

Energy Fuels Announces Q3-2020 Results; Debt-Free with Strong Working Capital; Advancement of Uranium & Rare Earths; Webcast on November 3, 2020

October 30, 2020 (Source) – **Energy Fuels Inc.** (NYSE American: UUUU) (TSX: EFR) ("**Energy Fuels**" or the "**Company**") today reported its financial results for the quarter ended September 30, 2020. The Company's quarterly report on Form 10-Q has been filed with the U.S. Securities and Exchange Commission ("**SEC**") and may be viewed on the Electronic Document Gathering and Retrieval System ("**EDGAR**") at www.sec.gov/edgar.shtml, on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com, and on the Company's website at www.energyfuels.com. Unless noted otherwise, all dollar amounts are in U.S. dollars.

Highlights:

- The Company had working capital of \$44.7 million at the end of Q3-2020, representing an increase of 17% over Q2-2020. Working capital included \$28.1 million in cash and marketable securities, plus \$25.6 million of concentrate inventory and work in progress, including 663,300 pounds of uranium concentrates valued on our balance sheet at \$23.72 per pound and 1,672,000 pounds of vanadium valued on our balance sheet at \$5.11 per pound, both in the form of immediately marketable product. As of October 23, 2020, the spot price of uranium was \$29.70 per pound and the mid-point spot

price of vanadium was \$5.35 per pound, which places a current market value on our concentrate inventories of approximately \$28.6 million. As a result of existing inventories and planned production, the Company expects to have between 670,000 and 700,000 pounds of finished uranium and 1.672 million pounds of finished vanadium in inventory at the end of 2020.

- On October 6, 2020, the Company announced it was debt-free following the retirement of its floating rate convertible unsecured subordinated debentures (the "**Debentures**"). On July 14, 2020, the Company distributed Cdn\$10,430,000 of cash to holders of the Debentures, and on October 6, 2020, the Company distributed a further Cdn\$10,430,000 of cash to the remaining holders of the Debentures.
- On September 21, 2020, the Company and a team from Penn State University were selected by the U.S. Department of Energy ("**DOE**") to develop a design for the production of a rare earth element ("**REE**") concentrate from coal-based resources. The Company believes the REEs contained in these coal-based resources are similar to the REEs contained in other ores the Company is evaluating in its REE program.
- On September 14, 2020, the U.S. Department of Commerce ("**DOC**") announced it had obtained Russia's agreement to extend limits on uranium imports into the U.S. from Russia through 2040 under an extended Russian Suspension Agreement ("**RSA**"). The extension to the RSA was finalized on October 5, 2020. This was an important step toward maintaining the long-term health of the U.S. uranium mining industry, as the expiration of the RSA at the end of 2020 could have resulted in unlimited quantities of Russian uranium imports into the U.S.
- On August 20, 2020, the Company announced it made a number of changes to its management team in order to reduce costs, flatten the organizational structure, and focus on the ongoing growth of a new generation of U.S.

uranium and REE executives. Effective as of August 31, 2020, Mr. W. Paul Goranson (Chief Operating Officer) left the Company to pursue other opportunities, and Mr. Matt Tarnowski (Chief Accounting Officer) will similarly be leaving the Company on October 31, 2020.

Mark S. Chalmers, Energy Fuels' President and CEO, stated:

“Energy Fuels made significant strides in the last quarter on our uranium, rare earths, and other initiatives.”

“On the uranium front, we were pleased to see the U.S. Department of Commerce successfully extend the Russian Suspension Agreement. Allowing the RSA to expire would have been a disaster for the U.S. uranium mining industry, so extending it gives U.S. uranium producers a chance to compete in the future. However, there is much work left to perform in order to actually revive and expand the U.S. industry in the short term, including funding the U.S. uranium reserve.”

