

# Energy Fuels Issues Letter to Shareholders

written by Igor Makarov | March 20, 2018



NYSE AMERICAN: UUUU  
TSX: EFR

March 20, 2018 ([Source](#)) – **Energy Fuels Inc. (NYSE American: UUUU; TSX: EFR) (“Energy Fuels” or the “Company”)**, a leading producer of uranium in the United States, is pleased to present the following Letter to Shareholders from President

and Chief Executive Officer (“CEO”) Mark S. Chalmers:

Dear Fellow Shareholders:

As you know, I was recently appointed President and Chief Executive Officer of Energy Fuels. I am excited and grateful for the opportunity to lead this company, and on behalf of the Board of Directors and my Management Team, I thank you for your continued support of Energy Fuels and our vision of becoming a major global supplier of uranium.

I have a light-hearted phrase that I occasionally repeat around our headquarters here in Lakewood, Colorado that I think is a fitting theme for my first Letter to Shareholders: “Energy Fuels might be small, but we’re mighty!” When you look at Energy Fuels’ production capabilities, asset portfolio, and our involvement in broad national policy discussions in the United States, and compare that to the relatively small size of our company compared to the largest producers of uranium in the world – both in terms of our staff size and our market capitalization – you will see what I mean.

In short, we are not afraid to make big things happen for the

purpose of building value for our shareholders. As of late, we have become deeply involved in national policy debates about U.S. national security. We are working with the U.S. government to be a part of the solution for major environmental clean-ups. We are an important voice in discussions about public land and environmental policy issues. We are creatively leveraging our assets and capabilities to generate other sources of revenue. And, we are the largest producer of uranium in the United States. Not bad for a company of our size!

Make no mistake about it. Our primary focus remains large-scale, profitable uranium production, and we pursue all of our activities in support of this focus. We continue to maintain our industry-leading uranium production capabilities, including licensed and permitted projects that can resume and increase production quickly after a production decision is driven by higher uranium prices. Things are happening in global uranium markets, namely major production cuts, that we believe will rationalize this market and, with it, the return of much higher uranium prices ... eventually. Unfortunately, that has been the defining – and frustrating – characteristic of the uranium market over the past few years. We all see the positive supply and demand fundamentals. We see the production cuts, the policies to address climate change and air pollution, and the slow and steady global growth of nuclear energy. However, no one knows when these fundamentals will spawn higher prices, and the recovery has thus far eluded us.

Therefore, in order to preserve our substantial uranium production capabilities, while minimizing shareholder dilution, we continually seek to capitalize on other opportunities isolated from the low global uranium market prices, including new sources of alternate feed materials and fee processing arrangements, land cleanup work, and vanadium recovery. None of our peers share in this quantum of other optionality. In

addition, we recently participated in the filing of a 232 Petition with the federal government.

First, we are always “beating the bushes” to find new sources of alternate feed materials and fee processing arrangements for our White Mesa Mill. In 2017, we re-processed about 950,000 pounds of off-spec uranium concentrate for a third party, earning fees of about \$6 million. Today, we are talking to several additional parties about new business for 2018 and beyond. In fact, we currently project that the White Mesa Mill will be cash-flow positive for 2018, as it was in 2017 when it was the single largest producer of uranium in the entire U.S.

Land cleanup work also presents an excellent long-term opportunity for Energy Fuels’ and our White Mesa Mill. During the early years of the Cold War, hundreds of small, government-sponsored uranium mines operated in the U.S. Unfortunately, many of these sites were never properly remediated, as there was little or no regulation at the time. Today, the U.S. Environmental Protection Agency (“EPA”) is spearheading the effort to clean-up these sites, many of which are located on Navajo Nation land. The White Mesa Mill is located just a short distance away from the northern edge of the Navajo Nation, so it is the perfect facility to cost-effectively recycle low-grade ore from these sites and produce uranium that can be used for the generation of clean electricity. In addition, there are numerous other companies with reclamation obligations at abandoned uranium mine sites in the region, and the White Mesa Mill is the most rational facility to handle this material. For providing these services, we would earn processing fees, as well as recover uranium.

Then, there’s vanadium. Vanadium is a mineral used in high-strength steel, titanium and other alloys and in batteries used in renewable energy systems. Vanadium prices have risen by more

than 400% over the past 24 months. And, the White Mesa Mill – in addition to being the only conventional uranium mill operating in the U.S. – is also the last operating facility left in the U.S. with the near-term ability to resume recovery of vanadium. Indeed, according to a February 16, 2018 announcement, both uranium and vanadium are on a draft federal government list of strategic minerals that are “critical to the economic and national security of the United States.” Our mill last produced vanadium (as  $V_2O_5$ ) in 2013, and during its 38 year operating history, it has actually produced over 45 million pounds of vanadium – or over \$500 million at today’s vanadium prices. We have a number of mines in Utah and Colorado that contain large quantities of high-grade vanadium resources, including the Whirlwind Mine and the La Sal Complex where we recently received government approvals for an expansion. We are also evaluating the potential to recover vanadium from pond water at the mill and processing some vanadium alternate feed sources similar to our uranium alternate feed program.

These are all exciting opportunities. However, we are not building our core business around them. We view them as “bridges” to increased primary production from our uranium mines as market conditions improve. We can respond immediately to positive market signals from a number of different mines, including our Canyon Mine, Nichols Ranch ISR Project, and Alta Mesa ISR Project located in Arizona, Wyoming and Texas, respectively.

