



# Energy Fuels Inc.

(UUUU-NYSE.MKT, EFR-TSX)  
SECTOR: Metals & Mining

STOCK PRICE \$3.30  
RATING **BUY**  
TARGET PRICE ↑ \$4.00  
Previous \$3.50

## THREE YEAR MONAZITE SUPPLY AGREEMENT

### Positioning for Commercial REE Production

**OUR TAKE:** Energy Fuels announced that it has entered into a three-year rare earth element ("REE") minerals supply agreement with The Chemours Company (NYSE: CC) to acquire a minimum of 2,500 tons per year of natural monazite sands. The monazite sands will come from Chemours' Offerman Mineral Sand Plant in Georgia, with the shipments from Georgia to the Company's White Mesa Mill in Utah expected to commence Q1 2021.

#### KEY HIGHLIGHTS

- Energy Fuels will acquire a minimum 2,500 tons of monazite sands next year from Chemours but expects to expand to process up to ~15,000 tons per year in the future. All ore will be processed at EFR's 100%-owned White Mesa Mill in Utah starting in Q1-2021, where EFR expects to recover contained uranium and produce a marketable mixed REE carbonate for sale to 'to-be-determined' REE separation facilities, likely in Asia or Europe. The contemplated ore feed will utilize only a very small portion of the mill's throughput and waste tailings capacity (2,500 tons is less than 0.4% of the mill's throughput capacity, while targeted expansion of 15,000 tons represents just ~2%).
- A 2-Phased Approach to REEs:** In Phase 1, EFR expects to produce a mixed REE carbonate containing ~71% total rare earth oxides ("TREO") (dry basis). This REE product will initially be marketed to REE separation facilities. As Phase 2, Energy Fuels is also evaluating the future potential to perform REE separation, and other downstream REE activities, including metal-making and alloying to capture more of this vertical. EFR's rough estimates suggest a dedicated REE separation circuit at the White Mesa mill would require capital investment in the \$100M range and potentially generate "hundreds of millions of dollars" in revenue based on 15ktpa feed. EFR also said a REE metals/alloys circuit is an additional option with a cost in the range of \$50M-\$75M.

#### OUTLOOK

- EFR Remains Well Positioned** – White Mesa Mill is the only operating conventional uranium or vanadium mill in the U.S. This ideally positions EFR to capitalize on an improving fundamental picture for uranium, particularly in the U.S. EFR has also found a creative opportunity to further utilize this strategic asset processing REE ore. The economics of this endeavor remain highly uncertain and extremely difficult to estimate given the early stage and lack of critical data for our analysis. That said, we recognize the potential for REE production to contribute positively to EFR's bottom line beyond 2021 and have added a \$70M conservative credit to our valuation for such. We will refine the valuation of REE processing potential when EFR can outline its cost structure and market value for its intermediary REE carbonate product marketable to separation facilities and/or provide more detailed information on the potential economics of an integrated separation facility at the Mill.

#### RECOMMENDED ACTION

**We recommend owning EFR to gain exposure to U.S.-based uranium production.**

- Increasing target to \$4.00/share (from \$3.50); maintaining BUY rating.** EFR shares have had an extremely strong run of-late, up 91% in the last 30-days, significantly outperforming most peers (peer avg. +56%). Given the rapid ascent, the risk of a near-term pull-back is elevated, we recommend taking advantage of any significant retracement in shares to add to positions.

#### CATALYSTS

- 2020:** Growing U.S. political support for nuclear and potential for a positive outcome or conclusion within the Senate regarding advancement of the American Nuclear Infrastructure Act (ANIA), which could stimulate domestic uranium production.
- 2021:** Uranium price improvement leading to production ramp up and mine re-start decisions.
- Mid-2021:** Clarity on economics of REE endeavors. Success in initial commercial production and scale-up of REE business.

