[URG] - Ur-Energy
Third Quarter 2016 Webcast and Teleconference
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Officers
Penne Goplerud; General Counsel, Corporate Secretary
Jeff Klenda; Chair, Executive Director
Steve Hatten; SVP of Operations
Roger Smith; CFO, CAO

Analysts
Joseph Reagor; Roth Capital Partners

Presentation

Operator: Welcome to the Ur-Energy third quarter 2016 webcast and teleconference. (Operator Instructions). After today's presentation, there will be an opportunity to ask questions. (Operator Instructions). Please note this conference is being recorded.

I would now like to turn the conference over to Penne Goplerud. Please go ahead.

Penne Goplerud: Thank you. Good morning. Thank you for joining us for our third quarter 2016 teleconference and webcast.

We're required to draw the attention of all of our participants to the legal disclaimers contained in this morning's slide presentation.

At slide 2, you will find legal disclaimers with regard to forward-looking statements, risk factors, and projections, as well as other cautionary notes to US investors. We ask that you read and consider these disclaimers carefully before investing in our shares.

As well, risk factors inherent in forward-looking statements and projections are set forth and discussed in the Company's annual report on Form 10-K filed February 26, 2016 with the US Securities and Exchange on EDGAR and with the Securities Regulatory Authorities in Canada and on SEDAR.

I would now like to introduce and turn the webcast presentation over to our Chair and Executive Director, Jeff Klenda.

Jeff Klenda: Thank you very much, Penne, and good morning, everyone. I actually would like to thank you in joining us. I briefly toyed with simply replaying the webcast from the second quarter, but then thought, hey, what's the fun in that? So let's talk a little bit about what happened in Q3 for us.

Unfortunately, lower prices continue to define the uranium space. We reported to you in our last webcast that we had experienced in the second quarter a $4 drop in spot price. And there are striking resemblances to the second quarter on a quarter-over-quarter basis. We dropped another $4, dropping from $26 a pound to $22 a pound and unfortunately for us, it didn’t stop there. We also saw another $3.50 decline in spot price for the month of October.

There are a number of reasons for this. Of course, our industry continues to be characterized by elevated inventories, limited demand and oversupply. And there are actually a number of contributing factors. As I think most of you on this call are aware, we've been waiting for the Japanese to restart reactors; that has been much slower in coming than we had thought.

And we also have seen growing inventories due to underfeed in the industry, but I'll take just a couple of minutes here to point out a few things. And that is that we find ourselves also in a zero interest rate environment. I just came from a conference in New Orleans where an economic panel spent a better part of an hour talking about the destructive nature of zero interest rates, and soon to be probably a negative interest rate environment.

And the fact is that it's simply a destroyer of capital, but few people associated that with the lower prices that we were experiencing in uranium. The simple fact of the matter is that this feeds the carry trade, and whether we like it or not, the carry traders are setting the pricing in uranium almost on a daily basis.

Beyond that, we also find ourselves in a position where, because of the lower demand, because the carry traders are providing product to the marketplace even in this low-cost environment, that actually facilitates what's called under-feeding. And this is where essentially pounds are created out of nowhere, out of thin air, in the form of what's called U308 equivalent. And we find ourselves with growing inventory in [US6] and EUP, enriched uranium product, as a result of that under-feeding.

But I don’t want you to think that all things are negative for us or in uranium-land. What we're going to try and do throughout this webcast is that we're going to try and point out not only some positive developments in the industry -- and there are some -- but we're also going to point out what we, as a company, are doing to respond and adapt to a changing market environment and I think in a lot of very positive ways.

So with that, we'll begin. We'll go to slide #3, which is entitled "Your Energy at a Glance," and here, ladies and gentlemen, what I'd point out is that these are the areas where we feel our emphasis should lie and these are areas of priorities. It's imperative in this market that we sharpen our focus and that we do a very good job of allocating very dear dollars.

Under the first bullet point, as usual, it is important to us that we grow the resource here at Lost Creek. I have a slide devoted to this, but we will be primarily seeing the growth in our resources coming from the development of our Mine Unit #2 this year.

