃ O ₈ cost per pound sold | 36.29 | - | 36.29 |
| U ₃ O ₈ gross profit per pound sold | 28.18 | - | 28.18 |

Sales

In the first three months of 2023, we sold 100,000 pounds to the U.S. DOE uranium reserve program at an average price of \$64.47. There were no sales of U₃O₈ in the first three months of 2022.

Cost of Sales

Cost of sales per the financial statements includes ad valorem and severance taxes related to the extraction of uranium, all costs of wellfield and plant 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. The resulting inventoried cost per pound is compared to the NRV of the product, which is based on the estimated sales price of the product, net of any necessary costs to finish the product. Any inventory value in excess of the NRV is charged to cost of sales in the financial statements. NRV adjustments, if any, are excluded from the U₃O₈ cost of sales and U₃O₈ cost per pound sold figures because they relate to the pounds of U₃O₈ in ending inventory and do not relate to the pounds of U₃O₈ sold during the period.

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In the three months ended March 31, 2023, and March 31, 2022, cost of sales in the consolidated financial statements included lower of cost or NRV adjustments of \$2.9 million and \$1.7 million, respectively. With production rates held to intentionally lower levels, nearly all production costs during 2023 and 2022 were charged to cost of sales as NRV adjustments.

Excluding the NRV adjustments, cost of sales related to the DOE U₃O₈ sale in the three months ended March 31, 2023, was \$3.6 million, or approximately \$36.29 per pound on average. The 100,000-pound DOE sale included 43,259 produced pounds at an average cost of \$28.06 per pound and 56,741 purchased pounds at an average cost of \$42.56 per pound.

Gross Profit (Loss)

The gross losses in the consolidated financial statements for the three months ended March 31, 2023, and March 31, 2022, were \$0.1 million and \$1.7 million, respectively. The gross losses included NRV adjustments of \$2.9 million and \$1.7 million, respectively. Excluding the NRV adjustments, the gross profit related to the DOE U₃O₈ sale in the three months ended March 31, 2023, was \$2.8 million, or approximately \$28.18 per pound on average. The gross profit was \$36.41 per produced pound sold and \$21.91 per purchased pound sold.

Operating Costs

Operating costs include exploration and evaluation expense, development expense, general and administration expense, and accretion expense.

The following table summarizes the operating costs for the three months ended March 31, 2023, and 2022:

| | Three Months Ended | | |
|----------------------------|--------------------|--------------|--------------|
| | March 31, | | |
| | 2023 | 2022 | Change |
| Exploration and evaluation | 371 | 539 | (168) |
| Development | 1,149 | 621 | 528 |
| General and administration | 1,422 | 2,026 | (604) |
| Accretion | 123 | 112 | 11 |
| | 3,065 | 3,298 | (233) |

Total operating costs for the three months ended March 31, 2023, and March 31, 2022, were \$3.1 million and \$3.3 million, respectively. The decrease was primarily due to lower labor costs in 2023 due to the timing of 2022 bonus payments and temporarily paying 2022 salaries to both a chief executive officer and a president. This was partially offset by the increase in development costs for MU2.

Exploration and evaluation expense consists of labor and the associated costs of the exploration, evaluation, and regulatory departments, as well as land holding and exploration costs on properties that have not reached the development or operations stage. Total exploration and evaluation expense decreased approximately \$0.2 million in 2023 Q1, compared to 2022 Q1. Lower labor accounted for the majority of the difference. When our Vice President Regulatory Affairs assumed the Chief Executive Officer position, the Vice President position was not replaced, which resulted in lower labor costs within the exploration and evaluation department.

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Development expense includes costs incurred at the Lost Creek Project not directly attributable to production activities, including wellfield construction, drilling, and development costs. It also includes costs associated with the Shirley Basin Project, which is in a more advanced stage and is considered a development project. The \$0.5 million increase in development expense for the three months ended March 31, 2023, relates to the MU2 advance development program currently underway. The largest increase related to hiring additional staff for the construction of the mine unit infrastructure. In addition, the Wyoming winter has been one of the harshest on record resulting in unusually high expenditures for the rental of snow removal and heating equipment as well as the use of outside contractors to clear the roads leading to the mine.

