

UR-ENERGY INC  
Form 10-K  
March 01, 2019

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED December 31, 2018

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.

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(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	Name of each exchange on which registered
Common Shares, no par value	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the 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 February 27, 2019, there were 159,729,403 shares of the registrant’s no par value Common Shares (“Common Shares”), the registrant’s only outstanding class of voting securities, outstanding. As of June 30, 2018, the aggregate market value of the registrant’s voting Common Shares held by non-affiliates of the registrant was approximately \$81.2 million based upon the closing sale price of the Common Shares as reported by the NYSE American. For the purpose of this calculation, the registrant has assumed that its affiliates as of June 30, 2018, included all directors and officers and one shareholder that, collectively, held approximately 25.5 million of its outstanding Common Shares.

DOCUMENTS INCORPORATED BY REFERENCE

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Certain information required for Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference to the registrant's definitive proxy statement for the 2019 Annual Meeting of Shareholders.

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UR-ENERGY INC.

ANNUAL REPORT ON FORM 10-K

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When we use the terms “Ur-Energy,” “we,” “us,” “our,” or the “Company,” we are referring to Ur-Energy Inc. and its subsidiaries, unless the context otherwise requires. We have included technical terms important to an understanding of our business under “Glossary of Common Terms” at the end of this section. Throughout this document we make statements that are classified as “forward-looking.” Please refer to the “Cautionary Statement Regarding Forward-Looking Statements” section of this document for an explanation of these types of assertions.

#### Cautionary Statement Regarding Forward-Looking Information

This annual report on Form 10-K contains "forward-looking statements" within the meaning of applicable United States 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 operations at Lost Creek, the timing to determine future development and construction priorities, and the ability to readily ramp-up when market conditions warrant; (ii) the technical and economic viability of Lost Creek; (iii) the timing and outcome of permitting and regulatory approvals of the amendments to the Lost Creek permits and licenses; (iv) the ability to complete additional favorable uranium sales agreements including spot sales if the market warrants and production inventory is available; (v) the production rates and life of the Lost Creek Project and subsequent development of and production from adjoining projects within the Lost Creek Property, including plans at LC East; (vi) the potential of exploration targets throughout the Lost Creek Property (including the ability to expand resources); (vii) the potential of our other exploration and development projects, including Shirley Basin, the projects in the Great Divide Basin and the Excel project (viii) the technical and economic viability of Shirley Basin; (ix) the timing and outcome of applications for regulatory approval to build and operate an in situ recovery mine at Shirley Basin; (x) the outcome of our forecasts and production projections; (xi) current market conditions including without limitation supply and demand projections; (xii) the outcome of the Department of Commerce Section 232 investigation, including whether the Secretary of Commerce will make a recommendation to the President and the nature of the recommendation, whether the President will act on the recommendation and, if so, the nature of the action and remedy; (xiii) the expected benefits of the proposed remedies in the trade action, including: restoring a sustainable U.S. uranium mining industry and the benefits of a sustainable domestic uranium mining industry to U.S. national security, bolstering national defense, and supporting energy security; and (xiv) the expected impacts on U.S. production and the U.S. uranium mining industry. These other factors include, among others, the following: future estimates for production, development and production operations, capital expenditures, operating costs, mineral resources, recovery rates, grades and 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 United States; 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 financings; the hazards associated with mining production; compliance with environmental laws and regulations; uncertainty regarding the pricing and collection of accounts; the possibility for adverse results in potential litigation; uncertainties associated with changes in 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; adverse changes in general business conditions in any of the countries in which we do business;





changes in size and structure; the effectiveness of management and our strategic relationships; ability to attract and retain key personnel; uncertainties regarding the need for additional capital; uncertainty regarding the fluctuations of quarterly results; foreign currency exchange risks; ability to enforce civil liabilities under U.S. securities laws outside the United States; ability to maintain our listing on the NYSE American LLC (“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” of this annual report.

#### Cautionary Note to U.S. Investors Concerning Disclosure of Mineral Resources

Unless otherwise indicated, all resource estimates included in this annual report on Form 10-K have been prepared in accordance 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 all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 permits the disclosure of an historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) to the extent known, provides the key assumptions, parameters and methods used to prepare the historical estimate; (d) states whether the historical estimate uses categories other than those prescribed by NI 43-101; and (e) includes any more recent estimates or data available.

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (“SEC”), and resource information contained in this Form 10-K may not be comparable to similar information disclosed by U.S. companies. In particular, the term “resource” does not equate to the term “reserves.” Under SEC Industry Guide 7, mineralization may not be classified as a “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. SEC Industry Guide 7 does not define and the SEC’s disclosure standards normally do not permit the inclusion of information concerning “measured mineral resources,” “indicated mineral resources” or “inferred mineral resources” or other descriptions of the amount of mineralization in mineral deposits that do not constitute “reserves” by U.S. standards in documents filed with the SEC. U.S. 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 Canadian rules, estimated “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an “inferred mineral resource” exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in-place tonnage and grade without reference to unit measures. Accordingly, information concerning mineral deposits set forth herein may not be comparable to information made public by companies that report in accordance with U.S. standards.

NI 43-101 Review of Technical Information: James A. Bonner, Ur-Energy Vice President Geology, P.Geo. and Qualified Person as defined by NI 43-101, reviewed and approved the technical information contained in this Annual

Report.

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Glossary of Common Terms and Abbreviations

Mineral Resource	is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. CIM Definition Standards; NI 43-101, Section 1.1.
Inferred Mineral Resource	is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geologic evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. CIM Definition Standards; NI 43-101, Section 1.1.
Indicated Mineral Resource	is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve. CIM Definition Standards; NI 43-101, Section 1.1.
Measured Mineral Resource	is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve. CIM Definition Standards; NI 43 101, Section 1.1.
Cut-off or cut-off grade	when determining economically viable mineral resources, the lowest grade of mineralized material that can be mined
Formation	a distinct layer of sedimentary or volcanic rock of similar composition
Grade	Quantity or percentage of metal per unit weight of host rock
Host Rock	the rock containing a mineral or an ore body
Modifying Factors	are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. CIM Definition Standards



Lithology	is a description of a rock; generally, its physical nature. The description would address such things as grain size, texture, rounding, and even chemical composition. A lithologic description would be: coarse grained well-rounded quartz sandstone with 10% pink feldspar and 1% muscovite.
Mineral	a naturally formed chemical element or compound having a definite chemical composition and, usually, a characteristic crystal form.
Mineralization	a natural occurrence, in rocks or soil, of one or more metal yielding minerals
Outcrop	is that part of a geologic formation or structure that appears at the surface of the Earth.
PFN	is a modern geologic logging method known as Prompt Fission Neutron. PFN is considered a direct measurement of true uranium concentration (% U) and is used to verify the grades of mineral intercepts previously reported by gamma logging. PFN logging is accomplished by a down-hole probe in much the same manner as gamma logs, however, only the mineralized interval plus a buffer interval above and below are logged.
Preliminary Economic Assessment (or PEA)	A Preliminary Economic Assessment performed under NI 43-101. A Preliminary Economic Assessment is a study, other than a prefeasibility study or feasibility study, which includes an economic analysis of the potential viability of mineral resources.
Reclamation	is the process by which lands disturbed as a result of mineral extraction activities are modified to support beneficial land use. Reclamation activity may include the removal of buildings, equipment, machinery, and other physical remnants of mining activities, closure of tailings storage facilities, leach pads, and other features, and contouring, covering and re-vegetation of waste rock, and other disturbed areas.
Uranium	a heavy, naturally radioactive, metallic element of atomic number 92. Uranium in its pure form is a heavy metal. Its two principal isotopes are U-238 and U-235, of which U-235 is the necessary component for the nuclear fuel cycle. However, "uranium" used in this Annual Report refers to triuranium octoxide, also called "U <sub>3</sub> O <sub>8</sub> " or "yellowcake", and is produced from uranium deposits. It is the most actively traded uranium-related commodity.
Uranium concentrate	a yellowish to yellow-brownish powder obtained from the chemical processing of uranium-bearing material. Uranium concentrate typically contains 70% to 90% U <sub>3</sub> O <sub>8</sub> by weight. Uranium concentrate is also referred to as "yellowcake."

Abbreviations:

BLM	U.S. Bureau of Land Management
CERCLA	Comprehensive Environmental Response and Liability Act
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
DDW	Deep Disposal Well
DEIS	Draft Environmental Impact Statement
DOC	U.S. Department of Commerce
DOD	U.S. Department of Defense
eU <sub>3</sub> O <sub>8</sub>	Equivalent U <sub>3</sub> O <sub>8</sub> as measured by a calibrated gamma instrument
EMT	East Mineral Trend, located within our LC East Project (Great Divide Basin, Wyoming)
EPA	U.S. Environmental Protection Agency
FEIS	Final Environmental Impact Statement
GDB	Great Divide Basin, Wyoming
GPM	Gallons per minute
GT	Grade x Thickness product (% ft.) of a mineral intercept (expressed without units)
HH	Header house
IX	Ion Exchange
ISR	In Situ Recovery (literally, 'in place' recovery) (also known as in situ leach or ISL)
LT	Long-term (as relates to long-term pricing in the uranium market)
MMT	Main Mineral Trend, located within our Lost Creek Project (Great Divide Basin, Wyoming)
MU	Mine Unit (also referred to as wellfield)
NEPA	U.S. National Environmental Policy Act
NI 43-101	Canadian National Instrument 43-101 (Standards of Disclosure for Mineral Properties)
NRC	U.S. Nuclear Regulatory Commission
PEA	Preliminary Economic Assessment
PPM	Parts per million
RCRA	Resource Conservation and Recovery Act
SEC	U.S. Securities Exchange Commission
UIC	Underground Injection Control (pursuant to U.S. Environmental Protection Agency regulations)
U <sub>3</sub> O <sub>8</sub>	A standard chemical formula commonly used to express the natural form of uranium mineralization. U represents uranium and O represents oxygen.
URP	Wyoming Uranium Recovery Program - WDEQ program name for Agreement State Program approved and effective September 30, 2018
USFWS	U.S. Fish and Wildlife Service
WDEQ	Wyoming Department of Environmental Quality (and its various divisions, LQD/Land Quality Division, WQD/Water Quality Division; AQD/Air Quality Division; and SHWD/Solid and Hazardous Waste Division)
WEQC	Wyoming Environmental Quality Council
WGFD	Wyoming Game and Fish Department

Metric/Imperial Conversion Table

The imperial equivalents of the metric units of measurement used in this annual report are as follows:

Imperial Measure	Metric Unit	Metric Unit	Imperial Measure
2.4711 acres	1 hectare	0.4047 hectares	1 acre
2.2046 pounds	1 kilogram	0.4536 kilograms	1 pound
0.6214 miles	1 kilometer	1.6093 kilometers	1 mile
3.2808 feet	1 meter	0.3048 meters	1 foot
1.1023 short tons	1 tonne	0.9072 tonnes	1 short ton

Reporting Currency

All amounts in this report are expressed in United States (U.S.) dollars, unless otherwise indicated. The Financial Statements are presented in accordance with accounting principles generally accepted in the United States.

## PART I

### Items 1 and 2. BUSINESS AND PROPERTIES

#### Overview and Corporate Structure

Incorporated on March 22, 2004, Ur-Energy is an exploration stage mining company, as that term is defined in Securities and Exchange Commission (“SEC”) Industry Guide 7. We are engaged in uranium mining, recovery and processing activities, including the acquisition, exploration, development and operation of uranium mineral properties in the United States. Through our Wyoming operating subsidiary, Lost Creek ISR, LLC, we began operation of our first in situ recovery uranium mine at our Lost Creek Project in 2013. 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 direct wholly-owned subsidiary: Ur-Energy USA Inc. (“Ur-Energy USA”), a company incorporated under the laws of the State of Colorado. It has offices in Colorado and Wyoming and has employees in both states, in addition to having one employee based in Arizona.

Ur-Energy USA has three wholly-owned subsidiaries: NFU Wyoming, LLC (“NFU Wyoming”), a limited liability company formed under the laws of the State of Wyoming to facilitate acquisition of certain property and assets and, currently, to act 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 hold and operate our Lost Creek Project and certain other of our Lost Creek properties and assets; and Pathfinder Mines Corporation (“Pathfinder”), a company incorporated under the laws of the State of Delaware, which holds, among other assets, the Shirley Basin and Lucky Mc properties in Wyoming. Lost Creek ISR, LLC employs personnel at the Lost Creek Project.

Ur-Energy USA has two jointly-held subsidiaries with NFU Wyoming: NFUR Bootheel, LLC (“NFUR Bootheel”), a limited liability company formed under the laws of the State of Colorado to facilitate participation in a venture project at our Bootheel Project; and NFUR Hauber, LLC (“NFUR Hauber”), a limited liability company formed under the laws of the State of Colorado to facilitate participation in a venture project at our Hauber project.

NFUR Hauber has one wholly-owned subsidiary: Hauber Project LLC, a limited liability company formed under the laws of the State of Colorado to hold our Hauber project. NFUR Hauber is the sole member and manager of Hauber



Project LLC.

NFUR Bootheel holds an interest in The Bootheel Project, LLC, a limited liability company formed under the laws of the State of Colorado to hold the Bootheel property (and, formerly, the Buck Point property), a venture with Crosshair Exploration USA Inc. (ultimate parent-company, Canada Jetlines Ltd.), in which we own a 19.115% interest.

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Currently, and at December 31, 2018, our principal direct and indirect subsidiaries, and affiliated entities, and the jurisdictions in which they were incorporated or organized, are as follows:

We are engaged in uranium mining, recovery and processing operations, in addition to the exploration and development of uranium mineral properties. Our wholly-owned Lost Creek Project in Sweetwater County, Wyoming is our flagship property. The project has been fully permitted and licensed since October 2012. We received operational approval from the U.S. Nuclear Regulatory Commission (“NRC”), and started production operation activities in August 2013. Our first sales of production from Lost Creek were made in December 2013.

Currently, we have multiple term uranium sales agreements in place with U.S. utilities for the sale of Lost Creek production or other yellowcake product at contracted pricing. Combined, these multi-year sales agreements represent a significant portion of our anticipated production into 2021. These agreements, individually, do not represent a substantial portion of our annual projected production, and our business is therefore not substantially dependent upon any one of the agreements.

We are contractually committed to sell 500,000 pounds of uranium yellowcake during 2019, at an average price of approximately \$49 per pound. During 2018, we worked with our customers to establish our delivery schedule for these 2019 commitments. This schedule was created to avoid uneven cash flows that could result from uneven delivery schedules. We have taken advantage of the low prices in 2017-2018 to enter into purchase agreements for delivery of 500,000 pounds of uranium yellowcake into those contractual commitments. The average cost of the purchases is \$26 per pound. We have already delivered a portion of those 2019 contractual commitments (97,500 pounds).

Our other material asset, Shirley Basin, is one of the assets we acquired as a part of the Pathfinder transaction in 2013. We also acquired all the historic geologic and engineering data for the project. During 2014, we

completed a drill program of a limited number of confirmatory holes to complete an NI 43 101 mineral resource estimate which was released in August 2014; subsequently, an NI 43 101 Preliminary Economic Assessment for Shirley Basin was completed in January 2015. Baseline studies necessary for the permitting and licensing of the project commenced in 2014 and were completed in 2015. In December 2015, our application for a permit to mine was submitted to the State of Wyoming Department of Environmental Quality (“WDEQ”). WDEQ continues with its technical review of our application for a permit to mine at Shirley Basin. Our application for a source material license for Shirley Basin is proceeding through its review with the State of Wyoming Uranium Recovery Program (“URP”). We anticipate the state process to be complete, with necessary permits and authorizations received, in 2019. Work is well underway on initial engineering evaluations, designs and studies. The BLM is expected to initiate its review of the Plan of Operations immediately upon completion of its review of the LC East amendments.

We utilize in situ recovery of the uranium at Lost Creek and will do so at other projects where this is possible. The ISR technique is employed in uranium extraction because it allows for a lower cost and effective recovery of roll front mineralization. The in situ technique does not require the installation of tailings facilities or significant surface disturbance. This mining method utilizes injection wells to introduce a mining solution, called lixiviant, into the mineralized zone. The lixiviant is made of natural groundwater fortified with oxygen as an oxidizer, sodium bicarbonate as a complexing agent, and carbon dioxide for pH control. The complexing agent bonds with the uranium to form uranyl carbonate, which is highly soluble. The dissolved uranyl carbonate is then recovered through a series of production wells and piped to a processing plant where the uranyl carbonate is removed from the solution using Ion Exchange (“IX”) and captured on resin contained within the IX columns. The groundwater is re-fortified with the oxidizer and complexing agent and sent back to the wellfield to recover additional uranium. A low-volume bleed is permanently removed from the lixiviant flow. A reverse osmosis (“RO”) process is available to minimize the waste water stream generated. Brine from the RO process, if used, and bleed are disposed of by means of injection into deep disposal wells. Each wellfield is made up of dozens of injection and production wells installed in patterns to optimize the areal sweep of fluid through the uranium ore body.

Our Lost Creek processing facility includes all circuits for the capture, concentration, drying and packaging of uranium yellowcake for delivery into sales. Our processing facility, in addition to the IX circuit, includes dual processing trains with separate elution, precipitation, filter press and drying circuits (this is in contrast to certain other uranium in situ recovery facilities which operate as a capture plant only, and rely on agreements with other producers for the finishing, drying and packaging of their yellowcake end-product). Additionally, a restoration circuit including a RO unit was installed during initial construction to complete groundwater restoration once mining is complete.

The elution circuit (the first step after ion exchange) is utilized to transfer the uranium from the IX resin and concentrate it to the point where it is ready for the next phase of processing. The resulting rich eluate is an aqueous solution containing uranyl carbonate, salt and sodium carbonate and/or sodium bicarbonate. The precipitation circuit follows the elution circuit and removes the carbonate from the concentrated uranium solution and combines the uranium with peroxide to create a yellowcake crystal slurry. Filtration and washing is the next step, in which the slurry is loaded into a filter press where excess contaminants such as chloride are removed and a large portion of the water is removed. The final stage occurs when the dewatered slurry is moved to a yellowcake dryer, which will further reduce the moisture content, yielding the final dried, free-flowing, product. Refined, salable yellowcake is packaged in 55-gallon steel drums.

The restoration circuit may be utilized in the production as well as the post-mining phases of the operation. The RO is initially being utilized as a part of our Class V recycling circuit to minimize the waste water stream

generated during production. Once production is complete, the groundwater must be restored to its pre-mining class of use by removing a small portion of the groundwater and disposing of it (commonly known as sweep). Following sweep, the groundwater is treated utilizing RO and re-injecting the clean water. Finally, the groundwater is homogenized and sampled to insure the cleanup is complete, thus ending the mining process.

Our Lost Creek processing facility was constructed during 2012 – 2013, with production operations commencing in August 2013. Our first sales were made in December 2013. Nameplate design and NRC-licensed capacity of our Lost Creek processing plant is two million pounds per year, of which approximately one million pounds per year may be produced from our wellfields. The Lost Creek plant and the allocation of resources to mine units and resource areas were designed to generate approximately one million pounds of production per year at certain flow rates and uranium concentrations subject to regulatory and license conditions. Production of dried yellowcake was 286,358 pounds and 254,012 pounds in 2018 and 2017, respectively. The excess capacity in the design of the processing circuits of the plant is intended, first, to facilitate routine (and, non-routine) maintenance on any particular circuit without hindering production operational schedules. The capacity was also designed to permit us to process uranium from other of our mineral projects in proximity to Lost Creek if circumstances warrant in the future (e.g., Shirley Basin Project), or, alternatively to be able to contract to toll mill/process product from other in situ uranium mine sites in the region. This design would permit us to conduct either of these activities while Lost Creek is producing and processing uranium and/or in years following Lost Creek production from wellfields during final restoration activities.

Our Lost Creek processing facility includes all circuits for the production, drying and packaging of uranium yellowcake for delivery into sales. As contemplated in the Preliminary Economic Assessment of Shirley Basin, we expect that the Lost Creek processing facility may be utilized for the drying and packaging of uranium from Shirley Basin, for which we currently anticipate the need only for a satellite plant. However, the Shirley Basin permit application contemplates the construction of a full processing facility, providing greater construction and operating flexibility as may be dictated by market conditions.

#### Our Mineral Properties

Our current land portfolio in Wyoming includes 13 projects. Eleven of these projects are in the Great Divide Basin, Wyoming, including our flagship project, Lost Creek Project, which began production operations in August 2013. Currently we control more than 1,900 unpatented mining claims and three State of Wyoming mineral leases for a total of more than 37,500 acres (~15,500 hectares) in the area of the Lost Creek Property, including the Lost Creek permit area (the “Lost Creek Project” or “Lost Creek”) and certain adjoining properties which we refer to as LC East, LC West, LC North, LC South and EN project areas (collectively, with the Lost Creek Project, the “Lost Creek Property”). Five of the projects at the Lost Creek Property contain NI 43-101 compliant mineral resources: Lost Creek, LC East, LC West, LC South and LC North. See Resource Summary

below in Updated Preliminary Economic Assessment for Lost Creek Property. Below is a map showing our Wyoming projects and the geologic basins in which they are located.

Our Wyoming properties together total more than 55,000 acres (approximately 22,250 hectares) and include two properties, Shirley Basin and Lucky Mc, obtained through our 2013 acquisition of Pathfinder Mines Corporation. That acquisition also included a significant exploration and development database compiled by Pathfinder over several decades, which provided the initial lead from which we acquired a gold exploration project in west-central Nevada (the “Excel Project”) in 2017. To date, the project comprises 102 federal lode mining claims for a property position of approximately 2,100 acres. The Excel Project is located within the Excelsior Mountains, in proximity to the Camp Douglas and Candelaria Mining Districts.

## Operating Properties

### Lost Creek Project – Great Divide Basin, Wyoming

The Lost Creek Project area was acquired in 2005, and is located in the Great Divide Basin, Wyoming. The Main Mineral Trend of the Lost Creek uranium deposit (the “MMT”) is located within the Lost Creek Project. The permit area of the Lost Creek Project covers 4,254 acres (1,722 hectares), comprising 201 lode mining claims and one State of Wyoming mineral lease section. Regional access relies almost exclusively on existing public roads and highways. The local and regional transportation network consists of primary, secondary, local and unimproved roads. Direct access to Lost Creek is mainly on two crown-and-ditched gravel paved access roads to the processing plant. One road enters from the west off of Sweetwater County Road 23N (Wamsutter-Crooks Gap Road); the other enters from the east off of U.S. Bureau of Land Management (“BLM”) Sooner Road. On a wider basis, from population centers, the Property area is served by an Interstate Highway (Interstate 80), a US Highway (US 287), Wyoming state routes (SR 220 and 73 to Bairoil), local county roads, and BLM roads. The Lost Creek Property is located as shown here:

The basic infrastructure (power, water, and transportation) necessary to support our ISR operation is located within reasonable proximity. Generally, the proximity of Lost Creek to paved roads is beneficial with respect to transportation of equipment, supplies, personnel and product to and from the property. Existing regional

overhead electrical service is aligned in a north-to-south direction along the western boundary of the Lost Creek Project. A new overhead power line, approximately two miles in length, was constructed to bring power from the existing Pacific Power line to the Lost Creek plant. Power drops have been made to the property and distributed to the plant, offices, wellfields, and other facilities. Additional power drops will be installed as we expand the wellfield operations.

Following the purchase of an existing production royalty with respect to 20 claims of the Lost Creek Project in 2013, there are no remaining royalties at the Lost Creek Project, except for the royalty on the State of Wyoming section mineral lease as provided by law. Currently, there is only limited production planned from the State lease section. There is a production royalty of one percent on certain claims of the LC East Project, and other royalties on other claims within the other adjoining projects (LC South and EN projects) as well as the other State sections on which we maintain mineral leases (LC West and EN projects).

### Production Operations

Following receipt of the final regulatory authorization in October 2012, we commenced construction at Lost Creek. Construction included the plant facility and office building, installation of all process equipment, installation of two access roads, additional power lines and drop lines, deep disposal wells, construction of two holding ponds, warehouse building, and drill shed building. In August 2013 we were given operational approval by the NRC and commenced production operation activities. See also discussion of the operational methods used at Lost Creek, above, under heading “Business and Properties.”

For the Lost Creek PEA, in order to accurately reflect existing resources, all resources produced through September 30, 2015 (1,358,407 pounds) were subtracted from total Measured Resources from the HJ Horizon in Mine Unit 1 (“MU1”). All the wells to support the originally-planned 13 header houses (“HHs”) have been completed. HHs 1-1 through 1-11 were operational as of the effective date of the Lost Creek PEA, October 15, 2015. Subsequently, the last two of the originally-planned header houses in MU1 were brought online (HH 1-12 (November 2016) and HH 1-13 (May 2017)).

All monitor ring wells in Mine Unit 2 (“MU2”) have been installed, pump-tested and approved for operational use. As of October 15, 2015, the effective date for the Lost Creek PEA, 138 pattern wells were piloted within HHs 2-1, 2-2 and 2-3. In a limited development program in 2018, the wells previously piloted were completed for use as well as construction of HHs 2-2 and 2-3. HH 2-2 was brought into operation in August 2017, HH 2-3 started in January 2018 and HH 2-1 was brought online in May 2018.

During 2018, with production controlled at lower levels, 302,164 pounds of  $U_3O_8$  were captured within the Lost Creek plant; 286,358 pounds  $U_3O_8$  were packaged in drums; and 287,873 pounds  $U_3O_8$  of drummed inventory were shipped from the Lost Creek processing plant to the converter. After more than five years of operations, the 2018 average plant head grade was 31 ppm. Varying month-to-month grades is a typical result as the mine matures and



older operating patterns remain in the flow regime while newer patterns are brought online.