Also, we continue to benefit from our long-term sales contracts. As you see there on the slide, at the end of the month, we found ourselves in a position where the midpoint spot price was $18.75 and the midterm term price was $35.50. Beyond that, we have our performance there at Lost Creek.

Now, Steve Hatten is going to be coming on and he's going to be taking you through our operational performance for the quarter. We're very proud of the fact that we're doing just an excellent job of adapting to these markets, learning about the sub-surface in our well field and bringing down our costs and operating in a more efficient manner on a quarter-over-quarter basis. And Steve Hatten will take you through that.

Also with respect to Pathfinder, we have our Shirley Basin project. This is our next project which will come into production and we're working on advancing the permits and licenses for Shirley Basin. But as I'm sure you can appreciate, we're in a position right now where this is nothing that we're going to be hurrying on. We'll take it as it comes and that actually is good for us, because it means lower cost, lower expenditures, out the door to advance that project to permitting and licensing.

Now, I'm going to move on to our next side, which is our market position where we go over our share capital and cash position. Unfortunately, you folks out there that are in attendance I'm understanding that the slides are not advancing. So you'll have to bear with me and I hope that I can keep you adequately entertained and depict for you what these slides are supposed to be visually, what you're supposed to be seeing in a visual.

But on our share capital and cash position, this is a slide that we've shown you many times before. I'd like to point a few things and that is that you see that we have about 7.6 million stock options out there in the marketplace, and about 8.2 million warrants. We're going to see a couple of million of each of those drop off at the end of this year from expiration. So that's kind of cleaning up the capital structure as we move forward.

Our cash position right now at the end of the month was $5.2 million, so while that does not exactly give us a lot of latitude in terms of our expenditures, we do feel that we're on very solid ground.

One of the things that I also like to point out, normally you'd be able to see our performance charts on our stock, both on the Toronto and the New York Stock Exchange. And we experienced a massive movement upward in the month of June where over a 3, 4-day period of time, we actually traded about 38% of our shares. We turned over about 13% of our shareholder base and we advanced. We increased in price by about 65%.

It's important to note that only four companies participated in that, so I think that's something that's very indicative of what we can expect in the future. And we certainly plan on being one of the companies that benefits when this thing ultimately turns around.

But one of the other things that I'd point out to you is that since February when we had to do a financing because of a delay in the delivery of a contract with one of our utilities, we've actually turned over a significant percentage of our stock at $0.50 or greater. And I'd think that's probably in excess of 30% of the total number of shares we have outstanding.

Our highest priority as a company continues to be to see low or no dilution to you, and we're going to do our very best as a company to deliver on that. Normally, we'd be moving to slide #5 right now, and this is just demonstrating once again our mineral growth and resource growth. One of the things that -- and this is where Penne will not like it, but I like to make a forward-looking statement here.

And that is we've always regarded our Lost Creek project as being very scalable. We have clearly demonstrated that scalability since Fukushima over the last 5.5 years where we've grown our resource from 6.2 million pounds to now in excess of 21 million pounds.

And it's important to note that we've done that while producing over 2 million pounds now at Lost Creek in 3 years of production. So we're very, very proud of that and that growth under pattern of our resources from over 6 million pounds to 21 million pounds is net of that 2 million pounds that we have produced during the last 3 years.

Also, I'd like to reiterate that we're expecting that the bulk of our growth this year -- in fact, it may very well be 100% of our growth this year -- will come from our development of Mine Unit #2. Again, a forward-looking statement, but you'll recall that when we developed our first mine unit that with that infill development and well field drilling, we found ourselves developing a significant increase in resource.

And I'd like to think that we're going to experience something similar with Mine Unit #2. And then of course, there's always the possibility for acquisitions. The simple fact of the matter is that assets out there in uranium-land have gotten very, very inexpensive and we feel that's going to continue and particularly in a sub-$20 environment.

Right now, I'm moving on to slide #6 and this, once again, has to deal with our marketing strategy and our sales guidance. And normally, what you'd be viewing right now is a first bullet point that, in big bold letters, says Cash Flow is King. And normally, I normally tend to skip right over that and go right to our committed pounds and the pricing in the years ahead because I think those are our most relevant factors.

