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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 20-F**

**(Mark One)**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

**OR**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
**For the fiscal year ended December 31, 2008**

**OR**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**OR**

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report.....

**For the transition period from** \_\_\_\_\_ **to** \_\_\_\_\_

Commission file number 001-33905

**UR-ENERGY INC.**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Canada**

(Jurisdiction of incorporation or organization)

**10758 W. Centennial Road, Suite 200, Littleton, Colorado 80127**

(Address of principal executive offices)

**Roger Smith, (720) 981-4588, roger.smith@ur-energyusa.com, 10758 W. Centennial Road, Suite 200, Littleton, Colorado 80127**

(Name, Telephone, E-mail and/or Facsimile number and Address of Corporation Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Common Shares, no par value

Name of each exchange on which registered

NYSE Amex

Securities registered or to be registered pursuant to Section 12(g) of the Act.

**None**

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

**None**

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

93,243,607

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

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued Other   
By the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

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## TABLE OF CONTENTS

### **PART I**

#### *Introduction*

#### *Forward-Looking Information*

#### *Cautionary Note to U.S. Investors Concerning Resource Estimates*

#### *Metric/Imperial Conversion Table*

#### **Item 1. Identity of Directors, Senior Management and Advisers**

#### **Item 2. Offer Statistics and Expected Timetable**

#### **Item 3. Key Information**

##### *A. Selected financial data.*

##### *Currency and Exchange Rates*

##### *B. Capitalization and indebtedness.*

##### *C. Reasons for the offer and use of proceeds.*

##### *D. Risk factors.*

#### **Item 4. Information on the Corporation.**

##### *A. History and Development of the Corporation.*

##### *B. Business overview.*

##### *C. Organizational Structure.*

##### *D. Property, plants and equipment.*

#### **Item 4A. Unresolved Staff Comments.**

#### **Item 5. Operating and Financial Review and Prospects.**

##### *A. Operating results.*

##### *B. Liquidity and capital resources.*

##### *C. Research and development, patents and licenses, etc.*

##### *D. Trend information.*

##### *E. Off-balance sheet arrangements.*

##### *F. Tabular disclosure of contractual obligations.*

#### **Item 6. Directors, Senior Management and Employees.**

##### *A. Directors and senior management.*

##### *B. Compensation.*

##### *C. Board practices.*

##### *D. Employees.*

##### *E. Share ownership.*

#### **Item 7. Major Shareholders and Related Party Transactions**

##### *A. Major shareholders.*

##### *B. Related party transactions.*

##### *C. Interests of experts and counsel.*

#### **Item 8. Financial Information**

##### *A. Consolidated Statements and Other Financial Information.*

##### *B. Significant Changes.*

#### **Item 9 The Offer and Listing**

##### *A. Offer and listing details.*

##### *B. Plan of distribution.*

##### *C. Markets.*

##### *D. Selling shareholders.*

##### *E. Dilution.*

##### *F. Expenses of the issue.*

#### **Item 10. Additional Information**

##### *A. Share capital.*

##### *B. Memorandum and articles of association.*

##### *C. Material contracts.*

##### *D. Exchange controls.*

##### *E. Taxation.*

##### *F. Dividends and paying agents.*

##### *G. Statement by experts.*

##### *H. Documents on display.*

##### *I. Subsidiary Information.*

#### **Item 11. Quantitative and Qualitative Disclosures About Market Risk**

(A) Quantitative information about market risk.

(B) Qualitative information about market risk.

#### **Item 12. Description of Securities Other than Equity Securities**

### **PART II**

#### **Item 13. Defaults, Dividend Arrearages and Delinquencies**

#### **Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

#### **Item 15. Controls and Procedures**

#### **Item 15. Controls and Procedures.**

#### **Item 15T. Controls and Procedures.**

**Item 16. [Reserved]**

**Item 16A. Audit Committee Financial Expert.**

**Item 16B. Code of Ethics.**

**Item 16C. Principal Accountant Fees and Services.**

**Item 16D. Exemptions from the Listing Standards for Audit Committees.**

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

**Item 16F. Change in Registrant's Certifying Accountant.**

**Item 16G. Corporate Governance.**

**PART III**

**Item 17. Financial Statements.**

**Item 18. Financial Statements.**

**Item 19. Exhibits.**

**EXHIBIT INDEX**

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## **PART I**

### ***Introduction***

Ur-Energy Inc. is a corporation incorporated under the laws of Canada and is referred to in this document, together with its subsidiaries, as "Ur-Energy" or the "Corporation" or the "Company".

The Corporation's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") and are presented in Canadian dollars unless otherwise indicated. All references in this Annual Report on Form 20-F (Annual Information Form) to financial information concerning the Corporation refer to such information in accordance with Canadian GAAP and all dollar amounts in this Annual Report on Form 20-F (Annual Information Form) are in Canadian dollars unless otherwise indicated.

In this document, cross-references relevant to the information being requested may be provided. These cross-references are provided for ease of reference only and are not meant to be exclusionary to other relevant information in this document that may relate to the disclosure in question.

### ***Forward-Looking Information***

This Annual Report on Form 20-F (Annual Information Form) contains "forward-looking statements" within the meaning of applicable United States and Canadian securities laws. Shareholders can identify these forward-looking statements 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 the Corporation's 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 Corporation's belief that it will have sufficient cash to fund its capital requirements; (ii) receipt of (and related timing of) a US Nuclear Regulatory Commission Source Material License, Wyoming Department of Environmental Quality Permit and License to Mine and other necessary permits related to Lost Creek; (iii) Lost Creek and Lost Soldier will advance to production and the production timeline at Lost Creek scheduled for late 2010; (iv) production rates, timetables and methods at Lost Creek and Lost Soldier; (v) the Corporation's procurement plans and construction plans at Lost Creek; (vi) the licensing process at Lost Soldier which efforts are expected to be streamlined; (vii) the timing, the mine design planning and the preliminary assessment at Lost Soldier; (viii) the completion and timing of various exploration programs and (ix) the regulatory issues with the Thelon Basin Properties and related exploration. These other factors include, among others, the following: future estimates for production, production start-up and operations (including any difficulties with start up), capital expenditures, operating costs, mineral resources, recovery rates, grades and prices; business strategies and measures to implement such strategies; competitive strengths; estimated goals; expansion and growth of the business and operations; plans and references to the Corporation's future successes; the Corporation's history of operating losses and uncertainty of future profitability; the Corporation's status as an exploration and development stage Corporation; the Corporation's lack of mineral reserves; the hazards associated with mining construction and production; compliance with environmental laws and regulations; risks associated with obtaining permits in Canada and the United States; risks associated with current variable economic conditions; the possible impact of future financings; uncertainty regarding the pricing and collection of accounts; risks associated with dependence on sales in foreign countries; the possibility for adverse results in potential litigation; fluctuations in foreign exchange rates; uncertainties associated with changes in government policy and regulation; uncertainties associated with the Canadian Revenue Agency's audit of any of the Corporation's cross border transactions; adverse changes in general business conditions in any of the countries in which the Corporation does business; changes in the Corporation's size and structure; the effectiveness of the Corporation's management and its strategic relationships; risks associated with the Corporation's ability to attract and retain key personnel; uncertainties regarding the Corporation's need for additional capital; uncertainty regarding the fluctuations of the Corporation's quarterly results; uncertainties relating to the Corporation's status as a non-U.S. corporation;

uncertainties related to the volatility of the Corporation's shares price and trading volumes; foreign currency exchange risks; ability to enforce civil liabilities under U.S. securities laws outside the United States; ability to maintain the Corporation's listing on the NYSE Amex (the "NYSE Amex") and Toronto Stock Exchange (the "TSX"); risks associated with the Corporation's possible status as a "passive foreign investment Corporation" or a "controlled foreign corporation" under the applicable provisions of the U.S. Internal Revenue Code of 1986, as amended; risks associated with the Corporation's investments and other risks and uncertainties described under the heading "Risk Factors" of this Annual Report on Form 20-F (Annual Information Form).

***Cautionary Note to U.S. Investors - Resource and Reserve Estimates***

The terms "mineral reserve," "proven mineral reserve" and "probable mineral reserve" used in the Corporation's disclosure are Canadian mining terms that are defined in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Best Practice Guidelines for the Estimation of Mineral Resource and Mineral Reserves (the "CIM Standards"), adopted by the CIM Council on November 23, 2003. These definitions differ from the definitions in the United States Securities and Exchange Commission (the "SEC") Industry Guide 7 under the Securities Act of 1933, as amended (the "Securities Act"). Under Industry Guide 7 standards, mineralization may not be classified as a "reserve" unless the determination has made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Under Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

The terms "mineral resource," "measured mineral resource," "indicated mineral resource" and "inferred mineral resource" used in the Corporation's disclosure are Canadian mining terms that are defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards; however, these terms are not defined terms under Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic 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, estimates of 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 mineable.

Accordingly, information contained in this report containing descriptions of the Corporation's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

***Metric/Imperial Conversion Table***

The imperial equivalents of the metric units of measurement used in this Annual Report on Form 20-F (Annual Information Form) are as follows:

<u>Metric Unit</u>	<u>Imperial Equivalent</u>
gram	0.03215 troy ounces
hectare	2.4711 acres
kilogram	2.2046223 pounds
kilometer	0.62139 miles
meter	3.2808 feet
tonne	1.1023 short tons

**Item 1. Identity of Directors, Senior Management and Advisers.**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable.**

Not applicable.

**Item 3. Key Information.****A. Selected financial data.**

The following table summarizes certain of the Corporation's selected financial information (stated in thousands of Canadian dollars) prepared in accordance with Canadian GAAP. The information in the table was derived from the more detailed financial statements for the period ended December 31, 2006 through the fiscal year ended December 31, 2008, inclusive, and the related notes, and should be read in conjunction with the financial statements and with the information appearing under the headings "Item 5 – Operating and Financial Review and Prospects" and "Item 18 – Financial Statements". As discussed in Item 5, in December 2008, the Company changed its policy for accounting for exploration and development expenditures. In prior years, the Company capitalized all direct exploration and development expenditures. Under its new policy, exploration, evaluation and development expenditures, including annual exploration license and maintenance fees, are charged to earnings as incurred until the mineral property becomes commercially mineable. Management considers that a mineral property will become commercially mineable when it can be legally mined, as indicated by the receipt of key permits. This change has been applied retroactively and all comparative amounts in Management's Discussion and Analysis ("MD&A") have been restated to give effect to this change. Certain comparative figures have been reclassified to conform with the presentation adopted for the current year.

Historical results are not necessarily indicative of results to be expected for any future period. No dividends have been paid in any of the fiscal years ended December 31, 2006 through the fiscal year ended December 31, 2008.

	2008	2007	2006	2005	2004
	(In thousands of Canadian dollars)				
		(As restated)	(As restated)	(As restated)	(As restated)
<b>Results from operations</b>					
Revenue	Nil	Nil	Nil	Nil	Nil
Total expenses	(25,968)	(22,959)	(12,396)	(6,151)	(3,406)
Interest income	2,494	2,816	630	127	11
Foreign exchange gain (loss)	5,656	(806)	(177)	908	(13)
Other income (loss)	(37)	-	-	-	-
Loss before income taxes	(17,854)	(20,949)	(11,943)	(5,116)	(3,408)
Recovery of future income taxes	-	429	-	-	-
Net loss	(17,854)	(20,520)	(11,943)	(5,116)	(3,408)
Net loss per share, basic and diluted	(0.19)	(0.24)	(0.20)	(0.15)	(0.36)
<b>Financial position</b>					
Total assets	101,533	110,931	59,927	38,000	5,010
Capital stock and additional paid-in capital	157,118	149,826	64,137	26,698	7,224
Accumulated deficit and accumulated other comprehensive loss	(58,841)	(40,987)	(20,467)	(8,524)	(3,408)
Net assets	98,277	108,839	43,670	18,175	3,816
Outstanding shares, in thousands	93,244	92,172	73,475	47,204	23,644



## Currency and Exchange Rates

The following table sets out the exchange rates for currencies expressed in terms of equivalent Canadian dollars for one U.S. dollar in effect at the end of the following periods, and the average exchange rates:

Canadian dollar	Year Ended December 31				
	2008	2007	2006	2005	2004
End of period	\$ 1.22280	\$ 0.98200	\$ 1.16640	\$ 1.16600	\$ 1.20480
Average for the period	\$ 1.06669	\$ 1.07440	\$ 1.13461	\$ 1.21173	\$ 1.30151

Canadian dollar	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
High for the month	\$ 1.02720	\$ 1.07270	\$ 1.08190	\$ 1.30130	\$ 1.2980	\$ 1.30050
Low for the month	\$ 0.99730	\$ 1.02130	\$ 1.02960	\$ 1.0416	\$ 1.14600	\$ 1.18160

Exchange rates are the historical interbank foreign exchange rates for the appropriate period as quoted by OANDA Corporation on its website [www.oanda.com](http://www.oanda.com). The rate quoted by OANDA for the conversion of United States dollars into Canadian dollars on March 18, 2009 is CDN\$1.27160 = US\$1.00.

### **B. Capitalization and indebtedness.**

Not applicable.

### **C. Reasons for the offer and use of proceeds.**

Not applicable.

### **D. Risk factors.**

The Corporation operates in a dynamic and rapidly changing environment that involves numerous risks and uncertainties. The risks described below should be considered carefully when assessing an investment in the Corporation's common shares. The occurrence of any of the following events could harm the Corporation. If these events occur, the trading price of the Corporation's common shares could decline, and shareholders may lose part or even all of their investment.

#### ***The Corporation faces numerous risks as an exploration and development stage company.***

The Corporation is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Corporation's property interests are in the exploration and development stage only. Accordingly, there is little likelihood that the Corporation will realize profits in the short term. Any profitability in the future from the Corporation's business will be dependent upon development of an economic deposit of minerals and further exploration and development of other economic deposits of minerals, each of which is subject to numerous risk factors. Further, there can be no assurance, even when an economic deposit of minerals is located, that any of the Corporation's property interests can be commercially mined. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time which a combination of careful evaluation, experience and knowledge of

management may not eliminate. While discovery of additional ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs of the Corporation will result in profitable commercial mining operations. The profitability of the Corporation's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Substantial expenditures are required to establish resources and reserves which are sufficient to commercially mine some of the Corporation's properties and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

***The price of uranium is affected by demand.***

The price of uranium fluctuates. The future direction of the price of uranium will depend on numerous factors beyond the Corporation's control including international, economic and political trends, 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 the Corporation's properties, cannot accurately be predicted. As the Corporation is only at the exploration and development stage, it is not yet possible for it to adopt specific strategies for controlling the impact of fluctuations in the price of uranium.

***The only market for uranium is nuclear power plants world wide, and there are a limited number of customers.***

The marketability of uranium and acceptance of uranium mining is subject to numerous factors beyond the control of the Corporation. The price of uranium may experience volatile and significant price movements over short periods of time. Factors affecting the market and price include demand for nuclear power, political and economic conditions in uranium mining, producing and consuming countries, reprocessing of spent fuel and the re-enrichment of depleted uranium tails or waste, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants, and production levels and costs of production in geographical areas such as Russia, Africa and Australia.

***Deregulation of the electrical utility industry and acceptance of nuclear energy affects the demand for uranium.***

The Corporation's 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 acceptance of the nuclear technology as a means of generating electricity. Lack of public acceptance of nuclear technology would adversely affect the demand for nuclear power and potentially increase the regulation of the nuclear power industry.

***The Corporation's share price is subject to significant fluctuations.***

The value of the Corporation's common shares could be subject to significant fluctuations in response to variations in quarterly and yearly operating results, the success of the Corporation's business strategy, competition, financial markets, commodity prices or applicable regulations which may affect the business of the Corporation and other factors.

***While the Corporation has mineral resources, it currently does not have any mineral reserves. Calculations of mineral resources and recovery are only estimates, and there can be no assurance about the quantity and grade of minerals until reserves or resources are actually mined.***

Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on

commodity prices. Any material change in the quantity of resources, grade, or production costs may affect the economic viability of the Corporation's properties.

***The Corporation is dependent on key personnel, contractors and service providers, the loss of whom could harm the Corporation's business.***

Shareholders will be relying on the good faith, experience and judgment of the Corporation's management and advisors in supervising and providing for the effective management of the business and the operations of the Corporation and in selecting and developing new investment and expansion opportunities. The Corporation may need to recruit additional qualified employees, contractors and service providers to supplement existing management, the availability of which cannot be assured. The Corporation will be dependent on a relatively small number of key persons including specifically W. William Boberg, President and Chief Executive Officer, Harold Backer, Executive Vice President, Geology & Exploration and Wayne Heili, Vice President, Mining & Engineering, the loss of any one of whom could have an adverse effect on the Corporation's business and operations. The Corporation does not hold key man insurance in respect of any of its executive officers.

***Mining operations involve a high degree of risk and the results of exploration and ultimate productions 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. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs planned by the Corporation will result in a profitable commercial operation.

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 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 the Corporation not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Corporation's operations will be subject to all the hazards and risks normally encountered in the exploration and development of uranium, including unusual and unexpected geology formations, flooding and other conditions involved in the drilling and removal of material, 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.

***Permitting, licensing and approval processes are required for the Corporation's operations and obtaining and maintaining these permits and licenses is subject to many conditions which the Corporation may be unable to achieve.***

Many of the operations of the Corporation require licenses and permits from various governmental authorities. The Corporation believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting 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 the Corporation will be able to obtain all necessary licenses and permits that may be required to maintain its exploration and mining activities including constructing mines or milling facilities and commencing operations of any of its exploration properties. In addition, if the Corporation proceeds to production on any exploration property, it must obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Corporation will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

***The Corporation's operations are subject to many regulatory requirements.***

The Corporation's business is subject to various federal, state, provincial and local laws governing prospecting and development, taxes, labor standards and occupational health, mine and radiation safety, toxic substances, environmental protection and other matters. Exploration and development are also subject to various federal, state, provincial and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry 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 the Corporation to litigation. There can be no assurance that the Corporation 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 the Corporation from proceeding with certain exploration and development.

***Possible Amendment to Mining law of 1872 may significantly impact the Corporation's ability to develop certain unpatented mining claims.***

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. If enacted, such legislation could change the cost of holding unpatented mining claims and could significantly impact the Corporation's ability to develop mineralized material on unpatented mining claims. Such bills have proposed, among other things, to either eliminate or greatly limit the right to a mineral patent and to impose a federal royalty on production from 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 of such mining claims and the economics of existing operating mines on federal unpatented mining claims. Passage of such legislation could adversely affect the financial performance of the Corporation.

***Competition from larger or better capitalized companies may affect the Corporation's share prices and the Corporation's ability to acquire properties.***

The international uranium industry is highly competitive. The Corporation's activities are directed toward the search, evaluation, acquisition and development of uranium deposits. There is no certainty that the expenditures to be made by the Corporation 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. The Corporation will compete with other interests, many of which have greater financial resources than it will 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 and hydro-electricity. 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 and increase the regulation of the nuclear power industry.

***Uncertain global economic conditions will affect the Corporation and its common share price.***

Current conditions in the domestic and global economies are uncertain. There continues to be a high level of market instability and market volatility with unpredictable and uncertain financial market projections. The impacts of a global recession or depression, commodity price fluctuations, the availability of capital and the acceptance of nuclear energy may have consequences on the Corporation and its share price. In addition, it could have consequences on the nuclear industry's ability to finance future construction of nuclear generating facilities. Global financial problems and lack of confidence in the strength of global financial institutions have

created many economic and political uncertainties that have impacted the global economy. As a result, it is difficult to estimate the level of growth for the world economy as a whole. It is even more difficult to estimate growth in various parts of the world economy, including the markets in which the Corporation participates. All components of the Corporation's budgeting and forecasting are dependent on commodity prices and their fluctuations as well as political acceptance and policy. The prevailing economic uncertainties render estimates of future expenditures difficult.

***The Corporation will need to obtain additional funding in the medium to long term in order to implement the Corporation's business plan, and the inability to obtain it could cause the Corporation's business plan to fail.***

Additional funds will be required for future exploration and development. The source of future funds available to the Corporation is through the sale of additional equity capital, proceeds from the exercise of convertible equity instruments outstanding or borrowing of funds. There is no assurance that such funding will be available to the Corporation. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position. In addition, any future equity financings by the Corporation may result in substantial dilution for existing shareholders of the Corporation.

***The Corporation lacks a history of earnings and dividend record.***

The Corporation has no earnings or dividend record. It has not paid dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future. Payments of any dividends will be at the discretion of the board of directors of the Corporation after taking into account many factors, including the Corporation's financial condition and current and anticipated cash needs.

***The impact of hedging activities may affect the Corporation's profitability.***

Although the Corporation has no present intention to do so, it may hedge a portion of its future uranium production to protect it against low uranium prices and/or to satisfy covenants required to obtain project financings. Hedging activities are intended to protect the Corporation from the fluctuations of the price of uranium and to minimize the effect of declines in uranium prices on results of operations for a period of time. Although hedging activities may protect a company against low uranium prices, they may also limit the price that can be realized on uranium that is subject to forward sales and call options where the market price of uranium exceeds the uranium price in a forward sale or call option contract.

***The Corporation's operations are subject to environmental risks and compliance with environmental regulations which are increasing and costly.***

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. Compliance with environmental quality requirements and reclamation laws imposed by federal, state, provincial, 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 the Corporation to litigation. These authorities may require the Corporation to prepare and present data pertaining to the effect or impact that any proposed exploration for or production of minerals may have upon the environment. The requirements imposed by any such authorities may be costly, time consuming, and may delay operations. Future legislation and regulations designed to protect the environment, as well as future interpretations of existing laws and regulations, may require substantial increases in costs for equipment and operating costs and delays, interruptions, or a termination of operations. The Corporation cannot accurately predict or estimate the impact of any such future laws or regulations, or future interpretations of existing laws and regulations, on the Corporation's operations. Historic mining activities have occurred on and around certain of the Corporation's properties. If such historic activities have resulted in releases or threatened releases

of regulated substances to the environment, potential for liability may exist under federal or state remediation statutes.

***The Corporation's title to certain properties may be uncertain.***

Although the Corporation has obtained title opinions with respect to certain of its properties and has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Corporation's interests. The Corporation's mineral properties in the United States consist of leases to private mineral rights, leases covering state lands and unpatented mining claims. Many of the Corporation's mining properties in the United States are unpatented mining claims to which the Corporation has 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 the Corporation's unpatented mining claims located on public lands allows the Corporation the exclusive right to mine and remove valuable minerals. The Corporation is 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. The Corporation remains 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. The Corporation has taken or will take all curative measures to ensure proper title to its properties where necessary and where possible.

***The Corporation may be subject to aboriginal land claims.***

Certain properties in which the Corporation has an interest may be the subject of aboriginal land claims. As a result of these claims, the Corporation may be significantly delayed or unable to pursue exploration and production activities in respect of these properties or may have to expend considerable management resources and funds to adequately meet the regulatory requirements to pursue activities in respect of these properties.

***Some hazards which the Corporation may face are uninsurable.***

The Corporation currently carries insurance coverage for general liability, directors' and officers' liability and other matters. The Corporation intends to carry insurance to protect against certain risks in such amounts as it considers adequate. The nature of the risks the Corporation faces in the conduct of its 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 the Corporation's business and financial position.

***The Corporation's board of directors may face the possibility of conflicts of interest with other resource companies with which they are involved.***

Certain directors of the Corporation also serve as directors and officers of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving the Corporation will be made in accordance with their duties and obligations to deal fairly and in good faith with the Corporation and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a material interest.

***The Corporation may have potential adverse U.S. Federal Income Tax consequences.***

A non-U.S. corporation generally will be considered a "passive foreign investment company" (a "PFIC") as such term is defined in the U.S. Internal Revenue Code of 1986, as amended (the "Code") for any taxable year if either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value of its assets is attributable to assets that produce or are held for the production of passive income. If the Corporation were treated as a PFIC for any taxable year in which a U.S. holder held the Corporation's shares, certain adverse

consequences could apply, including a material increase in the amount of tax that the U.S. holder would owe, an imposition of tax earlier than would otherwise be imposed, interest charges and additional tax form filing requirements.

The determination of whether a corporation is a PFIC involves the application of complex tax rules. The Corporation has not made a conclusive determination as to whether it has been in prior tax years or is currently a PFIC. The Corporation could have qualified as a PFIC for past tax years and may qualify as a PFIC currently or in future tax years. However, no assurance can be given as to such status for prior tax years, for the current tax year or future tax years. U.S. holders of Corporation's shares are urged to consult their own tax advisors regarding the application of U.S. income tax rules.

***The Corporation may lose its status as a foreign private issuer.***

Ur-Energy is a "foreign private issuer," as such term is defined in Rule 405 under the Securities Act, and, therefore, it is not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act, and related rules and regulations. In order for the Corporation to maintain its current status as a foreign private issuer, a majority of its common shares must be either directly or indirectly owned of record by non-residents of the U.S., as it does not currently satisfy any of the additional requirements necessary to preserve this status.

The Corporation may in the future lose its foreign private issuer status if a majority of its shares are owned of record by residents of the U.S. and it continues to fail to meet the additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to the Corporation under U.S. securities laws as a U.S. domestic issuer may be significantly more than the costs it incurs as a Canadian foreign private issuer eligible to use the Multi-Jurisdictional Disclosure System ("MJDS"). If it is not a foreign private issuer, it would not be eligible to use the MJDS or other foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms required of a foreign private issuer. The Corporation may also be required to prepare its financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). In addition, the Corporation may lose the ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers. Further, if the Corporation engages in capital raising activities through private placements after losing its foreign private issuer status, there is a higher likelihood that investors may require the Corporation to file resale registration statements with the SEC as a condition to any such financing.

**Item 4. Information on the Corporation.**

***A. History and Development of the Corporation.***

Ur-Energy is a corporation continued under the *Canada Business Corporations Act* on August 8, 2006. The registered office of the Corporation is located at 40 Elgin Street, Suite 1400, Ottawa, Ontario, K1P 5K6. The Corporation's head office and United States headquarters is located at 10758 West Centennial Road, Suite 200, Littleton, Colorado, 80127. The Corporation also has offices at 5880 Enterprise Drive, Suite 200, Casper, Wyoming 82609 and 341 Main Street North, Suite 206, Brampton, Ontario L6X 3C7. The Corporation's Littleton telephone number is (720) 981-4588 and its facsimile number is (720) 981-5643. The Corporation's common shares are listed on the TSX under the symbol "URE" and on the NYSE Amex under the symbol "URG".

Incorporated on March 22, 2004, Ur-Energy is a development stage junior mining company engaged in the identification, acquisition, evaluation, exploration and development of uranium mineral properties in Canada and the United States. The Corporation's current land portfolio includes 14 properties in Wyoming, USA: 10 are in the Great Divide Basin, two of which (the Lost Creek property and the Lost Soldier property) contain defined resources that the Corporation expects to advance to production. The Corporation's other Wyoming projects include two properties in the Shirley Basin, one of which is the Bootheel property. The final Wyoming

property, the Kaycee property, is located in the Powder River Basin. The Corporation also has a property in Yuma County, Arizona, USA.

The Corporation has three properties in the Northwest Territories, Canada, known as Screech Lake, Eyeberry and Gravel Hill. The Corporation also has the Bugs property in the Kivalliq region of the Baker Lake Basin in Nunavut, Canada and has a royalty interest in two properties known as Dismal Lake West and Mountain Lake in the western Kitikmeot region, Nunavut, Canada.

### *Background*

The Corporation, through its wholly-owned subsidiary, Ur-Energy USA, acquired certain of the Wyoming properties comprising the Great Divide Basin and the Shirley Basin projects, effective June 30, 2005, when Ur-Energy USA entered into the Membership Interest Purchase Agreement (“MIPA”) with New Frontiers Uranium, LLC (“New Frontiers”). Under the terms of the MIPA, the Corporation purchased from New Frontiers all of the issued and outstanding membership interests (the “Membership Interests”) in the project. Assets acquired from New Frontiers include the extensively explored and drilled Lost Creek and Lost Soldier Projects and development database including more than 10,000 electric well logs, over 100 geologic reports and over 1,000 geologic and uranium maps covering large areas of Wyoming, Montana and South Dakota.

Under the MIPA, Ur-Energy USA agreed to purchase and New Frontiers agreed to sell the Membership Interests for an aggregate consideration of US\$20,000,000. The total amount payable on closing was US\$5,000,000. The balance of the acquisition cost was financed by way of a promissory note payable to New Frontiers. The first US\$5,000,000 payment under the promissory note was made in June 2006 and on June 7, 2007, the Corporation pre-paid the balance of the promissory note due to New Frontiers in the amount of US\$11,250,000 which allowed the Corporation to save approximately US\$3,750,000 in future interest charges.

Since 2005, the exploration and development of Lost Creek has progressed, with the Corporation commissioning an NI 43-101 Preliminary Assessment in 2008, which establishes the economics of the Lost Creek Project. Beginning in 2007, the Corporation has also proceeded with its applications for a Source Material License from the US Nuclear Regulatory Commission (“NRC”) and a Permit and License to Mine from the Wyoming Department of Environmental Quality (“WDEQ”); the applications have been deemed complete by both agencies and the technical review process is ongoing with both. See also “Item 4.B - Business Overview: Lost Creek Project.”

### *Recent Developments*

#### *Corporate*

On January 7, 2008, the Corporation filed a registration statement with the SEC on Form 40-F to register its common shares under Section 12(b) of the Exchange Act.

On March 26, 2008, Ur-Energy completed a non-brokered private placement flow-through financing of 1,000,000 common shares of the Corporation at a price of \$2.75 for aggregate gross proceeds of \$2,750,000. The financing enabled a 2008 summer exploration program for Ur-Energy’s Bugs Project in Nunavut, Canada including further prospecting, radon surveys and a drilling program which was completed in September 2008.

On July 24, 2008, the Corporation’s common shares were listed on NYSE Amex (formerly American Stock Exchange) under the symbol “URG”.

On November 7, 2008, the board of directors of the Corporation approved the adoption of a Shareholder Rights Plan designed to encourage the fair and equal treatment of shareholders in connection with any takeover bid for the Corporation’s outstanding securities. The Rights Plan was not adopted by the Corporation’s board of directors in response to any specific proposal or intention to acquire control of the Corporation. Rights were issued pursuant to the Rights Plan effective on November 7, 2008. In accordance with the TSX requirements,



the Corporation will seek approval and ratification of the Rights Plan at its next annual and special meeting of shareholders scheduled for April 28, 2009.

#### *Regulatory*

On February 29, 2008, the Corporation voluntarily requested that its application to the NRC for its Lost Creek Project be withdrawn to enable the Corporation to include upgrades to its application. The license application to the NRC had been submitted on October 30, 2007. Subsequent upgrades to the project's operational plan and other advances in the health physics information and analysis prompted the Corporation to update its NRC license application. The Corporation submitted its upgraded license application to the NRC on March 24, 2008.

On May 22, 2008, Ur-Energy received notice from the WDEQ that the agency had found the Lost Creek Permit to Mine Application to be complete. The Corporation was authorized to proceed with formal public notice of the application, which was completed in a timely manner. The WDEQ also initiated its technical review of the Corporation's application and the Corporation is in the process of providing additional information requested by the WDEQ.

On June 17, 2008, the Corporation announced that the NRC deemed the Corporation's application to construct and operate the Lost Creek ISR Project acceptable. The NRC indicated that it would commence a detailed technical and environmental review of the Corporation's application, for which the Corporation continues in the process of providing additional information requested as to both reviews.

On September 10, 2008, the Corporation provided an update to the Lost Creek Project timeline based on recently released licensing guidance from the NRC. As a result of meetings between Ur-Energy and other Wyoming near-term producers and NRC officials in early September, Ur-Energy revised its expectation for the issuance of the Lost Creek Project's NRC license from the second quarter 2009 to the fourth quarter 2009. First production from the Lost Creek Project is now anticipated in the second half of 2010.

#### *Technical*

On April 2, 2008, the Corporation released the results of a Preliminary Assessment for the Lost Creek Project. The Preliminary Assessment was prepared by Lyntek Incorporated in accordance with National Instrument 43-101 ("NI 43-101"). The purpose of the report was to provide an independent analysis of the potential economic viability of the mineral resources of the Lost Creek Project.

On June 19, 2008, the Corporation announced the commencement of the 2008 drilling program at the Bootheel property in southern Wyoming. The Bootheel property, together with the Buck Point property, make up The Bootheel Project, LLC, a venture in which Ur-Energy and Target Exploration and Mining Corporation are members. Target is the operator and is currently earning a 75% interest in the project.

On August 18, 2008, the Corporation announced the continued expansion of its technical expertise by adding necessary personnel for the build up toward construction and production.

On November 12, 2008, the Corporation announced that it had completed the 2008 drilling program which had commenced in May 2008 at its Lost Creek Project. Activities included the drilling of 459 drill holes which included delineation drill holes, monitoring wells and exploration drill holes. In addition, the Corporation's engineering staff continued its evaluation of the Lost Soldier Project.

#### *Principal Capital Expenditures and Divestitures*

During the year ended December 31, 2006, the Corporation invested cash of \$1.0 million in mineral properties, bonding deposits and capital assets. The majority of these expenditures went toward mineral properties. The capital asset purchases were primarily for field equipment purchased to facilitate the exploration and development work programs in Wyoming.

During the year ended December 31, 2007, the Corporation invested cash of \$3.5 million in mineral properties, bonding deposits and capital assets. The majority of these expenditures went toward mineral properties and bonding deposits. The capital asset purchases were primarily for field vehicles and field equipment purchased to facilitate the exploration and development work programs in Wyoming.

During the year ended December 31, 2008, the Corporation invested cash of \$3.5 million in mineral properties, bonding deposits, capital assets and design work on the Lost Creek plant. The majority of these expenditures went toward bonding deposits and the purchase of capital assets. The capital asset purchases were primarily for field vehicles and field equipment purchased to facilitate the exploration and development work programs in Wyoming.

No significant capital expenditures are currently in progress. Pursuant to the Corporation's revised policy, the Corporation is continuing to develop the Lost Creek property and is incurring costs which are presently being charged to expense as incurred.

## **B. Business overview.**

### Lost Creek Project

The Lost Creek uranium deposit is located in the Great Divide Basin, Wyoming. The deposit is approximately three miles (4.8 kilometers) long and the mineralization occurs in four main sandstone horizons between 315 feet (96 meters) and 700 feet (213 meters) in depth.

As identified in the June 2006 Technical Report on Lost Creek, NI 43-101 compliant resources are 9.8 million pounds of  $U_3O_8$  at 0.058 percent as an indicated resource and an additional 1.1 million pounds of  $U_3O_8$  at 0.076 percent as an inferred resource. During 2006, 17 cased monitoring and pump test wells were completed on the property, and initial testing was completed.

The 2007 drilling program included 58 additional monitor and pump test wells, two water wells and a total of 195 delineation drill holes. This program enabled the Corporation to obtain additional baseline and hydrogeologic data within the first mine unit area for engineering assessments; for the WDEQ Permit to Mine application; for the NRC Source Material License application; and, for the WDEQ Mine Unit #1 Permit application. In addition, six condemnation holes were drilled to make certain the potential target plant location was not over any part of the ore body.

In October 2007, the Corporation submitted its Application to the NRC for a Source Material License for the Lost Creek project. This license is the first stage of obtaining all necessary licenses and permits to enable the Corporation to recover uranium via in situ recovery method at the Lost Creek project. The collection and compilation of the extensive environmental background data for the application was a two-year process. In February 2008, the Corporation requested that the NRC application for its Lost Creek project be withdrawn to enable the Corporation to include upgrades to its application with respect to the project's operational plan and other advances in the health physics information and analyses. In March 2008, the Corporation re-submitted the Source Material License application to the NRC. In June 2008, the NRC notified the Corporation it deemed the Lost Creek application complete. The NRC thereafter commenced its detailed technical and environmental review of the Corporation's application.

In 2007, the Corporation also submitted the Lost Creek Mine Permit Application to the WDEQ. Individual mine unit applications for each well field will be submitted to cover each mine unit or well field that will be produced on the Lost Creek project. In May 2008, the Corporation received notice from the WDEQ that the agency found the application to be complete, and authorized the Corporation to proceed with formal Public Notice of the application, which was subsequently timely completed by the Corporation. The Lost Creek Project Permit Area, as submitted to the WDEQ, comprises 4,220 acres (1,708 hectares) and consists of 201 mining claims and one state mining lease.

Throughout the latter part of 2008 and, to date, in 2009, the Corporation has been responding to requests from both agencies for additional information, which is part of the routine process toward completion of the technical and environmental reviews of the applications.

In February 2008, an in-house economic analysis on the Lost Creek project was completed by the Corporation's engineering team. An independent technical report under NI 43-101 was subsequently prepared by Lyntek Incorporated ("Lyntek"). The purpose of the report was to provide an independent analysis and preliminary assessment of the potential economic viability of the mineral resource of the Lost Creek project. The resulting base case in the preliminary assessment prepared by Lyntek returned a pre-tax internal rate of return of 43.6% at a price of US\$80 per pound U<sub>3</sub>O<sub>8</sub>, and demonstrated that the project would be economic at prices above US\$40 per pound U<sub>3</sub>O<sub>8</sub>.

In September 2008, the Corporation announced an update to the Lost Creek permitting and production timeline based on further licensing guidance from the NRC. Based upon an NRC release of updated guidance on its expected publication of a final Generic Environmental Impact Statement for In-Situ Leach Uranium Milling Facilities ("GEIS") in a July 28, 2008 Federal Register notice (Vol.73, No. 145), the NRC revised its expected publication date from January 2009 to June 2009.

In early September 2008, the Corporation conducted meetings with senior officials of the NRC to confirm how the revised GEIS completion date would affect the timing of the issuance of licenses to presently pending applicants, including Lost Creek. As a result of the meetings, Ur-Energy revised its expectation for the issuance of the Lost Creek's NRC license from second quarter 2009 to fourth quarter 2009. First production from the Lost Creek project is now anticipated to occur in the second half of 2010.

The exploration and development program for 2008 at Lost Creek was designed to further delineate known resources, explore the permit area for additional resources outside of the known areas, and to install the monitoring wells required for the first mine unit. The program included the following activities:

- Drilling as follows:
  - o 300 delineation holes within the proposed mine unit area to provide detailed definition of the extent of minable uranium resources.
  - o 99 exploration holes were drilled to test for potential extensions of mineral trends. Drill hole depths ranged from 600 to 1,000 feet (183 to 305 meters).
  - o 48 cased monitor and pump test wells were installed within and surrounding the first proposed mine unit. These wells will be utilized for production monitoring.
  - o Ten regional baseline wells were also installed at the request of the WDEQ. The average well depth is approximately 450 feet (137 meters).
  - o Two water supply wells were drilled, cased and completed.
- The program employed seven contract drill rigs throughout much of the six-month drilling program. Geophysical logging units were also contracted to provide measurements of down-hole equivalent uranium mineralization. These were complemented by Ur-Energy's Prompt Fission Neutron "PFN" logging truck, capable of providing down-hole chemical uranium measurements.
- Core samples from several holes were obtained. Chemical uranium analyses of the core samples have been conducted, and will be used as referee and quality control measurements to be compared to the down-hole logging measurements of mineralization. Leach testing will also be conducted on selected core samples. All wells were cased in accordance with WDEQ guidelines and regulations; plugging and permanent abandonment of all uranium exploration and delineation boreholes was completed.
- Surveys of soils and geotechnical borings were conducted to assist in the evaluation of plant and road facilities design.

Following the 2008 drilling program, Ur-Energy personnel oversaw the drilling of a deep test well at Lost Creek. The well will be utilized to test the stratigraphy and groundwater quality for purposes of permitting a future disposal well(s) to support site operations. The well reached a total depth of 9,894 feet (3,016 meters), on December 17, 2008 and was then cased. Additional well data will be obtained in 2009 to support the

Corporation's permitting activities. Also during fourth quarter of 2008, the Corporation completed the pump testing of the monitor wells associated with the first mine unit.

During 2008, the Corporation purchased and mobilized operational equipment, including: backhoes, a water truck, a forklift, light and heavy trucks, trailers, offices, a hose reel, generators and cementers. In 2009, the Corporation's engineering staff, assisted by TREC Engineering, has completed the detailed designs and specifications for all components of the Lost Creek ISR Plant and Mine Unit # 1. Requests for bids are being prepared to be provided to vendors and contractors. Procurement will be ongoing throughout 2009. Construction at the Lost Creek site will begin upon receipt of the necessary permits.

A royalty on future production of 1.67% is in place with respect to 20 claims comprising a small portion of the Lost Creek project.

#### *Technical Report Summaries*

The following are the executive summaries from the two technical reports completed on the Lost Creek Project. A Preliminary Assessment, completed in 2008 by John I. Kyle, P.E. and Douglas K. Maxwell, P.E. of Lyntek, is the more recent NI 43-101 technical report and was prepared to provide an independent analysis and preliminary assessment of the potential economic viability of the mineral resource of the Lost Creek Project. In 2006, an NI 43-101 Technical Report was prepared by C. Stewart Wallis, P.Geo, a consulting geologist associated with Scott Wilson Roscoe Postle Associates Inc. (formerly, Roscoe Postle Associates Inc. ("RPA")).

As noted above, considerable development and changes have been made on the Lost Creek property since these reports, particularly the initial Wallis report, were produced. Total drilling on the project to date by Ur-Energy is 746 holes for a total of 477,788 feet (145,630 meters). Most of this drilling, however, has been geared toward advancing the primary resource at the Lost Creek deposit toward production. For the most part, the detailed drill holes (300 to 400 holes to delineate each mine unit at 100 foot spacing) were drilled for mine unit design and layout purposes. These holes are closely spaced for the mine unit planning and specifically *not* for the purpose of adding resources.

#### *April 2008*

The following is the Executive Summary extracted from the technical report dated April 2, 2008 and titled "Preliminary Assessment for the Lost Creek Project, Sweetwater County, Wyoming", which was prepared for the Corporation in accordance with NI 43-101 by Lyntek Incorporated ("Preliminary Assessment – Lost Creek"). The full Preliminary Assessment – Lost Creek can be viewed under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### EXECUTIVE SUMMARY

Lyntek has generated a preliminary assessment or scoping study of the Lost Creek uranium in situ recovery (ISR) project located in Sweetwater County, Wyoming. Lost Creek ISR, LLC a wholly owned subsidiary of Ur-Energy USA Inc. controls the property and has evaluated the potential to place the property in production through the use of an in-house economic analysis. Lyntek has reviewed the analysis and has made changes as necessary to represent the project's economics. During this effort, we reviewed several technical details regarding the project.

Lyntek has relied upon work conducted by an earlier NI 43-101 study that defined the uranium resources (C. Stewart Wallis, 2006). The Lost Creek resources are based on a minimum grade of 0.03 percent U<sub>3</sub>O<sub>8</sub> and a minimum grade thickness (GT) equal to or greater than 0.3 are reported in the table below.

<b>Reserve Classification</b>	<b>Tons (Millions)</b>	<b>Average Ore Zone Thickness (feet)</b>	<b>Uranium Grade (Percent U<sub>3</sub>O<sub>8</sub>)</b>	<b>Pounds U<sub>3</sub>O<sub>8</sub> (millions)</b>
Indicated	8.5	19.5	0.058	9.8
Inferred	0.7	9.6	0.076	1.1

Indicated Resources were defined by 200 feet spacing with the exception of a few sections drilled off at 50 feet spacing. Detailed drilling on closer spacing (up to 50 feet) will be necessary prior to the final engineering designs and the ISR mining of individual mine units during the life of the mine. Individual mine units will be drilled out with hydrologic testing just prior to mining each mine unit. Detail drilling of the first mine unit planned is not completed at this time. The size and shape of individual mine units may vary when detailed drilling is carried out on each unit and the hydrologic characteristics of each mine unit may vary from mine unit to mine unit.

Since the practice of ISR mining is to drill out individual mine units just prior to mining each unit, this Preliminary Assessment report can only use indicated mineral resources which are considered too speculative geologically to have economic considerations applied to them to be categorized as Mineral Reserves. A conservative approach to this preliminary assessment of the Lost Creek Project has been employed by using an in-place indicated resource of 8.1 million pounds of  $U_3O_8$  defined by a model of 6 individual mine units averaging 1.2 to 1.4 million pounds of  $U_3O_8$ . Assuming an 80 percent uranium recovery, it is projected that there will be 6.5 million pounds of  $U_3O_8$  produced. The uranium mineralization is primarily located in the HJ and the UKM sandstone horizons at average depths of 435 feet and 555 feet, respectively.