#### PROJECTED RETURN

21%

#### RISK FACTOR

Very High

#### SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$1.50	\$3.30	\$4.00
↓ 54%		↑ 21%

#### KEY STATISTICS AND METRICS

52-Week High/Low	\$3.49/\$0.78
YTD Performance	71.7%
Dividend Yield	NA
Shares O/S	131.7M
Market Capitalization	\$432.0M
Cash (est.)	\$20M
Debt	nil
Enterprise Value	\$412.0M
Daily Volume (3 mos.)	2,057,550
Currency	US\$ unless noted

#### HAYWOOD ESTIMATES

	2019A	2020E	2021E
Revenue (\$M)	5.9	1.7	9.2
EBITDA (\$M)	(37.4)	(29.5)	(13.5)
CF/Share (\$)	(0.45)	(0.27)	(0.11)

#### VALUATION

**Our \$4.00 per share price target** is based on a DCF<sub>10%</sub> analysis of Energy Fuels' suite of current and future U.S. mines and alternative feed material processed, plus a modest credit for other projects. Our adjusted corporate NAV is \$533 million, or \$4.00 per share. A P/NAV multiple of 1.0x yields our 12-month target of \$4.00.

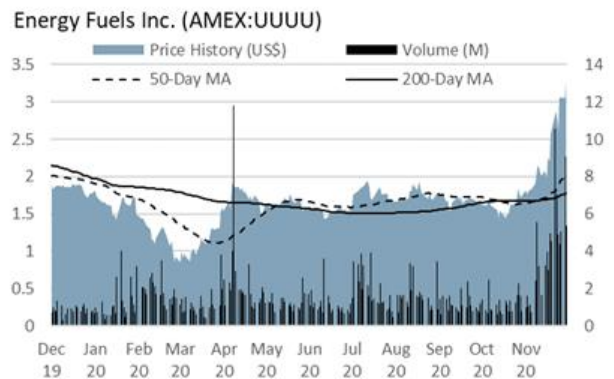
## INVESTMENT THESIS

- ◆ **Well Positioned for Uranium Price Recovery and U.S. Domestic Catalysts.** EFR controls a NI 43-101 resource base of ~130 Mlb U<sub>3</sub>O<sub>8</sub> held at a variety of conventional and ISR uranium mining projects in the United States, with development opportunities and advanced stage projects creating a pipeline with great flexibility to provide feed for the White Mesa mill. These projects, ranging from operating mines, mines on 'care & maintenance' and advanced permitting & development stage projects, position the Company to ramp up production in step functions in response to a rising uranium price. We further note that there are few operations in the world that mine and extract uranium and vanadium and, as such, Energy Fuels can also take advantage of this synergy from its uranium/vanadium endowed deposits.
- ◆ **Uranium Price Leverage.** With cash costs per pound of uranium (net of vanadium credits) in the higher quartile of the marginal cost curve for conventional operations, EFR has significant leverage to the uranium price, and has the potential to offer significant upside in a strengthening uranium price environment. The Company maintains a series of near production-ready mines currently on 'care & maintenance' or 'stand-by' which could be brought on line when uranium prices justify. In addition, the development pipeline includes the Sheep Mountain (100% interest, KEPCO can earn 40%) and Roca Honda (60% interest) projects, which are both advancing through the permitting process, and could facilitate significant production growth in the mid-term. We believe the leverage to uranium price and production growth flexibility should attract significant market attention in a rising uranium price environment.
- ◆ **One, Two, Three Commodity punch.** Investment in EFR has historically provided exposure to two commodities, where uranium has robust underlying demand fundamentals and vanadium is currently trading up 16% YTD and steel-industry related iron ore prices are showing strength. We expect uranium market fundamentals to lead to a sustained improvement and stabilization of the metal's price, further enhancing resource value while vanadium could provide a valuable credit in future production. EFR is now expanding to produce mixed REE carbonate as a complement to its uranium production.

### KEY RISKS

- **Financing** – Dilution from future equity financings
- **Commodity price volatility** – Supply, demand, and sentiment for uranium/vanadium and the associated equities
- **Execution risk across the suite of production-ready and/or stand-by projects**
- **Political risk** – Potential for a disappointing outcome not consistent with our expectations with respect to the U.S. Government-led support for the domestic uranium production.

## SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

### TARGET PRICE

Our target is based on a DCF<sub>10%</sub> analysis of Energy Fuels' suite of current and future U.S. mines and alternative feed material processed, plus a modest credit for other projects. Our adjusted corporate NAV is \$533 million, or \$4.00 per share. A P/NAV multiple of 1.0x yields our 12-month target of \$4.00.

### DOWNSIDE CASE

Our downside target of **\$1.50/share** assumes US\$7/lb V<sub>2</sub>O<sub>5</sub> and US\$35/lb uranium coinciding with 2017 average vanadium price and current UxC 5-year U<sub>3</sub>O<sub>8</sub> price. We view this as a conservative downside scenario based on what we expect to be the floor for both commodity prices over the next 12-months.

*Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.*

**Energy Fuels** is a uranium/vanadium producer/developer/explorer that controls significant uranium and vanadium resources in the United States and is now diversifying into the REE space.

### Website

[www.energyfuels.com](http://www.energyfuels.com)

### Key Management

Mark Chalmers – President, CEO & Director



**Energy Fuels Inc.** NYSE.MKT:UUUU Price: \$3.30 Shares O/S (M) 126.8 Rating: Buy  
 December 15, 2020 TSX:EFR Price: C\$4.20 MCap (C\$ M) \$418.5 Target (US\$): \$4.00 Return: 21%

**Alpha:** Energy Fuels has evolved into the United States' second largest uranium producer with the acquisition of a previous operator's U.S. assets which include the White Mesa Mill in Utah and three proximal operating mines. With the further acquisition of a U.S. based ISR miner, EFR solidifies its position as a diversified, vertically integrated explorer-developer-producer of uranium-vanadium in the USA.

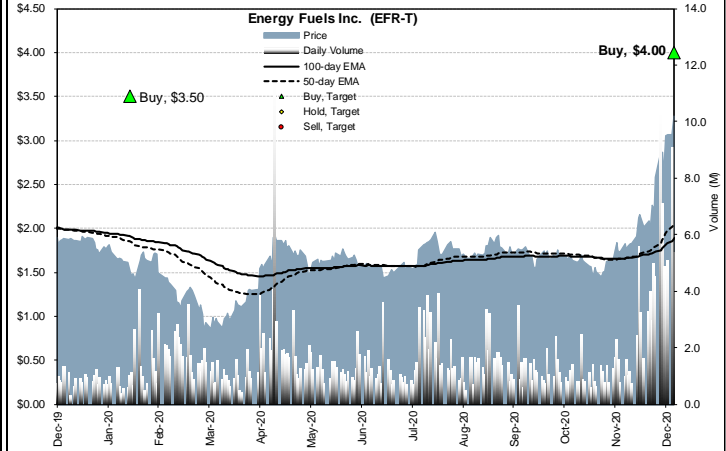
**Investment Highlights**

- Energy Fuels inherited 3 operating mines with its acquisition of a previous operator's US assets in 2012 in Pandora, Beaver and Daneros, and a fully staffed and operational conventional uranium / vanadium mill in White Mesa. The White Mesa mill can process up to 2,000 tons per day of ore, in excess of our peak modelled scenario leaving room for additional feed potentially from any of EFR's proximal assets, or for additional toll-milling arrangements.
- EFR controls a portfolio of historically producing uranium-vanadium mines and properties in Colorado, Arizona, Utah, Wyoming, and Texas with collective NI 43-101 resources of ~155 Mlb U3O8.
- In Q2/2016 Energy Fuels acquired Mesteña Uranium, which owned the Alta Mesa ISR uranium project in South Texas. Mesteña Uranium's Alta Mesa project is fully licensed and permitted for production of up to 1.5 Mlb U3O8 per year, and produced ~4.6 Mlb of uranium concentrate (U3O8) from 2005 to 2013, including 2 years where it produced 1.0 Mlb per year, before being placed on care and maintenance in late 2013 due to depressed uranium prices.
- In Q2/2015 Energy Fuels acquired Uranerz Energy, an emerging U.S.-based ISR uranium producer with primary producing assets in Wyoming, including the 2.0 Mlb/year (licensed) Nichols Ranch processing facility. We expect Nichols Ranch will contribute ~335k U3O8 to 2016 production for EFR, at an average realized price in the \$35/lb range.

**Catalysts**

- 2020:** Growing U.S. political support for nuclear and potential for a positive outcome or conclusion from the Trump-appointed U.S. Nuclear Fuel Working Group study of domestic uranium supply chain.
- 2021:** Uranium price improvement leading to production ramp up and mine re-start decisions.
- Mid-2021:** Clarity on economics of REE endeavors. Success in initial commercial production and scale-up of REE business.