But one of the things that I think has become very interesting in our industry is that I believe that our industry is now being separated into two very distinct camps -- those that have revenues and those that don’t. And very simply, if you’ve got revenues right now, if you’ve got the long-term sales contracts, what this is going to translate into over the quarters and perhaps the next year or two ahead is whether or not you're subjecting your shareholders to ongoing dilution.

We do not anticipate that. That is not to say I cannot promise that we will never have to go back into the marketplace, but the fact is, is that I wouldn’t trade our position with anybody right now. As we've said before, we've targeted 60% of our production at Lost Creek at prices of $50 a pound through to the end of the decade. This has given us a tremendous amount of security and has derisked our story for our shareholders.

And right now, perversely, as we continue to drop in spot price, our contracts are worth more and more, and we are indeed realizing for every pound we deliver into our contracts, on an average basis, we're realizing $30-plus margins in a sub-$20 environment. Nobody anywhere else in any commodity that I know of is accomplishing that as a company. So we feel very, very good about this.

I understand that our slides have returned, so I hope that you're joining me now on slide #6. One of the things, one of the last comments that I'd like to make with respect to this slide is that we really haven’t been able to enter into our discretionary spot sales. This is something where I believe Roger will discuss this a bit further on, but our business model does call for discretionary spot sales. We don’t feel that in a sub-$20 environment, that that's in the best interest of our shareholders.

And one of the other things that I will express a little bit of frustration over is the fact that we are very well secured with high-cost or high-takeaway sales contracts through the rest of the decade. And yet, we don’t get value for this in the marketplace. That is something that's very puzzling to me.

But having said that, what I'd like to move on to now is Steve Hatten's presentation. When we talked about our high off-take contracts moving through the end of the decade, that's only half of the equation. The other side of that is that you need low costs to complement that and I can assure you low costs don’t just happen. It takes guys like Steve Hatten and his superb team out there at Lost Creek to bring about these low costs.

So with that, I'll turn this over to Ur-Energy's Vice President of Operations, Steve Hatten. And he's going to tell you how he works that magic. Steve, if you would, please?

Steve Hatten: Good morning. Thanks, Jeff, and thanks to all of you for joining us today.

All 13 of the originally planned Header Houses in Mine Unit 1 are now installed and operating, with Header House 13 coming on in late May of this year. In addition to the initial well installations, other modifications were made to wells in Header Houses 9 through 12 to optimize injection and to increase flow rates. No additional drill work is expected to occur in Mine Unit 1 at this time.

In late 2015 and early 2016, wells were drilled and cased within the first three header houses in Mine Unit 2. No additional drilling has been completed since that time, as Mine Unit 1 has supported our current production needs. It's anticipated that we will begin work in Mine Unit 2 again sometime after the 1st of the year.

Also, the Mine Unit 2 data package is under regulatory review and we anticipate having all the necessary approvals before the beginning of operations in that mine unit.

Finally, with respect to drilling, 6 wells were installed in the Lost Creek East area to provide additional hydrologic data in response to comments received from the NRC while forwarding the Lost Creek East Amendment application. As we're drilling, surface construction of Header House 13 was completed in May, incorporating modifications to aid in sustaining operating flow rates and limiting well field maintenance activities, such as swabbing.

These changes have proven themselves out over the last several months and are being incorporated into the other operating header houses. To date, those changes have provided positive results and should help us in making the most out of the first mine unit.

Construction of the infrastructure for Mine Unit 2 is also ongoing, with primary fencing and roads complete and the pipelines and power lines in various stages of completion.

Brook, if you could take us to the next slide, please?

As discussed on the previous slide on the well field operations side, we continue to operate all 13 header houses in Mine Unit 1, including Header House 1, which was first brought on line in August of 2013. The modifications we've made, both downhole and surface, appear to be paying dividends in increased flow and reduced well maintenance.

Our Lost Creek processing plant continues to operate well with normal maintenance occurring as necessary. Shipments occur routinely at a rate commensurate with incoming production. As a matter of fact, we shipped over 480,000 pounds of U308 to the conversion facility year-to-date through Q3 of 2016, and over 1.85 million pounds since the start of the project in August of 2013.

