

# Energy Fuels Resumes Vanadium Production; Launches Initiatives to Boost Readiness for Potential Uranium Market Improvement; Provides 2019 Guidance



NYSE AMERICAN: UUUU  
TSX: EFR

January 7, 2019 (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 resumed vanadium production

at its 100%-owned White Mesa Mill (the “Mill”), making the Company the newest producer in the World able to respond to today’s vanadium market strength. The Company is also pleased to announce that it has launched a number of key initiatives intended to boost the ability of the Company to quickly and effectively increase uranium production in response to improved uranium market conditions that may result from the ongoing Section 232 uranium investigation in the United States or improvement in global market fundamentals. Finally, the Company provides uranium and vanadium production and sales guidance for 2019.



V205 “black flake” Produced at the White Mesa Mill in January 2019 (CNW Group/Energy Fuels Inc.)

### Vanadium Production Resumes

In December 2018, the Company commenced a campaign to recover vanadium pentoxide (“V<sub>2</sub>O<sub>5</sub>”) from existing tailings pond solutions at the Company’s White Mesa Mill, which result from past mineral processing operations. In early January 2019, the Company produced its first batches of vanadium concentrate, also known as “black flake”. This is Energy Fuels’ first vanadium production since 2013, and the first time the Company has recovered vanadium from tailings pond solutions at the Mill. The Company is also pleased to announce that the first batches of “black flake” are of excellent quality and purity, and believed by the Company to meet or exceed the commercial specifications of potential buyers of high quality finished vanadium product. The Mill is the only operating conventional

uranium and vanadium production facility in the United States and is highly strategic, as uranium and vanadium are two (2) of the thirty-five (35) “mineral commodities considered critical to the economic and national security of the United States”, according to the Final List of Critical Minerals published by the U.S. Government in May 2018.

The Company intends to continue to ramp-up vanadium production from this campaign during Q1-2019, and at this time expects to achieve full production rates of 200,000 to 225,000 pounds of  $V_2O_5$  per month by the end of the quarter, subject to continued successful ramp-up, suitable sales prices, and market conditions.

As previously announced, the Company estimates there are up to four (4) million pounds of recoverable vanadium dissolved in these Mill pond solutions. The Company had originally intended to commence this campaign in November 2018, but elected to delay commencement to December 2018 in order to accommodate additional uranium production at the Mill.

#### Enhanced Uranium Production Readiness and Scalability

The Company also expects to launch a number of key initiatives in 2019 intended to enhance the Company’s ability to more quickly and effectively respond to improved uranium market conditions that may result from the ongoing Section 232 uranium investigation in the United States or improvements in global uranium market fundamentals. During 2019, the Company plans to invest a total of approximately \$4.2 million in initiatives at the following projects:

- La Sal Complex: The Company expects to continue the current test-mining program targeting vanadium at the fully-permitted La Sal mine. The Company is also planning to begin refurbishing and potentially test-mining a second uranium/vanadium mine within the La Sal Complex, the fully-permitted Pandora mine. The La

Sal and Pandora properties are individual mines within the Company's 100%-owned La Sal Complex, which is a series of several past-producing uranium/vanadium mines along an 11-mile east-west mineral trend located in eastern Utah. The purpose of the test-mining program is to evaluate different mining approaches that selectively target high-grade vanadium zones, thereby potentially increasing productivity and mined grades for vanadium and decreasing mining costs per pound of  $V_2O_5$  and  $U_3O_8$  recovered. As previously announced on October 24, 2018, the Company had identified and mined zones of mineralization that averaged 1.67%  $V_2O_5$  and 0.10%  $U_3O_8$  over approximately 420 tons of material from areas that were mined in the past. As of December 31, 2018, the Company had mined over 3,000 tons of material. The Company expects to provide the market with further updates on this program in Q1-2019, and depending on market conditions and continued positive results, the Company may decide to expand and extend the project. In addition, the Company expects to complete a surface and underground drilling program at the La Sal Complex in 2019. The purpose of the drilling program is to potentially expand the uranium and/or vanadium resources, and to provide additional data for a possible update to the existing March 25, 2014 technical report on the La Sal Complex.

- Nichols Ranch ISR Project: The Company has purchased and expects to install new ion exchange capacity, and upgrade other equipment, at the Company's 100% owned Nichols Ranch *in situ* recovery ("ISR") Plant in Wyoming. These upgrades will increase flow capacity through the plant, and are thereby expected to reduce operating costs per pound and significantly increase the uranium production capacity of Nichols Ranch.
- Alta Mesa ISR Project: The Company expects to complete a 200-hole surface drilling program at the Company's 100%-

owned Alta Mesa ISR Project in South Texas, in order to increase and upgrade the uranium resources and extend the life-of-mine production profile of this project.

