

Energy Fuels Inc. (TSX:EFR)

Sourcing REE-Bearing Monazite a Priority; Balance Sheet Strengthened

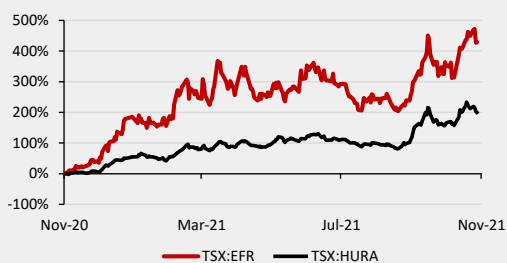
Financial Results

November 2, 2021

(Currency is US\$ unless noted otherwise)

Closing Price (C\$/sh)	\$9.76		
Rating	BUY		
Target (C\$/sh)	\$11.85		
Return to Target	21%		
52 Week Low / High (C\$/sh)	\$1.91 / \$11.24		
CAPITALIZATION	Basic	Diluted	
Shares Outstanding (M)	148.6	152.3	
Market Capitalization (C\$M)	\$1,450.3		
Enterprise Value (C\$M)	\$1,345.0		
Cash and Cash Equivalents (C\$M)	\$105.4		
Total Debt (C\$M)	\$0.0		
FYE: DEC 31	2021E	2022E	2023E
REE produced (t)	548.8	1,995.8	5,987.4
Uranium produced (lb)	4,400	16,000	48,000
Revenue (US\$M)	\$13.33	\$45.62	\$137.09
Net Earnings (US\$M)	\$(24.42)	\$8.05	\$69.04
EBITDA (US\$M)	\$(23.33)	\$8.05	\$69.04
EPS	\$(0.12)	\$0.07	\$0.62
CFPS	\$(0.07)	\$0.05	\$0.46

RELATIVE PERFORMANCE



NET ASSET VALUE	C\$M	C\$/sh
Project NAV	1,938	12.73
Corporate NAV	1,807	11.86

RELATIVE VALUATION	US\$ EV/lb U ₃ O ₈	P/NAV
Energy Fuels Inc.	9.16	0.82x
Peers *	7.25	1.07x

* S&P Capital IQ Pro

MAJOR SHAREHOLDERS

Management (5%), BlackRock, Inc. (10%), The Vanguard Group, Inc. (3.37%), Mirae Asset Global Investments Co., (2.61%)

DISCLOSURE CODE: 1,2

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ Pro

Company Description

Energy Fuels is a U.S.-based uranium mining company, supplying U₃O₈ to major nuclear utilities. The company also produces vanadium from certain of its projects, as market conditions warrant, and in July 2021 started the commercial production of a mixed REE carbonate. Energy Fuels holds three of America's key uranium production centers: the White Mesa mill in Utah, the Nichols Ranch in-situ recovery ("ISR") project in Wyoming, and the Alta Mesa ISR project in Texas.

Impact: Neutral

Energy Fuels (EFR) Q3/21 financial results reported a net loss of \$8.0M due to increased development expenditures and underutilized capacity production incurred in ramping up mixed REE carbonate production. Earnings are not as important during this period of transition for Energy Fuels as it awaits higher uranium prices and attempts to ramp up rare earth carbonate production. Uranium production remains largely on standby as prices recently rose >42% due to physical uranium buying in the spot market ([read more](#)). Meanwhile, attempts to ramp up RE carbonate production has been slower than expected due to delayed deliveries of monazite to site, but additional sources are being sought. **We believe investors should keep a close eye on this multi-faceted company as it prepares to take advantage of rising U3O8 prices and looks to establish the first, US based, fully integrated REE supply chain.**

- **Net loss incurred; production of REE carbonate ramping.** A Q3/21 net loss of \$8.0M is attributed to revenue of ~US\$715k (+57% QoQ) which is primarily related to increased fees from development expenditures in RE Carbonate ramp up, and underutilized capacity production costs. Production in the quarter was ~270t of RE carbonate (containing ~120t RE oxides) from natural monazite sands; V₂O₅ was not produced.
- **Balance sheet strengthened in Q3/21.** Operations and ATM use have contributed to cash and marketable securities of ~\$101M (+28% QoQ). While several existing U₃O₈ mines on standby, its physical uranium inventory is available for sale. Inventory was booked at \$29.3M (691k lb U₃O₈ and 1.67M lb V₂O₅) but is valued at \$46.9M at current prices, and can be monetized as EFR sees fit. Several non-core conventional uranium projects located in Utah and Colorado were sold for ~C\$35.1M, plus an additional C\$5M payable upon commencement of production. EFR seeks opportunities to supply uranium to nuclear facilities under term contracts in an effort to reduce its financial risk in coming years.
- **Lower RE guidance; discussions ongoing with monazite suppliers.** EFR expects to recover 400-600t of mixed RE Carbonate (~180-270t of TREO) this year. This is reduced from Q2/21's already modified guidance of ~700-1,100t of mixed RE Carbonate (~350-550t of TREO). Lower production is from reduced monazite sands available from its Georgia supplier, now expected to provide ~800tpa, down from expectations of ~2,500tpa. Active discussions are underway with several global suppliers. While RE carbonate ramp up is slower than anticipated, deliveries to a separation facility in Europe have begun.
- **New revenue sources are being considered,** such as its most recent agreement with RadTran LLC ([read more](#)) to review the recovery of elements required to produce medical isotopes. Additionally, EFR announced its San Jose County Clean Energy Foundation, a fund specifically designed to contribute to the local communities.

