

Energy Fuels Inc.

(EFR-T: C\$4.53), (UUUU-US: US\$3.31)

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David A. Talbot / (416) 350-3082

dtalbot@viiicapital.com

BUY

Target: C\$5.40 (from C\$3.85)

Joseph Fars, MBA, P. Geo / (416) 350-5090

jfars@viiicapital.com

Top and Bottom Line Beats with Strong Q2/18 Deliveries

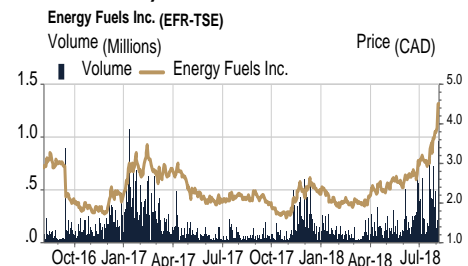
EFR-T	New	Last
Rating	--	Buy
Target (C\$)	\$5.40 ▲	\$3.85
Projected Return	19%	25%
Target/NAV multiple	--	1.00x
Corporate DCF	\$4.48 ▲	3.08
Cash & Investments	\$0.28 ▼	0.68
Debt	-41% ▲	(0.47)
Exploration & Unmodelled Resources	\$1.04 ▲	0.56
Total NAV	\$5.38 ▲	3.85
P/NAV	\$0.84 ▲	0.62x

Company Data		
Last Price		C\$ 4.53
52-week Range	C\$ 1.66 -	C\$ 4.57
Market Cap (\$MM)		C\$ 355
Enterprise Value (\$MM)		\$256
Shares Outstanding - Basic (MM)		78.3
Shares Outstanding - FD (MM)		89.5
Avg Volume - 100d (000 shares/day)		1,015.6
Cash (\$MM)		\$43.24
Debt (\$MM)		\$26.35
Working Capital (\$MM)		\$55.25

Forecast	2015A	2016A	2017A	LT
Spot (US\$/lb)	36.8	26.4	27.0	60.0
Term (US\$/lb)	46.6	40.1	31.5	60.0
Realized Prices (US\$/lb)	56.8	39.9	51.1	
Revenue (\$MM)	60.9	54.6	31.0	
EPS	(\$0.86)	(\$0.44)	(\$0.22)	
EBITDA (\$MM)	(24)	(18)	(18)	
FCF (\$MM)	(18)	4	(6)	
FCF Yield	n/a	1%	n/a	

All Figures in US\$ Unless Otherwise Noted
Source: FactSet, Company Reports, Eight Capital

EFR-T: Price/Volume Chart



Source: Factset

Company Description

Energy Fuels is America's largest mixed ISR and conventional uranium and vanadium producer, supplying over a third of the uranium produced in the U.S. It operates the White Mesa Mill in UT, capable of 8.0 MM lbs U3O8 per year and its Nichols Ranch ISR Mine in WY has received NRC approval for its Jane Dough expansion.

We continue to recommend Energy Fuels as a BUY and raise our target price to C\$5.40/sh from C\$3.85/sh after incorporating higher long-term V205 prices of \$12/lb (up from \$6/lb), assuming 4MM lbs of V205 production over the next three years at 50% margins, and increased U3O8 throughput from processing of alternate feed, pond returns, and toll milling fees. An adjusted net EPS gain of \$0.08 slightly beat our \$0.06 estimate, ahead of consensus at \$0.03. A banner quarter, EFR delivered half a million pounds U3O8 at an average price of \$53.55/lb. Cushioned by high priced contracts, EFR was also able to scale back production and reduce operating costs. Meanwhile, its high quality ISR asset, Nichol's Ranch ISR mine, is simply sustaining low production levels in the current market. EFR was able to tap into an impressive inventory to oblige deliveries, with 225,000 lbs remaining on hand.