From production, Lost Creek sold 10,000 pounds  $U_3O_8$  during calendar 2018. Overall, we sold 480,000 pounds of yellowcake into contractual commitments in 2018 at an average price of \$48.86 per pound. At December 31, 2018, inventory at the conversion facility was approximately 375,803 pounds  $U_3O_8$ .

#### 2016 Preliminary Economic Assessment for Lost Creek Property

In 2016, we issued an updated Preliminary Economic Assessment for the Lost Creek Property Sweetwater County Wyoming, as amended (February 8, 2016 (TREC, Inc.)) (the “Lost Creek PEA”). The Lost Creek PEA

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was prepared for the Company and its subsidiary, Lost Creek ISR, LLC, by Douglass H. Graves, P.E., TREC, Inc. (“TREC”) and James A. Bonner, P.Geo., Vice President Geology of the Company in accordance with NI 43-101.

According to the Lost Creek PEA, the mineral resources at the Lost Creek Property at the date of the report were as follows:

Lost Creek Property - Resource Summary

PROJECT	MEASURED			INDICATED			INFERRED		
	AVG GRADE % eU <sub>3</sub> O <sub>8</sub>	SHORT TONS (X 1000)	POUNDS (X 1000)	AVG GRADE % eU <sub>3</sub> O <sub>8</sub>	SHORT TONS (X 1000)	POUNDS (X 1000)	AVG GRADE % eU <sub>3</sub> O <sub>8</sub>	SHORT TONS (X 1000)	POUNDS (X 1000)
LOST CREEK MU1 production through 9/30/15	0.048 (0.048)	8,339 (1,415)	7,937 (1,358)	0.046	3,831	3,491	0.046	3,116	2,844
LC EAST	0.052	1,392	1,449	0.041	1,891	1,567	0.042	2,954	2,484
LC NORTH	-----	-----	-----	-----	-----	-----	0.045	645	581
LC SOUTH	-----	-----	-----	0.037	220	165	0.039	637	496
LC WEST EN	-----	-----	-----	-----	-----	-----	0.109	16	34
GRAND TOTAL	0.048	8,316	8,028	0.044	5,942	5,223	0.044	7,368	6,439
				MEASURED + INDICATED =		14,258	13,251		

Notes:

1. Sum of Measured and Indicated tons and pounds may not add to the reported total due to rounding.
2. % eU<sub>3</sub>O<sub>8</sub> is a measure of gamma intensity from a decay product of uranium and is not a direct measurement of uranium. Numerous comparisons of eU<sub>3</sub>O<sub>8</sub> and chemical assays of Lost Creek rock samples, as well as PFN logging, indicate that eU<sub>3</sub>O<sub>8</sub> is a reasonable indicator of the chemical concentration of uranium.
3. Table shows resources based on grade cutoff of 0.02 % eU<sub>3</sub>O<sub>8</sub> and a grade x thickness cutoff of 0.20 GT.
4. Measured, Indicated, and Inferred Mineral Resources as defined in Section 1.2 of NI 43-101 (the CIM Definition Standards (CIM Council, 2015)).
5. Resources are reported through October 15, 2015.
6. All reported resources occur below the static water table.
7. 1,358,407 lbs. of uranium have been produced from the HJ Horizon in MU1 (Lost Creek Project) as of September 30, 2015.
8. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Information shown in the table above differs from the disclosure requirements of the SEC. See Cautionary Note to U.S. Investors Concerning Disclosure of Mineral Resources, above.

The Lost Creek PEA discloses changes for the Lost Creek Property which come in the form of an updated mineral resource estimate prompted by drilling within Lost Creek's MU2, exploratory drilling at the Lost Creek and LC East Projects, and the re-estimation of all previously-identified resources for the Property at a revised 0.20 grade-thickness (GT) cut-off. The economic analyses within the Lost Creek PEA have been revised to evaluate the impact of additional identified resources with information and data acquired through two years of ISR operations at Lost Creek. The Lost Creek PEA therefore serves to replace the last economic analyses for the Lost Creek Property from December 2013 and the NI 43-101 Technical Report on the Lost Creek Property, dated June 17, 2015 (the "2015 Technical Report"). The Lost Creek PEA covers production through September 30, 2015 and drilling and other exploration and operational activities conducted through October 15, 2015.

We published the 2015 Technical Report for the Lost Creek Property to report increased resources for its operating MU1 and from exploration drilling conducted early in 2015. In order to reconcile higher-than-expected uranium recoveries from production operations in this mine unit, various analyses were conducted. These analyses, including detailed remapping of mineralized trends within ten sand horizons and interpretation of data from an additional 85 closely-spaced wells and core-holes, resulted in the re-estimation of the mineral resources and the conclusion that it was most appropriate to lower the grade-thickness (“GT”) cut-offs from 0.30 to 0.20 within our GT contouring resource estimation technique. Employing these revised guidelines, resources for MU1 were re-mapped and re-evaluated, increasing the MU1 Measured Resources by 55% (after subtraction of MU1 production). Through the monitoring of continued production from MU1, the authors believe the 0.20 GT cutoff better represents the uranium resources for the Lost Creek Property and is supported by the economic analysis included in the PEA as well as the actual production achieved at the property to date. Accordingly, for the Lost Creek PEA, all resource estimations for Lost Creek Property have used the new 0.20 GT cutoff, again, following re-mapping and re-evaluation. Between the 2015 Technical Report and the Lost Creek PEA’s publication, our activities resulted in a cumulative increase of mineral resources at the Lost Creek Property of 31% in the Measured and Indicated categories and 28% in the Inferred category as was then reported in the Lost Creek PEA.

The Lost Creek Property represents the composite of six individual contiguous Projects: Lost Creek Project, LC East Project, LC West Project, LC North Project, LC South Project and EN Project. The fully-licensed and operating Lost Creek Project is considered the core project while the others are collectively referred to as the Adjoining Projects. The Adjoining Projects were acquired by the Company as exploration targets to provide resources supplemental to those recognized at the Lost Creek Project. Most were initially viewed as stand-alone projects, but expanded over time such that collectively they represent a contiguous block of land along with the Lost Creek Project.

The Lost Creek PEA mineral resource estimate includes drill data and analyses of approximately 3,200 historic and current holes and over 1.8 million feet of drilling at the Lost Creek Project alone. With the acquisition of the Lost Creek Project, we acquired logs and analyses from 569 historic holes representing 366,268 feet of data. Since our acquisition of the project we have drilled 2,629 holes and wells including the construction and development drilling during 2013-2016 for MU1 and initial work in MU2 at Lost Creek. Drilling at Lost Creek through October 15, 2015 was included in the PEA. Additionally, drilling from the other five projects at the Lost Creek Property, both historic and our drill programs, is included in the mineral resource estimate. Collectively, this represents an additional 2,387 drill holes (1,306,331 feet).

The Lost Creek PEA is the first technical report prepared since production operations began at Lost Creek which includes an updated preliminary economic assessment. It reflects the reported production from August 3, 2013 to September 30, 2015 and subtracts that amount (1,358,407 pounds) when summing the Measured Resources. Since September 30, 2015, and up through December 31, 2018, another 1,317,245 pounds have been produced. Total production from both MU1 and MU2, through December 31, 2018, equaled 2,675,652 pounds and the remaining Lost Creek PEA resources following that production are detailed below:



12/31/18 Reconciliation of Lost Creek Property Resource Estimate									
PROJECT	MEASURED			INDICATED			INFERRED		
	AVG GRADE	SHORT TONS	POUNDS	AVG GRADE	SHORT TONS	POUNDS	AVG GRADE	SHORT TONS	POUNDS
	% eU <sub>3</sub> O <sub>8</sub>	(X 1000)	(X 1000)	% eU <sub>3</sub> O <sub>8</sub>	(X 1000)	(X 1000)	% eU <sub>3</sub> O <sub>8</sub>	(X 1000)	(X 1000)
LOST CREEK	0.048	8,339	7,937	0.046	3,831	3,491	0.046	3,116	2,844
MU1 production through 9/30/15	(0.048)	(1,415)	(1,358)						
MU1/2 production 10/1/15 - 12/31/18	(0.048)	(1,372)	(1,317)						
Lost Creek Subtotal at 12/31/18	0.048	5,552	5,262	0.046	3,831	3,491	0.046	3,116	2,844
LC EAST	0.052	1,392	1,449	0.041	1,891	1,567	0.042	2,954	2,484
LC NORTH	-----	-----	-----	-----	-----	-----	0.045	645	581
LC SOUTH	-----	-----	-----	0.037	220	165	0.039	637	496
LC WEST	-----	-----	-----	-----	-----	-----	0.109	16	34
EN	-----	-----	-----	-----	-----	-----	-----	-----	-----
Grand Total at 12/31/18	0.048	6,944	6,711	0.044	5,943	5,223	0.044	7,368	6,440
				MEASURED + INDICATED =		12,887		11,934	

#### Regulatory Authorizations and Land Title of Lost Creek

Beginning in 2007, we completed all necessary applications and related processes to obtain the required permitting and licenses for the Lost Creek Project, of which the three most significant are: a Source and Byproduct Materials License from the NRC (received August 2011); a Plan of Operations with the BLM (Record of Decision (“ROD”)) received October 2012; affirmed by U.S. District Court for the District of Wyoming, September 2013); and a Permit and License to Mine from the WDEQ (October 2011). The WDEQ License to Mine was issued following determinations in favor of the project by the WEQC with respect to a third-party objection, which included a WEQC direction that the WDEQ Permit be approved by the WDEQ. The WDEQ Permit includes the approval of the first mine unit, as well as the Wildlife Management Plan, including a positive determination of the protective measures at the project for the greater sage-grouse species.

Potential risks to the accessibility of the estimated mineral resource may include changes in the designation of the sage grouse as an endangered species by the USFWS because the Lost Creek Property lies within a sage grouse core area as defined by the state of Wyoming. In September 2015, the USFWS issued its finding that the greater sage grouse does not warrant protection under the Endangered Species Act (ESA). The USFWS reached this determination after evaluating the species’ population status, along with the collective efforts by the BLM and U.S. Forest Service, state agencies, private landowners and other partners to conserve its habitat.

After a thorough analysis of the best available scientific information and considering ongoing key conservation efforts and their projected benefits, the USFWS determined the species does not face the risk of extinction now or in the foreseeable future and therefore does not need protection under the ESA. Should future decisions vary, or state or federal agencies alter their management of the species, there could potentially be an impact on future expansion operations. However, the Company continues to work closely with the Wyoming Game and Fish Department (“WGFD”) and the BLM to mitigate impacts to the sage grouse.

The State of Wyoming has developed a “core-area strategy” to help protect the greater sage-grouse species within certain core areas of the state. The Lost Creek property is within a designated core area and are thus subject to work activity restrictions from March 1 to July 15 of each year. The timing restriction precludes exploration drilling and other non-operational based activities which may disturb the sage-grouse. The sage-grouse timing restrictions relevant to ISR production and operational activities at the Lost Creek Project are somewhat different because the State has recognized that mining projects within core areas must be allowed to operate year-round. Therefore, there are no timing restrictions on operational activities within pre-approved disturbed areas within our permit to mine.

Meanwhile, in related regulatory processes, the BLM prepared and issued, in September 2015, environmental impact statements for and issued amendments to eleven Resource Management Plans (“RMPs”), related to the greater sage-grouse. Included in these RMPs were proposals to designate millions of acres of federal lands currently open for mineral location as lands to be withdrawn from such mineral status. In 2017, the BLM cancelled the withdrawal proposal.

Additional authorizations from federal, state and local agencies for the Lost Creek project include: WDEQ-Air Quality Division Air Quality Permit and WDEQ-Water Quality Division Class I Underground Injection Control (“UIC”) Permit. The latter permit allows Lost Creek to operate up to five Class I injection wells to meet the anticipated disposal requirements for the life of the Lost Creek Project. The Environmental Protection Agency (“EPA”) issued an aquifer exemption for the Lost Creek project. The WDEQ’s separate approval of the aquifer reclassification is a part of the WDEQ Permit. We also received approval from the EPA and the Wyoming State Engineer’s Office for the construction and operation of two holding ponds at Lost Creek.

In 2014, two applications for amendments to the primary authorizations to mine at Lost Creek were submitted to federal regulatory agencies, NRC and BLM, for the development and mining of LC East Project and the KM Horizon at Lost Creek. In 2015, the BLM issued a notice of intent to complete an environmental impact statement for the application. The NRC is participating in this review as a cooperating agency. A permit amendment requesting approval to mine at the LC East Project and within the KM Horizon at the Lost Creek Project was also submitted to the WDEQ. Approval will include an aquifer exemption. The request related to the KM Horizon at Lost Creek was subsequently withdrawn. The air quality permit will be revised to account for additional surface disturbance. An application will be submitted to Sweetwater County to re-zone the land at LC East. A subsequent Development Plan will also have to be submitted for review and approval. Numerous well permits from the State Engineer’s Office will be required. The BLM published a Final Environmental Impact Statement (“FEIS”) on the amendment application in January 2019. It is anticipated that permits and authorizations will be completed in 2019. See also Lost Creek Regulatory Proceedings, in Management Discussion and Analysis, below.

During 2016, we received all authorizations for the operation of Underground Injection Control (UIC) Class V wells at Lost Creek, and operation of the circuit began in early 2017. This allows for the onsite recirculation of fresh permeate (i.e., clean water) into relatively shallow Class V wells. Site operators use the reverse osmosis circuits, which were installed during initial construction of the plant, to treat process waste water into brine and permeate streams. The brine stream continues to be disposed of in the UIC Class I deep wells while the clean, permeate stream is injected into the UIC Class V wells after treatment for radium. These operational procedures are expected to significantly enhance waste water capacity at the site, ultimately reducing the injection requirements of our Class I deep disposal wells and extending the life of those valuable assets.

Significantly, effective September 30, 2018, Wyoming became the 38th state to assume responsibility from the NRC for the regulation of radiation safety at uranium recovery facilities like Lost Creek. The Wyoming State Uranium Recovery Program (“URP”), a part of the WDEQ, will oversee the licensing process for source material licenses as well as the operations of licensees in Wyoming. We believe the change will streamline the process of licensing, should offer greater consistency in authorizations, and may result in reduced costs in the licensing phase, which we estimate



may be as much as \$2 million per project.

Through certain of our subsidiaries, we control the federal unpatented lode mining claims and State of Wyoming mineral leases which make up the Lost Creek Property. Title to the mining claims is subject to rights of pedis possessio against all third-party claimants as long as the claims are maintained. The mining claims do not have an expiration date. Affidavits have been timely filed with the BLM and recorded with the Sweetwater

County Recorder attesting to the payment of annual maintenance fees to the BLM as established by law from time to time. The state leases have a ten-year term, subject to renewal for successive ten-year terms.

The surface of all the mining claims is controlled by the BLM, and we have the right to use as much of the surface as is necessary for exploration and mining of the claims, subject to compliance with all federal, state and local laws and regulations. Surface use on BLM lands is administered under federal regulations. Similarly, access to state-controlled land is largely inherent within the State of Wyoming mineral lease. The state lease at the Lost Creek Project requires a nominal surface impact fee to be paid. The other state mineral leases currently do not have surface impact payment obligations.

#### Exploration and Development Properties

##### Our Five Projects Adjoining Lost Creek Together with the Lost Creek Project Form the Lost Creek Property

The LC East and LC West Projects (currently, approximately 5,710 acres (2,310 hectares) and 3,840 acres (1,554 hectares), respectively) were added to the Lost Creek Property in 2012. The two projects were formed through location of new unpatented lode mining claims and an asset exchange completed in February 2012 with Uranium One Americas, Inc., through which we acquired 175 unpatented mining claims and related data. In 2012, all baseline studies at LC East were initiated. As discussed above, in 2014, we submitted applications for amendments of the Lost Creek licenses and permits to include development of LC East. We also located additional lode mining claims to secure the lands in what will be the LC East permit area. The East Mineral Trend (the “EMT”) is a second mineral trend of significance, in addition to the MMT at Lost Creek, identified by historic drilling on the lands forming LC East. Although geologically similar, it appears to be a separate and independent trend from the MMT. The Lost Creek PEA contains a recommendation that delineation drilling of identified resources in the EMT continue, together with progressing all necessary permit and license amendments to permit future production.

The LC North Project (approximately 7,730 acres (3,120 hectares)) is located to the north and to the west of the Lost Creek Project. Historical wide-spaced exploration drilling on this project consisted of 175 drill holes. We have conducted two drilling programs at the project. We may conduct exploration drilling at LC North in the future to pursue the potential of an extension of the MMT in the HJ and KM horizons.

The LC South Project (approximately 10,775 acres (4,360 hectares)) is located to the south and southeast of the Lost Creek Project. Historical drilling on the LC South Project consisted of 488 drill holes. In 2010, we drilled 159 exploration holes (total, 101,270 feet (30,867 meters)) which confirmed numerous individual roll front systems occurring within several stratigraphic horizons correlative to mineralized horizons in the Lost Creek Project. Also, a series of wide-spaced drill holes were part of this exploration program which identified deep oxidation (alteration) that represents the potential for several additional roll front horizons. In the future, we may conduct additional drilling to further evaluate the potential of deeper mineralization.

The EN Project (approximately 5,500 acres (~ 2,200 hectares)) is adjacent to and east of LC South. We have over 50 historical drill logs from the EN project. Some minimal, deep, exploration drilling has been conducted at the project. Although no mineral resource is yet reported due to the limited nature of the data, we may in the future explore this area further with wide spaced framework drilling to assess regional alteration and stratigraphic relationships. During 2016, in an effort to contain costs, we reduced the number of federal mining claims and state mineral leases held at the EN project.

## History and Geology of the Lost Creek Property

Uranium was discovered in the Great Divide Basin, where Lost Creek is located, in 1936. Exploration activity increased in the early 1950s after the Gas Hills District discoveries, and continued to increase in the 1960s, with the discovery of numerous additional occurrences of uranium. Wolf Land and Exploration (which later became Inexco), Climax (Amax) and Conoco Minerals were the earliest operators in the Lost Creek area and made the initial discoveries of low-grade uranium mineralization in 1968. Kerr-McGee, Humble Oil, and Valley Development, Inc. were also active in the area. Drilling within the current Lost Creek Project area from 1966 to 1976 consisted of approximately 115 wide-spaced exploration holes by several companies including Conoco, Climax (Amax), and Inexco.

Texasgulf acquired the western half of what is now the Lost Creek Project in 1976 through a joint venture with Climax and identified what is now referred to as the Main Mineral Trend (MMT). In 1978, Texasgulf optioned into a 50% interest in the adjoining Conoco ground to the east and continued drilling, fully identifying the MMT eastward to the current Project boundary; Texasgulf drilled approximately 412 exploration holes within what is now the Lost Creek Project. During this period Minerals Exploration Company (a subsidiary of Union Oil Company of California) drilled approximately 8 exploration holes in what is currently the western portion of the Lost Creek Project. Texasgulf dropped the project in 1983 due to declining market conditions. The ground was subsequently picked up by Cherokee Exploration, Inc. which conducted no field activities.

In 1987, Power Nuclear Corporation (also known as PNC Exploration) acquired 100% interest in the project from Cherokee Exploration, Inc. PNC Exploration conducted a limited exploration program and geologic investigation, as well as an evaluation of previous in situ leach testing by Texasgulf. PNC Exploration drilled a total of 36 holes within the current Project area.

In 2000, New Frontiers Uranium, LLC acquired the property and database from PNC Exploration, but conducted no drilling or geologic studies. New Frontiers Uranium, LLC later transferred the Lost Creek Project-area property along with its other Wyoming properties to its successor NFU Wyoming, LLC. In June 2005, Ur-Energy USA purchased 100% ownership of NFU Wyoming, LLC.

The Lost Creek Property is situated in the northeastern part of the GDB which is underlain by up to 25,000 ft. of Paleozoic to Quaternary sediments. The GDB lies within a unique divergence of the Continental Divide and is bounded by structural uplifts or fault displaced Precambrian rocks, resulting in internal drainage and an independent hydrogeologic system. The surficial geology in the GDB is dominated by the Battle Spring Formation of Eocene age. The dominant lithology in the Battle Spring Formation is coarse arkosic sandstone, interbedded with intermittent mudstone, claystone and siltstone. Deposition occurred as alluvial-fluvial fan deposits within a south-southwest flowing paleodrainage. The sedimentary source is considered to be the Granite Mountains, approximately 30 miles to the north. Maximum thickness of the Battle Spring Formation sediments within the GDB is 6,000 ft.

Uranium deposits in the GDB are found principally in the Battle Spring Formation, which hosts the Lost Creek Project deposit. Lithology within the Lost Creek deposit consists of approximately 60% to 80% poorly consolidated, medium to coarse arkosic sands up to 50 ft. thick, and 20% to 40% interbedded mudstone, siltstone, claystone and fine sandstone, each generally less than 25 ft. thick. This lithological assemblage remains consistent throughout the entire vertical section of interest in the Battle Spring Formation.

Outcrop at Lost Creek is exclusively that of the Battle Spring Formation. Due to the soft nature of the formation, the Battle Spring Formation occurs largely as sub-crop beneath the soil. The alluvial fan origin of the formation yields a complex stratigraphic regime which has been subdivided throughout Lost Creek into several thick

horizons dominated by sands, with intervening named mudstones. Lost Creek is currently licensed and permitted to produce from the HJ horizon.

We occasionally perform leach testing on various samples from the Lost Creek Project. Most recently, in 2010, we performed leach testing on samples from the KM Horizon of the Lost Creek Project. Seven samples obtained from one-foot sections of core were tested for mineral recovery using the same test methods as in prior tests from the HJ Horizon (currently licensed for production at Lost Creek, and being recovered in MU1). Twenty-five pore volumes of various bicarbonate leach solutions were passed through the samples. Uranium recovery ranged from 54.1 to 93.0% with an average uranium recovery of 80.6%. These results are similar to earlier leaching and recovery tests conducted on behalf of the Company on samples from the HJ Horizon, which returned results consistently averaging 82 – 83%. We believe these results are consistent with industry experience.

Pathfinder Mines Corporation: Shirley Basin Mine Site (Shirley Basin, Wyoming) and Lucky Mc Mine Site (Gas Hills Mine District, Wyoming)

As a result of the Pathfinder acquisition, we now own the Shirley Basin and Lucky Mc mine sites in the Shirley Basin and Gas Hills mining districts of Wyoming, respectively, from which Pathfinder and its predecessors historically produced more than seventy-one million pounds of uranium, primarily from the 1960s through the 1990s. Pathfinder's predecessors included COGEMA, Lucky Mc Uranium Corporation, and Utah Construction/Utah International.

Both Lucky Mc and Shirley Basin conventional mine operations were suspended in the 1990s due to low uranium pricing, and facility reclamation was substantially completed. We assumed the remaining reclamation responsibilities including financial surety for reclamation, at Shirley Basin and at the Lucky Mc mine site. The Lucky Mc tailings site was fully reclaimed and, at the time of our acquisition, was in the process of being transferred to the U.S. Department of Energy. Therefore, we assumed no obligations with respect to the Lucky Mc tailings site, which were retained by the seller upon closing, or the NRC license at the site. We do not have plans for the further exploration or development of the Lucky Mc property during 2019.

Together with property holdings of patented lands, unpatented mining claims, and State of Wyoming and private leases totalling more than 5,500 acres (nearly 3,700 acres at Shirley Basin (approximately 1,500 hectares); approximately 1,800 at Lucky Mc (approximately 750 hectares)), we also acquired all historic geologic, engineering and operational data related to the two mine areas. Our project at Shirley Basin (the "Shirley Basin Project") is located in Carbon County, Wyoming, approximately 40 miles south of Casper, Wyoming. The project is accessed by travelling west from Casper, on Highway 220. After travelling 18 miles, turn south on Highway 487 and travel an additional 35 miles; the entrance to Shirley Basin Mine is to the east.

In addition to the two projects and related data, we acquired an extensive U.S. exploration and development database estimated to comprise hundreds of project descriptions in more than twenty states, including thousands of drill logs and geologic reports. Our geology team continues with its evaluation of this database, assessing opportunities for monetizing this additional asset.

Under the terms of our acquisition of Pathfinder from AREVA in 2013, we were obligated to pay a five percent production royalty on production at the Shirley Basin Project under certain market conditions, if such conditions were triggered prior to June 30, 2016. The royalty lapsed and was terminated because the market conditions had not been timely triggered.

The tailings facility at the Shirley Basin site is one of the few remaining facilities in the United States that is licensed by the NRC to receive and dispose of byproduct waste material from other in situ uranium mines. We assumed the operation of the byproduct disposal site and accepted deliveries throughout 2018 under several existing contracts.

Preliminary Economic Assessment for Shirley Basin Uranium Project

In 2014, we issued a Technical Report on Resources for the Shirley Basin Uranium Project Carbon County Wyoming (August 27, 2014). Subsequently, we issued a Preliminary Economic Assessment for the Shirley Basin Uranium Project Carbon County Wyoming, January 27, 2015 (the “Shirley Basin PEA”). The Shirley Basin PEA was prepared under the supervision of WWC Engineering. The current mineral resources at the Shirley Basin Project are estimated as follows:

Shirley Basin Uranium Project - Resource Summary

RESOURCE AREA	MEASURED			INDICATED		
	AVG GRADE % eU <sub>3</sub> O <sub>8</sub>	SHORT TONS (X 1000)	POUNDS (X 1000)	AVG GRADE (X 1000)	SHORT TONS (X 1000)	POUNDS (X 1000)
FAB						
TREND	0.280	1,172	6,574	0.119	456	1,081
AREA 5	0.243	195	947	0.115	93	214
TOTAL	0.275	1,367	7,521	0.118	549	1,295
			MEASURED & INDICATED	0.230	1,915	8,816

Notes:

1. Sum of Measured and Indicated tons and pounds may not add to the reported total due to rounding.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Based on grade cutoff of 0.020 percent eU<sub>3</sub>O<sub>8</sub> and a grade x thickness cutoff of 0.25 GT.
4. Measured and Indicated Mineral Resources as defined in Section 1.2 of NI 43-101 (the CIM Definition Standards (CIM Council, 2015)).
5. Resources are reported through July 2014.
6. All reported resources occur below the historical, pre-mining static water table.
7. Sandstone density is 16.0 cu. ft./ton.

