

UR-ENERGY INC
Form 10-Q
August 01, 2014

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**^R QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

**[£] 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: 333-193316

UR-ENERGY INC.

(Exact name of registrant as specified in its charter)

Canada

State or other jurisdiction of incorporation or organization

98-1175437

(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**

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company:

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

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 July 31, 2014, there were 128,771,376 shares of the registrant's no par value Common Shares ("Common Shares"), the registrant's only outstanding class of voting securities, outstanding.

UR-ENERGY INC.

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

Cautionary Statement Regarding Forward-Looking Information

This report on Form 10-Q contains "forward-looking statements" within the meaning of applicable United States 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) our timeline for completing commissioning and ramp up of production operations at our Lost Creek project; (ii) the technical and economic viability of Lost Creek; (iii) our ability to complete additional favorable U₃O₈ sales agreements; (iv) the production rates and life of the Lost Creek Project and subsequent production from adjoining properties including LC East; (v) the potential of our exploration and development projects including Shirley Basin and other projects at the Lost Creek property including accuracy of resource estimates; (vi) the timing and outcome of environmental baseline studies and permitting at the Shirley Basin project; (vii) timing and outcome of the process to amend existing permits and licenses at Lost Creek for LC East and the KM horizon; (viii) the outcome of our 2014-2015 forecast and production projections including, our expectations regarding the need for additional funding; and (ix) the long-term effects on the uranium market of events in Japan in 2011 including supply and demand projections. These other factors include, among others, the following: future estimates for production, production start-up and operations (including any difficulties with startup), capital expenditures, operating costs, mineral resources, recovery rates, grades and 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 in the United States and Canada; risks associated with current variable economic conditions; our ability to service our debt and maintain compliance with all restrictive covenants related to the debt facilities 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 pending and 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 MKT LLC ("NYSE MKT") 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 status as a "controlled foreign corporation" 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” and under the heading of “Risk Factors” in our Annual Report on Form 10-K, dated March 3, 2014.

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

Unless otherwise indicated, all resource estimates included in this Form 10-Q 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-Q 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 United States standards.

NI 43-101 Review of Technical Information: John Cooper, Ur-Energy Project Geologist, P.Geo. and SME Registered Member, and Qualified Person as defined by National Instrument 43-101, and Catherine Bull, Ur-Energy Project Engineer, Wyoming P.E. and SME Registered Member, and Qualified Person as defined by National Instrument 43-101, reviewed and approved the technical information contained in this Quarterly Report on Form 10-Q.

Ur-Energy Inc.**Unaudited Interim Consolidated Balance Sheets**

(expressed in thousands of U.S. dollars)

PART I**Item 1. FINANCIAL STATEMENTS**

	June 30, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents (note 5)	1,554	1,627
Accounts receivable (note 6)	7,243	5,802
Inventory (note 7)	2,201	2,053
Current deferred financing costs (note 13)	190	183
Prepaid expenses	753	767
	11,941	10,432
Restricted cash (note 8)	5,055	5,055
Mineral properties (note 9)	50,060	52,702
Capital assets (note 10)	34,090	35,250
Equity investment (note 11)	1,090	1,085
Deferred financing costs (note 13)	812	812
	91,107	94,904
	103,048	105,336
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	3,330	2,928
Current portion of notes payable (note 13)	6,278	5,153
Reclamation obligations	85	85
	9,693	8,166
Notes payable (note 13)	33,410	34,000
Deferred income tax liability (note 14)	3,345	3,345
Deferred revenue (note 15)	1,254	2,508
Asset retirement obligations (note 16)	17,356	17,279
Other liabilities - warrants (note 17)	799	1,374
	56,164	58,506

	65,857	66,672
Commitments (note 20)		
Shareholders' equity (note 18)		
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: 128,771,376 at June 30, 2014 and 127,559,743 at December 31, 2013	167,393	165,974
Warrants	4,175	4,175
Contributed surplus	14,105	14,247
Accumulated other comprehensive income	3,300	3,298
Deficit	(151,782)	(149,030)
	37,191	38,664
	103,048	105,336

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

Approved by the Board of Directors

/s/ Jeffrey T. Klenda, Chairman of the Board /s/Thomas Parker, Director

Ur-Energy Inc.**Unaudited Interim Consolidated Statements of Operations and Comprehensive Loss**

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013 Restated	2014	2013 Restated
Sales (note 19)	9,236	-	15,383	-
Cost of sales	(7,169)	) -	(10,409)) -
Gross profit	2,067	-	4,974	-
Operating Expenses				
Exploration and evaluation	(854)	) (592)	) (1,872)	) (1,186)
Development	(711)	) (6,489)	) (1,285)	) (11,582)
General and administrative	(1,335)	) (1,359)	) (3,647)	) (2,880)
Write off of mineral property (note 9)	(93)	) (262)	) (93)	) (262)
Loss from operations	(926)	) (8,702)	) (1,923)	) (15,910)
Interest income (expense) (net)	(714)	) 16	(1,388)	) 31
Warrants mark to market adjustment	839	-	576	-
Loss on equity investment (note 11)	(3)	) (971)	) (3)	) (971)
Foreign exchange loss	(1)	) (2)	) (15)	) (2)
Other Income (loss)	1	(2)	) 1	(4)
Net loss for the period	(804)	) (9,661)	) (2,752)	) (16,856)
Loss per common share				
Basic and diluted	(0.01)	) (0.08)	) (0.02)	) (0.14)
Weighted average number of common shares outstanding				
Basic and diluted	128,741,134	122,083,092	128,422,858	121,685,294
COMPREHENSIVE LOSS				
Net Loss	(804)) (9,661)) (2,752)) (16,856)
	-	-	-	(6,161)

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Translation adjustment as of date of adoption of US\$ as
functional currency

Translation adjustment on foreign operations	(33)	(130)	2		(158)
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Comprehensive loss for the period	(837)	(9,791)	(2,750)	(23,175)
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The accompanying notes are an integral part of these interim consolidated financial statements

Ur-Energy Inc.**Unaudited Interim Consolidated Statement 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, 2013	127,559,743	165,974	4,175	14,247	3,298	(149,030)	38,664
Exercise of stock options	1,045,786	1,338	-	(459)	-	-	879
Common shares issued for cash, net of issue costs - additional costs	-	(50)	-	-	-	-	(50)
Redemption of vested RSUs	165,847	131	-	(214)	-	-	(83)
Non-cash stock compensation	-	-	-	531	-	-	531
Net loss and comprehensive loss	-	-	-	-	2	(2,752)	(2,750)
Balance, June 30, 2014	128,771,376	167,393	4,175	14,105	3,300	(151,782)	37,191

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

Ur-Energy Inc.

Unaudited Interim Consolidated Statements of Cash Flow

(expressed in thousands of U.S. dollars)

	Six months ended June 30,	
	2014	2013
	\$	Restated
Cash provided by (used in)		
Operating activities		
Net loss for the period	(2,752)	(16,856)
Items not affecting cash:		
Stock based expense	531	625
Depreciation and amortization	3,838	55
Non-cash interest expense	77	-
Write-off of investments	-	969
Write-off of mineral properties	93	