**Energy Fuels Inc. Chart (CDNS)**

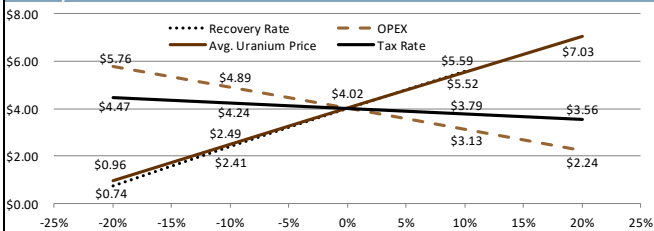


Financials & Assumptions	F'15A	F'16A	F'17A	F'18A	F'19A	F'20E	F'21E
(Year-End Dec-31)	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Spot Uranium (US\$ / lb)	\$37	\$26	\$22	\$25	\$26	\$39	\$39
Long-term Uranium (US\$ / lb)	\$47	\$40	\$31	\$31	\$32	\$46	\$46
CS/US\$ FX Rate	1.28	1.33	1.35	1.33	1.33	1.29	1.28
AS/US\$ FX Rate	1.33	1.34	1.38	1.38	1.45	1.41	1.35
<b>Revenue (US\$M)</b>	<b>\$61.4</b>	<b>\$54.6</b>	<b>\$31.0</b>	<b>\$31.7</b>	<b>\$5.9</b>	<b>\$1.7</b>	<b>\$9.2</b>
Cost of Goods Sold (US\$M)	\$37.6	\$40.8	\$22.7	\$19.3	\$18.3	\$0.0	\$4.2
Corporate G&A & Other (US\$M)	\$12.6	\$15.9	\$15.2	\$14.3	\$14.5	\$31.2	\$18.5
<b>EBITDA (US\$M)</b>	<b>\$2.2</b>	<b>(\$32.6)</b>	<b>(\$18.0)</b>	<b>(\$15.7)</b>	<b>(\$37.4)</b>	<b>(\$29.5)</b>	<b>(\$13.5)</b>
EV / EBITDA	148.5x						
DD&A (US\$M) & Write downs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Earnings (US\$M)</b>	<b>(\$82.2)</b>	<b>(\$39.4)</b>	<b>(\$27.8)</b>	<b>(\$25.2)</b>	<b>(\$38.0)</b>	<b>(\$29.2)</b>	<b>(\$14.2)</b>
Adjusted EPS (US\$)	(\$2.46)	(\$0.70)	(\$0.39)	(\$0.30)	(\$0.40)	(\$0.23)	(\$0.11)
Current Price / EPS	-	-	-	-	-	-	-
Target Price / EPS	-	-	-	-	-	-	-
<b>Cash Flow Before W/C Changes (US\$M)</b>	<b>(\$57.4)</b>	<b>(\$26.1)</b>	<b>(\$12.9)</b>	<b>(\$7.4)</b>	<b>(\$23.6)</b>	<b>(\$29.2)</b>	<b>(\$14.2)</b>
Shares O/S, millions	45.3	51.9	72.0	91.4	98.8	126.8	131.0
CFPS, US\$	(\$0.05)	(\$0.23)	(\$0.14)	(\$0.09)	(\$0.45)	(\$0.27)	(\$0.11)
Current Price / CFPS	-	-	-	-	-	-	-
Target Price / CFPS	-	-	-	-	-	-	-
Operating Cash Flow (US\$M)	(\$2.1)	(\$12.0)	(\$10.3)	(\$7.8)	(\$44.4)	(\$34.6)	(\$14.2)
Financing Cash Flow (US\$M)	\$1.4	\$22.2	\$10.4	\$21.6	\$20.4	\$38.3	\$70.2
Investing Cash Flow (US\$M)	\$3.4	\$3.9	\$0.0	(\$20.2)	\$22.6	\$3.7	(\$60.2)
Change in Cash (US\$M)	\$2.6	\$14.1	\$0.6	(\$6.4)	(\$1.4)	\$7.4	(\$4.2)
<b>Working Capital (US\$M)</b>	<b>\$35.1</b>	<b>\$24.0</b>	<b>\$33.3</b>	<b>\$52.0</b>	<b>\$20.5</b>	<b>\$41.6</b>	<b>\$32.6</b>