Lost Creek ISR, LLC has conducted hydrologic studies through its contractor Petrotek Engineering Corporation (October 2007) of the mineralized HJ sandstone horizon. These studies show that the sandstones appear to have adequate hydrologic characteristics that will support ISR operations. In addition, it has been concluded that the shale layers above and below the HJ ore zone will act as adequate geologic members to contain the lixiviant within the desired production zone and prevent the migration of the lixiviant to water bearing geologic zones above and below the target mineralized zone.

It is important to note that there is an east-west scissor fault located down the axis of a significant portion of the resources. This fault will impact mining operations. The hydrology studies also defined the scissor fault as a tight zone which acts as a barrier to groundwater flow across the fault. In addition, there is a difference in ground water elevations within the HJ structure as the fault line is crossed. The water level on the south side of the fault lies below the water level on the north side of the fault. Work in evaluating the UKM sandstone horizon has begun but needs to be finalized to determine if it has suitable characteristics consistent with the HJ horizon.

Leach studies have been conducted in 2005 and 2007. The leach studies conducted in 2005 used bottle roll tests on six one-foot core sections from five drill holes. The uranium grades within these six samples ranged from a low of 0.040 to a high of 0.480. With the application of 25 pore volumes of lixiviant containing 2 grams/liter  $HCO_3$  and 500 milligrams/liter of  $H_2O_2$ , the recoveries ranged from 59.4 to 92.8 percent. Interestingly, the high grade sample showed the lowest recovery and it is quite possible that additional pore volumes of lixiviant would remove additional uranium as the last pore volume contained 68 milligrams of uranium, so recovery would likely improve to some degree on this high grade ore. The next lowest recovery was 75.0 percent. The 2007 leach study focused on a homogenized production zone from one hole in the HJ horizon. The goal of this test group was to review a matrix of different chemistries in an effort to determine the most appropriate lixiviate chemistry for the project. Results of the tests show an elevated bicarbonate concentration may be required to maximize productivity at the Project. Natural groundwater with peroxide yielded a 20 percent ultimate recovery while all lixiviants with a bicarbonate concentration greater than 1.0 g/L averaged 88.6 percent ultimate recovery with a range of 84.1 to 93.3 percent.

Project economics have been developed assuming a 6000 gpm ISR processing plant producing one million pounds of  $U_3O_8$  per year. During the first two years, yellowcake slurry will be produced while a dryer is being permitted and constructed so that afterwards dry yellowcake can be produced. The capital costs for plant equipment and facilities also include capital costs for a larger plant that will accommodate an additional one million pounds of  $U_3O_8$  for processing resin from other properties including those belonging to Ur-Energy USA Inc. However the operating costs and sales of this additional yellowcake capacity have

not been included in the economics analysis. It is assumed that the additional capital investment will present an un-quantified opportunity.

In Lyntek's assessment of the economics for the project, we find that the project will produce results that are quite robust. The economic assessment assumes contingencies of 20 percent for both capital and operating costs. Lyntek has used a price forecast of \$80 as an indicator of likely uranium prices in the future. Per Nuclear Market Review, this price is \$15 below the current fixed price contract and \$7 above the spot price indicator of February 29, 2008. Because of the volatility of uranium prices, this price appears to be a reasonable price upon which the project's economics can be based. To allow for the volatility of the uranium price, we have assumed a price swing potential of \$40 per pound of U<sub>3</sub>O<sub>8</sub> and developed additional economic cases upon those swings to allow stakeholders to properly evaluate the potential economics of the project under possible price conditions. Because of the extreme difficulty in forecasting current uranium prices, it is recommended that stakeholders pay particular attention to the lower limit price forecast as a measure of evaluating risk for the project. In addition to assist with forecast issues, cost sensitivities were also modeled to evaluate potential cost variances. The results of these economic analyses are shown in Table 1-2.

**Table 1-2 Economic Indicators**

<b>Case</b>	<b>Revenue (\$MM)</b>	<b>Pre-tax IRR (%)</b>	<b>NPV @ 10% (\$MM)</b>
Case 1 Base Case U <sub>3</sub> O <sub>8</sub> \$80	516.2	43.6	106.8
Case 2 U <sub>3</sub> O <sub>8</sub> \$40	258.1	-1.9	-23.2
Case 3 U <sub>3</sub> O <sub>8</sub> \$120	774.3	73.8	236.8
Case 4 U <sub>3</sub> O <sub>8</sub> \$80 Operating Costs +20%	516.2	39.0	90.6
Case 5 U <sub>3</sub> O <sub>8</sub> \$80 Operating Costs - 20%	516.2	48.2	122.9
Case 6 U <sub>3</sub> O <sub>8</sub> \$80 Capital Costs +20%	516.2	36.7	94.3
Case 7 U <sub>3</sub> O <sub>8</sub> \$80 Capital Costs -20%	516.2	52.5	119.3
Case 8 Worst Case U <sub>3</sub> O <sub>8</sub> \$40 Op. & Cap. Costs + 20%	258.1	-7.6	-51.7
Case 8 Best Case U <sub>3</sub> O <sub>8</sub> \$120 Op. & Cap. Costs - 20%	774.3	90.0	265.7

(a) This analysis is conducted upon operating and capital costs that include contingencies of 20%, respectively. The ranges cited above assume that the operating and capital estimates, inclusive of contingencies, may range in actuality by 20 percent.

For the life of the mine, the economic assessment estimates the average operating cost at \$19.46 per pound and, with a 20 percent contingency, 23.36 per pound of U<sub>3</sub>O<sub>8</sub>. The capital cost for the plant is estimated at \$30.0 million. The development of the property, inclusive of header houses, drilling, environmental, engineering, and permitting is forecast at \$23.9 million. Contingencies of \$8.6 million are added to provide a total capital cost of \$62.5 million to start the project in 2009. Of this amount, \$5.5 million has already been spent to advance the project to the current stage. The bonding estimate, which is included in the cash flow assessment, requires \$5.5 million in spending up to the start of production, of which \$1 million has already been spent. The allocated purchase price of the property, which is included in the economics as sunk capital, is \$9 million. The remaining expenditures to bring the project into production, at this point in time is then, \$61.5 million, including contingencies. Lyntek is of the opinion that these costs fairly represent the expected capital and operating costs of the project.

Based upon this economic assessment, it is recommended that work continue upon this project to further analyze the project, work to reduce risks, continue to permit and plan to execute the project as it appears to be worthwhile to continue these efforts. It is recommended that more extensive hydrologic and leach tests be conducted to better define these important considerations. Furthermore, there is no certainty that the results projected in the Preliminary Assessment will be realized and actual results may vary substantially.

The following is the Executive Summary extracted from the technical report dated June 15, 2006 and titled “Technical Report on the Lost Creek Property, Wyoming”, which was prepared for the Corporation in accordance with NI 43-101 by C. Stewart Wallis, P.Geo, a consulting geologist associated with Scott Wilson Roscoe Postle Associates Inc. (formerly, Roscoe Postle Associates Inc.) (“Technical Report – Lost Creek”). The full Technical Report – Lost Creek can be viewed under the Corporation’s profile on the SEDAR website at www.sedar.com.

**EXECUTIVE SUMMARY**

RPA was retained by Ur-Energy to prepare an independent Technical Report on the Lost Creek Project in the State of Wyoming, USA.

The Lost Creek Project consists of 184 unpatented lode claims and one state section lease totaling 4,379 acres, 90 miles southwest of Casper, Wyoming. The property was extensively drilled in the 1970s by Texasgulf Inc. (TG) and, more recently, Ur-Energy has completed a program of data compilation and 10,420 ft. of confirmation drilling.

The current resources at the Lost Creek Project as at May 30, 2006, based on a minimum grade of 0.03% U<sub>3</sub>O<sub>8</sub> and a grade thickness (GT) equal to or greater than 0.3 are reported in Table 1-1. RPA is of the opinion that the classification of resources as stated meets the CIM definitions as adopted by the CIM Council on November 14, 2004, as required by National Instrument 43-101.

**Table 1-1 Lost Creek Resources – 2006  
Ur-Energy Inc. – Lost Creek Project**

<b>Classification</b>	<b>Tons (Millions)</b>	<b>Average Thickness (Ft.)</b>	<b>Grade % U<sub>3</sub>O<sub>8</sub></b>	<b>Pounds U<sub>3</sub>O<sub>8</sub> (Millions)</b>
Indicated	8.5	19.5	0.058	9.8
Inferred	0.7	9.6	0.076	1.1

Preliminary leach tests indicate that the mineralization is amenable to leaching with an oxygenated lixiviant. The main mineralized horizons, which have an approximate stratigraphic thickness in excess of 130 ft., are confined by impermeable mudstones above and below the mineralization and, therefore, are considered to be ideal for the use of in situ leaching (ISL) methodology.

Ur-Energy has proposed a US\$2.975 million budget to advance the project during the year ending June 2007. The proposed program includes the drilling of 17 wells in order to carry out pump tests and water quality analysis, permitting, collection of environmental data, and feasibility studies. Ur-Energy is planning to submit an application for mine permits by mid 2007.

RPA is of the opinion that Ur-Energy should continue with the drilling, pump tests, permitting and feasibility studies leading to a production decision.

**TECHNICAL SUMMARY**

The Lost Creek Project is located 90 miles southwest of Casper, Wyoming, and 25 miles south of Jeffrey City, which is located on U.S. Highway 287. The property is readily accessible year round by an extensive system of gravel and dirt roads extending from Jeffrey City.

Climax Amax Inc. acquired the property in 1968 and discovered low-grade mineralization in the Battle Springs formation. TG acquired the property in 1976, optioned the adjoining Conoco ground in 1978, and completed drilling with the discovery of the continuation of the Main Mineral Trend (MMT) eastward from the Lost Creek Project. Leach tests using bicarbonate lixiviant resulted in uranium extraction ranging from 60% to 80%. TG dropped the project in 1983 due to economic conditions.

From 1986 to 1988, Power Nuclear Corporation (PNC) Exploration of Japan acquired a 100% interest in the project from Cherokee Exploration Inc., the then owner of the property, and conducted geologic and in situ leach evaluations. In 2000 New Frontiers Uranium LLC (NFU) acquired the property and the database from PNC.

About 3,000 rotary drill holes totaling some 1.36 million ft. have been completed on or near the property, with the MMT being drilled off at 200 ft. centres with some infill at closer spacing.

There have been a number of resource estimates completed by the various owners since 1978. In 1982, TG reported a total resource of 5.7 million lbs of contained  $U_3O_8$  in 4.6 Mt at an average grade of 0.062%  $U_3O_8$  using a polygonal method with varying cut-offs. These resources are historical in nature and Ur-Energy is not treating the historical estimates as NI 43-101 defined resources or reserves verified by a qualified person, and the historical estimates should not be relied upon.

Mineralization is found at depths ranging from 150 ft. to 1,150 ft. in fluvial arkosic sandstones of the Eocene Battle Spring Formation that dip from 3° northwest to 3° southwest. Thick-bedded (up to 50 ft. thick), medium- to coarse-grained sandstones make up about 60% of the section at Lost Creek and host the uranium deposits. Siltstone, shale, and claystone are interbedded with the sandstones. The main zone of mineralization at Lost Creek strikes east-west for at least four miles (half of which is well defined) and is up to 2,000 ft. wide, with intercepts ranging from 350 ft. to 700 ft. deep. Mineralization is in the form of fine-grained intergrowths of coffinite with pyrite, as coatings, fracture fillings, and rimming voids. Grade ranges from 0.03%  $U_3O_8$  to 0.20%  $U_3O_8$ , with an average of intercepts in the mineralized envelope of the MMT at 0.04%  $U_3O_8$ . The thickness of individual mineralized beds at Lost Creek locally ranges from 5 ft. to 28 ft., and averages 16 ft. It appears that there are no high-grade intercepts greater than 0.5%  $U_3O_8$ . Generally, the deposit has uniformly low grade intercepts in thick mineralized horizons, with continued alteration to the north.

Ur-Energy carried out a drill program totaling 10,420 ft. in 14 holes during October and November 2005. Twelve holes were spotted within 5 ft. to 10 ft. of the historical drill holes in order to verify mineralization intersected in those older holes and to allow comparison of the mineralized intervals. One hole was drilled between two historical holes 200 ft. apart in order to verify continuity of the mineralization. The holes were surveyed with a down-hole geophysical probe and selected intervals of core were sampled for chemical assays. Measurements taken by the down-hole probe include gamma logs, self potential, resistivity, and hole deviation. A total of 188 samples were chemically analyzed at Energy Laboratories Inc. (Energy Labs) of Casper, Wyoming, using standard industry analyses. Energy Labs has been carrying out uranium analysis for over 25 years and is considered to be a recognized laboratory.

Ur-Energy selected a total of six one-foot samples from the recent drilling to undergo bottle roll leach tests. The work was carried out over an 80 hour period at Energy Labs using a lixiviant of sodium bicarbonate and hydrogen peroxide. Analysis of the leach solutions indicated leach efficiencies of 52% to 94%. Tails analysis indicated an average  $U_3O_8$  extraction of 82.8%.

AATA International Inc., an environmental consultancy at Fort Collins, Colorado, reports that, based on the experience of two permitted projects, approval of a new greenfield ISL project could require three to four years after the decision to proceed with a baseline data collection. Ur-Energy will fast-track the project to shorten the timetable by one year by carrying out concurrent studies wherever possible and being proactive with the agencies. The schedule is driven by the collection of the environmental baseline data and project data. Ur-Energy has commenced collection of the baseline data required, and permission has been received from the Wyoming Department of Environmental Quality (WDEQ) for the drilling of 17 wells to be used for pump tests that will commence in June. The pump tests will provide information on water quality and permeability of the sandstones relative to the horizontal and vertical flow. Wildlife, meteorological, soil and vegetation surveys have commenced, and archaeological and radiology surveys are scheduled for this summer.

A total of 576 holes were identified within the current property boundary. These holes contained 628 mineralized intervals equal to or greater than 0.03%  $U_3O_8$ . The majority of the data consisted of  $U_3O_8$  grade estimated from geophysical logs. Chemical assays were used where available (17 holes), representing approximately 4% of the intervals. GT values were calculated for each hole, using a cut-off of 0.03%  $U_3O_8$ . All intercepts below the water table contributed to the total thickness. A 0.3 GT boundary



was used to create polygons, from which the area was calculated. Nineteen (19) holes within this boundary, but with a GT value of less than 0.3, were excluded from the estimate.

RPA reviewed selective geophysical drill logs, compared the TG drill holes and geophysical logs with the twins drilled by Ur-Energy, and considers the data appropriate for use in a resource estimate.

A cut-off grade of 0.03%  $U_3O_8$  and a GT product equal to or greater than 0.3 were used to define the mineral resources. This is based on a uranium price of US\$40 per pound and estimated operating costs of approximately US\$20 per pound.

Classification of the resources was determined by a combination of grade continuity and drill hole spacing, nominally 200 ft. centres for indicated resources, with the exception of several section lines that have been drilled off at 50 ft. spacing along the sections.

### Lost Soldier Project

The Lost Soldier Project is located approximately 14 miles (22.5 kilometers) to the northeast of the Lost Creek Project. The property has over 3,700 historical drill holes defining 14 mineralized sandstone units. As identified in the July 2006 Technical Report on Lost Soldier, NI 43-101 compliant resources are 5.0 million pounds of  $U_3O_8$  at 0.064% as a measured resource, 7.2 million pounds of  $U_3O_8$  at 0.065% as an indicated resource and 1.8 million pounds of  $U_3O_8$  at 0.055 % as an inferred resource. The Corporation maintains 143 lode mining claims at Lost Soldier, totaling approximately 2,710 mineral acres. Of these 143 mining claims, 60 are new claims which were staked in 2008 for mine engineering design purposes. A royalty on future production of 1%, which arises from a data purchase, is in place with respect to certain claims within the project.

All environmental baseline studies were completed in 2007. In January 2008, the Lost Soldier deposit was turned over to the Corporation's engineering staff for detailed engineering evaluation and study, which has been ongoing. Subsequently, in late 2008, members of the geology staff have commenced in-depth studies which focus on detailed mapping of the roll-front geology. These studies will then be followed by detailed mine design planning, and a preliminary assessment, all of which are expected to proceed in 2009.

In March 2008, the Corporation had requested a separate docket number and technical assignment control number for the Lost Soldier project from the NRC. The Corporation has since determined it will submit the applications to the NRC and WDEQ as amendments to the Lost Creek licenses, after they are issued by those agencies. It is anticipated that the Lost Soldier licensing effort will be streamlined and more efficient as a satellite facility to the Lost Creek project.

### *Technical Report*

The following Executive Summary is extracted from the technical report dated July 10, 2006 and titled "Technical Report on the Lost Soldier Property, Wyoming", which was prepared for the Corporation in accordance with NI 43-101 by RPA (the "Technical Report – Lost Soldier"). The Technical Report – Lost Soldier can be viewed under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### EXECUTIVE SUMMARY

RPA was retained by Ur-Energy, to prepare an independent Technical Report on the Lost Soldier Project in the State of Wyoming, USA.

The Lost Soldier Project consists of 70 unpatented claims totaling 1,400 acres located in Sweetwater County, 90 miles southwest of Casper, Wyoming. The property was extensively drilled in the 1970s and more recently Ur-Energy has completed a program of data compilation and continuation drilling.

The current resources at the Lost Soldier Project as at May 30, 2006, based on a minimum grade of 0.03%  $U_3O_8$  and a grade thickness (GT) equal to or greater than 0.3 are reported in Table 1-1. RPA is of the opinion that the classification of resources as stated meets the CIM definitions as adopted by the CIM Council on November 14, 2004 as required by National Instrument 43-101.

**Table 1-1 Lost Soldier Resources – 2006  
Ur-Energy Inc. Lost Soldier Project**

<b>Classification</b>	<b>Tons (Millions)</b>	<b>Average Thickness (Ft.)</b>	<b>Grade % U<sub>3</sub>O<sub>8</sub></b>	<b>Pounds U<sub>3</sub>O<sub>8</sub> (Millions)</b>
Measured	3.9	21.1	0.064	5.0
Indicated	5.5	17.1	0.065	7.2
Total M+I	9.4	17.2	0.065	12.2
Inferred	1.6	14.5	0.055	1.8

Preliminary leach tests indicate that the mineralization is amenable to leaching with an oxygenated lixiviant. The main mineralized horizons consist of nine sand units ranging from depths of 100 ft. to greater than 450 ft. below the surface and are separated by impermeable mudstones and therefore are considered to be ideal for the use of ISL methodology.

Ur-Energy has proposed a US\$3.145 million budget to advance the project during the year ending June 2007. The proposed program includes the drilling of 17 wells in order to carry out pump tests and water quality analysis, permitting, collection of environmental data and feasibility studies. Ur-Energy is planning to submit an application for mine permits by mid 2007.

RPA is of the opinion that Ur-Energy should continue with the drilling, pump tests, permitting and feasibility studies leading to a production decision.

#### TECHNICAL SUMMARY

The Lost Soldier Project is readily accessible year round by three miles of gravel road from Bairoil, which is approximately 90 miles southwest of Casper.

In the late 1960s, Kerr-McGee Corp. (Kermac) carried out reconnaissance exploration and drilling that showed potential for low-grade mineralization in the Lost Soldier area. Kermac continued drilling through May, 1974 but let the property expire in 1986. More than 5,900 exploration, development, and core holes, totaling over 3.3 million ft. have been drilled in the area, half of which were drilled on 50 ft. to 100 ft. spacing.

Several individuals restaked the property and from 1992 to 1994, Cameco Corporation (Cameco) re-evaluated the property in 1993 and 1994. Cameco completed 28 holes totaling 13,481 ft. including 911 ft. of coring in 19 holes to provide samples for porosity and permeability tests. It is reported that there was excellent permeability in the mineralized sands and low permeability in the confining zones. The leach tests confirmed that the mineralization was amenable to leaching with bicarbonate lixiviant.

Cameco transferred the property to its subsidiary Power Resources in January 1997 and the property was returned to the original owners in 2000. In 2003, New Frontiers ) consolidated the 53 claim property.

Effective June 30, 2005, Ur-Energy entered into the Membership Interest Purchase Agreement where under it agreed to purchase all of the issued and outstanding membership interests in NFU for US\$20 million as part of a package of properties that includes an extensive database. Ur-Energy staked an additional 17 claims adjoining the original property.

There have been a number of historic resource estimates completed by various owners of the property with the most recent being Cameco, (1994) that reported the following resources:

- Demonstrated: 8.4 million pounds of U<sub>3</sub>O<sub>8</sub>
- Inferred: 7.3 million pounds of U<sub>3</sub>O<sub>8</sub>

The resources stated above are historical in nature and Ur-Energy is not treating the historical estimates as National Instrument 43-101 defined resources or reserves verified by a qualified person and the historical estimates should not be relied upon.

The Lost Soldier deposit occurs in the eastern part of the Great Divide Basin in arkosic sandstones of the Eocene Battle Spring Formation. Pliocene pediment and gravel deposits cover the sedimentary rocks and average four ft. thick. The Battle Spring Formation is 900 ft. thick locally and dips 1.5° to 15° west reflecting the Lost Soldier anticline. Mineralized intervals are found at depths ranging from less than 75 ft. to 500 ft. with individual sandstone beds up to 120 ft. thick containing uranium mineralization. Siltstone and mudstone intervals up to 30 ft. thick correlate across the area and separate the upper and lower sandstones. Alteration in barren zones within the geochemical cell shows limonite and hematite staining, kaolinization of feldspar, bleaching, and greenish coloration by chlorite. The area has a static water table 30 ft. to 100 ft. deep, typically 70 ft. to 80 ft.

Uranium occurs as uraninite and coffinite, in roll fronts and in stacked tabular bodies in arkosic sandstones. Some of the mineralization is also related to post-mineral faulting and remobilization. Mineralization occurs in nine or more sandstone horizons, generally 7 ft. to 16 ft. thick. An upper sandstone unit about 100 ft. thick contains most of the uranium mineralization. Grade ranges from 0.04% to 0.20%  $U_3O_8$  with an average of intercepts in the mineralized zone of 0.078%  $U_3O_8$ . Several mineralized fronts extend beyond the core area, providing possible extensions to the deposit to the west-northwest and south.

Ur-Energy completed five rotary holes totaling 1,857 ft. during October and November 2005. The holes were spotted within 5 ft. or 10 ft. of the historical holes in order to verify mineralization intersected in these older holes and allow comparison of the mineralized intervals. Century Geophysical Corp of Tulsa, Oklahoma carried out downhole surveys which included gamma logs, self potential, resistivity and deviation surveys for all the holes. Of the total footage, 197 ft. in five holes were cored and 97 one-foot or 0.5 foot samples were chemically assayed at Energy Laboratories in Casper, Wyoming using a four-acid leach and ICP analysis. Energy Labs has been carrying out uranium analysis for over 25 years and is considered to be a recognized laboratory.

Ur-Energy selected six one-foot samples from the recent drilling to undergo bottle roll leach tests. The work was carried out over an 80 hour period at Energy Labs using a lixiviant of sodium bicarbonate and hydrogen peroxide. Analysis of the leach solutions indicated leach efficiencies of 53% to 94%. Tails analysis indicated an average  $U_3O_8$  extraction of 65.2%.

AATA International Inc., an environmental consultancy at Fort Collins, Colorado, reports that based on the experience of two permitted projects, approval of a new greenfield ISL project could require three to four years after the decision to proceed with a baseline data collection. Ur-Energy will fast-track the project to shorten the timetable by one year by carrying out concurrent studies wherever possible and being proactive with the agencies. The schedule is driven by the collection of the environmental baseline data and project data. Ur-Energy has commenced collection of the baseline data required, and permission has been received from the Wyoming Department of Environmental Quality (WDEQ) for the drilling of 17 wells to be used for monitoring wells and pump tests that will commence in June. The pump tests will provide information on water quality and permeability of the sandstones relative to the horizontal and vertical flow. Wildlife, meteorological, soil and vegetation surveys have commenced and archaeological and radiology surveys are scheduled for this summer.

A total of 3,760 holes within the current property boundary contain mineralized intervals greater than 0.03%  $U_3O_8$  of which 1,933 holes are used in the resource estimate. The majority of the data consist of  $U_3O_8$  grade estimated from geophysical logs. Chemical assays are used where available representing approximately 2% of the intervals. Grade thickness (GT) values were then calculated for each hole, using a cut-off of 0.03%  $U_3O_8$ . All intervals above the cut-offs were summed to provide a total interval thickness in each hole. Only intercepts deeper than 100 ft. contributed to the total thickness. A 0.3 GT boundary was used to create polygons, for which the area was measured. One hundred and fifty (150) holes within this GT boundary but with a GT value below the cut-off of 0.3 were excluded from the resource estimate.

RPA reviewed selective geophysical drill logs, compared the Cameco and Kermac drill holes, chemical assays and geophysical logs with the twins drilled by Ur-Energy and considers all of the drill hole data appropriate for use in a resource estimate.

A cut-off grade of 0.03%  $U_3O_8$  and a grade thickness product (GT) equal to or greater than 0.3 were used to define the mineral resources. This is based on a uranium price of US\$40 per pound and estimated operating costs of approximately US\$20 per pound.

Classification of the resources was determined by a combination of grade continuity and drill hole spacing, nominally 50 ft. centres for measured resources, 100 ft. centres for indicated and up to 200 ft. for inferred resources.

### ***C. Organizational Structure.***

The Corporation has three wholly-owned subsidiaries: Ur-Energy USA Inc. ("Ur-Energy USA"), a company incorporated under the laws of the State of Colorado for the acquisition and development of properties and, generally, for operations in the United States; ISL Resources Corporation ("ISL"), a company incorporated under the laws of the Province of Ontario; and CBM-Energy Inc. ("CBM"), a company incorporated under the laws of the Province of Ontario, that is a shell company with no assets or liabilities other than those related to its incorporation.

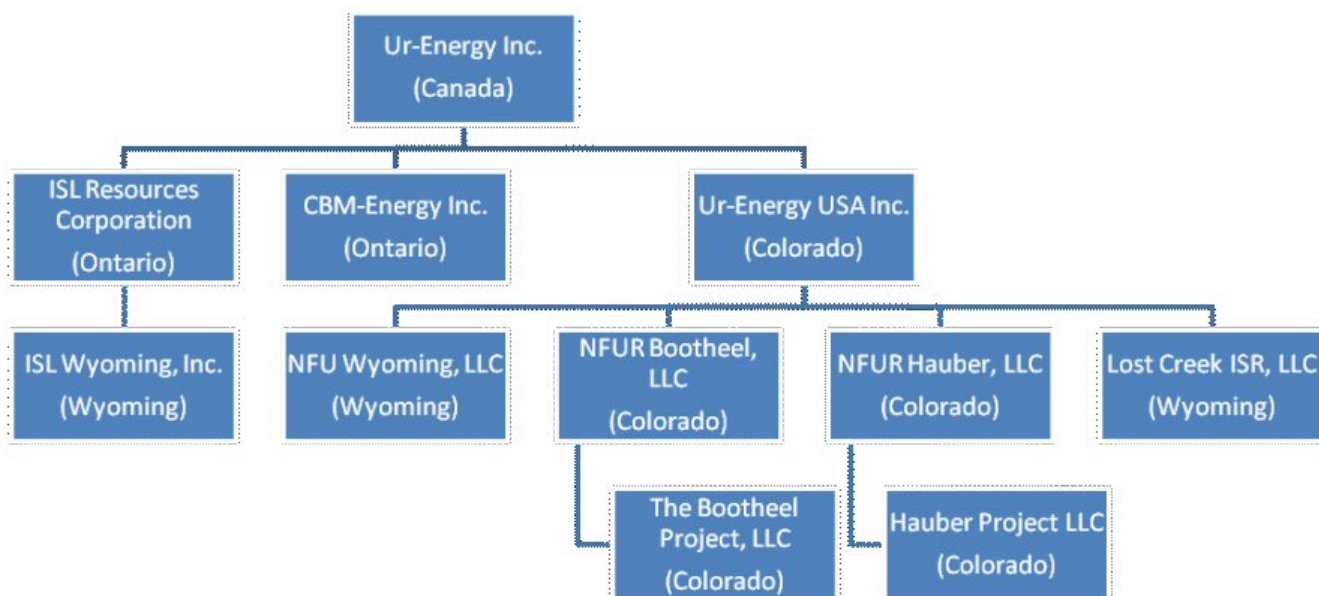
ISL has one wholly-owned subsidiary, ISL Wyoming, Inc., a company incorporated under the laws of the State of Wyoming.

Ur-Energy USA has four wholly-owned subsidiaries: NFU Wyoming, LLC ("NFU"), a limited liability company formed under the laws of the State of Wyoming to facilitate the Corporation's acquisition of certain property and assets and subsequently to be the land holding and exploration branch of the companies; NFUR Bootheel, LLC, a limited liability company formed under the laws of the State of Colorado to facilitate the Corporation's participation in a limited liability company venture agreement with Target Exploration & Mining Corp.; NFUR Hauber, LLC, a limited liability company initially formed under the laws of the State of Colorado to facilitate the Corporation's participation in an exploration, mining and development agreement with Trigon Uranium Corporation (following Trigon's resignation from the entity formed, NFUR Hauber, LLC now is the sole member of the limited liability company formed with Trigon in 2007); and, Lost Creek ISR, LLC, a limited liability company formed under the laws of the State of Wyoming to hold and operate the Corporation's Lost Creek property and assets.

NFUR Bootheel has one wholly-owned subsidiary: The Bootheel Project, LLC, a limited liability company formed under the laws of the State of Colorado to hold the Corporation's Bootheel project and the venture formed with Target Exploration & Mining Corp.

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 the Corporation's Hauber project and the venture initially formed with Trigon Uranium Corporation. NFUR Hauber, is and since August 1, 2008 has been, the only member of Hauber, and is the current manager of the company.

The principal direct and indirect subsidiaries of the Corporation and the jurisdictions in which they were incorporated or organized are set out below:



**D. Property, plants and equipment.**

In addition to Lost Creek and Lost Soldier, the Corporation has a number of other properties in the United States and Canada. The Corporation currently maintains approximately 65,000 mineral acres of exploration lands in Wyoming; and has approximately 62,000 hectares (153,000 acres) in exploration mineral lands in Canada. Previously, as related to its projects in the United States, the Corporation utilized rounded estimates of mining claim mineral acreage based upon number of claims staked multiplied by an estimated standard claim size of 20.66 acres per claim. Recently, the Corporation upgraded and converted its land management system processes to begin calculating mining claim mineral acreage primarily using mapping software which permits more accurate approximations. By way of example, mining claims normally are staked to overlap on adjacent property to eliminate the possibility of gaps and can cover an area larger than actually controlled; as well, claims deliberately may be staked smaller than standard size to cover gaps.

Due to budget constraints imposed during fourth quarter 2008, and the focus on progressing the Lost Creek Project to licensure and production, several cutbacks were made to the exploration programs of the Corporation, including the drilling programs at the North Hadsell and LC North projects. Also as a result of these budgetary controls, the Corporation dropped exploration lands in South Dakota containing over 72,000 acres prior to additional costs of retention being incurred.

In addition to the land position of the Corporation, an in-house team of geologists continues to evaluate the extensive well log and exploration database owned by the Corporation for generating new exploration targets for the future, as well as other possible value – through sale or venture opportunities – of the database.

*Lost Creek and Lost Soldier Projects*

See “Item 4.B – Business Overview” for detailed description and background of the Lost Creek and Lost Soldier Projects.

Other Wyoming Properties

### *EN Project*

The EN project lies approximately five miles east-southeast of the Lost Creek project. The primary goal of the 2007 drilling program was to investigate multiple occurrences of significant uranium mineral intercepts detected at depth in an abandoned oil and gas exploration hole drilled in 1979. A secondary goal was to provide reconnaissance information regarding stratigraphic and alteration characteristics of the Battle Spring Formation to supplement historic drilling data from elsewhere within the property. Three rotary drill holes were completed in 2007 for a total of 8,605 feet (2,623 meters). The results confirmed mineralization in the target zone. Although this planned drilling program was insufficient to substantiate economic concentrations, multiple, previously undetected, horizons of oxidation and trace mineralization were identified in the new drill holes. In 2008, exploration drilling of 11,370 feet (3,468 meters) was completed at the EN project. In January 2009, the Corporation completed an agreement reducing an existing royalty on claims and an area of interest arising from transactions dating back to 2006. With regard to the EN Project, and three other areas, the Corporation was able to eliminate the area of interest and to reduce the royalty from two percent (2%) to one percent (1%) on certain specified mining claims. In a related transaction, the Corporation purchased 66 new claims which have become a part of the EN Project, bringing that project to a total of 533 mining claims, together with one state mining lease.

### *LC North and LC South*

The Corporation has expanded its land holdings in and around the Lost Creek Project, and currently controls a total of 969 unpatented mining claims and one State of Wyoming section for a total of approximately 18,660 mineral acres including the Lost Creek Permit Area, and two other adjacent areas now designated LC North and LC South. The primary goal of the initial drilling program at LC North in 2007 was to investigate numerous occurrences of uranium-bearing intercepts detected by historical exploration drilling by previous operators in the 1970s; and to examine their relationships to the mineralization to be mined at the Lost Creek project. Preliminary evaluation of this historic drilling data indicated the potential for mineral trends in two areas, informally referred to as the East and West areas. The 2007 drilling program, originally planned for 50 exploration holes, was initiated in October 2007, but was halted in December 2007 to divert the drill rigs to activities at the Lost Creek Project. To that point in time, 30 holes were drilled for a total of 29,600 feet (9,022 meters). Drilling focused on the West area where 25 holes were drilled; five holes were drilled in the East area. The results confirmed mineralization occurring in multiple target horizons, many of which correlate stratigraphically with mineral horizons in the Lost Creek trend. Drilling in this area was at variable and wide spacing and did not allow confirmation of mineral continuity or estimation of resources; the results indicate the potential for extension of the Lost Creek mineral trends into the LC North property, as well as the possibility of previously unidentified mineral horizons. Although the Corporation had anticipated additional drilling at LC North in 2008, that exploration drilling was the subject of budget cutbacks in September 2008.

### *Bootheel Project and Limited Liability Company with Target Exploration & Mining Corp.*

On March 17, 2006, Ur-Energy and Energy Metals Corporation (“Energy Metals”) signed an agreement to complete a land swap enabling each company to consolidate its respective land positions in specific project areas in Wyoming. The companies determined that the consolidation of the property positions would create greater efficiencies in exploration and future mine planning. The Corporation traded its Shamrock properties and Chalk Hills properties for Energy Metals’ properties in the Bootheel project area. Pursuant to the agreement, the Corporation received Energy Metals’ 28 unpatented mineral claims known as the TD group in Albany County, Wyoming. Energy Metals received the Corporation’s 356 unpatented “F” mineral claims located in the southern Great Divide Basin in Carbon and Sweetwater Counties, Wyoming along with two unpatented “Rita” mining claims located in the Shirley Basin in Carbon County, Wyoming. Under the terms of the agreement, Energy Metals and the Corporation have granted one another a ½% royalty on future production of uranium from the properties.

In July 2006, 36 new mineral claims were acquired by the Corporation to add to the Bootheel project.

In 2007, the Corporation completed the acquisition of a data package from Power Resources Inc. ("PRI") pertinent to exploration and development in the Shirley Basin, Wyoming for a total purchase price of US\$180,000, which was paid in two equal installments in 2006 and 2007. The data includes drill hole logs for more than 1,000 drill holes, historical resource reports, maps, drill summaries, individual drill hole summaries, handwritten notes, and digital printouts from such previous operators as Cherokee, Kerr McGee, Uradco (PP&L), and Mobil as well as historical feasibility reports from Dames & Moore and Nuclear Assurance.

The Corporation has made this data covering its Bootheel and Buck Point properties, and certain other data, available to the venture with Target (below). The data purchase agreement reserves a 1% royalty interest to PRI on uranium and associated minerals and materials which may be produced from the Bootheel and Buck Point properties.

In 2007, the Corporation entered into an agreement with Target Exploration & Mining Corp. and its subsidiary ("Target"). Under the terms of the agreement, the Corporation contributed its Bootheel and Buck Point properties to The Bootheel Project, LLC (the "Bootheel Project"). The properties cover an area of known uranium occurrences. Target is earning into a 75% interest in the Bootheel Project by spending US\$3.0 million in exploration costs, and issuing 125,000 shares of its common stock to the Corporation, all within a four-year earn-in period. With the completion earlier in 2008 of agreements for additional rights and leased lands, the total project covers a defined area of approximately 8,524 gross and 7,895 net, mineral acres. (The statement of net mineral acres with regard to the Bootheel property arises as a part of the 2008 agreements to which the lessor has a 75% mineral interest.) There are various royalties on future production within the project area.

Earlier in 2008, Target timely issued its second installment of stock (25,000 shares) and confirmed its completion of the first year's required exploration expenditures. Also in 2008, Target completed a 50,000 foot (15,250 meter) drilling program on the Bootheel property. The purpose of the program was to bring the historic resources in National Instrument 43-101 compliance. In January 2009, Target announced that it had completed the acquisition of the final historic data package in behalf of the Bootheel Project. The data package, purchased from Cameco Corp., comprises data from approximately 290,000 feet of drilling carried out by Cameco, Kerr McGee and Uradco. The data acquired includes not only geological logs but also gamma logs containing equivalent uranium ( $eU_3O_8$ ), values. This industry standard method of using  $eU_3O_8$  indicates the amount of uranium present as determined by measuring gamma radiation using a down-hole probe.

In February 2009, Target issued 50,000 additional shares of its stock to the Corporation to complete the stock-based earn-in obligations (third and fourth installments) of the operating agreement of the Bootheel Project.

#### *Hauber Project and Limited Liability Company with Trigon Uranium Corporation*

In 2007, the Corporation entered into agreements with Trigon Uranium Corporation and its subsidiary ("Trigon"). Under the terms of the agreements, the Corporation contributed its Hauber property to Hauber Project LLC (the "Hauber Project"). The Hauber Project is located in Crook County, Wyoming and consists of 205 unpatented lode mining claims and one state uranium lease totaling approximately 4,572 mineral acres. Effective August 1, 2008, Trigon tendered its resignation as a Member and the Manager of the Hauber Project. Transition of management of the Hauber Project back to the Corporation has been completed. Before Trigon's decision not to proceed, it had contracted, as Manager of the Hauber Project, for several outside geologic and hydrologic analytical projects which were completed and submitted during the first half of 2008. The consultants employed abundant historic data to define the geologic setting and assess the potential of the Hauber Project properties for the recovery of uranium through ISR mining methods. Further in-house analysis of these reports is ongoing.

#### **Canadian Properties and Interests**

The Corporation has three properties in the Thelon Basin in northern Canada: Screech Lake (described immediately below), Eyeberry and Gravel Hill. Assessment work was conducted at Gravel Hill in 2008; there are currently no plans for exploration work at Gravel Hill in 2009. In the Baker Lake Basin, the Corporation has one project, the Bugs property (described below).

The Corporation also retains a 5% royalty interest in the Mountain Lake and Dismal Lake West properties (together, comprising 58 claims) on which Triex Minerals Corporation (“Triex”) is currently conducting exploration. The royalty interest arises from a 2006 agreement with Triex with respect to the two properties. Pursuant to the agreement, Triex obtained a 100% interest in the properties in September 2007. Triex retains the right to purchase back one-half of the royalty for \$5,000,000.

#### Thelon Basin Properties

The Thelon Basin Properties are grass roots projects which the Corporation believes have potential for discovery of high-grade unconformity uranium deposits of the Athabasca style. The claims are located on Crown Lands situated in the Thelon Basin of the Northwest Territories. The Thelon Basin is host to the undeveloped Kikkavik-Andrew Lake and End uranium deposits. Of the three properties the Corporation has in the Thelon Basin, the Screech Lake Project remains the Corporation’s priority.

Potential high-grade uranium at the unconformity on the Screech Lake claim group is indicated by high surface radon and radiogenic helium gases in soils and radioactive groundwaters emitted by lake bottom springs. Airborne MEGATEM® surveys and ground electromagnetic surveys confirm a very low resistivity zone underlying the anomalous surface conditions at and above the unconformity contact. This strong basement electromagnetic conductor has been interpreted to be due to clay alteration just above the unconformity. Various geophysical work has been conducted on the property since 2005, as well as a ground exploration program which was completed in 2006.

Highly anomalous radon concentrations and trends were identified. The coincidence of consistent high to extremely high radon with deep structure and conductivity combine to make the North Screech radon trend the primary focus of more advanced exploration on the Screech Lake project.

In 2006, an environmental screening study was completed on the Screech Lake project and an application for a land use permit to conduct drill testing of the Screech Lake anomalies was referred to the Mackenzie Valley Environmental Impact Review Board (“Review Board”) for environmental assessment. In 2007, the environmental assessment was completed and a report and recommendation from the Review Board was issued. The Review Board recommended to the Minister of Indian and Northern Affairs Canada (the “Minister”) that the Corporation’s application to conduct an exploratory drilling program at the Screech Lake property be rejected due to local native community concerns.

In October 2007, the Corporation received notification that the Minister had adopted the recommendation of the Review Board. As part of the decision, the Minister did confirm that the decision does not affect the legal standing of the Corporation’s Screech Lake mineral claims. Discussions with the Minister and other interested parties led the Corporation to conclude that the rejection was influenced, in part, by land claims issues between First Nations groups and the Federal government, and to a lesser extent, environmental concerns related to caribou migration routes and timing of a drill program. In the Corporation’s application for a land use permit, extensive mitigation measures were proposed to ensure that the drilling program would have minimal short-term environmental impact and no long-term effect.

In 2008 the Corporation has continued ongoing discussions with First Nations groups and Aboriginal-owned business corporations to secure an exploration agreement which would allow the Corporation to proceed with re-filing of a drilling proposal and application for land use permit.

#### Bugs Property, Baker Lake Basin

In September 2006, the Corporation entered into an option agreement to acquire the Bugs property in Nunavut, Canada. The Corporation has earned a 100% interest in the property by issuing a total of 85,000 common shares to the vendor. The vendor retains a 2% net smelter royalty, of which 1% is subject to a buyout for \$1.0 million. The Bugs property initially consisted of 11 contiguous mineral claims in the Kivalliq region of the Baker Lake Basin. In 2008 the Corporation staked an additional eight mineral claims, which together total approximately 45,000 acres (approximately 18,000 hectares).



In 2006, a fixed wing aeromagnetic and radiometric survey was conducted on the entire property. The data from this survey resulted in the selection of seven targets based upon structural offset and dilation features in combination with magnetite depletion. In 2007, one of the seven targets was examined; the remaining targets were examined and prioritized during the 2008 summer program by radon sampling techniques, prospecting and rock sampling. This work led to interpreted areas of hydrothermal alteration, elevated radioactivity and high radon flux.

Six drill holes were completed from late-August to mid-September of 2008, for a total of 2,905 feet (885 meters). The program was terminated early due to problems with drilling equipment. Results of the program are being evaluated by the Corporation. The Corporation incurred total exploration and acquisition costs of approximately \$2.0 million during the 2008 program. As a part of this program, the Corporation utilized funds from the flow-through financing it raised in March 2008.

**Item 4A. Unresolved Staff Comments.**

Not applicable.

**Item 5. Operating and Financial Review and Prospects.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Introduction***

The following provides management's discussion and analysis of results of operations and financial condition for the years ended December 31, 2008, 2007 and 2006. Management's Discussion and Analysis was prepared by Company management and approved by the Board of Directors on March 18, 2009. This discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006. All figures are presented in Canadian dollars, unless otherwise noted, and are in accordance with Canadian generally accepted accounting principles.

In December 2008, the Company changed its policy for accounting for exploration and development expenditures. In prior years, the Company capitalized all direct exploration and development expenditures. Under its new policy, exploration, evaluation and development expenditures, including annual exploration license and maintenance fees, are charged to earnings as incurred until the mineral property becomes commercially mineable. Management considers that a mineral property will become commercially mineable when it can be legally mined, as indicated by the receipt of key permits. This change has been applied retroactively and all comparative amounts in this Management's Discussion and Analysis ("MD&A") have been restated to give effect to this change. These changes are discussed more fully under the heading "Changes in Accounting Policies Including Initial Adoption".

