Energy Fuels Strengthens Its Rare Earths Supply Portfolio

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When I last discussed Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR), it was all about the working capital the Company had cobbled together to move forward. The article was entitled "Show me the money!", a quote stolen from the movie "*Jerry McGuire*". The reason being, following the closing of the sale of three wholly-owned subsidiaries to enCore Energy Corp. (NYSE American: EU | TSXV: EU), which together held Energy Fuels' Alta Mesa ISR Project, for total consideration of US$120 million, the Company had accrued a war chest of roughly US$240 million. Subsequently, Energy Fuels has converted some of its marketable U3O8 inventory into US$18.5 million cash with a deal to sell 300,000 pounds of natural uranium concentrates to the US government for the establishment of a strategic uranium reserve. This is all good news but the question becomes what will the Company do with all this capital?

On Monday, we gained some insight into how Energy Fuels was going to invest some of its capital going forward to expand its uranium and rare earth business lines. As a reminder, Energy Fuels is a leading US-based critical minerals company. The Company mines uranium and produces natural uranium concentrates that are sold to major nuclear utilities for the production of carbon-free nuclear energy. Energy Fuels recently began production of advanced rare earth element ("REE") materials, including mixed REE carbonate, and plans to produce commercial quantities of separated REE oxides in the future. Energy Fuels also produces vanadium from some of its projects, as market conditions warrant, and is evaluating the recovery of radionuclides needed for emerging cancer treatments. The

Company's White Mesa Mill in Utah is the only conventional uranium mill operating in the US today, has a licensed capacity of over 8 million pounds of U3O8 per year, and from various uranium-bearing ores, has the ability to produce vanadium when market conditions warrant, as well as REE products.

Completes the Acquisition of Rare Earth and Heavy Mineral Project in Brazil

The latest update from Energy Fuels sheds some light on its emerging rare earths business segment. First, the Company announced that it has completed its previously announced acquisition of seventeen (17) mineral concessions between the towns of Prado and Caravelas in the State of Bahia, Brazil totaling 15,089.71 hectares (approximately 37,300 acres or 58.3 square miles). At the Closing, the Company paid the mineral owners the remaining US$21.9 million in cash. Acquisition of the Bahia Project is expected to supply the raw materials needed by the Company's US facility for the production of advanced rare earth materials used in EVs, clean energy, and defense technologies.

Prior to closing on the Bahia Project, Energy Fuels commenced a sonic drilling program on the property to further define and quantify the heavy mineral sand resource, particularly at depth. The Company expects to finalize the Phase 1 sonic drilling at the Bahia Project this month, totaling 2,250 meters. The Company plans to announce the Phase 1 drilling results this year and start Phase 2 drilling in Q3/2023. Once data from both drill programs are available, the Company plans to engage industry leaders to calculate an initial mineral resource estimate for use in an S-K 1300 (US) compliant Initial Assessment and an NI

43-101 (Canada) compliant Technical Report.

Expanding the White Mesa Mill

Another area Energy Fuels is deploying capital is the production of separated Neodymium-Praseodymium (NdPr) products at the White Mesa Mill and plans for future REE separation. The Company is currently separating lanthanum (“La”) and cerium (“Ce”) from its commercial rare earth carbonate stream utilizing existing Mill infrastructure. Energy Fuels is proceeding with the modification and enhancement of its infrastructure at the Mill (“Phase 1”) to expand its “light” REE separation facilities to be capable of producing commercial quantities of separated NdPr oxide. Earlier this year, the Company began construction on its “Phase 1” REE separation facilities, which includes modifications and enhancements to the solvent extraction circuits at the Mill. Because Energy Fuels is utilizing the existing infrastructure at the Mill, “Phase 1” capital is expected to total only about $25 million. “Phase 1” is expected to be operational later this year or early 2024, at which point Energy Fuels believes it will be the ‘first to market’ among US companies with commercial quantities of separated NdPr available to EV, renewable energy, and other companies for offtake.

Granted the capital expenditures noted above will barely make a dent in Energy Fuels’ war chest, it’s good to see the Company prudently spending capital to advance and diversify its business. However, keep in mind this is the largest US producer of uranium. Uranium production still remains the Company’s core business, and it continues to make progress on resuming production at its mines.

Energy Fuels currently trades at a market cap of approximately US$1.13 billion (C$1.51 billion).