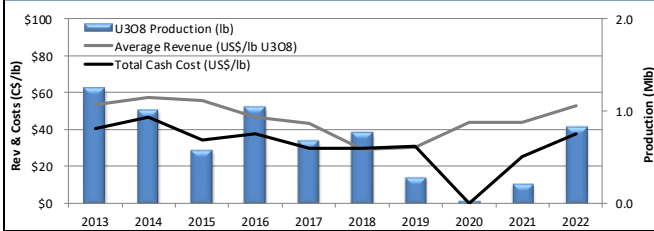
Trading Statistics (C\$); Capital Structure	
52 Week High/Low	\$3.49 / \$0.78
Average Daily Volume (90 day)	2,109,176
Ownership (M)	
Management / Institutional	Major Shareholders
Shares	1,953,781 / 30,161,871
% O/S	1.5% / 23.8%
	BlackRock, Inc. / Old West Investment Management LLC
	4.6% / 4.1%
Last Financing	
Feb-20 US\$16.6M bought deal, 11.3M common shares at a price of US\$1.47 per share	
Various financings under an ATM program 2016-2019, equalling ~US\$28M YTD in 2020 (excludes above noted financing)	
Shares O/S (million) - Basic / FD	126,826,628 / 135,845,378
(CSM)	
Av Strike (C\$)	Units (M)
Working Capital	ITM Units (M)
Options	Proceeds (C\$)
Warrants	\$26.6
Total Cash & ITM	\$0.0
	\$10
	\$37

NAV Summary & Target Generation	Base	-20%	-10%	+10%	+20%
Average Realized Uranium Price (US\$/lb)	\$64	\$51	\$57	\$70	\$76
US\$ millions					
US Conventional Mining Ops DCF (@8.0%)	\$404				
US ISR Mining Ops DCF (@8.0%)	\$203				
NPV of Corporate CF (@8.0%)	-\$197				
<b>Total NAV (US\$M)</b>	<b>\$410</b>	<b>\$131.7</b>	<b>\$332.4</b>	<b>\$730.7</b>	<b>\$928.1</b>
Other Project Credits including REE potential (US\$M)	\$80	\$80.0	\$80.0	\$80.0	\$80.0
<b>Corporate NAV (unadjusted) (US\$M)</b>	<b>\$490.4</b>	<b>\$211.7</b>	<b>\$412.4</b>	<b>\$810.7</b>	<b>\$1,008.1</b>
Working Capital (est. Dec 2021)	\$32.6	\$32.6	\$32.6	\$32.6	\$32.6
Dilutive Capital	\$10.2	\$10.2	\$10.2	\$10.2	\$10.2
<b>Total Corporate NAV (US\$M)</b>	<b>\$533.3</b>	<b>\$254.5</b>	<b>\$455.2</b>	<b>\$853.5</b>	<b>\$1,050.9</b>
Corporate NAVPS	\$4.02	\$0.96	\$2.49	\$5.52	\$7.03
Current P/NAV	0.8x	3.5x	1.3x	0.6x	0.5x
Target Price / NAV	1.0x	1.0x	1.0x	1.0x	1.0x
<b>Target (US\$)</b>	<b>\$4.00</b>	<b>\$1.00</b>	<b>\$2.50</b>	<b>\$5.50</b>	<b>\$7.00</b>

**Select Project NAV Sensitivities**

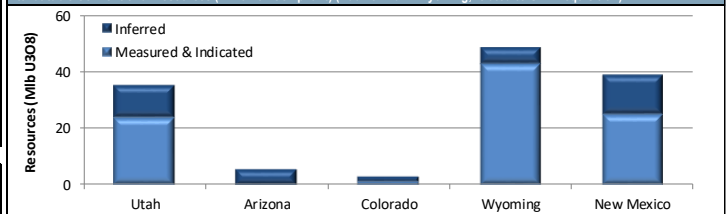


**Production (100%-basis) & Cash Cost Summary**



Production Profile (attributable)	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Total U3O8 Production (Mlb)	0.7	0.4	0.5	0.3	0.0	0.2	0.8
Uranium - Realized Price, US\$/lb	\$51	\$37	\$29	\$30	-	\$44	\$52
Cash Oper. Cost, US\$/lb sold (net of V2O5 credits)	\$34	\$22	\$29	\$31	-	\$14	\$22
Total Cash Cost, US\$/lb sold (net of V2O5 credits)	\$40	\$27	\$30	\$31	-	\$19	\$32
Total Prod. Cost, US\$/lb sold (net of V2O5 credits)	\$41	\$27	\$32	\$32	-	\$20	\$33