The Company was incorporated on March 22, 2004 and completed its first year-end on December 31, 2004. The consolidated financial statements include all of the assets, liabilities and expenses of the Company and its wholly-owned subsidiaries Ur-Energy USA Inc.; NFU Wyoming, LLC; Lost Creek ISR, LLC; The Bootheel Project, LLC; NFUR Bootheel, LLC; Hauber Project LLC; NFUR Hauber, LLC; ISL Resources Corporation; ISL Wyoming, Inc.; and CBM-Energy Inc. 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".

***Forward-Looking Information***

This Management's Discussion and Analysis contains "forward-looking statements" within the meaning of applicable United States and Canadian securities laws. Shareholders can identify these forward-looking statements 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 the Company's 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 Company's belief that it will have sufficient cash to fund its capital requirements; (ii) receipt of (and related timing of) a US Nuclear Regulatory Commission ("NRC") Source Material License, Wyoming Department of Environmental Quality ("WDEQ") Permit and License to Mine and other necessary permits related to Lost Creek; (iii) Lost Creek and Lost Soldier will advance to production and the production timeline at Lost Creek scheduled for late 2010; (iv) production rates, timetables and methods at Lost Creek and Lost Soldier; (v) the Company's procurement plans and construction plans at Lost Creek; (vi) the licensing process at Lost Soldier which efforts are expected to be streamlined; (vii) the timing, the mine design planning and the preliminary assessment at Lost Soldier; (viii) the completion and timing of various exploration programs and (ix) the regulatory issues with the Thelon Basin Properties and related exploration. These other factors include, among others, the following: future estimates for production, production start-up and operations (including any difficulties with start up), capital expenditures, operating costs, mineral resources, recovery rates, grades and prices; business strategies and measures to implement such strategies; competitive strengths; estimated goals; expansion and growth of the business and operations; plans and references to the Company's future successes; the Company's history of operating losses and uncertainty of future profitability; the Company's status as an exploration and development stage company; the Company's lack of mineral reserves; the hazards associated with mining construction and production; compliance with environmental laws and regulations; risks associated with obtaining permits in Canada and the United States; risks associated with current variable economic conditions; the possible impact of future financings; uncertainty regarding the pricing and collection of accounts; risks associated with dependence on sales in foreign countries; the possibility for adverse results in potential litigation; fluctuations in foreign exchange rates; uncertainties associated with changes in government policy and regulation; uncertainties associated with the Canadian Revenue Agency's audit of any of the Company's cross border transactions; adverse changes in general business conditions in any of the countries in which the Company does business; changes in the Company's size and structure; the effectiveness of the Company's management and its strategic relationships; risks associated with the Company's ability to attract and retain key personnel; uncertainties regarding the Company's need for additional capital; uncertainty regarding the fluctuations of the Company's quarterly results; uncertainties relating to the Company's status as a non-U.S. corporation; uncertainties related to the volatility of the Company's shares price and trading volumes; foreign currency exchange risks; ability to enforce civil liabilities under U.S. securities laws outside the United States; ability to maintain the Company's listing on the NYSE Amex (the "NYSE Amex") and Toronto Stock Exchange (the "TSX"); risks associated with the Company's possible status as a "passive foreign investment company" or a "controlled foreign corporation" under the applicable provisions of the U.S. Internal Revenue Code of 1986, as amended; risks associated with the Company's investments and other risks and uncertainties described under the heading "Risk Factors" of the Company's Annual Report on Form 20-F (Annual Information Form) dated March 18, 2009 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and with the US Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

#### ***Nature of Operations and Description of Business***

The Company is a development stage junior mining company engaged in the identification, acquisition, evaluation, exploration and development of uranium mineral properties in Canada and the United States. The Company has not yet determined whether its properties contain mineral reserves. The recoverability of amounts recorded for mineral properties is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these properties and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties. The Company is currently in the process of permitting its Lost Creek property. As identified in the June 2006 Technical Report on Lost Creek, National Instrument 43-101 compliant resources are 9.8 million

pounds of U<sub>3</sub>O<sub>8</sub> at 0.058 percent as an indicated resource and an additional 1.1 million pounds of U<sub>3</sub>O<sub>8</sub> at 0.076 percent as an inferred resource.

The Company is focused on uranium exploration in the following areas: (i) Wyoming, USA where the Company has fourteen properties. Of those fourteen properties, ten are in the Great Divide Basin, two of which (Lost Creek and Lost Soldier) contain defined resources that the Company expects to advance to production. The Company's other Wyoming projects include two properties in the Shirley Basin, one property in the Greater Black Hills, and one property in the Powder River Basin; (ii) Arizona, USA where the Company has acquired a property in Yuma County; (iii) the Thelon Basin, Northwest Territories, Canada, where it has three properties; and (iv) Baker Lake Basin, Nunavut, Canada, where it has one property.

### ***Selected Information***

The following table contains selected financial information as at December 31, 2008 and December 31, 2007.

	<b>As at December 31, 2008 \$</b>	<b>As at December 31, 2007 \$ (As restated)</b>
Total assets	101,533,965	110,931,322
Liabilities	3,256,634	2,092,296
Net assets	98,277,331	108,839,026
Capital stock and contributed surplus	157,118,019	149,826,129
Deficit	(58,840,688)	(40,987,103)
Shareholders' equity	98,277,331	108,839,026

The following table contains selected financial information for the years ended December 31, 2008, 2007 and 2006 and cumulative information from inception of the Company on March 22, 2004 to December 31, 2008.

	<b>Year Ended December 31, 2008 \$</b>	<b>Year Ended December 31, 2007 \$ (As restated)</b>	<b>Year Ended December 31, 2006 \$ (As restated)</b>	<b>Cumulative from March 22, 2004 to December 31, 2008 \$ (As restated)</b>
Revenue	Nil	Nil	Nil	Nil
Total expenses <sup>(1)</sup>	(25,967,711)	(22,959,356)	(12,395,814)	(70,879,783)
Interest income	2,494,445	2,816,398	629,724	6,078,439
Foreign exchange gain (loss)	5,656,319	(806,420)	(177,141)	5,568,239
Other income (loss)	(36,638)	-	-	(36,638)
Loss before income taxes	(17,853,585)	(20,949,378)	(11,943,231)	(59,269,743)
Recovery (loss) of future income taxes	-	429,055	-	429,055
Net loss for the period	(17,853,585)	(20,520,323)	(11,943,231)	(58,840,688)
<sup>(1)</sup> Stock based compensation included in total expenses	(4,567,206)	(6,138,922)	(3,505,517)	(14,762,197)
Loss per common share: Basic and diluted	(0.19)	(0.24)	(0.20)	
Cash dividends per common share	Nil	Nil	Nil	

The Company has not generated any revenue from its operating activities from inception to date. The Company's expenses include costs for general and administrative expense, exploration and evaluation costs, development expense and write-off of mineral property costs. The Company has recorded significant stock-based compensation costs which were included in total expenses. Acquisition costs of mineral properties are capitalized. Exploration, evaluation and development expenditures, including annual maintenance and lease fees, are charged to earnings as incurred until the mineral property becomes commercially mineable.

No cash dividends have been paid by the Company. The Company has no present intention of paying cash dividends on its common shares as it anticipates that all presently available funds will be invested to finance new and existing exploration and development activities.

### ***Overall Performance and Results of Operations***

From inception to December 31, 2008, the Company has raised total cash proceeds from the issuance of common shares and warrants and from the exercise of warrants, compensation options and stock options of \$141.2 million. As at December 31, 2008, the Company held cash and cash equivalents, and short-term investments of \$65.0 million. The Company's cash resources are invested with major banks in bankers' acceptances, guaranteed investment certificates, certificates of deposit, and money market accounts. The Company has made significant investments in mineral properties and exploration, evaluation and development expenditures.

### **Mineral Properties**

During the year ended December 31, 2008, the Company expended cash of \$0.9 million (2007 – \$1.4 million) on mineral property costs. The most significant component of these costs is staking and claim costs associated with the acquisition of the mineral properties primarily located in the United States. The Company's mineral properties are located in Wyoming, USA, Arizona, USA, Northwest Territories, Canada, and Nunavut, Canada.

#### *Revised Method of Acreage Calculation*

Previously, as related to its projects in the United States, the Company utilized rounded estimates of mining claim mineral acreage based upon number of claims staked multiplied by an estimated standard claim size of 20.66 acres per claim. Recently, the Company upgraded and converted its land management system processes to begin calculating mining claim mineral acreage primarily using mapping software which permits more accurate approximations. By way of example, mining claims normally are staked to overlap on adjacent property to eliminate the possibility of gaps and can cover an area larger than actually controlled; as well, claims deliberately may be staked smaller than standard size to cover gaps.

### **Wyoming, USA Properties**

#### Lost Creek Project

The Lost Creek uranium deposit is located in the Great Divide Basin, Wyoming. The deposit is approximately three miles (4.8 kilometers) long and the mineralization occurs in four main sandstone horizons between 315 feet (96 meters) and 700 feet (213 meters) in depth.

As identified in the June 2006 Technical Report on Lost Creek, National Instrument 43-101 ("NI 43-101") compliant resources are 9.8 million pounds of U<sub>3</sub>O<sub>8</sub> at 0.058 percent as an indicated resource and an additional

1.1 million pounds of  $U_3O_8$  at 0.076 percent as an inferred resource. During 2006, 17 cased monitoring and pump test wells were completed on the property, and initial testing was completed.

The 2007 drilling program included 58 additional monitor and pump test wells, two water wells and a total of 195 delineation drill holes. This program enabled the Company to obtain additional baseline and hydrogeologic data within the first mine unit area for engineering assessments; for the State of Wyoming Department of Environmental Quality ("WDEQ") Permit to Mine application; for the US Nuclear Regulatory Commission ("NRC") Source Material License application; and, for the WDEQ Mine Unit #1 Permit application. In addition, six condemnation holes were drilled to make certain the potential target plant location was not over any part of the ore body.

In October 2007, the Company submitted its Application to the NRC for a Source Material License for the Lost Creek project. This license is the first stage of obtaining all necessary licenses and permits to enable the Company to recover uranium via in situ recovery method at the Lost Creek project. The collection and compilation of the extensive environmental background data for the application was a two-year process. In February 2008, the Company requested that the NRC application for its Lost Creek project be withdrawn to enable the Company to include upgrades to its application with respect to the project's operational plan and other advances in the health physics information and analyses. In March 2008, the Company re-submitted the Source Material License application to the NRC. In June 2008, the NRC notified the Company it deemed the Lost Creek application complete. The NRC thereafter commenced its detailed technical and environmental review of the Company's application.

In 2007, the Company also submitted the Lost Creek Mine Permit Application to the WDEQ. Individual mine unit applications for each well field will be submitted to cover each mine unit or well field that will be produced on the Lost Creek project. In May 2008, the Company received notice from the WDEQ that the agency found the application to be complete and authorized the Company to proceed with formal Public Notice of the application, which was subsequently completed on a timely basis by the Company.

Throughout the latter part of 2008 and, to date, in 2009, the Company has been responding to requests from both agencies for additional information, which is part of the routine process toward completion of the technical and environmental reviews of the applications.

In February 2008, an in-house economic analysis on the Lost Creek project was completed by the Company's engineering team. An independent technical report under NI 43-101 was subsequently prepared by Lyntek Inc. The purpose of the report was to provide an independent analysis and preliminary assessment of the potential economic viability of the mineral resource of the Lost Creek project. The resulting base case in the preliminary assessment prepared by Lyntek returned a pre-tax internal rate of return of 43.6% at a price of US\$80 per pound  $U_3O_8$ , and demonstrated that the project would be economic at prices above US\$40 per pound  $U_3O_8$ .

In September 2008, the Company announced an update to the Lost Creek permitting and production timeline based on further licensing guidance from the NRC. Based upon an NRC release of updated guidance on its expected publication of a final Generic Environmental Impact Statement for In-Situ Leach Uranium Milling Facilities ("GEIS") in a July 28, 2008 Federal Register notice (Vol.73, No. 145), the NRC revised its expected publication date from January 2009 to June 2009.

In early September 2008, the Company conducted meetings with senior officials of the NRC to confirm how the revised GEIS completion date would affect the timing of the issuance of licenses to presently pending applicants, including Lost Creek. As a result of the meetings, Ur-Energy revised its expectation for the issuance of the Lost Creek's NRC license from second quarter 2009 to fourth quarter 2009. First production from the Lost Creek project is now anticipated to occur in the second half of 2010.

The exploration and development program for 2008 at Lost Creek was designed to further delineate known resources, explore the permit area for additional resources outside of the known areas, and to install the monitoring wells required for the first mine unit. The program included the following activities:

- Drilling as follows:

- o 300 delineation holes within the proposed mine unit area to provide detailed definition of the extent of minable uranium resources.
- o 99 exploration holes were drilled to test for potential extensions of mineral trends. Drill hole depths ranged from 600 to 1,000 feet (183 to 305 meters).
- o 48 cased monitor and pump test wells were installed within and surrounding the first proposed mine unit. These wells will be utilized for production monitoring.
- o Ten regional baseline wells were also installed at the request of the WDEQ. The average well depth is approximately 450 feet (137 meters).
- o Two water supply wells were drilled, cased and completed.
- The program employed seven contract drill rigs throughout much of the six-month drilling program. Geophysical logging units were also contracted to provide measurements of down-hole equivalent uranium mineralization. These were complemented by Ur-Energy's Prompt Fission Neutron "PFN" logging truck, capable of providing down-hole chemical uranium measurements.
- Core samples from several holes were obtained. Chemical uranium analyses of the core samples have been conducted, and will be used as referee and quality control measurements to be compared to the down-hole logging measurements of mineralization. Leach testing will also be conducted on selected core samples. All wells were cased in accordance with WDEQ guidelines and regulations; plugging and permanent abandonment of all uranium exploration and delineation boreholes was completed.
- Surveys of soils and geotechnical borings were conducted to assist in the evaluation of plant and road facilities design.

Following the 2008 drilling program, Ur-Energy personnel oversaw the drilling of a deep test well at Lost Creek. The well will be utilized to test the stratigraphy and groundwater quality for purposes of permitting future disposal well(s) to support site operations. The well reached a total depth of 9,894 feet (3,016 meters), on December 17, 2008 and was then cased. Additional well data will be obtained in 2009 to support the Company's permitting activities. Also during fourth quarter of 2008, the Company completed the pump testing of the monitor wells associated with the first mine unit.

During 2008, the Company purchased and mobilized operational equipment, including: backhoes, a water truck, a forklift, light and heavy trucks, trailers, offices, a hose reel, generators and cementers. In 2009, the Company's engineering staff, assisted by TREC Engineering, has completed the detailed designs and specifications for all components of the Lost Creek ISR Plant and Mine Unit # 1. Requests for bids are being prepared to be provided to vendors and contractors. Procurement will be ongoing throughout 2009. Construction at the Lost Creek site will begin upon receipt of the necessary permits.

A royalty on future production of 1.67% is in place with respect to 20 claims comprising a small portion of the Lost Creek project.

#### Lost Soldier Project

The Lost Soldier project is located approximately 14 miles (22.5 kilometers) to the northeast of the Lost Creek project. The property has over 3,700 historical drill holes defining 14 mineralized sandstone units. As identified in the July 2006 Technical Report on Lost Soldier, NI 43-101 compliant resources are 5.0 million pounds of  $U_3O_8$  at 0.064% as a measured resource, 7.2 million pounds of  $U_3O_8$  at 0.065% as an indicated resource and 1.8 million pounds of  $U_3O_8$  at 0.055% as an inferred resource. The Company maintains 143 lode mining claims at Lost Soldier, totaling approximately 2,710 mineral acres. Of these 143 mining claims at Lost Soldier, 60 new claims were staked in 2008 for mine engineering design purposes. A royalty on future production of 1%, which arises from a data purchase, is in place with respect to certain claims within the project.

All environmental baseline studies were completed in 2007. In January 2008, the Lost Soldier deposit was turned over to the Company's engineering staff for detailed engineering evaluation and study, which has been ongoing. Subsequently, in late 2008, members of the geology staff have commenced in-depth studies which focus on detailed mapping of the roll-front geology. These studies will then be followed by detailed mine design planning, and a preliminary assessment, all of which are expected to proceed in 2009.

In March 2008, the Company had requested a separate docket number and technical assignment control number for the Lost Soldier project from the NRC. The Company has since determined it will submit the applications to the NRC and WDEQ as amendments to the Lost Creek licenses, after they are issued by those agencies. It is anticipated that the Lost Soldier licensing effort will be streamlined and more efficient as a satellite facility to the Lost Creek project.

#### Other Wyoming Properties

In 2008, exploration drilling of 11,370 feet (3,468 meters) was completed at the EN project. In January 2009, the Company completed an agreement reducing an existing royalty on claims and an area of interest arising from transactions dating back to 2006. With regard to the EN project, and three other areas, the Company was able to eliminate the area of interest and to reduce the royalty from two percent (2%) to one percent (1%) on certain specified mining claims. In a related transaction, the Company purchased 66 new claims which have become a part of the EN project, bringing that project to a total of 533 mining claims, together with one state mining lease.

Also in 2008, additional exploration data was obtained by completing over 746 miles (1,200 kilometers) of airborne geophysical surveys in Wyoming. The Company put other drilling programs, including for the LC North and North Hadsell projects, on hold in order to advance the development of the Lost Creek project. Also as a result of budgetary controls, the Company dropped exploration lands in South Dakota containing over 72,000 acres prior to additional costs of retention being incurred. As of the end of 2008, the Company maintains approximately 65,000 mineral acres in Wyoming. During 2008 and into 2009, an in-house team of geologists has continued to evaluate the extensive well log and exploration database owned by the Company for generating new exploration targets.

In 2007, the Company completed the acquisition of a data package from Power Resources Inc. ("PRI") pertinent to exploration and development on its Bootheel and Buck Point properties, in the Shirley Basin, Wyoming, for a total purchase price of US\$180,000, which was paid in two equal installments in 2006 and 2007. The data includes drill hole logs for more than 1,000 drill holes, historical resource reports, maps, drill summaries, individual drill hole summaries, handwritten notes, and digital printouts from such previous operators as Cherokee, Kerr McGee, Uradco (PP&L), and Mobil as well as historical feasibility reports from Dames & Moore and Nuclear Assurance.

In 2007, the Company entered into an agreement with Target Exploration & Mining Corp. and its subsidiary ("Target"). Under the terms of the agreement, the Company contributed its Bootheel and Buck Point properties to The Bootheel Project, LLC (the "Bootheel Project"). The properties cover an area of known uranium occurrences within the Shirley Basin. Target is earning into a 75% interest in the Bootheel Project by spending US\$3.0 million in exploration costs, and issuing 125,000 shares of its common stock to the Company, all within a four-year earn-in period. With the completion earlier in 2008 of agreements for additional rights and leased lands, the total project covers defined areas of approximately 8,524 gross, and 7,895 net, mineral acres. (The statement of net mineral acres with regard to the Bootheel property arises as a part of the 2008 agreements to which the lessor has a 75% mineral interest.)

Target timely issued its second installment of stock (25,000 shares) and confirmed its completion of the first year's required exploration expenditures. In 2008, Target also completed a 50,000 foot (15,250 meter) drilling program on the Bootheel property of the Project. The purpose of the program was to bring the historic resources in NI 43-101 compliance. In January 2009, Target announced that it had completed the acquisition of the final historic data package in behalf of the Bootheel Project. The data package, purchased from Cameco Corp., comprises data from approximately 290,000 feet of drilling carried out by Cameco, Kerr McGee and Uradco. The data acquired includes not only geological logs but also gamma logs containing equivalent uranium ( $eU_3O_8$ ), values. This industry standard method of using  $eU_3O_8$  indicates the amount of uranium present as determined by measuring gamma radiation using a down-hole probe.

The Company has made the data it acquired earlier from PRI covering the Bootheel and Buck Point properties (see discussion above), and certain other data, available to the Bootheel Project. PRI retained a royalty of 1% on future production of uranium and associated minerals from certain lands in the Bootheel Project.

In February 2009, Target issued 50,000 additional shares of its stock to the Company to complete the stock-based earn-in obligations (third and fourth installments) of the operating agreement of the Bootheel Project.

In 2007, the Company entered into agreements with Trigon Uranium Corporation and its subsidiary ("Trigon"). Under the terms of the agreements, the Company contributed its Hauber property to Hauber Project LLC (the "Hauber Project"). The Hauber Project is located in Crook County, Wyoming and consists of 205 unpatented lode mining claims and one state uranium lease totaling approximately 4,570 mineral acres.

Effective August 1, 2008, Trigon tendered its resignation as a Member and the Manager of the Hauber Project. Transition of management of the Hauber Project back to the Company has been completed. Before Trigon's decision not to proceed, it had contracted, as Manager of Hauber Project, for several outside geologic and hydrologic analytical projects, which were completed and submitted during the first half of 2008. The consultants employed abundant historic data to define the geologic setting and assess the potential of the Hauber Project properties for the recovery of uranium through ISR mining methods. Further in-house analysis of these reports is underway.

## **Canadian Properties and Interests**

### Screech Lake Property, Thelon Basin

In 2006, an environmental screening study was completed on the Screech Lake project and an application for a land use permit to conduct drill testing of the Screech Lake anomalies was referred to the Mackenzie Valley Environmental Impact Review Board ("Review Board") for environmental assessment. In 2007, the environmental assessment was completed and a report and recommendation from the Review Board was issued. The Review Board recommended to the Minister of Indian and Northern Affairs Canada (the "Minister") that the Company's application to conduct an exploratory drilling program at the Screech Lake property be rejected due to local native community concerns.

In October 2007, the Company received notification that the Minister had adopted the recommendation of the Review Board. As part of the decision, the Minister did confirm that the decision does not affect the legal standing of the Company's Screech Lake mineral claims. Discussions with the Minister and other interested parties led the Company to conclude that the rejection was influenced, in part, by land claims issues between First Nations groups and the Federal government, and to a lesser extent, environmental concerns related to caribou migration routes and timing of a drill program. In the Company's application for a land use permit, extensive mitigation measures were proposed to ensure that the drilling program would have minimal short-term environmental impact and no long-term effect.

Throughout 2008, the Company continued its ongoing discussions with First Nations groups and Aboriginal-owned business corporations to secure an exploration agreement which would allow the Company to proceed with re-filing of a drilling proposal and application for land use permit.

### Bugs Property, Baker Lake Basin

In September 2006, the Company entered into an option agreement to acquire the Bugs property in Nunavut, Canada. The Company has earned a 100% interest in the property by issuing a total of 85,000 common shares to the vendor. The vendor retains a 2% net smelter royalty, of which 1% is subject to a buyout for \$1.0 million. The Bugs property initially consisted of 11 contiguous mineral claims in the Kivalliq region of the Baker Lake Basin. In 2008 the Company staked an additional eight mineral claims, which together total approximately 45,000 acres (approximately 18,000 hectares).

In 2006, a fixed wing aeromagnetic and radiometric survey was conducted on the entire property. The data from this survey resulted in the selection of seven targets based upon structural offset and dilation features in combination with magnetite depletion. In 2007, one of the seven targets was examined; the remaining targets were examined and prioritized during the 2008 summer program by radon sampling techniques, prospecting



and rock sampling. This work led to interpreted areas of hydrothermal alteration, elevated radioactivity and high radon flux.

Six drill holes were completed from late August to mid September of 2008, for a total of 2,905 feet (885 meters). The program was terminated early due to problems with drilling equipment. Results of the program are being evaluated by the Company. The Company incurred total exploration and acquisition costs of approximately \$2.0 million during the 2008 program. As a part of this program, the Company utilized funds from the flow-through financing it raised in March 2008. See *Financing Transactions*, below.

#### Other Canadian Interests

In 2006, the Company completed a definitive agreement with Triex Minerals Corporation (“Triex”) with respect to the Mountain Lake and Dismal Lake West properties (together, comprising 58 claims). Pursuant to the option agreement, Triex obtained a 100% interest in the properties in September 2007. The Company retains a 5% net smelter return royalty interest in the properties with Triex having the right to purchase one-half of the royalty for \$5,000,000.

#### ***2008 Expenses Compared to 2007***

Total expenses for the year ended December 31, 2008 were \$26.0 million as compared to \$23.0 million in 2007. Total expenses include general and administrative expense, exploration and evaluation expense, development expense and write-off of mineral property costs.

Overall, 2008 total expenses increased \$3.0 million as compared to 2007. The increase in total expenses was primarily due to increased expenditures on the Company’s exploration and development projects, the continued expansion of the Littleton, Colorado and Casper, Wyoming offices, and increases in non-cash amortization of capital assets and write-off expenses. The increase in total expenses was partially offset by a decrease in non-cash stock based compensation expense.

Exploration, evaluation and development expenditures increased \$3.1 million in 2008, primarily due to the transition of the Company’s Lost Creek property from the evaluation stage to the development stage. During 2008, the Company spent approximately \$1.9 million in evaluation activities and \$8.8 million in development activities related to the Lost Creek property, which were expensed in accordance with the Company’s revised accounting policies. Additionally, the Company incurred significant expenditures on other exploration and evaluation properties including the Bugs property in Canada and the Lost Soldier property in the United States.

General and administrative expense relates primarily to the Company’s administration, finance, investor relations, land and legal functions in Littleton, Colorado. During 2008, the Company continued to expand the Casper, Wyoming office. The Company strengthened key staffing areas adding eight positions primarily aimed at enhancing operating expertise at the Casper office. Accordingly, the Denver and Casper offices were also expanded to accommodate and support the staffing additions.

During the year, the Company recorded significant non-cash stock based compensation expenses related to stock options. In September 2008, the Company gave the holders of options with an exercise price of \$4.75 or higher the opportunity to voluntarily return all or a portion of these options to the Company by September 30, 2008 without any promise or guarantee that the option holders will receive any further options. Options for 2,490,000 shares with a weighted exercise price of \$4.82 were returned to the Company. Previously unrecognized stock based compensation cost of \$2.2 million was recognized at the cancellation date. Including the above, for 2008, stock based compensation expenses of \$4.6 million (2007 – \$6.1 million) were included in total expenses. These non-cash expenses represent approximately 18% of total expenses (2007 – 27%).

During the third quarter of 2008, the Company relinquished leases associated with the Harding and Fall River projects in South Dakota and wrote-off the approximately \$0.3 million in costs related to these projects.

### *Other income and expenses*

The Company's cash resources are invested with major banks in bankers' acceptances, guaranteed investment certificates, certificates of deposit, and money market accounts. During the year ended December 31, 2008, the Company earned interest income on these investments of \$2.5 million, as compared to \$2.8 million in 2007. After the May 2007 bought deal financing and the March 2008 private placement, the Company's average cash resources increased significantly. However, the Company does not generate any revenue from operating activities and its average cash resources, and the resulting interest income, have declined since the two financings were completed.

During the year ended December 31, 2008, the Company recorded a net foreign exchange gain of \$5.7 million as compared to a \$0.8 million loss during the same period in 2007. This 2008 net foreign exchange gain arose primarily due to cash balances held in U.S. dollar accounts as the U.S. dollar strengthened relative to the Canadian dollar during the period, while in 2007 the U.S. dollar declined in value relative to the Canadian dollar.

### *Income Taxes*

In 2008, the Company recorded operating losses in both Canada and the United States. Management has concluded that it is not yet more likely than not that these losses, and prior years' loss carryforwards and other tax assets will be realized, and therefore the Company has recorded a full valuation allowance against these amounts.

In 2007, the Company also recorded losses in both jurisdictions against which full valuation allowances were applied, except in respect of the Company's ISL subsidiary. The Company acquired ISL in 2004 and recorded a future tax liability upon the acquisition related to the difference between management's estimate of the tax basis and the fair value assigned to the assets acquired. In 2007, management filed tax returns for ISL for the pre-acquisition period and established additional tax basis for the ISL assets and consequently recorded a reduction in the future tax liability related to these assets.

### *Loss Per Common Share*

Both basic and diluted loss per common share for the year ended December 31, 2008 were \$0.19 (2007 – \$0.24). 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 outstanding given that net losses were experienced.

### ***2007 Expenses Compared to 2006***

Total expenses for the year ended December 31, 2007 were \$23.0 million as compared to \$12.4 million in 2006. Total expenses include general and administrative expense, exploration and evaluation expense, development expense and write-off of mineral property costs.

General and administrative expenses were \$1.8 million higher than in 2006. The majority of the increase in general and administrative expense was due to stock option related charges as discussed below. The balance of increased general and administrative costs related primarily to expansion of the Littleton, Colorado office and related staff costs for finance, legal and support personnel.

During the year ended December 31, 2007, the Company recorded significant non-cash stock based compensation charges related to stock options. In total, expenses recorded related to stock options were \$6.1 million as compared to \$3.5 million in 2006. These non-cash charges to expense represent approximately 27% of total expenses (2006 – 28%).

Exploration and evaluation expense increased significantly during 2007 as the Company rapidly advanced its Lost Creek and Lost Soldier properties in Wyoming. During 2007, the Company spent approximately US\$8.5 million for exploration activities on these two properties. The Company also spent significant amounts on other exploration properties including the Screech Lake in Canada.

During the fourth quarter of 2007, Company management decided not to proceed with funding of any additional exploration of the Titan R-Seven and Rook I properties. Accordingly, the Company wrote off approximately \$34,000 in related mineral property costs.

#### *Other income and expenses*

The Company's cash resources are invested with major banks in bankers' acceptances, guaranteed investment certificates, certificates of deposit, and money market accounts. During the year ended December 31, 2007, the Company earned interest income on these investments of \$2.8 million (2006 - \$0.6 million). Interest income was significantly higher in the third and fourth quarters of 2007 as the proceeds of the bought deal financing were invested from early May through to the end of the year.

During the year ended December 31, 2007, the Company recorded a net foreign exchange loss of \$0.8 million (2006 - \$0.2 million). This net foreign exchange loss arose primarily due to cash balances held in U.S. currency as the Canadian dollar strengthened relative to the U.S. dollar during the period from September to November 2007. During the first and second quarters of 2007, the Company experienced gains on the U.S. dollar denominated New Frontiers obligation. The obligation was fully repaid during the second quarter of 2007.

#### *Loss Per Common Share*

Both basic and diluted loss per common share for the year ended December 31, 2007 were \$0.24 (2006 - \$0.20). For the years ended December 31, 2007 and 2006, diluted loss per common share is 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.

#### *Liquidity and Capital Resources*

As at December 31, 2008, the Company had cash and cash equivalents, and short-term investments of \$65.0 million, a decrease of \$11.3 million from the December 31, 2007 balance of \$76.3 million. The Company's cash resources are invested with major banks in Canada and United States in guaranteed investment certificates, certificates of deposit, bankers' acceptances, and money market accounts. During the year ended December 31, 2008, the Company used \$10.5 million to fund operating activities, spent \$3.5 million on investing activities, and generated \$2.7 million from financing activities.

During the year ended December 31, 2008, the Company invested cash of \$3.5 million in mineral properties, bonding deposits, capital assets and design work on the Lost Creek plant. The majority of these expenditures went toward bonding deposits and the purchase of capital assets. The capital asset purchases were primarily for field vehicles and field equipment purchased to facilitate the exploration and development work programs in Wyoming.

On March 25, 2008, the Company completed a non-brokered private placement of 1,000,000 flow-through commons shares at \$2.75 per share raising gross proceeds of \$2.8 million. Total direct share issue costs were \$0.1 million. During the year ended December 31, 2008, the Company realized cash proceeds of \$0.1 million from the exercise of previously issued stock options. In September 2008, the Company gave the holders of options with an exercise price of \$4.75 or higher the opportunity to voluntarily return all or a portion of these options to the Company by September 30, 2008 without any promise or guarantee that the option holders will receive any further options. Options for 2,490,000 shares with a weighted exercise price of \$4.82 were returned to the Company. Therefore, as at December 31, 2008, the Company had outstanding a total of 6,228,700 stock options with a weighted-average exercise price of \$1.95 per option.

The Company has financed its operations from its inception primarily through the issuance of equity securities and has no sources of cash flow from operations. The Company will not generate any cash flow from operations until it is successful in commencing production from its properties.

The Company has established a corporate credit card facility with a U.S. bank. This facility has an aggregate borrowing limit of US\$250,000 and is used for corporate travel and incidental expenses. The Company has provided a letter of credit and a guaranteed investment certificate in the amount of \$287,500 as collateral for this facility.

### ***Financing Transactions***

The Company completed a non-brokered private placement of 1,000,000 flow-through common shares at \$2.75 per share on March 25, 2008 and raised gross proceeds of \$2.8 million. Total direct share issue costs were \$0.1 million.

On November 7, 2008 the Company's board of directors approved the adoption of a shareholder rights plan (the "Rights Plan") designed to encourage the fair and equal treatment of shareholders in connection with any take-over bid for the Company's outstanding securities. The Rights Plan is intended to provide the Company's board of directors with adequate time to assess a take-over bid, to consider alternatives to a take-over bid as a means of maximizing shareholder value, to allow competing bids to emerge, and to provide the Company's shareholders with adequate time to properly assess a take-over bid without undue pressure.

Although the Rights Plan took effect immediately, in accordance with the TSX requirements, the Company will seek approval and ratification by its shareholders at the next annual and special meeting of shareholders on April 28, 2009. If the Rights Plan is not ratified, the Rights Plan and all of the Rights outstanding will terminate.

### ***Outstanding Share Data***

Information with respect to outstanding common shares, warrants, compensation options and stock options as at December 31, 2008 and December 31, 2007 is as follows:

	<b>December 31, 2008</b>	<b>December 31, 2007</b>
Common shares	93,243,607	92,171,607
Warrants	-	-
Compensation options	-	-
Stock options	6,228,700	8,010,700
Fully diluted shares outstanding	99,472,307	100,182,307

### ***Off-Balance Sheet Arrangements***

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

### ***Financial Instruments and Other Instruments***

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, bonding and other deposits and accounts 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, short term investments and bonding deposits. The Company's cash equivalents and short term investments include Canadian dollar and US dollar denominated guaranteed investment certificates and certificates of deposits. They bear interest at annual rates ranging from 0.75% to 3.25% and mature at various dates up to April 30, 2009. These instruments are maintained in financial institutions in Canada and the United States. Of the amount held on deposit, approximately \$0.4 million is covered by either the Canada Deposit Insurance Corporation or the Federal Deposit Insurance Corporation, leaving approximately \$64.6 million at risk should the financial institutions with which these amounts are invested cease trading. As at December 31, 2008, the Company does not consider any of its financial assets to be impaired.

## **Liquidity risk**

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

The Company manages liquidity risk through regular cash flow forecasting of cash requirements to fund exploration and development projects and operating costs.

As at December 31, 2008 the Company's liabilities consisted of trade accounts payable of \$2,265,058, all of which are due within normal trade terms of generally 30 to 60 days.

## **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. Market risk arises as a result of the Company incurring a significant portion of its expenditures and a significant portion of its cash equivalents and short term investments in United States dollars, and holding cash equivalents and short term investments which earn interest.

### *Interest rate risk*

Financial instruments that expose the Company to interest rate risk are its cash equivalents and short term investments. The Company's objectives for managing its cash and cash equivalents are to ensure sufficient funds are maintained 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 banks so that they earn interest. When placing amounts of cash and cash equivalents on short-term deposit, the Company only uses high quality commercial banks and ensures that access to the amounts placed can generally be obtained on short notice.

### *Currency risk*

The Company incurs expenses and expenditures in Canada and the United States and is exposed to risk from changes in foreign currency rates. In addition, the Company holds financial assets and liabilities in Canadian and US dollars. The Company does not utilize any financial instruments or cash management policies to mitigate the risks arising from changes in foreign currency rates.

At December 31, 2008 the Company had cash and cash equivalents, short term investments and bonding deposits of approximately US\$26.5 million (US\$18.4 million as at December 31, 2007) and had accounts payable of US\$1.7 million (US\$1.2 million as at December 31, 2007) which were denominated in US dollars.

### *Sensitivity analysis*

The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's US\$ denominated assets and liabilities at year end. This sensitivity analysis assumes that changes in market interest rates do not cause a change in foreign exchange rates. This sensitivity analysis shows that a change of +/- 10% in US\$ foreign exchange rate would have a +/- \$3.0 million impact on net loss for the year ended December 31, 2008. This

impact is primarily as a result of the Company having year end cash and investment balances denominated in US dollars and US dollar denominated trade accounts payables. The financial position of the Company may vary at the time that a change in exchange rates occurs causing the impact on the Company's results to differ from that shown above.

The Company has also 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 assumes that changes in market foreign exchange rates do not cause a change in interest rates. This sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a +/- \$0.6 million impact on net loss for the year ended December 31, 2008. This impact is primarily as a result of the Company having cash and short-term investments invested in interest bearing accounts. 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.

#### ***Transactions with Related Parties***

During the years ended December 31, 2008 and 2007, the Company did not participate in any material transactions with any related parties.

#### ***Proposed Transactions and Listing Application Approval***

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

In January 2008, the Company filed documentation with the United States Securities and Exchange Commission on Form 40-F to register the common shares of the Company and filed an application to list the common shares with the American Stock Exchange, LLC ("AMEX"). The application was subject to review by the AMEX, and on July 18, 2008, the AMEX approved for listing the common shares of the Company. Trading of the common shares of the Company on the AMEX (now the NYSE Amex) commenced on July 24, 2008 under the symbol "URG".

#### ***Critical Accounting Policies and Estimates***

##### Mineral Properties

Acquisition costs of mineral properties are capitalized. When production is attained, these costs will be amortized on the unit-of-production method based upon the estimated recoverable resource of the mineral property.

The Company assesses the possibility of impairment in the net carrying value of its mineral properties when events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Given the current disruption and uncertainty in the global economy, and the decrease in the Company's share price over the last year, management reviewed all of its significant mineral properties for potential impairment.

For the Company's Lost Creek and Lost Soldier properties, management calculated the estimated undiscounted future net cash flows relating to these properties as a single asset group as the Company expects to mine the Lost Soldier property as a satellite facility, licensed through an amendment to the Lost Creek permits, and using the Lost Creek plant. Management calculated the future net cash flows using estimated future prices, indicated resources, and estimated operating, capital and reclamation costs.

The Company's estimates of indicated resources depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis. The operating, capital and reclamation costs are based upon similar production plants and current capital budgets for the project. The uranium prices used are based on current long term contract prices and external consensus prices which for uranium vary between US\$50 and

US\$70 per pound. By their very nature there can be no assurance that these estimates will actually be reflected in future construction or operation at the projects.

Management's estimate of the undiscounted cash flows related to these mineral properties exceed their carrying value, therefore management concluded that the assets passed step 1 of the asset impairment test prescribed under generally accepted accounting principles, and therefore no write-down of these assets was recorded. Management's estimates of mineral prices, mineral resources, foreign exchange, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect management's estimates.

For the Company's other properties, reliable cash flow forecasts cannot be made at this time. Management therefore tested these for impairment by comparing their carrying values to their estimated fair value based on non-NI 43-101 compliant resource estimates of indicated resources and a value of US\$2 per pound in the ground. Management also considered the results of current exploration activities on the properties and future exploration plans and expenditures by both the Company and, in the case of the Bootheel Project, Target, to assess whether these were inconsistent with other indicators of fair value. Based on the above, management concluded that the fair value of these properties exceeded the carrying amount and no impairment charges were recorded.

#### Stock Based Compensation

The Company is required to record all equity instruments including warrants, compensation options and stock options at fair value in the financial statements. Management utilizes the Black-Scholes model to calculate the fair value of these equity instruments 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, the expected volatility of the Company's common shares, 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 and by comparison to other companies in the uranium exploration and development segment.

#### ***Changes in Accounting Policies Including Initial Adoption***

##### Exploration and Development Expenditures

In December 2008, the Company changed its policy for accounting for exploration and development expenditures. In prior years, the Company capitalized all direct exploration and development expenditures. Under its new policy, exploration, evaluation and development expenditures, including annual exploration license and maintenance fees, are charged to earnings as incurred until the mineral property becomes commercially mineable.

Management considers that a mineral property will become commercially mineable when it can be legally mined, as indicated by the receipt of key permits. Development expenditures incurred subsequent to the receipt of key permits will be capitalized and amortized on the unit-of-production method based upon the estimated recoverable resource of the mineral property. Management believes that this treatment provides a more relevant and reliable depiction of the Company's asset base and more appropriately aligns the Company's policies with those of comparable companies in the mining industry at a similar stage.

The Company has accounted for this change in accounting policy on a retroactive basis. Balance sheet amounts as at December 31, 2007 were restated as follows: deferred exploration expenditures were reduced by \$26.4 million, future income taxes liabilities were reduced by \$0.7 million, share capital increased by \$2.2 million and the accumulated deficit increased by \$27.9 million. The comparative operating results for the year ended December 31, 2007 and 2006 were also restated as follows: expenses increased by \$11.4 million and \$6.4 million, recovery of future income taxes decreased by \$2.1 million and \$0.5 million, net loss increased by \$13.5 million and \$6.9 million, and loss per common share increased by \$0.16 and \$0.11, respectively. The

cumulative operating results for the period from March 22, 2004 to December 31, 2007 were restated as follows: expenses increased by \$24.9 million, recovery of future income taxes decreased by \$3.0 million, and net loss increased by \$27.9 million.

The Company will continue to capitalize the acquisition costs of mineral properties and capital assets.

#### New Accounting Standards

On January 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections:

- Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These new disclosure standards increase the Company's disclosure regarding the nature and risk associated with financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements.
- Section 1535, Capital Disclosures. This new standard requires the Company to disclose its objectives, policies and processes for managing its capital structure.
- Section 1400, General Standards on Financial Statement Presentation. This standard requires management to assess at each balance sheet date and, if necessary, disclose any uncertainty surrounding the ability of the Company to continue as a going concern. The adoption of this standard had no impact on the Company's disclosures in these interim financial statements.

#### ***Disclosure Controls and Procedures***

The Chief Executive Officer and Chief Financial Officer of the Company evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators) and concluded that the Company's disclosure controls and procedures were effective as of December 31, 2008.

#### ***Internal Controls over Financial Reporting***

No changes have occurred in the Company's internal control over financial reporting during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting ("ICFR"). The Chief Executive Office and Chief Financial Officer of the Company evaluated the effectiveness of the Company's ICFR and, based upon this assessment, concluded that the Company's internal control over financial reporting was effective as of December 31, 2008.

#### ***International Financial Reporting Standards***

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that the requirement for publicly-accountable companies to adopt International Financial Reporting Standards ("IFRS"), will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

During 2008, the Company scheduled an IFRS diagnostic study to assess the impact of the transition to IFRS on the Company's accounting policies and to establish a project plan to implement IFRS. Following this initial diagnostic step, which will be conducted during 2009, the Company will proceed to make a determination of the impact of transition to IFRS on its financial statements and systems, if any.

#### ***Risks and Uncertainties***

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Investment in the natural resource industry in general, and the exploration and development sector in particular, involves a great deal of risk and uncertainty. Current and potential investors should give special consideration to the risk factors involved. These factors are discussed more fully



in our Annual Report on Form 20-F (Annual Information Form) dated March 18, 2009 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com) or on the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

### **Other Information**

Other information relating to the Company may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

### **Item 6. Directors, Senior Management and Employees.**

#### **A. Directors and Senior Management**

Set out below are the names, committee memberships (as at the date hereof), municipalities of residence, principal occupations and periods of service of the directors and executive officers of the Corporation.

<b>Name</b>	<b>Position with Corporation and Principal Occupation Within the Past Five Years</b>	<b>Period of Service as a Director</b>
Jeffrey T. Klenda Golden, Colorado	Chair and Executive Director	August 2004 – present
W. William Boberg Morrison, Colorado	President, Chief Executive Officer and Director	January 2006 – present
James M. Franklin <sup>(2)</sup> Ottawa, Ontario	Director, Consulting Geologist / Adjunct Professor of Geology Queen's University, Laurentian University and University of Ottawa	March 2004 – present
Paul Macdonell <sup>(1)(2)(3)(4)</sup> Mississauga, Ontario	Director Senior Mediator, Government of Canada	March 2004 – present
Robert Boaz <sup>(1)(2)(3)</sup> Mississauga, Ontario	Director Mining Company Executive	March 2006 – present
Thomas Parker <sup>(1)(2)(3)</sup> Kalispell, Montana	Director Mining Company Executive	July 2007 – present

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee. James Franklin was an ex officio member of the Compensation Committee from July 2007 to January 28, 2008.

