

Energy Fuels Significantly Strengthens Uranium Position in Wyoming through Acquisition of Royalties; Provides State with Notice of Intent to Repay Debt

written by Raj Shah | August 15, 2018

✖ August 14, 2018 ([Source](#)) – **Energy Fuels Inc. (NYSE American: UUUU; TSX: EFR) (“Energy Fuels” or the “Company”)**, a leading producer of uranium and vanadium in the United States, is pleased to announce that it has completed the previously announced acquisition from Excalibur Industries (“Excalibur”) of royalties on the Company’s 100%-owned Nichols Ranch *in situ* recovery (“ISR”) project in Wyoming (“Nichols Ranch”), along with royalties on several operating, standby, and advanced-stage ISR projects in Wyoming owned and operated by Power Resources, Inc., a wholly-owned subsidiary of Cameco Corporation (collectively, the “Royalties”). The Company has also provided the State of Wyoming with a notice of its intent to repay and retire its Wyoming Industrial Development Revenue Bond (“Wyoming Debt”), which has a balance of \$8.3 million as of the date of this release.

Acquisition of Royalties:

Today, the Company acquired a 6% – 8% sliding-scale gross proceeds production royalty on its Nichols Ranch, Hank and Doughstick properties (Doughstick is a part of the Company’s Jane Dough Project expansion area). This royalty also applies to

the nearby Niles Ranch, Willow Creek, and Verna Ann properties, which are important pipeline uranium properties also owned by the Company. Acquisition of this royalty is expected to significantly decrease the Company's cost of production at Nichols Ranch. Energy Fuels also acquired the 4% gross proceeds production royalty on Cameco's North Butte/Brown Ranch Project ("North Butte"), the Ruby Ranch Project, and the Greasewood property. North Butte is a fully permitted and operational project that has been operated by Cameco as a satellite to its Smith Ranch-Highland ISR Project since 2013. In November 2017, the Company announced that this transaction was to occur by way of a merger of Excalibur with an Energy Fuels subsidiary. However, the parties subsequently agreed to structure the transaction as a purchase of assets.

At the closing today, the Company delivered to Excalibur 995,619 common shares of Energy Fuels having a total value of \$2.90 Million, which were priced at \$3.26 per share based on the volume-weighted average price ("VWAP") of Energy Fuels' shares on the NYSE American for the five trading days ending on August 13, 2018, as well as approximately \$25,000 cash for all accrued but unpaid royalties owing to Excalibur at the time of the closing. In addition, the Company is holding back another 107,221 common shares having a total value of \$0.35 million which, pending the satisfaction of certain conditions, will be released to Excalibur six months following the date of closing. These shares were likewise priced at \$3.26 per share based on the VWAP of Energy Fuels' shares on the NYSE American for the five trading days ending on August 13, 2018.

Notice of Repayment of Wyoming Debt:

On August 10, 2018, the Company provided notice to the State of Wyoming that it intends to repay and retire the entire outstanding principal balance of its Wyoming Industrial

Development Revenue Bond ("Wyoming Debt") within the next 30 – 60 days. The Wyoming Debt, which is secured by the Company's Nichols Ranch Project, currently has a principal balance of \$8.3 million. As of June 30, 2018, the Company reported approximately \$55.25 million of working capital, including cash and cash equivalents of \$43.2 million, and the Company previously announced its intent to use a portion of its working capital to repay debt, including the Wyoming Debt. Repayment of this loan will reduce the Company's short- and long-term debt and avoid significant future interest.

Mark S. Chalmers, President and CEO of Energy Fuels stated: "Today, we strengthened our position in Wyoming by adding to our assets and announcing our intent to retire debt. We believe today's acquisition of the Royalties will be extremely accretive for Energy Fuels as uranium prices rise, whether due to global supply and demand fundamentals or through remedies associated with the current U.S. government investigation into uranium imports into the U.S. As Energy Fuels increases production, today's acquisition of the 6% – 8% royalty on Nichols Ranch together with our other Wyoming projects will significantly enhance our operating margins and cash flow profiles. Furthermore, the acquisition of the 4% gross production royalty on Cameco's properties, including North Butte which has an extensive production history and significant in-ground resources, should result in an attractive return on investment for Energy Fuels and our shareholders. Cameco has stated that all of their projects in Wyoming could achieve up to 4 million pounds of production per year within 18 – 24 months of a production decision. A significant portion of this production would likely come from the Cameco properties on which we now hold a royalty, resulting in a very rapid payback on this royalty in an improved market. Energy Fuels' leverage to increasing uranium prices just became much stronger with today's

acquisition of the Royalties.