General and administration expenses relate to the administration, finance, investor relations, land, and legal functions, and consist principally of personnel, facility, and support costs. The \$0.6 million decrease for the three months ended March 31, 2023, was primarily due to the timing of 2022 bonus payments and briefly paying 2022 salaries to both Mr. Klenda, the retiring CEO and President, and Mr. Cash, the new Chief Executive Officer during the transition that followed Mr. Klenda's retirement announcement. Mr. Cash became the President and Chief Executive Officer after the transition was completed.

Other Income and Expenses

Interest rates have been increasing since 2022, resulting in an increase in interest income on restricted cash and invested operating funds. The Company held more cash following the February 2023 underwritten public offering, which also increased interest income. At the same time, interest expense, which is primarily from the Wyoming bond loan, has been declining with the resumption of principal payments. As that rate is fixed, the increase in rates has not affected those payments.

For the three months ended March 31, 2023, the warrant liability mark to market revaluation resulted in a \$1.9 million gain. As a part of the February 2021 and February 2023 underwritten public offerings, we sold warrants that were priced in U.S. dollars. Because the functional currency of the Ur-Energy Inc. entity is Canadian dollars, a derivative financial liability was created. The liability was originally calculated, and is revalued monthly, using the Black-Scholes model as there is no active market for the warrants. Any gain or loss resulting from the revaluation of the liability is reflected in other income and expenses for the period. The Company's stock price, volatility, and other factors used in the Black-Scholes model can lead to significant increases and decreases in the warrant liability and corresponding mark to market gains and losses.

Because the functional currency of the Ur-Energy Inc. entity is Canadian dollars, the entity's U.S. dollar bank account is revalued into Canadian dollars and any gain or loss resulting from changes in the currency rates is reflected in other income and expenses for the period. For the three months ended March 31, 2023, the average U.S. dollar balance in the entity's bank accounts was higher following the February 2023 underwritten public offering. Changes in foreign exchange rates on the higher U.S. dollar account balances resulted in a \$0.3 million gain.

During March 2022, we sold a royalty interest related to Strata Energy's Lance Uranium ISR Project for \$1.3 million. There were no assets related to the royalty on our balance sheet, therefore the entire amount was recognized as other income.

Earnings (loss) per Common Share

The basic and diluted losses per common share for the three months ended March 31, 2023, and 2022, were nil and \$0.03, respectively. The diluted loss per common share is equal to the basic loss per common share due to the anti-dilutive effect of all convertible securities in periods of loss.

Liquidity and Capital Resources

Cash, cash equivalents, and restricted cash increased from the December 31, 2022 balance of \$33.0 million to \$77.3 million as of March 31, 2023. Cash resources consist of Canadian and U.S. dollar denominated deposit and money market accounts, and U.S. treasury bills. During the three months ended March 31, 2023, we generated \$2.3 million from operating activities, used \$0.7 million for investing activities, and generated \$42.7 million from financing activities.

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Operating activities generated cash of \$2.3 million for the three months ended March 31, 2023. We sold 100,000 pounds of U₃O₈ for \$6.4 million. We spent \$2.1 million on production related cash costs, spent \$2.7 million on operating costs, and received \$0.2 million of interest income (net of loan interest expense of \$0.1 million).

Investing activities used \$0.7 million during the period for payments for the acquisition of additional vehicles and work associated with ongoing capital projects such as the construction of the Casper shop and lab building.

Financing activities provided \$42.7 million cash in 2023. We received net proceeds of \$43.2 million from the public offering, \$0.5 million from the sale of common shares through our At Market Facility, and \$0.3 million from the exercise of warrants and stock options. This was partially offset by a \$1.3 million principal payment on the Wyoming bond.

Wyoming State Bond Loan

On October 23, 2013, we closed a \$34.0 million Sweetwater County, State of Wyoming, Taxable Industrial Development Revenue Bond financing program loan (“State Bond Loan”). The State Bond Loan calls for payments of interest at a fixed rate of 5.75% per annum on a quarterly basis, which commenced January 1, 2014. The principal was to be payable in 28 quarterly installments, which commenced January 1, 2015. The State Bond Loan is secured by all the assets at the Lost Creek Project. As of March 31, 2023, the balance of the State Bond Loan was \$9.8 million.