“On the REE front, we are making excellent progress. We are currently conducting pilot-scale testing on ore sources at the White Mesa Mill, which is confirming our ability to produce an on-spec rare earth concentrate at a commercial level, along with the uranium from the ore. We are also in discussions with various parties in North America regarding rare earth/uranium ore sources for the Mill and potential purchase of our finished rare earth concentrate. We hope to provide updates on commercial aspects of this initiative in the coming weeks, including details about the timing and scale of potential commercial production. We are also pleased to have been selected by the U.S. Department of Energy to work with a team from Penn State University to develop a design for the production of an REE concentrate from coal-based resources. This demonstrates DOE's recognition of the importance of the White Mesa Mill in helping the U.S. re-establish its domestic REE supply chain. We are particularly excited about this in light of the President's October 1, 2020 Executive Order on

Critical Minerals, in which he declared a state of emergency to address America's overreliance on critical minerals, including uranium, vanadium and REEs, from foreign adversaries."

"On the financial front, Energy Fuels was proud to announce on October 6 that we had paid off all of our debt, and that the Company is debt-free for the first time since 2012. This is a significant achievement, distinguishing us from many of our peers in the uranium and natural resource sectors. Having no debt reduces our costs and allows us to better weather market volatility. Coupled with our strong working capital position of \$44.7 million at September 30, having no debt provides us with a clean slate from which to increase uranium production when warranted and to continue our rare earth and other initiatives."

Selected Summary Financial Information:

| \$000, except per share data | Nine months ended September 30, 2020 | | Nine months ended September 30, 2019 | |
|---|---|----------|---|----------|
| Results of Operations: | | | | |
| Total revenues | \$ | 1,274 | \$ | 5,164 |
| Gross profit (loss) | | (370) | | (6,866) |
| Operating profit (loss) | | (23,624) | | (30,458) |
| Net income (loss) attributable to the company | | (22,699) | | (28,279) |
| Basic and diluted loss per share | | (0.19) | | (0.30) |
| \$000's | As at September 30, 2020 | | As at December 31, 2019 | |
| Financial Position: | | | | |
| Working capital | \$ | 44,683 | \$ | 20,534 |
| Property, plant and equipment | | 24,299 | | 26,203 |
| Mineral properties | | 83,539 | | 83,539 |
| Total assets | | 188,912 | | 175,720 |
| Total long-term liabilities | | 20,904 | | 22,475 |

Webcast on Tuesday, November 3, 2020 at 4:00 pm ET (2:00 pm

MT)

To join the webcast, please dial 1-888-390-0541 (toll free in the U.S. and Canada). The viewer-controlled webcast slides can be accessed through the following link:

Energy Fuels Q3-2020 Results – Webcast Link

A link to a recorded version of the proceedings will be available shortly after the webcast by calling 1-888-390-0541 (toll free in the U.S. and Canada) and entering the code 303725#. This recording will be available until November 17, 2020.

Outlook

Operations and Sales Outlook Overview

Subject to market conditions, the Company plans to extract and/or recover limited amounts of uranium from its Nichols Ranch Project in 2020, which was placed on standby in the first quarter of 2020 due to the depletion of its existing wellfields. In addition, during 2020 the Company expects to recover uranium at the White Mesa Mill from in-circuit uranium inventories extracted from the recent vanadium Pond Return campaign, from Alternate Feed Materials and from other Pond Return activities. The vanadium Pond Return campaign conducted in 2019 was brought to a close in early 2020.

Both ISR and conventional uranium recovery is expected to be maintained at reduced levels, as a result of current uranium market conditions, until such time when market conditions improve sufficiently.

The Company is also seeking new sources of revenue, including new sources of Alternate Feed Materials and new fee processing opportunities at the White Mesa Mill that can be processed under existing market conditions (i.e., without reliance on current uranium sales prices). The Company is also evaluating

opportunities to potentially recover REEs at the White Mesa Mill, and will also continue its support of U.S. governmental activities to support the U.S. uranium mining industry. In addition, the Company is in discussions with several parties to potentially sell certain of its non-material properties, although, there are not currently any binding offers, and there can be no assurance at this time that a sale will be completed. The Company will evaluate additional acquisition and disposition opportunities that may arise.