Information shown in the table above differs from the disclosure requirements of the SEC. See Cautionary Note to U.S. Investors Concerning Disclosure of Mineral Resources, above.



The Shirley Basin mineral resource estimate includes drill data and analyses of approximately 3,200 holes and nearly 1.2 million feet of historic drilling at the Shirley Basin Project which were acquired with the acquisition of Pathfinder. We drilled 14 confirmation holes representing approximately 6,600 feet which were included in the mineral resource estimate. Because of the density of the historical drill programs, estimates were able to be made entirely in Measured and Indicated categories of resources and there is no Inferred Resource included in the resource estimate for Shirley Basin.

## Shirley Basin History and Geology

The Shirley Basin property lies in the northern half of the historic Shirley Basin uranium mining district (the “District”), which is the second most prolific uranium mining district in Wyoming. Earliest discoveries were made in 1954 by Teton Exploration. This was followed by an extensive claim staking and drilling rush by several companies in 1957. Several important discoveries were made and the first mining was started in 1959 by Utah Construction Corp. (predecessor to Pathfinder). Underground mining methods were initially employed but encountered severe groundwater removal problems, so in 1961 Utah Construction switched to solution mining methods. This was the first commercially successful application of in situ solution mining recovery (ISR) for uranium in the United States. In 1968 market and production needs caused Utah Construction to move to open-pit mining and a conventional mill. All production within the district since that time has been by open-pit methods.

Several companies operated uranium mines within the District, however three companies were dominant. Utah Construction/Pathfinder’s efforts were focused in the northern portions of the District, while Getty was largely in the central portions, and Kerr-McGee was in the southern portions. In 1960, Getty and Kerr-McGee joined together as Petrotonics Company to build a mill for joint processing of their production. The last mining in the District ended in 1992 when Pathfinder shut down production due to market conditions. Total production from Shirley Basin was 51.3 million pounds of uranium, of which 28.3 million pounds came from the Utah Construction/Pathfinder operations which we now own.

Resources which we are currently targeting for ISR production represent unmined extensions of mineral trends addressed in past open-pit mines. These extensions had been targeted for mining but were abandoned with shut-down of the mining operations in 1992.

The Shirley Basin mining district lies in the north-central portions of the Shirley Basin geologic province, which is one of several inter-montane basins in Wyoming created 35-70 million years ago (mya) during the Laramide mountain building event. The Basin is floored by folded sedimentary formations of Cretaceous age (35-145 mya). These units were tilted by Laramide tectonic forces and subsequently exposed to erosion, creating a “paleo-topographic” surface. In the northern half of the Basin the Cretaceous units were later covered by stream sediments of the Wind River Formation of Eocene age (34-56 mya) which filled paleo-drainages cut into a paleo-topographic surface. The source of the Wind River sediments is granitic terrain within the nearby Laramie Range to the east and the Shirley Mountains to the southwest. The Wind River Formation was subsequently covered by younger volcanic ash-choked stream sediments of the White River and Arikaree Formations of Oligocene age (23-34 mya) and Miocene age (5-23 mya), respectively.

The Wind River Formation is the host of all uranium mineralization mined within the Shirley Basin mining district. The lithology of the Wind River Formation is characterized by multiple thick, medium to coarse grained sandstones separated by thick claystone shale units. The individual sandstones and shales are typically 20 to 50 feet thick. Total thickness of the Wind River Formation ranges from approximately 400 to 500 feet. The two most dominant sandstones are named the Main and Lower Sands. The Lower Sand represents the basal sand unit of the Wind River Formation and in places lies directly above the underlying Cretaceous formations.

Uranium occurs as roll front type deposits along the edge of large regional alteration systems within sandstone units of the Wind River Formation. The source of the uranium is considered to be the volcanic ash content within the overlying White River Formation and also granitic content within the Wind River Formation itself. The Main and Lower Sands are the primary hosts to mineralization which we are currently targeting for ISR development. Studies we conducted in 2014, as well as previous studies by Pathfinder in the late 1990s, indicate that this mineralization is amenable to ISR extraction. The primary target is called the FAB Trend

which represents the connecting mineral trend between two past-produced open-pits. A secondary target called Area 5 was also an ISR target for Pathfinder prior to shut-down of their mining operations in 1992.

#### The Bootheel Project, LLC and The Bootheel Project – Shirley Basin, Wyoming

Crosshair Exploration USA, Inc. is the manager of The Bootheel Project, LLC venture (since 2007). Since 2012, our ownership interest in the venture has been maintained at approximately 19%. In that time, the project’s budgets have been limited to nominal land maintenance payments and general overhead (e.g., insurance). In April 2018, the Management Committee of the Bootheel Project determined to continue the ownership and maintenance on the Bootheel property for the fiscal year ending March 31, 2019, which is the fiscal year end of The Bootheel Project, LLC. We anticipate proceeding in the same fashion in the upcoming budget year. Due to the persistent depressed uranium market pricing combined with the reduction in minerals when a lease was not renegotiated, we examined the valuation of the investment and determined that as a standalone investment, it had an insignificant value and was therefore fully impaired during 2016 resulting in a loss on investment of \$1.1 million.

#### Competition and Mineral Prices

The uranium industry is highly competitive, and our competition includes larger, more established companies with longer operating histories that not only explore for and produce uranium, but also market uranium and other products on a regional, national or worldwide basis. As described below, on a global basis, this competition also includes a significant number of state-owned or sponsored entities. Because of the greater financial and technical resources of these companies, competitive bids on off-take sales agreements is difficult. Beyond that, in the U.S., competitive bid processes for other contracts and opportunities is and will be challenging; this competition extends to the further acquisition of properties and equipment, contractors and personnel required to explore and develop such properties. Additionally, these larger (or state-owned) companies have greater resources to continue with their operations during periods of depressed market conditions.

Unlike other commodities, uranium does not trade on an open market. Contracts are negotiated privately by buyers and sellers. Our existing long-term agreements are described in Item 1, Business and Properties, above and in Item 7, Management’s Discussion and Analysis, below. Uranium prices are published by two of the leading industry-recognized independent market consultants, UxC, LLC (formerly, The Ux Consulting Company, LLC) and TradeTech, LLC, who publish on their respective websites. The following information reflects an average of the per pound prices published by these two consulting groups for the timeframe indicated:

December 31 of [year]	2013	2014	2015	2016	2017	2018
Spot price (US\$)	\$ 34.50	\$ 35.50	\$ 34.23	\$ 20.25	\$ 23.75	\$ 27.75

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LT price (US\$)            \$ 50.00 \$ 49.50 \$ 44.00 \$ 30.00 \$ 31.00 \$ 32.00

End of [month]	31-Aug-18	30-Sep-18	31-Oct-18	30-Nov-18	31-Dec-18	31-Jan-19	27-Feb-19
Spot price (US\$)	\$ 26.30	\$ 27.50	\$ 27.95	\$ 29.10	\$ 27.75	\$ 28.90	\$ 27.85
LT price (US\$)	\$ 31.25	\$ 31.75	\$ 31.25	\$ 31.25	\$ 32.00	\$ 32.00	\$ 32.00

The Long-Term price as defined by UxC, LLC includes conditions for escalation (from current quarter) delivery timeframe ( $\geq 24$  months), and quantity flexibility (up to  $\pm 10\%$ ) considerations.

## Government Regulations

As set forth above, our exploration projects and operations at Lost Creek and our other projects in Wyoming where exploration, development and operations are taking place, are subject to extensive laws and regulations which are overseen and enforced by multiple federal, state and local authorities. These laws govern exploration, development, production, exports, various taxes, labor standards, occupational health and safety, waste disposal, protection and remediation of the environment, protection of endangered and protected species, toxic and hazardous substances and other matters. Uranium minerals exploration is also subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production.

Compliance with these laws and regulations may impose substantial costs on us and will subject us to significant potential liabilities. Changes in these regulations could require us to expend significant resources to comply with new laws or regulations or changes to current requirements and could have a material adverse effect on our business operations.

Minerals exploration and development activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated, causing an adverse effect on our business operations. Minerals exploration operations are also subject to federal and state laws and regulations which seek to maintain health and safety standards. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that such permits will be received. Environmental standards imposed by federal and state authorities may be changed and any such changes may have material adverse effects on our activities. Minerals extraction operations are subject to federal and state laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. As of this date, other than with respect to the posting of a performance bond and the costs associated with our permitting and licensing activities, we have not been required to spend material amounts on compliance with environmental regulations. However, we may be required to do so in the future and this may affect our ability to expand or maintain our operations.

## Environmental Regulations

As set forth above, our mineral projects are the subject of extensive environmental regulation at federal, state and local levels. Exploration, development and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuance of our operations. In general, our exploration and production activities are subject to certain federal and state laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation and regulations regarding radiation safety, emissions into the environment, water discharges, and storage and disposition of hazardous wastes. In addition, legislation requires well and facility sites to be abandoned and reclaimed to the satisfaction of state and federal authorities.

## Waste Disposal

The Resource Conservation and Recovery Act ("RCRA"), and comparable state statutes, affect minerals exploration and production activities by imposing regulations on the generation, transportation, treatment, storage, disposal and cleanup of hazardous wastes and on the disposal of non-hazardous wastes. Under the auspices of the United States Environmental Protection Agency (the "EPA"), the individual states administer some or all the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements.

## Underground Injection Control ("UIC") Permits

The federal Safe Drinking Water Act ("SDWA") creates a nationwide regulatory program protecting groundwater. This act is administered by the EPA. However, to avoid the burden of dual federal and state regulation, the SDWA allows for the UIC permits issued by states to satisfy the UIC permit required under the SDWA under two conditions. First, the state's program must have been granted primacy, as is the case in Wyoming. Second, the EPA must have granted, upon request by the state, an aquifer exemption. The EPA may delay or decline to process the state's application if the EPA questions the state's jurisdiction over the mine site. The EPA commenced a rulemaking with its publication of 40 CFR Part 192 rules in early 2015. These proposed rules effectively sought to expand EPA jurisdiction in restoration of groundwater within an exempted aquifer, and propose to extend the time for monitoring such restoration and stabilization requirement for as much as thirty years following production. As proposed, the rules implicate RCRA, SDWA and Uranium Mill Tailings Radiation Control Act (UMTRCA) standards. The EPA withdrew the rulemaking on October 30, 2018, due in large part to concerns over jurisdiction and technical feasibility raised by the Nuclear Regulatory Commission, and at this time has no intention of reinitiating the rulemaking.

## CERCLA

The federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") imposes joint and several liability for costs of investigation and remediation and for natural resource damages, without regard to fault or the legality of the original conduct, on certain classes of persons with respect to the release into the environment of substances designated under CERCLA as hazardous substances ("Hazardous Substances"). These classes of persons or potentially responsible parties include the current and certain past owners and operators of a facility or property where there is or has been a release or threat of release of a Hazardous Substance and persons who disposed of or arranged for the disposal of the Hazardous Substances found at such a facility. CERCLA also authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover the costs of such action. We may also in the future become an owner of facilities on which Hazardous Substances have been released by previous owners or operators. We may in the future be responsible under CERCLA for all or part of the costs to clean up facilities or property at which such substances have been released, and for natural resource damages.

Most recently, in December 2017, the EPA declined to make final its rulemaking to amend current standards of financial responsibility under Section 108(b) of CERCLA, which requires that classes of facilities establish and maintain evidence of financial responsibility consistent with the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances. As it had been proposed, the rulemaking would have significantly increase the cost of bonding and reclaiming our mineral projects. Litigation against the EPA challenging the outcome and withdrawal of the rulemaking is pending; the Company is not a party to the litigation.

## Air Emissions



Our operations are subject to state and federal regulations for the control of emissions of air pollution. Major sources of air pollutants are subject to more stringent, federally imposed permitting requirements. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of any identified deficiencies. Alternatively, regulatory agencies could require us to forego construction, modification or operation of certain air emission sources.

## Clean Water Act

The Clean Water Act ("CWA") imposes restrictions and strict controls regarding the discharge of wastes, including mineral processing wastes, into waters of the United States, a term broadly defined. Permits must be obtained to discharge pollutants into federal waters. The CWA provides for civil, criminal and administrative penalties for unauthorized discharges of hazardous substances and other pollutants. It imposes substantial potential liability for the costs of removal or remediation associated with discharges of oil or hazardous substances. State laws governing discharges to water also provide varying civil, criminal and administrative penalties, and impose liabilities in the case of a discharge of petroleum or its derivatives, or other hazardous substances, into state waters. In addition, the EPA and the State of Wyoming have promulgated regulations that require us to obtain permits to discharge storm water runoff. In the event of an unauthorized discharge of wastes, we may be liable for penalties and costs.

## Employees

At December 31, 2018, Ur-Energy USA employed 14 full-time people, in its Littleton, Colorado office (7) and Wyoming offices (7). At that date, Lost Creek ISR, LLC employed 28 people at the Lost Creek Project near Wamsutter, Wyoming. None of our other subsidiaries had employees in 2018. Ur-Energy Inc. had no employees during 2018.

## Corporate Offices

The registered office of Ur-Energy is located at 55 Metcalfe Street, Suite 1300, Ottawa, Ontario K1P 6L5. Our United States corporate headquarters is located at 10758 West Centennial Road, Suite 200, Littleton, Colorado, 80127. We maintain a corporate and operations office at 5880 Enterprise Drive, Suite 200, Casper, Wyoming 82609. Lost Creek operational offices are located at 3424 Wamsutter / Crooks Gap Road, Wamsutter, Wyoming 82336.

## Available Information

Detailed information about Ur-Energy is contained in our annual reports, quarterly reports, current reports on Form 8 K, and other reports, and amendments to those reports that we file with or furnish to the SEC and the Canadian regulatory authorities. These reports are available free of charge on our website, [www.ur-energy.com](http://www.ur-energy.com), as soon as reasonably practicable after we electronically file such reports with or furnish such reports to the SEC and the Canadian regulatory authorities. However, our website and any contents thereof should not be considered to be incorporated by reference into this Annual Report on Form 10-K.

We will furnish copies of such reports free of charge upon written request to our Corporate Secretary:

Ur-Energy Inc.

Attention: Corporate Secretary

10758 West Centennial Road, Suite 200

Littleton, Colorado 80127

Telephone: 1-866-981-4588

Email: [legaldept@ur-energy.com](mailto:legaldept@ur-energy.com)

Additionally, our corporate governance guidelines, Code of Ethics and the charters of each of the standing committees of our Board of Directors (“Board”) are available on our website. We will furnish copies of such information free of charge upon written request to our Corporate Secretary, as set forth as above.

Other information relating to Ur-Energy may be found on the SEC’s website at <http://www.sec.gov/edgar.shtml> or on the SEDAR website at [www.sedar.com](http://www.sedar.com). Our reports can be read and copied by the public at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549.

## Item 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider the following discussion of risks in addition to the other information in this annual report before purchasing any of our securities. In addition to historical information, the information in this annual report contains “forward-looking” statements about our future business and performance. Our actual operating results and financial performance may be very different from what we expect as of the date of this annual report. The risks below address material factors that may affect our future operating results and financial performance.

### Risks Related to Our Business

Current inventories and largely unrestricted imports challenge the U.S. domestic industry and our pending trade action may not achieve the desired results and may be costly to us.

Higher than normal inventories, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants, as well as the production levels and costs of production in and for countries such as Russia, Kazakhstan and Uzbekistan have had a substantial impact on the U.S. uranium production industry over the past several years. More recently, China has aggressively expanded its role in the global uranium mining markets and in the rest of the nuclear fuel cycle. China has also made clear its intent to penetrate the U.S. nuclear markets. If the imports from government-subsidized production sites remain unchecked on a continuing basis, there could be a significant continuing negative impact to the uranium market which could adversely impact the Company’s future profitability. In 2018, with a co-petitioner, we jointly filed a petition for relief with the U.S. Department of Commerce (DOC) under Section 232 of the Trade Expansion Act of 1962 from imports of uranium products that threaten U.S. national security. The petition seeks a quota which, in effect, would reserve twenty-five percent of the U.S. market for domestic uranium. Ultimately, the President may take other, or no, action on the requested relief. There is no assurance that the petition will result in any impact on the imports of uranium from low-cost state-sponsored production. There can be no certainty of the outcome of the DOC investigation, the recommendation of the Secretary of Commerce, or actions to be taken by the President, and therefore the outcome of this process and its effects on the U.S. uranium market is uncertain. Moreover, the petition may have unintended consequences that may affect our business relationships with industry and consumers of uranium. These consequences, together with the costs of pursuing the trade action, may have adverse impacts on us. Additionally, we have received a request from a Congressional committee seeking documents related to our trade action as a part of an investigation of the current administration’s actions regarding uranium. Again, this may have unexpected consequences, including the costs of responding to the request for documents or any further action by the committee.

We have entered into term sales contracts for a portion of our production, but may be unable to enter into new term sales contracts in the future on suitable terms and conditions.

Our term sales contracts, which have historically resulted in uranium sales at prices in excess of spot prices, have fixed delivery terms. Certain of our contracts have delivery terms that have been completed, with no renewal or future deliveries planned. We are contractually committed to sell 500,000 pounds in 2019, 390,000 pounds in 2020 and 25,000 pounds in 2021. In each case, the sales price of these contracts is substantially in excess of current spot prices. If market conditions do not improve, we do not expect to continue to execute sales agreements at such favorable prices in the future. The failure to enter into new term sales contracts on

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suitable terms, could adversely impact our operations and mining activity decisions, and resulting cash flows and income.

The uranium market is volatile and has limited customers.

The marketability of uranium and acceptance of uranium mining is subject to numerous factors beyond our control. The price of uranium may experience volatile and significant price movements over short periods of time. Factors affecting the market include demand for nuclear power; changes in public acceptance of nuclear power generation as a result of any future accidents or terrorism at nuclear facilities, including the continuing effects on the market due to the events following the earthquake and tsunami in Japan in March 2011; political and economic conditions in uranium mining, producing and consuming countries; costs and availability of financing of nuclear plants; reprocessing of spent fuel and the re-enrichment of depleted uranium tails or waste.

Our property interests and our projects are subject to volatility in the price of uranium.

The price of uranium is volatile. Changes in the price of uranium depend on numerous factors beyond our control including international, economic and political trends; changes in public acceptance of nuclear power generation as a result of any future accidents or terrorism at nuclear facilities, including the longer-term effects on the market due to the events following the earthquake and tsunami affecting the Fukushima Daiichi nuclear power station in Japan in 2011; changes in governmental regulations; expectations of inflation; currency exchange fluctuations; interest rates; global or regional consumption patterns; speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of uranium, and therefore on the economic viability of our properties cannot accurately be predicted.

Mining operations involve a high degree of risk.

Mining operations generally involve a high degree of risk. We continue operations at our first and, currently, only, uranium in situ recovery facility at Lost Creek, where production activities commenced in the second half of 2013. Our operations at the Lost Creek site, which is a remote site in south-central Wyoming, and at other projects as they continue in development, will be subject to all the hazards and risks normally encountered at remote sites in Wyoming, including safety in commuting and severe weather which can affect such commutes and may slow operations, particularly during winter weather conditions. Additionally, these operations are subject to all the hazards and risks normally encountered in the production of uranium by in situ methods of recovery, including water management including waste water disposal capacity (deep wells, Class V wells, ponds or other methods; each of which requires regulatory authorizations and varying levels of expense to install and operate), unusual and unexpected geological formations, unanticipated metallurgical difficulties, equipment malfunctions and parts unavailability, interruptions of electrical power and communications, other conditions involved in the drilling and removal of material through pressurized injection and production wells, radiation safety, transportation and industrial accidents, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or

property, environmental damage and possible legal liability. Adverse effects on operations and/or further development of our projects could also adversely affect our business, financial condition, results of operations and cash flow.

Our business is subject to extensive environmental and other regulations that may make exploring, mining or related activities expensive, and which may change at any time.

The mining industry is subject to extensive environmental and other laws and regulations, which may change at any time. Environmental legislation and regulation is evolving in a manner which will require stricter



standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Various rulemakings and other regulatory actions related to the protection of the greater sage-grouse are ongoing. EPA rulemakings relating to maintenance of tailings facilities and holding ponds, which may also have an impact on ISR projects, including Lost Creek are at various stages (e.g., UMTRCA, RCRA and SDWA restoration and stabilization requirements). Proposed CERCLA regulations, which would have significantly increased financial obligations and surety bonding, and might have had a commensurate impact on ISR projects, were not finalized. That EPA decision is currently being challenged in the courts. These are not the only laws and regulations which are the subject of discussion or rulemakings and, which, as proposed, would result in restrictive changes. Moreover, compliance with environmental quality requirements and reclamation laws imposed by federal, state and local governmental authorities may require significant capital outlays, materially affect the economics of a given property, cause material changes or delays in intended activities, and potentially expose us to litigation and other legal or administrative proceedings. We cannot accurately predict or estimate the impact of any such future laws or regulations, or future interpretations of existing laws and regulations, on our operations. Historic exploration activities have occurred on many of our properties, and mining and energy production activities have occurred near certain of our properties. If such historic activities have resulted in releases or threatened releases of regulated substances to the environment, or historic activities require remediation, potential for liability may exist under federal or state remediation statutes.

The uranium mining industry is capital intensive, and we may be unable to raise necessary additional funding.

Additional funds will be required to fund working capital or to fund exploration and development activities at our properties including Lost Creek and the adjoining projects at the Lost Creek Property, as well as the development of our Shirley Basin project. Potential sources of future funds available to us, in addition to the sales proceeds from Lost Creek production, include the sale of additional equity capital, proceeds from the exercise of outstanding convertible equity instruments, borrowing of funds or other debt structure, project financing, or the sale of our interests in assets. There is no assurance that such funding will be available to us to continue development or future exploration. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to us or will provide us with sufficient funds to meet our objectives, which may adversely affect our business and financial position. In addition, any future equity financings may result in substantial dilution for our existing shareholders.

Our mineral resource estimates may not be reliable; there is risk and increased uncertainty to commencing and conducting production without established mineral reserves; and we need to develop additional resources to sustain ongoing operations.

Our properties do not contain any mineral reserves as defined under SEC Industry Guide 7. See “Cautionary Note to United States Investors Concerning Disclosure of Mineral Resources” above. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. We have established the existence of uranium resources for certain uranium projects, including the Lost Creek Property. We have not established proven or probable reserves, as defined by Canadian securities regulators or the SEC under Industry Guide 7, through the completion of a feasibility study for any of our uranium projects, including the Lost Creek Property. Furthermore, we currently have no plans to establish proven or probable

reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Lost Creek Property or the Shirley Basin Project. As a result, and despite the fact that we commenced recovery of  $U_3O_8$  at the Lost Creek Project in 2013, there is an increased uncertainty and risk that may result in economic and technical failure which may adversely impact our future profitability.

There are numerous uncertainties inherent in estimating quantities of mineral resources, including many factors beyond our control, and no assurance can be given that the recovery of estimated mineral reserves or mineral resources will be realized. In general, estimates of mineral resources are based upon a number of factors and assumptions made as of the date on which the estimates were determined, including:

- geological and engineering estimates that have inherent uncertainties and the assumed effects of regulation by governmental agencies;
- the judgment of the geologists, engineers and other professionals preparing the estimate;
- estimates of future uranium prices and operating costs;
- the quality and quantity of available data;
- the interpretation of that data; and
- the accuracy of various mandated economic assumptions, all of which may vary considerably from actual results.

All estimates are, to some degree, uncertain. For these reasons, estimates of the recoverable mineral resources prepared by different professionals or by the same professionals at different times, may vary substantially. As such, there is significant uncertainty in any mineral resource estimate and actual deposits encountered and the economic viability of a deposit may differ materially from our estimates.

As well, because we are now in operation and are depleting our known resource at Lost Creek, we must continue to conduct exploration and develop additional mineral resources. While there remain large areas of our Lost Creek Property which require additional exploration, and we have identified mineral resources at our Shirley Basin Project, we will need to continue to explore other areas of the Lost Creek Property and our other mineral properties in Wyoming, or acquire additional, known mineral resource properties to replenish our mineral resources and sustain continued operations. We estimate life of mine when we prepare our mineral resource estimates, but such estimates may not be correct.

Restrictive covenants in agreements governing our indebtedness may restrict our ability to pursue our business strategies. If we are unable to service our debt, we could lose the assets securing our indebtedness.

Our State Bond Loan, under which we originally received approximately \$34 million in debt financing, includes restrictive covenants that, among other things, limit our ability to sell the assets securing our indebtedness (which include our Lost Creek Project and related assets). Our ability to make scheduled payments and satisfy other covenants in the State Bond Loan depends on our financial condition and operating performance, which are subject to prevailing economic, competitive, legislative and regulatory conditions beyond our control. We may be unable to generate a level of cash flow from operating activities sufficient to permit us to pay the principal, interest and other fees on our indebtedness.