A positive adjusted EPS gain is a good sign, although ample sales is likely the high water mark in 2018 and helped support Q2 EPS. Toll milling revenue guidance is unchanged with almost all of the \$3.6 MM outstanding for later this year. Going forward, we expect only about 100,000 lbs of annual contracted sales to be completed, but cash of \$64.8 MM should suffice. Should uranium prices continue to rise (2018 high of \$26/lb was reached overnight), we speculate that additional inventory might be monetized. The future starts to look rosier as long-term pricing also jumped \$2.00/lb to \$32.00/lb last week. EFR continues to outperform its peers, up 87% YTD versus a producer average gain of 18%. On a P/NAV basis, EFR still appears cheap, trading at 1.22x versus 1.38x for its peers. This reflects the leverage to rising prices we believe this company has, given the multitude of fully permitted operations standing in the wings, waiting for higher uranium prices before they are switched on.

Meanwhile, the stock has rallied. We believe this is for several reasons, including an upturn in the uranium market, lower operating costs, significant production optimization ability, additions made to its balance sheet, and plans to produce vanadium over the next three years. White Mesa is the only vanadium-capable mill in the USA while prices continue to rally in the face of a vanadium flow-battery revolution. Flow battery demand is expected to rise from 1000 tpa to ~25,000 tpa by 2025 in a total V205 market that currently measures only 89,000 tpa.

500,000 lbs sold beat our forecast of 400,000 lbs. Revenue of \$26.9MM beat our estimates of \$25.7MM but missed consensus of \$35.4MM. Average realized sales price in Q2/18 was \$53.55/lb. High contract prices of \$61.30/lb were realized for 400,000 lbs worth of contracts delivered on 1-Apr-18. Another \$2.4 MM of revenue with an additional 100,000 lbs sold into spot.

128,000 lbs U3O8 production missed our 154,000 lb forecast. This included 39,000 lbs from Nichols Ranch ISR mine and 89,000 lbs from alternate feed sources. ISR production was actually up YOY, although only nine header houses continue to operate in an effort to curb development costs in a weak market. Cash costs of \$21.34/lb are slightly above our estimates of \$18.95/lb, likely based on reduced production from pond returns at White Mesa.

Vanadium production plans on track. The fundamentals of vanadium are improving and we raise our long term price to \$12/lb, yet still well below the current spot price of ~\$18.70/lb. White Mesa mill continues to be the only fully permitted mill capable of processing vanadium, having produced 45 MM lbs historically, most recently in 2013. We assume 50% production margins given that processing will stem from tailings pond returns with zero mining costs.

Guidance unchanged for 2018 at 140,000 to 160,000 lbs from Nichols Ranch, of which 82klbs have been produced. White Mesa Mill guidance remains 320,000 to 360,000 lbs, with just 89,000 lbs already recovered, suggesting production for the year will be back-ended. A total of 145,000 lbs is expected from alternate feed materials and the remainder from pond returns.

Please see Disclosures and Disclaimers at the end of this report.