Extraction and Recovery Activities Overview

During the nine months ended September 30, 2020, the Company recovered approximately 163,000 pounds of U_3O_8 , which falls within the Company's previously published guidance of 125,000 to 175,000 pounds of U_3O_8 for the year ending December 31, 2020. The Company also recovered approximately 67,000 pounds of high-purity vanadium pentoxide (" V_2O_5 " or "black flake") during the nine months ended September 30, 2020 from its vanadium Pond Return campaign, which was suspended during the first quarter of 2020.

The Company has strategically opted not to enter into any uranium sales commitments for 2020. Therefore, subject to general market conditions, all 2020 uranium production is expected to be added to existing inventories, which are expected to total between 670,000 and 700,000 pounds of U_3O_8 at year-end. Both ISR and conventional uranium extraction and/or recovery is expected to continue to be maintained at reduced levels until such time that improvements in uranium market conditions are observed or suitable sales contracts can be entered into. All V_2O_5 production is expected to be sold on the spot market if prices rise significantly above current levels, but otherwise maintained in inventory.

ISR Activities

During the nine months ended September 30, 2020, the Company

extracted and recovered approximately 6,000 pounds of U_3O_8 from its Nichols Ranch Project, which was placed on standby during the first quarter of 2020, due to the depletion of its existing wellfields. This amount of uranium production falls within the Company's published guidance of approximately 6,000 pounds of U_3O_8 from Nichols Ranch during the year ended December 31, 2020.

As of June 30, 2020, the Nichols Ranch wellfields had nine header houses that previously extracted uranium, which are now depleted. Until such time as improvement in uranium market conditions is observed or suitable sales contracts can be procured, the Company expects to defer development of further header houses at its Nichols Ranch Project.

The Company expects to continue to keep the Alta Mesa Project on standby until such time as improvements in uranium market conditions are observed or suitable sales contracts can be procured.

Conventional Activities

Conventional Extraction and Recovery Activities

During the nine months ended September 30, 2020, the Company produced 67,000 pounds of high-purity V_2O_5 from its Mill Pond Return program and 163,000 pounds of uranium from Alternate Feed Materials and Pond Return activities. During 2020, the Company expects to recover approximately 170,000 to 200,000 pounds of U_3O_8 at the White Mesa Mill from in-circuit uranium inventories extracted from the recent vanadium Pond Return campaign, from Alternate Feed Materials and from other Pond Return activities. In addition, there remains an estimated 1.5 to 3 million pounds of solubilized recoverable V_2O_5 inventory remaining in the Mill's tailings management facility awaiting future recovery from Pond Return as market conditions may warrant, placing the Company in a unique position to restart vanadium production quickly.

The White Mesa Mill has historically operated on a campaign basis whereby uranium and/or vanadium recovery is scheduled as mill feed, cash needs, contract requirements, and/or market conditions may warrant. The Company currently expects that planned uranium production from Alternate Feed Materials, Pond Return, and the receipt of uranium-bearing materials from mine cleanup activities will keep the Mill in operation through the remainder of 2020. The Company is also actively pursuing opportunities to process new and additional Alternate Feed Material sources and new and additional low-grade ore from third parties in connection with various uranium clean-up requirements. Successful results from these activities would allow the Mill to extend the current campaign through 2020 and beyond. In addition, if improvements in uranium market conditions are observed, or conventional mines are ramped up in response to U.S. government actions to support domestic uranium mining and/or recommendations of the U.S. Nuclear Fuel Working Group, the Company would expect to be able to keep the Mill operating over a considerably longer period of time. The Company is also evaluating the recovery of REEs at the White Mesa Mill, which if successful could allow the Company to keep the Mill operating into the future.