(3) Member of the Corporate Governance and Nominating Committee.

(4) Mr. Macdonell was a former director of Wedge Energy International Inc. ("Wedge"). Wedge was subject to a Management Cease Trade Order imposed by the Ontario Securities Commission ("OSC") on May 31, 2007 for the late filing of Wedge's financial statements for the period ended March 31, 2007. The Order was lifted by the OSC on August 14, 2007.

The following sets out additional information with respect to the education, experience and employment history of each of the directors and officers referred to above during the past five years.

Mr. Klenda graduated from the University of Colorado in 1980 and began his career as a stockbroker specializing in venture capital offerings. Prior to joining the Corporation in 2004 as a director, he worked as a Certified Financial Planner and was a member of the International Board of Standards and Practices. In 1988, he started Klenda Financial Services, an independent financial services company providing investment advisory services to high-end individual and corporate clients as well as providing venture capital to corporations seeking entry to the U.S. securities markets. In the same year Mr. Klenda formed Independent Brokers of America, Inc., a national marketing organization. He also served as President of Security First Financial, a company he founded to provide consultation to individuals and corporations seeking investment management and early stage funding. Mr. Klenda became the Chair of the Board of Directors and Executive Director of the Corporation in January 2006. Mr. Klenda is currently a director and chair of the board of directors of Aura Silver Resources Inc.

**W. William (Bill) Boberg, 69, M.Sc., P. Geo**

*President, Chief Executive Officer & Director*

Mr. Boberg is the Corporation's President and Chief Executive Officer and a director (since January 2006). Previously, Mr. Boberg was the Corporation's senior U.S. geologist and VP U.S. Operations (September 2004 to January 2006). Before his initial involvement with the Corporation in 2004, he was a consulting geologist having over 35 years experience investigating, assessing and developing a wide variety of mineral resources in a broad variety of geologic environments in western North America, South America and Africa. Companies that Mr. Boberg has worked for include Gulf Minerals, Hecla Mining, Anaconda, Continental Oil Minerals Department, Wold Nuclear, Kennecott, Western Mining, Canyon Resources and Africa Mineral Resource Specialists. Mr. Boberg has over twenty years experience exploring for uranium in the continental US. He discovered the Moore Ranch Uranium Deposit, the Ruby Ranch Uranium Deposit as well as several smaller deposits in Wyoming's Powder River Basin. He received his Bachelor's Degree in Geology from Montana State University and his Master's Degree in Geology from the University of Colorado. He is a registered Wyoming Professional Geologist and fellow of the Society of Economic Geologists. He is a member of the Society for Mining, Metallurgy & Exploration Inc., American Institute of Professional Geologists (for which he is a certified geologist), the Denver Regional Exploration Society and the American Association of Petroleum Geologists. Mr. Boberg is also a director for Aura Silver Resources Inc. (since June 2008).

**James M. Franklin, 66, Ph. D., FRSC, P. Geo**

*Director & Chair of the Technical Committee*

Dr. Franklin has over 40 years experience as a geologist. He is a Fellow of the Royal Society of Canada. Since January 1998, he has been an Adjunct Professor at Queen's University, since 2001, at Laurentian University and since 2006 at the University of Ottawa. He is a past President of the Geological Association of Canada and of the Society of Economic Geologists. He retired as Chief Geoscientist, Earth Sciences Sector, the Geological Survey of Canada in 1998. Since that time, he has been a consulting geologist and is currently a director of Aura Silver Resources Inc. (since October 2003), RJK Exploration Ltd. (since July 2001) and Spider Resources Ltd. (since July 2006).

**Paul Macdonell, 56, Diploma Public Admin.**

*Director & Chair of Compensation Committee*

Mr. Macdonell is a Senior Mediator, Federal Mediation and Conciliation Service for the Government of Canada. Previously Mr. Macdonell was employed since 1976 by the Amalgamated Transit Union, serving as President of the Union from 1996 to 2000 and Financial Secretary 1991 to 1995. Mr. Macdonell was Municipal Councillor of the City of Cumberland from 1978 to 1988 and was on the City's budget committee during that time. He graduated (diploma) at University of Western Ontario in Public Administration and completed programs at University of Waterloo (Economic Development Certificate), The George Meany Centre in Washington (Labour Studies) and Harvard University (Program on Negotiations).

**Robert Boaz, 57, M. Economics, Hon. BA**

*Director & Chair of the Corporate Governance  
and Nominating Committee*

Mr. Boaz has 18 years in the investment banking business after a career in the power and natural gas industry, working in management positions for Ontario Hydro, Saskatchewan Power and Consumers Gas. He has held senior management positions in a number of firms in the investment industry with direct responsibilities related to research, portfolio management, institutional sales and investment banking. From 2004 to March 2006, Mr. Boaz was Managing Director Investment Banking with Raymond James Ltd. in Toronto. From 2000 to 2004 Mr. Boaz was Vice President and Head of Research and in-house portfolio strategist for Dundee Securities Corporation. Mr. Boaz is the President, Chief Executive Officer and a director of Aura Silver Resources Inc., a director of AuEx Ventures Inc. and chair of the board of directors and audit committee of Solex Resources Corp.

**Thomas Parker**, 66, *M.Sc., P.E.*

*Director & Chair of the Audit Committee*

Mr. Parker has worked extensively in senior management positions in the mining industry for the past 43 years. Mr. Parker is a mining engineer graduate from South Dakota School of Mines, with a Master's Degree in Mineral Engineering Management from Penn State. Mr. Parker is President and CEO of US Silver Corporation before which he was President and CEO of Gold Crest Mines, Inc., a Spokane-based gold exploration company. Prior to Gold Crest, he was the President and CEO of High Plains Uranium, Inc. a junior uranium mining company acquired by Energy Metals in January 2007. Mr. Parker also spent 10 years as Executive Vice President of Anderson and Schwab, a management consulting firm. Prior to Anderson and Schwab, Mr. Parker held many executive management positions with, including Costain Minerals Corporation, ARCO, Kerr McGee Coal Corporation and Conoco. He also has worked in the potash, limestone, talc, coal and molybdenum industries and has extensive experience in Niger, France and Venezuela.

**Roger L. Smith**, 51, *CPA, MBA*

*Chief Financial Officer and Vice President,  
Finance, IT and Administration*

Mr. Smith has 25 years of mining and manufacturing experience including finance, accounting, IT, ERP and systems implementations, mergers, acquisitions, audit, tax and public and private reporting in international environments. Mr. Smith joined Ur-Energy in May 2007 after having served as Vice President, Finance for Luzenac America, Inc., as subsidiary of Rio Tinto PLC and Director of Financial Planning and Analysis for Rio Tinto Minerals, a division of Rio Tinto PLC from September 2000 to May 2007. Mr. Smith has also held such positions as Vice President Finance, Corporate Controller, Accounting Manager, Internal Auditor with companies such as Vista Gold Corporation, Westmont Gold Inc. and Homestake Mining Corporation. He has a Masters of Business Administration and Bachelor of Arts in Accounting from Western State College, Gunnison, Colorado.

**Harold A. Backer**, 67, *B.Sc.*

*Executive Vice President, Geology & Exploration*

Mr. Backer is the Corporation's Executive Vice President, Geology & Exploration. He has over 40 years experience in the mining industry participating in major exploration programs in the commodities of gold, uranium, copper, and phosphate. In exploration, he has worked for Kalium Chemicals, Chevron Resources and as Senior VP Exploration for Goldbelt Resources. As a Consulting Economic Geologist, he has participated in numerous pre-feasibility mining studies (open pit and underground projects) as a team leader and in a management position on projects in North America and in the countries of the former Soviet Union. Mr. Backer joined Ur-Energy more than four years ago and has assumed various responsibilities as an officer before becoming Executive VP of Geology & Exploration.

**Paul W. Pitman**, 61, *B.Sc. Hon. Geo., P. Geo*

*Vice President, Canadian Exploration*

Mr. Pitman has over 40 years experience as an exploration geologist. He began his career with Gulf Minerals as a project geologist at the Rabbit Lake, Saskatchewan discovery in 1969, followed by work in the late 1970s -1980s as a senior geologist for BP Minerals exploring for uranium across Canada. Mr. Pitman was President of Ur-Energy from its inception up to January 2006.

**Wayne W. Heili**, 43, *B.Sc.*

*Vice President, Mining & Engineering*

Mr. Heili is the Corporation's Vice President, Mining & Engineering. He has had a career spanning more than 20 years providing engineering, construction, operations and technical support in the uranium mining industry. He spent 16 years in various operations level positions with Total Minerals and Cogema Mining at their properties in Wyoming and Texas. He was Operations Manager of Cogema's Wyoming in-situ recovery projects from 1998 to 2004. Since then, Mr. Heili acted as a consultant for such companies as High Plains Uranium, Energy Metals and Behre Dolbear. His experience includes conventional and ISR uranium processing facility operations. Mr. Heili received a Bachelor of Science in Metallurgical Engineering from Michigan Technological University, with an emphasis in mineral processing.

Mr. Goss has over 25 years of diverse transactional experience in complex business, real estate and natural resources transactions, including more than five years with a national-practice firm. In addition to his transactional experience, he has represented clients in commercial litigation, arbitration and mediation, involving mining, oil and gas, real estate, corporate law securities and environmental law. He served in the capacities of President and General Counsel of Polaris Coal Company from 1990 through 2001, when it was sold to Massey Energy Company. He obtained his Juris Doctor, *cum laude* from the University of Denver College of Law. He also obtained a Master of Business Administration from Indiana State University.

As at March 18, 2009, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercised control or direction over 1,461,584 common shares, representing approximately 1.56% of the Corporation's outstanding common shares. The information as to securities beneficially owned or over which control or direction is exercised is not within the knowledge of the Corporation and has been furnished by the directors and executive officers individually.

## B. Compensation.

### Compensation of Executive Officers

The following table sets forth the summary information concerning compensation paid to or earned during the financial years ended December 31, 2006, 2007 and 2008 by the Corporation's Chief Executive Officer and Chief Financial Officer and the three highest paid executive officers, who were serving as executive officers at December 31, 2008 (collectively, the "Named Executive Officers").

Summary Compensation Table <sup>(13)</sup>

Name and principal position	Year <sup>(6)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)			All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans	Pension value (\$)		
<b>W. William Boberg</b> <sup>(1)(14)</sup> President, Chief Executive Officer and Director	2008	\$255,843	Nil	\$68,000 <sup>(7)</sup>	Nil	Nil	Nil	Nil	\$323,843
	2007	\$247,250		\$980,000				Nil	\$1,227,250
	2006	Nil		\$508,000 <sup>(12)</sup>				\$290,613	\$798,613
<b>Roger L. Smith</b> <sup>(2)(14)</sup> Chief Financial Officer and Vice President, Finance, IT & Administration	2008	\$239,853	Nil	\$34,000 <sup>(8)</sup>	Nil	Nil	Nil	Nil	\$273,853
	2007	\$142,010		\$724,500				Nil	\$866,510
	2006	Nil		Nil				Nil	Nil
<b>Harold A. Backer</b> <sup>(3)(14)</sup> Executive Vice President, Geology & Exploration	2008	\$213,203	Nil	\$51,000 <sup>(9)</sup>	Nil	Nil	Nil	Nil	\$264,203
	2007	\$148,350		\$367,500				Nil	\$515,850
	2006	Nil		\$254,000				Nil	\$254,000

**Non-equity incentive  
plan  
compensation  
(\$)**

Name and principal position	Year <sup>(6)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Annual incentive plans	Long-term incentive plans	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
<b>Wayne W. Heili</b> <sup>(4) (14)</sup> Vice President, Mining & Engineering	2008	\$223,863	Nil	\$34,000 <sup>(10)</sup>	Nil	Nil	Nil	Nil	\$257,863
	2007	\$169,091		\$1,780,000				Nil	\$1,949,091
	2006	Nil		Nil				Nil	Nil
<b>Jeffrey T. Klenda</b> <sup>(5) (14)</sup> Chair and Executive Director	2008	\$204,675	Nil	\$68,000 <sup>(11)</sup>	Nil	Nil	Nil	Nil	\$272,675
	2007	\$176,300		\$490,000				Nil	\$666,300
	2006	Nil		\$508,000				\$124,000	\$632,000

- (1) Mr. Boberg was a consultant to the Corporation from September 21, 2004 to December 31, 2006. Mr. Boberg entered into an employment agreement with the Corporation dated January 1, 2007. Mr. Boberg was confirmed as President and Chief Executive Officer on May 29, 2006 after having been appointed President, Acting Chief Executive Officer and a Director on January 11, 2006. Previously, from September 2004 to January 11, 2006, Mr. Boberg had been a consultant and Vice President, US Operations of the Corporation.
- (2) Roger Smith joined the Corporation in May 2007 and was appointed to the position of Chief Financial Officer. In August 2007, Mr. Smith was further appointed as Vice President, Finance, IT & Administration.
- (3) Mr. Backer was a consultant to the Corporation from May 2005 to December 31, 2006. Mr. Backer entered into an employment agreement with the Corporation on January 1, 2007.
- (4) Mr. Heili joined the Corporation in February 2007 and was appointed to the position of Vice President, Mining & Engineering. Until April 23, 2007, Mr. Heili worked for the Corporation on a part time basis for a reduced salary while finalizing certain personal matters.
- (5) Mr. Klenda became a director of the Corporation in August 2004 and Chair of the Board of Directors and Executive Director in January 2006. Mr. Klenda was a consultant to the Corporation from August 2004 to December 31, 2006. Mr. Klenda entered into an employment agreement with the Corporation on January 1, 2007.
- (6) All executive officers of the Corporation who were with the Corporation prior to January 1, 2007 were consultants to the Corporation.
- (7) In 2008, Mr. Boberg received options for 80,000 Common Shares on May 8, 2008 at a price of \$1.65 per share. These options expire on May 8, 2013. In 2007, Mr. Boberg received options for 400,000 Common Shares on May 22, 2007, at a price of \$4.75. These options were to expire on May 15, 2012. In 2006, Mr. Boberg received options for 400,000 Common Shares on April 21, 2006 at a price of \$2.35 per share. These options expire on April 21, 2011. On September 30, 2008, Mr. Boberg voluntarily forfeited options for 400,000 Common Shares which were granted on May 22, 2007 at a price of \$4.75 per share and these options were subsequently cancelled by the Corporation.
- (8) In 2008, Mr. Smith received options for 40,000 Common Shares on May 8, 2008 at a price of \$1.65 per share. These options expire on May 8, 2013. In 2007, Mr. Smith received options for 225,000 Common Shares on May 22, 2007 at a price of \$4.75 per share. These options were to expire on May 15, 2012. Mr. Smith also received options for 112,500 Common Shares on August 9, 2007 at a price of \$3.00. These options expire on August 9, 2012. On September 30, 2008, Mr. Smith voluntarily forfeited options for 225,000 Common Shares at a price of \$4.75 per share which were granted on May 22, 2007 and these options were subsequently cancelled by the Corporation.
- (9) In 2008, Mr. Backer received options for 60,000 Common Shares on May 8, 2008 at a price of \$1.65 per share. These options expire on May 8, 2013. In 2007, Mr. Backer received options for 150,000 Common Shares on May 22, 2007 at a price of \$4.75 per share. These options were to expire on May 15, 2012. In 2006, Mr. Backer received options for 200,000 Common Shares on April 21, 2006 at a price of \$2.35 per share. These options expire on April 21, 2011. On September 30, 2008, Mr. Backer voluntarily forfeited options for 150,000 Common Shares at a price of \$4.75 per share which were granted on May 22, 2007 and these options were subsequently cancelled by the Corporation.
- (10) In 2008, Mr. Heili received options for 40,000 Common Shares on May 8, 2008 at a price of \$1.65 per share. These options expire on May 8, 2013. In 2007, Mr. Heili received options for 600,000 Common Shares, subject to certain performance milestones, on February 19, 2007 at a price of \$5.03 per share. These options were to expire on February 15, 2012. Mr. Heili also received options for 100,000 Common Shares on August 9, 2007 at a price of \$3.00 per share. These options expire on August 9, 2012. On September 30, 2008, Mr. Heili voluntarily forfeited options for 600,000 Common Shares at a price of \$5.03 per share which were granted on February 19, 2007 and these options were subsequently cancelled by the Corporation.
- (11) In 2008, Mr. Klenda received options for 80,000 Common Shares on May 8, 2008, at a price of \$1.65 per share. These options expire on May 8, 2013. In 2007, Mr. Klenda received options for 200,000 Common Shares on May 22, 2007 at a price of \$4.75 per share. These options were to expire on May 15, 2012. In 2006, Mr. Klenda received options for 400,000 Common Shares on April 21, 2006 at a price of \$2.35 per share. These options were to expire on April 21, 2011. On September 30, 2008, Mr. Klenda voluntarily forfeited options for 200,000 Common Shares at a price of \$4.75 per share which were granted on May 22, 2007 and these options were subsequently cancelled by the Corporation.
- (12) Mr. Boberg received an additional 300,000 Common Shares in 2006, at a price of \$1.89 per share, as a performance bonus for services rendered to the Corporation.

- (13) United States dollar figures have been converted to Canadian dollar figures at the average exchange rate for 2008 of US\$1.00 =CDN\$1.06601429 as posted by the Bank of Canada.
- (14) Subject to shareholder approval of the RSU Plan at the annual and special meeting of shareholders on April 28, 2009, RSU awards were granted on February 9, 2009 as follows: Mr. Boberg (107,143 shares); Mr. Smith (72,321 shares); Mr. Backer (64,286 shares); Mr. Heili (101,250 shares) and Mr. Klenda (68,571 shares).

The following table sets forth information concerning option-based and share-based awards granted by the Corporation to each of the Named Executive Officers during the financial year ended December 31, 2008.

**Option Grants During the Financial Year Ended December 31, 2008**

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
W. William Boberg	80,000	\$1.65	May 8, 2013	-0-	Nil	Nil
Roger L. Smith	40,000	\$1.65	May 8, 2013	-0-	Nil	Nil
Harold A. Backer	60,000	\$1.65	May 8, 2013	-0-	Nil	Nil
Wayne W. Heili	40,000	\$1.65	May 8, 2013	-0-	Nil	Nil
Jeffrey T. Klenda	80,000	\$1.65	May 8, 2013	-0-	Nil	Nil

The following table sets forth information concerning the value vested or earned in respect of incentive plan awards during the financial year ended December 31, 2008 by each of the Named Executive Officers.

**Incentive Plan Awards – Value Vested or Earned During the Financial Year Ended December 31, 2008**

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
W. William Boberg	960	Nil	Nil
Roger L. Smith	480	Nil	Nil
Harold A. Backer	720	Nil	Nil
Wayne W. Heili	480	Nil	Nil
Jeffrey T. Klenda	960	Nil	Nil

## Employment Contracts

The Corporation entered into an employment agreement with Mr. W. William Boberg dated January 1, 2007, as amended. Mr. Boberg is entitled to a salary of US\$240,000 per year and a discretionary bonus to be set by the Board of Directors. Mr. Boberg is entitled to receive stock option grants under the terms and conditions of the Option Plan and as determined by the Board of Directors. In the event that the Corporation terminates the employment agreement with Mr. Boberg for non-causal reasons, Mr. Boberg will be entitled to a lump sum payment equivalent to two years base salary. In the event of a change of control of the Corporation, Mr. Boberg may be entitled to a lump sum payment equivalent to two years base salary. Mr. Boberg is subject to non-competition and non-solicitation restrictions for a period of one year upon termination of the employment agreement.

The Corporation entered into an employment agreement with Mr. Roger Smith dated May 15, 2007, as amended. Mr. Smith is entitled to a salary of US\$225,000 per year and a discretionary bonus to be set up by the Board of Directors. Mr. Smith is entitled to receive stock option grants under the terms and conditions of the Option Plan and as determined by the Board of Directors. In the event that the Corporation terminates the employment agreement with Mr. Smith for non-causal reasons, Mr. Smith will be entitled to a lump sum payment equivalent to two years base salary. In the event of a change of control of the Corporation, Mr. Smith may be entitled to a lump sum payment equivalent to two years base salary. Mr. Smith is subject to non-competition and non-solicitation restrictions for a period of one year upon termination of the employment agreement.

The Corporation entered into an employment agreement with Mr. Harold Backer dated January 1, 2007, as amended. Mr. Backer is entitled to a salary of US\$200,000 per year and a discretionary bonus to be set by the Board of Directors of the Corporation. Mr. Backer is entitled to receive stock option grants under the terms and conditions of the Option Plan and as determined by the Board of Directors. In the event the Corporation terminates the employment agreement with Mr. Backer for non-causal reasons, Mr. Backer will be entitled to a lump sum payment equivalent to two years base salary. In the event of change of control of the Corporation, Mr. Backer may be entitled to a lump sum payment equivalent to two years base salary. Mr. Backer is subject to non-competition and non-solicitation restrictions for a period of one year upon termination of the employment agreement.

The Corporation entered into an employment agreement with Mr. Wayne Heili dated February 19, 2007, as amended. Mr. Heili is entitled to a salary of US\$210,000 per year and a discretionary bonus to be set by the Board of Directors of the Corporation. Mr. Heili is entitled to receive stock option grants under the terms and conditions of the Option Plan and as determined by the Board of Directors. In the event the Corporation terminates the employment agreement with Mr. Heili for non-causal reasons, Mr. Heili will be entitled to a lump sum payment equivalent to two years base salary. In the event of change of control of the Corporation, Mr. Heili may be entitled to a lump sum payment equivalent to two years base salary. Mr. Heili is subject to non-competition and non-solicitation restrictions for a period of one year upon termination of the employment agreement.

The Corporation entered into an employment agreement with Mr. Jeffrey Klenda dated January 1, 2007, as amended. Mr. Klenda is entitled to a salary of US\$192,000 per year and a discretionary bonus to be set by the Board of Directors. Mr. Klenda is entitled to receive stock option grants under the terms and conditions of the Option Plan and as determined by the Board of Directors. In the event that the Corporation terminates the employment agreement with Mr. Klenda for non-causal reasons, Mr. Klenda will be entitled to a lump sum payment equivalent to two years base salary. In the event of a change of control of the Corporation, Mr. Klenda may be entitled to a lump sum payment equivalent to two years base salary. Mr. Klenda is subject to non-solicitation restrictions for a period of one year upon termination of the employment agreement.

On December 31, 2008, all the executive employment agreements were amended to insert necessary provisions for compliance with Section 409A provision of the Internal Revenue Code of 1986, as amended, including the timing of payments or deferred compensation in the event of a change of control or termination from the Corporation.



## Compensation of Directors

The Compensation Committee and the Board of Directors has instituted compensation arrangements for non-management directors. Commencing in the second quarter of 2007, each non-management director receives a quarterly amount of \$3,000 and for each meeting that the director attends in person \$1,000 and by telephone \$500. Newly appointed directors are each eligible to receive an initial grant of options in the discretion of the Board of Directors. Non-management directors are also eligible to receive grants of options at the discretion of the Board of Directors.

In addition to other compensation received by directors of the Corporation, it was determined by the Compensation Committee and the Board of Directors that non-management directors participating on *ad hoc* or special committees of the Board of Directors, which may be constituted from time to time, would be entitled to additional director fees, to be determined in accordance with additional duties and requirements requested of those individuals from time to time. In respect of the Ad Hoc Committee on Screech Lake, it was determined that non-management directors would receive fees of \$1,000 per day spent in respect of the Ad Hoc Committee activities except in the event that such non-management director is already under a consulting agreement with the Corporation.

### Non-Management Director Compensation for the Financial Year Ended December 31, 2008

Name	Fees earned (\$)	Share- based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Paul Macdonell <sup>(3)</sup>	\$20,000	Nil	\$34,000	Nil	Nil	Nil	\$54,000
James Franklin <sup>(3)</sup>	Nil	Nil	\$34,000	Nil	Nil	\$43,891 <sup>(1)</sup>	\$77,891
Robert Boaz <sup>(3)</sup>	\$21,000	Nil	\$34,000	Nil	Nil	\$58,500 <sup>(2)</sup>	\$113,500
Thomas Parker <sup>(3)</sup>	\$20,751	Nil	\$34,000	Nil	Nil	Nil	\$54,751

(1) Dr. Franklin has a consulting agreement with the Corporation and invoices the Corporation on an hourly basis for consulting projects on which he is involved.

(2) Mr. Boaz has received additional per diem fees as a director for his work on the Ad Hoc Committee on Screech Lake.

(3) Subject to shareholder approval of the RSU Plan at the annual and special meeting of shareholders on April 28, 2009, RSU awards were granted on February 9, 2009 to each of Messrs. Macdonell, Boaz and Parker, and Dr. Franklin in the amount of 12,857 shares.

In December 2008, the Compensation Committee reviewed the director compensation and recommended changes to the director compensation scheme which was adopted by the Compensation Committee and the Board of Directors in January 2009. Commencing in 2009, each non-management director will receive a base retainer in cash of US\$18,000 and will be eligible to receive grants of options and RSU awards at the discretion of the Board of Directors. In addition, the Compensation Committee and Board of Directors adopted a resolution requiring mandatory ownership of the non-management directors to encourage the alignment of interests between the Corporation and its shareholders. Non-management directors are required to invest an amount equal to the non-management director's annual retainer in shares or securities exercisable into shares on or before the latest of (i) December 31, 2013, or (ii) the fifth anniversary of the non-management director's election or appointment. The retainer amount will be calculated using the amount of the annual retainer at the latest of (i) January 1, 2009, or (ii) the date of the non-management director's election or appointment.

### **C. Board practices.**

#### **Director Term**

The term of office for each director is from the date of the meeting at which he or she is elected until the next annual meeting of shareholders of the Corporation or until his or her successor is elected or appointed, unless his or her office is vacated before that time in accordance with the by-laws of the Corporation. None of the non-management directors has a service contract with the Corporation. One of the non-management directors, James Franklin, has a consulting agreement with the Corporation.

#### **Audit Committee**

The Audit Committee assists the Board of Directors in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Audit Committee include the following:

- reviewing for recommendation to the Board of Directors for its approval the principal documents comprising the Corporation's continuous disclosure record, including interim and annual financial statements and management's discussion and analysis;
- recommending to the Board of Directors a firm of independent auditors for appointment by the shareholders and reporting to the Board of Directors on the fees and expenses of such auditors. The Audit Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Audit Committee has the authority to approve all audit engagement fees and terms and the Audit Committee, or a member of the Audit Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation's independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the Chief Financial Officer;
- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management's response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Audit Committee maintains direct communication during the year with the Corporation's independent auditor and the Corporation's officers responsible for accounting and financial matters.

All of the members of the Audit Committee, Messrs. Macdonell, Boaz and Parker, are independent directors pursuant to *National Instrument 52-110 Audit Committees* ("NI 52-110") and the listing standards of the NYSE Amex. Each of the members is financially literate as defined in NI 52-110. The Audit Committee has designated Robert Boaz as a "audit committee financial expert" as that term is defined as currently defined by the rules of the SEC regulating these disclosures. The members of the Audit Committee during 2008, and currently, are Thomas Parker (Chair, commencing May 2008), Robert Boaz and Paul Macdonell (Chair, January to May 2008). The education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member is set out under the Heading "Item 6 – Directors, Senior Management and Employees".

#### **Report of the Audit Committee**

During 2008, the Audit Committee met five times. The activities of the Audit Committee over the past year included the following:

- reviewing annual financial statements of the Corporation and management's discussion and analysis prior to filing with the regulatory authorities;
- reviewing the quarterly interim financial statements of the Corporation and management's discussion and analysis prior to filing with regulatory authorities;
- reviewing periodic reports from the Chief Financial Officer;
- reviewing applicable Canadian corporate disclosure reporting and control processes, including Chief Executive Officer and Chief Financial Officer certification;
- reviewing Audit Committee governance practices to ensure its terms of reference incorporate all regulatory requirements; and
- reviewing the engagement letter with the independent auditors and annual audit fees prior to approval by the Board of Directors, as well as pre-approving non-audit services and their cost prior to commencement.

The Audit Committee has reviewed and discussed with management and the independent auditors the Consolidated Financial Statements of the Corporation as at December 31, 2008 and Management's Discussion and Analysis. Based on that review and on the report of the independent auditor of the Corporation, the Audit Committee recommended to the Board of Directors that such Financial Statements and Management's Discussion and Analysis be approved and filed with Canadian regulatory authorities.

The Audit Committee reviews its charter on a yearly basis. A copy of the Amended and Restated Audit Committee Charter adopted on August 7, 2008 is attached as an appendix to this Annual Report on Form 20-F (Annual Information Form).

### **Compensation Committee**

The Compensation Committee assists the Board of Directors in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. The Compensation Committee has prepared terms of reference which include annual objectives against which to assess members of management including the President and Chief Executive Officer, reviewing and making recommendations to the Board of Directors with respect to employee and consultant compensation arrangements including stock options and management succession planning. The Compensation Committee reviews its charter on a yearly basis.

The Compensation Committee met seven times in 2008. Portions of meetings are conducted without management present, including for the purpose of specifically discussing the compensation of the President and Chief Executive Officer. The members of the Committee during 2008, and currently, are Paul Macdonell (Chair), Thomas Parker and Robert Boaz. All the members of the Compensation Committee are independent pursuant to NI 52-110 and the listing standards of the NYSE Amex. James Franklin was an ex officio member of the Compensation Committee from July 2007 to January 28, 2008.

As part of the Compensation Committee's ongoing review of compensation of executive officers and directors of the Corporation, the Compensation Committee hired the consulting firm of 3XCD Inc. to conduct a review of the Corporation's current compensation model and to recommend changes including the implementation of short term and long term incentives for executive officers and employees within the Corporation.

#### D. Employees.

As of March 18, 2009, the Corporation had 45 regular, full time employees. Approximately, 24 employees are located at the Corporation's offices in Littleton, Colorado and 21 employees are located at the Corporation's offices in Casper, Wyoming.

<b>Employment category</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Administration	16	15	-
Exploration	12	12	-
Engineering and field	18	11	-
Consulting and temporary	1	1	20
Total	47	39	20

Through much of 2006, the Corporation did not have any employees, however approximately 20 consultants and temporary employees were utilized during the year.

#### E. Share ownership.

The following table sets forth information concerning the beneficial ownership of the Corporation's outstanding common shares by the executive officers and directors of the Corporation, and by all directors and executive officers as a group, as at March 18, 2009.

<b>Name</b>	<b>Amount and Nature of Beneficial Ownership (1)</b>		
	<b>Shares</b>	<b>Options Exercisable by May 17, 2009</b>	<b>Percentage of Class (2)</b>
W. William Boberg (3)	550,000	643,200	1.26%
Roger Smith	5,359	134,100	*
Harold Backer	0	432,400	*
Wayne Heili	5,000	146,600	*
Jeffrey T. Klenda (4)	777,225	843,200	1.71%
Paul G. Goss	0	121,600	*
Paul Macdonell (5)	20,000	221,600	*
James M. Franklin (6)	100,000	371,600	*
Robert Boaz	0	421,600	*
Thomas Parker	4,000	221,600	*
All Directors and Executive Officers as a group (10 Persons)	1,461,584	3,557,500	5.15%

\* Represents less than 1% of the Corporation's outstanding shares.

- (1) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Exchange Act under which, in general, a person is deemed to be the beneficial owner of a security if he has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he has the right to acquire beneficial ownership of the security within sixty days.
- (2) Based on 93,893,607 shares outstanding as of March 18, 2009.
- (3) Includes 53,125 shares Mr. Boberg holds jointly with his spouse.
- (4) Includes 677,225 shares Mr. Klenda holds jointly with his spouse.
- (5) Does not include 20,000 shares held in Mr. Macdonell's spouse's name. Mr. Macdonell disclaims beneficial ownership of such shares.
- (6) Mr. Franklin holds these shares jointly with his spouse.

#### **Ur-Energy Inc. Stock Option Plan 2005**

The Corporation adopted the Ur-Energy Inc. Stock Option Plan 2005, as amended (the "Option Plan"), in order to advance the interests of the Corporation by providing directors, officers, employees and consultants with a financial incentive tied to the long-term financial performance of the Corporation and continued service or employment with the Corporation.

A total of 10% of the Corporation's issued and outstanding Common Shares are reserved for issuance pursuant to the Option Plan. As noted under the heading "Restricted Share Unit (RSU) Plan" the Board of Directors adopted an RSU Plan on February 5, 2009 and granted certain awards under the RSU Plan subject to shareholder approval at a meeting of shareholders to be held on April 28, 2009. The numbers set forth in this paragraph assume the adoption of the RSU Plan and the award of those RSU grants. As at March 18, 2009, this represented 9,324,300 Common Shares. Of these, 8,264,356 (representing 8.8% of the currently outstanding Common Shares) are issuable upon the exercise of currently outstanding options and RSU grants and 1,059,944 Common Shares (representing 1.1% of the currently outstanding Common Shares) are available for future option or RSU grants. The number of shares reserved is subject to adjustment if the Common Shares are subdivided, consolidated, converted or reclassified or the number of Common Shares varies as a result of a stock dividend or an increase or a reduction in the share capital of the Corporation. If the RSU Plan is adopted at the shareholder meeting to be held by the Corporation, 10% of the issued and outstanding shares will be allocated in the aggregate for the Option Plan and RSU Plan. The Corporation expects going forward that approximately 80% of the shares will be allocated to the Option Plan and 20% to the RSU Plan. See heading "Restricted Share Unit (RSU) Plan" for more details on the RSU Plan.

Under the Option Plan, options may be granted to all directors, officers, employees and consultants of the Corporation. The maximum number of Common Shares that may be reserved for issuance to any one person under the Option Plan is 5% of the number of Common Shares outstanding at the time of reservation. The exercise price for Common Shares subject to an option is determined by the Board of Directors at the time of grant and may not be less than the market price of the Common Shares at the time the option is granted. Options are generally exercisable as to 10% immediately on the date of grant; with an additional 22% becoming exercisable four and one-half months after the date of grant; 22% becoming exercisable nine months after the date of grant; 22% thirteen and one-half months after the date of grant; and, the balance of 24% eighteen months after the date of grant, subject to the right of the Board of Directors to determine at the time of a particular grant that such options will become exercisable on different dates. An option may be for a term of up to five years and may not be assigned.

Options granted under the Option Plan are subject to early termination under certain circumstances, including (i) one year after the death of the option holder, (ii) three months after the option holder's resignation or dismissal without cause as an employee, or (iii) immediately upon the option holder's dismissal for cause as an employee. In each case, only options exercisable at the time of the event which gave rise to such early termination may be exercised by the option holder during such period. The Option Plan also provides that on a change of control all options under the Option Plan vest immediately and are immediately exercisable. On November 8, 2007, the Board amended the Option Plan to allow the CEO the ability to grant options for up to an aggregate 100,000 Common Shares between Board meetings to non-executive employees and consultants. All such grants must be reported to the Board at the next meeting. This amendment did not require shareholder approval.

The Option Plan and the terms of any outstanding option may be amended at any time by the Board of Directors subject to any required regulatory or shareholder approvals, provided that where such an amendment would prejudice the rights of an option holder under any outstanding option, the consent of the option holder is required to be obtained.

### **Restricted Share Unit (RSU) Plan**

The Board of Directors adopted the RSU Plan on February 5, 2009 upon the approval of the Toronto Stock Exchange but subject to shareholder approval at the Corporation's meeting of shareholders to be held on April 28, 2009. The Corporation adopted the RSU Plan as part of the Corporation's overall stock-based compensation plan. The RSU Plan allows participants to earn actual common shares of the Corporation over time, rather than options that give participants the right to purchase stock at a set price.

The Corporation continues to have the Option Plan, more fully described under the heading "Ur-Energy Inc. Stock Option Plan 2005". Combined the Option Plan and, if approved, the RSU Plan will provide that the maximum number of Common Shares available for issuance in the aggregate under both plans is equal to 10% of the number of Common Shares outstanding at the time of grant. The Corporation on a going forward basis expects to allocate approximately 80% of the number of Common Shares eligible for grant to the Option Plan, currently, 7,459,440 shares and approximately 20% of the number of Common Shares eligible for grant to the RSU Plan, currently, 1,864,860 shares.

The rules of the Toronto Stock Exchange provide that an issuer must have approved by its securityholders every three years after the institution of a plan which does not have a fixed maximum number of securities issuable thereunder, which is the case of the combined Option Plan and RSU Plan of the Corporation, which provides that the maximum number of Common Shares available for issuance in the aggregate under both plans is equal to 10% of the number of Common Shares outstanding at the time of grant. The RSU Plan will need to be approved by shareholders at a meeting of shareholders by 2012.

The RSU Plan is a plan which includes directors, executive officers and employees of the Corporation. The Board of Directors has appointed the Compensation Committee to approve which persons are entitled to participate in the RSU Plan and the number of RSUs to be awarded to each participant. RSUs awarded to participants are credited to an account that is established on their behalf and maintained in accordance with the RSU Plan. Each RSU awarded conditionally entitles the participant to the delivery of one common share (or cash in lieu of such share) upon attainment of the RSU vesting period. RSUs awarded to participants vest in accordance with the terms of the RSU Plan. All RSUs awarded vest over a two year period, 50% of the RSUs awarded to each participant vesting on the first anniversary of the date of grant and 50% vesting on the second anniversary of the date of grant. On voluntary termination of employment, or resignation of a director from the Board of Directors, all unvested RSUs are forfeited. Additional details of the RSU Plan are outlined below and a copy of the full RSU Plan is attached to the Corporation's Proxy Management Circular filed on SEDAR at [www.sedar.com](http://www.sedar.com) and with the SEC at [www.sec.gov](http://www.sec.gov):

- the RSU Plan provides for the Corporation to redeem Restricted Share Units for cash or Common Shares from treasury to satisfy all or any portion of the RSU awards;
- the maximum number of Common Shares available for issuance under both the RSU Plan and the Option Plan is 10% of the issued and outstanding shares and remains at the same level as currently been approved (i.e. there will be NO increase in the maximum number of Common Shares available for issuance under the Option Plan and RSU Plan)

· in the event of a Change of Control (as defined in the RSU Plan) the Corporation shall redeem 100% of the Restricted Share Units granted to participants

· in the event of an involuntary termination of an employee of the Corporation, other than for cause, or a director who is not re-elected the Corporation shall redeem the Restricted Share Units for cash

In February 2009, the Corporation awarded a total of 1,017,828 RSUs to approximately 49 directors, executive officers and employees, however, all RSU awards are subject to the approval of the RSU Plan by shareholders. In the event that shareholders do not approve the RSU Plan, such grants will cease to exist.

The Board of Directors is of the view that it is in the best interests of the Corporation to adopt the RSU Plan, which will continue to enable the Board of Directors to grant options to directors, officers, employees or consultants of the Corporation and its subsidiaries as a means of attracting highly qualified directors, executive officers and employees who will be motivated towards the success of the Corporation and to encourage share ownership in the Corporation by directors, executive officers and employees who work on behalf of the Corporation. In addition, the RSU Plan also will assist in providing directors and executive officers with equity ownership in the Corporation which will align their interests with those of the shareholders.

## **Item 7. Major Shareholders and Related Party Transactions.**

### **A. Major shareholders.**

As of March 18, 2008, to the knowledge of the directors and senior officers of the Corporation, the following persons beneficially own, directly or indirectly, or exercise control or direction over more than 5% of the Common Shares:

Name of Holder	Number of Common Shares of the Corporation	Percentage of Issued and Outstanding Common Shares of the Corporation
BlackRock, Inc <sup>(1)</sup> .	11,326,450 Common Shares	12.1%
FMR LLC <sup>(2)</sup>	7,827,700 common shares	8.3%

(1) On behalf of its investment advisory subsidiaries: BlackRock Investment Management, LLC, BlackRock (Channel Islands) Ltd., and BlackRock Investment Management UK Ltd. As reported by BlackRock, Inc. on Form 13G dated January 13, 2009 filed with the SEC.

(2) On behalf of Fidelity Canada Disciplined Equity Fund, Pyramis Global Advisors, LLC, Edward C. Johnson 3d and the members of the family of Edward C. Johnson 3d. As reported by FMR LLC on Form 13G dated February 12, 2009 filed with the SEC.

As of October 30, 2008, there were 20 registered holders of Ur-Energy's 93,243,607 outstanding common shares, of which 34,425,481 were held in the United States

The Corporation is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Corporation. To the knowledge of the Corporation, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

**B. Related party transactions.**

Other than employment agreements with executive officers, stock option grants described elsewhere in this report or as otherwise disclosed in this report, the Corporation is not aware of any related party transactions occurring or being made, or any loans made by the Corporation or any of its subsidiaries to related parties, since January 1, 2008.

Not applicable.

**C. Interests of experts and counsel.**

Not applicable.

**Item 8. Financial Information.**

See Item 17.

**Item 9. The Offer and Listing.**

**A. Offer and listing details.**

Ur-Energy's common shares are listed and traded in Canada on the TSX since November 29, 2005 and in the United States on the NYSE Amex since July 24, 2008. The following table sets forth the price range per share and trading volume for the common shares:

**TSX (C\$)**

	Common Shares		
	Average Daily Volume	High	Low
<b>2005(Nov. 29 to Dec 31)</b>	887,164	1.14	0.78
<b>2006</b>	742,382	4.70	0.95
<b>2007</b>	778,284	5.45	2.17
<b>2008</b>	476,618	3.60	0.34
<b>2007</b>			
First Quarter	811,247	5.45	3.69
Second Quarter	983,906	5.20	3.85
Third Quarter	616,945	4.69	2.17
Fourth Quarter	506,281	4.31	2.81
<b>2008</b>			
First Quarter	518,629	3.60	1.76
Second Quarter	375,258	2.41	1.37
Third Quarter	303,468	2.42	0.57
Fourth Quarter	711,392	0.79	0.34
<b>2008</b>			
September	455,086	1.59	0.57
October	1,013,605	0.69	0.34
November	656,220	0.79	0.43
December	447,333	0.73	0.48



<b>2009</b>			
January	339,038	0.93	0.70
February	175,511	0.76	0.61
March 1 to 18	118,392	0.71	0.61

**NYSE Amex (US\$)**

	<b>Common Shares</b>		
	<b>Average Daily Volume</b>	<b>High</b>	<b>Low</b>
<b>2008</b> (July 25 to Dec 31)	173,018	1.96	0.28

<b>2008</b>			
Third Quarter (July 25 to Sept 30)	95,479	1.96	0.55
Fourth Quarter	229,961	0.75	0.28

<b>2008</b>			
September	158,776	1.43	0.55
October	337,983	0.65	0.28
November	212,574	0.75	0.35
December	132,045	0.59	0.38

<b>2009</b>			
January	111,835	0.77	0.56
February	102,589	0.60	0.49
March 1 to 18	67,423	0.56	0.46

On March 18, 2009, the closing price of the Common Shares was \$0.63 on the TSX and US\$0.50 on the NYSE Amex. The registrar and transfer agent for the Common Shares is Equity Transfer & Trust Corporation, Toronto, Ontario and the co-registrar and transfer agent is Registrar and Transfer Corporation, New York, New York.

***B. Plan of distribution.***

Not applicable.

***C. Markets.***

The Corporation's common shares are listed on the TSX under the symbol "URE" and on the NYSE Amex under the symbol "URG".

***D. Selling shareholders.***

Not applicable.

**E. Dilution.**

Not applicable.

**F. Expenses of the issue.**

Not applicable.

**Item 10. Additional Information.**

**A. Share capital.**

Not applicable.

**B. Memorandum and articles of association.**

The Corporation's articles of continuance do not place any restrictions on the Corporation's objects and purposes. The authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of Class A Preference Shares. As of March 18, 2009, 93,893,607 common shares are issued and outstanding and no preferred shares are issued and outstanding. The holders of the common shares are entitled to one vote per share at all meetings of the shareholders of the Corporation. The holders of common shares are also entitled to dividends, if and when declared by the directors of the Corporation and the distribution of the residual assets of the Corporation in the event of a liquidation, dissolution or winding up of the Corporation. The Corporation's common shares do not have pre-emptive rights to purchase additional shares.

The Corporation's Class A Preference Shares are issuable by the directors in one or more series and the directors have 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 of Directors, 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.

