

# Trump allocates \$150 million per annum to establish U.S. uranium reserve

written by InvestorNews | February 11, 2020

In breaking news the US Government has just released its FY2021 budget document to go forward for approval to the US Congress.

It appears that the Nuclear Fuel Working Group's (NFWG) recommendations to support the US uranium industry have been supported, at least to the tune of a US uranium reserve per annum of US\$150 million over 10 years: a \$1.5 billion plan to establish a U.S. uranium reserve.

Some key points from the FY2021 US budget document are [quoted below](#) from pages 45-47:

- "Nuclear energy is also critical to the Nation's energy mix and the Budget supports an array of programs to advance nuclear energy technologies. This portfolio promotes revitalization of the domestic industry and the ability of domestic technologies to compete abroad. The Budget provides \$1.2 billion for R&D and other important nuclear energy programs, including nearly \$300 million for the construction of the Versatile Test reactor—a first of its kind fast reactor that would help the private sector develop and demonstrate new technologies.
- **Supports Nuclear Fuel Cycle Capabilities.** On July 12, 2019, the President determined that "...the United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security." **The Budget establishes a Uranium reserve for the United States to provide additional assurances of**

## availability of uranium in the event of a market disruption.”

Furthermore, the uranium reserve amounts are shown below, with US\$150 million pa allocated for a “uranium reserve” for “purchase of uranium” each year from 2021 to 2030, as well as other discretionary funds.

TABLE 25-1. FEDERAL BUDGET BY AGENCY AND ACCOUNT, FY2021 PRESIDENT'S BUDGET POLICY  
(In millions of dollars)

Account and Subfunction Code			2019	Estimate										
			Actual	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Uranium Reserve (019-20-2296):														
Appropriations, discretionary	271	BA	---	---	150	150	150	150	150	150	150	150	150	150
Outlays, discretionary		O	---	---	45	90	150	150	150	150	150	150	150	150

[Source](#): Page 127

**Detailed view for FY 2021 US uranium reserve funding budget**

## URANIUM RESERVE

*For Department of Energy expenses necessary for Uranium Reserve activities to carry out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), \$150,000,000, to remain available until expended.*

### Program and Financing (in millions of dollars)

Identification code 089-2296-0-1-271		2019 actual	2020 est.	2021 est.
<b>Obligations by program activity:</b>				
0001	Purchase of uranium .....			150
0900	Total new obligations, unexpired accounts (object class 25.2) .....			150
<b>Budgetary resources:</b>				
Budget authority:				
Appropriations, discretionary:				
1100	Appropriation .....			150
1930	Total budgetary resources available .....			150
<b>Change in obligated balance:</b>				
Unpaid obligations:				
3010	New obligations, unexpired accounts .....			150
3020	Outlays (gross) .....			-45
3050	Unpaid obligations, end of year .....			105
Memorandum (non-add) entries:				
3200	Obligated balance, end of year .....			105
<b>Budget authority and outlays, net:</b>				
Discretionary:				
4000	Budget authority, gross .....			150
Outlays, gross:				
4010	Outlays from new discretionary authority .....			45
4180	Budget authority, net (total) .....			150
4190	Outlays, net (total) .....			45

Establishing a Uranium Reserve provides assurance of availability of uranium in the event of a market disruption and supports strategic U.S. fuel cycle capabilities. This action addresses immediate challenges to the production of domestic uranium and reflects the Administration's Nuclear Fuel Working Group (NFWG) priorities. The NFWG will continue to evaluate issues related to uranium supply chain and fuel supply.

[Source](#): Page 397

**A response from the Department of Energy's Office of Nuclear Energy to the uranium reserve proposal**

The Office of Nuclear Energy (NE) [stated](#):

*“NE is asking for \$150 million to set up a uranium reserve to further protect the nation’s energy security interests. **The new program will help to reestablish the nation’s nuclear fuel supply chain through the domestic production and conversion of uranium. The reserve is expected to support the operation of at least two U.S. uranium mines** and will ensure there is a backup supply of uranium in the event of a significant market disruption that prevents entities from acquiring fuel. NE would begin the procurement process for the reserve in FY21.”*

The “at least two US uranium mines” would suggest the two that brought forward the original [Section 232 petition – Energy Fuels Inc.](#) (TSX: EFR | NYSE American: UUUU) and [Ur-Energy Inc.](#) (NYSE: URG | TSX: URE).