Conventional Standby, Permitting and Evaluation Activities

During the nine months ended September 30, 2020, standby and environmental compliance activities continued to occur at the Canyon Project. Subject to general market conditions, during 2020, the Company plans to continue carrying out engineering, metallurgical testing, procurement and construction management activities at its low-cost Canyon Project.

The Company is selectively advancing certain permits at its other major conventional uranium projects, such as the Roca Honda Project, a large, high-grade conventional project in New Mexico. The Company will also maintain required permits at the Company's conventional projects, including the Sheep Mountain Project, La Sal Complex, and Tony M, Whirlwind and Daneros

mines. In addition, the Company will continue to evaluate the Bullfrog Property at its Henry Mountains Project. Expenditures for certain of these projects have been adjusted to coincide with expected dates of price recoveries based on the Company's forecasts. The Company is also in discussions with several parties to potentially sell the Tony M, Daneros and other non-material properties. The Company will only sell these properties if sufficient cash and/or equity consideration is received. All of these projects potentially serve as important pipeline assets for the Company's future conventional production capabilities, as market conditions warrant.

Sales

During the nine months ended September 30, 2020, the Company completed no uranium sales. The Company currently has no remaining contracts, and therefore all existing uranium inventory and future production is fully unhedged to future uranium price increases.

During the nine months ended September 30, 2020, the Company did not complete the sale of any vanadium. The Company expects to continue to sell finished vanadium product, when justified, into the metallurgical industry, as well as other markets that demand a higher purity product, including the aerospace, chemical, and potentially the vanadium battery industries. The Company expects to sell to a diverse group of customers in order to maximize revenues and profits. The vanadium produced in the recent Pond Return campaign was a high-purity vanadium product of 99.6%-99.7% V_2O_5 . The Company believes there may be opportunities to sell certain quantities of this high-purity material at a premium to reported spot prices. The Company may also retain vanadium product in inventory for future sale, depending on vanadium spot prices and general market conditions.

The Company also continues to pursue new sources of revenue, including additional Alternate Feed Materials and other

sources of feed for the White Mesa Mill, in addition to evaluating the potential to recover REEs at the Mill.

The Company's Plans in Response to U.S. Government Actions

In response to potential Congressional appropriations for the creation of a U.S. uranium reserve, and/or implementation of policy recommendations contained in the U.S. Nuclear Fuel Working Group's report, the Company is evaluating activities aimed towards increasing uranium production at all or some of its production facilities, including the currently operating White Mesa Mill, the recently operating Nichols Ranch ISR Facility, and the Alta Mesa ISR Facility, La Sal Complex and Canyon Mine, which are all currently on standby, as market conditions may warrant. No decisions on any project-specific actions have been made at this time.

About Energy Fuels: *Energy Fuels is a leading U.S.-based uranium mining company, supplying U_3O_8 to major nuclear utilities. The Company also produces vanadium from certain of its projects, as market conditions warrant, and is evaluating the potential to also recover rare earth elements at its White Mesa Mill. Its corporate offices are in Lakewood, Colorado near Denver, and all of its assets and employees are in the United States. 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. The White Mesa Mill is the only conventional uranium mill operating in the U.S. today, has a licensed capacity of over 8 million pounds of U_3O_8 per year, and has the ability to produce vanadium when market conditions warrant. The Nichols Ranch ISR Project is on standby and has a licensed capacity of 2 million pounds of U_3O_8 per year. The Alta Mesa ISR Project is also on standby and has a licensed capacity of 1.5 million pounds of U_3O_8 per year. In addition to the above production facilities, Energy Fuels also has one of the largest NI 43-101 compliant uranium*

resource portfolios in the U.S. and several uranium and uranium/vanadium mining projects on standby and in various stages of permitting and development. 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.