On October 1, 2019, the Sweetwater County Commissioners and the State of Wyoming approved an eighteen-month deferral of principal payments beginning October 1, 2019. On October 6, 2020, the State Bond Loan was again modified to defer principal payments for an additional eighteen months. Quarterly principal payments resumed on October 1, 2022, and the last payment will be due on October 1, 2024.

Universal Shelf Registration and At Market Facility

On May 15, 2020, we filed a universal shelf registration statement on Form S-3 with the SEC through which we may offer and sell, from time to time, in one or more offerings, at prices and terms to be determined, up to \$100 million of our common shares, warrants to purchase our common shares, our senior and subordinated debt securities, and rights to purchase our common shares and/or senior and subordinated debt securities. The registration statement became effective May 27, 2020, for a three-year period.

On May 29, 2020, we entered into an At Market Issuance Sales Agreement (the “Sales Agreement”) with B. Riley Securities, Inc. (“B. Riley Securities”), relating to our common shares. On June 7, 2021, we amended and restated the Sales Agreement to include Cantor Fitzgerald & Co. (“Cantor,” and together with B. Riley Securities, the “Agents”) as a co-agent. Under the Sales Agreement, as amended, we may, from time to time, issue and sell Common Shares at market prices on the NYSE American or other U.S. market through the agents for aggregate sales proceeds of up to \$50 million.

On November 23, 2021, we filed a new universal shelf registration statement on Form S-3 with the SEC through which we may offer and sell, from time to time, in one or more offerings, at prices and terms to be determined, up to \$100 million of our common shares, warrants to purchase our common shares, our senior and subordinated debt securities, and rights to purchase our common shares and/or senior and subordinated debt securities. The registration statement became effective December 17, 2021, for a three-year period.

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On December 17, 2021, we entered into an amendment to the Sales Agreement (“Amendment No. 1” and together with the Sales Agreement, the “Amended Sales Agreement”) with the Agents to, among other things, reflect the new registration statement under which we may sell up to \$50 million from time to time through or to the Agents under the Amended Sales Agreement, in addition to amounts previously sold under the Sales Agreement. In February 2023, in conjunction with our underwritten public offering, we filed a prospectus supplement by which we decreased the amount of common stock offered pursuant to the Amended Sales Agreement, such that we are offering up to an aggregate of \$15,000,000 of our common stock from and after that date, not including the common shares previously sold.

For the three months ended March 31, 2023, we utilized the Amended Sales Agreement for gross proceeds of \$0.5 million from sales of 391,000 common shares. No shares have been sold under the Amended Sales Agreement since the February prospectus supplement was filed.

2021 Underwritten Public Offering

On February 4, 2021, the Company closed a \$15.2 million underwritten public offering of 16,930,530 common shares and accompanying warrants to purchase up to 8,465,265 common shares, at a combined public offering price of \$0.90 per common share and accompanying warrant. The gross proceeds to Ur-Energy from this offering were approximately \$15.2 million. After fees and expenses of \$1.3 million, net proceeds to the Company were approximately \$13.9 million.

2023 Underwritten Public Offering

On February 21, 2023, the Company closed a \$46.1 million underwritten public offering of 39,100,000 common shares and accompanying warrants to purchase up to 19,550,000 common shares, at a combined public offering price of \$1.18 per common share and accompanying warrant. The gross proceeds to Ur-Energy from this offering were approximately \$46.1 million. After fees and expenses of \$2.9 million, net proceeds to the Company were approximately \$43.2 million.

Liquidity Outlook

As of April 26, 2023, our unrestricted cash position was \$73.0 million.

During 2022, we were able to put in place new, multi-year, sales contracts and expect to realize revenues of \$17.3 million from the sale of 280,000 pounds of uranium in 2023. We had 323,790 pounds of conversion facility inventory on December 31, 2022. Deliveries into the new contracts in 2023 are expected to be made from existing conversion facility inventory. We delivered 100,000 pounds to the DOE NNSA on January 31, 2023. As of April 26, 2023, we had 223,790 pounds U₃O₈ in our conversion facility inventory, of which 180,000 pounds will be delivered in two equal installments in 2023 Q3 and Q4. The Company expects to deliver 600,000 pounds into the new sales contracts in 2024 at pricing that is above current spot prices.

Our unrestricted cash position and expected proceeds from uranium sales are expected to be used to cover production and development costs as we ramp up production at Lost Creek and for on-going corporate overhead including loan payments on the Wyoming bond loan.