With regard to our primary uranium production focus, we recently filed a Section 232 Petition with the U.S. Department of Commerce (“DOC”), along with fellow U.S. uranium producer, Ur-Energy. Like you, we’ve all been frustrated by the slow, uneven pace of the uranium market recovery. The Petition describes how uranium and nuclear fuel from state-owned and state-subsidized enterprises in Russia, Kazakhstan, Uzbekistan,

and China potentially represent a threat to U.S. national security. The Petition seeks a remedy which will set a quota to limit imports of uranium into the U.S., effectively reserving 25% of the U.S. nuclear market for U.S. uranium production. Additionally, the Petition suggests implementation of a requirement for U.S. federal utilities and agencies to buy U.S. uranium in accordance with the President's Buy American Policy. The remedies, if granted, would be expected to strengthen the U.S. uranium mining industry, bolster national defense, and improve supply diversification for U.S. utilities and their customers.

Energy Fuels has about 11.5 million pounds of licensed capacity at our three production facilities. We have a number of mines that are fully-permitted, developed and ready to go into production, and we have other mines that are very close to being permitted for production. Energy Fuels continues to have an asset portfolio that is unmatched in the U.S. uranium industry in terms of production scalability, licensed and permitted facilities, and in-ground resources. We stand ready for the opportunity to deploy our significant capabilities to bolster U.S. energy security and national security.

Lastly, for those that do not know me personally, I have worked in the U.S. and international uranium mining sectors for over 40 years. I started my career here in the U.S. as an underground uranium miner. Later, I branched out into uranium production in Australia, Namibia, Malawi, and even Kazakhstan. I returned to the U.S. nearly two years ago to join Energy Fuels; a company I believe represents the best uranium producer opportunity in the world. How can I have so much confidence in Energy Fuels? Because I have seen the world of uranium production, and it is obvious to me that Energy Fuels' combination of unique high-quality production facilities, high-grade and low-cost resources, and – most importantly – our people, is truly

unsurpassed.

In closing, 2018 should be a key year in the growth trajectory of Energy Fuels, and we have multiple major opportunities in front of us, any one of which will allow us to take major strides toward achieving our goals. As I mentioned earlier, today we are “small but mighty.” Hopefully this time next year, I can report back that we are “larger and mightier” than we are today!

Respectfully,

Mark S. Chalmers

President, CEO and Shareholder in Energy Fuels

*About Energy Fuels: Energy Fuels is a leading integrated US-based uranium mining company, supplying U<sub>3</sub>O<sub>8</sub> 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<sub>3</sub>O<sub>8</sub> per year. The Nichols Ranch Processing Facility is an ISR production center with a licensed capacity of 2 million pounds of U<sub>3</sub>O<sub>8</sub> 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 as a by-product of 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 STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This news release contains certain "Forward Looking Information" and "Forward Looking Statements" within the meaning of applicable securities legislation, which may include, but is not limited to, statements with respect to: 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; any expectations regarding vanadium opportunities; the ability of the Company to secure any new sources of alternate feed materials or other processing opportunities at the White Mesa Mill; any expectations as to cash flows at the White Mesa Mill; expected timelines for the permitting and development of projects; the Company's expectations as to longer term fundamentals in the market and price projections; expectations to become or maintain its position as a leading uranium company in the United States; and the outcome of the Department of Commerce Section 232 investigation, including whether or not the Secretary of Commerce will make a recommendation to the President and the nature of the recommendation; whether or not the President will act on the recommendation and, if so, the nature of the action and remedy; and the expected benefits of the proposed remedies. 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", "budget" "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: 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; any expectations regarding vanadium opportunities; the ability of the Company to secure any new sources of alternate feed materials or other processing opportunities at the White Mesa Mill; any expectations as to cash flows at the White Mesa Mill; expected timelines for the permitting and development of projects; the Company’s expectations as to longer term fundamentals in the market and price projections; expectations to become or maintain its position as a leading uranium company in the United States; and the outcome of the Department of Commerce Section 232 investigation, including whether or not the Secretary of Commerce will make a recommendation to the President and the nature of the recommendation; whether or not the President will act on the recommendation and, if so, the nature of the action and remedy; the expected benefits of the proposed remedies; and the other factors described under the caption “Risk Factors” in the Company’s Annual Report on Form 10-K dated March 9, 2018, which is available for review on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml), on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Company’s website at [www.energyfuels.com](http://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.

**Cautionary note to United States investors concerning resources.** This news release contains certain disclosure that has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resources referred to in this news release have been estimated in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") classification system. Canadian standards, including NI 43-101, differ significantly from the requirements of U.S. securities laws, and resource information contained in this news release may not be comparable to similar information disclosed by companies reporting only under U.S. standards. In particular, the term "resource" does not equate to the term "reserve" under SEC Industry Guide 7. **United States investors are cautioned not to assume that all or any resources will ever be converted into mineral reserves. Investors are cautioned not to assume that all or any part of a resource is economically or legally minable. Energy Fuels does not hold any reserves as that term is defined by SEC Industry Guide 7. Please refer to the section entitled "Cautionary Note to United States Investors Concerning Disclosure of Mineral**

*Resources” in the Company’s Annual Report on Form 10-K dated March 9, 2018 for further details.*