Cautionary Notes: This news release contains certain "Forward Looking Information" and "Forward Looking Statements" within the meaning of applicable United States and Canadian securities legislation, which may include, but are not limited to, statements with respect to: production and sales forecasts; costs of production; scalability, and the Company's ability and readiness to re-start or expand any of its existing projects to respond to any improvements in uranium market conditions or in response to any government actions to support U.S. uranium production; any expectations regarding remaining dissolved vanadium in the White Mesa Mill's tailings facility solutions, future vanadium production opportunities, or the Company's ability to sell any of its vanadium product at a premium to spot prices or otherwise; any expectation as to the ability of the Company to secure any new sources of alternate feed materials or other processing opportunities at the White Mesa Mill; any expected timelines for the permitting and development of projects; the Company's expectations as to longer term fundamentals in the market and price projections; any expectation that the Company will maintain its position as a leading uranium company in the United States; any expectation as to how the U.S. Nuclear Fuel Working Group's recommendations will be implemented and the timing of implementation; any expectation with respect to timelines to production; any expectation that the Company may be able to sell its uranium and vanadium inventories at potentially higher prices in the future; any expectation that Congress will make the requested appropriations for the proposed

uranium reserve; any expectation that the extended Russian Suspension Agreement is an important step toward maintaining the long-term health of the U.S. uranium mining industry; any expectation as to the Company's ability to implement any additional cost-cutting measures; any expectation that the recent management changes will reduce costs, and flatten the Company's organizational structure; any expectation that the Company may have the opportunity to process uranium-bearing ores for the recovery of REEs, at all or on commercial terms; and any expectation that the Company will be able to recover REEs and/or uranium from such ores on a commercial basis. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans," "expects," "does not expect," "is expected," "is likely," "budgets," "scheduled," "estimates," "forecasts," "intends," "anticipates," "does not anticipate," or "believes," or variations of such words and phrases, or state that certain actions, events or results "may," "could," "would," "might" or "will be taken," "occur," "be achieved" or "have the potential to." All statements, other than statements of historical fact, herein are considered to be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements include risks associated with: production and sales forecasts; costs of production; scalability, and the Company's ability and readiness to re-start or expand any of its existing projects to respond to any improvements in uranium market conditions or in response to any government actions to support U.S. uranium production; any expectations regarding remaining dissolved vanadium in the White Mesa Mill's tailings facility solutions, future vanadium production opportunities, or the Company's ability to sell any of its vanadium product

at a premium to spot prices or otherwise; any expectation as to the ability of the Company to secure any new sources of alternate feed materials or other processing opportunities at the White Mesa Mill; any expected timelines for the permitting and development of projects; the Company's expectations as to longer term fundamentals in the market and price projections; any expectation that the Company will maintain its position as a leading uranium company in the United States; any expectation as to how the U.S. Nuclear Fuel Working Group's recommendations will be implemented and the timing of implementation; any expectation with respect to timelines to production; any expectation that the Company may be able to sell its uranium and vanadium inventories at potentially higher prices in the future; any expectation that Congress will make the requested appropriations for the proposed uranium reserve; any expectation that the extended Russian Suspension Agreement is an important step toward maintaining the long-term health of the U.S. uranium mining industry; any expectation as to the Company's ability to implement any additional cost-cutting measures; any expectation that the recent management changes will reduce costs, and flatten the Company's organizational structure; any expectation that the Company may have the opportunity to process uranium-bearing ores for the recovery of REEs, at all or on commercial terms; any expectation that the Company will be able to recover REEs and/or uranium from such ores on a commercial basis; and the other factors described under the caption "Risk Factors" in the Company's most recently filed Annual Report on Form 10-K, which is available for review on EDGAR at www.sec.gov/edgar.shtml, on SEDAR at www.sedar.com, and on the Company's website at www.energyfuels.com. Forward-looking statements contained herein are made as of the date of this news release, and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no

assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements. The Company assumes no obligation to update the information in this communication, except as otherwise required by law.

It should further be noted that the U.S Nuclear Fuel Working Group's recommendations for direct government purchases of uranium are subject to appropriation by the Congress of the United States, and there can be no certainty of the outcome of the Working Group's recommendations. Therefore, the outcome of this process remains uncertain.