Looking Ahead

Our ramp-up decision in December 2022 laid our foundation for 2023. We have continued the Lost Creek advance construction and development program and have steadily progressed hiring of staff and engagement of contractors for the development work ahead as we return to commercial production operations at Lost Creek. We continue to diligently work to optimize processes and refine production plans, supported by our experienced Lost Creek operational staff and new hires. We continue to target HH 2-4 coming online in Q2.

Construction of our centralized services facility is nearly complete at our operations headquarters in Casper, Wyoming. The new 6,000 square foot building is adjacent to our office building and will house the construction shop and chemistry lab. We will be able to consolidate our header house construction and lab analyses in support of the Lost Creek operation, and the development and future operation of the Shirley Basin Project. With all major permits and authorizations for our Shirley Basin Project now in hand, we stand ready to construct the mine when market conditions support the placement of new off-take sales contracts for the project.

The rally in uranium spot prices which began in 2021 continues to date, with price per-pound during Q1 remaining at about \$50/lb. Moreover, nuclear utilities and other purchasers are back in the market, resulting in some sustained strengthening of term pricing.

Global recognition of nuclear energy's role in achieving net-zero carbon emissions continues to expand. The Biden Administration also continues to voice support for clean energy and the nuclear industry. G7 nations are prioritizing nuclear energy as clean energy which provides nations with baseload energy, high-quality jobs, economic growth and, importantly, greater energy security.

These changing sentiments and stronger prices enabled us to secure multi-year sales agreements with leading nuclear companies. Our first two agreements call for annual delivery of a base amount of 600,000 pounds of U₃O₈ over a five-year period, beginning in 2024. In 2023 H2, we will deliver into the first sales commitments under these agreements. Sales prices are anticipated to be profitable on a Company-wide, all-in cost basis, and are escalated annually from initial pricing in 2023 and 2024.

Bills are pending in both the House and Senate to cut off Russian imports of low-enriched uranium. The bills appear to have strong bipartisan and Department of Energy support, but the outcome remains uncertain. Any cessation of imports of nuclear fuel from Russia will introduce uncertainty into the supply chain since Russia is a major global supplier and the West has limited capacity to backfill any supply disruption. Additionally, Congress is considering steps to further bolster U.S. nuclear fuel production capacity to mitigate the impact from global supply chain disruptions to nuclear utilities which supply nearly 20% of U.S. electricity and 50% of the U.S. carbon free electricity.

Our cash position as of April 26, 2023, was \$73.0 million. We look forward to delivering existing and future Lost Creek production into our sales contracts. As noted, we have sufficient conversion facility inventory on hand to meet 2023 deliveries and, with the DOE sale in Q1, anticipate selling a total of 280,000 pounds U₃O₈ at an average price of \$61.89 for proceeds of \$17.3 million this year.

We will continue to closely monitor the uranium markets, and other developments in the nuclear energy market and from Congress, which may positively affect the uranium production industry and provide the opportunity to put in place additional off-take contracts at pricing sufficient to justify further expansion of production. As always, we will focus on maintaining safe and compliant operations.

Transactions with Related Parties

There were no reportable transactions with related parties during the quarter.

Proposed Transactions

As is typical of the mineral exploration, development, and mining industry, we will consider and review potential merger, acquisition, investment and venture transactions and opportunities that could enhance shareholder value. Timely disclosure of such transactions is made as soon as reportable events arise.

Critical Accounting Policies and Estimates

We have established the existence of uranium resources at the Lost Creek Property, but because of the unique nature of in situ recovery mines, we have not established, and have no plans to establish, the existence of proven and probable reserves at this project. Accordingly, we have adopted an accounting policy with respect to the nature of items that qualify for capitalization for in situ U₃O₈ mining operations to align our policy to the accounting treatment that has been established as best practice for these types of mining operations.

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The development of the wellfield includes injection, production and monitor well drilling and completion, piping within the wellfield and to the processing facility and header houses used to monitor production and disposal wells associated with the operation of the mine. These costs are expensed when incurred.

Mineral Properties

Acquisition costs of mineral properties are capitalized. When production is attained at a property, these costs will be amortized over a period of estimated benefit.

Development costs including, but not limited to, production wells, header houses, piping and power will be expensed as incurred as we have no proven and probable reserves.