***Certain Powers of Directors***

The *Canada Business Corporations Act* (the "CBCA") requires that every director who is a party to a material contract or transaction or a proposed material contract or transaction with a corporation, or who is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or a proposed material contract or transaction with the corporation, shall disclose in writing to the corporation or request to have entered in the minutes of the meetings of directors the nature and extent of his or her interest, and shall refrain from voting in respect of the material contract or transaction or proposed material contract or transaction unless the contract or transaction is: (a) one relating primarily to his or her remuneration as a director, officer, employee or agent of the corporation or an affiliate; (b) one for indemnity of or insurance for directors as contemplated under the CBCA; or (c) one with an affiliate. However, a director who is prohibited by the CBCA from voting on a material contract or proposed material contract may be counted in determining whether a quorum is present for the purpose of the resolution, if the director disclosed his or her interest in accordance with the CBCA and the contract or transaction was reasonable and fair to the corporation at the time it was approved.

The directors may, by resolution, amend or repeal any by-laws that regulate the business or affairs of the Corporation. The CBCA requires the directors to submit any such amendment or repeal to the Corporation's shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the amendment or repeal.

### ***Directors' Share Ownership***

In December 2008, the Compensation Committee reviewed the director compensation and recommended changes to the director compensation scheme which was adopted by the Compensation Committee and the Board of Directors in January 2009. Each non-management director will receive a base retainer in cash of US\$18,000 and will be eligible to receive grants of options and RSU awards at the discretion of the Board of Directors. In addition, the Compensation Committee and Board of Directors adopted a resolution requiring mandatory ownership of the non-management directors to encourage the alignment of interests between the Corporation and its shareholders. Non-management directors are required to invest an amount equal to the non-management director's annual retainer in shares or securities exercisable into shares on or before the latest of (i) December 31, 2013, or (ii) the fifth anniversary of the non-management director's election or appointment. The retainer amount will be calculated using the amount of the annual retainer at the latest of (i) January 1, 2009, or (ii) the date of the non-management director's election or appointment.

See "Item 6.B – Compensation – Compensation of Directors".

### ***Meetings of Shareholders***

The CBCA requires the Corporation to call an annual shareholders' meeting within 15 months after holding the last preceding annual meeting but not later than six months after the end of the Corporation's preceding financial year and permits the Corporation to call a special shareholders' meeting at any time. In addition, in accordance with the CBCA, the holders of not less than 5% of the Corporation's shares carrying the right to vote at a meeting sought to be held may requisition the Corporation's directors to call a special shareholders' meeting for the purposes stated in the requisition. The Corporation is required to mail a notice of meeting and management information circular to registered shareholders not less than 21 days and not more than 60 days prior to the date of any annual or special shareholders' meeting. These materials also are filed with Canadian securities regulatory authorities and the SEC. The Corporation's by-laws provide that a quorum of two shareholders in person or represented by proxy holding or representing by proxy not less than 10% of the Corporation's issued shares carrying the right to vote at the meeting is required to transact business at a shareholders' meeting. Shareholders, and their duly appointed proxies and corporate representatives, as well as the Corporation's auditors, are entitled to be admitted to the Corporation's annual and special shareholders' meetings.

### ***Disclosure of Share Ownership***

The *Securities Act* (Ontario) provides that a person or company that beneficially owns, directly or indirectly, voting securities of an issuer or that exercises control or direction over voting securities of an issuer or a combination of both, carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities (an "insider") must, within 10 days of becoming an insider, file a report in the required form effective the date on which the person became an insider, disclosing any direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer. The *Securities Act* (Ontario) also provides for the

filing of a report by an insider of a reporting issuer who acquires or transfers securities of the issuer. This report must be filed within 10 days after the end of the month in which the acquisition or transfer takes place.

The *Securities Act* (Ontario) also provides that a person or company that acquires (whether or not by way of a take-over bid, issuer bid or offer to acquire) beneficial ownership of voting or equity securities or securities convertible into voting or equity securities of a reporting issuer that, together with previously held securities brings the total holdings of such holder to 10% or more of the outstanding securities of that class, must (a) issue and file forthwith a news release containing the prescribed information and (b) file a report within two business days containing the same information set out in the news release. The acquiring person or company must also issue a press release and file a report each time it acquires an additional 2% or more of the outstanding securities of the same class and every time there is a "material change" to the contents of the news release and report previously issued and filed.

The rules in the United States governing the ownership threshold above which shareholder ownership must be disclosed are more stringent than those discussed above. Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") imposes reporting requirements on persons who acquire beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act) of more than 5% of a class of an equity security registered under Section 12 of the Exchange Act. In general, such persons must file, within 10 days after such acquisition, a report of beneficial ownership with the SEC containing the information prescribed by the regulations under Section 13 of the Exchange Act. This information is also required to be sent to the issuer of the securities and to each exchange where the securities are traded.

### **C. Material contracts.**

The only contract entered into by the Corporation for each of the fiscal years ending December 31, 2007 and 2008 which was material and entered into outside the ordinary course of business:

1. Underwriting Agreement dated April 23, 2007 between the Corporation, GMP Securities L.P., Raymond James Ltd., Cormark Securities Ltd. and Canaccord Capital Corporation (collectively, the "Underwriters"). Pursuant to the Underwriting Agreement, the Underwriters offered to purchase from the Corporation, and the Corporation agreed to issue and sell to the Underwriters, 17,431,000 common shares of the Corporation. The associated bought deal financing was completed on May 10, 2007.

### **D. Exchange controls.**

There is no law, governmental decree or regulation in Canada that restricts the export or import of capital or affects the remittance of dividends, interest or other payments to a non-resident holder of common shares other than withholding tax requirements. Any such remittances to United States residents are subject to withholding tax. See "Taxation." There is no limitation imposed by the laws of Canada or by the charter or other constituent documents of the Corporation on the right of a non-resident to hold or vote the common shares, other than as provided in the Investment Canada Act.

The following discussion summarizes the principal features of the Investment Canada Act for a non-resident who proposes to acquire the common shares. The Investment Canada Act generally prohibits implementation of a reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture (each an "entity") that is not a "Canadian" as defined in the Investment Canada Act (a "non-Canadian"), unless after review, the minister responsible for the Investment Canada Act is satisfied that the investment is likely to be of net benefit to Canada. Certain Government of Canada uranium policies may be material in respect of such a review.

An investment in the common shares by a non-Canadian other than a "WTO Investor" (as that term is defined by the Investment Canada Act, and which term includes entities which are nationals of or are controlled by nationals of member states of the World Trade Organization) when the Corporation was not controlled by a WTO Investor, would be reviewable under the Investment Canada Act if it was an investment to acquire control of the Corporation and the value of the assets of the Corporation, as determined in accordance with the

regulations promulgated under the Investment Canada Act, was \$5 million or more. An investment in the common shares by a WTO Investor, or by a non-Canadian when the Corporation was controlled by a WTO Investor, would be reviewable under the Investment Canada Act if it was an investment to acquire control of the Corporation and the value of the assets of the Corporation, as determined in accordance with the regulations promulgated under the Investment Canada Act was not less than a specified amount, which for 2009 was any amount in excess of \$312 million. Amendments to the Investment Canada Act are expected to come into force in the course of 2009 that will change the financial threshold that will trigger a review. These amendments will make an acquisition of control reviewable if the enterprise value (which term is to be defined in regulations not yet in force) of the Corporation exceeds \$5 million (in respect of a non-WTO Investor transaction) or \$600 million (in respect of a WTO Investor transaction), as the case may be (which amount will increase in subsequent years).

A non-Canadian would acquire control of the Corporation for the purposes of the Investment Canada Act if the non-Canadian acquired a majority of the common shares. The acquisition of one third or more, but less than a majority of the common shares would be presumed to be an acquisition of control of the Corporation unless it could be established that, on the acquisition, the Corporation was not controlled in fact by the acquirer through the ownership of the common shares.

A completed or proposed acquisition of common shares of the Corporation (whether or not control is acquired) may also be reviewable if the Minister of Industry, after consultation with the Minister of Public Safety and Emergency Preparedness, considers that the investment could be injurious to national security and the Canadian federal cabinet makes an order for the review of the investment. Furthermore, to the extent that the investor has not implemented the proposed acquisition of common shares of the Corporation and the Minister of Industry has reasonable grounds to believe that the investment could be injurious to national security, the investor may not implement the acquisition without clearance if the minister sends a notice to the investor that an order for the review of the investment may be made.

Certain transactions relating to the common shares may be exempt from the Investment Canada Act, including: (a) an acquisition of the common shares by a person in the ordinary course of that person's business as a trader or dealer in securities; (b) an acquisition of control of the Corporation in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Canada Act; and (c) an acquisition of control of the Corporation by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the Corporation, through the ownership of the common shares, remained unchanged.

#### ***E. Taxation.***

##### Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax consequences generally applicable to the holding and disposition of common shares in the capital of the Corporation by a person who is a resident of the United States (and not resident in Canada for purposes of the Income Tax Act (Canada) (the "Tax Act") and the Canada-United States Income Tax Convention, 1980, as amended (the "Treaty")), who is entitled to the benefit of the Treaty, who holds common shares solely as capital property and does not use or hold a common share in carrying on business in Canada (a "US Holder"). Generally the common shares will be considered to be capital property to a US Holder provided the holder does not hold the common shares in the course of carrying on a business of trading in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Special rules, which are not discussed herein, may apply to a holder of common shares who is a non-resident insurer which carries on business in Canada and elsewhere.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), the Treaty, all specific proposals to amend the Tax Act, the Regulations and the Treaty publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Proposals") and the administrative practices and assessing policies of the of Canada Revenue Agency published in writing by it prior to the date hereof.

This summary is not exhaustive of all possible Canadian federal income tax considerations and except for the Proposals, does not take into account or anticipate any changes in the law or practice, whether by judicial, governmental, or legislative decision or action, nor does it take into account any provincial, territorial or foreign (including without limitation, any US) tax law or treaty, which may differ significantly from those discussed herein. It is assumed that all Proposals will be enacted substantially as proposed and that there is no other relevant change in any governing law or practice, although no assurance can be given in these respects. Each US Holder is advised to obtain tax and legal advice applicable to such US Holder's particular circumstances.

## **Dividends**

Dividends on common shares paid or credited by the Corporation to a US Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends. In general, the Treaty reduces the rate of withholding with respect to dividends paid to a US Holder to 15% of the gross amount of the dividend. If the US Holder is a company that owns at least 10% of the voting stock of the Corporation and beneficially owns the dividend, the rate of withholding tax is reduced to 5% under the Treaty. Further, under the Treaty dividends paid to certain religious, scientific, literary, educational or charitable organizations and certain pension organizations that are resident in, and generally exempt from tax in the United States, are generally exempt from Canadian withholding tax. The Corporation is required to withhold the applicable tax from the dividend payable to the US Holder, and to remit the tax to the Receiver General of Canada for the account of the US Holder.

## **Disposition of Common Shares**

A US Holder will not be subject to tax under the Tax Act on any capital gain realized on an actual or deemed disposition of a common share, provided the common shares are not “taxable Canadian property” to the US Holder. The common shares will not be taxable Canadian property to a US Holder with respect to a particular disposition unless at any time in the 60 month period preceding the disposition the US Holder, persons with whom the US Holder does not deal at arm’s length or the US Holder together with such persons owned 25% or more of the common shares (or any other class or series of shares of the Corporation). Further, the Treaty may exempt a US Holder from tax imposed under the Tax Act on capital gains arising on the disposition of common shares.

## United States Federal Income Tax Considerations

**TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

The following summary describes certain material U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) with respect to the ownership and disposition of the Corporation’s common shares offered hereunder. It addresses only U.S. Holders that hold the Corporation’s common shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”) (generally, assets held for investment purposes). The following summary does not purport to be a complete analysis of all of the potential U.S. federal income tax considerations that may be relevant to particular U.S. Holders in light of their particular circumstances, nor does it deal with persons that are subject to special tax rules, such as brokers, dealers in securities or currencies, financial institutions, mutual funds, insurance companies, tax-exempt entities, qualified retirement plans, U.S. Holders that own stock constituting 10% or more of the Corporation’s voting power (whether such stock is directly, indirectly or constructively owned), regulated investment companies, common trust funds, U.S. Holders subject to the alternative minimum tax, U.S. Holders holding the Corporation’s common shares as part of a straddle, hedge or conversion transaction or as part of a synthetic security or other integrated transaction, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, U.S. Holders that have a “functional currency” other than the U.S. dollar, U.S. expatriates, and persons that acquired the Corporation’s common shares in a compensation transaction. In addition, this summary does not address persons that hold an interest in a partnership or other pass-through entity that holds the Corporation’s common shares, or tax considerations arising under the laws of any state, local or non-U.S. jurisdiction or other U.S. federal tax considerations (e.g., estate or gift tax) other than those pertaining to the income tax.

The following is based on the Code, Treasury regulations promulgated thereunder (“Treasury Regulations”), and administrative rulings and court decisions, in each case as in effect on the date hereof, all of which are subject to change, possibly with retroactive effect.

As used herein, the term “U.S. Holder” means a beneficial owner of the Corporation’s common shares that is (i) a citizen or individual resident of the U.S., (ii) a corporation (or an entity classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (A) a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons, within the meaning of Section 7701(a)(30) of the Code, have authority to control all of its substantial decisions or (B) it has properly elected under applicable Treasury Regulations to be treated as a U.S. person.

The tax treatment of a partner in a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) may depend on both the partner’s and the partnership’s status and the activities of such partnership. Partnerships that are beneficial owners of the Corporation’s common shares, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax considerations applicable to them with respect to the ownership and disposition of the Corporation’s common shares.

**This summary is of a general nature only. It is not intended to constitute, and should not be construed to constitute, legal or tax advice to any particular U.S. Holder. U.S. Holders should consult their own tax advisors as to the tax considerations applicable to them in their particular circumstances.**

### **Ownership and Disposition of the Corporation’s Common Shares**

*Distributions.* Subject to the discussion below under “Certain United States Federal Income Tax Considerations — Passive Foreign Investment Company Rules” and under “Certain United States Federal Income Tax Considerations – Controlled Foreign Corporations,” distributions made with respect to the Corporation’s common shares (including any Canadian taxes withheld from such distributions) generally will be included in the gross income of a U.S. Holder as dividend income to the extent of the Corporation’s current and accumulated earnings and profits, as determined under U.S. federal income tax principles. So long as the Corporation is not a passive foreign investment company (see discussion under “Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company” below), the Corporation is expected to be eligible for the benefits of a comprehensive income tax treaty with the U.S., so that dividends paid by the Corporation to non-corporate U.S. Holders are generally expected to be eligible for the reduced rate of U.S. federal income tax available with respect to certain dividends received in taxable years beginning before January 1, 2011. Note, however, that if the Corporation is a PFIC, for the taxable year during which the Corporation pays a dividend or for the preceding year, the reduced rates described in the preceding sentence will not apply. A corporate U.S. Holder will not be entitled to a dividends received deduction that is otherwise generally available upon the receipt of dividends distributed by U.S. corporations.

Distributions in excess of the Corporation’s current and accumulated earnings and profits, if made with respect to the Corporation’s common shares, will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in such common shares, and thereafter as capital gain.

If any dividends are paid in Canadian dollars, the amount includible in gross income will be the U.S. dollar value of such dividend, calculated by reference to the exchange rate in effect on the date of actual or constructive receipt of the payment, regardless of whether the payment is actually converted into U.S. dollars. If any Canadian dollars actually or constructively received by a U.S. Holder are later converted into U.S. dollars, such U.S. Holder may recognize gain or loss on the conversion, which will be treated as ordinary gain or loss. Such gain or loss generally will be treated as gain or loss from sources within the U.S. for U.S. foreign tax credit purposes.

A U.S. Holder may be entitled to deduct or claim a credit for Canadian withholding taxes, subject to applicable limitations in the Code. Dividends paid on the Corporation's common shares will be treated as income from sources outside the U.S. and generally will be "passive category income" for U.S. foreign tax credit limitation purposes. The rules governing the foreign tax credit are complex and the availability of the credit is subject to limitations. U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

*Dispositions.* Subject to the discussion below under "Certain United States Federal Income Tax Considerations — Passive Foreign Investment Company Rules" and "Certain United States Federal Income Tax Considerations – Controlled Foreign Corporations," upon the sale, exchange or other taxable disposition of the Corporation's common shares, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any other property received upon the sale, exchange or other taxable disposition and (ii) the U.S. Holder's adjusted tax basis in such common shares. Capital gain or loss recognized upon a sale, exchange or other taxable disposition of the Corporation's common shares will generally be long-term capital gain or loss if the U.S. Holder's holding period with respect to such common shares disposed of is more than one year at the time of the sale, exchange or other taxable disposition. The deductibility of capital loss is subject to limitations.

### **Passive Foreign Investment Company Rules**

Certain adverse U.S. federal income tax rules generally apply to a U.S. person that owns or disposes of stock in a non-U.S. corporation that is treated as a passive foreign investment company (a "PFIC"). In general, a non-U.S. corporation will be treated as a PFIC for any taxable year during which, after applying relevant look-through rules with respect to the income and assets of subsidiaries, either (i) 75% or more of the non-U.S. corporation's gross income is passive income, or (ii) 50% or more of the average value of the non-U.S. corporation's assets produce or are held for the production of passive income. For these purposes, passive income generally includes dividends, interest, certain rents and royalties, and the excess of gains over losses from certain commodities transactions, including transaction involving oil and gas. However, gains and losses from commodities transactions generally are excluded from the definition of passive income if (i) such gains or losses are derived by a non-U.S. corporation in the active conduct of a commodity business, and (ii) "substantially all" of such corporation's business is as an active producer, processor, merchant or handler of commodities of like kind (the "active commodities business exclusion").

The Corporation has not made a determination as to its PFIC status for the current or any past taxable years. PFIC classification is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. Thus, there can be no assurance that the Corporation is not a PFIC for the current taxable year, has not been for any past taxable years or will not be a PFIC for any future taxable years.

The following U.S. federal income tax consequences generally will apply to a U.S. Holder of the Corporation's common shares if the Corporation is treated as a PFIC:

*Distributions.* Distributions made by the Corporation with respect to its common shares, to the extent such distributions are treated as "excess distributions" pursuant to Section 1291 of the Code, must be allocated ratably to each day of the U.S. Holder's holding period for such common shares. The amounts allocated to the taxable year during which the distribution is made, and to any taxable years in such U.S. Holder's holding period which are prior to the first taxable year in which the Corporation is treated as a PFIC, are included in such U.S. Holder's gross income as ordinary income for the taxable year of the distribution. The amount allocated to each other taxable year is taxed as ordinary income in the taxable year of the distribution at the highest tax rate in effect for the U.S. Holder in that other taxable year and is subject to an interest charge at the rate applicable to underpayments of tax. Any distribution made by the Corporation that does not constitute an excess distribution would be treated in the manner described under "Certain United States Federal Income Tax Considerations — Ownership and Disposition of the Corporation's Common Shares — Distributions," above.

*Dispositions.* The entire amount of any gain realized upon the U.S. Holder's disposition of the Corporation's common shares generally will be treated as an excess distribution made in the taxable year during which such disposition occurs, with the consequences described above.



*Elections.* In general, the adverse U.S. federal income tax consequences of holding stock of a PFIC described above may be mitigated if a U.S. shareholder of the PFIC is able to, and timely makes, a valid qualified electing fund (“QEF”) election with respect to the PFIC or a valid mark-to-market election with respect to the stock of the PFIC.

**U.S. Holders should consult their own tax advisors as to the tax consequences of owning and disposing of stock in a PFIC, including the availability of any elections that may mitigate the adverse U.S. federal income tax consequences of holding stock of a PFIC.**

#### **Certain Controlled Foreign Corporation Rules**

If more than 50% of the total voting power or the total value of the Corporation’s outstanding shares is owned, directly or indirectly, by citizens or residents of the U.S., U.S. partnerships or corporations, or U.S. estates or trusts (as defined by Section 7701(a)(30) of the Code), each of which own, directly or indirectly, 10% or more of the total voting power of the Corporation’s outstanding shares (each a “10% Shareholder”), the Corporation could be treated as a “Controlled Foreign Corporation” (“CFC”) under Section 957 of the Code.

The Corporation’s classification as a CFC would effect many complex results, including that under Section 1248 of the Code, gain from the disposition of the Corporation’s common stock by a U.S. Holder that is or was a 10% Shareholder at any time during the five-year period ending with the disposition will be treated as a dividend to the extent of the Corporation’s earnings and profits attributable to the common shares sold or exchanged.

If the Corporation is classified as both a PFIC and a CFC, the Corporation generally will not be treated as a PFIC with respect to 10% Shareholders.

The Corporation has made no determination as to whether it currently meets or has met the definition of a CFC, and there can be no assurance that it will not be considered a CFC for the current or any future taxable year.

**The CFC rules are very complicated, and U.S. Holders should consult their own financial advisor, legal counsel or accountant regarding the CFC rules and how these rules may impact their U.S. federal income tax situation.**

#### **Information Reporting and Backup Withholding Tax**

If certain information reporting requirements are not met, a U.S. Holder may be subject to backup withholding tax (currently imposed at a rate of 28%) on the distributions made with respect to the Corporation’s common shares or proceeds received on the disposition of the Corporation’s common shares. Backup withholding tax is not an additional tax. A U.S. Holder subject to the backup withholding tax rules will be allowed a credit of the amount withheld against such U.S. Holder’s U.S. federal income tax liability and, if backup withholding tax results in an overpayment of U.S. federal income tax, such U.S. Holder may be entitled to a refund, provided that the requisite information is correctly furnished to the Internal Revenue Service in a timely manner. U.S. Holders should consult their own tax advisors as to the information reporting and backup withholding tax rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE OWNERSHIP

AND DISPOSITION OF the Corporation's COMMON SHARES. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

**F. Dividends and paying agents.**

Not applicable.

**G. Statement by experts.**

Not applicable.

**H. Documents on display.**

Public documents are available for inspection at the Corporation's head offices located at 10758 W. Centennial Road, Suite 200, Littleton, Colorado 80127, and, for certain documents, on the Internet at [www.sedar.com](http://www.sedar.com) and at [www.sec.gov](http://www.sec.gov).

The Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, to the extent required of Canadian companies, files periodic reports and other information with the SEC. All such reports and information may be read and copied at the public reference facilities listed below. The Corporation intends to give its shareholders annual reports containing audited financial statements and a report thereon from its independent chartered accountants and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information.

Statements made in this Annual Report on Form 20-F (Annual Information Form) about the contents of contracts or other documents are not necessarily complete and shareholders are referred to the copy of such contracts or other documents filed as exhibits to this annual report.

The Corporation's SEC filings, and the exhibits thereto, are available for inspection and copying at the public reference facilities maintained by the SEC in Judiciary Plaza, Room 1580, 100 F Street N.W., Washington, D.C., 20549. Copies of these filings may be obtained from these offices after the payment of prescribed fees. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. These filings are also available on the SEC's website at [www.sec.gov](http://www.sec.gov).

The Corporation will also provide its shareholders with proxy statements prepared according to Canadian law. As a Canadian company, the Corporation is exempt from the Exchange Act rules regarding the furnishing and content of proxy statements to shareholders and is also exempt from the short-swing profit recovery and disclosure regime of Section 16 of the Exchange Act.

**I. Subsidiary Information.**

Not applicable.

**Item 11. Quantitative and Qualitative Disclosures About Market Risk.**

The Corporation is engaged in the acquisition and development of uranium projects and related activities including exploration, evaluation, development, engineering, permitting, and the preparation of related economical analysis. The value of the Corporation's properties is related to uranium price and changes in the price of uranium could affect its ability to generate revenue from its portfolio of uranium projects.

Uranium prices may fluctuate widely from time to time and are affected by numerous factors, including the following: expectations with respect to the rate of inflation, exchange rates, interest rates, global and regional political and economic circumstances and governmental policies, including those with respect to uranium production and nuclear energy. The demand for, and supply of, uranium affect uranium prices, but not necessarily in the same manner as demand and supply affect the prices of other commodities. The supply of uranium consists of a combination of new mine production and existing stocks of uranium held by governments, and public and private organizations. The demand for uranium is primarily derived from nuclear energy production. Uranium cannot be readily sold in commodities markets and its market value cannot be predicted for any particular time.

Because the Corporation has several exploration operations in North America and Canada, it is subject to foreign currency fluctuations. The Corporation holds financial assets and liabilities in Canadian and US dollars. The Corporation does not engage in currency hedging to offset any risk of currency fluctuations.

As of December 31, 2008, the company had neither debt outstanding, nor any investment in debt instruments other than highly liquid short-term investments.

**Item 12. Description of Securities Other than Equity Securities.**

Not applicable.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies.**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.**

Not applicable.

**Item 15. Controls and Procedures.**

*Disclosure Controls and Procedures*

As of December 31, 2008, the Corporation carried out an evaluation, under the supervision and with the participation of its principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on this evaluation, the Corporation's principal executive officer and principal financial officer have concluded that as of December 31, 2008, the Corporation's disclosure controls and procedures were effective to ensure that information required to be disclosed in the Corporation's periodic reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and accumulated and communicated to the Corporation's management, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

This Annual Report on Form 20-F (Annual Information Form) does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the Corporation's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

**Changes in Internal Control Over Financial Reporting**

During the period covered by this Annual Report on Form 20-F (Annual Information Form), no changes occurred in the Corporation's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

**Item 15T. Controls and Procedures.**

Not Applicable.

**Item 16. [Reserved]**

**Item 16A. Audit Committee Financial Expert.**

The Audit Committee has determined that Robert Boaz is the Corporation's "audit committee financial expert," as defined in the rules promulgated by the SEC.

See "Item 6.B – Board Practices – Audit Committee" for more detailed information on the responsibilities and activities of the Audit Committee.

For biographical information on each member of the Audit Committee, see "Item 6 – Directors, Senior Management and Employees."

**Item 16B. Code of Ethics.**

The Corporation adopted a written Code of Business Conduct and Ethics (the "Code") on August 9, 2007 and amended and restated the Code on January 29, 2008 in advance of filing its registration statement on Form 40-F with the SEC. The Corporation further amended the Code on August 7, 2008. All directors, officers and employees of the Corporation are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. The Corporate Governance and Nominating Committee oversees the implementation of the Code and compliance with various regulatory requirements. The Code is available at the Corporation's website at [www.ur-energy.com](http://www.ur-energy.com).

**Item 16C. Principal Accountant Fees and Services.**

*Audit Fees*

Audit fees of \$90,000 related to the audit of the consolidated financial statements for the period from January 1, 2008 to December 31, 2008 were paid in 2009 and audit fees of \$75,000 for the period from January 1, 2007 to December 31, 2007 were paid in 2008.

*Audit-Related Fees*

Audit-related fees of \$82,300 were billed for services relating to the period January 1, 2008 to December 31, 2008, of which \$69,700 was paid in 2009. Audit-related fees of \$168,135 were billed for services rendered for the fiscal year ended December 31, 2007. These fees were for services in connection with financing activities, quarterly reviews of the consolidated financial statements and work in connection with the Corporation's initial SEC filings and related American Stock Exchange listing application.

*Tax Fees*

Fees for the preparation of the annual tax returns and other related tax services of \$18,760 and \$37,221 were accrued and paid in the years ended December 31, 2008 and 2007, respectively.

*All Other Fees*

There were other consulting fees of \$97,152 incurred for the fiscal year ended December 31, 2008 that were paid in 2009. There were no such fees incurred for the fiscal year ended December 31, 2007.

All the above fees were pre-approved by the Audit Committee.

## Pre-Approval Policies and Procedures

The Audit Committee has instituted a policy to pre-approve audit and non-audit services. The Chair of the Audit Committee is given limited delegated authority from time to time by the Committee to pre-approve permitted non-audit services. The Audit Committee also considers on a continuing basis whether the provision of non-audit services is compatible with maintaining the independence of the external auditor.

When engaging the external auditor for permissible non-audit services (audit-related services, tax services, and all other services), pre-approval is obtained prior to the commencement of the services.

### **Item 16D. Exemptions from the Listing Standards for Audit Committees.**

Not applicable.

### **Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

Ur-Energy did not make any purchases of equity securities since January 1, 2008.

### **Item 16F. Change in Registrant's Certifying Accountant.**

Not applicable.

### **Item 16G. Corporate Governance.**

#### **NYSE Amex Corporate Governance Matters**

The Corporation's common shares are listed on NYSE Amex. Section 110 of the NYSE Amex Company Guide permits the NYSE Amex to consider the laws, customs and practices of the foreign issuer's country of domicile in relaxing certain NYSE Amex listing criteria, and to grant exemptions from NYSE Amex listing criteria based on these considerations. A Corporation seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Corporation's governance practices differ from those followed by domestic companies pursuant to NYSE Amex standards is as follows:

- *Shareholder Meeting Quorum Requirement:* The NYSE Amex minimum quorum requirement for a shareholder meeting is one-third of the outstanding common shares. In addition, a Corporation listed on NYSE Amex is required to state its quorum requirement in its bylaws. The Corporation's quorum requirement as set forth in its bylaws is 10% of the issued and outstanding common shares entitled to vote at a meeting of shareholders whether present in person or represented by proxy.
- *Proxy Delivery Requirement:* NYSE Amex requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Corporation is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and Rule 405 under the Securities Act and the equity securities of the Corporation are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Corporation solicits proxies in accordance with applicable rules and regulations in Canada.
- *Shareholder Approval Requirement:* The Corporation will follow the Canadian securities regulatory authorities and Toronto Stock Exchange rules for shareholder approval of new issuances of its common shares. Following securities and exchange rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the Corporation; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and have not been negotiated at arm's length. Shareholder approval is also required, pursuant to Toronto Stock Exchange rules, in the case of most private placements: (x) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (y) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period.

The foregoing are consistent with the laws, customs and practices in Canada.

In addition, the Corporation may from time-to-time seek relief from NYSE Amex corporate governance requirements on specific transactions under Section 110 of the NYSE Amex Company Guide by providing written certification from independent local counsel that the non-complying practice is not prohibited by the Corporation's home country law.

### **PART III**

#### **Item 17. Financial Statements.**

See the attached financial statements.

##### ***A. Consolidated Statements and Other Financial Information.***

##### ***B. Significant Changes.***

None.

#### **Item 18. Financial Statements.**

Not applicable.

#### **Item 19. Exhibits.**

The list of exhibits is included following the signature page hereto.

**Ur-Energy Inc.**  
(a Development Stage Company)

**Audited Consolidated Financial Statements**

**December 31, 2008**

(expressed in Canadian dollars)

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March 23, 2009

**Auditors' Report**  
**To the Shareholders of Ur-Energy Inc.**

We have audited the consolidated balance sheets of **Ur-Energy Inc.** as at December 31, 2008 and 2007 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the three year then ended December 31, 2008, 2007 and 2006 and the cumulative period from March 22, 2004 to December 31, 2008 .. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years ended December 31, 2008, 2007 and 2006 and the cumulative period from March 22, 2004 to December 31, 2008 in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants  
Vancouver, British Columbia



**Ur-Energy Inc.**  
(a Development Stage Company)  
**Consolidated Balance Sheets**

(expressed in Canadian dollars)

	<b>December 31, 2008</b>	<b>December 31, 2007</b>
	\$	\$ (as restated – see Note 2)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 12)	25,799,735	26,312,757
Short-term investments	39,174,200	49,999,021
Marketable securities	7,500	37,000
Amounts receivable	132,710	876,374
Prepaid expenses	77,777	61,488
	<u>65,191,922</u>	<u>77,286,640</u>
<b>Bonding and other deposits</b> (note 3)	2,578,825	1,508,576
<b>Mineral properties</b> (note 4)	31,808,821	31,232,372
<b>Capital assets</b> (note 5)	1,631,304	903,734
<b>Construction in progress</b> (note 6)	323,093	-
	<u>36,342,043</u>	<u>33,644,682</u>
	<u>101,533,965</u>	<u>110,931,322</u>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,265,058	1,432,624
<b>Future income tax liability</b> (note 7)	478,000	478,000
<b>Asset retirement obligation</b> (note 8)	513,576	181,672
	<u>3,256,634</u>	<u>2,092,296</u>
<b>Shareholders' equity</b> (note 9)		
Capital stock	144,396,460	141,623,534
Contributed surplus	12,721,559	8,202,595
Deficit	(58,840,688)	(40,987,103)
	<u>98,277,331</u>	<u>108,839,026</u>
	<u>101,533,965</u>	<u>110,931,322</u>

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

Approved by the Board of Directors

(signed) /s/ Jeffery T. Klenda Director

(signed) /s/ Thomas Parker Director

**Ur-Energy Inc.**  
(a Development Stage Company)  
**Consolidated Statements of Operations, Comprehensive Loss and Deficit**

(expressed in Canadian dollars)

	Year ended December 31, 2008 \$	Year ended December 31, 2007 \$ (as restated – see Note 2)	Year ended December 31, 2006 \$ (as restated – see Note 2)	Cumulative From March 22, 2004 to December 31, 2008 \$ (as restated – see Note 2)
<b>Expenses</b>				
General and administrative	6,904,564	7,305,315	5,540,691	21,923,049
Exploration and evaluation	9,922,798	15,654,041	6,821,291	39,782,553
Development expense	8,854,536	-	-	8,854,536
Write-off of mineral properties	285,813	-	33,832	319,645
	<u>(25,967,711)</u>	<u>(22,959,356)</u>	<u>(12,395,814)</u>	<u>(70,879,783)</u>
<b>Interest income</b>	2,494,445	2,816,398	629,724	6,078,439
<b>Foreign exchange gain (loss)</b>	5,656,319	(806,420)	(177,141)	5,568,239
<b>Other income (loss)</b>	(36,638)	-	-	(36,638)
	<u>8,114,126</u>	<u>2,009,978</u>	<u>452,583</u>	<u>11,610,040</u>
<b>Loss before income taxes</b>	(17,853,585)	(20,949,378)	(11,943,231)	(59,269,743)
<b>Recovery of future income taxes (note 10)</b>	-	429,055	-	429,055
<b>Net loss and comprehensive loss for the period</b>	<u>(17,853,585)</u>	<u>(20,520,323)</u>	<u>(11,943,231)</u>	<u>(58,840,688)</u>
<b>Deficit - Beginning of period</b>				
As previously reported	(13,080,150)	(6,018,383)	(957,857)	-
Change in policy for accounting for exploration and development costs (note 2)	(27,906,953)	(14,448,397)	(7,565,692)	-
<b>As restated</b>	<u>(40,987,103)</u>	<u>(20,466,780)</u>	<u>(8,523,549)</u>	<u>-</u>
<b>Deficit - End of period</b>	<u>(58,840,688)</u>	<u>(40,987,103)</u>	<u>(20,466,780)</u>	<u>(58,840,688)</u>
<b>Loss per common share, basic and diluted</b>				
	(0.19)	(0.24)	(0.20)	
<b>Weighted average number of shares outstanding, basic and diluted</b>				
	92,996,339	85,564,480	59,463,626	

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

**Ur-Energy Inc.**  
(a Development Stage Company)  
**Consolidated Statements of Cash Flow**

(expressed in Canadian dollars)

	Year ended December 31, 2008 \$	Year ended December 31, 2007 \$ (as restated – see Note 2)	Year ended December 31, 2006 \$ (as restated – see Note 2)	Cumulative From March 22, 2004 to December 31, 2008 \$ (as restated – see Note 2)
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net loss for the period	(17,853,585)	(20,520,323)	(11,943,231)	(58,840,688)
Items not affecting cash:				
Stock based compensation	4,567,206	6,138,922	3,505,517	14,762,197
Amortization of capital assets	515,138	76,069	34,857	626,064
Provision for reclamation	331,904	181,672	-	513,576
Write-off of mineral properties	285,813	-	33,832	319,645
Foreign exchange gain	-	(1,176,340)	(178,749)	(2,297,981)
Gain on sale of assets	(5,361)	-	-	(5,361)
Non-cash exploration costs (credits)	-	(87,389)	146,470	2,726,280
Other loss (income)	51,998	(37,000)	-	14,998
Future income taxes	-	(429,055)	-	(429,055)
Change in non-cash working capital items:				
Amounts receivable	743,664	(795,998)	70,706	(132,710)
Prepaid expenses	(16,289)	86,755	(49,543)	(77,777)
Accounts payable and accrued liabilities	832,434	796,375	277,125	2,265,058
	<u>(10,547,078)</u>	<u>(15,766,312)</u>	<u>(8,103,016)</u>	<u>(40,555,754)</u>
<b>Investing activities</b>				
Mineral properties	(874,762)	(1,400,202)	(787,529)	(10,460,812)
Construction in progress	(323,093)	-	-	(323,093)
Purchase of short- term investments	(65,828,987)	(49,999,021)	(3,000,000)	(128,658,008)
Sale of short-term investments	76,643,808	-	12,840,000	89,483,808
Increase in bonding and other deposits	(1,070,249)	(1,342,425)	(46,053)	(2,578,825)
Proceeds from sale of assets	26,344	-	-	26,344
Purchase of capital assets	(1,263,691)	(784,895)	(187,173)	(2,235,759)
	<u>7,309,370</u>	<u>(53,526,543)</u>	<u>8,819,245</u>	<u>(54,746,345)</u>
<b>Financing Activities</b>				
Issuance of common shares and warrants	2,750,000	77,744,735	20,351,499	122,668,053
Share issue costs	(115,314)	(246,119)	(288,800)	(2,569,025)
Proceeds from exercise of warrants, compensation options and stock options	90,000	1,334,547	12,733,749	18,567,931
Payment of New Frontiers obligation	-	(11,955,375)	(5,609,750)	(17,565,125)
	<u>2,724,686</u>	<u>66,877,788</u>	<u>27,186,698</u>	<u>121,101,834</u>
<b>Net change in cash and cash equivalents</b>	<b>(513,022)</b>	<b>(2,415,067)</b>	<b>27,902,927</b>	<b>25,799,735</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>26,312,757</b>	<b>28,727,824</b>	<b>824,897</b>	<b>-</b>
<b>Cash and cash equivalents- End of period</b>	<b>25,799,735</b>	<b>26,312,757</b>	<b>28,727,824</b>	<b>25,799,735</b>

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

## 1. Nature of operations

Ur-Energy Inc. (the "Company") is a development stage junior mining company engaged in the identification, acquisition, evaluation, exploration and development of uranium mineral properties in Canada and the United States. The Company has not determined whether the properties contain mineral reserves. The recoverability of amounts recorded for mineral properties is dependent upon the discovery of economically recoverable 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. The Company is currently in the process of permitting its Lost Creek property. As identified in the June 2006 Technical Report on Lost Creek, National Instrument 43-101 compliant resource are 9.8 million pounds of U<sub>3</sub>O<sub>8</sub> at 0.058 percent as an indicated resource and an additional 1.1 million pounds of U<sub>3</sub>O<sub>8</sub> at 0.076 percent as an inferred resource.

## 2. Significant accounting policies

### Basis of presentation

Ur-Energy Inc. was incorporated on March 22, 2004 under the laws of the Province of Ontario. The Company continued under the Canada Business Corporation Act on August 7, 2006. These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and include all of the assets, liabilities and expenses of the Company and its wholly-owned subsidiaries Ur-Energy USA Inc., NFU Wyoming, LLC, Lost Creek ISR, LLC, The Bootheel Project, LLC, NFUR Bootheel, LLC, Hauber Project LLC, NFUR Hauber, LLC, ISL Resources Corporation, ISL Wyoming, Inc. and CBM-Energy Inc. 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".

### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements relate to potential impairment in the carrying value of the Company's mineral properties and the fair value of stock based compensation. Actual results could differ from those estimates.

### Cash and cash equivalents

Cash equivalents are investments in guaranteed investment certificates, certificates of deposit and money market accounts which have a term to maturity at the time of purchase of ninety days or less and which are readily convertible into cash.

### Short-term investments

Short-term investments are comprised of guaranteed investment certificates and certificates of deposit which have a term to maturity at the time of purchase in excess of ninety days and less than one year. These investments are readily convertible into cash.

### Bonding deposits

Bonding deposits are provided to support reclamation obligations on United States properties. Deposit amounts are invested in certificates of deposit held at United States financial institutions.

### Mineral properties

Acquisition costs of mineral properties are capitalized. When production is attained, these costs will be amortized on the unit-of-production method based upon estimated recoverable resource of the mineral property. 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 accounting policy change

In December 2008, the Company changed its policy for accounting for exploration and development expenditures. In prior years, the Company capitalized all direct exploration and development expenditures. Under its new policy, exploration, evaluation and development expenditures, including annual exploration license and maintenance fees, are charged to earnings as incurred until the mineral property becomes commercially mineable.

Management considers that a mineral property will become commercially mineable when it can be legally mined, as indicated by the receipt of key permits. Development expenditures incurred subsequent to the receipt of key permits will be capitalized and amortized on the unit-of-production method based upon the estimated recoverable resource of the mineral property. Management believes that this treatment provides a more relevant and reliable depiction of the Company's asset base and more appropriately aligns the Company's policies with those of comparable companies in the mining industry at a similar stage.

The Company has accounted for this change in accounting policy on a retroactive basis. Balance sheet amounts as at December 31, 2007 were restated as follows: deferred exploration expenditures were reduced by \$26.4 million, future income taxes liabilities were reduced by \$0.7 million, share capital increased by \$2.2 million and the accumulated deficit increased by \$27.9 million. The comparative operating results for the year ended December 31, 2007 and 2006 were also restated as follows: expenses increased by \$11.4 million and \$6.4 million, recovery of future income taxes decreased by \$2.1 million and \$0.5 million, net loss increased by \$13.5 million and \$6.9 million, and loss per common share increased by \$0.16 and \$0.11, respectively. The cumulative operating results for the period from March 22, 2004 to December 31, 2007 were restated as follows: expenses increased by \$24.9 million, recovery of future income taxes decreased by \$3.0 million, and net loss increased by \$27.9 million.

The Company will continue to capitalize the acquisition costs of mineral properties and capital assets.

### **Capital assets and construction in progress**

Capital assets are initially recorded at cost and are then amortized using the declining balance method at the following annual rates: computers at 30%, software at 50%, office furniture at 20%, field vehicles at 30%, and field equipment at 30%.

### **Financing costs**

Financing costs, including interest, are capitalized when they arise from indebtedness incurred, directly or indirectly, to finance mineral property acquisitions or construction activities on properties that are not yet subject to depreciation or depletion. Once commercial production is achieved, financing costs are charged against earnings.

### **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. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, recoverable indicated resources and other mineral 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. Management's estimates of mineral prices, mineral resources, foreign exchange, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect management's estimates.

### **Asset retirement obligation**

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. Accretion charges to the asset retirement obligation are charged to the related exploration or development project.

### **Stock-based compensation**

All stock-based compensation payments made to employees and non-employees are accounted for in the financial statements. Stock-based compensation cost is measured at the grant date based on the fair value of the reward and is recognized over the related service period. Stock-based compensation cost is charged to general and

administrative expense, or exploration, evaluation and development projects on the same bases as other compensation costs.

### **Flow-through shares**

The Company has financed a portion of its Canadian exploration and development activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax benefits of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers. Recognition of the foregone tax benefit is recorded at the time of the renouncement provided there is reasonable assurance that the expenditures will be incurred.

### **Foreign currency translation**

The functional currency of the Company is the Canadian dollar. Monetary assets and liabilities denominated in currencies other than the Canadian dollar are translated using the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Expenses are translated at exchange rates in effect at the date the transaction is entered into. Translation gains or losses are included in the determination of income or loss in the statement of operations in the period in which they arise.

### **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 net future tax assets unless it is more likely than not that such assets will be realized.

### **Loss per common share**

Basic loss per common share is calculated based upon the weighted average number of common shares outstanding during the period. The diluted loss per common share, which is calculated using the treasury stock method, is equal to the basic loss per common share due to the anti-dilutive effect of stock options and share purchase warrants outstanding.

### **Classification of financial instruments**

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

- Cash and cash equivalents are classified as "held for trading" and are measured at fair value at the end of each period with any resulting gains and losses recognized in operations
- Short term investments are classified as "held-to-maturity" and carried at cost plus accrued interest using the effective interest rate method, with interest income and exchange gains and losses included in operations
- Marketable securities are classified as "held for trading" and are measured at fair value at the end of each period with any resulting gains and losses recognized in operations
- Amounts receivable, bonding and other deposits are classified as "Loans and receivables" and 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 are classified as "Other financial liabilities" and are measured at amortized cost

### **Adoption of new accounting pronouncements**

On January 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections:

- Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These new disclosure standards increase the Company's disclosure regarding the nature

and risk associated with financial instruments and how those risks are managed (see Note 12. The new presentation standard carries forward the former presentation requirements.