Waste water is, in many cases, the tail that wags the dog and Lost Creek is no exception. We are currently operating 3 deep disposal wells to deal with waste water generated from bleed and operations. While significant recycling efforts occur, we're still looking to supplement waste water disposal with the addition of class 5 disposal wells. Class 5 is essentially the treatment of bleed water with reverse osmosis followed by the removal of radium.

The water is then reinjected in a shallow aquifer, thus recycling a large portion of bleed for future use. All the systems are in place and testing is nearing completion prior to final approvals and then operation.

Slide 9, please?

Consistency and longevity, those will be the words best used to describe the data you now see in front of you. Consistency in the captured, drummed and shipped pounds as well as the average grades from quarter to quarter. The operation of Header House 13 bolstered the production from Mine Unit 1, while the other 12 header houses continue to provide production as well -- thus, the term longevity.

The header houses at Mine Unit 1 have been producing since August of 2013 and continue to allow us to defer production from other mine units.

And slide 10, please?

So some final thoughts on Lost Creek operations -- the top section of data again provides more evidence of our consistency. We see only a slight increase in our cash costs per pound year-to-date over that reported in 2015. Excellent recoveries and duration of operations in mining at [Unit 1] has allowed for minimal investment per pound on capital-type expenditures such as wells, header houses, power lines and pipelines in existing and future mine units.

Also, we have generated nearly $19 million in revenues from uranium production through Q3 of 2016 due to sale of 462,000 pounds of U308 at an average price per pound of $40.95.

So lastly, I'd like to thank the folks who make it all work for Ur-Energy, your energy -- our employees in Littleton, Casper and of course, the folks at the Lost Creek project who keep the pounds coming day and night. Thanks, guys.

And thanks, Jeff, and back to you.

Jeff Klenda: Great. Thanks, Steve. A couple of comments that I'd like to follow on with respect to Steve's report, and I just would like to say that Steve's told you, we began production in Mine Unit #1 in August of 2013 and here we are in October of 2016. And we are still producing, still pulling 45,000, 50,000 pounds a month out of this well field out of this mine unit more than 3 years later. That is absolutely extraordinary and certainly not characteristic of your average ISR property.

The other thing is -- and I think Steve is a bit modest and he might have downplayed this a bit, but with that class 5 water treatment system that's now being put in place, I think this is yet again evidence of the creativity and adaptability of our crew out there. This started as an idea of one of our people. It is something now that we'll be doing that no one else in the industry is doing.

But we'll be able to significantly decrease our waste water, which we've been saying for 3 years is an issue for us, in that we have to be very careful and be water-wise out at Lost Creek. And now this is a great examples of how our guys deploy their creativity in coming up with solutions, in this case, to waste water constraints. And that results in a competitive advantage.

And I think that now Steve has done a great job of demonstrating that we are producing at some of the lowest costs in the industry. In fact, I think there are only a couple of projects in Kazakhstan right now that are producing at lower costs than we are, and that is primarily because the Kazakhstani tenge has declined by 87% over the last 3 years.

But so they are, right now, on a dollar-for-dollar basis a bit more competitive than we are, but we are, far and away, the lowest-cost producer across all publicly traded companies. But despite that fact, it doesn’t mean that we don’t have to watch our nickels and dimes. We do so and we have to do very much.

And with that, I'd like to turn this over to Roger Smith, our Chief Financial Officer, our Chief Administrative Officer, and, well, our chief penny-pincher. So with that, Roger, take it away, please.

Roger Smith: Thank you, Jeff, and good morning, everyone.

On slide 11, we show our cost per pound sold by quarter. We also show the average sales price that we received as compared to the average spot price during the period.

During the quarter, we sold 200,000 pounds, which included two contract sales of 100,000 pounds each, the first in July at $62 a pound and the second in September at $33 a pound. There were no spot sales during the quarter.

This generated uranium sales revenues of $9.5 million at an average price of $47 per pound as compared to the average spot price during the quarter, which declined to $25 per pound.