If we cannot make scheduled payments on our debt, we will be in default which, if not addressed or waived, could require accelerated repayment of our indebtedness and the enforcement by the lender against the assets securing our indebtedness. The secured collateral for the State Bond Loan includes the Lost Creek Project and other related assets. These are key assets on which our business is substantially dependent and, as such, the enforcement against any one or all of these assets would have a material adverse effect on our operations and financial condition.

Our mining operations are subject to numerous environmental laws, regulations and permitting requirements and bonding requirements that can delay production and adversely affect operating and development costs.

Our business is subject to extensive federal, state, provincial and local laws governing prospecting and development, taxes, labor standards and occupational health, mine and radiation safety, toxic substances, environmental protection, endangered species protections, and other matters. Exploration, development and production operations are also subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry, and particularly standards with respect to uranium recovery, to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively restore mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties and potentially expose us to operational restrictions, suspension, administrative proceedings or litigation. Many of these laws and regulations have tended to become more stringent over time. Any change in such laws could have a material adverse effect on our financial condition, cash flow or results of operations. There can be no assurance that we will be able to meet all the regulatory requirements in a timely manner or without significant expense or that the regulatory requirements will not change to delay or prohibit us from proceeding with certain exploration, development or operations. Further, there is no assurance that we will not face new challenges by third parties to regulatory decisions when made, which may cause additional delay and substantial expense, or may cause a project to be permanently halted.

Many of our operations require licenses and permits from various governmental authorities. We believe we hold all necessary licenses and permits to carry on the activities which we are currently conducting or propose to conduct under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and changes in various operating circumstances. There can be no guarantee that we will be able to obtain all necessary licenses and permits that may be required to maintain our exploration and mining activities (or amendments to expand or alter existing operations), including constructing mines, milling or processing facilities and commencing or continuing exploration or mining activities or operations at any of our properties. In addition, if we proceed to production on any other exploration property, we must obtain and comply with permits and licenses which will contain specific operating conditions. There can be no assurance that we will be able to obtain such permits and licenses or that we will be able to comply with any and all such conditions.

Lack of acceptance of nuclear energy and deregulation of the electrical utility industry could impede our business.

Our future prospects are tied directly to the electrical utility industry worldwide. Deregulation of the utility industry, particularly in the United States and Europe, is expected to affect the market for nuclear and other fuels for years to come, and may result in a wide range of outcomes including the expansion or the premature shutdown of nuclear reactors. Maintaining the demand for uranium at current levels and future growth in demand will depend upon the continued acceptance of the nuclear technology as a means of generating electricity. Lack of continued public acceptance of nuclear technology would adversely affect the demand for nuclear power and potentially increase the regulation of the nuclear power industry. Following the events of March 2011 in Fukushima Japan, a reaction worldwide called into question the public's confidence in nuclear energy and technology, the effects of which are still apparent in many countries around the world.



The results of exploration and ultimate production are highly uncertain.

The exploration for, and development of, mineral deposits involves significant risks which a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral resources or reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that our current exploration and development programs will result in profitable commercial operations; this is true for our gold project as well as our uranium mineral properties.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as uranium and gold prices, which are highly cyclical, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of uranium and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital.

The uranium industry is highly competitive and is competitive with other energy sources.

The international uranium industry is highly competitive. Our activities are directed toward the search for, evaluation, acquisition and development of uranium deposits into production operations. There is no certainty that any expenditures to be made by us will result in discoveries of commercial quantities of uranium deposits. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. We will compete with other interests, many of which have greater financial resources than we have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration and development efforts.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal, hydro-electricity and renewable energy sources. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrate and uranium conversion services. Furthermore, the growth of the uranium and nuclear power industry beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power, whether through increased regulation or otherwise.

Our property title may be uncertain and could be challenged.

Although we have obtained title opinions with respect to certain of our properties, there is no guarantee that title to any of our properties will not be challenged or impugned. Third parties may have valid claims underlying portions of our interests. Our mineral properties in the United States consist of leases covering state lands, unpatented mining claims and patented mining claims. Many of our mining properties in the United States are unpatented mining claims to which we have only possessory title. Because title to unpatented mining claims is subject to inherent uncertainties, it is difficult to determine conclusively ownership of such claims. These uncertainties relate to such things as sufficiency of mineral discovery, proper posting and marking of boundaries and possible conflicts with other claims not determinable from descriptions of record. The present status of our unpatented mining claims located on public lands allows us the exclusive right to mine and remove valuable minerals. We are allowed to use the surface of the public lands solely for purposes related to mining and processing the mineral-bearing ores. However, legal ownership of the land remains with the United States. We remain at risk that the mining claims may be forfeited either to the United States or to rival private claimants



due to failure to comply with statutory requirements. We have taken or will take appropriate curative measures to ensure proper title to our properties where necessary and where possible.

Possible amendments to the General Mining Law could make it more difficult or impossible for us to execute our business plan.

Members of the United States Congress have repeatedly introduced bills which would supplant or alter the provisions of the United States Mining Law of 1872, as amended. Such bills have proposed, among other things, to (i) either eliminate or greatly limit the right to a mineral patent; (ii) significantly alter the laws and regulations relating to uranium mineral development and recovery from unpatented and patented mining claims; (iii) impose a federal royalty on production from unpatented mining claims; (iv) impose time limits on the effectiveness of plans of operation that may not coincide with mine life, (v) impose more stringent environmental compliance and reclamation requirements on activities on unpatented mining claims, (vi) establish a mechanism that would allow states, localities and Native American tribes to petition for the withdrawal of identified tracts of federal land from the operation of the U.S. general mining laws, and (vii) allow for administrative determinations that mining would not be allowed in situations where undue degradation of the federal lands in question could not be prevented.

If enacted, such legislation could, among other effects, change the cost of holding unpatented mining claims and could significantly impact our ability to develop locatable mineral resources on our patented and unpatented mining claims. Although it is impossible to predict at this point what any legislated royalties might be, enactment could adversely affect the potential for development and the economics of existing operating mines. Passage of such legislation could adversely affect our financial performance.

Additionally, as noted in other risk factors, there are ongoing withdrawals of federal lands for the purposes of mineral location and development. While certain of these proposals have been withdrawn, and others are not final and, as yet, none directly affects the areas of Wyoming and Nevada in which we currently have land holdings, they could have an adverse effect on our financial performance if they are broadened in scope to directly affect the areas in which we have properties.

We have never paid dividends and do not currently expect to do so in the near future.

We have not paid dividends on our Common Shares since incorporation and do not anticipate doing so in the foreseeable future. Payments of any dividends will be at the discretion of our Board after taking into account many factors, including our financial condition and current and anticipated cash needs.

We depend on the services of our management, key personnel, contractors and service providers.

Shareholders will be relying on the good faith, experience and judgment of our management and advisors in supervising and providing for the effective management of the business and our operations and in selecting and developing new investment and expansion opportunities. We may need to recruit additional qualified employees, contractors and service providers to supplement existing management and personnel, the timely availability of which cannot be assured in our industry, many aspects of which are highly specialized. This is particularly true in the current labor markets in which we recruit our employees and the remote locations for which employees are needed. As well, the skilled professionals with expertise in engineering and process aspects of in situ recovery, radiation safety and other facets of our business are currently in high demand, as there are relatively few such professionals with both expertise and experience. We will need to hire additional employees if and as we ramp up at Lost Creek and as we develop the Shirley Basin Project. We will continue to be dependent on a relatively small number of key persons, including key contractors, the loss of any one or

several of whom could have an adverse effect on our business and operations. We do not hold key man insurance in respect of any of our executive officers.

Our insurance coverage could be insufficient.

We currently carry insurance coverage for general liability, directors' and officers' liability and other matters. We intend to carry insurance to protect against certain risks in such amounts as we consider adequate. Certain insurances may be cost prohibitive to maintain, and even if we carried all such insurances, the nature of the risks we face in our exploration and uranium production operations is such that liabilities could exceed policy limits in any insurance policy or could be excluded from coverage under an insurance policy. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting our business and financial position. Additionally, we utilize a bonding surety program for our regulatory, reclamation and restoration obligations at Lost Creek and the Pathfinder Mines sites. Availability of and terms for such surety arrangements may change in the future, resulting in adverse effects to our financial condition.

We are subject to risks associated with governmental or regulatory investigations or challenges, litigation and other legal proceedings.

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. From time to time, we may be involved in disputes with other parties which may result in litigation or other proceedings. Additionally, it is not unlikely that we may find ourselves involved directly or indirectly in legal proceedings, in the form of governmental or regulatory investigations, administrative proceedings or litigation, arising from challenges to regulatory actions as described elsewhere in this annual report. Such investigations, administrative proceedings and litigation related to regulatory matters may delay or halt exploration or development of our projects. The results of litigation or any other proceedings cannot be predicted with certainty. If we are unable to resolve any such disputes favorably, it could have a material adverse effect on our financial position, ability to operate, results of operations or our property development.

Acquisitions and integration may disrupt our business.

From time to time, we examine opportunities to acquire additional mining assets and businesses. Any acquisition that we may choose to complete may be of significant size, may change the scale of our business and operations, and/or may expose us to new geographic, political, operating, financial and geological risks. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after we have committed to complete the transaction and established the purchase price or share exchange ratio; a material ore body may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired company, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the

acquired business or assets may disrupt our ongoing business and relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

We are dependent on information technology systems, which are subject to certain risks.

We depend upon information technology systems in a variety of ways throughout our operations. Any significant breakdown of those systems, whether through virus, cyber-attack, security breach, theft, or other destruction, invasion or interruption, or unauthorized access to our systems, could negatively impact our business and operations. To the extent that such invasion, cyber-attack or similar security breach results in disruption to our operations, loss or disclosure of, or damage to, our data and particularly our confidential or proprietary information, our reputation, business, results of operations and financial condition could be materially adversely affected. Our systems, internal controls and insurance for protecting against such cyber security risks may be insufficient. Although to date we have experienced no such attack resulting in material losses, we may suffer such losses at any time in the future. We may be required to expend significant additional resources to continue to modify and enhance our protective measures or to investigate, restore or remediate any information technology security vulnerabilities.

#### U.S. Federal Income Tax Consequences to U.S. Shareholders under the Passive Foreign Investment Company Rules

Investors in the Common Shares of Ur-Energy that are U.S. taxpayers (referred to as a U.S. shareholder) should be aware that we may be a “passive foreign investment company” (a “PFIC”) for the period ended December 31, 2018 and may be a PFIC in subsequent years. If we are a PFIC for any year during a U.S. shareholder’s holding period, then such U.S. shareholders generally will be subject to a special, highly adverse tax regime with respect to so-called “excess distributions” received on our Common Shares. Gain realized upon a disposition of our Common Shares (including upon certain dispositions that would otherwise be tax-free) also will be treated as an excess distribution. Excess distributions are punitively taxed and are subject to additional interest charges. Additional special adverse rules also apply to U.S. shareholders who own Common Shares of Ur-Energy if we are a PFIC and have a non-U.S. subsidiary that is also a PFIC (a “lower-tier PFIC”).

A U.S. shareholder may make a timely "qualified electing fund" election (“QEF election”) or a "mark-to-market" election with respect to our Common Shares to mitigate the adverse tax rules that apply to PFICs, but these elections may accelerate the recognition of taxable income and may result in the recognition of ordinary income. To be timely, a QEF election generally must be made for the first year in the U.S. shareholder’s holding period in which Ur-Energy is a PFIC. A U.S. shareholder may make a QEF election only if the U.S. shareholder receives certain information (known as a “PFIC annual information statement”) from us annually. A U.S. shareholder may make a QEF election with respect to a lower-tier PFIC only if it receives a PFIC annual information statement with respect to the lower tier PFIC. The mark-to-market election is available only if our Common Shares are considered regularly traded on a qualifying exchange, which we cannot assure will be the case for years in which it may be a PFIC. The mark-to-market election is not available for a lower-tier PFIC.

We will use commercially reasonable efforts to make available to U.S. shareholders, upon their written request (a) timely and accurate information as to our status as a PFIC and the PFIC status of any subsidiary in which Ur-Energy owns more than 50% of such subsidiary’s total aggregate voting power, and (b) for each year in which Ur-Energy determines that it is a PFIC, upon written request, a PFIC annual information statement with respect to Ur-Energy and with respect to each such subsidiary that we determine is a PFIC.

Special adverse rules that impact certain estate planning goals could apply to our Common Shares if we are a PFIC. Each U.S. shareholder should consult its own tax advisor regarding the U.S. federal, state and local consequences of the PFIC rules, and regarding the QEF and mark-to-market elections.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 3. LEGAL PROCEEDINGS

None.

Item 4. MINE SAFETY DISCLOSURE

Our operations and other activities at Lost Creek are not subject to regulation by the Federal Mine Safety and Health Administration (“MSHA”) under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”).

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## PART II

Item 5. MARKET FOR registrant's COMMON EQUITY, RELATED STOCKHOLDER MATTERS and issuer purchases of equity securities

### Market Information

Since July 24, 2008, Ur-Energy's Common Shares have been listed for trading on the NYSE American exchange under the trading symbol "URG." Since November 29, 2005, Ur-Energy's Common Shares have been listed and posted for trading on the Toronto Stock Exchange under the trading symbol "URE."

### Holder

The authorized capital of Ur-Energy consists of an unlimited number of Common Shares and an unlimited number of Class A Preference Shares. As of February 27, 2019, 159,729,403 Common Shares are issued and outstanding and no preferred shares are issued and outstanding. We estimate that we have approximately 8,000 beneficial holders of our Common Shares. The holders of the Common Shares are entitled to one vote per share at all meetings of our shareholders. The holders of Common Shares are also entitled to dividends, if and when declared by our Board and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up.

Our Class A Preference Shares are issuable by the Board in one or more series and the Board has the right and obligation to fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series. The rights of the holders of Common Shares will be subject to, and may be adversely affected by, the rights of the holders of any Class A Preference Shares that may be issued in the future. The Class A Preference Shares, may, at the discretion of the Board, be entitled to a preference over the Common Shares and any other shares ranking junior to the Class A Preference Shares with respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding up.

### Dividends



To date, we have not paid any dividends on our outstanding Common Shares and have no current intention to declare dividends on the Common Shares in the foreseeable future. Any decision to pay dividends on our Common Shares in the future will depend upon our financial requirements to finance future growth, the general financial condition of the Company and other factors which our Board may consider appropriate in the circumstances.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth certain summary information concerning our equity compensation plans as at December 31, 2018. Directors, officers, employees, and consultants are eligible to participate in the Option Plan. Directors and employees, including executive officers, are eligible to participate in the RSU Plan.

	Number of Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (2) (C\$)	Number of Common Shares Remaining for Future Issuance (Excluding Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights) (3)
Equity compensation plans approved by securityholders (1)	10,747,108	\$ 0.64	3,055,321
Equity compensation plans not approved by security-holders	-	-	-

- (1) Our shareholders have approved both the Ur-Energy Inc. Amended and Restated Stock Option Plan 2005, as amended, and the Ur-Energy Inc. Amended Restricted Share Unit Plan.
- (2) The exercise price represents the weighted exercise price of the 9,731,612 outstanding stock options under the Ur Energy Inc. Amended and Restated Stock Option Plan 2005.
- (3) Represents 1,493,505 Common Shares remaining available for issuance under the Ur-Energy Inc. Amended and Restated Stock Option Plan 2005 and 1,561,816 Common Shares available under the Ur-Energy Amended Restricted Share Unit Plan.

Recent Sales of Unregistered Securities

During the fiscal years ended December 31, 2018 and 2017, we did not have any sales of securities in transactions that were not registered under the Securities Act.

Issuer Purchases of Equity Securities

The Company did not purchase its own equity securities during the fiscal year ended December 31, 2018.

Performance Graph

The following information in this Item 5 of this Annual Report on Form 10-K is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to the liabilities of Section 8 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent we specifically incorporate it by reference into such a filing.

The following graph illustrates the period from December 31, 2013 to December 31, 2018 and reflects the cumulative shareholder return of an investment in our Common Shares compared to the cumulative return of an investment in (a) the Russell 3000 Index, (b) the NYSE American Composite Index, and (c) the average of a peer group consisting of Denison Mines Corp., Uranium Energy Corp., Energy Fuels, Inc. and Westwater

Resources, Inc. since December 31, 2013, assuming that \$100 was invested and, where applicable, includes the reinvestment of dividends.

	2013	2014	2015	2016	2017	2018
Ur-Energy Inc.	100	66	54	44	55	54
Peer Average	100	86	45	45	52	42
Russell 3000	100	110	109	120	143	133
NYSE American Index	100	101	89	95	110	94

#### Item 6. SELECTED FINANCIAL DATA

The selected financial data set forth below are derived from our audited consolidated financial statements for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, and should be read in conjunction with those financial statements and the notes thereto. The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (“US GAAP”). Reference should also be made to “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.”

## Summary of Financial Condition

(Amounts in thousands of U.S. Dollars except per share data)

	As of December 31				
	2018	2017	2016	2015	2014
Working capital (deficiency)	1,608	1,283	(1,706)	(7,510)	(2,645)
Current assets	9,090	9,168	6,506	5,713	9,346
Total assets	100,363	88,364	89,940	95,757	104,451
Current liabilities	7,482	7,885	8,212	13,223	11,991
Long-term liabilities	41,034	41,698	45,496	50,033	60,359
Shareholders' equity	51,847	38,781	36,232	32,501	32,101

  

	Year ended December 31				
	2018	2017	2016	2015	2014
Revenue	23,496	38,368	27,305	41,877	29,349
Net income (loss) for the year	4,534	76	(3,010)	(795)	(8,749)
Income (loss) per common share:					
Basic	0.03	-	(0.02)	(0.01)	(0.07)
Diluted	0.03	-	(0.02)	(0.01)	(0.07)
Cash dividends per common share	Nil	Nil	Nil	Nil	Nil

No dividends were paid during these five years.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Business Overview

The following discussion is designed to provide information that we believe necessary for an understanding of our financial condition, changes in financial condition and results of our operations. The following discussion and analysis should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The financial statements have been prepared in accordance with US GAAP.

Industry Update and Trends

The uranium industry continues to be characterized by persistently low pricing, and threats to pricing and market stability created by foreign state-sponsored producers. In 2018, several uranium miners, including Lost Creek ISR, LLC, implemented decisions to halt planned construction and development as well as to operate at lower rates of production. Cameco's November 2017 announcement to suspend production at McArthur River, the world's largest uranium mine, for at least ten months in 2018, was emblematic of the conditions of the global market. Subsequently, in July 2018, Cameco confirmed that it would extend the planned 10-month production suspension of this operation for an indeterminate duration. Numerous other mines worldwide have announced cuts in production and/or plans to shut down production operations in the near term.

As discussed elsewhere in this report, we completed the development of the third header house in Lost Creek's second mine unit, while continuing to control annual production rates at a modest target of 250,000 to 300,000 pounds. Production at Lost Creek in 2018 totaled 302,164 pounds captured in the plant. While U.S. miners lowered production rates and halted development ensuring near-term production will remain lower, imports continued to dominate the U.S. market in 2018. Projections at year end suggest that U.S. uranium miners accounted for less than two percent of domestic uranium needs.

In response to the challenges of the market conditions, primary among them foreign imports into the U.S. emanating from state-sponsored producers in Russia, Kazakhstan and Uzbekistan, on January 16, 2018, Ur Energy USA and Energy Fuels Resources (USA) Inc. (Energy Fuels) initiated a trade action with the U.S. Department of Commerce pursuant to Section 232 of the Trade Expansion Act. We chose this statutory framework for relief because we recognized that the current imbalance in the U.S. uranium market has created a very real threat to our national security.

The Petition for Relief with the U.S. Department of Commerce (DOC) under Section 232 of the Trade Expansion Act of 1962 (as amended) From Imports of Uranium Products that Threaten U.S. National Security ("Petition") describes

how uranium and nuclear fuel from state-owned and state-subsidized enterprises in Russia, Kazakhstan, Uzbekistan, and China represent a threat to U.S. national security. The Petition seeks a remedy which will set a quota to limit imports of uranium into the U.S. by reserving 25% of the U.S. nuclear market for U.S. uranium production. Additionally, the Petition suggests implementation of a requirement for U.S. federal utilities and agencies to buy U.S. uranium in accordance with the Administration's Buy American Policy.

On July 18, 2018, DOC announced it initiated an “investigation into whether the present quantity and circumstances of uranium ore and product imports into the United States threaten to impair national security.” Thereafter, the DOC announced a public comment period which subsequently closed on September 25, 2018. Other aspects of the investigation are proceeding; the DOC investigation must be complete by April 15, 2019. Thereafter, the President has 90 days (until July 15, 2019) to act on the DOC’s recommendations and, if

necessary, to act to “adjust the imports” and/or pursue other lawful, non-trade related actions necessary to address the import threat.

There can be no certainty of the outcome of the DOC investigation, the recommendation of the Secretary of Commerce, or actions to be taken by the President, and therefore the outcome of this process and its effects on the U.S. uranium market is uncertain.

## 2018 Developments

### Lost Creek Property – Great Divide Basin, Wyoming

In August 2013, the Company was given operational approval by the NRC and commenced production operation activities. Through December 31, 2018, 2,675,652 pounds of  $U_3O_8$  have been captured at Lost Creek in Mine Unit 1 (“MU1”) and the first three headers houses (“HHs”) in Mine Unit 2 (“MU2”).

All of the original planned wells and 13 HHs in MU1 as well as three HHs and the related wells in MU2 have been completed and were available for operation at year end 2018. The first of the three HHs in MU2 began operations in August 2017; in January 2018, the second HH in MU2 came online; the third of the three MU2 HH started in 2017 came online in May 2018. Additional work in MU2 had been completed earlier, allowing for submittal of the appropriate operating permits. The main trunkline which has been installed services the first five MU2 HHs, and the entirety of MU2 has been fenced. All of these activities will allow for a quick turn-around to ramp up production once market fundamentals change.

After more than five years of operations, Lost Creek captured 302,164 pounds captured during 2018 with a yearly average head grade of 31 ppm. The lower head grade and reduced flowrate during this period of operation is a typical result as a mine matures and older operating patterns, particularly in MU1 remain in the flow regime.

During 2018, the Company sold 470,000 purchased pounds under term contracts at an average price of \$49.39. From production, Lost Creek sold 10,000 pounds during 2018 in a tax-driven spot sale. The 470,000 pounds sold into term contracts were purchased at an average price of \$24.42 per pound. During 2018, 302,164 pounds of  $U_3O_8$  were captured within the Lost Creek plant; 286,358 pounds were packaged in drums; and 287,873 pounds of drummed inventory were shipped from the Lost Creek processing plant to the converter. At December 31, 2018, inventory at the conversion facility was approximately 375,803 pounds.

In August 2018 we noted a one-year milestone with no lost-time accidents at Lost Creek. Calendar year 2018 also ended free from any lost-time accidents at Lost Creek and elsewhere in the Company.

### Lost Creek Regulatory Proceedings



Subsequent to final approvals being received for operations at Lost Creek, in 2012-2013, we have made necessary additional filings for approvals of ongoing operations at Lost Creek (e.g., wellfield development; authorizations related to the new deep disposal well; permits and authority for new Class V wells). In September 2014, we filed applications for amendment of all Lost Creek permits and licenses to include recovery from the KM horizon and LC East operations. In 2015, the BLM issued a notice of intent to complete an environmental impact statement for the application. The NRC has participated in this review as a cooperating agency. A permit amendment requesting approval to mine at the LC East Project and within the KM Horizon at the Lost Creek Project was also submitted to the WDEQ. Approval will include an aquifer exemption. In early 2018 we withdrew the application insofar as it related to two of the eleven projected mine units – those for the KM Horizon at Lost Creek. The change was not anticipated to delay the completion of the permitting process with respect to the LC East Project (nine mine units total). The BLM issued its draft environmental

impact statement (“DEIS”) in August 2018. Following public comment on the DEIS, the BLM completed its Final Environmental Impact Statement (“FEIS”) and published its notice of the FEIS on January 28, 2019. We anticipate that all permits and authorizations for the amendment will be complete in 2019.

#### Shirley Basin Project

Baseline studies necessary for the permitting and licensing of the project were completed in 2014. Subsequently, in December 2015, our application for a permit to mine was submitted to the WDEQ. While the Shirley Basin PEA contemplates that the Lost Creek processing facility may be utilized for the drying and packaging of uranium from Shirley Basin, which would mean we would only anticipate the need for a satellite plant, the Shirley Basin permit application contemplates the construction of a full processing facility, providing greater construction and operating flexibility as may be dictated by market conditions. WDEQ continues with its technical review of our application for a permit to mine at Shirley Basin. Our application for a source material license for Shirley Basin is proceeding through its review with the State URP. We anticipate the state process to be complete, with necessary permits and authorizations received, in 2019. Work is well underway on initial engineering evaluations, designs and studies. The BLM is expected to initiate its review of the Plan of Operations immediately upon completion of its review of the LC East amendments.

#### Excel Gold Project

In January 2018, we announced the acquisition of a gold exploration project in west-central Nevada, comprising 102 federal lode mining claims (approximately 2,100 acres). The Excel Project is located within the Excelsior Mountains, in proximity to the Camp Douglas and Candelaria Mining Districts. We became aware of the mineral potential of this project area from exploration data contained within the large geologic database acquired as a part of our 2013 purchase of Pathfinder. Here, we identified an exploration program in the area of the Excel Project which encountered high-grade gold and silver assays from trenching activities. Company geologists conducted geologic literature research and field examinations, resulting in land acquisition activities beginning in 2017. Once a land position was obtained, rock sampling and geochemical soil sampling programs were conducted. We continue to analyze these initial assay results and conducted additional ground work at the project in 2018 and early 2019. We are currently considering alternatives to advance this exploration project.

