A legitimate contender to the Chinese dominance in the rare earths space

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Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR) has taken another step toward diversifying into a fully integrated U.S. rare earth supplier. On Wednesday the company announced the execution of a non-binding memorandum of understanding (MOU) with Hyperion Metals Limited (ASX: HYM) for the supply of natural monazite sands from Hyperion's Titan Project in Tennessee. The parties also agreed to evaluate a potential teaming, joint venture, equity investment or other arrangement under which Hyperion would collaborate with Energy Fuels, and potentially other parties (perhaps Neo Performance?), in advancing Energy Fuels' current initiative to establish a fully integrated, "mine to market" U.S. rare earths supply chain.

This builds on previous steps taken by Energy Fuels to expand upon its existing uranium and vanadium mining and supply business. In December, 2020 the company announced a similar monazite supply agreement with The Chemours Company (NYSE: CC) to acquire a minimum of 2,500 tons per year from the Offerman Mineral Sand Plant in Georgia. Then on March 1, 2021 Energy Fuels announced an initiative with Neo Performance Materials Inc. (TSX: NEO) whereby Energy Fuels will process natural monazite sands into a rare earth carbonate beginning in March/April 2021 and ship a portion of that production to Neo's rare earth separations facility in Sillamäe, Estonia.

The reason for Energy Fuels' current success is a shift in focus roughly a year ago to enter into the rare earths business. Many if not most rare earths ores contain low-levels of radioactive

materials, including uranium and thorium, necessitating extensive radioactive materials licensing requirements. Energy Fuels 100% owned White Mesa Mill has existing infrastructure (licensed, constructed and in operation) with a 40 year history of "responsibly managing low-level radioactive materials". Energy Fuels is in a unique, industry-leading position with this asset to process monazite ores into rare earth carbonate. Even more importantly, processing North American sourced material in North America. Followers of this website are well aware of the significance of this and I encourage you to read this article by Jack Lifton for more insight.

Even more exciting is the fact that Energy Fuels is well capitalized, debt free and hungry to expand. It's a stated goal of President and CEO, Mark S. Chalmers to have Energy Fuels become a critical mineral hub (uranium, rare earths and vanadium) for the raw materials that make many clean energy and advanced technologies possible. Having completed the first step of successfully processing monazite sands into a mixed rare earth carbonate, the company is looking to create, refine, and grow a sustainable rare earth supply chain capable of supplying growing demand for clean technologies in the U.S. and Europe. Energy Fuels is evaluating the future development of its own rare earth separation and other value-added U.S. rare earth production capabilities at the White Mesa Mill. Perhaps moving down the value chain as far as end-use minerals and alloys.

Affirmation of this strategy came today with the announcement that the U.S. Department of Energy (DOE) Office of Fossil Energy and National Energy Technology Laboratory has exercised their option to award Energy Fuels, working with a team from Penn State University, an additional $1.75 million to complete a feasibility study on the production of rare earth products from natural coal-based resources, as well as from other materials such as the natural monazite ore the Company is currently

processing at its White Mesa Mill in Utah. These kinds of collaborative public-private partnerships will be a key to restoring U.S. global leadership in the clean energy sector and re-establishing critical defense-related supply chains putting Energy Fuels in the driver’s seat to lead the charge.

Obviously, this all isn’t going to happen overnight but Energy Fuels has come a long way in its first year of focusing on the critical materials business. Now we have to wait and see if this can be done profitably and at scale which could make Energy Fuels a legitimate contender to the Chinese dominance of the space.