

ENERGY FUELS INC.

Signs MOU on Potential Future Monazite Sands Supply

EVENT

Energy Fuels and Hyperion Metals (HYM-ASX, Not Covered) have signed a Memorandum of Understanding (MOU) to evaluate the potential supply of rare earth element (REE) bearing monazite sands from HYM's Titan project in Tennessee to UUUU's White Mesa mill facility in Utah.

BOTTOM LINE

Modest Positive – This is another step forward as Energy Fuels advances and de-risks its U.S. Rare Earths business.

FOCUS POINTS

- **MOU Details** – Under the MOU, both parties will negotiate a definitive sales agreement of monazite sands from the Titan project. While this is a positive development, we note that the Titan project is still at the exploration stage. Hyperion will need to drill define a maiden resource at Titan, and advance the project through feasibility, permitting, financing and construction before it can ultimately supply White Mesa with monazite feed.
- **Room for Further Co-operation on the REE Front** – According to Energy Fuels, “Hyperion and Energy Fuels will evaluate entering into a joint venture or other similar arrangement whereby Hyperion would participate with Energy Fuels and potentially other parties, in the continuing development and operation of an integrated, low-cost and sustainable independent U.S. rare earth supply chain.”
- **Maintaining Buy Rating and Target** – We value Energy Fuels' REE business segment at \$270 MM or \$1.90/C\$2.37/share. This is unchanged. We continue to rate the stock a Buy with a target price of \$6.25/C\$8.00/share.

Recommendation:

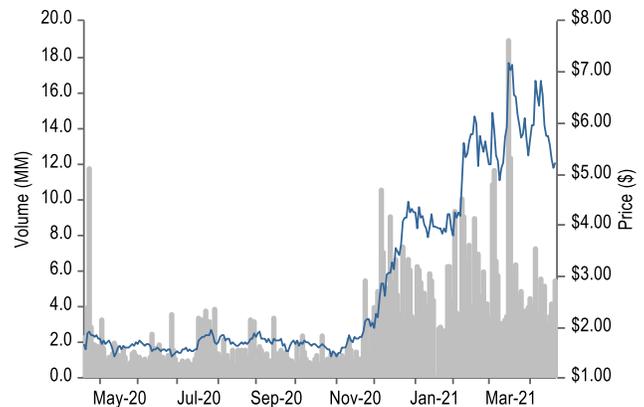
Buy

Symbol/Exchange: UUUU NYSE / EFR TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: \$5.23, C\$6.57
One-year target: \$6.25, C\$8.00
Return to Target: 19.5%
Working Capital: \$44.7 MM

Financial summary

Shares O/S (MM)	141.9	52-week range	\$1.38-\$7.83	
Market cap (\$MM)	\$742.1	30D avg. vol. (000)	6,103	
Market float (\$MM)	\$730.0	Fiscal year-end	31-Dec	
Calendar Year	2018A	2019A	2020A	2021E
Uranium Production* (K lb)	493	130	197	35
Uranium Sales (K lb)	650	N/A	N/A	N/A
Realized U ₃ O ₈ Price (\$/lb)	\$32.20	N/A	N/A	N/A
Cash Operating Costs (\$/lb)	\$22.69	N/A	N/A	N/A
Basic EPS, dil., adj.	(\$0.30)	(\$0.40)	(\$0.23)	(\$0.32)
Dividends per share	-	-	-	-
CFPS (before W/C)	(\$0.05)	(\$0.21)	(\$0.21)	(\$0.24)
Free CFPS	(\$0.35)	(\$0.21)	(\$0.22)	(\$0.25)

*includes U₃O₈e from Alternate Feed circuit



Company profile: Energy Fuels is an integrated uranium, vanadium, and REE mining company focusing on production and development exclusively in the U.S.

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See disclosure and a description of our recommendation structure at the end of this report.