Inventory and Cost of Sales

Our inventories are valued at the lower of cost or net realizable value based on projected revenues from the sale of that product. We are allocating all costs of operations of the Lost Creek facility to the inventory valuation at various stages of production with the exception of wellfield and disposal well costs which are treated as development expenses when incurred. Depreciation of facility enclosures, equipment, and asset retirement obligations as well as amortization of the acquisition cost of the related property is also included in the inventory valuation. We do not allocate any administrative or other overhead to the cost of the product.

Share-Based Expense and Warrant Liability

We are required to initially record all equity instruments including warrants, restricted share units and stock options at fair value in the financial statements.

Management utilizes the Black-Scholes model to calculate the fair value of the warrants and stock options at the time they are issued. In addition, the fair value of derivative warrant liability is recalculated monthly using the Black-Scholes model with any gain or loss being reflected in the net income for the period. Use of the Black-Scholes model requires management to make estimates regarding the expected volatility of the Company's stock over the future life of the equity instrument, the estimate of the expected life of the equity instrument and the number of options that are expected to be forfeited. Determination of these estimates requires significant judgment and requires management to formulate estimates of future events based on a limited history of actual results.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Management applies significant judgment to assess mineral properties and capital assets for impairment indicators that could give rise to the requirement to conduct a formal impairment test. Circumstances that could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; significant changes in expected capital, operating, or reclamation costs; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life. Recoverability of these assets is measured by comparison of the carrying amounts to the future undiscounted net cash flows expected to be generated by the assets. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. Management did not identify impairment indicators that would require a formal impairment test.

Off Balance Sheet Arrangements

We have not entered into any material off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

Outstanding Share Data

As of April 26, 2023, we had outstanding 264,726,804 common shares and 9,410,153 options to acquire common shares.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash, accounts payable and accrued liabilities, warrant liability and notes payable. The Company is exposed to risks related to changes in interest rates and management of cash and cash equivalents and short-term investments.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, and restricted cash. These assets include Canadian dollar and U.S. dollar denominated certificates of deposit, money market accounts, and demand deposits. These instruments are maintained at financial institutions in Canada and the U.S. Of the amount held on deposit, approximately \$0.6 million is covered by the Canada Deposit Insurance Corporation, the Securities Investor Protection Corporation, or the U.S. Federal Deposit Insurance Corporation, leaving approximately \$84.9 million at risk on March 31, 2023, should the financial institutions with which these amounts are invested be rendered insolvent. The Company does not consider any of its financial assets to be impaired as of March 31, 2023.

Market risk

Market risk is the risk to the Company of adverse financial impact due to changes in the fair value or future cash flows of financial instruments as a result of fluctuations in interest rates and foreign currency exchange rates.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are its cash equivalents, deposits, restricted cash and debt financing. Our objectives for managing our cash and cash equivalents are to maintain sufficient funds on hand at all times to meet day-to-day requirements and to place any amounts which are considered in excess of day-to-day requirements on short-term deposit with the Company's financial institutions so that they earn interest.

Currency risk

As of March 31, 2023, we maintained a balance of approximately C\$2.1 million in Canadian dollars. The funds will be used to pay Canadian dollar expenses and are considered to be a low currency risk to the Company.

Commodity Price Risk

The Company is subject to market risk related to the market price of uranium. Future sales would be impacted by both spot and long-term uranium price fluctuations. Historically, uranium prices have been subject to fluctuation, and the price of uranium has been and will continue to be affected by numerous factors beyond our control, including the demand for nuclear power, political and economic conditions, governmental legislation in uranium producing and consuming countries, and production levels and costs of production of other producing companies. The average spot market price was \$53.95 per pound U₃O₈ as of April 26, 2023.

Item 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this MD&A, under the supervision of the Chief Executive Officer and the Chief Financial Officer, the Company evaluated the effectiveness of its disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective to ensure that information the Company is required to disclose in reports that are filed or submitted under the Exchange Act: (1) is recorded, processed and summarized effectively and reported within the time periods specified in SEC rules and forms, and (2) is accumulated and communicated to Company management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company’s disclosure controls and procedures include components of internal control over financial reporting. No matter how well designed and operated, internal controls over financial reporting can provide only reasonable, but not absolute, assurance that the control system’s objectives will be met.