- Section 1535, Capital Disclosures. This new standard requires the Company to disclose its objectives; policies and processes for managing its capital structure (see Note 15).
- Section 1400, General Standards on Financial Statement Presentation. This standard requires management to assess at each balance sheet date and, if necessary, disclose any uncertainty surrounding the ability of the Company to continue as a going concern. The adoption of this standard had no impact on the Company's disclosures in these financial statements.

### Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted for the current year.

### Future accounting pronouncements

#### *Sections 3064 – Goodwill and Intangible Assets*

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to the Company's annual and interim financial statements beginning January 1, 2009. The Company does not expect the adoption of these changes to have a material impact on its consolidated financial statements.

#### *Convergence with International Financial Reporting Standards*

In January 2006, Canada's Accounting Standards Board ("AcSB") ratified a strategic plan calling for the evolution and convergence of Canadian GAAP with IFRS, after a specified transition period, by publically accountable enterprises in Canada. The AcSB has more recently confirmed January 1, 2011 as the date IFRS will replace current Canadian GAAP standards and interpretations entities like the Company. As a result, the Company will be required to prepare its consolidated financial statements in accordance with IFRS for interim and annual financial statements beginning January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended December 31, 2010.

The Company is currently developing an implementation plan and assessing the impacts of the conversion on the consolidated financial statements and disclosures of the Company.

#### *Sections 1582, 1601 & 1602 – Business combinations, consolidated financial statements and non-controlling interests*

These sections replace the former CICA 1581, Business Combinations and CICA 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to IFRS 3, Business Combinations (January 2008) and IAS 27, Consolidated and Separate Financial Statements (January 2008). CICA 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual report reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on/after January 1, 2011.

### 3. Bonding and other deposits

Bonding and other deposits include \$2,556,815 (December 31, 2007 – \$1,397,607) of reclamation bonds deposited with United States financial institutions as collateral to cover potential costs of reclamation related to properties. Once the reclamation is complete, the bonding deposits will be returned to the Company.

### 4. Mineral properties

	<u>Canada</u>	<u>USA</u>		<u>Total</u>
	<u>Canadian</u>	<u>Lost</u>	<u>Other</u>	
	<u>Properties</u>	<u>Creek/ Lost</u>	<u>US</u>	
		<u>Soldier</u>	<u>Properties</u>	
<i>Mineral properties:</i>	\$	\$	\$	\$

<b>Balance</b>				
<b>December 31, 2006</b>	251,219	25,450,803	4,950,383	30,652,405
Acquisition costs	243,000	0	703,918	946,918
Staking and claim costs	41,351	226,028	936,950	1,204,329
Interest capitalized	-	407,951	36,925	444,876
Reduction in interest capitalized	-	(1,848,815)	(167,341)	(2,016,156)
<b>Balance</b>				
<b>December 31, 2007</b>	535,570	24,235,967	6,460,835	31,232,372
Acquisition costs	-	3,593	(11,341)	(7,748)
Staking and claim costs	80,944	75,777	587,640	744,361
Labor costs	-	1,375	69,826	71,201
Outside service costs	646	-	4,298	4,944
Other costs	-	4	49,500	49,504
Write-off	-	-	(285,813)	(285,813)
<b>Balance</b>				
<b>December 31, 2008</b>	<u>617,160</u>	<u>24,316,716</u>	<u>6,874,945</u>	<u>31,808,821</u>

### Canada

The Company's Canadian properties include Screech Lake, which is located in the Thelon Basin, Northwest Territories and Bugs, which is located in the Kivalliq region of the Baker Lake Basin, Nunavut.

### United States

#### *Lost Creek and Lost Soldier*

On June 30, 2005, the Company entered into definitive agreements with New Frontiers Uranium LLC, a Colorado limited liability company (the "New Frontiers LOI") to acquire certain Wyoming properties (the "New Frontiers Agreements"). Under the terms of the New Frontiers Agreements, the Company acquired a 100% interest in NFU Wyoming LLC which holds the majority of the Company's Wyoming properties, including the Lost Creek and Lost Soldier projects, for total consideration of \$24,515,832 (US\$20,000,000). A royalty on future production of 1.67% is in place with respect to 20 claims comprising a portion of the Lost Creek project claims.



### *Other US Properties*

The Company's other US properties include EN, RS, and Bootheel and Buck Point, which are located in Wyoming.

During June 2007, the Company entered into an Exploration, Development and Mine Operating Agreement with Target Exploration & Mining Corporation and its subsidiary ("Target"). Under the terms of the agreement, the Company, through its wholly-owned subsidiary, NFUR Bootheel, LLC, contributed its Bootheel and Buck Point properties to The Bootheel Project, LLC. The projects cover an area of known uranium occurrences in Albany County, Wyoming in the Shirley Basin. The Bootheel and Buck Point properties contributed by the Company are comprised of certain mining claims and two state leases. The Company will make any data covering its Bootheel and Buck Point properties, and certain other data, available to the venture with Target. Target will contribute US\$3 million in exploration expenditures and issue a total of 125,000 common shares of Target to the Company over a four year period in order to earn a 75% interest in The Bootheel Project, LLC. Minimum exploration expenditures of US\$750,000 are required in each year during the four year earn-in period. Target is the operator of the Bootheel Project.

### **Impairment testing**

Given the current disruption and uncertainty in the global economy, and the decrease in the Company's share price over the last year, management reviewed all of its significant mineral properties for potential impairment as at December 31, 2008.

For the Company's Lost Creek and Lost Soldier properties, management calculated the estimated undiscounted future net cash flows relating to these properties as a single asset group as the Company expects to mine the Lost Soldier property as a satellite facility, licensed through an amendment to the Lost Creek permits, and using the Lost Creek plant. Management calculated the future net cash flows using estimated future prices, indicated resources, and estimated operating, capital and reclamation costs.

The Company's estimates of indicated resources depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis. The operating, capital and reclamation costs are based upon similar production plants and current capital budgets for the project. The uranium prices used are based on current long term contract prices and external consensus prices which for uranium vary between US\$50 and US\$70 per pound. By their very nature there can be no assurance that these estimates will actually be reflected in future construction or operation at the projects.

Management's estimate of the undiscounted cash flows related to these mineral properties exceed their carrying value, therefore management concluded that the assets passed step 1 of the asset impairment test prescribed under generally accepted accounting principles, and therefore no write-down of these assets was recorded. Management's estimates of mineral prices, mineral resources, foreign exchange, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect management's estimates.

For the Company's other properties, reliable cash flow forecasts cannot be made at this time. Management therefore tested these for impairment by comparing their carrying values to their estimated fair value based on non-NI 43-101 compliant resource estimates of indicated resources and a value of US\$2 per pound in the ground. Management also considered the results of current exploration activities on the properties and future exploration plans and expenditures by both the Company and its development partners to assess whether these were inconsistent with other indicators of fair value. Based on the above, management concluded that the fair value of these properties exceeded the carrying amount and no impairment charges were recorded.

## 5. Capital assets

	December 31, 2008			December 31, 2007		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
<i>Capital assets:</i>						
Light vehicles	656,184	215,238	440,946	301,057	86,011	215,046
Heavy mobile equipment	424,559	103,903	320,656	-	-	-
Machinery and equipment	780,085	232,390	547,695	456,247	54,532	401,715
Furniture and fixtures	189,987	48,829	141,158	124,217	21,456	102,761
Computer equipment	178,633	66,672	111,961	135,865	28,988	106,877
Software	125,411	56,523	68,888	95,870	18,535	77,335
	<u>2,354,859</u>	<u>723,555</u>	<u>1,631,304</u>	<u>1,113,256</u>	<u>209,522</u>	<u>903,734</u>

## 6. Construction in progress

	USA	Total
	Lost Creek \$	\$
<i>Construction in progress:</i>		
<b>Balance</b>		
December 31, 2007	-	-
Plant design costs	323,093	323,093
<b>Balance</b>		
December 31, 2008	<u>323,093</u>	<u>323,093</u>

## 7. Deferred tax asset and future income tax liability

Significant components of the Company's future income tax assets and liabilities are as follows:

	Year ended December 31, 2008 \$	Year ended December 31, 2007 \$ (As restated – see Note 2)
<b>Future income tax assets</b>		
Deferred tax assets	18,104,000	8,494,000
Net operating loss carry forwards	2,389,000	3,403,000
Less: valuation allowance	<u>(20,493,000)</u>	<u>(11,897,000)</u>
	-	-
<b>Future income tax liabilities</b>		
Asset basis differences	<u>(478,000)</u>	<u>(478,000)</u>
Net deferred tax asset (future income tax liability)	<u>(478,000)</u>	<u>(478,000)</u>
<b>Income tax loss carry forwards</b>		
Canadian federal (expiring 2008 – 2028)	8,559,000	
Ontario provincial (expiring 2008 – 2028)	8,204,000	
United States federal (expiring (2015 – 2028))	5,900,000	

## 8. Asset retirement obligation

The Company has recorded \$513,576 for asset retirement obligations (December 31, 2007 – \$181,672) which represents an estimate of costs that would be incurred to remediate the exploration and development properties. The retirement obligations recorded relate entirely to exploration and development drill holes on the Company's Wyoming properties.

## 9. Shareholders' equity and capital stock

### Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of Class A preference shares with the rights, privileges and restrictions as determined by the Board of Directors at the time of issuance.

No class A preference shares have been issued

	Capital Stock		Contributed Surplus \$	Accumulated Deficit \$ (As restated – see Note 2)	Shareholders' Equity \$ (As restated – see Note 2)
	Shares #	Amount \$			
<b>Balance, December 31, 2005</b>	47,204,040	23,173,625	1,093,086	(8,523,549)	15,743,162
Common shares issues for cash, net of issue costs	9,204,727	20,062,699	-	-	20,062,699
Exercise of warrants	13,483,134	13,701,383	4,350	-	13,705,733
Exercise of compensation options	1,337,904	1,975,223	(694,436)	-	1,280,787
Exercise of stock options	106,500	206,152	(72,822)	-	133,330
Non-cash stock compensation	-	-	2,348,163	-	2,348,163
Common shares issued for properties	360,000	990,000	-	-	990,000
Common shares issued for services	1,778,747	1,303,824	-	-	1,303,824
Net loss and comprehensive loss	-	-	-	(11,943,231)	(11,943,231)
<b>Balance, December 31, 2006</b>	73,475,052	61,412,906	2,678,341	(20,466,780)	43,624,467
Common shares issues for cash, net of issue costs	17,431,000	77,503,307	-	-	77,503,307
Exercise of warrants	156,209	229,154	(72,341)	-	156,813
Exercise of compensation options	110,346	212,139	-	-	212,139
Exercise of stock options	774,000	1,553,528	(542,327)	-	1,011,201
Non-cash stock compensation	-	-	6,138,922	-	6,138,922
Common shares issued for properties	225,000	712,500	-	-	712,500
Net loss and comprehensive loss	-	-	-	(20,520,323)	(20,520,323)
<b>Balance, December 31, 2007</b>	92,171,607	141,623,534	8,202,595	(40,987,103)	108,839,026
Common shares issued for cash, net of issue costs	1,000,000	2,634,686	-	-	2,634,686
Exercise of stock options	72,000	138,240	(48,240)	-	90,000
Non-cash stock compensation	-	-	4,567,204	-	4,567,204
Net loss and comprehensive loss	-	-	-	(17,853,585)	(17,853,585)
<b>Balance, December 31, 2008</b>	93,243,607	144,396,460	12,721,559	(58,840,688)	98,277,331

### 2006 issuances

On December 14, 2006, the Company completed a private placement of 500,000 flow-through common shares at a purchase price of \$5.00 per share for gross proceeds of \$2,500,000. On August 30, 2006, the Company completed a bought deal financing for the issuance of a total of 8,522,727 common shares at a purchase price of \$2.20 per common share for gross proceeds of \$18,750,000.

On August 2, 2006, the Company completed a private placement of 182,000 flow-through common shares at a purchase price of \$2.75 per share for gross proceeds of \$500,500.

On June 19, 2006, the Company completed an acquisition of claim groups in the Great Divide Basin of Wyoming. The Company purchased the properties for an aggregate consideration of 250,000 common shares which were valued at \$515,000.

On September 7, 2006, the Company entered into an option agreement to acquire the Bugs property in Nunuvut, Canada. The Company can earn a 100% interest in the property by issuing a total of 85,000 common shares to the vendor over a two year period. Upon signing, 10,000 common shares were issuable. These common shares were valued at \$29,000.

In November 2006, the Company issued 100,000 common shares pursuant to the terms of the Dalco Agreement in connection with the Company's Radon Springs Project in Wyoming. These common shares were valued at \$446,000.

A total of 1,778,747 common shares were issued for services to directors, officers and contractors of the Company.

#### ***2007 issuances***

On May 10, 2007, the Company completed a bought deal financing for the issuance of 17,431,000 common shares at a price of \$4.75 per share for gross proceeds of \$82,797,250. Total direct share issue costs, including the underwriters' commissions were \$5,293,943.

During September 2007, the Company issued 25,000 common shares with respect to the option agreement to acquire the Bugs property. These common shares were valued at \$71,500. During December 2007, the Company issued the final installment of 50,000 common shares to complete its acquisition of a 100% interest in the Bugs property. These common shares were valued at \$171,500.

In September 2007, the Company issued 150,000 common shares pursuant to the terms of the Dalco Agreement to complete its 100% earn-in with respect to the Company's Radon Springs Project in Wyoming. These common shares were valued at \$469,500.

#### ***2008 issuances***

On March 25, 2008, the Company completed a non-brokered private placement of 1,000,000 flow-through common shares at \$2.75 per share raising gross proceeds of \$2,750,000. Total direct share issues costs were \$115,314.

#### ***Director, officer and contractor shares for service***

The Company approved the potential issuance of a total of 2,760,000 common shares to directors and officers of the Company and contractors to the Company to compensate for services provided to the Company under various service contracts. The Company issued a total of 1,478,747 common shares valued at \$736,824 with respect to these service contracts during the year ended December 31, 2006.

On May 24, 2006, the Company issued a total of 300,000 common shares for service to the President and Chief Executive Officer of the Company as a performance bonus. The issuance of these common shares was approved by the Company's shareholders on May 17, 2006. These common shares were fully vested upon issuance and were valued at \$567,000.

#### **Stock options**

On November 17, 2005, the Company's Board of Directors approved the adoption of the Company's stock option plan (the "Plan"). Eligible participants under the Plan include directors, officers and employees of the Company and consultants to the Company. Under the terms of the Plan, options generally vest with Plan participants as follows: 10% at the date of grant; 22% four and one-half months after grant; 22% nine months after grant; 22% thirteen and one-half months after grant; and, the balance of 24% eighteen months after the date of grant.

In September 2008, the Company gave the holders of options with an exercise price of C\$4.75 or higher the opportunity to voluntarily return all or a portion of these options to the Company by September 30, 2008 without any promise or guarantee that the option holders will receive any further options. Options for 2,490,000 shares with a weighted exercise price of \$4.82 were returned to the Company. Previously unrecognized stock based compensation cost of \$2.2 million was recognized at the cancellation date.

Activity with respect to stock options is summarized as follows:

	Number	Weighted- average exercise price \$
<b>Outstanding, December 31, 2005</b>	4,375,000	1.25
Granted	2,035,000	2.42
Exercised	(106,500)	1.25
Forfeited	(897,500)	1.25
<b>Outstanding, December 31, 2006</b>	5,406,000	1.69
Granted	3,667,500	4.44
Exercised	(774,000)	1.31
Forfeited	(288,800)	4.29
<b>Outstanding, December 31, 2007</b>	8,010,700	2.89
Granted	1,075,000	1.66
Exercised	(72,000)	1.25
Forfeited	(295,000)	2.50
Voluntarily returned	(2,490,000)	4.82
<b>Outstanding, December 31, 2008</b>	<u>6,228,700</u>	<u>1.95</u>

As at December 31, 2008, outstanding stock options are as follows:

<u>Options outstanding</u>			<u>Options exercisable</u>		
Exercise price \$	Number of options	Weighted- average remaining contractual life (years)	Number of options	Weighted- average remaining contractual life (years)	Expiry
1.65	11,200	0.2	11,200	0.2	March 31, 2009
1.25	2,440,800	1.9	2,440,800	1.9	November, 17, 2010
2.01	75,000	2.2	75,000	2.2	March 25, 2011
2.35	1,450,000	2.3	1,450,000	2.3	April 21, 2011
2.75	399,200	2.7	399,200	2.7	September 26, 2011
4.75	45,000	3.4	45,000	3.4	May 15, 2012
3.67	200,000	3.5	152,000	3.5	July 15, 2012
3.00	437,500	3.6	332,500	3.6	August 9, 2012
3.16	50,000	3.7	50,000	3.7	September 17, 2012
2.98	50,000	3.8	38,000	3.8	October 5, 2012
4.07	30,000	3.9	22,800	3.9	November 7, 2012
2.11	25,000	4.2	13,500	4.2	March 19, 2013
1.65	990,000	4.4	316,800	4.4	May 8, 2013
1.72	25,000	4.6	8,000	4.6	August 6, 2013
1.95	<u>6,228,700</u>	2.7	<u>5,354,800</u>	2.4	

During the year ended December 31, 2008, the Company recorded a total of \$4,567,206 related to stock option compensation (2007 - \$6,138,922). This amount is included in shareholders' equity as contributed surplus and is recorded as an expense. The fair value of options granted during 2008 and 2007 was determined using the Black-Scholes option pricing model with the following assumptions:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expected option life (years)	4.0	4.0	3.5 – 4.0
Expected volatility	65%	63% – 67%	67% – 72%
Risk-free interest rate	3.0% - 3.4%	3.9% – 4.6%	4.0% – 4.2%
Expected dividend rate	nil	nil	nil

## 10. Recovery of future income taxes

A reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective tax rate is as follows:

	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
	\$	\$	\$
		(As restated – see Note 2)	(As restated – see Note 2)
Canadian earnings (loss)	(3,596,937)	(5,736,500)	(4,604,079)
United States loss	(14,256,648)	(15,212,878)	(7,339,152)
Loss before income taxes	(17,853,585)	(20,949,378)	(11,943,231)
Statutory rate	33.5%	36.0%	36.0%
Expected recovery of income tax	(5,980,951)	(7,541,776)	(4,299,563)
Effect of foreign tax rate differences	(731,366)	(400,099)	(193,020)
Non-deductible amounts	1,530,012	1,367,320	45,828
Effect of change in enacted future tax rates	(43,662)	390,200	254,512
Effect of change in foreign exchange rates	(3,370,258)	1,620,332	(9,827)
ISL change in basis	-	(430,119)	-
Change in valuation allowance	8,596,225	4,565,087	4,202,070
Recovery of future income taxes	-	(429,055)	-

## 11. Supplemental cash flow information

	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
	\$	\$	\$
Cash paid during the year for:			
Income taxes, net of refunds received	-	-	-
Interest, net of capitalized interest	-	-	-
<b>Non-cash financing and investing activities:</b>			
Common shares issued for properties	-	712,500	990,000
Common shares and stock options provided for services	-	-	1,003,645
Interest capitalization on New Frontiers obligation	-	-	1,933,645

## 12. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, bonding and other deposits and accounts 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.

	As at December 31, 2008	As at December 31, 2007
	\$	\$
<i>Cash and cash equivalents</i>		
Cash on deposit at banks	392,170	215,272
Guaranteed investment certificates	9,087,500	9,687,500
Certificates of deposit	15,288,183	13,748,140
Money market	1,031,882	2,661,845
	<u>25,799,735</u>	<u>26,312,757</u>

### Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, short term investments and bonding deposits. The Company's cash equivalents and short-term investments consist of Canadian dollar and US dollar denominated guaranteed investment certificates and certificates of deposits. They bear interest at annual rates ranging from 0.75% to 3.25% and mature at various dates up to October 12, 2009. These instruments are maintained at financial institutions in Canada and the United States. Of the amount held on deposit, approximately \$0.4 million is covered by either the Canada Deposit Insurance Corporation or the Federal Deposit Insurance Corporation, leaving approximately \$64.6 million at risk should the financial institutions with which these amounts are invested cease trading. As at December 31, 2008, the Company does not consider any of its financial assets to be impaired.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through regular cash flow forecasting of cash requirements to fund exploration and development projects and operating costs.

As at December 31, 2008 the Company's liabilities consisted of trade accounts payable of \$2,265,058, all of which are due within normal trade terms of generally 30 to 60 days.

### 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. Market risk arises as a result of the Company incurring a significant portion of its expenditures and a significant portion of its cash equivalents and short-term investments in United States dollars, and holding cash equivalents and short term investments which earn interest.

### Interest rate risk

Financial instruments that expose the Company to interest rate risk are its cash equivalents and short term investments. The Company's objectives for managing its cash and cash equivalents are to ensure sufficient funds are maintained 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 banks so that they earn interest. When placing amounts of cash and cash equivalents on short-term deposit, the Company only uses high quality commercial banks and ensures that access to the amounts placed can generally be obtained on short-notice.

### Currency risk

The Company incurs expenses and expenditures in Canada and the United States and is exposed to risk from changes in foreign currency rates. In addition, the Company holds financial assets and liabilities in Canadian and US dollars. The Company does not utilize any financial instruments or cash management policies to mitigate the risks arising from changes in foreign currency rates.

At December 31, 2008 the Company had cash and cash equivalents, short term investments and bonding deposits of approximately US\$26.5 million (US\$18.4 million as at December 31, 2007) and had accounts payable of US\$1.7 million (US\$1.2 million as at December 31, 2007) which were denominated in US dollars.

#### *Sensitivity analysis*

The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's net US\$ denominated assets and liabilities at year end. This sensitivity analysis assumes that changes in market interest rates do not cause a change in foreign exchange rates. This sensitivity analysis shows that a change of +/- 10% in US\$ foreign exchange rate would have a +/- \$3.0 million impact on net loss for the year ended December 31, 2008. This impact is primarily as a result of the Company having yearend cash and investment balances denominated in US dollars and US dollar denominated trade accounts payables. The financial position of the Company may vary at the time that a change in exchange rates occurs causing the impact on the Company's results to differ from that shown above.

The Company has also 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 assumes that changes in market foreign exchange rates do not cause a change in interest rates. This sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a +/- \$0.6 million impact on net loss for the year ended December 31, 2008. This impact is primarily as a result of the Company having cash and short-term investments invested in interest bearing accounts. 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.

### 13. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of uranium resource properties. The Company operates in Canada and the United States. Capital assets segmented by geographic area are as follows:

	<b>December 31, 2008</b>		
	<b>Canada</b>	<b>United States</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Bonding and other deposits	-	2,578,825	2,578,825
Mineral properties	617,160	31,191,661	31,808,821
Capital assets	7,847	1,623,457	1,631,304
Construction in progress	-	323,093	323,093

	<b>December 31, 2007</b>		
	<b>Canada</b>	<b>United States</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Bonding and other deposits	-	1,508,576	1,508,576
Mineral properties	535,570	30,696,802	31,232,372
Capital assets	10,288	893,446	903,734
Construction in progress	-	-	-



#### 14. Commitments

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

<b>Year ended December 31</b>	<b>Amount \$</b>
2009	337,456
2010	190,271
2011	176,833
2012	117,888
2013 and thereafter	-

#### 15. Capital structure

The Company's capital structure is comprised of Shareholders' Equity. When managing its capital structure, the Company's objectives are to i) preserve the Company's access to capital markets and its ability to meet its financial obligations, and ii) finance its exploration and development activities.

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration and development programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration and development programs, operating expenditure plans, or issue new shares. The Company's capital management objectives have remained unchanged over the periods presented.

The Company is not subject to any externally imposed capital requirements.

#### 16. Differences between Canadian and United States generally accepted accounting principles

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which differ in certain material respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Had the Company followed US GAAP, certain items on the consolidated balance sheets, consolidated statements of operations and deficit, and consolidated statements of cash flow would have been reported as follows:

<i>Consolidated balance sheets</i>	<b>As at December 31, 2008</b>	<b>As at December 31, 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Total assets</b>		
Total assets under Canadian GAAP	101,533,965	110,931,322
Adjustments made under US GAAP:		
Settlement of New Frontiers obligation (a)	-	2,016,156
Total assets under US GAAP	<u>101,533,965</u>	<u>112,947,478</u>
<b>Total liabilities</b>		
Total liabilities under Canadian GAAP	3,256,634	2,092,296
Adjustments made under US GAAP:		
Flow-through share premium liability (b)	830,000	-
Deferred tax adjustment (c)	-	(478,000)
Total liabilities under US GAAP	<u>4,086,634</u>	<u>1,614,296</u>
<b>Total shareholders' equity</b>		
Total shareholders' equity under Canadian GAAP	98,277,331	108,839,026
Adjustments made under US GAAP:		
Gain on settlement of New Frontiers obligations (a)	-	2,016,156
Flow-through share premium liability (b)	(830,000)	-
Deferred tax adjustment (c)	-	478,000
Total shareholders' equity under US GAAP	<u>97,447,331</u>	<u>111,333,182</u>

<i>Consolidated statements of operations and comprehensive loss</i>	<b>Year ended December 31, 2008</b>	<b>Year ended December 31, 2007</b>	<b>Year ended December 31, 2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net loss</b>			
Net loss under Canadian GAAP	(17,853,585)	(20,520,323)	(11,943,231)
Adjustments made under US GAAP:			
Gain on settlement of New Frontiers obligation (a)	-	2,016,156	-
Flow-through shares (b)	-	(370,000)	519,500
Net loss under US GAAP, being comprehensive loss	<u>(17,853,585)</u>	<u>(18,874,167)</u>	<u>(11,423,731)</u>
Basic and diluted loss per share under US GAAP	(0.19)	(0.22)	(0.19)

<i>Consolidated statements of cash flow</i>	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
	\$	\$	\$
<b>Operating activities</b>			
Cash flows used in operating activities under Canadian & US GAAP	(10,547,078)	(15,766,312)	(8,103,016)
<b>Investing activities</b>			
Cash flows used in provided by (used in )investing activities under Canadian GAAP	7,309,370	(53,526,543)	8,819,245
Adjustments made under US GAAP:			
Flow-through cash categorized as restricted cash (b)	(848,607)	(2,653,315)	2,274,251
Cash flows used in operating activities under US GAAP	6,460,763	(56,179,858)	11,093,496

*(a) Settlement of New Frontiers obligation*

Under US GAAP, early extinguishment of the New Frontiers debt obligation would have resulted in a gain recorded in income related to the accrued interest not payable upon settlement.

*(b) Flow-through shares*

Under Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. Under Canadian GAAP, the Company has recorded the full amount of the proceeds received on issuance as capital stock. Upon renouncing the income tax deductions, capital stock is reduced by the amount of the future income tax liability recognized.

For US GAAP, the proceeds on issuance of the flow-through shares are allocated between the offering of the shares and the sale of the tax benefit when the shares are issued. The premium paid by the investor in excess of the fair value of non flow-through shares is recognized as a liability at the time the shares are issued and the fair value of non flow-through shares is recorded as capital stock. Upon renouncing the income tax deductions, the premium liability is re-characterized as deferred income taxes and the difference between the full deferred income tax liability related to the renounced tax deductions and the premium previously recognized is recorded as an income tax expense.

Also, notwithstanding whether there is a specific requirement to segregate the funds, the flow-through funds which were unexpended at the consolidated balance sheet dates are considered to be restricted and are not considered to be cash and cash equivalents under US GAAP. As at December 31, 2008, there was \$848,607 (December 31, 2007 - \$nil) in unexpended flow-through cash funds.

*(c) Deferred tax asset*

The tax basis related to an asset acquired in 2004 when the Company acquired all of the issued and outstanding shares of ISL Resources Corporation was subsequently adjusted in 2007.

*(d) Impact of recent United States accounting pronouncements*

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This statement does not require any new fair value measurements in accounting pronouncements where fair value is already the relevant measurement attribute. In November 2007, FASB agreed to a one-year deferral associated with the effective date for nonfinancial assets and liabilities that are recognized or disclosed at

fair value on a nonrecurring basis. The Company adopted the applicable portions SFAS 157 effective January 1, 2008. Adoption did not result in a material impact on the consolidated financial statements. The Company is currently assessing the deferred portion of the pronouncement.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" ("SFAS 159"), which became effective for fiscal years beginning after November 15, 2007. SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value on a per instrument basis, with changes in fair value recognized in earnings each reporting period. This will enable some companies to reduce volatility in reported earnings caused by measuring related assets and liabilities differently. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. . The Corporation adopted SFAS 159 on January 1, 2008 and chose not to elect the fair value option for its financial assets and liabilities that had not previously been carried at fair value.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS 141(R)"), which applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. SFAS 141(R) establishes principles and requirements for how the acquirer: i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

In December 2007, FASB issued SFAS No. 160, "*Noncontrolling Interests in Consolidated Financial Statement, - an amendment of ARB No. 51*", ("SFAS 160") which changes the accounting and reporting for minority interests. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS No. 160 is effective for the Corporation beginning January 1, 2009 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retrospectively.

In May 2008, FASB issued SFAS No. 162 "*The Hierarchy of Generally Accepted Accounting Principles*" ("SFAS 162"). SFAS 162 identifies the sources of generally accepted accounting principles in the United States. SFAS 162 is effective sixty days following the SEC's approval of PCAOB amendments to AU Section 411, "*The Meaning of 'Present fairly in conformity with generally accepted accounting principles'*". The Company is currently evaluating the potential impact, if any, of the adoption of SFAS 162 on its consolidated financial statements.

## SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on this Annual Report on Form 20-F (Annual information Form) and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**UR-ENERGY INC.**

Per: /s/ W. William Boberg \_\_\_\_\_

W. William Boberg  
President and Chief Executive Officer

Date: March 27, 2009

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**ANNUAL REPORT ON FORM 20-F (ANNUAL INFORMATION FORM)  
for the year ended December 31, 2008**

**EXHIBIT INDEX**

<b>Exhibit No. Item</b>	<b>Description of Exhibit</b>
1.1	Articles of Continuance of the Corporation
1.2	Amended Bylaws of the Corporation
4.1	Underwriting Agreement dated April 23, 2007 between the Corporation, GMP Securities L.P., Raymond James Ltd., Cormark Securities Ltd. and Canaccord Capital Corporation
8.1	List of Subsidiaries of the Corporation
12.1	Section 302 Certification by W. William Boberg, Chief Executive Officer dated March 27, 2009.
12.2	Section 302 Certification by Roger Smith, Chief Financial Officer, dated March 27, 2009.
13.1	Section 906 Certification by W. William Boberg, Chief Executive Officer dated March 27, 2009.
13.2	Section 906 Certification by Roger Smith, Chief Financial Officer dated March 27, 2009.
99.1	Amended and Restated Audit Committee Charter of the Corporation
99.2	Consent of PriceWaterhouseCoopers LLP
99.3	Consent of Douglas K. Maxwell
99.4	Consent of John I. Kyle
99.5	Consent of C. Stewart Wallis

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**Certificate  
of Continuance**

**Canada Business  
Corporations Act**

**Certificat  
de prorogation**

**Loi canadienne sur  
les sociétés par actions**

Ur-Energy Inc.	437426-2
Name of corporation-Dénomination de la société	Corporation number-Numéro de la société
I hereby certify that the above-named corporation was continued under section 187 of the <i>Canada Business Corporations Act</i> , as set out in the attached articles of continuance.	Je certifie que la société susmentionnée a été prorogée en vertu de l'article 187 de la <i>Loi canadienne sur les sociétés par actions</i> , tel qu'il est indiqué dans les clauses de prorogation ci-jointes.
 _____ Richard G. Shaw Director - Directeur	August 8, 2006 / le 5 août 2006 Date of Continuance - Date de la prorogation

Canada





Industry Canada / Industrie Canada  
 Canada Business / Loi canadienne sur les sociétés par actions

FORM 11  
 ARTICLES OF CONTINUANCE  
 (SECTION 187)

FORMULAIRE 11  
 CLAUSES DE PROLONGATION  
 (ARTICLE 187)

1 - Name of the Corporation Li-Energy Inc.	Dénomination sociale de la société	2 - Taxation Year End Fin de l'année d'imposition R. D. 1 11/23/11
3 - The province or territory in Canada where the registered office is to be located Ontario	La province ou le territoire du Canada où se situe le siège social	
4 - The classes and the maximum number of shares that the corporation is authorized to issue See Schedule "A" attached.	Classes et le nombre maximal d'actions que la société est autorisée à émettre	
5 - Restrictions, if any, on share transfers none	Restrictions sur le transfert des actions, s'il y a lieu	
6 - Number (or minimum and maximum number) of directors Minimum: 0, Maximum: 10	Nombre (ou nombre minimal et maximal) d'administrateurs	
7 - Restrictions, if any, on business the corporation may carry on none	Limites imposées à l'activité commerciale de la société, s'il y a lieu	
8 - (1) If change of name affected, previous name n/a	(1) S'il y a changement de dénomination sociale, indiquer la dénomination sociale précédente	
(2) Details of incorporation Incorporated pursuant to the Business Corporations Act (Ontario) on March 22, 2004.	(2) Détails de la constitution	
9 - Other provisions, if any See Schedule "B" attached.	Autres dispositions, s'il y a lieu	

Signature <i>John McNeire</i>	Printed Name - See an autre feuille John McNEIRE	10 - Capacity of - En qualité de CFO	11 - Tax no. - N° de la (613) 692-7704
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FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE D'INDUSTRIE

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**SCHEDULE "A"**  
**ARTICLES OF CONTINUANCE**

1. An unlimited number of Common Shares, which Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

**COMMON SHARES**

- (a) Each holder of the Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Common Share held by such holder.
  - (b) The holders of the Common Shares shall be entitled, subject to the rights of the holders of shares of any other class ranking in priority to the Common Shares, to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts at such times and in such manner as the board of directors may from time to time determine.
  - (c) In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall be entitled, subject to the rights of the holders of any other class ranking in priority to the Common Shares, to receive the remaining assets or property of the Corporation rateably on a per share basis without preference or distinction.
2. An unlimited number of Class A Preference Shares, such Class A Preference Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

**CLASS A PREFERENCE SHARES**

- (a) Directors' Right to Issue in One or More Series: The Class A Preference Shares may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the directors shall, subject to the limitations set out below, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series including without limitation:

- (i) the rate, amount or method of calculation of dividends, if any, and whether the same are subject to adjustments;
- (ii) whether such dividends are cumulative, partly cumulative or non-cumulative;
  - (iii) the dates, manner and currency of payments of dividends and the dates from which dividends accrue or become payable;
  - (iv) if redeemable or purchasable, the redemption or purchase prices and the terms and conditions of redemption or purchase, with or without provision for sinking or similar funds;
  - (v) any conversion, exchange or reclassification rights; and
  - (vi) any other rights, privileges, restrictions and conditions not inconsistent with these provisions;

the whole subject to the receipt by the Director under the *Canada Business Corporations Act* of articles of amendment designating and setting the number of Class A Preference Shares in such series and setting forth the rights, privileges, restrictions and conditions attaching thereto and the issue by the Director of a certificate of amendment with respect thereto.

- (b) Voting Rights: Except as provided by law and as hereinafter specifically provided, the holders of the Class A Preference Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting. The holders of the Class A Preference Shares shall, however, be entitled to receive notice of any meeting of the shareholders of the Corporation called for the purpose of authorizing the dissolution of the Corporation under the *Canada Business Corporations Act* or the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business of the Corporation.
- (c) Payment of Dividends: The Class A Preference Shares of each series shall, with respect to the payment of dividends, rank on a parity basis without preference or distinction with the Class A Preference Shares of every other series and be entitled to a preference over the Common Shares and the shares of any other class ranking junior to the Class A Preference Shares. The Class A Preference Shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Common Shares and the shares of any other class of shares ranking junior to the Class A Preference Shares, as may be fixed in accordance with Section (a).

- (d) Participation Upon Liquidation, Dissolution and Winding-Up: The Class A Preference Shares of each series shall, with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, rank on a parity basis without preference or distinction with the Class A Preference Shares of every other series and be entitled to a preference over the Common Shares and the shares of any other class ranking junior to the Class A Preference Shares. The Class A Preference Shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Common Shares and the shares of any other class of shares ranking junior to the Class A Preference Shares, as may be fixed in accordance with Section (a).
- (e) The approval of the holders of the Class A Preference Shares as a class, as to any matters referred to in these provisions or required by law may be given as specified below:
- (i) Any approval given by the holders of the Class A Preference Shares shall be deemed to have been sufficiently given if it shall have been given in writing by the holders of all of the outstanding Class A Preference Shares or by a resolution passed at a meeting of holders of Class A Preference Shares duly called and held for such purpose upon not less than twenty-one days' notice at which the holders of at least a majority of the outstanding Class A Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than 66 2/3% of the votes cast at such meeting. If at any such meeting the holders of a majority of the outstanding Class A Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than fifteen days thereafter and to such time and place as may be designated by the chairman of the meeting and not less than ten days' written notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of the Class A Preference Shares present or represented by proxy shall form a quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than 66 2/3% of the votes cast at such meeting shall constitute the approval of the holders of the Class A Preference Shares.

- (ii) On every poll taken at any such meeting each holder of Class A Preference Shares shall be entitled to one vote in respect of each Class A Preference Share held by him, her or it. Subject to the foregoing, the formalities to be observed with respect to the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the *Canada Business Corporations Act* and the by-laws of the Corporation with respect to meetings of the shareholders.

**SCHEDULE "B"**  
**ARTICLES OF CONTINUANCE**

1. The actual number of directors within the minimum and maximum number set out in paragraph 6 may be determined from time to time by resolution of the directors. Any vacancy among the directors resulting from an increase in the number of directors as so determined may be filled by resolution of the directors.

**AMENDED BY-LAW NO. 1**

A by-law relating generally to  
the transaction of the business  
and affairs of

**UR-ENERGY INC.**

**DIRECTORS**

1 . Calling of and notice of meetings Meetings of the board will be held on such day and at such time and place as the President or Secretary of the Corporation or any two directors may determine. Notice of meetings of the board will be given to each director not less than 48 hours before the time when the meeting is to be held. Each newly elected board may without notice hold its first meeting for the purposes of organization and the appointment of officers immediately following the meeting of shareholders at which such board was elected.

2. Votes to govern At all meetings of the board every question will be decided by a majority of the votes cast on the question; and in case of an equality of votes the chair of the meeting will not be entitled to a second or casting vote.

3. Interest of directors and officers generally in contracts No director or officer will be disqualified by his or her office from contracting with the Corporation nor will any contract or arrangement entered into by or on behalf of the Corporation with any director or officer or in which any director or officer is in any way interested be liable to be voided nor will any director or officer so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or arrangement by reason of such director or officer holding that office or of the fiduciary relationship thereby established provided that, in each case, the director or officer has complied with the provisions of the *Canada Business Corporations Act*.

**SHAREHOLDERS' MEETINGS**

4. Quorum A quorum for the transaction of business at any meeting of shareholders of the Corporation shall be two shareholders present in person or represented by proxy, holding not less than 10% of the shares of the Corporation entitled to be voted at such meeting.

If at any such meeting a quorum is not present within thirty minutes after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than seven days later.

5. Meetings by telephonic or electronic means A meeting of the shareholders may be held by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

6. Postponement or cancellation of meetings A meeting of shareholders may be postponed or cancelled by the board at any time prior to the date of the meeting.

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7 . Procedures at meetings The board may determine the procedures to be followed at any meeting of shareholders including, without limitation, the rules of order. Subject to the foregoing, the chair of a meeting may determine the procedures of the meeting in all respects.

## INDEMNIFICATION

8 . Indemnification of directors and officers The Corporation will indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or in a similar capacity, of another entity, and his or her heirs and legal representatives to the extent permitted by the *Canada Business Corporations Act*.

9 . Indemnity of others Except as otherwise required by the *Canada Business Corporations Act* and subject to paragraph 9, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee, agent of or participant in another entity against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which he or she served at the Corporation's request and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his or her conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction will not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Corporation or other entity and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that his or her conduct was lawful.

10 . Right of indemnity not exclusive The provisions for indemnification contained in the by-laws of the Corporation will not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in his or her official capacity and as to action in another capacity, and will continue as to a person who has ceased to be a director, officer, employee or agent and will inure to the benefit of that person's heirs and legal representatives.

11 . No liability of directors or officers for certain matters To the extent permitted by law, no director or officer for the time being of the Corporation will be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation will be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or body corporate with whom or which any moneys, securities or other assets belonging to the Corporation will be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting



from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same will happen by or through his or her failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Corporation is employed by or performs services for the Corporation otherwise than as a director or officer or is a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact that the person is a director or officer of the Corporation will not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

#### BANKING ARRANGEMENTS, CONTRACTS, ETC.

12 . Banking arrangements The banking business of the Corporation, or any part thereof, will be transacted with such banks, trust companies or other financial institutions as the board may designate, appoint or authorize from time to time and all such banking business, or any part thereof, will be transacted on the Corporation's behalf by one or more officers or other persons as the board may designate, direct or authorize from time to time.

13. Execution of instruments Contracts, documents or instruments in writing requiring execution by the Corporation will be signed by hand by any officer or director and all contracts, documents or instruments in writing so signed will be binding upon the Corporation without any further authorization or formality. The board is authorized from time to time by resolution

- (a) to appoint any officer or any other person on behalf of the Corporation to sign by hand (whether under the corporate seal of the Corporation, if any, or otherwise) and deliver either contracts, documents or instruments in writing generally or to sign either by hand or by facsimile or mechanical signature or otherwise (whether under the corporate seal of the Corporation, if any, or otherwise) and deliver specific contracts, documents or instruments in writing, and
- (b) to delegate to any two officers of the Corporation the powers to designate, direct or authorize from time to time in writing one or more officers or other persons on the Corporation's behalf to sign either by hand or by facsimile or mechanical signature or otherwise (whether under the corporate seal of the Corporation, if any, or otherwise) and deliver contracts, documents or instruments in writing of such type and on such terms and conditions as such two officers see fit.

Contracts, documents or instruments in writing that are to be signed by hand may be signed electronically. The term "contracts, documents or instruments in writing" as used in this by-law includes without limitation deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically but without limitation transfers and assignments of shares, warrants, bonds, debentures or other securities), proxies for shares or other securities and all paper writings.

## MISCELLANEOUS

14. Invalidity of any provisions of this by-law The invalidity or unenforceability of any provision of this by-law will not affect the validity or enforceability of the remaining provisions of this by-law.

15. Omissions and errors The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any shareholder, director, officer or auditor or any error in any notice not affecting its substance will not invalidate any action taken at any meeting to which the notice related or otherwise founded on the notice.

## INTERPRETATION

16. Interpretation In this by-law and all other by-laws of the Corporation words importing the singular number only include the plural and vice versa; words importing any gender include all genders; words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and governmental authorities; “board” means the board of directors of the Corporation; “*Canada Business Corporations Act*” means *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 as from time to time amended, re-enacted or replaced; terms that are not otherwise defined in this by-law have the meanings attributed to them in the *Canada Business Corporations Act*; and “meeting of shareholders” means an annual meeting of shareholders or a special meeting of shareholders.

**UNDERWRITING AGREEMENT**

April 23, 2007

**Ur-Energy Inc.**

1128 Clapp Lane  
P. O. Box 279  
Manotick, Ontario  
K4M 1A3

**Attention: William Boberg, President and Chief Executive Officer**

Dear Sirs:

GMP Securities L.P., Raymond James Ltd., Cormark Securities Inc. and Canaccord Capital Corporation (collectively, the "**Underwriters**") hereby offer to purchase from Ur-Energy Inc. (the "**Company**"), and the Company agrees to issue and sell to the Underwriters, 15,158,000 common shares of the Company (the "**Offered Securities**") at a price of \$4.75 per Offered Security for aggregate gross proceeds to the Company of \$72,000,500 upon the terms described in this Agreement.