- Canyon Mine: The Company expects to continue to evaluate the copper metallurgy and perform other development work at this key low-cost uranium and copper project.

Mark S. Chalmers, President and CEO of Energy Fuels, stated: “We have officially resumed vanadium production at our White Mesa Mill in Q4-2018, and we have produced our first batches of V<sub>2</sub>O<sub>5</sub> ‘black flake’ from this campaign. Further, we are extremely pleased with the quality and purity of our initial batches of finished vanadium product. Energy Fuels is the newest vanadium producer in the World to respond to today’s relative market strength, and we are now one of the only vanadium producers in North America. I also wish to recognize all of our personnel at the White Mesa Mill, who worked diligently around-the-clock over the past several weeks in order to make this project a success. I couldn’t be prouder of their professionalism and commitment.

“We expect to continue to ramp-up vanadium production in the coming weeks. Even though current vanadium prices of \$15.50 per pound have dropped off of their November 2018 highs of \$28.75 per pound, markets remain strong and have stabilized in recent weeks. Vanadium markets can be extremely volatile, but we believe the relative strength we’re seeing in today’s vanadium market is likely to continue throughout 2019, and potentially into 2020. Energy Fuels should be able to generate substantial revenue under current and expected vanadium market conditions. In addition, now that we have upgraded the Mill’s vanadium circuit and proven-up the chemistry required to process the tailings solutions, we can be extremely flexible in our current and future vanadium production. We now have the ability to halt, and later resume, vanadium production from pond solutions within a matter of days and at little to no cost to us in response to evolving

market conditions. While our initial results are outstanding, we expect to continue to refine our processes to potentially improve purities and product quality to even higher standards. We plan to provide the markets with further updates on vanadium production throughout 2019.

“We are also investing in important critical-path items at our low-cost, operating, and standby uranium projects. These investments will put these projects in the very best position to resume – and increase – production very quickly, as uranium prices are expected to increase due to the ongoing Section 232 investigation into uranium imports into the U.S., or through generally improved global uranium market conditions. When the ‘starting-gun’ goes off, Energy Fuels plans to be among the very first companies to ramp-up production in an improved market.”

#### 2019 Uranium Production and Sales Guidance

As a result of current uranium market conditions, both ISR and conventional uranium recovery are being maintained at reduced levels until such time as market conditions improve sufficiently, either as a result of potential relief under the ongoing Section 232 investigation or through improved market fundamentals. During 2019, the Company expects to produce approximately 50,000 to 125,000 pounds of  $U_3O_8$ , of which approximately 50,000 to 75,000 pounds are expected to be produced from its Nichols Ranch ISR Project as it winds down into standby mode, pending expected improvements in uranium market conditions. In addition, subject to further process test work, up to 50,000 pounds of uranium could be recovered from pond solutions at the Mill, during the vanadium processing campaign discussed above. This is expected to be the only source of uranium production from the Mill in 2019, due to the Mill’s expected focus on vanadium.

Further, the Company has entered into no uranium sales commitments in 2019; therefore, all 2019 uranium production is

expected to be added to existing inventories. Energy Fuels' significant uranium inventory provides the Company with financial flexibility, and the Company believes its existing inventories and new production may be worth significantly more in the future. However, if suitable uranium price increases are observed in 2019, or if cash needs arise, the Company may elect to complete some discretionary uranium sales in 2019. The Company also expects to stockpile alternate feed materials and/or other uranium-bearing materials at the Mill during 2019 for future processing campaigns.

### 2019 Vanadium Production and Sales Guidance

As previously announced, the Company currently estimates that a total volume of up to four (4) million pounds of recoverable vanadium is dissolved in the Mill's tailings pond solutions. As stated above, the Company currently expects to achieve full production rates of 200,000 to 225,000 pounds of  $V_2O_5$  per month during Q1-2019. The Company expects this production to occur throughout 2019, and through at least half of 2020, subject to continued successful ramp-up, including acceptable sales prices and market conditions. Further, while the Company expects vanadium prices to support vanadium production throughout the campaign, in the event vanadium prices or sales opportunities drop to unsuitable levels, the Company has the ability to halt production at its discretion within a very short period of time and at little to no cost, thereby preserving this vanadium inventory for future recovery.