We maintain a BUY rating and C\$11.85 target price. Upcoming catalysts: 1) Additional monazite supply contracts (ongoing), 2) potential restart of uranium operations (ongoing), 3) medical isotope study (2021/2022), and 4) Scoping study for REE separation facility in US (2022).

David A. Talbot | MD, Mining Analyst
 Koby Kushner | Research Associate
 Alina Islam | Research Associate
 Daniel Kozielowicz | Research Associate
 Elie Khazzaka | Research Associate

Red Cloud Securities Inc.
 120 Adelaide Street West, Suite 1400
 Toronto ON, M5H 1P9
research@redcloudsecurities.com
<https://www.redcloudfs.com/research-home/>

Disclosure Statement
 Updated November 2, 2021

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target C\$/sh	Status	%
2021-04-22	NA	NA	BUY	71%
2021-05-14	NA	NA	BUY (S)	25%
2021-07-08	NA	NA	HOLD	0%
2021-07-15	NA	NA	SELL / Tender	0%
2021-07-30	NA	NA	NA	3%
2021-08-04	NA	NA	Under Review	1%
2021-09-07	BUY	10.25		
2021-10-13	BUY	11.85		

Disclosure Requirement

Red Cloud Securities Inc. is registered as an Investment Dealer in all Canadian provinces and territories, and is a member of the Investment Industry Organization of Canada (IIROC). Part of Red Cloud Securities Inc.'s business is to connect mining companies with suitable investors. Red Cloud Securities Inc., its affiliates and their respective officers, directors, representatives, researchers and members of their families may hold positions in the companies mentioned in this document and may buy and/or sell their securities. Additionally, Red Cloud Securities Inc. may have provided in the past, and may provide in the future, certain advisory or corporate finance services and receive financial and other incentives from issuers as consideration for the provision of such services.

Red Cloud Securities Inc. has prepared this document for general information purposes only. This document should not be considered a solicitation to purchase or sell securities or a recommendation to buy or sell securities. The information provided has been derived from sources believed to be accurate but cannot be guaranteed. This document does not take into account the particular investment objectives, financial situations, or needs of individual recipients and other issues (e.g. prohibitions to investments due to law, jurisdiction issues, etc.) which may exist for certain persons. Recipients should rely on their own investigations and take their own professional advice before investment. Red Cloud Securities Inc. will not treat recipients of this document as clients by virtue of having viewed this document.

Red Cloud Securities Inc. takes no responsibility for any errors or omissions contained herein, and accepts no legal responsibility for any errors or omissions contained herein, and accepts no legal responsibility from any losses resulting from investment decisions based on the content of this report.

Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Energy Fuels Inc.	TSX:EFR	1,2

1. The analyst has visited the head office of the issuer or has viewed its material operations.
2. The issuer paid for or reimbursed the analyst for a portion or all of the travel expense associated with a visit.
3. In the last 12 months preceding the date of issuance of the research report or recommendation, Red Cloud Securities Inc. has performed investment banking services or has been retained under a service or advisory agreement by the issuer.

4. In the last 12 months, a partner, director or officer of Red Cloud Securities Inc., or the analyst involved in the preparation of the research report has received compensation for investment banking services from the issuer.
5. The analyst who prepared this research report has a long position, in the issuer's securities.
6. The analyst who prepared this research report has a short position, in the issuer's securities.
7. Red Cloud Securities Inc. and its affiliates collectively beneficially owned 1% or more of any class of issuer's equity securities as of the end of the month preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month.
8. A partner, director or officer of Red Cloud Securities Inc. serves as a Director or Officer or Advisory Board Member of the issuer.
9. A partner, director or officer of Red Cloud Securities Inc. or any analyst involved in the preparation of a report has, during the 12 preceding months, provided services to the issuer for remuneration other than normal course investment advisory or trade execution services.
10. The analyst who prepared this research report was compensated from revenues generated solely by the Red Cloud Securities Inc.'s Investment Banking Department.
11. Red Cloud Securities Inc. is a market maker in the equity of the issuer.
12. There are material conflicts of interest with Red Cloud Securities Inc. or the analyst who prepared the report and the issuer.

Recommendation Terminology

Red Cloud Securities Inc. recommendation terminology is as follows:

- BUY – expected to outperform its peer group
- HOLD – expected to perform with its peer group
- SELL – expected to underperform its peer group
- Tender – clients are advised to tender their shares to a takeover bid
- Not Rated or NA – currently restricted from publishing, or we do not yet have a rating
- Under Review – our rating and target are under review pending, prior estimates and rating should be disregarded.

Companies with BUY, HOLD or SELL recommendations may not have target prices associated with a recommendation. Recommendations without a target price are more speculative in nature and may be followed by "(S)" or "(Speculative)" to reflect the higher degree of risk associated with the company. Additionally, our target prices are set based on a 12-month investment horizon.

Dissemination

Red Cloud Securities Inc. distributes its research products simultaneously, via email, to its authorized client base. All research is then available on www.redcloudsecurities.com via login and password

Analyst Certification

Any Red Cloud Securities Inc. research analyst named on this report hereby certifies that the recommendations and/or opinions expressed herein accurately reflect such research analyst's personal views about the companies and securities that are the subject of this report. In addition, no part of any research analyst's compensation is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.