(b) Changes in Internal Controls over Financial Reporting

No changes in our internal control over financial reporting occurred during the three months ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. LEGAL PROCEEDINGS

No new legal proceedings or material developments in pending proceedings.

Item 1A. RISK FACTORS

There have been no material changes for the three months ended March 31, 2023, from those risk factors set forth in our Annual Report on Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURE

Our operations and exploration activities at Lost Creek are not subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
|---------------------------|--|----------------------------------|---------------------------|----------------|---------------------------|
| | | Form | Date of Report | Exhibit | Filed Herewith |
| 10.1 | Amendment to Employment Agreement with John W. Cash | | | | x |
| 10.2 | Amendment to Employment Agreement with Steven M. Hatten | | | | x |
| 31.1 | Certification of CEO Pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | x |
| 31.2 | Certification of CFO Pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | x |
| 32.1 | Certification of CEO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | x |
| 32.2 | Certification of CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | x |
| 101.INS | Inline XBRL Instance Document | | | | x |
| 101.SCH | Inline XBRL Schema Document | | | | x |
| 101.CAL | Inline XBRL Calculation Linkbase Document | | | | x |
| 101.DEF | Inline XBRL Definition Linkbase Document | | | | x |
| 101.LAB | Inline XBRL Labels Linkbase Document | | | | x |
| 101.PRE | Inline XBRL Presentation Linkbase Document | | | | x |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | x |

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UR-ENERGY INC.

Date: May 1, 2023

By: /s/ John W. Cash
John W. Cash
Chief Executive Officer
(Principal Executive Officer)

Date: May 1, 2023

By: /s/ Roger L. Smith
Roger L. Smith
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

AMENDMENT 2023-01 TO EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 2023-01 TO EMPLOYMENT AGREEMENT (“Amendment”) is entered into between John W. Cash (“Mr. Cash”) and Ur-Energy USA Inc. (“Corporation”) this 7th day of April, 2023.

WHEREAS, Mr. Cash and the Corporation entered into that certain Employment Agreement effective May 17, 2011, as subsequently amended from time to time (“Agreement”) whereby Mr. Cash agreed to be employed by and the Corporation agreed to employ Mr. Cash as a Vice President (and as Vice President of Ur-Energy Inc.) in accordance with the Agreement;

WHEREAS, the Corporation wishes to further amend and restate certain sections of the Agreement, to which Mr. Cash agrees, following his appointment as Chief Executive Officer and President and certain other changes in his salary and compensation, to reflect such changes in this further amendment to the Agreement;

WHEREAS Ur-Energy Inc. acknowledges its rights and obligations under the Agreement and this Amendment;

NOW, THEREFOR, for mutual consideration as set forth, the parties agree as follows:

1. The parties agree that the provisions of Section 1.01 (1) of the Agreement are amended and restated in their entirety and shall read as follows:

Ur-Energy, through the Corporation, hereby agrees to employ Mr. Cash to perform the duties and functions of Chief Executive Officer and President of Ur-Energy, or the substantial equivalent thereof, and as an officer of its Affiliates, from time to time. In each and all of these capacities, Mr. Cash shall work at the direction of and reporting to the Board of Directors of Ur-Energy and each of those subsidiary entities.

2. The parties agree that the provisions of Section 1.03 of the Agreement are amended and restated in their entirety and shall read as follows:

In consideration of the performance of his services and duties as Chief Executive Officer and President, Mr. Cash will be paid a salary of US\$428,828 annually as of the date hereof, less any deductions or withholdings required by law. The parties will review Mr. Cash’s salary on an annual basis as a part of the annual review of executive compensation and make any adjustments agreed by the parties.

3. The parties agree that the provisions of Article 3 (Section 3.01) of the Agreement are amended and restated in their entirety and shall read as follows:

(1) It is understood and agreed that any termination of this Agreement shall result in the termination of Mr. Cash's service as Chief Executive Officer and President of Ur-Energy and as an officer of any Ur-Energy's Affiliates, unless the parties shall agree otherwise at the time of termination by further written agreement.

(2) Mr. Cash may terminate this Agreement without cause by giving Ur-Energy 90 days' prior notice in writing pursuant to the provisions of Section 4.01, below. Such notice is excused in the event of death or if disability occurs and makes such notice impracticable.