The Underwriters shall have an option (the "**Over-Allotment Option**"), which Over-Allotment Option may be exercised in the Underwriters' sole discretion and without obligation, to purchase up to an additional 2,273,000 Offered Securities (the "**Additional Offered Securities**") on the same basis as the Offered Securities for a period of 30 days following the Closing Date, solely for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes. The Underwriters shall notify the Company in writing of their election to exercise the Over-Allotment Option, which notice shall specify the number of Additional Offered Securities to be purchased by the Underwriters and the date (the "**Option Closing Date**") on which such Additional Offered Securities are to be purchased. Such Option Closing Date may be the same as the Closing Date but not later than 30 days following the Closing Date. If any Additional Offered Securities are purchased, each Underwriter agrees, severally and not jointly, to purchase the percentage of such Additional Offered Securities (subject to such adjustments to eliminate fractional Additional Offered Securities as the Underwriters may determine) equal to the percentage set out opposite the name of such Underwriter in Section 12.1 of this Agreement. In the event that the Company shall subdivide, consolidate, reclassify or otherwise change its common shares during the period in which the Over-Allotment Option is exercisable, appropriate adjustments will be made to the exercise price of the Over-Allotment Option and to the number of Additional Offered Securities issuable on exercise thereof such that the Underwriters are entitled to receive the same number and type of securities that the Underwriters would have otherwise received had they exercised such Over-Allotment Option immediately prior to such subdivision, consolidation, reclassification or change.

Unless the context otherwise requires, references herein to the "**Offered Securities**" include the Additional Offered Securities. The offering of the Offered Securities (which term shall include any

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Additional Offered Securities to be purchased in the event of the exercise of the Over-Allotment Option) by the Company is hereinafter referred to as the “**Offering**”.

In consideration of the Underwriters' services to be rendered in connection with the Offering, including assisting in preparing documentation relating to the Offered Securities including the Preliminary Prospectus and the Final Prospectus (in each case as hereinafter defined), distributing the Offered Securities, directly and through other investment dealers and brokers, and performing administrative work in connection with the Offering, the Company agrees to pay the Underwriting Fee (as hereinafter defined) to the Underwriters.

The Company agrees that the Underwriters will be permitted to appoint, at their sole expense, other registered dealers or other dealers duly qualified in their respective jurisdictions, in each case acceptable to the Company, acting reasonably, as their agents to assist in the Offering in the Qualifying Provinces and that the Underwriters may determine the remuneration payable to such other dealers appointed by them.

This offer is conditional upon and subject to the additional terms and conditions set forth below.

## **1. Interpretation**

1.1 **Definitions:** Unless expressly provided otherwise, where used in this Agreement or any schedule hereto, the following terms shall have the following meanings, respectively:

“**Agreement**” means the Agreement resulting from the acceptance by the Company of the offer made by the Underwriters by this letter;

“**Applicable Securities Laws**” means, collectively, the applicable securities laws of each of the Qualifying Provinces, their respective regulations, rulings, rules, orders and prescribed forms thereunder, the applicable policy statements issued by the Securities Commissions thereunder and the securities legislation of and policies issued by each other relevant jurisdiction;

“**Closing Date**” means May 10, 2007 or such earlier or later date as the Company and the Underwriters may agree, but in any event no later than May 24, 2007;

“**Company**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Company's Information Record**” means all information contained in any press release, material change report (excluding any confidential material change report), financial statements or other document of the Company which has been publicly filed by or on behalf of the Company pursuant to Applicable Securities Laws or otherwise;

“**Eligible Issuer**” means an issuer which meets the criteria and has complied with the requirements of NI 44-101 so as to allow it to offer securities using a short form prospectus;

“**Exchange**” means the Toronto Stock Exchange;

“**Final Prospectus**” means the (final) short form prospectus of the Company qualifying the distribution of the Offered Securities and the materials incorporated therein by reference;

“**including**” means including without limitation;

“**material change**” means a material change for the purposes of the Applicable Securities Laws of the applicable jurisdiction or where such term is undefined under such Applicable Securities Laws means a change in the business, operations or capital of the Company and the Material Subsidiaries, on a consolidated basis, that would reasonably be expected to have a significant effect on the market price or value of any of the Company's securities and includes a decision to implement such a change made by the Company's board of directors or by senior management of the Company who believe that confirmation of the decision by the board of directors is probable;

“**material fact**” means a material fact for the purposes of the Applicable Securities Laws of the applicable jurisdiction or where such term is undefined under such Applicable Securities Laws means a fact that would reasonably be expected to have a significant effect on, the market price or value of the Company's securities;

“**Material Subsidiaries**” means the entities listed on Schedule “B” hereto;

“**misrepresentation**” means a misrepresentation for the purposes of the Applicable Securities Laws of the applicable jurisdiction or where such term is undefined under such Applicable Securities Laws means (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

“**NI 44-101**” means National Instrument 44-101- Short Form Prospectus Distributions;

“**NP 43-201**” means National Policy 43-201 - Mutual Reliance Review System for Prospectuses and Annual Information Forms;

“**Offered Securities**” shall have the meaning ascribed thereto in the first paragraph of this Agreement and shall, if applicable, include any Additional Offered Securities in respect of which the Over-Allotment Option may be exercised;

“**Offering**” shall have the meaning ascribed thereto in the third paragraph of this Agreement;

“**Offering Documents**” means, collectively, the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

“**Option Closing Date**” shall have the meaning ascribed thereto in the second paragraph of this Agreement;

“**Over-Allotment Option**” shall have the meaning ascribed thereto in the second paragraph of this Agreement;

“**person**” includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust,

investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

“**Preliminary Prospectus**” means the preliminary short form prospectus of the Company prepared in connection with the qualification of the distribution of the Offered Securities and the materials incorporated therein by reference;

“**Purchasers**” means, collectively, each of the purchasers of Offered Securities arranged by the Underwriters pursuant to the Offering, including, if applicable, the Underwriters;

“**Qualifying Provinces**” means, the provinces of British Columbia, Alberta, Manitoba and Ontario;

“**Securities Commissions**” means, collectively, the securities commissions or similar regulatory authorities in each of the Qualifying Provinces;

“**Selling Group**” means, collectively, those registered dealers appointed by the Underwriters to assist in the Offering as contemplated in the fifth paragraph of this Agreement;

“**subsidiary**” shall have the meaning ascribed thereto in the *Securities Act* (Ontario);

“**Supplementary Material**” means, collectively, any amendment to the Final Prospectus, any amended or supplemental prospectus or ancillary material required to be filed with any of the Securities Commissions in connection with the distribution of the Offered Securities and any material incorporated therein by reference;

“**Survival Limitation Date**” means the later of:

- (i) the second anniversary of the Closing Date or the Option Closing Date, as applicable; and
- (ii) the latest date under the Applicable Securities Laws relevant to a Purchaser (non-residents of Canada being deemed to be resident in the Province of Ontario for such purposes) that a Purchaser may be entitled to commence an action or exercise a right of rescission, with respect to a misrepresentation contained in the Final Prospectus or, if applicable, any Supplementary Material;

“**Time of Closing**” means 8:00 a.m. (Toronto time) on the Closing Date or the Option Closing Date, as applicable;

“**Underwriters**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Underwriting Fee**” means the cash commission equal to 6.0% of the gross proceeds of the Offering, payable to the Underwriters; and

“**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

1 . 2 **Division and Headings:** The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.

1 . 3 **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1 . 4 **Currency:** Except as otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

1.5 **Schedules:** The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein: Schedule "A" - Opinion of Company's Counsel; Schedule "B" - Material Subsidiaries; Schedule "C" - - U.S. Securities Law Provisions; and Schedule "D" – Outstanding Convertible Securities.

## **2. Nature of Transaction**

2.1 Each Purchaser resident in a Qualifying Province shall purchase the Offered Securities pursuant to the Final Prospectus. Except as set forth in Section 3.3, each other Purchaser shall purchase in accordance with such procedures as the Company and the Underwriters may mutually agree, acting reasonably, in order to fully comply with the Applicable Securities Laws. The Company hereby agrees to secure compliance with all applicable securities regulatory requirements of the Qualifying Provinces on a timely basis in connection with the distribution of the Offered Securities. Subject to being notified by the Underwriters of the requirements thereof and upon request by the Underwriters, the Company also agrees to file within the periods stipulated under Applicable Securities Laws outside of Canada and at the Company's expense all private placement forms required to be filed by the Company and the Purchasers, respectively, in connection with the Offering and agrees to pay all filing fees required to be paid in connection therewith so that the distribution of the Offered Securities outside of Canada may lawfully occur without the necessity of filing a prospectus or any similar document under the Applicable Securities Laws outside of Canada, if applicable. The Underwriters agree to assist the Company in all reasonable respects to secure compliance with all regulatory requirements in connection with the Offering.

## **3. Covenants and Representations of the Underwriters**

3.1 Each Underwriter severally, and not jointly and severally, covenants with the Company that it will (and will use its commercially reasonable best efforts to cause the members of the Selling Group to):

(i) conduct activities in connection with arranging for the sale and distribution of the Offered Securities in compliance with all Applicable Securities Laws and the provisions of this Agreement;

- (ii) not, directly or indirectly, sell or solicit offers to purchase the Offered Securities or distribute or publish any offering circular, prospectus, form of application, advertisement or other offering materials in any country or jurisdiction so as to require registration or filing of a prospectus with respect thereto or compliance by the Company with regulatory requirements (including any continuous disclosure obligations) under the laws of, or subject the Company (or any of its directors, officers or employees) to any inquiry, investigation or proceeding of any securities regulatory authority, stock exchange or other authority in, any jurisdiction (other than the filing of the Preliminary Prospectus and the Final Prospectus in the Qualifying Provinces);
- (iii) use all reasonable efforts to complete and to cause the members of the Selling Group to complete the distribution of the Offered Securities as soon as practicable; and
- (iv) upon the Company obtaining the necessary receipts therefor from each of the Securities Commissions, deliver one copy of the Final Prospectus and any Supplementary Material to each of the Purchasers.

3.2 GMP Securities L.P. shall notify the Company when, in its opinion, the Underwriters and Selling Group have ceased distribution of the Offered Securities (and in any event such notice shall be given no later than 21 days after the Closing Date or the Option Closing Date, as applicable) and, if required for regulatory compliance purposes, provide a breakdown of the number of Offered Securities distributed and proceeds received (A) in each of the Qualifying Provinces and (B) in any other jurisdiction.

3.3 Each Underwriter severally covenants with the Company that it will only solicit and offer to sell to purchasers of Offered Securities in the United States in accordance with Schedule "C" to this Agreement. The representations, warranties and covenants of the Underwriters and the Company set forth in Schedule "C" are incorporated herein by reference.

#### **4. Representations, Warranties and Covenants of the Company**

4.1 The Company hereby represents, warrants and covenants to and with the Underwriters that:

##### *4.1.1 General Matters*

- (a) the Company (i) has been continued under the *Canada Business Corporations Act* and is and will at the Time of Closing be up-to-date in all material corporate filings and in good standing under such Act; (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets; and (iii) has all requisite corporate power and authority to issue and sell the Offered Securities, to enter into this Agreement and to carry out the provisions of this Agreement;
- (b) the subsidiaries listed on Schedule "B" are the only subsidiaries of the Company which are material to the Company and, all securities of such subsidiaries are held, directly or indirectly, by the Company free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims and demands whatsoever. All of



such shares in the capital of the Material Subsidiaries have been duly authorized and validly issued and are outstanding as fully paid and non-assessable shares and no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from the Company of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of the Material Subsidiaries or any other security convertible into or exchangeable for any such shares. The Company's other subsidiaries, CBM –Energy Inc. and ISL Wyoming Inc. are not material subsidiaries of the Company, do not own any material assets and do not have any material liabilities.

- (c) each of the Material Subsidiaries (i) has been incorporated in its respective jurisdiction of incorporation and is and will at the Time of Closing be up-to-date in all material corporate filings and in good standing under the laws of such jurisdiction, as the case may be and (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets;
- (d) no proceedings have been taken, instituted or, to the knowledge of the Company, are pending for the dissolution or liquidation of the Company or the Material Subsidiaries;
- (e) the Company and each of the Material Subsidiaries are, in all material respects, conducting their respective businesses in compliance with all applicable laws, rules and regulations (including all material applicable federal, provincial, municipal, and local environmental anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body, including but not limited to relevant exploration, concessions and permits) of each jurisdiction in which its respective businesses are carried on and each is licensed, registered or qualified in all jurisdictions in which it owns, leases or operates its property or carries on business to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated and all such licences, registrations and qualifications are valid, subsisting and in good standing and it has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which could have an adverse material effect on the Company or the Material Subsidiaries and will at the Time of Closing be valid, subsisting and in good standing;
- (f) all necessary corporate action has been taken or will have been taken prior to the Time of Closing by the Company so as to validly issue and sell the Offered Securities;
- (g) the execution and delivery of this Agreement and the performance of the transactions contemplated hereby and thereby have been authorized by all

necessary corporate action of the Company and this Agreement has been executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, provided that enforcement thereof

may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction, that the provisions relating to indemnity, contribution and waiver of contribution may be unenforceable and that enforceability is subject of the provisions of the *Limitations Act, 2002* (Ontario);

- (h) the execution and delivery of this Agreement, the fulfilment of the terms hereof by the Company and the issuance, sale and delivery of the Offered Securities to be issued and sold by the Company at the Time of Closing do not and will not require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, Securities Commission or other third party, except such as have been obtained or such as may be required (and shall be obtained prior to the Time of Closing) under Applicable Securities Laws or stock exchange regulations;
- (i) the Offered Securities to be issued and sold as hereinbefore described have been, or prior to the Time of Closing will be reserved and authorized for issuance by the Company and, upon payment of the issue price for the Offered Securities and when certificates for the Offered Securities are countersigned by the Transfer Agent, the Offered Securities will be validly issued and fully paid and non-assessable, and all statements made in the Final Prospectus describing the Offered Securities will be accurate in all material respects;
- (j) the authorized capital of the Company consists of an unlimited number of Class A Preference Shares, issuable in series, and an unlimited number of common shares, of which, as of April 20, 2007, no Class A Preference Shares were outstanding and 74,100,239 common shares were outstanding as fully paid and non-assessable shares of the Company;
- (k) the Company and the Material Subsidiaries are not aware of any legislation, or proposed legislation published by a legislative body, which they anticipate will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of the Company or the Material Subsidiaries;
- (l) the currently issued and outstanding common shares of the Company are listed on the Exchange and no order ceasing, suspending or prohibiting trading in any securities of the Company or prohibiting the sale of the Offered Securities has been issued and no proceedings for such purpose are pending or, to the best of the Company's knowledge, information and belief, threatened;
- (m) except as referred to in Schedule "D" hereto, or as described in the Final Prospectus, no person now has any agreement or option or right or privilege (whether at law, preemptive or contractual) capable of becoming an

agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of the Company or any of the Material Subsidiaries;

- (n) since December 31, 2006, except as disclosed in the Company's Information Record:
  - (i) there has not been any material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) or results of operations of the Company and the Material Subsidiaries, on a consolidated basis;
  - (ii) there has not been any material change in the capital stock or long-term debt of the Company and the Material Subsidiaries, on a consolidated basis; and
  - (iii) the Company and the Material Subsidiaries have carried on their respective businesses in the ordinary course;
- (o) the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2006 present fairly, in all material respects, the financial condition of the Company and the Material Subsidiaries, on a consolidated basis, for the period then ended;
- (p) there are no material actions, proceedings or investigations (whether or not purportedly by or on behalf of the Company or any subsidiary) pending or threatened against or affecting the Company or its Material Subsidiaries at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign;
- (q) neither the Company nor any of the Material Subsidiaries is in default or in breach in any material respect of, and the execution and delivery of this Agreement by the Company, the performance and compliance with the terms of this Agreement and the sale of the Offered Securities (including the grant of the Over-Allotment Option by the Company) will not result in any material breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of the Company or any of the Material Subsidiaries or any material mortgage, note, indenture, contract, agreement, instrument, lease or other document to which the Company or any of the Material Subsidiaries is a party or by which any of them is bound or any judgment, decree, order, statute, rule or regulation applicable to any of them, which breach or default would have a material adverse affect on the Company and the Material Subsidiaries, on a consolidated basis;
- (r) the Company is, and will at the Time of Closing be, an Eligible Issuer and a "reporting issuer", not included in a list of defaulting reporting issuers maintained by the Securities Commissions in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and in particular,

without limiting the foregoing, the Company has at all times complied with its obligations to make timely disclosure of all material changes relating to it and there is no material change relating to the Company which has occurred and with respect to which the requisite material change report has not been filed with the Securities Commissions, except to the extent that the Offering constitutes a material change;

- (s) all filings and fees required to be made and paid by the Company and the subsidiaries pursuant to Applicable Securities Laws and general corporate law have been made and paid and the information and statements set forth in the Company's Information Record were accurate in all material respects and did not contain any misrepresentation as of the date of such information or statement, and the Company has not filed any confidential material change report with any Securities Commission that is still maintained on a confidential basis;
- (t) the auditors of the Company who audited the consolidated financial statements of the Company most recently delivered to the securityholders of the Company and delivered their report with respect thereto, have confirmed to the Company that they are independent public accountants as required by the Applicable Securities Laws;
- (u) there has not been any "reportable event" (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators) with the present or any former auditor of the Company;
- (v) there is not, in the constating documents, by-laws or in any debt instrument, agreement, mortgage, note, debenture, indenture or other instrument or document to which the Company is a party, any restriction upon or impediment to, the declaration of dividends by the directors of the Company or the payment of dividends by the Company to the holders of its common shares;
- (x) the Company is not, nor are any of its subsidiaries, party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Company or any of its subsidiaries to compete in any line of business, transfer or move any of their assets or operations or which materially or adversely affects the business practices, operations or condition of the Company and its subsidiaries, taken as a whole;
- (y) other than the Company, there is no person that is or will be entitled to the proceeds of this Offering under the terms of any debt instrument, mortgage, note, indenture, contract, instrument, lease agreement (written or unwritten);
- (z) the Company is not party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any of the securities of the Company or its subsidiaries;
- (aa) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Company or any of the Material Subsidiaries have been paid except for where the failure to pay such taxes would not constitute an adverse material fact of the Company and of the Material

Subsidiaries, on a consolidated basis, or result in an adverse material change to the Company and the Material Subsidiaries, on a consolidated basis. All tax returns, declarations, remittances and filings required to be filed by the Company have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading except where the failure to file such documents would not constitute an adverse material fact of the Company and the Material Subsidiaries, on a consolidated basis, or result in an adverse material change to the Company and the Material Subsidiaries, on a consolidated basis. To the best of the knowledge of the Company, no examination of any tax return of the Company or any of the Materials Subsidiaries is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Company or any Material Subsidiary, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact of the Company and the Material Subsidiaries, on a consolidated basis, or result in an adverse material change to the Company and the Material Subsidiaries, on a consolidated basis;

- (bb) neither the Company nor any of the Material Subsidiaries, nor to the best of the Company's knowledge, information and belief, any other person, is in default in any material respect in the observance or performance of any term, covenant or obligation to be performed by the Company or any of the Material Subsidiaries or such other person under any material contract, agreement, or arrangement (including all joint venture agreements) to which the Company or any of the Material Subsidiaries is a party or otherwise bound and all such contracts, agreements or arrangements (including all joint venture agreements) are in good standing, and no event has occurred which with notice or lapse of time or both would constitute such a default by the Company, a Material Subsidiary or, to the best of the Company's knowledge, information and belief, any other party;
- (cc) the net proceeds of the Offering will be used as described in the Final Prospectus;
- (dd) the attributes of the Offered Securities will conform in all material respects with the description thereof to be described in the Final Prospectus;
- (ee) other than as contemplated by the Offering and this Agreement, the Company will not, for a period of 90 days from the Closing Date, issue or sell or agree to issue or sell (or announce any intention to do so) any equity or voting shares of the Company or financial instruments convertible or exchangeable into such shares, other than for purposes of (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plans of the Company (including as described in Schedule "D" hereto); (ii) outstanding warrants (including as described in Schedule "D" hereto); and

- (iii) obligations in respect of existing agreements (including as described in Schedule “D” hereto), without the prior written consent of GMP Securities L.P. on behalf of the Underwriters, which consent shall not be unreasonably withheld;
- (ff) the Company will use its best efforts to obtain the necessary regulatory consents from the Exchange to the sale of the Offered Securities hereunder on such conditions as are acceptable to the Underwriters and the Company, acting reasonably;
- (gg) the Company will use its best efforts to arrange for the listing on the Exchange of the Offered Securities effective as of the Closing Date and the Option Closing Date, as applicable;
- (hh) the Company will use its best efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of the Securities Laws of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario until the date that is two years following the Closing Date, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Company ceasing to be a “reporting issuer” so long as the holders of common shares receive securities of an entity which is listed on a stock exchange in Canada or the holders of the common shares have approved the transaction;
- (ii) Equity Transfer & Trust Company has been appointed the registrar and transfer agent in Canada for the common shares of the Company at its principal transfer office in the city of Toronto, Ontario;
- (jj) none of the directors, officers or employees of the Company, any known holder of more than ten per cent of any class of shares of the Company, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction with the Company or any Material Subsidiary which, as the case may be, materially affected, is material to or will materially affect the Company and the Material Subsidiaries, on a consolidated basis;
- (kk) other than the Underwriters pursuant to this Agreement, there is no person acting or purporting to act at the request of the Company who is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the transactions contemplated herein;
- (ll) none of the Company or the Material Subsidiaries is party to any debt instrument or has any material loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm’s length with them;
- (mm) the assets of the Company and the Material Subsidiaries and their business and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and

effect, and none of the Company or any of the Material Subsidiaries has failed to promptly give any notice or present any material claim thereunder; and

- (nn) the Company and the Material Subsidiaries own or possess the right to use all material patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights necessary for the conduct of their respective businesses, and the Company is not aware of any claim to the contrary or any challenge by any other person to the rights of the Company and the Material Subsidiaries with respect to the foregoing. To the best of the Company's knowledge, the Company's business, including that of its subsidiaries, as now conducted does not, and as currently proposed to be conducted will not, infringe or conflict with in any material respect patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses or other intellectual property or franchise right of any person.

4.1.2 *Prospectus Matters*

- (a) the Company will, provided the Underwriters have taken all action required by them hereunder to permit the Company to do so, use all reasonable efforts to file the Final Prospectus pursuant to NP 43-201 and to obtain a final expedited review receipt document from the Ontario Securities Commission in respect of each Qualifying Province and if a Securities Commission in any Qualifying Province opts out of the expedited review system, a final receipt (or a decision document equivalent thereof) from such Securities Commission, and shall have taken all other steps and proceedings that may be necessary in order to qualify the Offered Securities for distribution pursuant to the Final Prospectus in each of the Qualifying Provinces before the close of business on May 17, 2007 (or such other date as may be agreed to in writing by the Company and the Underwriters);
- (b) the Company will deliver from time to time without charge to the Underwriters as many copies of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material as they may reasonably request for the purposes contemplated hereunder and contemplated by the Applicable Securities Laws in the Qualifying Provinces and such delivery shall constitute the consent of the Company to their use of such documents in the Qualifying Provinces in connection with the distribution or the distribution to the public of the Offered Securities, subject to the Underwriters complying with the provisions of the Applicable Securities Laws in the Qualifying Provinces and the provisions of this Agreement;
- (c) all the information and statements to be contained in the Offering Documents shall, at the respective dates of delivery thereof, constitute full, true and plain disclosure of all material facts relating to each of the Offering, the Company, the Material Subsidiaries and the Offered Securities (provided that this representation and warranty is not intended to extend to information and statements included in reliance upon and in conformity with information furnished to the Company by or on behalf of the Underwriters specifically for use therein);
- (d) at the time of filing and qualification thereof, no Offering Document will contain a misrepresentation (provided that this representation and warranty is not intended to extend to information and statements included in reliance upon and in conformity

with information furnished to the Company by or on behalf of the Underwriters specifically for use therein);

- (e) the Offering Documents shall contain the disclosure required by and conform to all requirements of the Applicable Securities Laws;
- (f) during and prior to completion of the distribution of the Offered Securities, the Company will otherwise take or cause to be taken all steps and proceedings (including the filing of, and obtaining the issuance of a final receipt (or a decision document equivalent thereof) for, the Final Prospectus) that may be required under the Applicable Securities Laws of the Qualifying Provinces to qualify the Offered Securities for sale to the public in the Qualifying Provinces through registrants registered under the Applicable Securities Laws of the Qualifying Provinces who have complied with the relevant provisions thereof; and
- (g) at all times until the distribution of the Offered Securities has been completed, but in any event not later than 21 days following the Closing Date or the Option Closing Date, as applicable, the Company will, to the reasonable satisfaction of counsel to the Underwriters, promptly take or cause to be taken all reasonable additional steps and proceedings that may be required from time to time under the Applicable Securities Laws of the Qualifying Provinces to continue to so qualify the Offered Securities or, in the event that the Offered Securities have, for any reason, ceased to so qualify, to again so qualify the Offered Securities.

#### 4.1.3 *Due Diligence Matters*

- (a) prior to the filing of the Final Prospectus and any Supplementary Material (other than any material filed prior to the date hereof and incorporated by reference therein), the Company will allow the Underwriters to participate fully in the preparation of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material and shall allow the Underwriters to conduct all due diligence which they may reasonably require to conduct in order to fulfil their obligations and in order to enable them to responsibly execute the certificates required to be executed by them at the end of each of the Preliminary Prospectus, the Final Prospectus and any applicable Supplementary Material;
- (b) the Company will promptly notify the Underwriters in writing if, prior to termination of the distribution of the Offered Securities, there shall occur any material change or change in a material fact (in either case, whether actual, anticipated, contemplated or threatened and other than a change or change in fact relating solely to the Underwriters) or any event or development involving a prospective material change or a change in a material fact or any other material change in any or all of the business, affairs, operations, assets (including information or data relating to the estimated value or book value of assets), liabilities (contingent or otherwise), capital, ownership, control or management of the Company or any of the Material Subsidiaries which would constitute a material change to, or a change in a material fact concerning the Company and the Material Subsidiaries on a consolidated basis



or any other change which is of such a nature as to result in, or could be considered reasonably likely to result in, a misrepresentation in the Final Prospectus or any Supplementary Material, as they exist immediately prior to such change, or could render any of the foregoing, as they exist immediately prior to such change, not in compliance with any of the Applicable Securities Laws;

- (c) the Company will promptly notify the Underwriters in writing with full particulars of any such actual, anticipated, contemplated, threatened or prospective change referred to in the preceding paragraph and the Company shall, to the satisfaction of the Underwriters, acting reasonably, provided the Underwriters have taken all action required by them hereunder to permit the Company to do so, file promptly and, in any event, within all applicable time limitation periods with the Securities Commissions a new or amended Final Prospectus or Supplementary Material, as the case may be, or material change report as may be required under the Applicable Securities Laws and shall comply with all other applicable filing and other requirements under the Applicable Securities Laws including any requirements necessary to qualify the distribution of the Offered Securities and shall deliver to the Underwriters as soon as practicable thereafter their reasonable requirements of conformed or commercial copies of any such new or amended Final Prospectus or Supplementary Material. The Company will not file any such new or amended disclosure documentation or material change report without first obtaining the written approval of the form and content thereof by the Underwriters, which approval shall not be unreasonably withheld or delayed; provided that the Company will not be required to file a registration statement or otherwise register or qualify the Offered Securities for sale or distribution outside Canada;
- (d) the Company will in good faith discuss with the Underwriters as promptly as possible any circumstance or event which is of such a nature that there is or there ought to be consideration given as to whether there may be a material change or change in a material fact or other change described in the preceding two paragraphs; and
- (e) the minute books of the Company and each of the Material Subsidiaries provided to counsel to the Underwriters contain copies of all constating documents and all proceedings of securityholders and directors (and committees thereof) (or drafts pending the approval thereof) and are complete in all material respects.

- (a) the Company and the Material Subsidiaries are in material compliance with all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign, including laws, ordinances, regulations or orders, relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance (the “**Environmental Laws**”);
- (b) the Company and the Material Subsidiaries have, collectively, obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the “**Environmental Permits**”) necessary as at the date hereof for the operation of the businesses carried on or proposed to be commenced by the Company and the Material Subsidiaries, and each Environmental Permit is valid, subsisting and in good standing and neither the Company nor any of the Material Subsidiaries is in material default or breach of any Environmental Permit and, to the best of the knowledge of the Company, no proceeding is pending or threatened to revoke or limit any Environmental Permit;
- (c) neither the Company nor any of the Material Subsidiaries has used, except in material compliance with all Environmental Laws and Environmental Permits, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance;
- (d) neither the Company nor any of the Material Subsidiaries nor, if applicable, to the knowledge of the Company, any predecessor company, has received any notice of or been prosecuted for an offence alleging non-compliance with any laws, ordinances, regulations and orders, including Environmental Laws, and neither the Company nor any of the Material Subsidiaries nor, if applicable, to the knowledge of the Company, any predecessor company has settled any allegation of non-compliance short of prosecution. There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Company or any of its Material Subsidiaries, nor has the Company or any of its Material Subsidiaries received notice of any of the same;
- (e) there have been no past unresolved, and there are no pending or threatened claims, complaints, notices or requests for information received by the Company with respect to any alleged material violation of any law, statute, order, regulation, ordinance or decree; and to the best of the Company’s knowledge, information and belief, no conditions exist at, on or under any property now or previously owned, operated or leased by the Company which, with the passage of time, or the giving of notice or both, would give rise to liability under any law, statute, order, regulation,

ordinance or decree that, individually or in the aggregate, has or may reasonably be expected to have any adverse effect with respect to the Company and the Material Subsidiaries, taken as a whole;

- (f) except as ordinarily or customarily required by applicable permit, neither the Company nor any of the Material Subsidiaries has received any notice wherein it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws. Neither the Company nor any of the Material Subsidiaries has received any request for information in connection with any federal, state, municipal or local inquiries as to disposal sites;
- (g) the Company and its Material Subsidiaries are the absolute legal and beneficial owners of, and have good and marketable title to, all of the material property or assets thereof as described in the Company's Information Record, free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, other than those described in the Company's Information Record, and no other property rights are necessary for the conduct of the business of the Company and its Material Subsidiaries (taken as a whole) as currently conducted or contemplated to be conducted; the Company knows of no claim or basis for any claim that might or could adversely affect the right of the Company and its Material Subsidiaries to use, transfer or otherwise exploit such property rights; and, except as disclosed in the Company's Information Record, the Company and its Material Subsidiaries have no responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property rights thereof;
- (h) the Company and its Material Subsidiaries hold either freehold title, mining leases, mining claims or other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which a particular property is located in respect of the ore bodies and minerals located in properties in which the Company and its Material Subsidiaries have an interest as described in the Company's Information Record under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company and its Material Subsidiaries to explore the minerals relating thereto; all such property, leases or claims and all property, leases or claims in which the Company or its Material Subsidiaries have any interest or right have been validly located and recorded in accordance with all applicable laws and are valid and subsisting; the Company or its Material Subsidiaries have all necessary surface rights, access rights and other necessary rights and interest relating to the properties in which the Company or its Material Subsidiaries have an interest as described in the Company's Information Record granting the Company or its Material Subsidiaries the right and ability to explore for minerals for development purposes as are appropriate in view of their respective rights and interests therein, with only such exceptions as do not materially interfere with the use made by the Company or its Material Subsidiaries of the rights or interests so held and each of the proprietary interests or rights and each of the documents, agreements and instruments and

obligations relating thereto referred to above are currently in good standing in the name of the Company or its Material Subsidiaries;

- (i) any and all of the agreements and other documents and instruments pursuant to which the Company and its Material Subsidiaries hold their property and assets (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, the Company and its Material Subsidiaries are not in default of any of the material provisions of any such agreements, documents or instruments, nor has any such default been alleged. None of the properties (or any interest in, or right to earn an interest in, any property) of the Company and its Material Subsidiaries are subject to any right of first refusal or purchase or acquisition rights which are not disclosed in the Company's Information Record;
- (j) there are no claims with respect to native rights currently or, to the best knowledge of the Company, pending or threatened with respect to any of the material properties of the Company or the Material Subsidiaries
- (k) all mining operations on the properties of the Company and the Material Subsidiaries have been conducted in all respects in accordance with good mining and engineering practices and all applicable material workers' compensation and health and safety and workplace laws, regulations and policies have been complied with;
- (l) except as disclosed in the Company's Information Record, there are no environmental audits, evaluations, assessments, studies or tests relating to the Company or any of the Material Subsidiaries except for ongoing assessments conducted by or on behalf of the Company in the ordinary course; and
- (m) the Company is in material compliance with the provisions of National Instrument 43-101–Standards of Disclosure for Mineral Projects, and has filed all required technical reports required thereby.

#### 4.1.5

##### *Employment Matters*

- (a) each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Company for the benefit of any current or former director, officer, employee or consultant of the Company (the "**Employee Plans**") has been maintained in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans, in each case in all material respects and has been publicly disclosed to the extent required by Applicable Securities Laws;
- (b) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and

commissions and employee benefit plan payments have been reflected in the books and records of the Company or the Material Subsidiaries; and

- (c) there is not currently any labour disruption which is adversely affecting or could adversely affect, in a material manner, the carrying on of the business of the Company and the Material Subsidiaries, on a consolidated basis.

## **5. Conditions to Purchase Obligation**

5.1 The following are conditions of the Underwriters' obligations to close the purchase of the Offered Securities from the Company as contemplated hereby, which conditions the Company covenants to exercise its reasonable best efforts to have fulfilled on or prior to the Closing Date, which conditions may be waived in writing in whole or in part by the Underwriters:

- (a) the Company will have made and/or obtained the necessary filings, approvals, consents and acceptances to or from, as the case may be, the Securities Commissions and the Exchange required to be made or obtained by the Company in connection with the Offering, on terms which are acceptable to the Company and the Underwriters, acting reasonably, prior to the Closing Date, it being understood that the Underwriters will do all that is reasonably required to assist the Company to fulfil this condition;
- (b) the Company shall have delivered to the Underwriters within 24 hours of the issuance of the receipt for the Preliminary Prospectus by each of the Qualifying Provinces, or such later time as may be agreed upon by the Company and the Underwriters, in such Canadian cities as the Underwriters may reasonably request, the reasonable requirements of conformed commercial copies of the Preliminary Prospectus;
- (c) the Company shall have delivered to the Underwriters within 24 hours of the issuance of the receipt for the Final Prospectus by each of the Qualifying Provinces, or such later time as may be agreed upon by the Company and the Underwriters, in such Canadian cities as the Underwriters may reasonably request, the reasonable requirements of conformed commercial copies of the Final Prospectus;
- (d) the Offered Securities will have been accepted for listing by the Exchange, subject to the usual conditions, and will, at the opening of trading on the Exchange on the Closing Date, be accepted for trading on the Exchange;
- (e) the Company's board of directors will have authorized and approved this Agreement, the sale and issuance of the Offered Securities and all matters relating to the foregoing;
- (f) the Company will deliver a certificate of the Company and signed on behalf of the Company, but without personal liability, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company or

such other senior officers of the Company as may be acceptable to the Underwriters, acting reasonably, addressed to the Underwriters and their counsel and dated the Closing Date, in form and content satisfactory to the Underwriters, acting reasonably, certifying that:

- (i) no order ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Offered Securities or any of the Company's issued securities has been issued and no proceedings for such purpose are pending or, to the knowledge of such officers, threatened;
  - (ii) to the knowledge of such officers, there has been no adverse material change (actual, proposed or prospective, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company and the Material Subsidiaries on a consolidated basis since the date hereof which has not been generally disclosed;
  - (iii) since the date hereof, no material change relating to the Company and the Material Subsidiaries on a consolidated basis, except for the Offering, has occurred with respect to which the requisite material change statement or report has not been filed and no such disclosure has been made on a confidential basis;
  - (iv) the representations and warranties of the Company contained in this Agreement are true and correct in all material respects at the Time of Closing, with the same force and effect as if made by the Company as at the Time of Closing after giving effect to the transactions contemplated hereby; and
  - (v) the Company has complied with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with or satisfied, other than conditions which have been waived by the Underwriters, at or prior to the Time of Closing;
- (g) the Company will have caused a favourable legal opinion to be delivered by its Canadian counsel addressed to the Underwriters and the Underwriters' counsel, acceptable in all reasonable respects to the Underwriters, including in respect of those matters identified in Schedule "A" hereto. In giving such opinion, counsel to the Company shall be entitled to rely, to the extent appropriate in the circumstances, upon local counsel and shall be entitled as to matters of fact to rely upon a certificate of fact from responsible persons in a position to have knowledge of such facts and their accuracy;
- (h) the Company will have caused a favourable legal opinion to be delivered by local counsel in the jurisdiction of incorporation of each of the Material Subsidiaries addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, and with respect to the following matters:
- (A) the incorporation and existence of each Material Subsidiary under the laws of its jurisdiction of incorporation;

- (B) as to the holder of the issued and outstanding shares of each Material Subsidiary; and
- (C) that each Material Subsidiary has all requisite corporate power under the laws of its jurisdiction of incorporation to carry on its business as presently carried on and own its properties;
- (i) if any Offered Securities are being sold on the Closing Date to United States purchasers pursuant to Schedule "C" to this Agreement, the Company shall have caused a favourable legal opinion to be delivered by United States counsel, in form and substance satisfactory to the Underwriters, to the effect that the sale of such Offered Securities on the Closing Date to such United States purchasers is not required to be registered under the *United States Securities Act of 1933*, as amended;
- (j) the Company will have caused a favourable title opinion to be delivered, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to each of the Company's and Material Subsidiaries' properties;
- (k) the Company will have caused PricewaterhouseCoopers LLP to deliver an update of its letter referred to in paragraph 6 below;
- (l) the Company will cause its registrar and transfer agent to deliver a certificate as to the issued and outstanding common shares of the Company;
- (m) certificates representing the Offered Securities registered as the Underwriters may direct (or, in the case of Offered Securities being sold to United States purchasers, as such purchasers may direct), which certificates will be delivered in Toronto; and
- (n) the Underwriters will have been satisfied in their sole discretion with the due diligence review and investigation of the Company and the Material Subsidiaries perform by the Underwriters and their representatives.

5.2 The following are conditions of the Underwriters' obligations to close the purchase of the Additional Offered Securities from the Company as contemplated hereby, which conditions the Company covenants to exercise its reasonable best efforts to have fulfilled on or prior to the Option Closing Date, which conditions may be waived in writing in whole or in part by the Underwriters:

- (a) the Additional Offered Securities will have been accepted for listing by the Exchange, subject to the usual conditions, and will, at the opening of trading on the Exchange on the Option Closing Date, be accepted for trading on the Exchange;
- (b) the Underwriters shall have received an updated certificate referred to in paragraph 5.1 (f) above dated the Option Closing Date;
- (c) the Underwriters shall have received updated favourable legal opinions referred to in paragraphs 5.1 (g) and (h) above dated the Option Closing Date;

- (d) if any Additional Offered Securities are being sold on the Option Closing Date to United States purchasers pursuant to Schedule "C" to this Agreement, the Company shall have caused a favourable legal opinion to be delivered by United States counsel, in form and substance satisfactory to the Underwriters, to the effect that the sale of such Offered Securities on the Option Closing Date to such United States purchasers is not required to be registered under the *United States Securities Act of 1933*, as amended;
- (e) the Company will have caused PricewaterhouseCoopers LLP to deliver an update of its letter referred to in paragraph 6 below;
- (f) the Company will cause its registrar and transfer agent to deliver an updated certificate referred to in paragraph 5.1(l) above;
- (g) certificates representing the Additional Offered Securities registered as the Underwriters may direct (or, in the case of Additional Offered Securities being sold to United States purchasers, as such purchasers may direct), which certificates will be delivered in Toronto; and
- (h) the Underwriters shall have received such other certificates, agreements, materials or documents as they may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional Offered Securities and other matters related to the issuance of the Additional Offered Securities.

## **6. Additional Documents Upon Filing of Final Prospectus**

The Company shall cause to be delivered to the Underwriters concurrently with the filing of the Final Prospectus and any Supplementary Material, a comfort letter dated the date of the Final Prospectus (or Supplementary Material, as applicable) from the auditors of the Company and addressed to the Underwriters and to the directors of the Company, in form and substance reasonably satisfactory to the Underwriters, relating to the verification of the financial information and accounting data and other numerical data of a financial nature contained in the Final Prospectus (or Supplementary Material, as applicable) and matters involving changes or developments since the respective dates as of which specified financial information is given therein, to a date not more than two business days prior to the date of such letter.

## **7. Closing**

7.1 The Offering will be completed at the offices of the Underwriters' counsel in Toronto at the Time of Closing or such other place, date or time as may be mutually agreed to; provided that if the Company has not been able to comply in any material respect with any of the covenants or conditions set out herein required to be complied with by the Time of Closing or such other date and time as may be mutually agreed to or such covenant or condition has not been waived by the Underwriters, the respective obligations of the parties will terminate without further liability or obligation except for payment of expenses, indemnity and contribution provided for in this Agreement.



7.2 At the Time of Closing, the Company shall deliver to the Underwriters the documents, legal opinions and certificates as contemplated in section 5.1 or 5.2, as the case may be; against payment of the aggregate purchase price for the Offered Securities or the Additional Offered Securities, as applicable, net of the Underwriting Fee and expenses incurred up to the Closing Date or Option Closing Date, as applicable, by wire transfer payable to the Company. Any additional expenses of the Underwriters incurred in connection with the Offering not included in these expenses retained by the Underwriters shall be paid by the Company forthwith upon invoices being provided therefor.

7.3 All terms and conditions of this Agreement shall be construed as conditions and any breach or failure to comply with any such terms and conditions in any material respect shall entitle the Underwriters to terminate their obligations to purchase the Offered Securities or the Additional Offered Securities, as applicable, by written notice to that effect given to the Company prior to the Time of Closing. It is understood that the Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to their rights in respect of any such terms and conditions or any other subsequent breach or non-compliance; provided that to be binding on the Underwriters, any such waiver or extension must be in writing.

## **8. Termination of Purchase Obligation**

8.1 Without limiting any of the other provisions of this Agreement, any Underwriter will be entitled, at its option, to terminate and cancel, without any liability on its part or on the part of the other Underwriters and the Purchasers, its obligations under this Agreement, to purchase the Offered Securities or Additional Offered Securities, as applicable, by giving written notice to the Company at any time through to the applicable Time of Closing if:

- (a) *material change* - there shall be any material change in the affairs of the Company, or there should be discovered any previously undisclosed material fact required to be disclosed in the Preliminary Prospectus, Final Prospectus or amendment thereto or there should occur a change in a material fact contained in the Offering Documents or amendment thereto, in each case which, in the reasonable opinion of the Underwriters (or any of them), has or would be expected to have a significant adverse effect on the market price or value of the Offered Securities or any other securities of the Company;
- (b) *disaster out* - (i) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) (including matters of regulatory transgression or unlawful conduct) is commenced, announced or threatened or any order made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the Exchange or any securities regulatory authority or any law or regulation is enacted or changed which in the opinion of the Underwriters (or any of them), acting reasonably, operates to prevent or restrict the issuance or trading of the Offered Securities or any other securities of the Company or materially and adversely affects or will materially and adversely affect the market price or value of the Offered Securities or any other securities of the Company; or (ii) if there should develop, occur or come into effect or existence any event, action, state (including terrorism), condition or major financial occurrence of national or international consequence or any law or regulation which in the reasonable opinion of the Underwriters seriously adversely affects, or involves, or will, or could reasonably be expected to, seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and its subsidiaries taken as a whole; or

- (c) *breach* - the Company is in breach of any material terms, condition or covenant of this Agreement or any material representation or warranty given by the Company in this Agreement becomes or is false.

The Underwriters shall make reasonable efforts to give notice to the Company (in writing or by other means) of the occurrence of any of the events referred to in this section; provided that neither the giving nor the failure to give such notice shall in any way affect the Underwriters' entitlement to exercise this right at any time to the Time of Closing.

The Underwriters' rights of termination contained in this section are in addition to any other rights or remedies they may have in respect of any default, act or failure to act or noncompliance by the Company in respect of any of the matters contemplated by this Agreement.

8.2 If the obligations of an Underwriter are terminated under this Agreement pursuant to the termination rights provided for in section 8.1, the Company's liabilities to such Underwriter shall be limited to the Company's obligations under the indemnity, contribution and expense provisions of this Agreement.

