

Energy Fuels and Madagascar Government Execute Memorandum of Understanding to Further Advance Toliara Critical Mineral Project in Madagascar

written by Raj Shah | December 5, 2024

December 5, 2024 ([Source](#)) – Energy Fuels Inc. (NYSE American: UUUU) (TSX: [EFR](#)) (“**Energy Fuels**” or the “**Company**”), a leading U.S. producer of uranium, rare earth elements (“**REE**”), and critical minerals, is pleased to announce that it has entered into a Memorandum of Understanding (the “**MOU**”) with the Government of Madagascar (the “**Government**”) setting forth certain key terms applicable to the Company’s Toliara titanium, zirconium, and REE project (the “**Toliara Project**” or “**Project**”), located in southwestern Madagascar.

[As previously announced](#), on [November 28, 2024](#), the Madagascar Council of Ministers, as Chaired by the President of Madagascar, lifted the suspension on the Toliara Project, which was originally imposed in November 2019. The lifting of the Suspension allows the Company to continue development of the Project, re-establish community programs, and advance activities necessary to achieve a positive final investment decision (“**FID**”).

The MOU announced today is the culmination of extensive negotiations over several years with the Malagasy Government on fiscal and other terms applicable to the Toliara Project and a major step forward in advancing the Project. While the Company is progressing towards an FID, which is expected to be made in

approximately 14 months, the Company will continue working with the Government of Madagascar to formalize the terms and conditions set out in the MOU through the implementation of a **“Stability Mechanism”** consisting of one or a combination of the following: (a) submittal of an Investment Agreement to the Madagascar Parliament for approval as law and certification of the Toliara Project (**“Project Certification”**) under existing law establishing a special regime for large scale investments in the Malagasy mining sector (the **“LGIM ”**); (b) promulgation of amendments and revisions to the existing LGIM (the **“LGIM Amendment”**) in a form that provides for the necessary certainty of financial and legal terms, and reasonable financial, operational and legal requirements, for large-scale projects and have Project Certification under the amended LGIM, together with an Investment Agreement (if reasonably required) submitted to Parliament for approval as law; and/or (c) another agreed upon mechanism that achieves the necessary certainty of financial and legal terms, and reasonable financial, operational and legal requirements, applying to large-scale mining projects.

Mark S. Chalmers, President and CEO of Energy Fuels commented: “As I’ve said before, I believe the Toliara Project is a ‘generational’ critical mineral project that has the strong potential to operate well beyond many of our lifetimes. Therefore, it is vital to Energy Fuels, and to our Base Resources subsidiaries, that the Republic of Madagascar and the communities in the vicinity of the Project enjoy significant benefits that go beyond jobs, economic development, and sustainable operations that respect human rights, local culture, and the environment. To achieve this vision, the MOU signed today creates the framework for a long-term mutually beneficial partnership between a U.S. critical mineral company and the people of Madagascar. We look forward to continuing to work with the Government of Madagascar to formalize the terms of the MOU

and grow our relationship with what we believe will be the largest U.S. investment in the country's history."

Key Terms and Conditions of the MOU

Under the MOU, the Company has agreed to pay a five percent (5%) royalty (and no other) on mining products and deliver US\$80 million after Project Certification in development, community, and social project funding, including a total of \$30 million within 30 days after Project Certification, another \$10 million within 30 days after achieving a positive FID and an additional \$40 million by the fourth year of operations. In addition, the Company has agreed to spend at least \$1 million prior to FID in the Atsimo Andrefana Region on community and social investments, and \$4 million annually thereafter, indexed at 2% per annum, from commencement of construction after a positive FID. The Company has also committed to developing the Toliara Project in an environmentally, socially and fiscally responsible manner, and to observe the specific protections set out in the MOU.

The payments described above are not expected to have a material effect on the economics of this potentially multi-billion project, [which \(along with the appropriate disclaimers related to technical disclosure\) are described in the Company's April 2024 press release](#). The Company is in the process of updating the September 2021 definitive feasibility study and December 2023 prefeasibility study on the Toliara Project, along with the White Mesa Mill's 2024 prefeasibility study on rare earth oxide production, to reflect current economics.

The Government has agreed in the MOU, among other things, to:

- assist the Company with obtaining all necessary administrative authorizations for the purpose of adding

- REE-bearing monazite recovery to existing permits;
- certify the Project as eligible under the LGIM (or amended LGIM, if applicable) as soon as the LGIM eligibility conditions are met; support the prompt development of the Toliara Project, including (without limitation) by causing all relevant State authorities to timely consider and grant all complete applications for permits, licenses or authorizations necessary or desirable for the development and operation of the Toliara Project in accordance with the laws of Madagascar;
 - maintain the fiscal, legal and customs stability of the Toliara Project;
 - not, directly or indirectly, receive, take or have an interest (including an economic interest or form of production sharing arrangement, and whether carried or free-carried) in the Company or any of its assets, including the Toliara Project;
 - provide active and public support for the Toliara Project, including by publicly announcing the State's support for the Toliara Project and its development; and
 - undertake any LGIM amendments in consultation with relevant stakeholders, including the Company, to ensure that such amendments (or similar instruments with legislative force) provide the necessary certainty of financial and legal terms to address the reasonable financial, operational and legal requirements of large-scale mining projects, and otherwise supports the bankability of the Toliara Project and the ability of the Company to achieve a positive FID.