"In sum this quarter, Energy Fuels is deploying almost \$12 million of capital into the State of Wyoming. Furthermore, by lowering the costs at our projects, we are in a position to make future investments in Wyoming sooner than we were before. We are committed to Wyoming and its people, and we look forward to continuing to operate responsibly in the State for many years to come."

About Energy Fuels: *Energy Fuels is a leading integrated US-based uranium mining company, supplying U_3O_8 to major nuclear utilities. Its corporate offices are in Denver, Colorado, and all of its assets and employees are in the western United States. Energy Fuels holds three of America's key uranium production centers, the White Mesa Mill in Utah, the Nichols Ranch Processing Facility in Wyoming, and the Alta Mesa Project in Texas. The White Mesa Mill is the only conventional uranium mill operating in the U.S. today and has a licensed capacity of over 8 million pounds of U_3O_8 per year. The Nichols Ranch Processing Facility is an ISR production center with a licensed capacity of 2 million pounds of U_3O_8 per year. Alta Mesa is an ISR production center currently on care and maintenance. Energy Fuels also has the largest NI 43-101 compliant uranium resource portfolio in the U.S. among producers, and uranium mining projects located in a number of Western U.S. states, including one producing ISR project, mines on standby, and mineral properties in various stages of permitting and development. The Company also produces vanadium as a by-product of its uranium production from certain of its mines on the Colorado Plateau, as market conditions warrant. 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".*

Energy Fuels' website is www.energyfuels.com.

Cautionary Note Regarding Forward-Looking Statements: Certain information contained in this news release, including any information relating to: the Company being a leading producer of uranium and vanadium in the U.S.; the Company's intent to repay and retire its Wyoming Debt; any expectation that the acquisition of the Royalties will be accretive, will decrease the Company's cost of production, will enhance the Company's operating margins and cash flow profile, or will result in an attractive return on investment; any expectations about future production from the Cameco properties and the pay-back on the Royalties; any expectations about increases in uranium prices or the Company's leverage to any increases in uranium prices; any expectations about the outcome of the current U.S. government investigation into uranium imports into the U.S.; and any other statements regarding Energy Fuels' future expectations, beliefs, goals or prospects; constitute forward-looking information within the meaning of applicable securities legislation (collectively, "forward-looking statements"). All statements in this news release that are not statements of historical fact (including statements containing the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions) should be considered forward-looking statements. All such forward-looking statements are subject to important risk factors and uncertainties, many of which are beyond Energy Fuels' ability to control or predict. A number of important factors could cause actual results or events to differ materially from those indicated or implied by such forward-looking statements, including without limitation factors relating to: the Company being a leading producer of uranium and vanadium in the U.S.; the Company's intent to repay and retire its Wyoming Debt;

any expectation that the acquisition of the Royalties will be accretive, will decrease the Company's cost of production, will enhance the Company's operating margins and cash flow profile, or will result in an attractive return on investment; any expectations about future production from the Cameco properties and the pay-back on the Royalties; any expectations about increases in uranium prices or the Company's leverage to any increases in uranium prices; any expectations about the outcome of the current U.S. government investigation into uranium imports into the U.S.; and other risk factors as described in Energy Fuels' most recent annual report on Form 10-K and quarterly financial reports. Energy Fuels assumes no obligation to update the information in this communication, except as otherwise required by law. Additional information identifying risks and uncertainties is contained in Energy Fuels' filings with the various securities commissions which are available online at www.sec.gov and www.sedar.com. Forward-looking statements are provided for the purpose of providing information about the current expectations, beliefs and plans of the management of Energy Fuels relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. Readers are also cautioned not to place undue reliance on these forward-looking statements, that speak only as of the date hereof.