

# Energy Fuels says “Show me the money!”

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One of the more famous movie quotes of all time comes from the movie “*Jerry McGuire*” (played by Tom Cruise). The scene has athlete Rod Tidwell (Cuba Gooding, Jr.) not being thrilled with Jerry’s performance as his agent, and he wants Jerry to convince him to stay on as a client. He has a simple way for Jerry to convince him to stay: “Show me the money!” Without getting further into the details, it’s a pretty funny scene if you haven’t [watched it](#). However, it culminates with Jerry yelling “Show me the money!” and he manages to retain his client. After all, it’s all about the money.

Where am I going with this? It may be a bit of a reach, but to me, the two most recent press releases from [Energy Fuels Inc.](#) (NYSE American: UUUU | TSX: EFR) are screaming “Show me the money”. As a refresher, Energy Fuels is a leading U.S. based uranium mining company, supplying U308 to major nuclear utilities. The Company also produces vanadium from certain of its projects, as market conditions warrant, and is ramping up to full commercial-scale production of Rare Earth (RE) Carbonate. The Company’s flagship White Mesa Mill is the only conventional uranium mill operating in the U.S. today, with a licensed capacity of over 8 million pounds of U308 per year, and has the ability to produce RE Carbonate from various uranium-bearing ores. All its assets and employees are in the United States.

The first news I’m referring to is [Energy Fuels Q3 results](#), reported on Nov 4<sup>th</sup>, where a key takeaway was the US\$122.3 million of working capital, including US\$88.7 million of cash and cash equivalents and marketable securities and US\$27.3

million of inventory, including approximately 692,000 pounds of uranium and 987,000 pounds of high-purity vanadium, both in the form of immediately marketable products. Based on current spot prices, the Company's uranium and vanadium inventories have a current market value of US\$44.0 million. Other important facts include that Energy Fuels has recently secured three long-term uranium contracts with major U.S. utilities for a base quantity of 3.0 million pounds of total U308 deliveries over next 8 years (starting in 2023), and up to a total of 4.2 million pounds of deliveries, if all options are exercised. Additionally, during the nine months ended September 30, 2022, the White Mesa Mill produced approximately 205 tonnes of partially separated RE Carbonate, containing approximately 95 tonnes of high-value partially separated TREO.

This tells me that there is plenty of cash to grow the business today, as well as at least two diverse revenue streams evolving. The long-term uranium sales contracts with major U.S. nuclear utilities will see sales, and sales revenues, beginning in 2023. Plus Energy Fuels continues to make progress on rare earth elements with the announcement that they plan to install a commercial-scale "light" rare earth separation circuit within the existing footprint of the White Mesa Mill in Utah that is expected to be operational in the next 12 – 18 months. No other company in the U.S. can do the things Energy Fuels does with 'one-of-a-kind' competencies that are critical to uranium, rare earth elements, medical isotopes, and vanadium markets. The Company has the ability to process feedstocks that are naturally radioactive and recover critical materials needed for the clean energy transition.

And if that wasn't enough, Energy Fuels showed us even more money on November 14<sup>th</sup> with the [announcement](#) that it has entered into a definitive agreement to sell three wholly-owned

subsidiaries that together hold Energy Fuels' Alta Mesa ISR Project to enCore Energy for total consideration of US\$120 million. The transaction is significant for the Company, as the cash received is expected to fully finance much of the Company's uranium, REE, vanadium and medical isotope business plans for the next two to three years without diluting shareholders. For those keeping score Energy Fuels acquired Alta Mesa in 2016 for approximately US\$13.6 million of shares, and currently carries this project on its balance sheet at US\$8.2 million, so the deal represents an exceptional return on investment.

With the enCore deal expected to close by year-end or early 2023, Energy Fuels will be sitting on a war chest of roughly US\$240 million. Having already signed long-term contracts for a minimum of 3.0 million pounds of U308 starting in 2023, the Company can ramp-up uranium production at one or more of the White Mesa Mill, the Nichols Ranch ISR Project, the Pinyon Plain mine, the La Sal Complex, and/or the Whirlwind mine which total up to 2 million pounds of U308 per year of near-term production capacity. Energy Fuels is also looking to establish an ore purchasing program to secure additional feed to the White Mesa Mill, as uranium mining picks up, thereby maximizing the facility's existing 8 million pounds per year of licensed uranium production capacity. On the Rare Earth front the Company can finance the construction of RE separation infrastructure at the White Mesa Mill, including expected capacity to produce approximately 2,500 – 5,000 tonnes per year TREO capacity, including 500 – 1,000 tonnes per year of NdPr oxide or oxalate by the end of 2023 or early 2024. I have to admit that until now I've been a Cameco or bust investor when it comes to uranium. However, with the change in world dynamics (primarily Putin's senseless/vindictive action in Ukraine) and the emergence of Energy Fuels rare earth business to complement their uranium business, I'm beginning to second guess my views.