CONTINUING TO EXPAND ON THE REE SIDE

Energy Fuels currently has a three-year supply agreement with Chemours Company (CC-NYSE, Not Covered) whereby UUUU is purchasing 2.5 k tons of monazite sands per year from CC and producing a marketable mixed REE concentrate that it then sells to Neo Performance Materials (NEO-TSX, Not Covered) for further processing and separation in Estonia. Refer to our research reports [here](#) and [here](#). As previously noted, Energy Fuels is looking to expand its supply of monazite sands to 15.0 k tons per year, which would equal ~2% of its 100%-owned White Mesa mill's annual capacity. The MOU signed this morning with Hyperion is a positive step forward in this initiative as the Titan project is a strong potential future source of domestic-origin monazite feed for Energy Fuels at White Mesa. We note that at the Company's targeted monazite supply rate of 15.0 k tons per year would drive Total Rare Earth Oxide (TREO) production of ~6.4 kt per year (Cantor estimate), or approximately 50% of U.S. demand, including ~2.5 kt per year (Cantor estimate) of highly sought-after Neodymium and Praseodymium (NdPr) product. For an overview highlighting the importance of REE and NdPr specifically, refer to our January 25, 2021 Green Metals Macro: *A Green Economy and Electric Vehicles Start with Metals* (link [here](#)).

Exhibit 1. Updated Energy Fuels NAVPS

Asset (\$)		Value (\$MM)	\$ Per Share	% of NAV	
Nichols Ranch		7.5%		0%	
Alta Mesa		7.5%		0%	
La Sal Complex	\$2/lb V2O5	\$46.9	\$0.33	8%	
REE Business		7.5%	\$269.6	\$1.90	46%
White Mesa Mill	rep. value	\$175.0	\$1.23	30%	
Total Mining Assets		\$491.4	\$3.46	84%	
Cash, Securities, U3O8 & V2O5 inventory		\$92.6	\$0.65	16%	
Current Debt		\$0.0	\$0.00	0%	
Long Term Debt		\$0.0	\$0.00	0%	
Future Debt Financing		\$0.0	\$0.00	0%	
Net Asset Value		\$584.1	\$4.12	100%	
P/NAV			1.27x		

Source: Cantor Fitzgerald

MOU DETAILS AND FUTURE CO-OPERATION LIKELY

Under Energy Fuels' MOU with Hyperion, both parties will negotiate a definitive sales agreement of monazite sands from the Titan project. While this is a positive development, we note that the Titan project is still at the exploration stage. Hyperion will need to drill define a maiden resource at Titan, and advance the project through feasibility, permitting, financing and construction before it can ultimately supply White Mesa with monazite feed. That said, it is our view that there is likely more co-operation and vertical integration pending between Energy Fuels, Hyperion, and potentially Chemours and other U.S. and international monazite suppliers. According to Energy Fuels in its press release this morning, "Hyperion and Energy Fuels will evaluate entering into a joint venture or other similar arrangement whereby Hyperion would participate with Energy Fuels and potentially other parties, in the continuing development and operation of an

integrated, low-cost and sustainable independent U.S. rare earth supply chain, under which Monazite would be supplied from The Chemours Company's U.S. projects, the Titan Project, and potentially other U.S. and international mines, with the Monazite to be processed and separated into value-added rare earth products at Energy Fuels' White Mesa Mill".

MAINTAINING BUY RATING AND TARGET

We value Energy Fuels' REE business segment at \$270 MM or \$1.90/C\$2.37/share. This is unchanged but has the potential to move considerably higher as the Company secures more monazite feed, and ultimately looks at developing REE separation capabilities within the United States at its White Mesa mill. We continue to rate Energy Fuels a Buy with a target price of \$6.25/C\$8.00/share.

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The analysts responsible for this research report *do not have*, either directly or indirectly, a long or short position in the shares or options of Energy Fuels Inc.

The analyst responsible for this report *has not* visited the material operations of Energy Fuels Inc. No payment or reimbursement was received for the related travel costs.

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The research analyst whose name appears on this report hereby certifies that the opinions and recommendations expressed herein accurately reflect his personal views about the securities, issuers or industries discussed herein.

Definitions of recommendations

BUY: The stock is attractively priced relative to the company’s fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company’s fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company’s fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

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