Energy Fuels Inc (EFR-T)									
Rating	BUY	C\$ Target	\$5.40	Shares O/S (MM)	78.3				
		C\$ Close	\$4.53	Fully Diluted Shares (MM)	89.5				
David A. Talbot, Director, Mining Research		12-month return	19%	Basic Mkt. Capitalization (\$MM)	C\$ 354.53				
dtalbot@eightcap.com				Enterprise Value (\$MM)	C\$ 255.8				
PRODUCTION ESTIMATES (000 lbs)									
Year-end December	2015A	2016A	2017A	2018E	2019E				
Pandora	0	0	0	0	0				
Beaver	0	0	0	0	0				
Daneros	0	0	0	0	0				
Canyon	0	0	0	0	250				
Sheep Mountain	0	0	0	0	0				
Alt Feed	229	249	328	342	450				
Nichols Ranch/Hank	296	335	267	153	280				
Jane Dough	0	0	0	0	92				
Roca Honda	0	0	0	0	0				
Alta Mesa	0	0	0	0	77				
TOTAL	525	584	595	495	1,149				
TOTAL CASH COST ESTIMATES (excl. non-cash, incl. wellfield expenditures) (US\$/lb)									
Year-end December	2015A	2016A	2017A	2018E	2019E				
Pandora	0.0	0.0	0.0	0.0	0.0				
Beaver	0.0	0.0	0.0	0.0	0.0				
Daneros	0.0	0.0	0.0	0.0	0.0				
Canyon	0.0	0.0	0.0	0.0	28.5				
Sheep Mountain	0.0	0.0	0.0	0.0	0.0				
Alt Feed	26.6	26.6	19.8	7.3	-2.5				
Nichols Ranch/Hank	34.0	27.2	20.8	13.8	20.1				
Jane Dough	0.0	0.0	0.0	0.0	22.7				
Roca Honda	0.0	0.0	0.0	0.0	0.0				
Alta Mesa	0.0	0.0	0.0	0.0	23.9				
Wt. Avg. Total Cash Costs	30.8	39.7	20.3	9.3	13.6				
URANIUM RESERVES & RESOURCES									
	Ownership	Tons MM t	Grade % U3O8	Cont U3O8 (MM lbs) 100% Basis	EFR Share				
Measured and Indicated Resources									
Wyoming Conventional	100%	20.43	0.10%	41.81	41.81				
Wyoming ISR	100%	8.39	0.10%	14.99	14.99				
Henry Mountains	100%	2.41	0.27%	12.81	12.81				
Roca Honda	100%	1.51	0.48%	14.56	14.56				
Arizona Strip	100%	0.00	0.00%	0.00	0.00				
Colorado Plateau	100%	1.79	0.19%	6.71	6.71				
Alta Mesa	100%	1.60	0.11%	3.60	3.60				
Other	100%	0.02	0.26%	0.08	0.08				
Total Measured and Indicated Resources		32.74	0.13%	94.56	94.56				
Inferred Resources									
Wyoming Conventional	100%	4.01	0.07%	5.68	5.68				
Wyoming ISR	100%	3.57	0.10%	7.26	7.26				
Henry Mountains	100%	1.62	0.25%	8.08	8.08				
Roca Honda	100%	1.20	0.47%	11.21	11.21				
Arizona Strip	100%	0.42	0.63%	5.26	5.26				
Colorado Plateau	100%	0.79	0.19%	3.06	3.06				
Alta Mesa	100%	7.00	0.12%	16.80	16.80				
Other	100%	0.03	0.26%	0.13	0.13				
Total Inferred Resources		18.63	0.16%	57.49	57.49				
TOTAL RESOURCES		51.37	0.14%	152.05	152.05				
Current Per Pound Metrics									
	EFR	Prod. Peers	Prem./Disc.						
EV/lb (US\$)	50.74	1.80	(59%)						
Mkt Cap/lb (US\$)	50.65	1.38	(52%)						
NET ASSET VALUE									
	0% NAV (C\$ MM)	C\$/share	10% NAV (C\$ MM)	C\$/share					
Corporate DCF	778.2	11.14	312.8	4.48					
Cash & Investments	19.4	0.28	19.4	0.28					
Debt	(28.7)	(0.4)	(28.7)	(0.41)					
Un-mined Resources	72.5	1.04	72.5	1.04					
Total NAV	841	12.04	376	5.38					
Eight Capital DCF Target Multiple				1.0x					
Share Price Target				C\$ 5.40					
Long Term Uranium Price Assumption (US\$/lb)									
NAV (US\$/share)	40	50	60	70	80				
0% Discount	-0.13	5.74	10.49	14.92	19.28				
5% Discount	0.44	3.94	6.83	9.52	12.16				
10% Discount	0.05	2.29	4.17	5.91	7.62				
15% Discount	0.18	1.69	2.98	4.16	5.33				
COMMERCIAL URANIUM PRODUCTION PROFILE									
	2015A	2016A	2017A	2018E	2019E	2020E	2021E	2022E	2023E
