

# Energy Fuels Issues Letter to Shareholders

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LAKEWOOD, March 14, 2019 - [Energy Fuels Inc.](#) (NYSE American: UUUU; TSX: EFR) ("Energy Fuels" or the "Company"), a leading producer of uranium and vanadium 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:

Well, a full year has gone by since my first shareholder letter as President and Chief Executive Officer of Energy Fuels. The past year has been very exciting for the Company, and I believe we achieved a number of significant milestones as we continue to pursue our strategy of building Energy Fuels into a uranium mining and energy company of major global significance. Moreover, on behalf of the Board of Directors and my Management Team, I thank you for your continued support of Energy Fuels.

Last year in my letter to shareholders, I introduced a light-hearted phrase: "Energy Fuels might be small, but we're mighty!" I ended my letter with a goal to report that we would be "larger and mightier" in 2019. I am pleased to report to you that I believe the Company has made significant strides in this regard, despite a continued difficult uranium market.

In this year's letter, I wish to introduce another light-hearted phrase I routinely use around the office: "Energy Fuels punches above its weight!" In addition to thinking big and pursuing great goals, we seek challenges and opportunities that many larger organizations would only hope to achieve. I want all of our shareholders to understand that, working as a team, our competitive spirit drives us to always be the very best we can be, creating shareholder value wherever we can find it, regardless of what challenges come before us.

Make no mistake about it, our primary focus remains &ndash; and always will be &ndash; large-scale, profitable uranium production. All of our activities support this focus. We continue to maintain our industry-leading uranium production capabilities, including licensed and permitted projects that we believe can resume and increase production quicker and on a greater scale than any of our peers in an environment of improving uranium market fundamentals, and hopefully the successful conclusion of our efforts supporting the ongoing Section 232 investigation into uranium imports into the U.S.

So let me get started on some of our major accomplishments over the past year and provide some insight into our thinking for 2019:

1. **Leading U.S. Uranium Producer:** In 2018, Energy Fuels remained the largest U.S. producer of uranium having produced 917,000 pounds of U<sub>3</sub>O<sub>8</sub> from a combination of production from our Nichols Ranch in situ recovery project in Wyoming and from our White Mesa Mill in Utah. We decreased uranium production in 2018 in order to conserve cash and in-ground resources, and our uranium production in 2019 will decrease further, because we expect vanadium production to supplant uranium production at the White Mesa Mill. We expect to temporarily focus on vanadium production, because significant cash flow from vanadium may be available to us for as long as vanadium prices remain strong. But, as I stated above, Energy Fuels' primary focus is uranium, and everything we do supports this focus &ndash; including vanadium production.