(3) Ur-Energy, through the Corporation, may terminate this Agreement at any time for just cause without prior notice or pay in lieu of notice. For the purposes of this Section, "just cause" shall include but is not limited to:

- (a) theft, fraud or dishonesty by Mr. Cash involving the property, business or affairs of Ur-Energy or its Affiliates, or in carrying out his duties under this Agreement; or
- (b) any material breach or non-observance of any material term of this Agreement. In the case of material breach or non-observance of a material term of this Agreement, Ur-Energy shall give Notice to Mr. Cash (as provided in Section 4.01) of the material breach or non-observance of this Agreement and Mr. Cash shall have thirty (30) days (or such other reasonable period as shall be determined by the notifying party) to cure the breach or non-observance of a material term of this Agreement.

(4) Ur-Energy, through the Corporation, may terminate this Agreement and Mr. Cash's employment for any other reason which does not violate this Agreement or applicable law. Upon such termination, Ur-Energy will provide Mr. Cash with a lump sum payment equivalent to thirty (30) months base salary in effect on such termination to be paid on the sixtieth (60th) day after Mr. Cash's "separation from service" as defined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") (except as otherwise provided in Section 4.15(2) below), provided Mr. Cash has signed and not revoked a release in the form determined by, and in favor of, Ur-Energy and its Affiliates or their successors.

(5) In the event of a Change of Control of Ur-Energy (as defined below) Mr. Cash may terminate this Agreement and his employment within twelve (12) months after such Change of Control for any reason. Upon such termination, Ur-Energy will provide Mr. Cash with a lump sum payment equivalent to thirty (30) months base salary in effect on such termination to be paid on the sixtieth (60th) day after Mr. Cash's "separation from service" as defined for purposes of Section 409A of the Code (except as otherwise provided in Section 4.15(2) below), provided Mr. Cash has signed and not revoked a release in the form determined by, and in favor of, Ur-Energy and its Affiliates or their successors.

“Change of Control” shall have occurred on the happening of any of the following events:

- (a) 50% or more of the voting shares of Ur-Energy become owned beneficially by a person or group of persons acting jointly or in concert; or
- (b) the individuals who are members of the Board of Directors of Ur-Energy (the “Incumbent Board”) cease for any reason to constitute at least fifty percent (50%) of the Board of Directors of Ur-Energy; provided, however, that if the election, or nomination for election, of any new Directors was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall be considered as a member of the Incumbent Board; or
- (c) beneficial ownership of assets of Ur-Energy representing 40% or more of the net book value of the assets of Ur-Energy determined on the basis of the then most recently published audited financial statements of Ur-Energy, shall be sold, transferred, liquidated or otherwise disposed of or distributed by Ur-Energy over a period of one year or less, in any manner whatsoever and whether in one transaction or in a series of transactions or by plan of arrangement; or
- (d) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any event or transaction or series of events or transactions referred to in subsections (a), (b) or (c) above; or
- (e) a determination by the Board of Directors of Ur-Energy that there has been a change, whether by way of a change in the holding of voting shares of Ur-Energy in the ownership of Ur-Energy’s assets or by any other means, as a result of which any person, or any group of persons acting jointly or in concert is in a position to exercise effective control of Ur-Energy.

(6) Upon the termination of Mr. Cash’s employment pursuant to Section 3.01(4) above or upon a Change of Control of Ur-Energy (as defined above), the Corporation shall establish a trust, substantially in the form attached hereto as Exhibit A or in such other form as the parties may mutually agree (the “Trust”). At such time, the Corporation will contribute to the Trust an amount equal to thirty (30) months of Mr. Cash’s then current base salary. If Mr. Cash is terminated in accordance with Section 3.01(4) or if Mr. Cash terminates employment in accordance with Section 3.01(5) after a Change of Control, any severance amounts payable to Mr. Cash pursuant to Sections 3.01(4) or 3.01(5), as applicable, will be paid first out of the Trust. The parties intend that the Trust shall be structured so that Mr. Cash will not be considered to be in constructive receipt of income or incur an economic benefit solely on account of adoption or maintenance of the Trust. The assets of the Trust shall at all times be subject to the claims of the Corporation’s general creditors until distributed to Mr. Cash.