#### Corporate Organization and Financing Developments

##### Trade Action

As described above under Industry Updates and Trends, together with Energy Fuels, we filed a trade action with the DOC in January 2018 in response to the challenges of uranium market conditions, primary among them imports to the U.S. emanating from state-sponsored producers in Russia, Kazakhstan, and Uzbekistan.

The DOC announced the commencement of its investigation in July 2018 and, to date, the trade action has proceeded through various phases of the investigation. In November 2018, as a part of the investigation, Lost Creek and several other uranium mines and mills were toured by the DOC investigation team.

Additionally, subsequent to the end of the year, we have received a request from a Congressional committee seeking documents related to our trade action as a part of an investigation of the current administration's actions regarding uranium.

There can be no certainty of the outcome of the DOC investigation, the recommendation of the Secretary of Commerce, or actions to be taken by the President, and therefore the outcome of this process and its effects on the U.S. uranium market is uncertain.

### Changes to Our Board of Directors

In January 2018, one of our founding directors, Paul Macdonell, provided notice of his retirement from our Board after more than 13 years of service. Originally projected to become effective March 1, 2018, Mr. Macdonell agreed to extend the date of his retirement, which became effective March 30, 2018. Rob Chang joined our Board, also effective March 30, 2018. Mr. Chang is a well-recognized financial expert who most recently covered the uranium mining industry for many years. We believe that his broad-ranging finance and market credentials provide strengths which add depth and experience in critical areas to our Board. Mr. Chang has 23 years of experience in the financial services industry. He is currently the Chief Financial Officer of Riot Blockchain, Inc. Prior to his current position, he most recently served as the Managing Director and Head of Metals & Mining at Cantor Fitzgerald where he provided research coverage in precious metals, base metals, lithium, and uranium. He is well familiar with the uranium mining industry and is considered a subject matter expert by several media outlets. Mr. Chang previously served as a Director of Research and Portfolio Manager at Middlefield Capital, a Canadian investment firm which managed \$3 billion in assets. He was also on a five-person multi-strategy hedge fund team where he specialized in equity and derivative investments. Mr. Chang completed his MBA at the University of Toronto's Rotman School of Management.

### Reduction in Workforce

In February 2018, a third reduction in workforce (“RIF”) was implemented due to continuing depressed uranium market conditions. RIFs conducted in 2016 and 2017 affected twelve and eight employees, respectively. Nine additional employees were laid off in the 2018 RIF, following our Board’s decision to defer any further development at Lost Creek while the uranium market remains at its current depressed levels. Because of the deferral of construction and development, the focus of the layoffs in 2018 was on positions in the construction and development teams, with additional positions eliminated in departments where the absence of field work will affect workload. Additionally, several employees were asked to change job responsibilities and/or team assignments. Production operations at Lost Creek proceeded uninterrupted throughout the year.

### Equity Financing

In September, we completed a US\$10 million public offering of Common Shares. The offering of 12,195,122 Common Shares and accompanying warrants to purchase up to 6,097,561 Common Shares, at a combined public offering price of \$0.82 per common share and accompanying warrant, closed on September 25, 2018. Ur-Energy also granted the underwriters a 30-day option to purchase up to 1,829,268 additional common shares and warrants to purchase up to an aggregate of 914,634 Common Shares on the same terms. The underwriters exercised a portion of their option to purchase additional securities at closing, acquiring 867,756 additional warrants to purchase an

aggregate of 433,878 Common Shares. Including the partial exercise of the option, Ur-Energy issued a total of 12,195,122 Common Shares and 13,062,878 warrants to purchase up to 6,531,439 Common Shares. Net proceeds from the offering was approximately \$9.2 million. We anticipate that proceeds from the offering will be used to maintain and enhance operational readiness; additionally, proceeds may be used for working capital and general corporate purposes.

Off Take Sales Agreements

We continue to have multiple off-take sales agreements with various U.S. utilities. These agreements were completed between 2013 and 2015, and provide for deliveries between 2019 and 2021 as follows:

SUMMARY OF OFF TAKE SALES AGREEMENTS

Production Year	Total Pounds Uranium Concentrates Contractually Committed
2019	500,000 pounds
2020	390,000 pounds
2021	25,000 pounds

2018 Results of Operations

U<sub>3</sub>O<sub>8</sub> Production Costs

During 2018, 302,164 pounds of U<sub>3</sub>O<sub>8</sub> were captured within the Lost Creek plant. A total of 286,358 pounds were packaged in drums and 287,873 pounds of the drummed inventory were shipped to the conversion facility where 10,000 produced pounds were sold on the spot market. The cash cost per pound and non-cash cost per pound for produced uranium presented in the following Production and Production Costs and Sales and Cost of Sales tables are non-US GAAP measures. These measures 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. We have restated the cost of uranium sales in 2017 and the related costs per pound to exclude the lower of cost or net realizable value (“NRV”) adjustments made during that year to provide better

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comparisons to the current year. There were no changes to the financial statements for 2017. Please see the tables below for reconciliations of these measures to the US GAAP compliant financial measures.

Production and sales figures for the Lost Creek Project are as follows:

Production and Production Costs	Unit	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2018
Pounds captured	lb	48,304	80,604	89,209	84,047	302,164
Ad valorem and severance tax	\$000	\$ 30	\$ 81	\$ 133	\$ 179	\$ 423
Wellfield cash cost (1)	\$000	\$ 459	\$ 422	\$ 516	\$ 671	\$ 2,068
Wellfield non-cash cost (2)	\$000	\$ 400	\$ 400	\$ 400	\$ 403	\$ 1,603
Ad valorem and severance tax per pound captured	\$/lb	\$ 0.62	\$ 1.00	\$ 1.49	\$ 2.13	\$ 1.40
Cash cost per pound captured	\$/lb	\$ 9.50	\$ 5.24	\$ 5.78	\$ 7.98	\$ 6.84
Non-cash cost per pound captured	\$/lb	\$ 8.28	\$ 4.96	\$ 4.48	\$ 4.79	\$ 5.31
Pounds drummed	lb	53,654	78,441	74,302	79,961	286,358
Plant cash cost (3)	\$000	\$ 1,154	\$ 1,109	\$ 1,230	\$ 1,226	\$ 4,719
Plant non-cash cost (2)	\$000	\$ 484	\$ 485	\$ 493	\$ 492	\$ 1,954
Cash cost per pound drummed	\$/lb	\$ 21.51	\$ 14.14	\$ 16.57	\$ 15.33	\$ 16.48
Non-cash cost per pound drummed	\$/lb	\$ 9.02	\$ 6.18	\$ 6.64	\$ 6.15	\$ 6.82
Pounds shipped to conversion facility	lb	67,040	72,902	74,416	73,515	287,873
Distribution cash cost (4)	\$000	\$ 47	\$ 36	\$ 34	\$ 19	\$ 136
Cash cost per pound shipped	\$/lb	\$ 0.70	\$ 0.49	\$ 0.46	\$ 0.26	\$ 0.47
Pounds purchased	lb	-	-	100,000	370,000	470,000
Purchase costs	\$000	\$ -	\$ -	\$ 2,225	\$ 9,251	\$ 11,476
Cash cost per pound purchased	\$/lb	\$ -	\$ -	\$ 22.25	\$ 25.00	\$ 24.42

Notes:

1. Wellfield cash costs include all wellfield operating costs. Wellfield construction and development costs, which include wellfield drilling, header houses, pipelines, power lines, roads, fences and disposal wells, are treated as development expense and are not included in wellfield operating costs.
2. Non-cash costs include the amortization of the investment in the mineral property acquisition costs and the depreciation of plant equipment, and the depreciation of their related asset retirement obligation costs. The expenses are calculated on a straight-line basis, so the expenses are typically constant for each quarter. The cost per pound from these costs will therefore typically vary based on production levels only.
3. Plant cash costs include all plant operating costs and site overhead costs.
- 4.

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

In total, wellfield, plant and distribution cash costs were very consistent quarter on quarter during 2018. The respective cash costs per pound increased overall during the year primarily driven by decreasing levels of production. The more significant increase in cash and non-cash costs per pound in Q4 was driven by lower quarterly production, which is a typical result as a mine matures and older operating patterns, particularly in MU1, remain in the flow regime.



Ad valorem and severance taxes fluctuate based on pounds extracted and the related sales value of those pounds. The \$1.40 average cost per pound in 2018 was lower than the previous year's \$2.81 per pound due to the tax driven 10,000 pound spot sale from production.

Wellfield cash costs in 2018 Q1 were somewhat elevated due to some non-recurring expenses and the annual labor bonus in Q1. The average cash cost per pound captured increased to \$9.50 in 2018 Q4 and averaged \$6.84 for the year, as compared to \$10.99 in 2017. The annual decrease was due to higher production levels during the year and a reduction in labor costs as we moved to maintenance-focused operations. As previously discussed, production levels were deliberately maintained at levels sufficient to satisfy our expected contract sales in light of the depressed uranium market. Wellfield non-cash costs were relatively fixed but lower than 2017 as a portion of the capitalized costs became fully depreciated in 2017. The resulting non-cash cost per pound captured was \$8.28 in Q4 and averaged \$5.31 for the year, as compared to \$10.78 in 2017. The decrease for the year was significantly impacted by production levels which were higher than 2017.

Plant cash costs generally decreased during the year as compared to 2017. The resulting cash cost per pound drummed increased to \$21.51 in 2018 Q4 as a result of lower production but averaged \$16.48 for the year, as compared to \$20.02 in 2017 due to higher annual production and lower total cash costs. Plant non-cash costs did not change during the year. The non-cash cost per pound drummed increased to \$9.02 in 2018 Q4 and averaged \$6.82 for the year, as compared to \$7.75 in 2017. The changes were directly tied to production rates.

Distribution costs during the year decreased as compared to 2017. The resulting cash cost per pound shipped in 2018 Q4 increased to \$0.70 but averaged \$0.47 per pound for the year, as compared to \$0.56 in 2017. Distribution costs are tied to volume but may be impacted by the timing of receiving empty barrels and assays from the Converter.

U<sub>3</sub>O<sub>8</sub> Sales and Cost of Sales

Sales and cost of sales	Unit	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2018
Pounds sold	lb	-	-	100,000	380,000	480,000
U3O8 sales	\$000	\$ -	\$ -	\$ 3,790	\$ 19,663	\$ 23,453
Average contract price	\$/lb	\$ -	\$ -	\$ 37.90	\$ 52.50	\$ 49.39
Average spot price	\$/lb	\$ -	\$ -	\$ -	\$ 23.75	\$ 23.75
Average price per pound sold	\$/lb	\$ -	\$ -	\$ 37.90	\$ 51.74	\$ 48.86
U3O8 cost of sales (1)	\$000	\$ -	\$ -	\$ 2,225	\$ 9,659	\$ 11,884
Ad valorem and severance tax cost per pound sold	\$/lb	\$ -	\$ -	\$ -	\$ 1.66	\$ 1.66
Cash cost per pound sold	\$/lb	\$ -	\$ -	\$ -	\$ 25.37	\$ 25.37
Non-cash cost per pound sold	\$/lb	\$ -	\$ -	\$ -	\$ 13.77	\$ 13.77
Cost per pound sold - produced	\$/lb	\$ -	\$ -	\$ -	\$ 40.80	\$ 40.80
Cost per pound sold - purchased	\$/lb	\$ -	\$ -	\$ 22.25	\$ 25.00	\$ 24.42
Average cost per pound sold	\$/lb	\$ -	\$ -	\$ 22.25	\$ 25.42	\$ 24.76
U3O8 gross profit	\$000	\$ -	\$ -	\$ 1,565	\$ 10,004	\$ 11,569
Gross profit per pound sold	\$/lb	\$ -	\$ -	\$ 15.65	\$ 26.33	\$ 24.10
Gross profit margin	%	0.0%	0.0%	41.3%	50.9%	49.3%
Ending Inventory Balances						
Pounds						
In-process inventory	lb	9,134	14,588	43,733	28,937	
Plant inventory	lb	7,559	20,944	15,391	15,504	
Conversion facility inventory	lb	375,803	308,762	233,712	159,296	
Total inventory	lb	392,496	344,294	292,836	203,737	
Total cost						
In-process inventory	\$000	\$ 160	\$ 359	\$ 518	\$ 416	
Plant inventory	\$000	\$ 345	\$ 665	\$ 548	\$ 538	
Conversion facility inventory	\$000	\$ 14,187	\$ 11,143	\$ 8,738	\$ 6,044	
Total inventory	\$000	\$ 14,692	\$ 12,167	\$ 9,804	\$ 6,998	
Cost per pound						
In-process inventory	\$/lb	\$ 17.52	\$ 24.61	\$ 11.84	\$ 14.38	
Plant inventory	\$/lb	\$ 45.64	\$ 31.75	\$ 35.61	\$ 34.70	
Conversion facility inventory	\$/lb	\$ 37.75	\$ 36.09	\$ 37.39	\$ 37.94	

## Note:

- Costs of sales include all production costs (notes 1, 2, 3 and 4 in the previous Production and Production Costs table) adjusted for changes in inventory values but excludes the lower of cost or NRV adjustments as the adjustments do not correspond with the timing of the sales of produced inventory.



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There were no pounds sold in Q4. For the year, we sold 480,000 pounds, of which 470,000 were sold under term contracts at an average price per pound of \$49.39 and 10,000 pounds were sold at a spot price of \$23.75 per pound. Total uranium sales were \$23.5 million at an average price per pound of \$48.86. The 10,000 pounds sold at the spot rate were the only sales from produced inventory for the year.

For the year, our uranium cost of sales totaled \$11.9 million and was comprised of \$11.5 million of purchase costs and \$0.4 million of production costs. In 2018, we purchased 470,000 pounds at an average price of \$24.42 per pound, which were all sold into our term contracts. In 2018, we sold 10,000 pounds from production. The average cost per pound sold from production was \$40.80, as compared to \$41.08 in 2017.

The gross profit from uranium sales for 2018 was \$11.6 million, which represents a gross profit margin of approximately 49%. This compares to a gross margin of \$16.5 million or 43% in 2017.

At the end of the year, we had approximately 375,803 pounds of U<sub>3</sub>O<sub>8</sub> at the conversion facility at an average cost per pound of \$37.75. The following table shows the average cost per pound of the conversion facility inventory.

Ending Conversion Facility Inventory

	Unit	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18
Cost Per Pound Summary					
Ad valorem and severance tax cost per pound	\$/lb	\$ 1.52	\$ 1.60	\$ 1.73	\$ 1.66
Cash cost per pound	\$/lb	\$ 23.85	\$ 22.83	\$ 23.66	\$ 23.88
Non-cash cost per pound	\$/lb	\$ 12.38	\$ 11.66	\$ 12.00	\$ 12.40
Total cost per pound	\$/lb	\$ 37.75	\$ 36.09	\$ 37.39	\$ 37.94

Generally, the cost per pound in ending inventory at the conversion facility decreased during the year as compared to the ending cost per pound in 2017. The decrease was directly related to the higher production figures and lower production costs in 2018 in combination with the lower of cost or net realizable value adjustments recorded during the year.

## Annual Results Comparison

The following table presents an annual comparison of a portion of the above information for the years ended December 31, 2018, 2017 and 2016:

Comparison of annual results	Unit	2018	2017	2016
<b>Sales</b>				
Sales per financial statements	\$000	\$ 23,496	\$ 38,371	\$ 27,297
Less disposal fees	\$000	\$ (43)	\$ (80)	\$ (20)
Less gain from sale of deliveries under contract	\$000	\$ -	\$ -	\$ (5,086)
U <sub>3</sub> O <sub>8</sub> sales	\$000	\$ 23,453	\$ 38,291	\$ 22,191
<b>Cost of sales</b>				
Ad valorem & severance taxes	\$000	\$ 423	\$ 747	\$ 1,523
Wellfield costs	\$000	\$ 3,672	\$ 5,777	\$ 6,645
Plant and site costs	\$000	\$ 6,673	\$ 7,054	\$ 8,079
Distribution costs	\$000	\$ 136	\$ 145	\$ 365
Inventory change	\$000	\$ (10,496)	\$ (3,000)	\$ (763)
Cost of sales - produced	\$000	\$ 408	\$ 10,723	\$ 15,849
Cost of sales - purchased	\$000	\$ 11,476	\$ 11,081	\$ -
Total cost of sales	\$000	\$ 11,884	\$ 21,804	\$ 15,849
Gross profit from U3O8 sales	\$000	\$ 11,569	\$ 16,487	\$ 6,342
<b>Production</b>				
Pounds extracted	lb	302,164	265,391	538,004
Pounds drummed	lb	286,358	254,012	561,094
Pounds shipped	lb	287,873	257,213	579,179
Pounds sold - produced	lb	10,000	261,000	562,000
Pounds sold - purchased	lb	470,000	519,000	-
<b>Per Pound Sold</b>				
Average contract price	\$/lb	\$ 49.39	\$ 49.09	\$ 41.38
Average spot price	\$/lb	\$ 23.75	\$ -	\$ 30.75
Average price	\$/lb	\$ 48.86	\$ 49.09	\$ 39.49
Ad valorem and severance tax	\$/lb	\$ 1.66	\$ 2.77	\$ 2.86
Cash cost	\$/lb	\$ 25.37	\$ 24.41	\$ 17.15
Non-cash cost	\$/lb	\$ 13.77	\$ 13.90	\$ 8.19
Cost - Produced	\$/lb	\$ 40.80	\$ 41.08	\$ 28.20
Cost - Purchased	\$/lb	\$ 24.42	\$ 21.35	\$ -
Average cost	\$/lb	\$ 24.76	\$ 27.95	\$ 28.20

Gross profit (1)	\$/lb	\$ 24.10	\$ 21.14	\$ 11.29
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Note:

1. For comparative purposes, gross profit and gross profit per pound for the year 2016 excludes the profit recognized on the assignment of deliveries as well as the exclusion of NRV adjustments made in the years 2017 and 2018.

In 2018, our production levels increased due to the addition of three HHs in MU2 but were declining again by year end as we reacted to a continuing weak market by not developing additional header houses. Based on existing spot prices, we were able to purchase uranium at prices that were less than our cost of production. We therefore felt that rather than reducing our resources, it was prudent to purchase pounds to complement our current production, which was based on existing wellfield assets in MU1 as well as the limited number of new HHs in MU2. The above analysis shows that we reduced our costs reflecting the reduced production levels and other cost saving measures, but not at the same rate we decreased sales from production. This is consistent with what we have previously reported, in that most of our costs are fixed so that when our production increases, our cost per pound declines and where production is scaled back, our cost per pound will increase. Compounding this is the fact that as our cost per pound increases, the carrying cost of our inventories may be subject to lower of cost or net realizable value adjustments which are reflected in our cost of goods sold and push the cost per pound of produced product sold higher. As we allocate these adjustments to taxes, cash costs and non-cash costs, all cost types show increases. Probably the most profound is in non-cash costs as all of our depletion and amortization expenses are calculated on a straight-line basis per SEC guidelines so if production is decreased by half, the related cost per pound will double. As many of our costs are fixed costs, we are not able to reduce their impact on the overall cost per pound of our products.

As discussed, we are continuously surveying the market for opportunities to create future, long-term, contracts at favorable rates. However, long-term pricing remained weak in 2018 and we did not enter into any new contracts. As previously shown, the Company maintains a good book of contracts into 2021. The average contract price in 2018 was close to \$50 per pound for the 470,000 pounds we sold under term contracts.

#### Reconciliation of Non-GAAP sales and inventory presentation with US GAAP statement presentation

As discussed above, the cash costs, non-cash costs and per pound calculations are non-US GAAP measures we use to assess business performance. To facilitate a better understanding of these measures, the tables below present a reconciliation of these measures to the financial results as presented in our financial statements.

Average Price Per Pound Sold Reconciliation	Unit	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2018
Sales per financial statements	\$000	\$ 14	\$ 3	\$ 3,807	\$ 19,672	\$ 23,496
Less disposal fees	\$000	\$ (14)	\$ (3)	\$ (17)	\$ (9)	\$ (43)
U <sub>3</sub> O <sub>8</sub> sales	\$000	\$ -	\$ -	\$ 3,790	\$ 19,663	\$ 23,453
Pounds sold - produced	lb	-	-	-	10,000	10,000
Pounds sold - purchased	lb	-	-	100,000	370,000	470,000

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Total pounds sold	lb	-	-	100,000	380,000	480,000
Average price per pound sold	\$/lb	\$ -	\$ -	\$ 37.90	\$ 51.74	\$ 48.86

The Company delivers U<sub>3</sub>O<sub>8</sub> to a conversion facility and receives credit for a specified quantity measured in pounds once the product is confirmed to meet the required specifications. When a delivery is approved, the

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Company notifies the conversion facility with instruction for a title transfer to the customer. Revenue is recognized once a title transfer of the U<sub>3</sub>O<sub>8</sub> is confirmed by the conversion facility.

Total Cost Per Pound Sold						
		2018 Q4	2018 Q3	2018 Q2	2018 Q1	2018
Reconciliation <sup>1</sup>	Unit					
Cost of sales per financial statements		\$ 50	\$ 170	\$ 2,225	\$ 9,758	\$ 12,203
Less adjustments reflecting the lower of cost or NRV		\$ (50)	\$ (170)	\$ -	\$ (99)	\$ (319)
U <sub>3</sub> O <sub>8</sub> cost of sales		\$ -	\$ -	\$ 2,225	\$ 9,659	\$ 11,884
Ad valorem & severance taxes	\$000	\$ 30	\$ 81	\$ 133	\$ 179	\$ 423
Wellfield costs	\$000	\$ 859	\$ 823	\$ 916	\$ 1,074	\$ 3,672
Plant and site costs	\$000	\$ 1,638	\$ 1,594	\$ 1,723	\$ 1,718	\$ 6,673
Distribution costs	\$000	\$ 47	\$ 36	\$ 34	\$ 19	\$ 136
Inventory change	\$000	\$ (2,574)	\$ (2,534)	\$ (2,806)	\$ (2,582)	\$ (10,496)
Cost of sales - produced	\$000	\$ —	\$ —	\$ —	\$ 408	\$ 408
Cost of sales - purchased	\$000	\$ —	\$ —	\$ 2,225	\$ 9,251	\$ 11,476
Total cost of sales	\$000	\$ —	\$ —	\$ 2,225	\$ 9,659	\$ 11,884
Pounds sold produced	lb	—	—	—	10,000	10,000
Pounds sold purchased	lb	—	—	100,000	370,000	470,000
Total pounds sold	lb	—	—	100,000	380,000	480,000
Average cost per pound sold - produced	\$/lb	\$ -	\$ -	\$ -	\$ 40.80	\$ 40.80
Average cost per pound sold - purchased	\$/lb	\$ -	\$ -	\$ 22.25	\$ 25.00	\$ 24.42
Total average cost per pound sold	\$/lb	\$ -	\$ -	\$ 22.25	\$ 25.42	\$ 24.76

Note:

1. The cost per pound sold reflects both cash and non-cash costs, which are combined as cost of sales in the statement of operations included in this filing. The cash and non-cash cost components are identified in the above production cost table. It excludes the lower of cost or NRV adjustments as the adjustments do not correspond with the timing of the sales of produced inventory.

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



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Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

The following table summarizes the results of operations for the years ended December 31, 2018 and 2017 (in thousands of U.S. dollars):

	Year ended	
	December 31,	
	2018	2017
	\$	\$
Sales	23,496	38,368
Cost of sales	(12,203)	(24,401)
Gross profit	11,293	13,967
Exploration and evaluation expense	(2,431)	(2,623)
Development expense	(1,654)	(4,340)
General and administrative expense	(5,393)	(5,090)
Accretion expense	(508)	(527)
Net profit from operations	1,307	1,387
Net interest expense	(1,002)	(1,377)
Warrant mark to market gain	581	-
Loss from equity investment	(5)	(5)
Foreign exchange gain (loss)	43	(50)
Other income	3,610	121
Net income	4,534	76
Income per share – basic	0.03	-
Income per share – diluted	0.03	-
Revenue per pound sold	48.86	49.09
Total cost per pound sold	24.76	27.95
Gross profit per pound sold	24.10	21.14

### Sales

We sold a total of 480,000 pounds of U<sub>3</sub>O<sub>8</sub> during the year ended December 31, 2018 for an average price of \$48.86 per pound as compared to 2017 when we sold 780,000 pounds for an average price of \$49.09. The fluctuation in sales prices relates primarily to a lower-priced spot sale made in 2018.

For the year ended December 31, 2018, we recognized \$43 thousand from disposal fees compared to \$80 thousand during 2017.

#### Cost of Sales

The cost of sales includes all costs of wellfield operations and maintenance, severance and ad valorem taxes, plant operations and maintenance and mine site overhead including depreciation on the related capital assets, capitalized reclamation costs and amortization of mineral property costs, the cost of inventory purchased for resale and distribution costs. Wellfield costs, plant costs, site overhead costs and distribution costs are included

in inventory and the resulting inventoried cost per pound is compared to the estimated sales prices based on the contracts or spot sales anticipated for the distribution of the product. Any costs in excess of the calculated market value are charged to expense.

As compared to 2017, our cost per pound sold decreased \$3.19 to \$24.76 in 2018. The decrease for the year was driven by the purchase of 470,000 pounds at an average price of \$24.42. The cost per pound of produced product was \$40.80.

#### Gross Profit

The gross profit was \$11.3 million for the year ended December 31, 2018, which represents a gross profit margin of approximately 48%. Gross profits of \$14.0 million in 2017 represents a gross profit margin of approximately 36%. The primary reason for the increase in the gross profit margin was the purchase of most of the product sold during 2018.