In addition, under the MOU, the Company's agreement to pay a 5% royalty on revenues and its commitments to pay the US\$80 million in development, community and social funding are conditional on:

- the terms of the Stability Mechanism being adopted in a form that is satisfactory to the Company;
- Project Certification having been obtained; and
- prior to Project Certification having been obtained, there being no change to the laws of Madagascar (as they apply to the Company and the Toliara Project as at the date of the MOU) that is adverse to the Company or the Toliara Project.

The MOU and its terms are expressly subject to the foregoing conditions set out in the MOU. It should be noted that there can be no assurance that the foregoing conditions will be satisfied or as to the timing of satisfaction of those conditions, or the timing for approval of the addition of monazite to the mining permit. If such conditions are not satisfied, this could delay any FID in relation to the Toliara Project or prevent or otherwise have a significant effect on the development of the Toliara Project or ability to recover Monazite from the Toliara Project.

ABOUT ENERGY FUELS

Energy Fuels is a leading US-based critical minerals company, focused on uranium, REEs, heavy mineral sands (“HMS”), vanadium and medical isotopes. The Company has been the leading U.S. producer of natural uranium concentrate for the past several years, which is sold to nuclear utilities that process it further for the production of carbon-free nuclear energy and owns and operates several conventional and *in situ* recovery uranium projects in the western United States. The Company also owns the White Mesa Mill in Utah, which is the only fully licensed and operating conventional uranium processing facility in the United States. At the Mill, the Company also produces advanced REE products, vanadium oxide (when market conditions warrant), and is preparing to begin pilot-scale recovery of

certain medical isotopes from existing uranium process streams needed for emerging cancer treatments. The Company also owns the operating Kwale HMS project in Kenya which is nearing the end of its life and is developing three (3) additional HMS projects, including the Toliara Project in Madagascar, the Bahia Project in Brazil, and the Donald Project in Australia in which the Company has the right to earn up to a 49% interest in a joint venture with Astron Corporation Limited. The Company is based in Lakewood, Colorado, near Denver, with its HMS operations managed from Perth, Australia. *The primary trading market for Energy Fuels' common shares is the NYSE American under the trading symbol "UUUU," and the Company's common shares are also listed on the Toronto Stock Exchange under the trading symbol "EFR."* For more information on all we do, please visit <http://www.energyfuels.com>

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This news release contains certain "Forward Looking Information" and "Forward Looking Statements" within the meaning of applicable United States and Canadian securities legislation, which may include, but are not limited to, statements with respect to: any expectation that the Company will maintain its position as a leading U.S.-based uranium and critical minerals company or as the leading producer of uranium in the U.S.; any expectation that the Company will re-commence development activities on the ground, re-establish the Company's community programs or progress the other activities necessary to achieve a positive FID for the Toliara Project; any expectation that the Toliara Project is a 'generational' critical minerals project or that it has the strong potential to operate well beyond many of our lifetimes or at all; any expectation that the Company will continue working with the Government of Madagascar to formalize fiscal and other terms applicable to the Project through an investment agreement, amendments to existing laws or other

mechanisms as appropriate; any expectation that rare-earth element production will be added to the existing mining permit; any expectation that the financial and legal stability of the Toliara Project will be maintained; any expectation that the Toliara Project will attain Project Certification or that the other conditions to the Company's funding obligations will be satisfied; any expectation that a positive FID will be made for the Toliara Project and the timing of any such positive FID; any expectation that the Toliara Project will be developed; any expectation that the MOU will create the framework for a long-term mutually beneficial partnership between a U.S. critical mineral company and the people of Madagascar; and any expectation that the Company will be successful in recovering certain medical isotopes from existing uranium process streams needed for emerging cancer treatments. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects," "does not expect," "is expected," "is likely," "budgets," "scheduled," "estimates," "forecasts," "intends," "anticipates," "does not anticipate," or "believes," or variations of such words and phrases, or state that certain actions, events or results "may," "could," "would," "might" or "will be taken," "occur," "be achieved" or "have the potential to." All statements, other than statements of historical fact, herein are considered to be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements include risks associated with: commodity prices and price fluctuations; engineering, construction, processing and mining difficulties, upsets and delays;

permitting and licensing requirements and delays; changes to regulatory requirements; legal challenges; competition from other producers; public opinion; government and political actions; the failure of the Company to provide or obtain the necessary financing required to develop the Project; market factors, including future demand for REEs; and the other factors described under the caption "Risk Factors" in the Company's most recently filed Annual Report on Form 10-K, which is available for review on EDGAR at www.sec.gov/edgar.shtml, on SEDAR at www.sedar.com, and on the Company's website at www.energyfuels.com. Forward-looking statements contained herein are made as of the date of this news release, and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements. The Company assumes no obligation to update the information in this communication, except as otherwise required by law.

SOURCE Energy Fuels Inc.

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