

The US uranium industry awaits President Trump's Nuclear Fuel Working Group findings

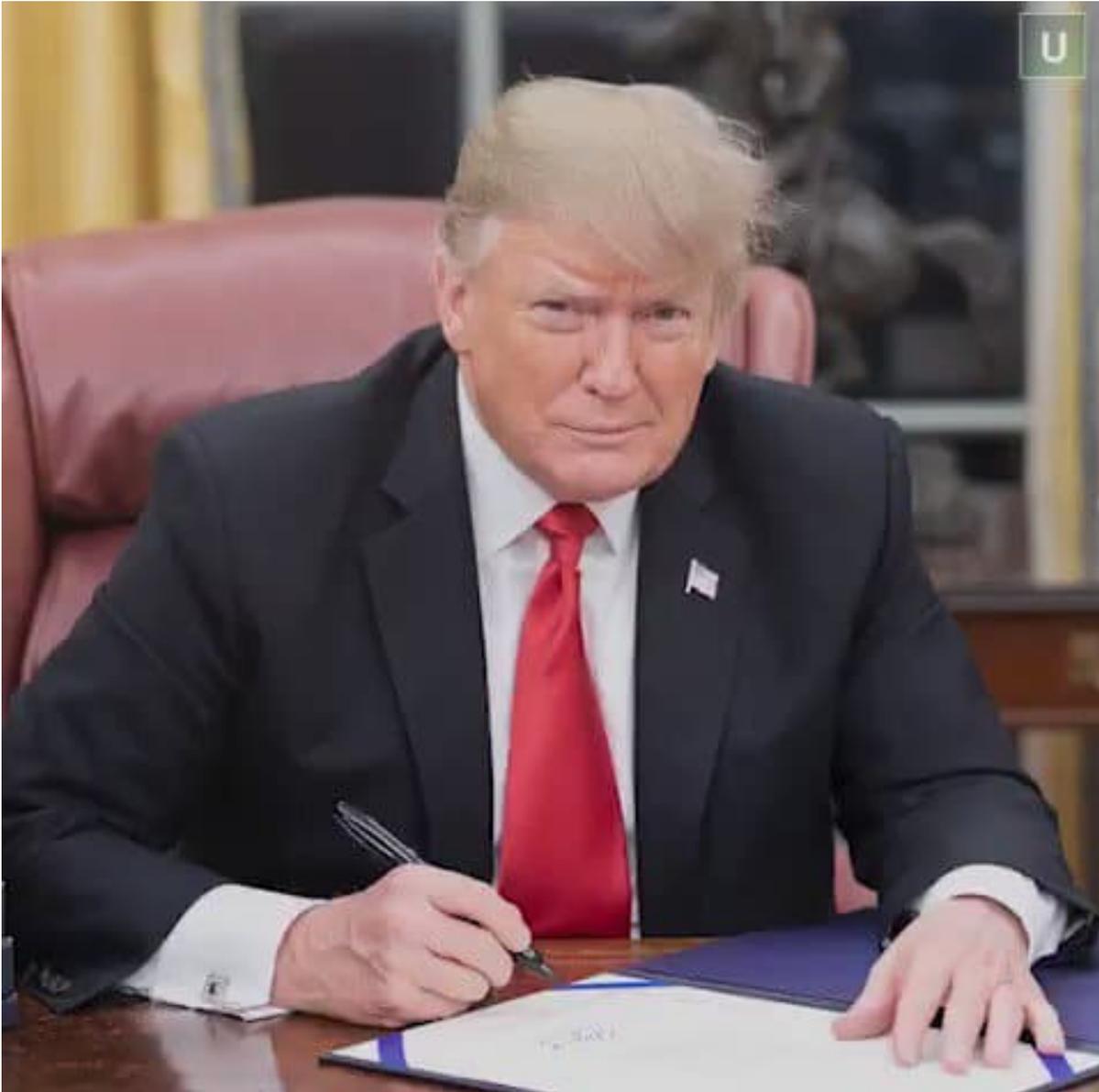
On July 13, 2019, President Donald Trump did not go ahead with the Department of Commerce recommendations which proposed (under Section 232 of the Trade Expansion Act) to have US Uranium users source up to 25% of their uranium from domestic mines. It's not all bad news however as President Trump created a working group to review the country's nuclear fuel supply chain over the next 90 days. The President is asking the group to identify other ways to boost the domestic uranium industry. The report/recommendation for President Trump from the Nuclear Fuel Working Group (NFWG) is expected by 10/10/2019 (or about 2 weeks from now).