The average cost per pound sold increased slightly to $29 per pound and needless to say, with the continuing decline of the spot price, we're grateful to be able to sell into our higher price contracts, which did average $47 per pound during the quarter.

The resulting gross profit for the quarter was $18 per pound and this represents a gross profit margin of about 39%. On a cash cost basis, our gross profit was $30 per pound or 63% on a gross profit margin basis.

In summary, the price per pound sold in Q3 improved considerably, while our costs were relatively consistent, and the resulting gross profit and the related profit margin were nicely up from the previous quarter.

Next slide, please?

This slide shows our operating costs year-to-date through September for 2014, 2015 and 2016. Our three most significant operating expenditures are exploration, development and

G&A. In total, we've lowered these expenditures by one-third since 2014 in an effort to manage our costs in a soft uranium market.

Exploration and valuation costs continue to be held at levels that are necessary to maintain our property portfolios and support the Lost Creek operation as needed. And as Steve mentioned, we've continued to produce from all 13 header houses in Mine Unit 1, which has allowed us to defer development activities in Mine Unit 2. And as you can see, these costs have decreased by 52% since 2014.

We've reduced our overhead expenditures by 20% during the same period. And keep in mind that all of the severance costs related to the earlier reduction in force are included in the 2016 G&A. Excluding these one-offs, the decrease would even be more pronounced.

We'll continue to monitor and manage our operating costs very closely as we move into 2017. As Jeff said, we'll our eye on all of the pennies, quite frankly.

Next slide, please.

Slide 13 shows our 2016 estimated revenues. During the first two quarters, we had a mix of spot sales and contract sales. There were no spot sales in Q3 and we don't anticipate any spot sales in Q4. In Q4, we have one 100,000-pound contract sale at about $33 per pound, and while some may consider that price to be low, I'd point out that it's considerably above the current spot price, which is now below $19 per pound.

During Q1, we assigned two contractual deliveries totaling 200,000 pounds to a third-party. The assignment was the direct result of having the inspected delivery dates for the contracts postponed from the first half of the year to the second half of the year. We received proceeds of $5.1 million from the transaction in Q1. Those proceeds were treated as deferred revenue and are being recognized as revenue in Q3 and Q4 as shown here.

In total, we estimate that our 2016 uranium revenues will be $27.3 million and that we will sell 562,000 pounds from production.

Looking ahead, our average selling price will be lower in Q4, as we deliver into our one remaining contract sale for the year, which is priced at about $33 per pound. And as I said, we don't expect to make any spot sales in Q4. We expect our production to be slightly less in Q4, as we've guided to, and assuming our production costs are consistent with the previous quarter, we expect our cost per pound sold also to be similar to that in Q3.

Because of the lower average sales price, we estimate that our gross profit margin in Q4 will be lower than that in Q3. However, we'll also recognize the other half of the deferred revenue, which will be $2.5 million.

Our operating expenses for exploration, development and G&A should be similar to those in Q3.

And with that said, I'd like to thank everybody for joining in on us today, and I'll turn it back over to Jeff.

Jeff Klenda: Great. Thank you, Roger. And I'd like to just make one more comment. Roger mentioned just a few moments ago that our remaining delivery this year is just under $33 a pound. And I can't help but think how interesting it is that perceptions change so quickly in the uranium space.

Only a year ago, when spot price was in the high 30s, quite candidly, we declined a lot of contracts at that time because we deemed them to be unacceptably low. We thought that we would not take them. Recall that for 2015, we actually sold into the spot market roughly 225,000 pounds at over $37 a pound.

And now, when you take that all into perspective and into consideration, it's really -- it makes you think twice about those contracts that we could've entered into at the high 30s. And right now, if I had been a little bit more dispassionate about that, and not so intent on realizing prices over $40 a pound, we could've made up for our inability to make spot sales into the market right now, had we entered into a few more of those contracts.

But with that said, we'll move on to our final slide here and then open it up for Q&A.

Your last slide is titled Additional Considerations, and here I'd just simply like to focus on some of the things we're going to do moving forward, not just in the fourth quarter of this year, but moving into 2017.