## 9. Indemnity

9.1 The Company hereby covenants and agrees to indemnify and save each of the Underwriters, their respective affiliate U.S. broker-dealers and their respective directors, officers, employees and agents (each being hereinafter referred to as an “**Indemnified Party**”), harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, suits, proceedings, damages or liabilities of whatsoever nature or kind, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim that may be made against any Indemnified Party, to which any Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities, actions, suits or proceedings arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Company by the Underwriters and/or any Indemnified Party hereunder or otherwise in connection with the matters referred to in this Agreement, including without limitation, in any way caused by, or arising directly or indirectly from, or in consequence of:

- (a) any misrepresentation or alleged misrepresentation (except as may be contained in any information or statement relating solely to the Underwriters) contained herein or in the Offering Documents or the documents incorporated in the Offering Documents by reference pursuant to the Offering;
- (b) any information or statement (except any information or statement relating solely to the Underwriters) contained in any certificate or document of the Company delivered

under this Agreement or pursuant to this Agreement which at the time and in light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;

- (c) any omission or alleged omission to state in any certificate or document of the Company delivered under this Agreement or any fact (except facts relating solely to the Underwriters), or in the Offering Documents, required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made; or
- (d) the non-compliance or alleged non-compliance by the Company with any requirements of the Applicable Securities Laws (other than any non-compliance or alleged non-compliance caused by, arising directly or indirectly from, or in consequence of any action or non-action of the Underwriters).

Notwithstanding anything to the contrary contained herein, this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- (i) the Underwriters or an Indemnified Party has been grossly negligent or has committed any fraudulent or illegal act in the course of the performance of professional services rendered to the Company by the Underwriters and/or the Indemnified Party or otherwise in connection with the matters referred to in this Agreement; and
- (ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the gross negligence, illegality or fraud referred to in (i).

The Company agrees that in case any legal proceeding shall be brought against the Company and/or any Indemnified Party by any governmental commission or regulatory authority, or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Company and/or any Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Company by any Indemnified Party under this Agreement, any Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Indemnified Party for time spent by it in connection therewith) and out-of-pocket expenses incurred by it in connection therewith shall be paid by the Company as they occur.

9.2 If any action or claim shall be asserted against an Indemnified Party in respect of which indemnity may be sought from the Company pursuant to the provisions of section 9.1

or if any potential claim contemplated hereby shall come to the knowledge of an Indemnified Party, the Indemnified Party shall promptly notify the Company in writing; but the omission to notify the Company will not relieve the Company from any liability it may otherwise have to the Indemnified party pursuant to section 9.1 except to the extent the Company is materially prejudiced by such failure to notify. The Company shall be entitled but not obligated to participate in or assume the defence thereof; provided, however, that the defence shall be through experienced and competent legal counsel. Upon the Company notifying the Indemnified Party in writing of its election to assume the defense and retaining counsel, the Company shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by them in connection with such defence. If such defence is assumed by the Company, the Company throughout the course thereof will provide copies of all relevant documentation to the Indemnified Party, will keep the Indemnified Party advised of the progress thereof and will discuss with the Indemnified Party all significant actions proposed. Notwithstanding the above, the Indemnified Party shall also have the right to employ separate counsel in any such action and participate in the defence thereof; provided that the fees and expenses of such counsel shall be borne by the Indemnified Party unless:

- (a) the employment thereof has been specifically authorized in writing by the Company;
- (b) the Indemnified Party has been advised by counsel retained by the Company or the Underwriters that representation of the Company and the Indemnified Party by the same counsel would be inappropriate for any reason, including without limitation because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Company (in which event and to that extent, the Company shall not have the right to assume or direct the defence on the Indemnified Party's behalf) or that there is a conflict of interest between the Company and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Company shall not have the right to assume or direct the defence on the Indemnified Party's behalf); or
- (c) the Company has failed within a reasonable time after receipt of such written notice to assume the defence of such action or claim;

provided that the Company shall not be required to assume the fees and expenses of more than one counsel to all of the Indemnified Parties. Neither the Company nor any Indemnified Party shall effect any settlement of any such action or claim or make any admission of liability without the written consent of the other party, such consent to be promptly considered and not to be unreasonably withheld.

The indemnity and contribution obligations of the Company shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to those Indemnified Parties who are not signatories hereto and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Company and the Indemnified Parties. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

9.3 The rights of indemnity contained in section 9.1 shall not accrue to the benefit of any Indemnified Party if: (i) the Underwriters were provided with a copy of any Supplementary Material which corrects any misrepresentation which is the basis of a claim by a party against such Indemnified Party and which is required under the Applicable Securities Laws in the Qualifying

Provinces to be delivered to such party; and (ii) the person asserting the claim was not provided with a copy of such amendment or supplement.

9.4 To the extent that any Indemnified Party is not a party to this Agreement, the Underwriters shall obtain and hold the right and benefit of the indemnity provisions of section 9.1 in trust for and on behalf of such Indemnified Party.

## **10. Contribution**

10.1 In the event that the indemnity provided for above is, for any reason, illegal or unenforceable as being contrary to public policy or for any other reason is unavailable or insufficient to hold an Indemnified Party harmless, the Underwriters and the Company shall contribute to the aggregate of all losses, claims, costs, damages, expenses or liabilities (including any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any action or claim which is the subject of this section but excluding loss of profits or consequential damages) of the nature provided for above in such proportion as is appropriate to reflect not only the percentage that the portion of the Underwriting Fee payable by the Company to the Underwriters bears to the gross proceeds realized from the sale of the Offered Securities but also the relative fault of the Company and the Underwriters, as well as any relevant equitable considerations; provided that, in no event, will the Underwriters be responsible for any amount in excess of the amount of the Underwriting Fee actually received by them and the Company shall be responsible for the balance. In the event that the Company may be held to be entitled to contribution from the Underwriters under the provisions of any statute or law, the Company shall be limited to contribution in an amount not exceeding the lesser of: (i) the portion of the full amount of losses, claims, costs, damages, expenses and liabilities, giving rise to such contribution for which the Underwriters are responsible, as determined above; and (ii) the amount of the Underwriting Fee actually received by the Underwriters. Notwithstanding the foregoing, a party guilty of fraudulent misrepresentation or material non-compliance with the provisions of this Agreement or non-compliance with applicable laws shall not be entitled to contribution from the other party.

Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against such party in respect of which a claim for contribution may be made against the other party under this section, notify such party from whom contribution may be sought. In no case shall such party from whom contribution may be sought be liable under this Agreement unless such notice has been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this section, except to the extent such party is materially prejudiced by the failure to receive such notice. The right to contribution provided in this section shall be in addition to, and not in derogation of, any other right to contribution which the Underwriters or the Company may have by statute or otherwise by law.

10.2 The right of the Company to assume the defence of any claim, action, suit or proceeding shall apply as set forth in section 9.2 hereof, *mutatis mutandis*.

10.3 The Company hereby waives its right to recover contribution from the Underwriters or any other Indemnified Party with respect to any liability of the Company solely by reason of or arising out of any misrepresentation contained in any of the Offering Documents or the Company's

Information Record, other than a misrepresentation included in reliance upon information furnished to the Company by or on behalf of the Underwriters specifically for use therein or relating solely to the Underwriters.

## **11. Expenses**

11.1 Whether or not the closing of the Offering occurs, all expenses incurred from time to time of or incidental to the sale, issue, distribution and qualification for distribution of the Offered Securities and to all matters in connection with the transactions herein set forth shall be borne by the Company including the reasonable fees and disbursements of counsel to the Underwriters.

## **12. Liability of Underwriters**

12.1 The obligations of the Underwriters to purchase the Offered Securities in connection with the Offering at the Time of Closing shall be several (and not joint or joint and several) and shall be as to the following percentages of the Offered Securities to be purchased at that time:

<b>Name of Underwriter</b>	<b>Liability</b>
GMP Securities L.P.	40%
Raymond James Ltd.	25%
Cormark Securities Inc.	17.5%
Canaccord Capital Corporation	17.5%

12.2 If any of the Underwriters fails to purchase its applicable percentage of the aggregate amount of the Offered Securities at the Time of Closing, the other Underwriters shall have the right, but shall not be obligated, to purchase the Offered Securities which would otherwise have been purchased by the Underwriter which fails to purchase. If, with respect to the Offered Securities, the non-defaulting Underwriters elect not to exercise such rights to assume the entire obligations of the defaulting Underwriter, then the Company shall have the right to terminate its obligations hereunder without liability except in respect of its indemnity, contribution and expense obligations in respect of the non-defaulting Underwriters. Nothing in this paragraph shall oblige the Company to sell to the Underwriters less than all of the aggregate amount of the Offered Securities or shall relieve an Underwriter in default hereunder from liability to the Company.

## **13. Action by Underwriters**

13.1 All steps which must or may be taken by the Underwriters in connection with the closing of the Offering, with the exception of the matters relating to termination of purchase obligations, may be taken by GMP Securities L.P. on behalf of itself and the other Underwriters and the execution of this Agreement by the other Underwriters and by the Company shall constitute the Company's authority and obligation for accepting notification

of any such steps from, and for delivering the definitive documents constituting the Offered Securities to or to the order of, GMP Securities L.P. GMP Securities L.P. shall fully consult with the other Underwriters with respect to all notices, waivers, extensions or other communications to or with the Company.

**14. Survival of Warranties, Representations, Covenants and Agreements**

14.1 All warranties, representations, covenants and agreements of the Company and the Underwriters herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the purchase by the Underwriters of the Offered Securities and shall continue in full force and effect for the benefit of the Underwriters or the Company, as applicable, regardless of the closing of the sale of the Offered Securities and regardless of any investigation which may be carried on by the Underwriters or the Company or on their behalf until the Survival Limitation Date. For greater certainty, and without limiting the generality of the foregoing, the provisions contained in this Agreement in any way related to the indemnification of the Underwriters by the Company or the contribution obligations of the Underwriters or those of the Company shall survive and continue in full force and effect, indefinitely.

**15. General Contract Provisions**

15.1 Any notice or other communication to be given hereunder shall be in writing and shall be given by delivery or by telecopier, as follows:

if to the Company:

Ur-Energy Inc.  
1128 Clapp Lane  
P. O. Box 279  
Manotick, Ontario K4M 1A3

Attention: William Boberg  
Telecopier Number: (720) 981-5643

with a copy to:

McCarthy Tétrault LLP  
Suite 1400, The  
Chambers  
40 Elgin Street  
Ottawa, Ontario K1P 5K6

Attention: Virginia Schweitzer  
Telecopier Number: (613) 563-9386

or if to the  
Underwriters:

GMP Securities L.P.  
145 King Street  
Suite 1100  
Toronto, Ontario M5H 1J8

Attention: Mark Wellings  
Telecopier Number: (416) 943-6160

with a copy to:

Cassels Brock &  
Blackwell LLP  
2100 Scotia Plaza  
40 King Street West  
Toronto, Ontario M5H  
3C2

Attention: Chad Accursi  
Telecopier Number: (416) 642-7131

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or four hours after being telecopied and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or telecopier number.

15.2 This Agreement and the other documents herein referred to constitute the entire agreement between the Underwriters and the Company relating to the subject matter hereof and supersede all prior agreements between the Underwriters and the Company with respect to their respective rights and obligations in respect of the Offering, including the revised offer letter between GMP Securities L.P. and the Company dated April 17, 2007 and reconfirmed on April 17, 2007 by GMP Securities L.P.

15.3 Time shall be of the essence for all provisions of this Agreement.

15.4 This Agreement may be executed by telecopier and in one or more counterparts which, together, shall constitute an original copy hereof as of the date first noted above.

**[Rest of Page Intentionally Left Blank]**



If this Agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Company, please communicate your acceptance by executing where indicated below.

Yours very truly,

**GMP SECURITIES L.P.**

Per: "Kevin Reid" \_\_\_\_\_  
Authorized Signing Officer

**RAYMOND JAMES LTD.**

Per: "John  
Murphy" \_\_\_\_\_  
Authorized Signing Officer

**CANACCORD CAPITAL CORPORATION**

Per: "Ali Pejman" \_\_\_\_\_  
Authorized Signing Officer

**CORMARK SECURITIES INC.**

Per: "Darren  
Wallace" \_\_\_\_\_  
Authorized Signing Officer

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this Agreement.

**UR-ENERGY INC.**

**Company Name**

Per: "John McNeice" \_\_\_\_\_

Authorized Signing Officer

## SCHEDULE "A"

### OPINION OF THE COMPANY'S COUNSEL

*This is Schedule "A" to the underwriting agreement dated as of April 23, 2007 between Ur-Energy Inc. and GMP Securities L.P., Raymond James Ltd., Cormark Securities Inc. and Canaccord Capital Corporation.*

The opinion of the Company's counsel shall be in respect of the following matters:

- (i) the Company is a "reporting issuer", or its equivalent, in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and it is not listed as in default of any requirement of the Applicable Securities Laws in any of such provinces;
  - (ii) the Company is a corporation existing under the *Canada Business Corporations Act* and has all requisite corporate power to carry on its business as now conducted and to own, lease and operate its property and assets and to execute, deliver and perform its obligations under this Agreement;
  - (iii) the Company is authorized to issue, among other things, an unlimited number of common shares;
  - (iv) as to the issued and outstanding common shares and preference shares of the Company;
  - (v) the Company has all necessary corporate power and capacity: (i) to execute and deliver this Agreement and perform its obligations under this Agreement; (ii) to issue and sell the Offered Securities; and (iii) to issue the Over-Allotment Option; and (iv) to issue the Additional Offered Securities upon exercise of the Over- Allotment Option;
  - (vi) all necessary corporate action has been taken by the Company to authorize the execution and delivery of each of the Preliminary Prospectus and the Final Prospectus and the filing thereof with the Securities Commissions;
  - (vii) upon the payment therefor and the issue thereof, the Offered Securities will have been validly issued as fully paid and non-assessable;
- (viii) the Additional Offered Securities issuable upon exercise of the Over-Allotment Option have been validly reserved for issuance by the Company, and upon payment at the purchase price therefore and the issuance thereof, will be validly issued as fully paid and non-assessable;
- (ix) all necessary corporate action has been taken by the Company to authorize the execution and delivery of this Agreement and the performance of its
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obligations hereunder and this Agreement has been executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and subject to such other standard assumptions and qualifications including the qualifications that equitable remedies may be granted in the discretion of a court of competent jurisdiction and that enforcement of rights to indemnity, contribution and waiver of contribution set out in this Agreement may be limited by applicable law and that enforceability is subject to the provisions of the *Limitations Act, 2002* (Ontario);

- (x) the rights, privileges, restrictions and conditions attaching to the Offered Securities are accurately summarized in all material respects in the Final Prospectus;
- (xi) all necessary documents have been filed, all requisite proceedings have been taken and all approvals, permits and consents of the appropriate regulatory authority in each Qualifying Province have been obtained by the Company to qualify the distribution or distribution to the public of the Offered Securities, the Over-Allotment Option and the Additional Offered Securities in each of the Qualifying Provinces through persons who are registered under applicable legislation and who have complied with the relevant provisions of such applicable legislation;
- (xii) subject only to the standard listing conditions, the Offered Securities and the Additional Offered Securities have been conditionally listed on the Exchange;
- (xiii) the form and terms of the definitive certificate representing the common shares at the Company have been approved by the directors of the Company and comply in all material respects with the *Canada Business Corporations Act* and the rules and by-laws of the Exchange;
- (xiv) the execution and delivery of this Agreement, the fulfilment of the terms hereof by the Company and the issuance, sale and delivery of the Offered Securities to be issued and sold by the Company at the Time of Closing and the issuance of the Over-Allotment Option, and the issuance of the Additional Offered Securities upon exercise of the Over-Allotment Option, do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with any of the terms,

conditions or provisions of the articles or by-laws of the Company or any applicable corporate law or Applicable Securities Laws;

- (xv) Equity Transfer & Trust Company has been appointed the transfer agent and registrar for the common shares;
- (xvi) the Offered Securities and the Additional Offered Securities will, on the Closing Date and the Option Closing Date, be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. The Offered Securities will not constitute “foreign property” to deferred income plans and certain other persons who are generally exempt from tax; and
- (xvii) the statements set forth in the Final Prospectus under the caption “Eligibility for Investment”, insofar as they purport to describe the provisions of the laws referred to therein, are fair summaries of the matters discussed therein.

**SCHEDULE "B"**

**MATERIAL SUBSIDIARIES**

*This is Schedule "B" to the underwriting agreement dated as of April 23, 2007 between Ur-Energy Inc. and GMP Securities L.P., Raymond James Ltd., Cormark Securities Inc. and Canaccord Capital Corporation.*

<b>Name</b>	<b>Jurisdiction</b>	<b>% Ownership</b>
ISL Resources Corporation	Ontario	100
Ur-Energy USA Inc.	Colorado	100
NFU Wyoming, LLC	Wyoming	100

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## SCHEDULE "C"

### U.S. SECURITIES LAW PROVISIONS

*This is Schedule "C" to the underwriting agreement dated as of April 23, 2007 between Ur-Energy Inc. and GMP Securities L.P., Raymond James Ltd., Cormark Securities Inc. and Canaccord Capital Corporation.*

As used in this Schedule "C", capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the underwriting agreement to which this Schedule "C" is annexed and the following terms shall have the meanings indicated:

- (a) "affiliate" means affiliate as that term is defined in Rule 405;
  - (b) "Directed Selling Efforts" means directed selling efforts as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Securities and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Offered Securities;
  - (c) "Final U.S. Placement Memorandum" means the final U.S. placement memorandum, in form satisfactory to the Company and the Underwriters, including the Final Prospectus;
  - (d) "Foreign Issuer" shall have the meaning ascribed thereto in Regulation S. Without limiting the foregoing, but for greater clarity, it means any issuer which is (a) the government of any country other than the United States or of any political subdivision thereof or a national of any country other than the United States; or (b) a corporation or other organization incorporated under the laws of any country other than the United States, except an issuer meeting the following conditions: (1) more than 50 percent of the outstanding voting securities of such issuer are held of record either directly or indirectly by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors of the issuer are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;
  - (e) "General Solicitation or General Advertising" means "general solicitation or general advertising", as used in Rule 502(c) under the U.S. Securities Act, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;
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- (f) “Institutional Accredited Investor” means an accredited investor, as defined in Rule 501(a) of Regulation D, that satisfies the criteria specified in Rule 501(a)(1),(2),(3) or (7) of Regulation D;
- (g) “Preliminary U.S. Placement Memorandum” means the preliminary U.S. placement memorandum, in form satisfactory to the Company and the Underwriters, including the Preliminary Prospectus;
- (h) “Regulation D” means Regulation D adopted by the SEC under the U.S. Securities Act;
- (i) “Regulation S” means Regulation S adopted by the SEC under the U.S. Securities Act;
- (j) “SEC” means the United States Securities and Exchange Commission;
- (k) “Substantial U.S. Market Interest” means “substantial U.S. market interest” as that term is defined in Regulation S;
- (l) “U.S. Exchange Act” means the United States Securities Exchange Act of 1934, as amended;
- (m) “U.S. Securities Act” means the *United States Securities Act of 1933*, as amended; and
- (n) “United States” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

### **Representations, Warranties and Covenants of the Underwriters**

Each Underwriter acknowledges that the Offered Securities have not been and will not be registered under the U.S. Securities Act and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and U.S. state securities laws. Accordingly, each Underwriter represents, warrants and covenants to the Company that:

1. It has not offered and sold, and will not offer and sell, any Offered Securities forming part of its allotment described in section 12.1 of the underwriting agreement except (a) in an offshore transaction to a person that is not in the United States in accordance with Rule 903 of Regulation S or (b) in the United States as provided in paragraphs 2 through 10 below. Accordingly, except as provided in paragraphs 2 through 10 below, neither the Underwriter nor any of its affiliates nor any persons acting on its or their behalf, (i) has made or will make any offer to sell, or any solicitation of any offer to buy, any Offered Securities to a person in the United States, (ii) has made or will make any sale of Offered Securities unless, at the time the buy order was or will have been originated, either the purchaser is outside the United States or the Underwriter, its affiliates and any person acting on their behalf reasonably believe that the purchaser is outside the United States, or (iii) has engaged or will

engage in any Directed Selling Efforts in the United States with respect to the Offered Securities.

2. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities, except with its affiliates, any selling group members or with the prior written consent of the Company. It shall require each of its U.S. broker-dealer affiliate and each selling group member to agree, for the benefit of the Company, to comply with, and shall use its best efforts to ensure that each of its U.S. broker-dealer affiliate and each selling group member complies with, the provisions of this Schedule "C" applicable to such Underwriter as if such provisions applied to such U.S. broker-dealer affiliate or selling group member.
3. All offers and sales of Offered Securities in the United States shall be made through the Underwriter's U.S. broker-dealer affiliate in compliance with all applicable U.S. federal and state broker-dealer requirements. Such U.S. broker-dealer affiliate is duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act, is duly registered as a broker-dealer under the laws of each U.S. state in which it has offered or sold or will offer or sell the Offered Securities (except where an exemption from state broker-dealer registration requirements is available), and is a member in good standing with the National Association of Securities Dealers, Inc.
4. In connection with offers and sales of Offered Securities in the United States (i) no General Solicitation or General Advertising has been or shall be used, and (ii) such offers and sales have not been and shall not be made in any manner involving a public offering within the meaning of Section 4(2) of the U.S. Securities Act.
5. Any offer, sale or solicitation of an offer to buy Offered Securities that has been made or will be made in the United States was or will be made only to Institutional Accredited Investors that are offered the Offered Securities for sale directly by the Company to such Institutional Accredited Investors in transactions that are exempt from registration pursuant to Rule 506 of Regulation D and applicable U.S. state securities laws.
6. The Underwriter, acting through its U.S. broker-dealer affiliate, may offer the Offered Securities in the United States only to offerees with respect to which such Underwriter has a pre-existing relationship and has reasonable grounds to believe are Institutional Accredited Investors.
7. Prior to any sale of Offered Securities in the United States, it shall cause each U.S. purchaser thereof to execute a subscription agreement in the form attached to the Final U.S. Placement Memorandum.
8. Each offeree of Offered Securities in the United States shall be provided with a copy of either the Preliminary U.S. Placement Memorandum, including the Preliminary Prospectus, or the Final U.S. Placement Memorandum, including the Final Prospectus. Each purchaser of Offered Securities in the United States shall be provided, prior to the time of purchase of any Offered Securities, with a copy of the



Final U.S. Placement Memorandum, including the Final Prospectus. No other written material shall be used in connection with the offer and sale of the Offered Securities.

9. At least one business day prior to the Closing Date and, if the Over-Allotment Option is exercised, at least one business day prior to the Option Closing Date, the transfer agent will be provided with a list of all purchasers of the Offered Securities in the United States.
10. At the closing of the Offering and at the closing of any exercise of the Over-Allotment Option, each U.S. broker-dealer who offered or sold any Offered Securities together with its Canadian affiliated Underwriter will provide a certificate, substantially in the form of Appendix I, relating to the manner of the offer and sale of the Offered Securities in the United States. If the Underwriter does not deliver such certificate, it will be deemed to represent and warrant to the Company, as at such closing, that none of it, any of its affiliates or any person acting on any of their behalf has offered or sold any of the Offered Securities in the United States.
11. None of the Underwriter, any of its affiliates or any person acting on any of their behalf has taken or will take any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Securities.

#### **Representations, Warranties and Covenants of the Company**

The Company represents, warrants, covenants and agrees that:

1. The Company is, and at each closing will be, a Foreign Issuer with no Substantial U.S. Market Interest in the common shares of the Company.
2. The Company is not, and as a result of the sale of the Offered Securities contemplated hereby will not be, registered or required to be registered under the United States Investment Company Act of 1940, as amended.
3. Except with respect to offers and sales to Institutional Accredited Investors in reliance upon Rule 506 of Regulation D in the manner described in this Schedule "C", neither the Company nor any of its affiliates, and assuming the representations, warranties and covenants of the Underwriters are true and accurate, nor any person acting on its or their behalf, has made or will make, in connection with offers and sales of the Offered Securities pursuant to this Agreement: (A) any offer to sell, or any solicitation of an offer to buy, any Offered Securities to a person in the United States; or (B) any sale of Offered Securities unless, at the time the buy order was or will have been originated, either (i) the purchaser is outside the United States or (ii) the Company, its affiliates, and any person acting on their behalf reasonably believe that the purchaser is outside the United States.
4. None of the Company or any of its affiliates or, assuming the representations, warranties and covenants of the Underwriters are true and accurate, any person acting on its or their behalf, has made or will make any Directed Selling Efforts in the United States with respect to the Offered Securities, or has taken or will take any action that would cause the exemption afforded by Rule 506 of Regulation D or Rule 903 of Regulation S, as applicable, to be unavailable for offers and sales of the Offered Securities pursuant to this Agreement.

5. None of the Company, any of its affiliates or, assuming the representations, warranties and covenants of the Underwriters are true and accurate, any person acting on its or their behalf has engaged or will engage in any form of General Solicitation or General Advertising or any manner involving a public offering within the meaning of Section 4(2) of the U.S. Securities Act, with respect to offers or sales of the Offered Securities in the United States.
6. The Company has not offered or sold, and will not offer or sell, any of its securities in a manner that would be integrated with offers and sales of Offered Securities in the United States pursuant to this Schedule "C" and that would cause such sales of Offered Securities to be ineligible for the exemption from registration provided by Rule 506 of Regulation D.
7. None of the Company, any of its affiliates or, assuming the representations, warranties and covenants of the Underwriters are true and accurate, any person acting on any of their behalf has taken or will take any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Securities.
8. None of the Company or any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.
9. The Company may qualify as a "passive foreign investment company" ("PFIC") as defined in section 1297 of the Internal Revenue Code of 1986, as amended, (the "Code"). For each taxable year, if any, that the Company qualifies as a PFIC, in the case of a Purchaser that is a "United States person" (as defined in section 7701(a)(30) of the Code) and that has made an effective "qualified electing fund" election (as defined in section 1295 of the Code) with respect to the Company (a "QEF Election"), the Company upon receiving the written request of such Purchaser will provide to such Purchaser (a) a "PFIC Annual Information Statement" as described in Treasury Regulation section 1.1295-1(g) (or any successor Treasury Regulation), including all representations and statements required by such PFIC Annual Information Statement, and (b) all additional information that such Purchaser is required to obtain in connection with maintaining such QEF Election. With regard to the PFIC Annual Information Statement, as permitted by Treasury Regulation section 1.1293-1(a)(2) the Company will calculate and report the amount of each category of long-term capital gain described in section 1(h) of the Code that was recognized by the Company.

**APPENDIX I**  
**TO SCHEDULE "C"**

**UNDERWRITERS' CERTIFICATE**

In connection with the private placement in the United States of the common shares (the "Offered Securities") of Ur-Energy Inc. (the "Company") pursuant to the Underwriting Agreement dated April 23, 2007 among the Company and the Underwriters named therein (the "Underwriting Agreement"), the undersigned Underwriter and \_\_\_\_\_, its U.S. broker-dealer affiliate (the "U.S. Placement Agent") do hereby certify as follows:

- (i) we have offered and sold the Offered Securities in the United States exclusively through the U.S. Placement Agent, which is duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act, is duly registered as a broker-dealer under the laws of each U.S. state in which it has offered or sold the Offered Securities (except where an exemption from state broker-dealer registration requirements is available) and is a member of and is in good standing with the National Association of Securities Dealers, Inc. on the date hereof;
- (ii) all offers and sales of the Offered Securities by us in the United States have been effected in accordance with all applicable U.S. federal and state broker-dealer requirements;
- (iii) each offeree in the United States that we offered the Offered Securities was provided with a copy of either the Preliminary U.S. Placement Memorandum, including the Preliminary Prospectus, or the Final U.S. Placement Memorandum, including the Final Prospectus, each purchaser in the United States that we have arranged to purchase Offered Securities from the Company was provided with a copy of the Final U.S. Placement Memorandum, including the Final Prospectus, and we have not used any other written material in connection with the offer and sale of the Offered Securities;
- (iv) immediately prior to making any offer or solicitation to an offeree in the United States, we had reasonable grounds to believe and did believe that each offeree was an Institutional Accredited Investor and, on the date hereof, we continue to believe that each purchaser that we have arranged to purchase Offered Securities in the United States is an Institutional Accredited Investor;
- (v) no General Solicitation or General Advertising was used by us in connection with the offer or sale of the Offered Securities in the United States;
- (vi) prior to any sale of Offered Securities in the United States, we caused each U.S. purchaser to execute a subscription agreement in the form attached to the Final U.S. Placement Memorandum; and
- (vii) the offering of the Offered Securities has been conducted by us in accordance with the terms of the Underwriting Agreement.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement unless otherwise defined herein.

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Dated this \_\_ day of \_\_\_\_\_, 2007.

**[CANADIAN UNDERWRITER]**

**[U.S. AFFILIATE OF CANADIAN  
UNDERWRITER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## SCHEDULE "D"

### OUTSTANDING CONVERTIBLE SECURITIES

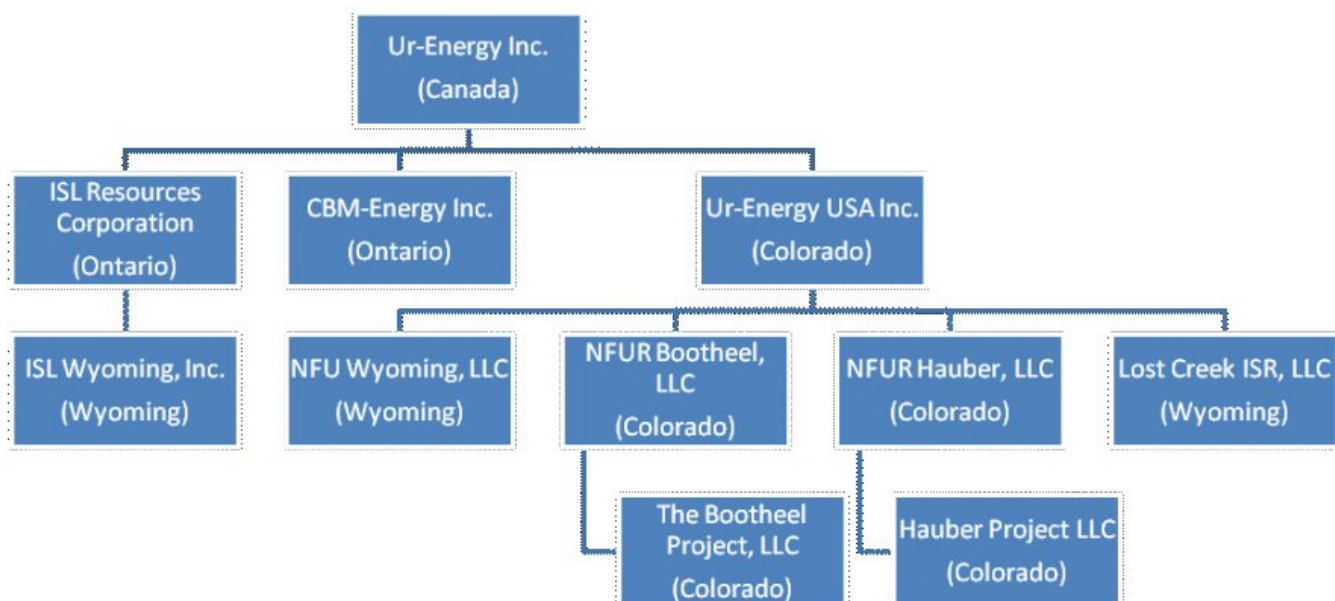
*This Schedule "D" to the underwriting agreement dated as of April 23, 2007 between Ur-Energy Inc. and GMP Securities L.P., Raymond James Ltd., Cormark Securities Inc. and Canaccord Capital Corporation.*

#### Convertible Securities of Ur-Energy Inc.

As at April 20, 2007

	No. of Shares
<b>Compensation options</b>	
Expiring November 29, 2007 @ \$1.25	55,568
<b>Stock options</b>	
Expiring November 17, 2010 @ \$1.25	2,956,800
Expiring March 25, 2011 @ \$2.01	75,000
Expiring April 21, 2011 @ \$2.35	1,525,000
Expiring September 27, 2011 @ \$2.75	435,000
Expiring January 1, 2012 @ \$4.08	200,000
Expiring February 15, 2012 @ \$5.03	600,000
Total stock options	5,791,800
<b>Total Convertible Securities</b>	<b>5,847,368</b>

The principal direct and indirect subsidiaries of the Corporation and the jurisdictions in which they were incorporated or organized are set out below:



**CERTIFICATIONS**

I, W. William Boberg, certify that:

1. I have reviewed this annual report on Form 20-F of Ur-Energy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 27, 2009

By: /s/ W. William Boberg  
W. William Boberg  
President and Chief Executive Officer  
(principal executive officer)

## CERTIFICATIONS

I, Roger Smith, certify that:

1. I have reviewed this annual report on Form 20-F of Ur-Energy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 27, 2009

By: /s/ Roger Smith  
Roger Smith  
Chief Financial Officer  
(principal financial officer)



CERTIFICATION PURSUANT TO 18 U.S.C. §1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Ur-Energy Inc. (the "Corporation") on Form 20-F for the year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. William Boberg, President and Chief Executive Officer of the Corporation, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 27, 2009

/s/ W. William Boberg  
W. William Boberg  
President and Chief Executive Officer  
(principal executive officer)

CERTIFICATION PURSUANT TO 18 U.S.C. §1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Ur-Energy Inc. (the "Corporation") on Form 20-F for the year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roger Smith, Chief Financial Officer of the Corporation, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 27, 2009

/s/ Roger Smith  
Roger Smith  
Chief Financial Officer  
(principal financial officer)

**Ur-Energy Inc.**

**Amended and Restated**  
**Audit Committee Charter**

**As Amended**  
**August 7, 2008**

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## Table of Contents

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Table of Contents	2
1. PURPOSE	3
2. AUTHORITY	3
3. COMPOSITION	3
4. MEETINGS	4
5. RESPONSIBILITIES	4
A. Financial Statements	4
B. Internal Control	5
C. Internal Audit	5
D. Independent Audit	5
E. Compliance	6
F. Reporting Responsibilities	6
G. Other Responsibilities	7

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## 1. PURPOSE

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The purpose of the Audit Committee of Ur-Energy Inc. (the “Corporation”) is to assist the board of directors of the Corporation (the “Board”) in fulfilling its oversight responsibilities for (1) the integrity of the Corporation's accounting and financial reporting processes, (2) the Corporation's compliance with legal and regulatory requirements, (3) the independence and qualifications of the Corporation’s independent auditors, and (4) the performance of the Corporation's internal audit function and independent auditors.

## 2. AUTHORITY

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The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Recommend to the Board and to the shareholders the nomination of the independent auditors and the compensation of the independent auditors, subject to shareholder approval.
- Oversee the work of the independent auditors employed by the Corporation to conduct the annual audit and quarterly reviews. The independent auditors will report directly to the Audit Committee.
- Resolve any disagreements between management and the independent auditors regarding financial reporting.
- Pre-approve all auditing and permitted non-audit services performed by the Corporation's independent auditors, subject to and in accordance with applicable Canadian and US securities laws, including Section 10A(i)(1)(B) of the US Securities Exchange Act of 1934, as amended (the “Exchange Act”).
- Retain independent counsel, accountants, or others to advise the Audit Committee or assist in the conduct of an investigation.
- Seek any information the Audit Committee requires from employees, all of whom are directed to cooperate with the Audit Committee's requests, or external parties.
- Meet with Corporation officers, independent auditors, or outside counsel, as necessary.
- Retain such outside counsel, experts or other advisors as the Audit Committee may deem appropriate in its sole discretion along with approval of related fees and retention terms.
- The Audit Committee may delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Audit Committee at its next scheduled meeting.

## 3. COMPOSITION

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The Audit Committee will consist of at least three members of the Board. The Board will appoint Audit Committee members and the Chair of the Audit Committee. In selecting the members and chair, the

Board takes into consideration those directors who bring background, skills and experience relevant to financial statement review and analysis.

Each Audit Committee member will be both independent and financially literate as set forth under applicable stock exchange rules, Multilateral Instrument 52-110 *Audit Committees* and Rule 10A-3 under the Exchange Act and subject to exemptions set forth therein.

#### **4. MEETINGS**

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The Audit Committee will meet at least once in each calendar quarter, with authority to convene additional meetings, as circumstances require. All Audit Committee members are expected to attend each meeting, in person or via telephone- or video-conference. A quorum of the Audit Committee is a majority of its members. The Audit Committee will invite members of management, the independent auditors or others to attend meetings and provide pertinent information, as necessary. It will meet separately, periodically, with management, with internal auditors and with independent auditors. It will also meet periodically in executive session. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

#### **5. RESPONSIBILITIES**

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The Audit Committee will carry out the following responsibilities:

##### **A. Financial Statements**

- Review significant accounting and reporting issues and understand their impact on the financial statements. These issues may include:
  - o Complex or unusual transactions and highly judgmental areas;
  - o Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles; or
  - o The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.
- Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements
- Review with management and the independent auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.
- Discuss the annual audited financial statements and quarterly financial statements with management and the independent auditors, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

- Review disclosures made by chief executive officer and chief financial officer during the annual and quarterly certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Corporation's internal controls.
- Discuss earnings press releases (particularly use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made). The Audit Committee does not need to discuss each release in advance.

#### **B. Internal Control**

- Consider the effectiveness of the Corporation's internal control system, including information technology security and control.
- Understand the scope of internal and independent auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

#### **C. Internal Audit**

- Review with management and the chief financial officer, the Audit Committee charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief financial officer.
- Review the effectiveness of the internal audit function.
- On a regular basis, meet separately with the chief financial officer to discuss any matters that the Audit Committee or internal audit believes should be discussed privately.

#### **D. Independent Audit**

- Review the independent auditor's proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the independent auditors, and recommend approval on the appointment or discharge of the independent auditors to the Board and to the shareholders. In performing this review, the Audit Committee will:
  - o At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the independent auditor's independence) all relationships between the independent auditor and the Corporation, including in accordance with Independence Standards Board Standard 1;

- o Take into account the opinions of management and internal audit;
  - o Review and evaluate the lead partner of the independent auditor; and
  - o Present its conclusions with respect to the independent auditor to the Board.
- Ensure the rotation of the lead audit partner every five years and other audit partners every seven years, and consider whether there should be regular rotation of the audit firm itself.
  - Present its conclusions with respect to the independent auditor to the Board.
  - Set clear hiring policies for employees or former employees of the independent auditors.
  - On a regular basis, meet separately with the independent auditors to discuss any matters that the Audit Committee or independent auditors believe should be discussed privately.

#### **E. Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Establish procedures for: (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the listed issuer of concerns regarding questionable accounting or auditing matters.
- Review the findings of any examinations by regulatory agencies, and any internal or independent auditor observations.
- Review and approve in advance any proposed "related person" transactions that the Corporation is required to disclose in any reports the Corporation is required to file.

#### **F. Reporting Responsibilities**

- Regularly report to the Board about Audit Committee activities and issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors, and the performance of the internal audit function.
- Provide an open avenue of communication between internal audit, the independent auditors, and the Board.
- Report annually to the shareholders, describing the Audit Committee's composition, responsibilities and how they were discharged, and any other information required by applicable stock exchange rules or securities laws, including approval of non-audit services.
- Review the Annual Information Form and report thereon to the Board.
- Prepare the Audit Committee's annual report for the Corporation's management proxy circular.



- Review any other reports the Corporation issues that relate to Audit Committee responsibilities.

**G. Other Responsibilities**

- Discuss with management the Corporation's major policies with respect to risk assessment and risk management.
- Perform other activities related to this Audit Committee charter as requested by the Board.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit Committee charter annually, requesting board of director approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this Audit Committee charter have been carried out.
- Evaluate the Audit Committee's and individual members' performance at least annually.

**CONSENT OF INDEPENDENT AUDITORS**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-153098) of Ur-Energy Inc. of our report dated March 24, 2009 relating to the financial statements which appear in this Form 20-F.

/s/ PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants

Vancouver, Canada  
March 26, 2009

**CONSENT OF AUTHOR**

**TO:** Ur-Energy Inc.  
British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
United States Securities and Exchange Commission

**AND TO:** Toronto Stock Exchange  
NYSE Amex

**RE:** Ur-Energy Inc. ("Ur-Energy") - Consent under National Instrument 43-101

Reference is made to the technical report (the "Technical Report") entitled "*NI 43-101 Preliminary Assessment for the Lost Creek Project, Sweetwater County, Wyoming*," (April 2008) which the undersigned has prepared for Ur-Energy.

I have reviewed and approved the summary of and extract from the Technical Report prepared to be filed with the Annual Report on Form 20-F (Annual Information Form) of Ur-Energy (fiscal year ended December 31, 2008) and confirm that the summary and extract fairly and accurately represents the information in the Technical Report. I hereby consent to the written disclosure of my name, and reference to and incorporation by reference of, the Technical Report in the public filing of the Annual Report on Form 20-F (Annual Information Form) of Ur-Energy with the regulatory authorities referred to above. I further consent to the incorporation by reference into Registration Statement No. 333-153098 on Form S-8 of the Technical Report.

I certify that I have reviewed the Annual Report on Form 20-F (Annual Information Form) being filed and I do not have any reason to believe that there are any misrepresentations in the information contained therein that are derived from the Technical Report or that are within my knowledge as a result of the services performed by me in connection with the Technical Report.

Dated: March 24, 2009

/s/ Douglas K. Maxwell  
**Douglas K. Maxwell, P.E.**  
Lyntek Incorporated

**CONSENT OF AUTHOR**

**TO:** Ur-Energy Inc.  
British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
United States Securities and Exchange Commission

**AND TO:** Toronto Stock Exchange  
NYSE Amex

**RE:** Ur-Energy Inc. ("Ur-Energy") - Consent under National Instrument 43-101

Reference is made to the technical report (the "Technical Report") entitled "*NI 43-101 Preliminary Assessment for the Lost Creek Project, Sweetwater County, Wyoming*," (April 2008) which the undersigned has prepared for Ur-Energy.

I have reviewed and approved the summary of and extract from the Technical Report prepared to be filed with the Annual Report on Form 20-F (Annual Information Form) of Ur-Energy (fiscal year ended December 31, 2008) and confirm that the summary and extract fairly and accurately represents the information in the Technical Report. I hereby consent to the written disclosure of my name, and reference to and incorporation by reference of, the Technical Report in the public filing of the Annual Report on Form 20-F (Annual Information Form) of Ur-Energy with the regulatory authorities referred to above. I further consent to the incorporation by reference into Registration Statement No. 333-153098 on Form S-8 of the Technical Report.

I certify that I have reviewed the Annual Report on Form 20-F (Annual Information Form) being filed and I do not have any reason to believe that there are any misrepresentations in the information contained therein that are derived from the Technical Report or that are within my knowledge as a result of the services performed by me in connection with the Technical Report.

Dated: March 24, 2009

/s/ John I. Kyle

**John I. Kyle, P.E., Vice President**  
Lyntek Incorporated

**CONSENT OF AUTHOR**

**TO:** Ur-Energy Inc.  
British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
United States Securities and Exchange Commission

**AND TO:** Toronto Stock Exchange  
NYSE- Amex

**RE:** Ur-Energy Inc. ("Ur-Energy") - Consent under National Instrument 43-101

Reference is made to the technical report entitled "*Technical Report on the Lost Creek Project Wyoming*," (June 2006) and the technical report entitled "*Technical Report on the Lost Soldier Project, Wyoming*" (July 2006) (together, the "Technical Reports") which the undersigned has prepared for Ur-Energy.

I have reviewed and approved the summaries of and extracts from the Technical Reports prepared to be filed with the Annual Report on Form 20-F (Annual Information Form) of Ur-Energy (fiscal year ended December 31, 2008) and confirm that such summaries and extracts fairly and accurately represent the information in the Technical Reports. I hereby consent to the written disclosure of my name, and reference to and incorporation by reference of, the Technical Reports in the public filing of the Annual Report on Form 20-F (Annual Information Form) of Ur-Energy with the regulatory authorities referred to above. I further consent to the incorporation by reference into Registration Statement No. 333-153098 on Form S-8 of the Technical Reports.

I certify that I have reviewed the Annual Report on Form 20-F (Annual Information Form) being filed and I do not have any reason to believe that there are any misrepresentations in the information contained therein that are derived from the Technical Reports or that are within my knowledge as a result of the services performed by me in connection with the Technical Reports.

Dated: March 24, 2009.

/s/ C. Stewart Wallis  
C. Stewart Wallis, P.Geo.