(7) The parties agree that if this Agreement is terminated by Ur-Energy, through the Corporation, without cause, the payment to Mr. Cash in accordance with the preceding Section 3.01 shall be inclusive of any statutory amounts required by law upon termination of employment.

4. The parties agree that all remaining terms and conditions of the Agreement shall remain unchanged and in full force and effect. All capitalized terms used but not otherwise defined herein have the defined meanings given to them in the Agreement.

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SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF the parties have duly executed this Amendment 2023-01 to Employment Agreement as indicated below.

/s/ John W. Cash

John W. Cash

UR-ENERGY USA INC.

By: /s/ Roger L. Smith

Roger L. Smith, President

The rights and obligations of this Agreement are acknowledged and agreed by Ur-Energy Inc. and Ur-Energy Inc. agrees to be bound as such rights and obligations apply to Ur-Energy Inc.

UR-ENERGY INC.

By: /s/ Roger L. Smith

Roger L. Smith, Chief Financial Officer

AMENDMENT 2023-01 TO EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 2023-01 TO EMPLOYMENT AGREEMENT ("Amendment") is entered into between Steven M. Hatten ("Mr. Hatten") and Ur-Energy USA Inc. ("Corporation") this 7th day of April, 2023.

WHEREAS, Mr. Hatten and the Corporation entered into that certain Employment Agreement effective May 17, 2011, as subsequently amended from time to time ("Agreement") whereby Mr. Hatten agreed to be employed by and the Corporation agreed to employ Mr. Hatten as a Vice President (and as Vice President of Ur-Energy Inc.) in accordance with the Agreement;

WHEREAS, the Corporation wishes to further amend and restate certain sections of the Agreement, to which Mr. Hatten agrees, following his appointment as Chief Operating Officer including changes in his compensation, to reflect such changes in this further amendment to the Agreement;

WHEREAS Ur-Energy Inc. acknowledges its rights and obligations under the Agreement and this Amendment;

NOW, THEREFOR, for mutual consideration as set forth, the parties agree as follows:

1. The parties agree that the provisions of Section 1.01 (1) of the Agreement are amended and restated in their entirety and shall read as follows:

Ur-Energy, through the Corporation, hereby agrees to employ Mr. Hatten to perform the duties and functions of Chief Operating Officer of Ur-Energy, or the substantial equivalent thereof, and as an officer of its Affiliates, from time to time. In each and all of these capacities, Mr. Hatten shall work at the direction of and reporting to the Chief Executive Officer of the Corporation or the subsidiary entity.

2. The parties agree that the provisions of Section 1.03 of the Agreement are amended and restated in their entirety and shall read as follows:

In consideration of the performance of his services and duties as Chief Operating Officer of Ur-Energy, Mr. Hatten will be paid a salary of US\$340,000 annually as of the date hereof, less any deductions or withholdings required by law. The parties will review Mr. Hatten's salary on an annual basis as a part of the annual review of executive compensation and make any adjustments agreed by the parties.

3. The parties agree that all remaining terms and conditions of the Agreement shall remain unchanged and in full force and effect. All capitalized terms used but not otherwise defined herein have the defined meanings given to them in the Agreement.

IN WITNESS WHEREOF the parties have duly executed this Amendment 2023-01 to Employment Agreement as indicated below.

/s/ Steven M. Hatten

Steven M. Hatten

UR-ENERGY USA INC.

By: /s/ Roger L. Smith

Roger L. Smith, President

The rights and obligations of this Agreement are acknowledged and agreed by Ur-Energy Inc. and Ur-Energy Inc. agrees to be bound as such rights and obligations apply to Ur-Energy Inc.

UR-ENERGY INC.

By: /s/ Roger L. Smith

Roger L. Smith, Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John W. Cash, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ur-Energy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within this entity, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2023

By: /s/ John W. Cash
John W. Cash
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Roger Smith certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ur-Energy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within this entity, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2023

By: /s/ Roger Smith
Roger Smith
Chief Financial Officer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Ur-Energy Inc. (the "Registrant") on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the undersigned, in the capacity and on the date indicated below, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 1, 2023

By: /s/ John W. Cash
John W. Cash
Chief Executive Officer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Ur-Energy Inc. (the "Registrant") on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the undersigned, in the capacity and on the date indicated below, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 1, 2023

By: /s/ Roger Smith
Roger Smith
Chief Financial Officer