Ur-Energy Inc.’s Chairman, President and CEO Jeff Klenda added: “After years of sounding the alarm, Ur-Energy is pleased the Trump Administration has recognized the national security implications of ceding the nuclear fuel cycle to our geopolitical rivals and is now taking definitive action to shore up the domestic industry by establishing a national uranium reserve that will be supplied by domestically-mined uranium. The President’s proposed budget includes up to \$150M per year from 2021 through 2030 to purchase domestic uranium. According to today’s issue of *The Energy Daily* DOE Undersecretary Mark Menezes commented on Monday that, “This is the beginning of a long process” to address the nuclear fuel cycle. “It won’t stop with the creation of the uranium reserve.”

Curtis Moore, VP Marketing and Corp Development from Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR) commented: “Now that we’ve had a day or so to digest yesterday’s budget news, we are increasingly optimistic about what it all means for Energy

Fuels. The Office of Nuclear Energy within the U.S. Department of Energy stated that this money is '[expected to support the operation of at least two U.S. uranium mines](#) ...' There are currently only three or four uranium facilities operating in the U.S. right now, that have the current capability to supply a U.S. uranium reserve, including Energy Fuels' White Mesa Mill in Utah and our Nichols Ranch ISR Facility in Wyoming. So, at the very least, we think this money should go toward supporting these existing, proven, low-cost facilities and saving existing jobs and expertise.

In addition, Energy Secretary Dan Brouillette and others have stated that the Nuclear Fuel Working Group will announce more recommendations in the coming weeks. It is our belief that yesterday's announcement will support sustainable domestic uranium production of about 2-2.5 million pounds per year. However, if the U.S. wants to have an industry capable of supplying 5-10 million pounds per year, additional actions are required. The U.S. consumes about 48 million of uranium per year, not including military requirements. So, 2-2.5 million pounds only represents a tiny fraction of total U.S. demand; even 5-10 million pounds isn't much. So, we are interested to see what else the government has in mind. Indeed, government officials, including Wyoming Senator John Barrasso, who has been a staunch defender of President Trump, are calling for the government to do more. And, as an American, I'd like to see the government do more.

Finally, yesterday's announcements clearly indicate that nuclear fuel has become a major priority for the U.S. government. It is our belief that no matter which political party leads the U.S. government, this program alone has the strong potential provide Energy Fuels and perhaps a couple of other companies with a nice baseline of production and revenue, enabling us to save jobs and uranium production capacity. The alternative is to become

massively dependent on Russian uranium and nuclear fuel, which nobody in the U.S. wants to see.

There's still more work to do – in particular, how to implement this program to ensure its success. However, we believe yesterday's announcement was a huge step in the right direction."

Western Uranium & Vanadium Corp.'s (CSE: WUC | OTCQX: WSTRF) Founder and CEO George Glasier commented: "We are very pleased that President Trump provided for a national uranium reserve and acknowledged that the domestic production of uranium is a national security issue in his Fiscal Year 2021 – A Budget for America's Future. The multi-year efforts of the President, Nuclear Fuel Working Group, and Department of Commerce were ground-breaking for addressing domestic critical and strategic mineral requirements and initializing the rebuilding of America's nuclear fuel cycle. We look forward to the release of additional recommendations from the Nuclear Fuel Working Group report. In the short-term supporting domestic mining will reinvigorate hardworking mining communities, but in the end the result will be the advancement of national defense, nuclear infrastructure, and energy independence goals."

### **Closing comments**

The budget document is a positive response by the Trump administration to the NFWG's recommendations to support the domestic uranium industry. At this stage it is still too early to know any details on terms – what price will the uranium be bought etc., we will provide updates as we secure them.