2. **Stronger Balance Sheet and Share Performance:** In May 2018, Energy Fuels qualified for inclusion on the Russell 3000 Index. This allowed the Company to experience a several-fold increase in share liquidity. This, along with the significant catalysts ahead of us, also put the Company 'on the radar' of a number of larger funds. Another benefit to being included on the Russell indices is that the Company was able to raise funds through our at-the-market facility during the annual rebalance at a very cheap cost of capital. As a result, we were able to repay, in full, all our Wyoming Industrial Development bonds totaling \$8.7 million and save significant interest expense. During the rebalance period, our strategies significantly strengthened the Company's balance sheet to one of the best in the sector, while at the same time our share price outperformed our peers.
3. **Bolstering U.S. National Security:** In January 2018, Energy Fuels and Ur Energy co-petitioned the U.S. Department of Commerce (DOC) under Section 232 of the Trade Expansion Act of 1962, asking them to look into the threat of increasing quantities of uranium being imported into the U.S. from state-owned and state-subsidized enterprises in Russia, Kazakhstan, Uzbekistan, and China. In July 2018 the DOC initiated the investigation. We are seeking a remedy which will limit imports into the U.S., effectively reserving 25% of the U.S nuclear market for U.S. uranium producers. It is the Company's belief that a report will be delivered to the President of the United States in mid-April 2019. The President will then have up to 90 days to adjust trade, if he sees fit. While there is no guarantee of the outcome of this initiative, we feel our position is extremely compelling, and that the President can protect U.S. national security by helping to support the domestic uranium mining industry at a negligible cost.
4. **Capturing the Vanadium Opportunity:** The possibility of Energy Fuels resuming vanadium production was introduced in my past shareholder letter. Vanadium is a mineral used in high-strength steel, titanium and other alloys, in the chemical industry, and in batteries used in renewable energy systems. During 2018, vanadium prices rose dramatically, reaching a peak near \$29 per pound. Today, the price remains strong at over \$17 per pound. Thanks to the excellent technical work of our talented and dedicated staff at the White Mesa Mill, the team tested and designed an innovative means to recover the substantial solubilized inventory of vanadium contained in our tailings solutions. Late in 2018 and into early 2019, this system was commissioned and is now performing exceptionally well, producing commercial quantities of very high quality V2O5 with an average purity of 99.6%. Assuming vanadium price strength continues, we estimate we can recover approximately four million pounds of V2O5 during 2019 and 2020. This has the potential to generate significant revenues and cash flows for the Company during the next two years that we intend to reinvest toward further strengthening our industry-leading uranium capabilities. In addition, the Company embarked on a test mining campaign at our La Sal mine complex to determine if certain vanadium ores can be more selectively mined to capture higher vanadium grades by using modern "real-time" analytical equipment. While final results are still pending, I am happy to note that significant improvements in grade-control have been observed, which have the strong potential to improve the economics of these uranium/vanadium mines in the future.
5. **Steady Alternate Feed Material Business:** Our alternate feed recycling business, which has been a mainstay for the Company during periods of low uranium prices, continued to contribute materially to Energy Fuels' bottom line. We collected approximately \$7 million in fees (or uranium value equivalent) during 2018, and we recovered 424,000 pounds of uranium for third parties during the year. As a point of reference, this program effectively recycled a years' worth of fuel for a nuclear reactor. Due to our focus on vanadium recovery, we do not expect to earn any alternate feed revenue in 2019. However, we continue to pursue multiple opportunities, and this remains an important part of our business plan over the long-term.
6. **Abandoned Uranium Mine Opportunity:** We continued to advance the potential for Energy Fuels to participate in the clean-up of Cold War era abandoned uranium mines. We offer the U.S. government one of the most cost-effective and 'shovel ready' solutions for this cleanup. As of the writing of this letter, the EPA has collected approximately \$1.7 billion in trust from various parties to pay for the cleanup of these abandoned mines. While the Company has not obtained any of this work to date, our White Mesa Mill is in an excellent position to assist with these cleanups, while also recycling the cleanup material to recover uranium. As a company which values sustainability, and responsible cradle-to-grave principles, this opportunity remains a high priority for us looking to the future.

Lastly, in addition to the initiatives mentioned above, Energy Fuels continues to seek other sources of revenue, cost-cutting measures, and catalysts, which will support our uranium production over the long term.

With 2019 off to a quick and exciting start, we reflect proudly on 2018 when we believe we took major steps forward toward achieving our objective of being "larger and mightier" than the year before. While Rome was not built in a day, or even a year, we are passionate about seeking &ndash; and realizing &ndash; shareholder value and sustainability in every possible way.

Next year, I look forward to writing once again with an update on how we are doing by "punching above our weight" on our journey to becoming a uranium company of major global significance.

Regards,

Mark S. Chalmers  
President and CEO

About Energy Fuels: Energy Fuels is a leading integrated US-based uranium mining company, supplying  $U_3O_8$  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  $U_3O_8$  per year. The Nichols Ranch Processing Facility is an ISR production center with a licensed capacity of 2 million pounds of  $U_3O_8$  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 in situ recovery project, mines on standby, and mineral properties in various stages of permitting and development. The Company also produces vanadium as a co-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 letter to shareholders contains certain "Forward Looking Information" and "Forward Looking Statements" within the meaning of applicable Canadian and United States securities legislation, which may include, but is not limited to, statements with respect to: production capability, 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 Company's program for the recovery of vanadium from pond solutions and vanadium purity; the ability of the Company to secure any new sources of alternate feed materials or other processing opportunities at the White Mesa Mill; the strength of the Company's balance sheet; 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. 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: production capability, 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 Company's program for the recovery of vanadium from pond solutions and vanadium purity; the ability of the Company to secure any new sources of alternate feed materials or other processing opportunities at the White Mesa Mill; the strength of the Company's balance sheet; 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, as amended, for the year ended December 31, 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 letter to shareholders, 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.

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