**Attributable Conventional Resources (NI 43-101 Compliant) (Add 19 Mlb in Wyoming, related to URZ Acquisition)**



**Peer Group Comparables (Haywood Securities estimates & Bloomberg Consensus Data)**

Company Name	Price (LoC)	MCAP CSM	EV CSM	2020 CFPS*	P/CFPS*	Cons. Target*	Implied Return
Cameco Corporation (CCO-T)	\$17.69	\$7,003	\$7,217	\$0.17	105.3x	\$17.24	-3%
Energy Fuels (UUUU-US)	\$3.28	\$533	\$512	(\$0.22)		\$2.78	-15%
Uranium Energy (UEC-AMEX)	\$1.80	\$456	\$461			\$2.34	30%
Ur-Energy Inc. (URE-T)	\$0.89	\$151	\$160	(\$0.05)		\$1.43	61%
Peninsula Energy (PEN-AU)	\$0.12	\$94	\$77			\$0.20	74%
Azarga Uranium (AZZ-T)	\$0.29	\$58	\$60	(\$0.01)		\$0.62	114%
Laramide Resources (LAM-T)	\$0.29	\$48	\$55				
Western Uranium (WUC-CNSX)	\$1.16	\$35	\$34				
* Bloomberg Consensus Data					Average:	105.3x	43%

**Corporate Contact**

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 Colin Healey, MBA - Research Analyst Emma Boggio, MSA, CPA, CA - Research Associate  
 chealey@haywood.com 604-697-6089 eboggio@haywood.com 604-697-6166

Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities



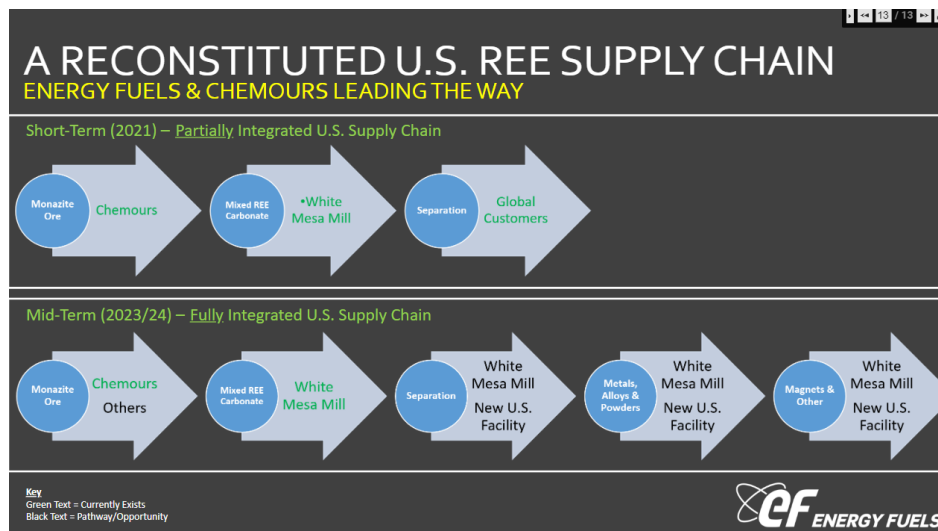
## Commentary

**Monazite Sands background:** Monazite is one of the highest-grade rare earth element minerals in the world, with monazite sand ores from the southeast U.S. averaging about 55% TREO and 0.20% uranium (which is the typical grade of uranium found in uranium mines that have historically fed the White Mesa Mill). Meanwhile, neodymium (“Nd”) and praseodymium (“Pr”) oxides comprise ~22% of the TREO and are among the most valuable of the REEs. Nd and Pr are key components in the manufacture of high-strength permanent magnets which are essential to the lightweight and powerful motors required in electric vehicles. They are also used in permanent magnet wind turbines as well as an array of other modern technologies, including mobile devices and defense applications.