The problem on the domestic supply side is that over 92% of the uranium used in nuclear reactors is imported from abroad, largely from Russia and Kazakhstan. For this reason, Trump has agreed that the impact of the supply chain on national security warrants further review.

A more holistic look at nuclear fuel production includes uranium mining, milling, conversion and enrichment. Remedies like quotas could still be on the table, but the creation of the Working Group opens up other ways to support the domestic industry including direct support, support to U.S. utilities for buying U.S. uranium products, tax breaks, regulatory reform, and other similar actions.

Energy Fuels has stated: "We were pleased that on July 12, 2019, President Donald Trump took meaningful action that has the potential to revive the U.S. uranium industry."

Trump to soon review the NFWG recommendations on the US uranium sector



The Nuclear Energy Institute (NEI) has made some suggestions

Uranium mining companies and supporters of the quota had cited the potential economic benefits by viewing the quota as an opportunity to revitalize domestic uranium mining. They have claimed it would increase domestic uranium mining revenue from \$150 million to \$700 million, and U.S. uranium companies would go from producing 1.4 million pounds of uranium a year to 11 million pounds a year. The Nuclear Energy Institute (NEI) is also urging the Trump administration to authorize funds through the 1950 Defence Production Act, to procure

domestic fuel for defence requirements and boost federal reserve's of uranium for nuclear power utilities. In the letter, the NEI urges unspecified direct payments to either a U.S. utility or domestic uranium producer for sale of U.S. origin uranium to a utility.

In a July 12th memorandum, President Trump noted that "the United States uranium mining industry faces significant challenges in producing uranium domestically and that this is an issue of national security."

Three uranium companies to consider

Energy Fuels Inc. (TSX: EFR | NYSE American: UUUU) is a leading integrated US-based uranium mining company. Their 100% owned White Mesa Mill in Utah is the only fully-licensed and operating conventional uranium mill in the United States, having a 21% share of all US produced uranium (2011-2015). The mill has an annual capacity of 8 million lbs of uranium, and in 2017 produced 366,000 lbs of uranium concentrate, and re-processed a further 946,000 lbs. Additionally, Energy Fuels recently announced the completion of a new processing agreement, under which they will assist in the cleanup of a formerly producing mine in New Mexico. Energy Fuels also has recently begun taking deliveries of cleanup material at their White Mesa Mill, and this initiative is expected to result in a total of approximately \$1.0 to \$4.25 million of value for the Company. This is the exact type of work they have proposed to the U.S. Environmental Protection Agency (EPA) to assist in the cleanup of Cold War era abandoned uranium mines on the Navajo Nation and other nearby lands. The EPA is holding over \$1.5 billion set aside in trust for those purposes.

Western Uranium & Vanadium Corp. (CSE: WUC | OTCQX: WSTRF) current key focus is the Sunday Mine Vanadium Project located in western San Miguel County, Colorado. The complex consists of five individual mines covering approximately 3,800 acres and 221 unpatented claims. The Company has a total uranium

resource of 70,000,000+ lbs. The Company has several previous producing uranium mines that could go back online at minimal CapEx pending a favourable result from the working group.

Blue Sky Uranium Corp. (TSXV: BSK | OTCQB: BKUCF) is one of Argentina's best-positioned uranium & vanadium exploration companies with more than 4,000 km² (400,000 ha) of prospective tenements. Argentina is the largest generator of electricity from nuclear energy in South America and is working to further expand its nuclear energy sector with additional power plants but currently lacks domestic uranium production. Blue Sky's close proximity of properties & targets provides the potential for an integrated, low-cost uranium-vanadium producing operation, making Blue Sky an excellent candidate to be the first near-term uranium producer in Argentina.

The US uranium industry only has about 2 weeks now to wait for the recommendations from the Nuclear Fuel Working Group. The mere fact the group was agreed to be set up suggests the outcome will be favourable to the US uranium miners. My expectation is the US uranium miners may receive a boost in the form of tax breaks or other incentives, and true to Trump's history he may place tariffs on uranium imports into the US, especially from subsidized uranium sources. In any event, it is hoped by the uranium industry to give it a much needed boost.

It has been a tough past decade for the US uranium industry with uranium spot prices below production costs, so finally, the US uranium industry should get a break, and hopefully prosper again.