#### Operating Expenses

Total operating expenses for the year ended December 31, 2018 were \$10.0 million. Operating expenses include exploration and evaluation expense, development expense, G&A expense and mineral property write-offs. These expenses decreased by \$2.6 million compared to 2017.

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. These expenses decreased \$0.2 million for the year ended December 31, 2018 compared to 2017. All costs associated with the geology and geological information systems departments as well as the costs incurred on specific projects as described above are reflected in this category. A reduction in labor and related costs was the primary reason for the decline.

Development expense includes \$1.1 million of costs incurred at the Lost Creek Project not directly attributable to production activities, including wellfield construction, drilling and development costs. The decrease of \$2.6 million from 2017 was related to the construction of the first three header houses in MU2, including the structures, wells and related infrastructure, which was primarily done in 2017. It also includes \$0.5 million of costs associated with the Shirley Basin and Lucky Mc properties which are considered development properties as they previously reached the permitting stage or operations stage.

G&A expense relates to administration, finance, investor relations, land and legal functions and consists principally of personnel, facility and support costs. Expenses increased by \$0.3 million for the year ended December 31, 2018 compared to 2017. The increase was due to increased external consulting and legal expenses of \$0.4 million, associated with the trade action filed in 2018 and the related costs to advance the action.

#### Other Income and Expenses

Net interest expense declined \$0.4 million during 2018 compared to the prior year. The decline was due to principal payments on outstanding debt.

In June 2018, we monetized the present value from portions of agreements with one of our utility customers related to 165,000 pounds of  $U_3O_8$  to be delivered in 2021. We received proceeds of \$3.5 million when the transaction was executed.

As a part of the September 2018 public offering, we sold 13,062,878 warrants priced at \$0.01 per warrant. Two warrants are redeemable for one Common Share of the Company's stock at a price of \$1.00 per full share. As the warrants are priced in US\$ and the functional currency of the Ur-Energy Inc. is C\$, this created a derivative financial liability. The liability created and adjusted quarterly is a calculated fair value using the Black-Scholes technique described below as there is no active market for the warrants. Any income or loss is reflected in net income for the period. The revaluation as of December 31, 2018 resulted in a gain of \$581 for the period ended December 31, 2018 which is reflected on the statement of operations.

#### Income per Common Share

The basic earnings per common share for the year 2018 was \$0.03. Basic earnings per common share were \$Nil for 2017. For the year ended December 30, 2018, there were a net of 578,118 options and 985,496 restricted share units (RSUs) included in the diluted earnings per share calculations using the treasury method. The result was diluted earnings per share of \$0.03 for the year 2018. For the year ended December 30, 2017, there were a net of 539,620 options and 1,175,952 RSUs included in the diluted earnings per share calculations using the treasury method. The result was diluted earnings per share of \$Nil for the year 2017.

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Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following table summarizes the results of operations for the years ended December 31, 2017 and 2016 (in thousands of U.S. dollars):

	Year ended	
	December 31,	
	2017	2016
	\$	\$
Revenue	38,368	27,305
Cost of revenues	(24,401)	(15,848)
Gross profit	13,967	11,457
Exploration and evaluation expense	(2,623)	(2,964)
Development expense	(4,340)	(2,886)
General and administrative expense	(5,090)	(4,740)
Accretion expense	(527)	(534)
Write-off of mineral properties	-	(62)
Net income from operations	1,387	271
Interest income (Expense) (net)	(1,377)	(1,977)
Warrant mark to market gain	-	36
Loss from equity investment	(5)	(5)
Write-off of equity investments	-	(1,089)
Foreign exchange gain (loss)	(50)	(278)
Other income (loss)	121	15
Income (loss) before income taxes	76	(3,027)
Income tax expense	-	17
Net income (loss)	76	(3,010)
Income (loss) per share – basic	0.00	(0.02)
Income (loss) per share – diluted	0.00	(0.02)
Revenue per pound sold	49.09	39.49
Total cost per pound sold	27.95	28.20
Gross profit per pound sold	21.14	11.29

Sales

We sold a total of 780,000 pounds of U<sub>3</sub>O<sub>8</sub> during the year ended December 31, 2017 for an average price of \$49.09 per pound as compared to 2016 when we sold 562,000 pounds for an average price of \$39.49. The fluctuation in sales prices relates primarily to lower priced spot sales made in 2016 as well as the fulfillment of some lower-priced, shorter-term contracts in 2016. In 2016, we assigned two contract deliveries totaling 200,000 pounds of U<sub>3</sub>O<sub>8</sub> to a



third-party trader. The deliveries were made during 2016 and we recognized \$5.1 million in sales from those contracts.

For the year ended December 31, 2017, we recognized \$80 thousand from disposal fees compared to \$29 thousand during 2016.

## Cost of Sales

The cost of sales includes all costs of wellfield operations and maintenance, severance and ad valorem taxes, plant operations and maintenance and mine site overhead including depreciation on the related capital assets, capitalized reclamation costs and amortization of mineral property costs, the cost of inventory purchased for resale and distribution costs. Wellfield costs, plant costs, site overhead costs and distribution costs are included in inventory and the resulting inventoried cost per pound is compared to the estimated sales prices based on the contracts or spot sales anticipated for the distribution of the product. Any costs in excess of the calculated market value are charged to expense.

As compared to 2016, our cost per pound sold decreased \$0.25 to \$27.95 in 2017. The decrease for the year was due to the purchase of 519,000 pounds at an average price of \$21.35. The cost per pound sold of produced product was \$41.08.

## Gross Profit

The gross profit from was \$13.9 million for the year ended December 31, 2017, which represents a gross profit margin of approximately 36%. Gross profits of \$6.3 million in 2016 represents a gross profit margin of approximately 29%. The primary reason for the increase in the gross profit margin was the higher average sales price per pound in 2017.

## Operating Expenses

Total operating expenses for the year ended December 31, 2017 were \$12.6 million. Operating expenses include exploration and evaluation expense, development expense, G&A expense and mineral property write-offs. These expenses increased by \$1.4 million compared to 2016.

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. These expenses decreased \$0.3 million for the year ended December 31, 2017 compared to 2016. All costs associated with the geology and geological information systems departments as well as the costs incurred on specific projects as described above are reflected in this category. A reduction in labor and related costs was the primary reason for the decline.

Development expense includes \$3.9 million of costs incurred at the Lost Creek Project not directly attributable to production activities, including wellfield construction, drilling and development costs. This is an increase of \$1.9 million from 2016 and was related to the construction of the first three header houses in MU2 including the structures, wells and infrastructure. It also includes \$0.4 million of costs associated with the Shirley Basin and Lucky Mc properties which are considered development properties as they previously reached the permitting stage or operations stage.

G&A expense relates to administration, finance, investor relations, land and legal functions and consists principally of personnel, facility and support costs. Expenses increased by \$0.4 million for the year ended December 31, 2017 compared to 2016. The increase was due to increased external consulting and legal expenses of \$0.4 million, a substantial portion of which relates to the trade action filed in early January 2018.

## Other Income and Expenses

Net interest expense declined \$0.6 million during 2017 compared to the prior year. The decline was due to principal payments on outstanding debt.

In April 2017, the Management Committee of the Bootheel Project determined to continue the ownership and maintenance on the Bootheel property for the fiscal year ending March 31, 2018, which is the fiscal year end of The Bootheel Project, LLC. No additional exploration or development activities are expected at this time for 2018. Due to the continuing decline in the spot price of uranium combined with the reduction in minerals when a related lease was not renegotiated, the Company examined the valuation of the investment and determined that as a standalone investment, it had an insignificant value and was therefore fully impaired during 2016 resulting in a loss on investment of \$1.1 million.

## Income tax recovery

Income tax refunds in 2016 relates to the refund of alternative minimum taxes paid in prior years.

## Income (Loss) per Common Share

The basic earnings per common share for the year 2017 was \$Nil. Basic and diluted loss per common share was \$0.02 for 2016. The diluted loss per common share for the year 2016 was equal to the basic loss per common share due to the anti-dilutive effect of all convertible securities outstanding given that net losses were experienced. For the year ended December 30, 2017, there were a net of 539,620 options using the treasury method and 1,175,952 RSUs included in the diluted earnings per share calculations. The result was diluted earnings per share of \$Nil for the year.

## Material Changes in Financial Condition, Liquidity and Capital Resources

As at December 31, 2018, we had cash resources, consisting of cash and cash equivalents, of \$6.4 million, an increase of \$2.5 million from the December 31, 2017 balance of \$3.9 million. The cash resources consist of Canadian and U.S. dollar denominated deposit accounts and money market funds. We used \$5.4 million for operations during the year ended December 31, 2018. During the same period, we generated \$3.4 million from investing activities and \$4.4 million from financing activities.

On October 23, 2013, we closed a \$34.0 million Sweetwater County, State of Wyoming, Taxable Industrial Development Revenue Bond financing program (“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 is payable in 28 quarterly installments which commenced January 1, 2015 and continue through October 1, 2021. The State Bond Loan is secured by all the assets at the Lost Creek Project. As of December 31, 2018, the balance of the State Bond Loan was \$15.0 million.

During 2017, we filed a universal shelf registration statement on Form S-3 with the SEC in order that 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 our senior and subordinated debt securities. The registration statement became effective August 3, 2017 for a three-year period.

We entered into an At Market Issuance Sales Agreement (“At Market Agreement”) with MLV & Co. LLC and B Riley FBR, Inc. (May 27, 2016, as amended August 2017), under which 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 distribution agents for aggregate sales proceeds of up to \$10,000,000. During 2017, we sold 1,536,169 Common Shares under the At Market Agreement at an average price of \$0.76 per share for gross proceeds of \$1.2 million. After deducting transaction fees and commissions and all other costs, we received net proceeds of \$1.1 million. There were no shares sold under this agreement in 2018.

In September, we completed a US\$10 million public offering of Common Shares. The offering of 12,195,122 Common Shares and accompanying warrants to purchase up to 6,097,561 Common Shares, at a combined public offering price of \$0.82 per common share and accompanying warrant, closed on September 25, 2018. We also granted the underwriters a 30-day option to purchase up to 1,829,268 additional common shares and warrants to purchase up to an aggregate of 914,634 Common Shares on the same terms. The underwriters exercised a portion of their option to purchase additional securities at closing, acquiring 867,756 additional warrants to purchase an aggregate of 433,878 Common Shares. Including the partial exercise of the option, The Company issued a total of 12,195,122 Common Shares and 13,062,878 warrants to purchase up to 6,531,439 Common Shares. Because the warrants are priced in US\$ and the functional currency of Ur-Energy Inc. is C\$, this created a derivative financial liability. The liability created, and adjusted quarterly, is a calculated fair value using the Black-Scholes technique described below as there is no active market for the warrants. Any income or loss from the quarterly adjustment is reflected in net income for the period. We anticipate that the public offering proceeds will be used to maintain and enhance operational readiness; additionally, proceeds may be used for working capital and general corporate purposes.

Collections for the year from U<sub>3</sub>O<sub>8</sub> sales totaled \$23.5 million.

Operating activities used \$5.4 million of cash resources during the year ended December 31, 2018 as compared to generating \$5.5 million in 2017. The net income for the 2018 was \$4.4 million more than the corresponding income in 2017 but included a \$3.5 million gain from the monetization of 2021 term contracts, which was not considered an operating activity. In addition, \$9.8 million was used to increase inventory balances, primarily at the conversion facility.

Investing activities included receiving \$3.5 million from the monetization of 2021 term contracts. The Lost Creek Project does not require significant capital expenditures and its sustaining capital expenditures have generally been less than \$0.3 million per year.

During 2018, the Company raised net proceeds of \$9.1 million from the sale of common shares and warrants. We used \$4.9 million for principal payments on the State Bond Loan.

Liquidity Outlook

As at February 27, 2019, our unrestricted cash position was \$6.4 million. We expect that any major capital projects will be funded by operating cash flow, cash on hand and additional financing as required. If these cash sources are not sufficient, certain capital projects could be delayed, or alternatively we may need to pursue additional debt or equity financing and there is no assurance that such financing will be available at all or on terms acceptable to us. We have no immediate plans to issue additional securities or obtain additional funding other than that which may be required due to the uneven nature of cash flows generated from operations; however, we may issue additional debt or equity securities at any time.

## Outlook for 2019

Although the average spot price per pound of  $U_3O_8$ , as reported by UxC, LLC and TradeTech, LLC, increased approximately 17% from \$23.75 in December 2017 to about \$27.75 per pound in December 2018, market fundamentals have not changed sufficiently to warrant further development of MU2.

In response to this persistently weak uranium market, we took aggressive measures in 2017 and 2018, and will again do so in 2019. In 2017, we deliberately slowed development activities at MU2, reduced costs, focused on enhancing production efficiencies from our operating MU1 HHs and complemented our production with cost effective purchases of uranium. In 2018, we implemented further cost reductions, purchased 100% of the uranium necessary to meet our 2018 contractual commitments, and increased our ending inventory position from 130 thousand pounds to 392 thousand pounds. For 2019, we have suspended further MU2 development activities, implemented further cost reductions, and secured purchase contracts for 100% of our 2019 delivery obligations.

We expect to sell 500,000 pounds under term contracts at an average price of approximately \$49 per pound in 2019. We have corresponding purchase contracts in place for all 500,000 pounds at an average cost of approximately \$26 per pound. We expect our gross profit in 2019 to be approximately \$11.5 million from the sale of purchased product, which represents a cash-basis gross profit margin of between 45% and 50%. We are not currently forecasting any spot sales in 2019 at this time; we may, however, choose to sell additional produced product depending on market conditions.

We currently have over 375,000 pounds of finished, ready-to-sell, product inventory in storage at the conversion facility. The value of the product at today's \$27.85 average spot price is approximately \$10.4 million. Production from our operating MU1 and MU2 HHs, expected to be between 75,000 and 100,000 pounds, will be used to further build our inventory position of finished, ready-to-sell, product at the conversion facility. We intend to hold this inventory to satisfy our remaining contractual sales obligations of 415,000 pounds at an average sales price of \$47 per pound, the majority of which are scheduled to be sold in 2020. The inventoried pounds, or the in-the-money contracts themselves, can readily be converted to cash on an as-needed basis.

Operating costs in 2019 are expected to be lower than 2018 because of the suspended MU2 development activities. Other costs including capital expenditures and loan repayments will be similar to 2018.

As at February 27, 2019, our unrestricted cash position was \$6.4 million. Given our current cash resources, inventory position, contracted sales positions, and expected margins, we do not anticipate the need for additional funding in the near term unless it is advantageous to do so.



The actions we have taken, together with our current cash, inventory, and sales contract positions, will give the Company the additional flexibility necessary to quickly react to changing market conditions and easily re-start development activities in MU2 when warranted. With future development and construction in mind, the staff who were retained had the greatest level of experience and adaptability allowing for an easier transition back to full operations. Lost Creek operations could increase production rates in as little as six months following a go decision simply by developing additional header houses within the fully-permitted MU2. Development expenses during this time are estimated to be approximately \$14 million and are almost entirely related to MU2 drilling and header house construction costs. Lost Creek does not require any significant capital expenditures in order to increase production. The Lost Creek plant has been very well maintained and is fully ready to receive additional flows for increased production when warranted.

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As discussed above, the Company has contractual sales commitments of 500,000 pounds during 2019, at an average price of approximately \$49 per pound. We have established the delivery schedule for those commitments and determined that an effective model for dealing with the current pricing environment is to continue production from our fully operational header houses in MU1 and MU2, build inventory, and purchase uranium at favorable cost-effective prices in order to meet our sales commitments. This operating strategy for Lost Creek will allow us to control production costs, minimize development expenditures, maximize cash flows and maintain the operational flexibility to respond to market conditions.

### Table of Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2018:

	Payments due (by period) in thousands				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Notes payable	\$ 14,996	\$ 5,183	\$ 9,813		\$ -
Interest on notes payable	\$ 1,324	\$ 752	\$ 572		\$ -
Operating leases	\$ 95	\$ 95		\$ -	\$ -
Environmental remediation	\$ 77	\$ 77	\$ -	\$ -	\$ -
Asset retirement obligations	\$ 30,384	\$ -	\$ 3,558	\$ 3,558	\$ 23,268
	\$ 46,876	\$ 6,107	\$ 13,943	\$ 3,558	\$ 23,268

### Outstanding Share Data

As of December 31, 2018 and 2017, the Company's capital consisted of the following:

	December 31, 2018	December 31, 2017	Change
Common shares	159,729,403	146,531,933	13,197,470
Warrants (1)	6,531,439	5,844,567	686,872
RSUs	985,496	1,175,952	(190,456)
Stock options	9,731,612	9,459,401	272,211

Fully diluted shares outstanding	176,977,950	163,011,853	13,966,097
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Note:

1. The number of warrants reflects the actual number of shares if all 13,062,878 warrants are exercised.

#### 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.

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## Financial Instruments and Other Instruments

The Company's cash and cash equivalents are composed of:

	As at	
	December 31, 2018	December 31, 2017
	\$ (thousands)	\$ (thousands)
Cash on deposit at banks	1,936	1,667
Money market funds	4,436	2,212
	6,372	3,879

Quarterly financial data (unaudited) (in thousands except for per share data)

	2018			
	Quarter ended			
	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Revenue	\$ 14	\$ 3	\$ 3,807	\$ 19,672
Net income (loss) for the period	\$ (1,666)	\$ (2,809)	\$ 2,591	\$ 6,418
Income (loss) per share – basic and diluted	\$ (0.01)	\$ (0.02)	\$ 0.02	\$ 0.04

	2017			
	Quarter ended			
	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Revenue	\$ 26	\$ 11,693	\$ 11,821	\$ 14,828
Net income (loss) for the period	\$ (3,426)	\$ (3,004)	\$ 1,317	\$ 5,189
Income (loss) per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ 0.01	\$ 0.03

Credit risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, deposits and restricted cash, which together totaled approximately \$13.8 million at December 31, 2018. 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 United States. Of the amount held on deposit, approximately \$0.7 million is covered by the Canada Deposit Insurance Corporation, the Securities Investor Protection Corporation or the United States Federal Deposit Insurance Corporation which leaves approximately \$13.1 million at risk at December 31, 2018 should the financial institutions with which these amounts are invested be rendered insolvent. We do not consider any of our financial assets to be impaired as of December 31, 2018.

#### Liquidity risk

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

As at December 31, 2018, the Company's financial liabilities consisted of trade accounts payable and accrued trade and payroll liabilities of \$1.0 million which are due within normal trade terms of generally 30 to 60 days, a notes payable which will be payable over 0 to 3 years, and asset retirement obligations with estimated completion dates until 2033.

#### Item 7A. Quantitative AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

##### 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 financings. 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

We maintain a balance of less than \$0.2 million in foreign currency resulting in a low currency risk.

## Commodity Price Risk

The Company is subject to market risk related to the market price of uranium. We have multiple uranium supply contracts with pricing fixed or based on inflation factors applied to a fixed base. Additional 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, and governmental legislation in uranium producing and consuming countries and production levels and costs of production of other producing companies. The spot market price for uranium has demonstrated a large range since January 2001. Prices have risen from \$7.10 per pound at January 2001 to a high of \$136.00 per pound as of June 2007. The spot market price was \$27.85 per pound as of February 27, 2019.

## Transactions with Related Parties

During the fiscal year ended December 31, 2018, we did not participate in any reportable transactions with related parties.

## Proposed Transactions

As is typical of the mineral exploration and development industry, we will consider and review potential merger, acquisition, investment and venture transactions and opportunities that could enhance shareholder value.

## New accounting pronouncements which may affect future reporting

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize all leases, including operating leases, unless the lease is a short-term lease. ASU 2016-02 also requires additional disclosures regarding leasing arrangements. ASU 2016-02 is effective for interim periods and fiscal years beginning after December 15, 2018, and early application is permitted. Now, the only leases we hold are for equipment, office space in one location and a limited number of leases on selected mineral properties. We do not anticipate the additional disclosures to reflect those leases will have a material impact on our statement of financial position, as the total future lease payments are not material.

## New accounting pronouncements which were implemented this year

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606).” The amendments in ASU 2014-09 affect any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU superseded the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance, and creates a Topic 606, Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted Topic 606 effective January 1, 2018. The Company purchases and produces U<sub>3</sub>O<sub>8</sub> and recognizes revenue at the point of transfer of control; revenue will continue to be recognized at that point under the new standard. The adoption of the new standard had no impact on either our current or prior revenue recognition processes or reporting. Electing the modified retrospective basis for implementing the standard results in no changes to prior financial reports.

Our revenues are primarily derived from the sale of U<sub>3</sub>O<sub>8</sub> under either long-term (delivery in typically two to five years) or spot (immediate delivery) contracts with our customers. The contracts specify the quantity to be delivered, the price or specific calculation method of the price, payment terms and the year(s) of the delivery. There may be some variability in the dates of the delivery or the quantity to be delivered depending on the contract, but those issues are addressed before the delivery date. When a delivery is approved, the Company notifies the conversion facility with instructions for a title transfer to the customer. Revenue is recognized once a title transfer of the U<sub>3</sub>O<sub>8</sub> is confirmed by the conversion facility.



We also receive a small amount of revenue from disposal fees. We have contracts with our customers which specify the type and volume of material which can be disposed. Monthly, we invoice those customers based on deliveries of material to the disposal site by the customer. Materials are measured and categorized at the time of delivery and verified by the customer. We recognize the revenue at the end of the month in which the material was received.

## Critical Accounting Policies and Estimates

We have established the existence of mineral resources at the Lost Creek Project, 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.

## 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.

As of December 31, 2018, the current and long-term prices of uranium were \$27.75 and \$32.00, respectively. This compares to prices of \$23.75 and \$31.00 as of December 31, 2017. Senior management updates production, revenue and cash projections on a regular basis, in some cases weekly, but at least monthly. The Company reviews the impairment indicators outlined in US GAAP guidance.

Our remaining properties, which have no established mineral resource, continue to be carried at their acquisition cost.

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.

## Exploration, evaluation and development costs

Exploration and evaluation expenses consist of labor, annual exploration lease and maintenance fees and associated costs of the exploration geology department 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 the Company's Lost Creek, LC East and Shirley Basin projects, which are more advanced in terms of permitting and preliminary economic assessments. Development expenses include all costs associated with exploring, delineating and permitting new or expanded mine units, the costs associated with the construction and development of permitted mine units including wells, pumps, piping, header houses, roads and other infrastructure related to the preparation of a mine unit to begin extraction operations as well as the cost of drilling and completing disposal wells.

## Capital assets

Property, plant and equipment assets, including machinery, processing equipment, enclosures, vehicles and expenditures that extend the life of such assets, are recorded at cost including acquisition and installation costs. The enclosure costs include both the building housing and the processing equipment necessary for the extraction of uranium from impregnated water pumped in from the wellfield to the packaging of uranium yellowcake for delivery into sales. These enclosure costs are combined as the equipment and related installation associated with the equipment is an integral part of the structure itself. The costs of self-constructed assets include direct construction costs, direct overhead and allocated interest during the construction phase. Depreciation is calculated using a declining balance method for most assets with the exception of the plant enclosure and related equipment. Depreciation on the plant enclosure and related equipment is calculated on a straight-line basis. Estimated lives for depreciation purposes range from three years for computer equipment and software to 20 years for the plant enclosure and the name plate life of the related equipment.

## Depreciation

The depreciable life of the Lost Creek plant, equipment and enclosure was determined to be the nameplate life of the equipment housed in the processing plant as plans exist to continue to process materials from other sources such as Shirley Basin beyond the estimated production at the Lost Creek Project.

## Inventory and Cost of Sales

Our inventories are measured 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.

Because of the nature of in situ operations, it is not economically feasible to accurately measure the amount of in-process inventory at any given time. We use a combination of calculating estimated uranium captured per sampling applied to total water processing flow to determine the estimated pounds captured.

## Share-Based Compensation

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. 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.

## Income taxes

The Company accounts for income taxes under the asset and liability method which requires the recognition of future income tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. The Company provides a valuation allowance on future tax assets unless it is more likely than not that such assets will be realized.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Consolidated Financial Statements following the signature page of this Form 10-K.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of the fiscal year ended December 31, 2018, 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) Management's Report on Internal Control over Financial Reporting

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, the Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2018, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment using those criteria, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2018. The effectiveness of the Company's internal control over financial reporting at December 31, 2018, has been audited by PricewaterhouseCoopers LLP, as stated in their report.

(c) Attestation Report of Registered Public Accounting Firm

PricewaterhouseCoopers LLP's attestation report on our internal control over financial reporting is included as part of Item 8. Financial Statements and Supplementary Data herein.

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(d)Changes in Internal Controls over Financial Reporting

No changes in our internal control over financial reporting occurred during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

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PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2019 Annual Meeting of Shareholders and is incorporated by reference in this report.

Code of Ethics

We have adopted a Code of Ethics (“Code”) which applies to all employees, officers and directors. The full text of the Code is available on our website at <http://www.ur-energy.com/corporate-governance/>. We will post any amendments to, or waivers from, the Code on our corporate website or by filing a Current Report on Form 8 K.

Item 11. EXECUTIVE COMPENSATION

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2019 Annual Meeting of Shareholders and is incorporated by reference in this report.

Item 12. SECURITY OWNERSHIP OF Certain BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2019 Annual Meeting of Shareholders and is incorporated by reference in this report.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2019 Annual Meeting of Shareholders and is incorporated by reference in this report.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to this item will be included in an amendment to this report or in the proxy statement for our 2019 Annual Meeting of Shareholders and is incorporated by reference in this report.