All things are on the table when it comes to cost savings. We will continue to look at everything, examine where any costs or any reductions can be made. We consider ourselves to be running very lean and clean right now, but you can always do better and we will endeavor to do so.

As far as the long-term sales contracts are concerned, of course, we're very pleased with the contracts that we have through the end of the decade and into 2021. But frankly, we are unlikely to enter into any additional contracts with pricing down below $20 a pound on spot. And now with the new price of $[35.5] on term price, we simply don't see anything out there.

Even though there will be RFPs from utilities in the marketplace, we consider it unlikely that we'd enter into any of those contracts.

We'll continue to work on our efficiencies out at the plant and to achieve steady-state production as dictated by our board and by market conditions. And we will also bring Shirley Basin along, continuing to target that 2018-2019 timeframe for its first production.

Finally, M&A activity is something that's absolutely accelerating in our space. Already, we are a decimated commodity space. We have dropped from just under 600 companies in 2007 to probably less than 60 today. I think that there will be more consolidation in this industry either because they represent good opportunities or because they're shotgun weddings and they're entered into out of necessity.

I think that there will be more acquisitions. The fact is that right now, properties can be acquired for pennies on the dollar from where they would've been valued 4 and 5 years ago. And I think they probably will become even cheaper and have even more compelling valuation. So we're certainly going to try and be as opportunistic as we possibly can.

Finally, I do expect that the uranium space will continue to shrink. We've seen this, and we also saw that when we had that surge, that rally, that took place in June, only four companies participated to that. And I think that's very indicative of what the turnaround in this industry will ultimately look like. There are going to be very few of us that are going to benefit from that.

And one thing that's not on your page there, and that is I normally talk about, is this. I think that a geopolitical event -- we are, without a doubt, the most highly politicized commodity in the world and very susceptible to geopolitical changes out there. And that could have profound impacts on us in a very short period of time.

So what that, we will open it up to Q&A and take any of your questions. Nicole?

Questions and Answers

Operator: Thank you. We will now begin the question-and-answer session. (Operator Instructions). Joseph Reagor of Roth Capital Partners.

Joseph Reagor: Obviously, a tough time in the uranium market today. But looking forward to better times ahead, hopefully, if prices were at a point where you could grow production and sell into spot, how quickly could you ramp from current production levels to the million pounds per year that you're permitted for?

Jeff Klenda: Oh, I love that question and I'll tell you why. One of the things that we compete with out there in the marketplace, Joe, is Blue Sky. And the simple fact of the matter is that this has become -- in my view, it's been distorted into a virtue for companies that literally do little or nothing else. And they simply tout the fact that they represent a call on, in this case, uranium, and that that Blue Sky has tremendous value in the marketplace.

I have maintained for a long time that the truest form of Blue Sky is our ability to respond to rapidly rising prices in the marketplace and to deliver into near-term contracts. Right now, we're producing at roughly 600,000 pounds per year; it might be a bit below that this year.

Once again, as everyone knows, we're responding to market conditions, but I think we're in a position where as long as we move forward with our development of Mine Unit #2, then we are capable of increasing our flows in the plant. And we are one of the few companies that can respond to a rising price environment with deliveries as near as 2 to 3 months out. And I don't know that there are any other companies other than majors that would be capable of doing that.

But as to how long it would take us to ramp to a million pounds a year, I'm going to defer to Steve on that. Steve, would you have a comment on that for us?

Steve Hatten: Sure. We put ourselves in a nice position with the three header houses drilled out and ready to be completed in Mine Unit 2. With our current labor pool, which as you know, we trimmed back earlier this year, we can start to accelerate construction to a level of around a header house coming on every couple of months.

With just a few more people added, we could accelerate that to really about a header house every month and that you could see us get well within -- within a 6-month period, you could see us accelerate production greatly. And our conservative production estimates would take us probably into the 6 to 9 month range where we could get at that rate that we'd like to see for that 1 million pound a year construction or production.

Joseph Reagor: Okay. That's very helpful for the color there. And then just on the cost side, obviously, your costs are still really low, but they've been bleeding higher. And do you think that will reverse when the second mine unit comes on line and you have some fresher wells that may have higher grades going through the processing?