	Beaver	Daneros	Sheep Mountain	Alt Feed	Nichols Ranch/Hank	Jane Dough	Roca Honda	Alta Mesa	Cash Cost
	Legend: Beaver, Daneros, Sheep Mountain, Alt Feed, Nichols Ranch/Hank, Jane Dough, Roca Honda, Alta Mesa, Cash Cost, Total Cash Cost (WtAvg)								
BALANCE SHEET (US\$ MM)									
Year-end December	2015A	2016A	2017A	Q2/18A					
Assets:									
Cash & ST Investments	12.97	16.90	18.57	43.24					
Other Current Assets	36.02	19.23	24.62	21.70					
Current Assets	48.99	36.13	43.19	64.94					
Mineral Properties	91.03	130.21	116.62	114.96					
Other non-current Assets	52.26	30.12	25.53	22.88					
Total Assets	192.28	196.46	185.34	202.78					
Liabilities:									
Current Liabilities	14.12	12.11	9.90	9.69					
Long-term Debt	28.94	23.24	24.08	21.20					
Other non-current Liabilities	9.74	23.25	24.10	23.28					
Total Liabilities	52.79	58.59	58.07	54.17					
Capital Stock	373.93	412.33	430.38	453.56					
Retained Earnings	(234.45)	(274.47)	(303.12)	(304.94)					
Total Shareholder Equity	139.49	137.86	127.27	148.61					
INCOME STATEMENT (US\$ MM)									
Year-end December	2015A	2016A	2017A	2018E					
Total Revenue:	60.9	54.6	31.0	41.5					
% Uranium	100%	102%	79%	76%					
% Other	0%	-2%	21%	24%					
Operating Costs	37.6	20.6	10.3	18.4					
G&A	16.5	15.5	13.0	16.0					
Exploration	0.0	0.0	0.0	0.0					
Depreciation	2.6	5.1	5.6	3.1					
Other	31.1	36.8	12.9	13.5					
EBITDA	(24.2)	(18.3)	(18.1)	(6.4)					
EBIT	(26.8)	(23.4)	(10.7)	(9.4)					
Interest Expense	(2.0)	(1.1)	(2.1)	(1.9)					
EBT	(29.9)	(25.9)	(13.9)	(11.9)					
Taxes	0.0	0.0	0.0	-1.5					
Equity Earnings	0.0	(0.5)	0.0	5.4					
Other	0	-1	-3	-3					
Net Income (Reported)	(29.0)	(26.1)	(15.6)	(10.4)					
Net Income (Adjusted)	(29.0)	(26.1)	(15.6)	(10.4)					
EPS (Reported) \$/sh	(0.86)	(0.44)	(0.22)	(0.12)					
EPS (Adjusted) \$/sh	(0.86)	(0.44)	(0.22)	(0.12)					
Average Shares (MM)	33.4	56.4	69.9	83.8					
CASH FLOW STATEMENT (US\$ MM)									
Year-end December	2015A	2016A	2017A	2018E					
Net Income (Reported)	(29.0)	(26.1)	(15.6)	(10.4)					
Depreciation	(2.6)	(5.1)	(5.6)	(3.1)					
Working Capital Changes	5.3	11.2	0.1	0.0					
Other	15.3	24.2	14.7	(1.6)					
Operating Cash Flow	(11.1)	4.2	(6.4)	(15.1)					
Operating Cash Flow/sh (\$/sh)	(0.49)	(0.12)	(0.09)	(0.18)					
Capital Expenditures	(7.3)	(0.1)	0.0	0.0					
Acquisitions	(0.8)	(1.1)	0.0	(0.0)					
Other	(4.6)	(5.1)	0.3	2.9					
Investing Cash Flow	(12.8)	(6.3)	0.3	2.9					
Common Share Dividends	0.0	0.0	0.0	0.0					
Equity Financing	2.8	25.3	9.8	23.2					
Debt Issue	0.0	0.0	0.0	0.0					
Debt Repayment	(7.7)	(3.2)	(4.1)	(3.4)					
Other	2.3	0.0	4.7	(2.7)					
Financing Cash Flow	(2.6)	22.1	10.4	17.1					
Net Change in Cash	(25.9)	20.1	4.9	3.6					
Cash Balance	13.0	16.9	21.8	25.4					
Free Cash Flow	(18.5)	4.1	(6.4)	(15.1)					
VALUATION DATA									
Year-end December	2015A	2016A	2017A	2018E					
P/E	--	--	--	--					
P/CF	--	--	--	--					
EV/EBITDA	--	--	--	--					
FCF Yield	--	1.16%	--	--					
INPUT PRICES									
Year-end December	2015A	2016A	2017A	2018E					
Eight Capital Spot Uranium (US\$/l)	36.8	26.4	27.0	29.0					
Uranium Realized Price (US\$/lb)	56.8	39.9	51.1	0.0					
Exchange (US\$/C\$)	0.78	0.76	0.77	0.80					