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## PART IV

## Item 15. Exhibits, Financial statement schedules

## Financial Statements and Financial Statement Schedules

See “Index to Consolidated financial statements” on page F-1.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date of Report	Exhibit	
1.1	<u>Underwriting Agreement with Cantor Fitzgerald, as representative for the underwriters named therein, dated September 21, 2018</u>	8-K	9/25/2018	1.1	
3.1	<u>Articles of Continuance and Articles of Amendment</u>	S-3	1/10/2016	3.1	
3.2	<u>Amended By-Law No. 1</u>	S-3	1/10/2016	3.2	
3.3	<u>By-Law No. 2 (Advance Notice)</u>	8-K	2/25/2018	3.1	
4.1	<u>Warrant Agreement, dated September 25, 2018, between the Company and Computershare Trust Company, N.A.</u>	8-K	9/25/2018	4.1	
10.1	<u>Financing Agreement and Mortgage (State of Wyoming Industrial Revenue Bond Loan)</u>	6-K	10/29/2013	99.1	
10.2	<u>Share Purchase Agreement and Registration Rights Agreement (Private Placement)</u>	6-K	12/19/2013		
10.3	<u>Employment Agreement with Jeffrey T. Klenda, as amended</u>	10-K	3/3/2015	10.7	
10.4	<u>Employment Agreement with Roger L. Smith, as amended</u>	10-K	3/3/2015	10.9	
10.5	<u>Employment Agreement with Steven M. Hatten, as amended</u>	10-K	3/3/2015	10.10	
10.6	<u>Employment Agreement with John W. Cash, as amended</u>	10-K	3/3/2015	10.11	

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10.7	<u>Employment Agreement with Penne A. Goplerud, as amended</u>	10-K	3/3/2015	10.12
10.8	<u>Employment Agreement with James A. Bonner</u>	10-K	3/2/2016	10.14

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10.9	<u>Ur-Energy Inc. Amended and Restated Stock Option Plan</u>	8-K	4/13/17	4.1	
10.10	<u>Amended Restricted Share Unit Plan</u>	8-K	3/27/2016	10.1	
10.11	<u>At Market Issuance Sales Agreement</u>	8-K	5/27/16	1.1	
10.12	<u>At Market Issuance Sales Agreement, as amended</u>	8-K	8/4/2018	5.1	
14.1	<u>Code of Ethics for CEO, CFO and Senior Financial Officers</u>	8-K	2/11/2015	14.1	
21.1	<u>Subsidiaries of the Registrant</u>	10-K	3/3/2015		
23.1	<u>Consent of PricewaterhouseCoopers LLP</u>				X
23.2	<u>Consent of TREC, Inc.</u>				X
23.3	<u>Consent of WWC Engineering</u>				X
31.1	<u>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.</u>				X
31.2	<u>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.</u>				X
32.1	<u>Certification of CEO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				X
32.2	<u>Certification of CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Schema Document				X
101.CAL	XBRL Calculation Linkbase Document				X
101.DEF	XBRL Definition Linkbase Document				X
101.LAB	XBRL Labels Linkbase Document				X
101.PRE	XBRL Presentation Linkbase Document				X

99.1 Location maps (1) 10-K 3/3/2015

(1) Filed herewith under Items 1 and 2. Business and Properties.

ITEM 16. FORM 10-K SUMMARY

None.

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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: March 1, 2019 By: /s/ Jeffrey T. Klenda  
Jeffrey T. Klenda  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 1, 2019 By: /s/ Jeffrey T. Klenda  
Jeffrey T. Klenda  
Chief Executive Officer (Principal Executive Officer)

Date: March 1, 2019 By: /s/ Roger L. Smith  
Roger L. Smith  
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Date: March 1, 2019 By: /s/ James M. Franklin  
James M. Franklin  
Director

Date: March 1, 2019 By: /s/ W. William Boberg  
W. William Boberg  
Director

Date: March 1, 2019 By: /s/ Thomas Parker  
Thomas Parker  
Director

Date: March 1, 2019 By: /s/ Gary C. Huber  
Gary C. Huber  
Director

Date: March 1, 2019 By: /s/ Kathy E. Walker  
Kathy E. Walker  
Director

Date: March 1, 2019 By: /s/ Rob Chang  
Rob Chang  
Director

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Ur-Energy Inc.

Headquartered in Littleton, Colorado

Consolidated Financial Statements

December 31, 2018

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

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Directors of Ur-Energy Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Ur-Energy Inc. and its subsidiaries (together, the Company) as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of shareholder's equity for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and their results of operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Pricewaterhouse Coopers LLP

Chartered Professional Accountants

Vancouver, Canada

March 1, 2019

We have served as the Company's auditor since 2004.

Ur-Energy Inc.

## Consolidated Balance Sheets

(expressed in thousands of U.S. dollars)

	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents (note 4)	6,372	3,879
Accounts receivable	31	33
Inventory (note 5)	1,840	4,515
Prepaid expenses	847	741
	9,090	9,168
Long-term inventory (note 5)	12,852	-
Restricted cash (note 6)	7,458	7,558
Mineral properties (note 7)	45,805	44,677
Capital assets (note 8)	25,158	26,961
	91,273	79,196
	100,363	88,364
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	2,343	3,039
Current portion of notes payable (note 10)	5,062	4,774
Environmental remediation accrual	77	72
	7,482	7,885
Notes payable (note 10)	9,600	14,662
Asset retirement obligations (note 12)	30,384	27,036
Other liabilities - warrants (note 13)	1,050	-
	41,034	41,698
	48,516	49,583
Shareholders' equity (note 14)		
Share Capital		
Class A preferred shares, without par value, unlimited shares authorized; no shares issued and outstanding	-	-
Common shares, without par value, unlimited shares authorized; shares issued and outstanding: 159,729,403 at December 31, 2018 and 146,531,933 at December 31, 2017	185,221	177,063
Warrants	-	4,109
Contributed surplus	19,930	15,454
Accumulated other comprehensive income	3,670	3,663
Deficit	(156,974)	(161,508)
	51,847	38,781
	100,363	88,364

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

/s/ Jeffrey T. Klenda, Chairman    /s/ Thomas H. Parker, Director

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Ur-Energy Inc.

## Consolidated Statements of Operations and Comprehensive Loss

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

	Year ended December 31,		
	2018	2017	2016
Sales (note 15)	23,496	38,368	27,305
Cost of sales	(12,203)	(24,401)	(15,848)
Gross profit	11,293	13,967	11,457
Operating Expenses			
Exploration and evaluation	(2,431)	(2,623)	(2,964)
Development	(1,654)	(4,340)	(2,886)
General and administrative	(5,393)	(5,090)	(4,740)
Accretion of asset retirement obligations (note 12)	(508)	(527)	(534)
Write-off of mineral properties (note 7)	-	-	(62)
Income from operations	1,307	1,387	271
Net interest expense	(1,002)	(1,377)	(1,977)
Warrant mark to market adjustment	581	-	36
Loss on equity investment	(5)	(5)	(5)
Write-off of equity investments	-	-	(1,089)
Foreign exchange gain (loss)	43	(50)	(278)
Other income	3,610	121	15
Income (loss) before income taxes	4,534	76	(3,027)
Income tax recovery (net) (note 11)	-	-	17
Net income (loss) for the period	4,534	76	(3,010)
Income (loss) per common share			
Basic	0.03	0.00	(0.02)
Diluted	0.03	0.00	(0.02)
Weighted average number of common shares outstanding			
Basic	150,034,566	145,818,394	141,999,537
Diluted	151,598,180	147,533,966	141,999,537
<b>COMPREHENSIVE INCOME (LOSS)</b>			
Net income (loss) for the period	4,534	76	(3,010)
Other Comprehensive income (loss), net of tax			
Translation adjustment on foreign operations	7	59	247

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Comprehensive income (loss) for the period	4,541	135	(2,763)
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The accompanying notes are an integral part of these consolidated financial statements.

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Ur-Energy Inc.

## Consolidated Statements of Shareholders' Equity

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

	Capital Stock Shares	Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Shareholders' Equity
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2015	130,188,775	168,911	4,175	14,632	3,357	(158,574)	32,501
Exercise of stock options	16,620	13	-	(4)	-	-	9
Common shares issued for cash, net of \$884 of issue costs	13,085,979	5,684	-	-	-	-	5,684
Redemption of vested RSUs	385,010	294	-	(350)	-	-	(56)
Expiry of warrants	-	-	(66)	66	-	-	-
Non-cash stock compensation	-	-	-	857	-	-	857
Net loss and comprehensive income	-	-	-	-	247	(3,010)	(2,763)
Balance, December 31, 2016	143,676,384	174,902	4,109	15,201	3,604	(161,584)	36,232
Exercise of stock options	871,717	795	-	(253)	-	-	542
Common shares issued for cash, net of \$93 of issue costs	1,536,169	1,076	-	-	-	-	1,076
Redemption of vested RSUs	447,663	290	-	(385)	-	-	(95)
Non-cash stock compensation	-	-	-	891	-	-	891
Net income and comprehensive income	-	-	-	-	59	76	135

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Balance, December 31, 2017	146,531,933	177,063	4,109	15,454	3,663	(161,508)	38,781
Exercise of stock options	496,838	415	-	(125)	-	-	290
Common shares issued for cash, net of \$902 of costs	12,195,122	7,399	-	-	-	-	7,399
Redemption of vested RSUs	505,510	344	-	(423)	-	-	(79)
Expiry of warrants	-	-	(4,109)	4,109	-	-	-
Non-cash stock compensation	-	-	-	915	-	-	915
Net income and comprehensive income	-	-	-	-	7	4,534	4,541
Balance, December 31, 2018	159,729,403	185,221	-	19,930	3,670	(156,974)	51,847

The accompanying notes are an integral part of these consolidated financial statements

Ur-Energy Inc.

## Consolidated Statements of Cash Flow

(expressed in thousands of U.S. dollars)

	Year ended December 31,		
	2018	2017	2016
Cash provided by			
Operating activities			
Net income (loss) for the period	4,534	76	(3,010)
Items not affecting cash:			
Stock based expense	915	891	857
Depreciation and amortization	3,603	4,890	5,144
Accretion of asset retirement obligations	508	527	534
Amortization of deferred loan costs	121	120	152
Provision for reclamation	5	(13)	-
Write off of equity investments	-	-	1,089
Write-off of mineral properties	-	-	62
Warrants mark to market gain	(581)	-	(36)
Gain on monetization of contract	(3,540)	-	-
Gain on disposition of assets	(2)	(2)	(14)
Loss (gain) on foreign exchange	45	53	280
Other loss	5	4	5
Income tax recovery	-	-	(17)
Change in non-cash working capital items:			
Accounts receivable	2	(17)	(7)
Inventory	(10,177)	(406)	(765)
Prepaid expenses	(95)	109	(111)
Accounts payable and accrued liabilities	(706)	(606)	(773)
	(5,363)	5,626	3,390
Investing activities			
Mineral property costs	(31)	(18)	-
Proceeds from monetization of contract	3,540	-	-
Funding of equity investment	(5)	(5)	(5)
Proceeds from sale of property and equipment	-	-	91
Purchase of capital assets	(55)	(181)	(296)
	3,449	(204)	(210)
Financing activities			
Issuance of common shares for cash	10,000	1,169	6,568
Share issue costs	(902)	(93)	(884)
Proceeds from exercise of stock options	290	542	9
RSUs redeemed to pay withholding or paid in cash	(76)	(94)	(56)
Repayment of debt	(4,895)	(4,623)	(8,679)

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	4,417	(3,099)	(3,042)
Effects of foreign exchange rate changes on cash	(110)	5	(28)
Net change in cash, cash equivalents and restricted cash	2,393	2,328	110
Beginning cash, cash equivalents and restricted cash	11,437	9,109	8,999
Ending cash, cash equivalents and restricted cash (note 17)	13,830	11,437	9,109

The accompanying notes are an integral part of these consolidated financial statements

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Ur-Energy Inc.

Notes to Consolidated Financial Statements

December 31, 2018

(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 mining company, as defined by United States Securities and Exchange Commission (“SEC”) Industry Guide 7. 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. As of August 2013, the Company commenced uranium production at its Lost Creek Project in Wyoming.

Due to the nature of the uranium mining methods used by the Company on the Lost Creek Property, and the definition of “mineral reserves” under National Instrument 43-101 (“NI 43-101”), which uses the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) Definition Standards, the Company has not determined whether the properties contain mineral reserves. However, the Company’s “Amended Preliminary Economic Assessment of the Lost Creek Property, Sweetwater County, Wyoming,” as amended in non-substantive ways, February 8, 2016 (“Lost Creek PEA”) outlines the potential viability of the Lost Creek Property. 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.Liquidity Risk

Our operations are based on a small number of large sales. As a result, our cash flow and therefore our current assets and working capital may vary widely during the year based on the timing of those sales. Virtually all of our sales are under contracts which specify delivery quantities, sales prices and payment dates. The only exceptions are spot sales which we are currently only making when advantageous. As a result, we are able to perform cash management functions over the course of an entire year and are less reliant on current commodity prices and market conditions. We monitor our cash projections on a weekly basis and have used various techniques to manage our cash flows including the assignment of deliveries, as we have done in the past, negotiating changes in delivery dates, purchasing inventory at favorable prices and raising capital.

As at December 31, 2018, the Company's financial liabilities consisted of trade accounts payable and accrued trade and payroll liabilities of \$1.0 million which are due within normal trade terms of generally 30 to 60 days, a note payable of \$15.0 million of which \$5.2 million is due within 1 year, and asset retirement obligations with estimated completion dates until 2033.

In addition, most of our current assets except for prepaid expenses are immediately realizable, if necessary, while our current liabilities include a substantial portion that is not due for a minimum of three months to over a year which, given the existence of our contracts and set prices, allows us to plan for those payments well in advance and address shortfalls, if any, well in advance.

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Ur-Energy Inc.

Notes to Consolidated Financial Statements

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

It is possible that additional funding might be sought. Although the Company has been successful in obtaining debt and raising equity financing in the past, there can be no guarantee that such funding will be available in the future.

3.Summary of Significant Accounting Policies

Basis of presentation

These financial statements have been prepared by management in accordance with United States generally accepted accounting principles (“US GAAP”) and include all the assets, liabilities and expenses of the Company and its wholly-owned subsidiaries Ur-Energy USA Inc.; NFU Wyoming, LLC; Lost Creek ISR, LLC; NFUR Bootheel, LLC; Hauber Project LLC; NFUR Hauber, LLC; and Pathfinder Mines Corporation. All inter-company balances and transactions have been eliminated upon consolidation. Ur-Energy Inc. and its wholly-owned subsidiaries are collectively referred to herein as the “Company.”

Exploration Stage

The Company has established the existence of uranium resources for certain uranium projects, including the Lost Creek Property. The Company has not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a final or “bankable” feasibility study for any of its uranium projects, including the Lost Creek Property. Furthermore, the Company currently has no plans to establish proven or probable reserves for any of its uranium projects for which the Company plans on utilizing in situ recovery (“ISR”) mining, such as the Lost Creek Property or the Shirley Basin Project. As a result, and despite the fact that the Company commenced recovery of uranium at the Lost Creek Project in August 2013, the Company remains in the Exploration Stage as defined under Industry Guide 7, and will continue to remain in the Exploration Stage until such time proven or probable mineral reserves have been established.

Since the Company commenced recovery of uranium at the Lost Creek Project without having established proven and probable reserves, any uranium resources established or extracted from the Lost Creek Project should not be in any way associated with having established proven or probable mineral reserves. Accordingly, information concerning mineral deposits set forth herein may not be comparable to information made public by companies that have reserves in accordance with United States standards.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates management makes in the preparation of these consolidated financial statements relate to the fair value of stock-based compensation using the factors associated with the Black-Scholes calculations, estimation of the amount of recoverable uranium included in the in-process inventory, estimation of factors surrounding asset retirement obligations such as interest rates,



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Ur-Energy Inc.

Notes to Consolidated Financial Statements

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

discount rates and inflation rates, total cost and the time until the asset retirement commences and the offset of future income taxes through deferred tax assets. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments with original maturities of three months or less that are considered to be cash equivalents. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Restricted cash is excluded from cash and cash equivalents and is included in other long-term assets

Restricted cash

Cash which secures various instruments including a state lease and surety bonds which secure reclamation obligations is shown as restricted cash.

Inventory

In-process inventory represents uranium that has been extracted from the wellfield and captured in the processing plant and is currently being transformed into a saleable product. Plant inventory is  $U_3O_8$  that is contained in yellowcake, which has been dried and packaged in drums, but not yet shipped to the conversion facility. The amount of  $U_3O_8$  in the plant inventory is determined by weighing and assaying the amount of  $U_3O_8$  packaged into drums at the plant. Conversion facility inventory is  $U_3O_8$  that has been shipped to the conversion facility. The amount of  $U_3O_8$  in the conversion facility inventory includes the amount of  $U_3O_8$  contained in drums shipped to the conversion facility plus or minus any final weighing and assay adjustments per the terms of the uranium supplier's agreement with the conversion facility.

The Company's inventories are measured at the lower of cost or net realizable value and reflect the U<sub>3</sub>O<sub>8</sub> content in various stages of the production and sales process including in-process inventory, plant inventory and conversion facility inventory. Operating supplies are expensed when purchased.

#### Mineral properties

Acquisition costs of mineral properties are capitalized. When production is attained, amortization is calculated on a straight-line basis. The original estimated life for the Lost Creek Project was 10 years which is being used to amortize the mineral property acquisition costs.

If properties are abandoned or sold, they are written off. If properties are considered to be impaired in value, the costs of the properties are written down to their estimated fair value at that time.

#### Exploration, evaluation and development costs

Exploration and evaluation expenses consist of labor, annual lease and maintenance fees and associated costs of the exploration geology department as well as exploration costs including drilling and analysis on properties which have not reached the permitting or operations stage.

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Ur-Energy Inc.

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

Development expense relates to the Company's Lost Creek, LC East and Shirley Basin projects, which are more advanced in terms of permitting and preliminary economic assessments. Development expenses include all costs associated with exploring, delineating and permitting within those projects, the costs associated with the construction and development of permitted mine units including wells, pumps, piping, header houses, roads and other infrastructure related to the preparation of a mine unit to begin extraction operations as well as the cost of drilling and completing disposal wells.

Capital assets

Property, plant and equipment assets, including machinery, processing equipment, enclosures, vehicles and expenditures that extend the life of such assets, are recorded at cost including acquisition and installation costs. The enclosure costs include both the building housing and the processing equipment necessary for the extraction of uranium from impregnated water pumped in from the wellfield to the packaging of uranium yellowcake for delivery into sales. These enclosure costs are combined as the equipment and related installation associated with the equipment is an integral part of the structure itself. The costs of self-constructed assets include direct construction costs, direct overhead and allocated interest during the construction phase. Depreciation is calculated using a declining balance method for most assets with the exception of the plant enclosure and related equipment. Depreciation on the plant enclosure and related equipment is calculated on a straight-line basis. Estimated lives for depreciation purposes range from three years for computer equipment and software to 20 years for the plant enclosure and the name plate life of the related equipment.

Impairment of long-lived assets

The Company assesses the possibility of impairment in the net carrying value of its long-lived assets when events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. When potential impairment is indicated, management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, recoverable resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is determined using discounted future cash flows or other measures of fair value.

#### Asset retirement obligations

For mining properties, various federal and state mining laws and regulations require the Company to reclaim the surface areas and restore groundwater quality to the pre-existing quality or class of use after the completion of mining. The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs an obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets.

Asset retirement obligations consist of estimated final well closures, plant closure and removal and associated reclamation and restoration costs to be incurred by the Company in the future. The estimated fair value of the asset retirement obligation is based on the current cost escalated at an inflation rate and discounted at a credit

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Ur-Energy Inc.

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adjusted risk-free rate. This liability is capitalized as part of the cost of the related asset and amortized over its remaining productive life. The liability accretes until the Company settles the obligation.

Revenue recognition

The Company adopted Topic 606 effective January 1, 2018. The Company purchases and produces  $U_3O_8$  and recognizes revenue at the point of transfer of control, and revenue will continue to be recognized at that point under the new standard. The adoption of the new standard had no impact on either our recognition processes or reporting. We elected the modified retrospective basis for implementing the standard. As we had no contracts that were affected by the implementation, there were no changes to prior financial reports. In addition, there is no change in our revenue recognition treatment in the current period.

Our revenues are primarily derived from the sale of  $U_3O_8$  under either long-term (delivery in typically two to five years) or spot (immediate delivery) contracts with our customers. The contracts specify the quantity to be delivered, the price or specific calculation method of the price, payment terms and the year(s) of the delivery. There may be some variability in the dates of the delivery or the quantity to be delivered depending on the contract, but those issues are addressed before the delivery date. When a delivery is approved, the Company notifies the conversion facility with instructions for a title transfer to the customer. Revenue is recognized once a title transfer of the  $U_3O_8$  is confirmed by the conversion facility.

We also receive a small amount of revenue from disposal fees. We have contracts with our customers which specify the type and volume of material which can be disposed. Monthly, we invoice those customers based on deliveries of material to the disposal site by the customer. Materials are measured and categorized at the time of delivery and verified by the customer. We recognize the revenue at the end of the month in which the material was received.

Stock-based compensation

Stock-based compensation cost from the issuance of stock options and restricted share units (“RSUs”) is measured at the grant date based on the fair value of the award and is recognized over the related service period. Stock-based compensation cost is charged to mine operations, exploration and evaluation, development, and general and administrative expense on the same basis as other compensation costs.

Income taxes

The Company accounts for income taxes under the asset and liability method which requires the recognition of deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. The Company provides a valuation allowance on deferred tax assets unless it is more likely than not that such assets will be realized.

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Ur-Energy Inc.

Notes to Consolidated Financial Statements

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

Earnings and loss per share calculations

Diluted earnings per common share are calculated by including all options which are in-the-money based on the average stock price for the period as well as RSUs which were outstanding at the end of the quarter. The treasury stock method was applied to determine the dilutive number of options. Warrants are included only if the exercise price is less than the average stock price for the quarter. In periods of loss, 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.

Classification of financial instruments

The Company's financial instruments consist of cash, short-term investments, accounts receivable, restricted cash, deposits, accounts payable and accrued liabilities, other liabilities and notes payable. The Company has made the following classifications for these financial instruments:

- Cash, accounts receivable, restricted cash and deposits are recorded at amortized cost. Interest income is recorded using the effective interest rate method and is included in income for the period.
- Accounts payable and accrued liabilities and notes payable are measured at amortized cost.
- Other liabilities, which related to the derivative on the warrant issued in U.S. dollars, are adjusted to the market value using the Black-Sholes valuation method at the end of each reporting period.

New accounting pronouncements which may affect future reporting

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize all leases, including operating leases, unless the lease is a short-term lease. ASU 2016-02 also requires additional disclosures regarding leasing arrangements. ASU 2016-02 is effective for interim periods and fiscal years beginning after December 15, 2018, and early application is permitted. Now, the only leases we hold are for small office equipment, office space in one location and a limited number of leases on select mineral properties. The additional disclosures to reflect those leases will not have a material impact on our statement of financial position.

New accounting pronouncements which were implemented this year

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606).” The amendments in ASU 2014-09 affect any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU superseded the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance, and creates a Topic 606, Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted Topic 606 effective January 1, 2018. The Company purchases and produces U<sub>3</sub>O<sub>8</sub> and recognizes revenue at the point of transfer of control; revenue will continue to be recognized at that

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Ur-Energy Inc.

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point under the new standard. The adoption of the new standard had no impact on either our current or prior revenue recognition processes or reporting. Electing the modified retrospective basis for implementing the standard results in no changes to prior financial reports.

Our revenues are primarily derived from the sale of  $U_3O_8$  under either long-term (delivery in typically two to five years) or spot (immediate delivery) contracts with our customers. The contracts specify the quantity to be delivered, the price or specific calculation method of the price, payment terms and the year(s) of the delivery. There may be some variability in the dates of the delivery or the quantity to be delivered depending on the contract, but those issues are addressed before the delivery date. When a delivery is approved, the Company notifies the conversion facility with instructions for a title transfer to the customer. Revenue is recognized once a title transfer of the  $U_3O_8$  is confirmed by the conversion facility.

We also receive a small amount of revenue from disposal fees. We have contracts with our customers which specify the type and volume of material which can be disposed. Monthly, we invoice those customers based on deliveries of material to the disposal site by the customer. Materials are measured and categorized at the time of delivery and verified by the customer. We recognize the revenue at the end of the month in which the material was received.

In January 2016, the FASB issued ASU 2016-1, Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825). The amendments in this ASU supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities (including other ownership interests, such as partnerships, unincorporated joint ventures, and limited liability companies) to be measured at fair value with changes in the fair value recognized through net income. The amendments allow equity investments that do not have readily determinable fair values to be remeasured at fair value either upon the occurrence of an observable price change or upon identification of an impairment. The amendments also require enhanced disclosures about those investments. The amendments improve financial reporting by providing relevant information about an entity's equity investments and reducing the number of items that are recognized in other comprehensive income. The Company adopted the amended Topic 825 effective January 1, 2018. The adoption of this guidance had no effect on our financial statements or other financial reporting.

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## 4.Cash and cash equivalents

The Company's cash and cash equivalents consists of the following:

	As at December 31, 2018	December 31, 2017
	\$	\$
Cash on deposit at banks	1,936	1,667
Money market funds	4,436	2,212
	6,372	3,879

## 5.Inventory

The Company's inventory consists of the following:

	As at December 31, 2018	December 31, 2017
	\$	\$
In-process inventory	160	315
Plant inventory	345	369
Conversion facility inventory	14,187	3,831

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	14,692	4,515
Inventory to be sold in 12 months	1,840	4,515
Long term inventory	12,852	-

As of December 31, 2018, inventory was carried at the lower of cost or net realizable value. Adjustments to inventory to reflect the net realizable value are also included in Cost of Sales. For the year 2018, there was a write down of \$318 thousand.