As the campaign continues, the Company expects to sell its vanadium product within one to three months of production. At the current time, the Company has not entered into any agreements for the sale of vanadium in 2019, as the Company carefully ramps-up production and ensures that its vanadium product meets all commercial specifications. However, now that the Company believes its vanadium production and product quality have been confirmed, the Company expects to enter into

vanadium sales agreements in the coming weeks.

**John H. White, P.E., Vice President, Technical Services of Energy Fuels Resources (USA) Inc.**, is a Qualified Person as defined by Canadian National Instrument 43-101 (“NI 43-101”) and has reviewed and approved the technical disclosure, including sampling, analytical, and test data underlying the information, contained in this news release.

**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 along with 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](http://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.; any expectations about uranium and vanadium recovery rates and expected pounds of uranium and vanadium that may be recovered at the White Mesa Mill; any expected total amount of contained vanadium in the Mill's pond solutions and expected vanadium and uranium recoveries from such solutions; any expectations relating to the continued successful ramp-up of the Mill pond vanadium recovery campaign, including acceptable costs, recoveries, product quality, and market conditions; any expectation that vanadium production at the Mill may enable the Company to generate substantial revenue under current market conditions; any expectations that current vanadium prices may continue throughout 2019 and potentially into 2020; any expectation that the Company's key initiatives may boost the ability of the Company to quickly increase uranium production in response to improved uranium market conditions; any expectation that improved uranium market conditions may result from the ongoing Section 232 uranium investigation in the United States or from improvement in global market fundamentals; any expectation that the Company plans to expand or extend the test mining program at its La Sal Complex; any expectations relating to potential increases in productivity and mined grades for vanadium and decreases in mining costs at the La Sal Complex or any other mines as a result of the test-mining program; any expectation that the Company plans to conduct additional surface exploration drilling that targets high-grade vanadium at the La Sal Complex, whether any such drilling may increase resources and whether or not the Company may update its NI 43-101 Technical Report on the La Sal Complex; any expectation that the planned upgrades at Nichols Ranch may increase flow capacity through the plant, thereby reducing operating costs per pound and significantly increasing the production capacity of Nichols Ranch; any expectation that the planned drilling program at Alta Mesa may increase and upgrade the uranium resources and extend the life-of-mine production profile of

that project; any expectations about potential copper recoveries from resources mined from the Canyon mine or the expected costs of production at that mine or any of the Company's other mines; any expectations relating to the Company's uranium and vanadium production and sales guidance for 2019; any expectation that the Company's existing uranium inventories and new production may provide financial flexibility and may be worth significantly more in the future; any expectation that the Company may stockpile alternate feed materials and/or other uranium-bearing materials at the Mill for future processing campaigns; 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.; any expectations about uranium and vanadium recovery rates and expected pounds of uranium and vanadium that may be recovered at the White Mesa Mill; any expected total amount of contained vanadium in the Mill's pond solutions and expected vanadium and uranium recoveries from such solutions; any expectations relating to the continued successful ramp-up of the Mill pond vanadium recovery campaign, including acceptable costs, recoveries, product quality, and market conditions; any expectation that

vanadium production at the Mill may enable the Company to generate substantial under current market conditions; any expectations that current vanadium prices may continue throughout 2019 and potentially into 2020; any expectation that the Company's key initiatives may boost the ability of the Company to quickly increase uranium production in response to improved uranium market conditions; any expectation that improved uranium market conditions may result from the ongoing Section 232 uranium investigation in the United States or from improvement in global market fundamentals; any expectation that the Company plans to expand or extend the test mining program at its La Sal Complex; any expectations relating to potential increases in productivity and mined grades for vanadium and decreases in mining costs at the La Sal Complex or any other mines as a result of the test-mining program; any expectation that the Company plans to conduct additional surface exploration drilling that targets high-grade vanadium at the La Sal Complex, whether any such drilling may increase resources and whether or not the Company may update its NI 43-101 Technical Report on the La Sal Complex; any expectation that the planned upgrades at Nichols Ranch may increase flow capacity through the plant, thereby reducing operating costs per pound and significantly increasing the production capacity of Nichols Ranch; any expectation that the planned drilling program at Alta Mesa may increase and upgrade the uranium resources and extend the life-of-mine production profile of that project; any expectations about potential copper recoveries from resources mined from the Canyon mine or the expected costs of production at that mine or at any of the Company's other mines; any expectations relating to the Company's uranium and vanadium production and sales guidance for 2019; any expectation that the Company's existing uranium inventories and new production may provide financial flexibility and may be worth significantly more in the future; any expectation that the Company expects to stockpile alternate feed materials and/or other uranium-bearing materials at the Mill for future processing campaigns; 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](http://www.sec.gov) and [www.sedar.com](http://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.*