

Pending Section 232 Investigation examines how Americans are playing Russian roulette with their uranium and nuclear fuel supply

Just imagine for a second what happens if your electricity is shut down. The US is currently very dependent on Russia (38.3%), Netherlands (25.9%), Germany (16.5%), UK (14.5%), and China (3.5%) for enriched uranium imports. Another 17% of natural uranium imports come from Russian allies, Kazakhstan and Uzbekistan, numbers expected to increase in the coming years as production in the US, Canada, and Australia drops. That uranium is powering 20% of US energy via nuclear plants. So if Russia and China suddenly decide to stop selling uranium to the US then there could well be a major problem.

Uranium is always a hot topic, especially when it comes to nuclear energy and what will be the outcome of the pending Section 232 investigation. The Section 232 petition submitted by Energy Fuels and Ur-Energy requests the US Government to set a quota to limit imports of uranium into the U.S., thereby reserving 25% of the U.S. nuclear market for U.S. uranium production. In 2019, *less than 1% of U.S. reactor uranium requirements will be produced domestically.*

STRATEGIC URANIUM PRODUCTION ASSETS IN U.S.

THE U.S. IS THE WORLD'S BIGGEST NUCLEAR MARKET



On April 14, 2019, the US Department of Commerce (DOC) submitted to the White House the results of an investigation into the effects of uranium imports on US national security. From that date, US President Donald Trump has up to 90 days to decide whether to act on the DOC's findings and recommendations. The investigation, under Section 232 of the Trade Expansion Act, was triggered by the filing in January 2018 of Petition 232 by uranium mining companies Energy Fuels Inc and Ur-Energy.

Energy Fuels stated: "The topic that's on everybody's lips at the moment, Petition 232, is an application for unfair practices against foreign jurisdictions. The whole idea of the Section 232 investigation from a global perspective is to even the playing field and make sure US national security and energy security is not compromised by being overly dependent on geopolitical foes for uranium and nuclear fuel."

The loss of a viable US uranium mining industry would have a

significant impact on the country's national, energy and economic security and impeding its ability to sustain an independent nuclear fuel cycle.

Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR) and Ur-Energy are both saying they have not seen the Department of Commerce report as it has remained classified; however, they do believe the facts are clear. The once robust American uranium mining industry is disappearing because a flood of State-subsidized imports that has made fair competition impossible.

Being a matter of national security US President Trump has broad power to make a decision.

Potential outcomes for Petition 232 due by 13 July 2019

Many potential outcomes are seen as possible:

- A decision may be delayed.
- President Trump may follow the recommendations of the US Department of Commerce (DOC).
- President Trump may not follow the recommendations or may come up with his own ideas.

Energy Fuels is taking the approach of, let's just see what happens. The world uranium market is seeing less activity, because the US is the world's largest buyer of uranium annually. With the whole uranium energy supply chain affected it is possible that the White House could come back with something much broader than what was initially petitioned for.

Given what has been seen to date, many believe the facts support President Trump deciding to support the US uranium industry, both from an economic and national security point of view.

Clearly, the US is very vulnerable as 20% of the country's electricity comes from nuclear and they are currently reliant

on importing almost all of their uranium feedstock. The domestic industry in 2019 is expected to produce less than 1 percent of the U.S. uranium's utilities needs. The rest will come from other countries and increasingly from US adversaries, like Russia, China and their allies, while at the same time production from US allies, like Canada and Australia, is plummeting.

It is the uneven playing field that is contributing to uranium mining companies in other countries like Canada and Australia to suffer because of state-owned and state-subsidized production elsewhere. Only one mine still operates today in Canada and production in Australia is declining.

Right now it seems like a waiting game for the decision by July 13. If Energy Fuels is correct that broad-based changes in the US nuclear sector are required, the Company and other US producers stand to benefit – perhaps significantly.

Energy Fuels Inc.'s White Mesa Mill is the only conventional uranium (and vanadium) mill operating in the U.S. today and has a licensed capacity of over 8 million pounds of U_3O_8 per year. The Company also has two low-cost ISR facilities with a combined capacity of 3.5 million lbs. of U_3O_8 per year; Nichols Ranch is in production, and Alta Mesa is on standby. The Company has a market cap of C\$ 333.8 million.