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## 6.Restricted Cash

The Company's restricted cash consists of the following:

	As at December 31, 2018	December 31, 2017
	\$	\$
Money market account	7,458	7,458
Certificates of deposit	-	100
	7,458	7,558

- (a) The bonding requirements for reclamation obligations on various properties have been agreed to by the Wyoming Department of Environmental Quality, Wyoming Uranium Recovery Program and United States Department of the Interior. The restricted money market accounts are pledged as collateral against performance surety bonds which are used to secure the potential costs of reclamation related to those properties. Surety bonds providing \$29,880 of coverage towards specific reclamation obligations are collateralized by \$7,444 of the restricted cash at December 31, 2018.

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## 7. Mineral Properties

The Company's mineral properties consist of the following:

	Lost Creek Property \$	Pathfinder Mines \$	Other U.S. Properties \$	Total \$
Balance, December 31, 2016	14,015	19,866	13,148	47,029
Acquisition costs	-	-	18	18
Change in estimated reclamation costs (note 12)	613	(165)	-	448
Amortization	(2,818)	-	-	(2,818)
Balance, December 31, 2017	11,810	19,701	13,166	44,677
Acquisition costs	-	-	31	31
Change in estimated reclamation costs (note 12)	2,577	263	-	2,840
Amortization	(1,743)	-	-	(1,743)
Balance, December 31, 2018	12,644	19,964	13,197	45,805

United States

Lost Creek Property

The Company acquired certain Wyoming properties when Ur-Energy USA Inc. entered into the Membership Interest Purchase Agreement (“MIPA”) with New Frontiers Uranium, LLC in 2005. Under the terms of the MIPA, the Company 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 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. 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 LC North or LC West Projects.

In September 2013, after the Company commenced mineral extraction and production at the Lost Creek Project, it began amortizing the related mineral properties on a straight-line basis.

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Pathfinder Mines Corporation

The Company acquired additional Wyoming properties when Ur-Energy USA Inc. closed a Share Purchase Agreement (“SPA”) with an AREVA Mining affiliate in December 2013. Under the terms of the SPA, the Company purchased Pathfinder Mines Corporation (“Pathfinder”) to acquire additional mineral properties. Assets acquired in this transaction include the Shirley Basin mine, portions of the Lucky Mc mine, machinery and equipment, vehicles, office equipment and development databases. Pathfinder was acquired for aggregate consideration of \$6.7 million, a 5% production royalty under certain circumstances and the assumption of \$5.7 million in estimated asset reclamation obligations. The purchase price allocation attributed \$5.7 million to asset retirement obligations, \$3.3 million to deferred tax liabilities, \$15.3 million to mineral properties and the balance to the remaining assets and liabilities. The royalty expired on June 30, 2016.

Other U.S. properties

The other U.S. properties include the acquisition cost of several potential mineralized properties including the Lost Soldier Project. The Company continues to maintain those properties through claim payments, lease payments, insurance and other holding costs in anticipation of future exploration efforts.

In June 2016, the Company decided to abandon its claims in the Hauber Project and wrote off \$62 thousand being the carrying value of the investment in that project.

Impairment testing

The Company reviews the impairment indicators outlined in US GAAP guidance. As there were no impairment indicators identified, a complete analysis was not done this year on any of our properties.

The Company's accounting policy is to expense development costs including, but not limited to, production wells, header houses, piping and power as we have no proven and probable reserves.



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## 8.Capital Assets

The Company's capital assets consist of the following:

	As of December 31, 2018			As of December 31, 2017		Net Book Value \$
	Cost \$	Accumulated Depreciation \$	Net Book Value \$	Cost \$	Accumulated Depreciation \$	
Rolling stock	3,432	3,290	142	3,388	3,184	204
Enclosures	32,991	8,530	24,461	32,991	6,880	26,111
Machinery and equipment	1,237	728	509	1,237	663	574
Furniture, fixtures and leasehold improvements	119	110	9	119	104	15
Information technology	1,127	1,090	37	1,120	1,063	57
	38,906	13,748	25,158	38,855	11,894	26,961

Total depreciation expense was \$1.9 million, \$3.5 million and \$3.8 million for the years ended December 31, 2018, 2017 and 2016, respectively.

## 9.Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As at	
	December 31, 2018	December 31, 2017
	\$	\$
Accounts payable	620	840
Payroll and other taxes	1,218	1,224
Severance and ad valorem tax payable	505	975
	2,343	3,039

#### 10. 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%

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per annum on a quarterly basis commencing January 1, 2014. The principal is payable in 28 quarterly installments commencing January 1, 2015 and continuing through October 1, 2021.

Deferred loan fees include legal fees, commissions, commitment fees and other costs associated with obtaining the various financings. Those fees amortizable within 12 months of December 31, 2018 are considered current.

The following table lists the current and long-term portion of the Company's debt instrument at December 31, 2018 and December 31, 2017:

	As at December 31, 2018	December 31, 2017
	\$	\$
<b>Current debt</b>		
Sweetwater County Loan	5,183	4,895
Less deferred financing costs	(121)	(121)
	5,062	4,774
<b>Long term debt</b>		
Sweetwater County Loan	9,813	14,996
Less deferred financing costs	(213)	(334)
	9,600	14,662

Schedule of payments on outstanding debt as of December 31, 2018:

Debt	Total	2019	2020	2021	Maturity
	\$	\$	\$	\$	
Sweetwater County Loan					
Principal	14,996	5,183	5,487	4,326	01-Oct-21

Interest	1,324	752	447	125
Total	16,320	5,935	5,934	4,451

## 11. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cut and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code that affects 2018. The Tax Act reduces the U.S. federal corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. In addition, the Tax Act makes certain changes to the depreciation rules and implements new limits on the deductibility of certain executive compensation.

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A reconciliation of income taxes at the statutory Canadian income tax rate to net income taxes included in the accompanying statements of operations is as follows:

	Year ended December 31,		
	2018	2017	2016
	\$	\$	\$
Income (loss) before income taxes	4,564	76	(3,027)
Statutory rate	26.50%	26.50%	26.50%
Statutory rate	1,209	20	(804)
State tax	335	-	-
Permanent differences	(164)	91	154
True-Ups and Other	422	17,115	(110)
Effect of Foreign Tax Rate Difference	(379)	355	(28)
Change in valuation allowance	(1,423)	(17,581)	771
Total	-	-	(17)

Deferred tax assets and liabilities reflect the net tax effects of net operating losses, credit carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. The components of the Company's deferred tax assets and liabilities are as follows:

	As at December 31,		
	2018	2017	2016
	\$	\$	\$
Future income tax assets			
Deferred tax assets	10,162	9,617	15,344
Net operating loss carry forwards	27,554	30,250	41,634
Less: valuation allowance	(37,716)	(39,867)	(56,978)
Net future income tax assets	-	-	-

Based upon the level of historical taxable loss, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences and accordingly has established a full valuation allowance as of

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December 31, 2018, 2017 and 2016. No deferred tax assets are therefore recognized at this point.

Income tax recovery (expense)	2018	2017	2016
	\$	\$	\$
Current income tax recovery (expense)	-	-	17
	-	-	17

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As of December 31, 2018, the Company had the following net operating loss carryforwards available:

Income tax loss carry forwards	
Canadian (expiring 2026)	32,698,487
United States (expiring 2018 - 2031)	78,753,407

The Company follows a comprehensive model for recognizing, measuring, presenting and disclosing uncertain tax positions taken or expected to be taken on a tax return. Tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

The Company currently has no uncertain tax positions and is therefore not reflecting any adjustments for such in its deferred tax assets.

There are open statutes of limitations for tax authorities in the U.S., Canada and state jurisdictions to audit the Company's tax returns for the years ended December 31, 2015, 2016 and 2017.

The Company's policy is to account for income tax related interest and penalties in income tax expense in the accompanying statements of operations. There have been no income tax related interest or penalties assessed or recorded.

Other comprehensive loss was not subject to income tax effects and is therefore shown net of taxes.

## 12. Asset Retirement Obligations

Asset retirement obligations ("ARO") for the Lost Creek Project are equal to the present value of all estimated future costs required to remediate any environmental disturbances that exist as of the end of the period, using discount rates ranging from 0.1% to 3.2%. Included in this liability are the costs of closure, reclamation, demolition and stabilization of the mine, processing plant, infrastructure, groundwater restoration and ongoing post-closure environmental monitoring and maintenance costs. At December 31, 2018, the total undiscounted amount of the future cash needs was estimated to be \$18.4 million. The schedule of payments required to settle the ARO liability extends through 2033. The liability increased approximately \$2.5 million based on the estimated remediation work to be completed at Lost Creek, as approved by the Wyoming Department of Environmental Quality in 2018, including the initial development completed on MU2 and the addition of NRC-required remediation costs resulting from regulatory changes to Guide 12.

Asset retirement obligations for the Pathfinder properties are equal to the present value of all estimated future costs required to remediate any environmental disturbances that exist as of the end of the period, using discount rates of 2.16% to 3.0%. Included in this liability are the costs of closure, reclamation, demolition and stabilization of the mines, processing plants, infrastructure, groundwater restoration, waste dumps and ongoing post-closure environmental monitoring and maintenance costs. At December 31, 2018, the total undiscounted



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amount of the future cash needs was estimated to be \$12.0 million. The schedule of payments required to settle the ARO liability extends through 2033.

The undiscounted future cash needs are based on information provided to the State of Wyoming in conjunction with annual reclamation bonding renewals. Increases in the estimated future cash needs are normally based on increased disturbances projected for the upcoming year.

The restricted cash as discussed in note 6 is related to surety bonds which provide security to the related governmental agencies on these obligations.

	For the period ended December 31, 2018	Year ended December 31, 2017
	\$	\$
Beginning of period	27,036	26,061
Change in estimated liability	2,840	448
Accretion expense	508	527
End of period	30,384	27,036

## 13. Other Liabilities

As a part of the September 2018 public offering, we sold 13,062,878 warrants priced at \$0.01 per warrant. Two warrants are redeemable for one Common Share of the Company's stock at a price of \$1.00 per full share. Because the warrants are priced in US\$ and the functional currency of the Ur-Energy Inc. is C\$, this created a derivative financial liability. The liability created and adjusted quarterly is a calculated fair value using the Black-Scholes technique described below as there is no active market for the warrants. Any income or loss is reflected in net income for the

period. The initial valuation at the time of the offering was \$2.212. The revaluation as of December 31, 2018 resulted in a gain of \$581 for the period ended December 31, 2018 which is reflected on the statement of operations. The Black-Sholes calculations were based on the current market price, the remaining life to expiration, volatility ranging from 55.2% to 56.6% and a risk-free interest rate which ranged from 1.9% to 2.2%. In addition, as the liability exists in the Canadian parent company, both the liability and the gain or loss are subject to fluctuations in the exchange rate.

#### 14.Shareholders' Equity and Capital Stock

##### Common share issuances

On August 19, 2014, we filed a universal shelf registration statement on Form S-3 in order that 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 our senior and subordinated debt securities. The registration statement became effective September 12, 2014. The 12,921,000 common shares offered in the February 2016

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financing were sold for \$0.50 per share raising \$5.7 million (net of issue costs of \$0.8 million) under the shelf registration statement. The registration statement expired in 2017 and was replaced by another shelf registration statement that will be available until August 3, 2020.

We entered into an At Market Issuance Sales Agreement (“At Market Agreement”) with MLV & Co. LLC and B Riley FBR, Inc. (May 27, 2016, as amended August 2017), under which 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 distribution agents for aggregate sales proceeds of up to \$10,000,000. During 2016, we sold 164,979 Common Shares under the At Market Agreement at an average price of \$0.65 per share for gross proceeds of \$108 thousand. After deducting transaction fees and commissions we received net proceeds of \$105 thousand. After deducting all other costs associated with the completion of the agreement and filing the related prospectus supplement, we received \$13 thousand. During 2017, we sold 1,536,169 Common Shares under the At Market Agreement at an average price of \$0.76 per share for gross proceeds of \$1.2 million. After deducting transaction fees, commissions and all other costs associated with the completion of the agreement and filing the related prospectus supplement, we received net proceeds of \$1.1 million. The Company did not sell any Common Shares under the At Market Agreement in 2018.

In September 2018, we completed a US\$10 million public offering of Common Shares, which included the offering of 12,195,122 Common Shares and accompanying warrants to purchase up to 6,097,561 Common Shares, at a combined public offering price of US\$0.82 per Common Share and accompanying warrant. We also granted the underwriters a 30-day option to purchase up to 1,829,268 additional Common Shares and warrants to purchase up to an aggregate of 914,634 Common Shares on the same terms. The underwriters exercised a portion of their option to purchase additional securities at closing, acquiring 867,756 additional warrants to purchase an aggregate of 433,878 Common Shares. Including the partial exercise of the option, the Company issued a total of 12,195,122 Common Shares and 13,062,878 warrants to purchase up to 6,531,439 Common Shares. This offering was completed under the shelf registration statement.

During the year ended December 31, 2018, the Company exchanged 505,510 Common Shares for vested RSUs. In addition, 496,838 stock options were exercised for proceeds of \$0.3 million.

During the year ended December 31, 2017, the Company exchanged 447,663 Common Shares for vested RSUs. In addition, 871,717 stock options were exercised for proceeds of \$0.5 million.

During the year ended December 31, 2016, the Company exchanged 385,010 Common Shares for vested RSUs. In addition, 16,620 stock options were exercised for proceeds of less than \$0.1 million.

#### Stock options

In 2005, the Company's Board of Directors approved the adoption of the Company's stock option plan (the "Option Plan"). Eligible participants under the Option Plan include directors, officers, employees and consultants of the Company. Following the May 2017 amendment of the Option Plan, grants of options will vest over a three-year period: 33.3% on the first anniversary, 33.3% on the second anniversary, and 33.4% on the third anniversary of the grant. The term of options remains unchanged.

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Activity with respect to stock options is summarized as follows:

	Options #	Weighted- average exercise price \$
Balance, December 31, 2015	9,974,407	0.88
Granted	3,062,542	0.57
Exercised	(16,620)	0.58
Forfeited	(788,883)	0.70
Expired	(2,482,512)	1.56
Balance, December 31, 2016	9,748,934	0.63
Granted	2,666,644	0.69
Exercised	(871,717)	0.62
Forfeited	(536,178)	0.64
Expired	(1,548,282)	0.71
Balance, December 31, 2017	9,459,401	0.70
Granted	2,182,955	0.70
Exercised	(496,838)	0.58
Forfeited	(275,085)	0.72
Expired	(1,138,821)	0.83
Outstanding, December 31, 2018	9,731,612	0.64

The exercise price of a new grant is set at the closing price for the stock on the Toronto Stock Exchange (TSX) on the trading day immediately preceding the grant date so there is no intrinsic value as of the date of grant. The fair value of options vested during the year ended December 31, 2018 was \$0.8 million.



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As of December 31, 2018, outstanding stock options are as follows:

Exercise price \$	Options outstanding			Options exercisable			Expiry
	Number of options	Weighted-average remaining contractual life (years)	Aggregate intrinsic value \$	Number of options	Weighted-average remaining contractual life (years)	Aggregate intrinsic value \$	
1.23	100,000	0.2	-	100,000	0.2	-	31-Mar-19
0.75	724,274	0.9	-	724,274	0.9	-	12-Dec-19
0.84	200,000	1.4	-	200,000	1.4	-	29-May-20
0.63	568,602	1.6	10	568,602	1.6	10	17-Aug-20
0.59	984,878	1.9	51	984,878	1.9	51	11-Dec-20
0.54	2,411,930	3.0	228	2,411,930	3.0	228	16-Dec-21
0.75	300,000	3.2	-	300,000	3.2	-	02-Mar-22
0.54	200,000	3.7	19	66,000	3.7	6	07-Sep-22
0.66	2,064,916	4.0	-	761,822	4.0	-	15-Dec-22
0.56	200,000	4.2	15	-	-	-	30-Mar-23
0.68	1,057,654	4.6	-	-	-	-	20-Aug-23
0.67	919,358	5.0	-	-	-	-	14-Dec-23
0.64	9,731,612	3.2	323	6,117,506	2.5	295	

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 of CAD \$0.89 as of the last trading day in the year ended December 31, 2018, that would have been received by the option holders had they exercised their options as of that date. There were 4,365,410 in-the-money stock options outstanding and 4,031,410 exercisable as of December 31, 2018.

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"). The RSU Plan was approved most recently by our shareholders on May 5, 2016.

Eligible participants under the RSU Plan include directors and employees, including officers, of the Company. Under the terms of the RSU Plan, RSUs vest 100% on the second anniversary of the date of the grant. The RSU Plan also provides for redemption, instead of cancellation, of outstanding RSUs at the date of redemption for retiring directors and executive officers, which is defined as a threshold of combined service and age of 65 years, and a minimum of five years of service to the Company. Upon RSU vesting, the holder of an RSU will receive one common share, for no additional consideration, for each RSU held.



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Activity with respect to RSUs is summarized as follows:

	Number of RSUs	Weighted average grant date fair value
Unvested, December 31, 2015	860,095	0.82
Granted	715,638	0.57
Vested	(281,342)	0.81
Forfeited	(20,401)	0.65
Unvested, December 31, 2016	1,273,990	0.60
Granted	541,658	0.69
Vested	(575,818)	0.69
Forfeited	(63,878)	0.58
Unvested, December 31, 2017	1,175,952	0.65
Granted	470,756	0.71
Vested	(621,092)	0.63
Forfeited	(40,120)	0.57
Unvested, December 31, 2018	985,496	0.67

As of December 31, 2018, outstanding RSUs are as follows:

Grant date	Number of unvested RSUs	Remaining life (years)	Aggregate intrinsic value \$
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December 15, 2017	516,226	0.96	336
August 20, 2018	239,423	1.64	156
December 14, 2018	229,847	1.96	149
	985,496	1.36	641

As of March 30, 2018, one of our directors retired. Under the terms of our RSU Plan, his 62,000 outstanding RSUs automatically vested. In December 2018, 32,000 of the RSUs were redeemed for Common Shares commensurate with the redemption of the balance of that grant. The compensation committee will determine if he will receive stock or cash for the remaining RSUs to be redeemed in accordance with the related redemption date as set forth in the Plan.

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As of December 31, 2016, 8,374 RSUs had been vested and redeemed but not issued due to the timing of transferring them to the brokers designated by the related employees. They were subsequently issued in January and February 2017.

As of December 31, 2015, 212,803 RSUs had been vested but not redeemed. In January 2016, 197,374 were redeemed for common shares while the balance of 15,429 were retained and not redeemed to pay the related taxes due on redemption.

## Warrants

The warrants outstanding at December 31, 2017 were issued in Canadian dollars and have been converted to their US\$ equivalent for presentation purposes. The warrants were issued in conjunction with a now repaid loan facility with RMB Australia Holdings.

On September 25, 2018, the Company issued 13,062,878 warrants to purchase 6,531,439 of our Common Shares at \$1.00 per full share (see note 13). The following represents warrant activity during the year ended December 31, 2018:

	Number of warrants	Number of shares to be issued upon exercise	Per share exercise price \$
Outstanding, December 31, 2015	8,224,112	8,224,112	1.71
Expired	(2,379,545)	(2,379,545)	1.34
Outstanding, December 31, 2016	5,844,567	5,844,567	1.02

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Outstanding, December 31, 2017	5,844,567	5,844,567	0.97
Granted	13,062,878	6,531,439	1.00
Expired	(5,844,567)	(5,844,567)	0.97
Outstanding, December 31, 2018	13,062,878	6,531,439	1.00

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As of December 31, 2018, outstanding warrants are as follows:

Exercise price \$	Number of warrants	Remaining contractual life (years)	Aggregate Intrinsic Value \$	Expiry
1.00	13,062,878	2.7	-	25-Sep-21
1.00	13,062,878	2.7	-	

## Share-based compensation expense

Stock-based compensation expense was \$0.9 million, \$0.9 million and \$0.9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

As of December 31, 2018, there was approximately \$1.2 million of total unrecognized compensation expense (net of estimated pre-vesting forfeitures) related to unvested share-based compensation arrangements granted under the Option Plan and \$0.5 million under the RSU Plan. The expenses are expected to be recognized over a weighted-average period of 2.4 years and 1.5 years, respectively.

Cash received from stock options exercised during the years ended December 31, 2018, 2017 and 2016 was \$0.4 million, \$0.5 million, and less than \$0.1 million, respectively.

## Fair Value Calculations

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The initial fair value of RSUs, options and warrants granted during the years ended December 31, 2018, 2017 and 2016 was determined using the Black-Scholes option pricing model with the following assumptions:

	2018	2017	2016
Expected option life (years)	3.74 - 3.79	3.73 - 3.74	3.72
Expected warrant life (years)	3.00	-	-
Expected volatility	54 - 57%	56 - 57%	57%
Risk-free interest rate	1.9% - 2.2%	1.0% - 1.6%	1.0%
Expected dividend rate	0%	0%	0%
Forfeiture rate (options)	5.8% - 6.0%	5.3% - 6.0%	5.6%
Forfeiture rate (warrants)	0%	-	-
Forfeiture rate (RSUs)	5.5 - 5.9%	6.1%	6.2%

The Company estimates expected volatility using daily historical trading data of the Company's common shares, because this is recognized as a valid method used to predict future volatility. The risk-free interest rates are determined by reference to Canadian Treasury Note constant maturities that approximate the expected option term. The Company has never paid dividends and currently has no plans to do so.

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Share-based compensation expense is recognized net of estimated pre-vesting forfeitures, which results in recognition of expense on options that are ultimately expected to vest over the expected option term. Forfeitures were estimated using actual historical forfeiture experience.

The fair value used for each RSU issued in 2018 ranged from CAD\$0.91 to \$0.93. The fair value used for each RSU issued in 2017 and 2016 was CAD\$0.90 and CAD \$0.73, respectively. Each of the issuance prices was the closing price of our Common Shares on the TSX as of the trading day immediately preceding the grant date.

## 15.Sales

Revenue is primarily derived from the sale of U<sub>3</sub>O<sub>8</sub> to domestic utilities under contracts or spot sales.

Revenue consists of:

	Year ended December 31,			
	2018		2017	
	\$		\$	
Sale of produced inventory				
Company A	237	1.0%	-	0.0%
Company B	-	0.0%	1,777	4.6%
Company C	-	0.0%	3,141	8.2%
Company D	-	0.0%	7,821	20.4%
	237	1.0%	12,739	33.2%
Sales of purchased inventory				
Company B	15,636	66.5%	15,340	40.0%
Company C	7,580	32.3%	10,212	26.6%

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	23,216	98.8%	25,552	66.6%
Total sales	23,453	99.8%	38,291	99.8%
Disposal fee income	43	0.2%	77	0.2%
	23,496	100.0%	38,368	100.0%

16. Other Income

In June 2018, we monetized the present value from portions of agreements with one of our utility customers related to 165,000 pounds of  $U_3O_8$  to be delivered in 2021. We received proceeds of \$3.5 million when the transaction was executed.

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17. Supplemental Information for Statement of Cash Flows

Cash per the Statement of Cash Flows consists of the following:

	As at December 31, 2018	December 31, 2017
	\$	\$
Cash and cash equivalents	6,372	3,879
Restricted cash	7,458	7,558
	13,830	11,437

18. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash, deposits, accounts payable and accrued liabilities and notes payable. The Company is exposed to risks related to changes in foreign currency exchange rates, 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 deposits, money market accounts and demand deposits. These instruments are maintained at financial institutions in Canada and the United States. Of the amount held on deposit, approximately \$0.7 million is covered by the Canada Deposit Insurance Corporation, the Securities Investor Protection Corporation or the United States Federal Deposit Insurance Corporation, leaving approximately \$13.7 million at risk at December 31, 2018 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 December 31, 2018.

#### Liquidity risk

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

The Company has financed its operations from its inception primarily through sales, the issuance of equity securities and debt instruments. Production commenced in August 2013 after receiving final operational clearance from the NRC. Product sales commenced in December 2013.

As at December 31, 2018, the Company's financial liabilities consisted of trade accounts payable and accrued trade and payroll liabilities of \$1.0 million which are due within normal trade terms of generally 30 to 60 days,

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notes payable which will be payable over periods of 0 to 5 years, and asset retirement obligations with estimated completion dates until 2033.

Market risk

Market risk is the risk to the Company of adverse financial impacts 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 financings. The Company's objectives for managing its 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 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

The Company maintains a balance of less than \$0.2 million in foreign currency resulting in a low currency risk.

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 0.1 impact for the year ended December 31, 2018. 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 differ from that shown above.

#### 19. Commitments

Under the terms of its operating lease for vehicles and the office premises in Casper, Wyoming, the Company is committed to minimum annual lease payments as follows:

Year ended December 31,	\$
2019	95
2020 and thereafter	-
	95

Rent expense under these agreements was \$0.2 million, \$0.2 million and \$0.2 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Principal payments required under debt agreements are as follows:

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Year ended:	
31-Dec-19	5,183
31-Dec-20	5,487
31-Dec-21	4,326
	14,996

Off Take Sales Agreements

As of December 31, 2018, we continue to have multiple off take sales agreements with various U.S. utilities. These agreements were completed between 2012 and 2016 for deliveries between 2019 and 2021 as follows:

SUMMARY OF OFF TAKE SALES AGREEMENTS

Production Year	Total Pounds Uranium Concentrates Contractually Committed	Expected revenue from current contracts
2019	500,000 pounds	\$ 24,713
2020	390,000 pounds	\$ 18,040
2021	25,000 pounds	\$ 1,306