Source: Company Reports, FactSet, Eight Capital

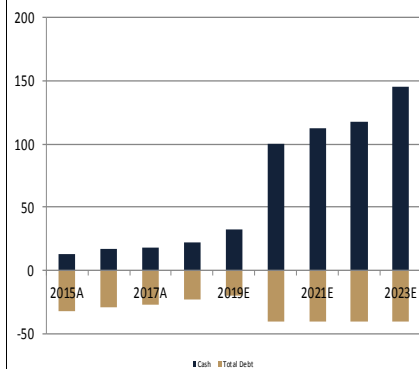
Energy Fuels Inc.

Net Asset Valuation at Eight Capital Price Deck (C\$)

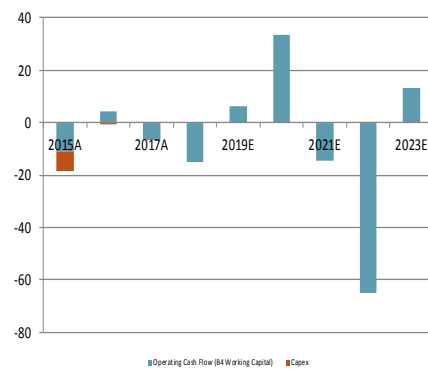
	Target Setting NAV			NAV at Various Discount Rates					
	Discount Rate	(\$MM)	(\$/Share)	0%		5%		15%	
				(\$MM)	(\$/Share)	(\$MM)	(\$/Share)	(\$MM)	(\$/Share)
Uranium Assets									
Pandora	10%	28	0.40	58	0.84	40	0.57	20	0.29
Beaver	10%	14	0.20	30	0.43	21	0.29	9	0.13
Daneros	10%	-7	-0.09	-10	-0.14	-8	-0.11	-6	-0.08
Canyon	10%	18	0.26	26	0.37	22	0.31	16	0.23
Pinenut	10%	0	0.00	0	0.00	0	0.00	0	0.00
Arizona 1	10%	0	0.00	0	0.00	0	0.00	0	0.00
Alt Feed & Pond Returns	10%	96	1.38	171	2.44	125	1.80	77	1.10
Sheep Mountain	10%	44	0.63	315	4.51	130	1.85	3	0.05
Roca Honda	10%	-7	-0.11	141	2.02	40	0.58	-29	-0.42
Nichols Ranch	10%	35	0.51	48	0.69	41	0.59	31	0.44
Jane Dough	10%	32	0.46	52	0.75	41	0.58	26	0.37
Alta Mesa	10%	42	0.60	149	2.13	64	0.92	28	0.41
Total Uranium Assets		296	4.24	982	14.06	516	7.38	176	2.51
Other Assets & Expenses									
Cash		19	0.28	19	0.28	19	0.28	19	0.28
Debt		(29)	(0.41)	(29)	(0.41)	(29)	(0.41)	(29)	(0.41)
Resources		73	1.04	73	1.04	73	1.04	73	1.04
Exploration, G&A, Other	10%	16	0.24	(204)	(2.92)	(42)	(0.61)	46	0.66
Net Other Assets		80	1.14	(141)	(2.01)	21	0.30	110	1.57
Net Asset Value		376	5.38	841	12.04	537	7.68	285	4.08
Share Price			4.53		4.53		4.53		4.53
P/NAV			0.84x		0.38x		0.59x		1.11x

Financial Forecasts at Eight Capital Price Deck (MM US\$)