Roger Smith: Joe, it's Roger talking here. Yes, that would be the case because I'd expect our quarterly and monthly production numbers to come up. Our costs are relatively fixed, so our cost per pound should decline at that point. Our costs have come up a little bit and it's primarily due to the fact that we did have lower production earlier in the year. Those higher cost pounds are making their way through inventory and specifically in Q3, we had higher severance and ad valorem taxes as well. The county announced a tax rate increase and we had to adjust our accruals and accordingly, we've booked about a 17% increase in our ad valorem and severance taxes for the quarter.

But that said, assuming our production costs remain consistent, which I expect them to do, our production in Q4 and subsequent quarters, to stay in that same level. We should see our costs in the same basically $25 to $30 range we've been in for the past four quarters. Again, yes, indeed, if we increased our production by bringing on Mine Unit 2, I'd expect those costs to drift back down as well.

Jeff Klenda: I'd just [follow] and just say, Joe, as you know, and as we've said many times on these webcasts, there's a very real, direct inverse relationship between the volume that we produce and our price cost of that production. As our volume increases, when we can justify that increase in volume, our costs will fall commensurately.

Joseph Reagor: Okay. Thank you. (Inaudible).

Operator: (Operator Instructions). There seems to be no questions at this time, so I'd like to turn the conference back over to Jeff Klenda for any closing remarks.

Jeff Klenda: Thank you, Nicole. The last time this happened, that we were this light on questions, it also happened that we had a problem with the system. I'm not saying that's the case, but it's also understandable. Look, this space is a tough place to be right now.

But as I mentioned at the very outset, I'd like to just make a couple of closing comments that I think are positive for our industry. One of them had been the recent events in New York with the Clean Energy Plan there, and soon we may see similar proposals in front of the legislatures of states like Illinois, Ohio and California.

These are very positive developments for uranium and for the nuclear industry because for the first time, these states are rightly attempting to put a very real value on the carbon-free emissions that nuclear represents.

But I think in addition to that, we, in particularly as a company, are in a unique position. As I mentioned earlier, I think you can divide our universe into those that are producing revenues and those that are not. And those that are not are very simply living capital raise to capital raise; there's no other way of putting that. And that means ongoing dilution for their shareholders.

I can't promise that we will never have to go back into the marketplace, but I can guarantee you this. Our needs are small; they will continue to be small. We deal with lumpiness of cash flow, but so far we've dealt with it quite well, and we don’t anticipate significant dilution in our future. And our contracts have significantly derisked our company in that respect.

In addition to that, I think we find ourselves in a rare environment where significant market share can be obtained, and I think that our Company is uniquely positioned to serve as a platform on which a true world-class producer can be built. So we're very proud of where we find ourselves today.

And being the lifelong rabble-rouser that I am, I would be remiss if I didn’t make at least one political comment, being this close to the elections. We, here in the United States, sadly find ourselves in a position where we are relegated to choosing between a career criminal and a borderline sociopath. And right now, I know most of you are probably saying to yourself, gee, I wonder which one is which?

But I think that the prospect for a geopolitical event is something that's going to increase significantly regardless of who obtains the White House. And so this is something we'll be watching and that can have a very real direct impact on us.

And finally, I'd like to just make one analogy, and that is that at this conference that I attended last week, it was primarily a precious metals conference, but always with a strong subject of uranium. And so that's why we present there and they had a very large audience. One of the things that was noted over and over again was at this time last year, when you were at that conference, you couldn’t give away a precious metals stock -- gold, silver, anything else.

You were -- but then we saw the turnaround in the first quarter and you were either positioned or you weren’t. And the fact is, is right now, if you want exposure to the uranium space and you want to do that with as little risk as possible, but while giving yourself tremendous upside for when this thing inevitably turns around, it's merely a matter of choosing the right company. And we believe that Ur-Energy is it.

So with that, I will close and say thank you very much for kind attention. And we'll look forward to providing you with our end-of-year report in early February. Thank you so much. Nicole, I'll leave it with you.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

The conference call is now concluded. Again we thank you all for attending today's presentation. At this time, you may disconnect your lines. Thank you, take care, and have a great day.