### Key Points on Commercial Production of REEs

- ◆ Energy Fuels expects to acquire a minimum 2,500 tons of monazite sands next year from Chemours but plans on increasing future production to up to ~15,000 tons of monazite sands per year in the future.
- ◆ Monazite sands will be processed at EFR’s 100%-owned White Mesa Mill starting in Q1-2021, where it will recover the contained uranium and produce a marketable mixed REE carbonate for sale to a to-be-determined separation facility, likely in Asia or Europe.
- ◆ REE carbonate production will utilize only a very small amount of the White Mesa Mill's ore processing capacity and very little waste tailings capacity (2,500 tons is less than 0.4% of the Mill's ore throughput capacity, while targeted expansion of 15,000 tons is ~2%).
- ◆ If Energy Fuels is successful in sourcing required additional ore-feed to process 15,000 tons annually of grade/content similar to the Chemours monazite, EFR estimates it would produce approximately 50% of U.S. industrial REE demand in a mixed REE carbonate.
- ◆ The Company expects to recover uranium from the monazite and produce a commercially salable mixed REE carbonate containing ~71% total rare earth oxides (“TREO”) (dry basis). This REE product will be ready for REE separation (the next step in producing usable REE products). The uranium component of the monazite sands ore at a disclosed grade of approximately 0.2% U<sub>3</sub>O<sub>8</sub>, suggests a contained uranium content of ~10,000 lb U<sub>3</sub>O<sub>8</sub> in the 2,500 tons contracted annually, worth about \$300k before recoveries.
- ◆ **EFR is not disclosing important terms of the contract including what it will pay for the monazite sands, or whatever underlying mechanisms may be present to compensate the counterparty. EFR is also unwilling to disclose its expected processing cost structure for processing or estimate the marketable value of the REE carbonate it intends to produce in Phase 1, making it impossible to estimate margins. As such, we have zero basis for estimation of potential cash flow that could be generated from this business. We pressed the Company for details on the matter in the webinar held to discuss the initiative. EFR did however, suggest that during Phase 1 (throughout 2021 at the moment) it expects to be approximately break-even, before expanding processing rates (2021 onward) and potentially expanding within the REE value change with separation capabilities, etc. in 2023/24.**
- ◆ Energy Fuels is also evaluating the future potential (2023/24 timeframe) to perform REE separation, and other downstream REE activities, including metal-making and alloying to capture more of this vertical. EFR’s rough estimates suggest a dedicated REE separation circuit at the White Mesa mill would require capital investment in the \$100M range and potentially generate “hundreds of millions of dollars” in revenue based on 15ktpa feed. EFR also said a REE metals/alloys circuit is an additional option it will investigate with a cost in the range of \$50M-\$75M.

### EFR’s Vision for REE Processing Evolution



Source: Energy Fuels Inc.



## Outlook

### Estimates & Recommended Action

- Our estimates regarding future uranium/vanadium production remain unchanged. The White Mesa Mill is the only operating conventional uranium or vanadium mill in the U.S. This ideally positions EFR to capitalize on an improving fundamental picture for uranium, particularly in the U.S. EFR has also found a creative opportunity to further utilize this strategic asset processing REE ore. The economics of this endeavor remain highly uncertain and extremely difficult to estimate given the early stage and lack of critical data for our analysis. That said, **we recognize the potential for REE production to contribute positively to EFR's bottom line beyond 2021 and have added a \$70M conservative credit to our valuation for such, driving an increase in our 12-month target to \$4.00/share (from \$3.50), while maintaining our BUY rating.** We will refine the valuation of REE processing potential when EFR can outline its cost structure and market value for its intermediary REE carbonate product marketable to separation facilities and/or provide more detailed information on the potential economics of an integrated separation facility at the Mill.

#### Estimates

Financials & Assumptions	F'15A	F'16A	F'17A	F'18A	F'19A	F'20E	F'21E
(Year-End Dec-31)	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
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Long-term Uranium (US\$ / lb)	\$47	\$40	\$31	\$31	\$32	\$46	\$46
C\$/US\$ FX Rate	1.28	1.33	1.35	1.33	1.33	1.29	1.28
A\$/US\$ FX Rate	1.33	1.34	1.38	1.38	1.45	1.41	1.35
<b>Revenue (US\$M)</b>	<b>\$61.4</b>	<b>\$54.6</b>	<b>\$31.0</b>	<b>\$31.7</b>	<b>\$5.9</b>	<b>\$1.7</b>	<b>\$9.2</b>
Cost of Goods Sold (US\$M)	\$37.6	\$40.8	\$22.7	\$19.3	\$18.3	\$0.0	\$4.2
Corporate G&A & Other (US\$M)	\$12.6	\$15.9	\$15.2	\$14.3	\$14.5	\$31.2	\$18.5
<b>EBITDA (US\$M)</b>	<b>\$2.2</b>	<b>(\$32.6)</b>	<b>(\$18.0)</b>	<b>(\$15.7)</b>	<b>(\$37.4)</b>	<b>(\$29.5)</b>	<b>(\$13.5)</b>
EV / EBITDA	148.5x						
DD&A (US\$M) & Write downs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Earnings (US\$M)</b>	<b>(\$82.2)</b>	<b>(\$39.4)</b>	<b>(\$27.8)</b>	<b>(\$25.2)</b>	<b>(\$38.0)</b>	<b>(\$29.2)</b>	<b>(\$14.2)</b>
Adjusted EPS (US\$)	(\$2.46)	(\$0.70)	(\$0.39)	(\$0.30)	(\$0.40)	(\$0.23)	(\$0.11)

Source: Haywood Securities Inc.