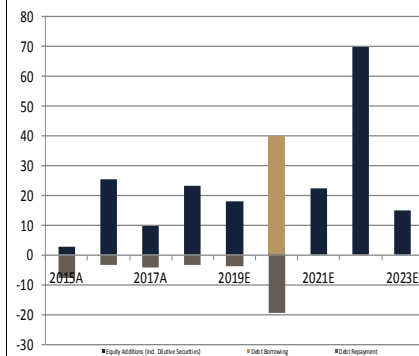
Cash and Debt



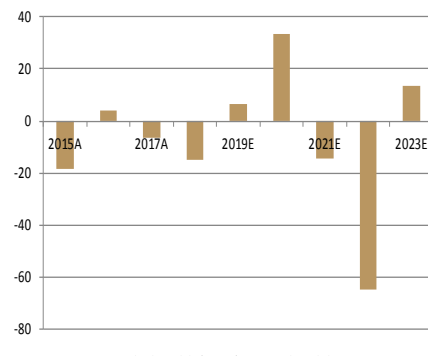
Operating Cash Flow and Capital Spending



Changes in Debt and Equity



Free Cash Flow and Common Share Dividends



Source: Company Reports, FactSet, Eight Capital

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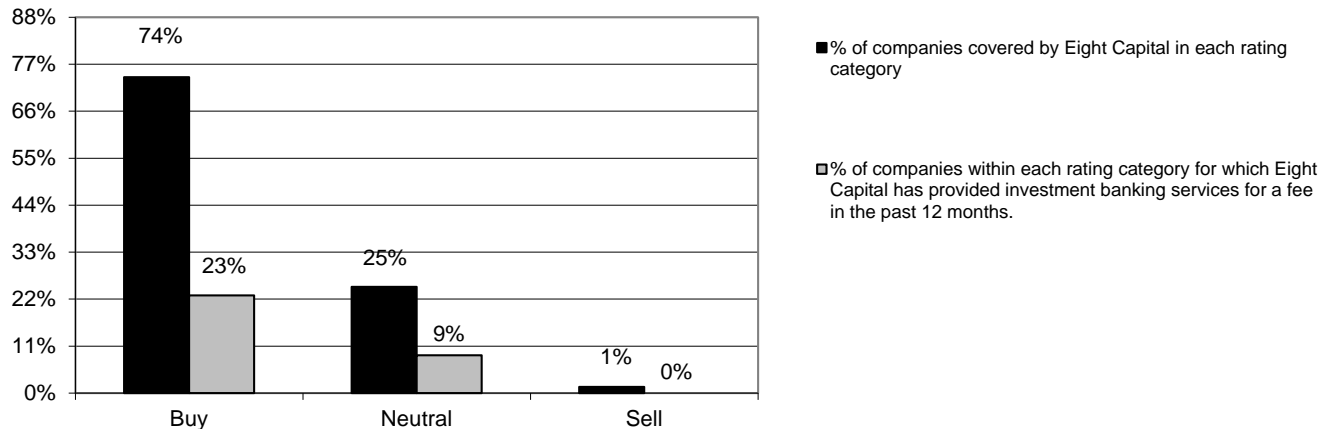
Explanation of Recommendations

Eight Capital target: Represents the price target as required under IIROC Rule 3400. Valuation methodologies used in determining the price target(s) for the issuer(s) mentioned in this research report are contained in current and/or prior research. Eight Capital target N/A: a price target and/or NAV are not available if the analyst deems there are limited financial metrics upon which to base a reasonable valuation.

Recommendations: **BUY:** Total returns expected to be materially better than the overall market with higher return expectations needed for more risky securities. **NEUTRAL:** Total returns expected to be in line with the overall market. **SELL:** Total returns expected to be materially lower than the overall market. **TENDER:** The analyst recommends tendering shares to a formal tender offer. **UNDER REVIEW:** The analyst will place the rating and/or target price Under Review when there is a significant material event with further information pending; and/or when the analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

SECURITY ABBREVIATIONS: NVS (non-voting shares); RVS (restricted voting shares); RS (restricted shares); SVS (subordinate voting shares).

Eight Capital Equity Research Ratings:



As at June 29, 2018
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