## Valuation

### Target and Rating Maintained

**We are increasing our target to US\$4.00 and maintaining our BUY rating.** we recognize the potential for REE production to contribute positively to EFR's bottom line beyond 2021 and have added a \$70M conservative credit to our valuation for such, to our prior \$10M credit for "other projects" for a total credit of \$80M for non-core valuation components, driving an increase in our 12-month target to \$4.00/share (from \$3.50), while maintaining our BUY rating.

#### NAV Summary & Uranium Price Sensitivities

NAV Summary & Target Generation	Base	-20%	-10%	+10%	+20%
Average Realized Uranium Price (US\$/lb)	\$64	\$51	\$57	\$70	\$76
<i>US\$ millions</i>					
US Conventional Mining Ops DCI (@8.0%)	\$404				
US ISR Mining Ops DCF (@8.0%)	\$203				
NPV of Corporate CF (@8.0%)	-\$197				
Total NAV (US\$M)	\$410	\$131.7	\$332.4	\$730.7	\$928.1
Other Project Credits including REE potential (US\$M)	\$80	\$80.0	\$80.0	\$80.0	\$80.0
<b>Corporate NAV (unadjusted) (US\$M)</b>	<b>\$490.4</b>	<b>\$211.7</b>	<b>\$412.4</b>	<b>\$810.7</b>	<b>\$1,008.1</b>
Working Capital (est. Dec 2021)	\$32.6	\$32.6	\$32.6	\$32.6	\$32.6
Dilutive Capital	\$10.2	\$10.2	\$10.2	\$10.2	\$10.2
<b>Total Corporate NAV (US\$M)</b>	<b>\$533.3</b>	<b>\$254.5</b>	<b>\$455.2</b>	<b>\$853.5</b>	<b>\$1,050.9</b>
Corporate NAVPS	\$4.02	\$0.96	\$2.49	\$5.52	\$7.03
Current P/NAV	0.8x	3.5x	1.3x	0.6x	0.5x
Target Price / NAV	1.0x	1.0x	1.0x	1.0x	1.0x
<b>Target (US\$)</b>	<b>\$4.00</b>	<b>\$1.00</b>	<b>\$2.50</b>	<b>\$5.50</b>	<b>\$7.00</b>

Source: Haywood Securities Inc.



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I, Colin Healey, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

### Important Disclosures

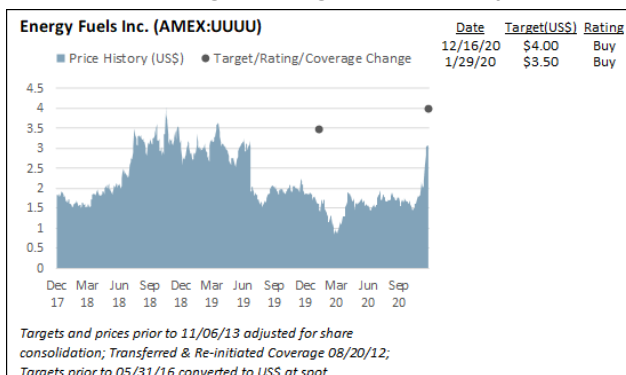
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### Distribution of Ratings (as of December 16, 2020)

	%	#	IB Clients (TTM)
<b>Buy</b>	73.1%	76	86.7%
<b>Hold</b>	6.7%	7	3.3%
<b>Sell</b>	0.0%	0	0.0%
<b>Tender</b>	1.0%	1	0.0%
<b>UR (Buy)</b>	1.0%	1	0.0%
<b>UR (Hold)</b>	0.0%	0	0.0%
<b>UR (Sell)</b>	0.0%	0	0.0%
<b>Dropped (TTM)</b>	18.3%	19	10.0%

### Price Chart, Rating and Target Price History (as of December 16, 2020)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review  
Source: Capital IQ and Haywood Securities

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