

Ticker: EFR CN	PF Cash + invt. US\$893m	Project: Toliara / White Mesa / Uranium mines
Market cap: C\$6.1bn	Price: C\$25.72/sh	Country: USA / Madagascar
REC. (unc): BUY	TARGET (+50c): C\$27.00/sh	RISK RATING (unc): HIGH

In our view, yesterday's updated Vara Mada (previously named Toliara) FS achieved the key outcomes we were looking for: Updating capex from prior owner Base's 2021 DFS and 2023 monazite PFS, confirming the mine plan and production outlook, and incorporating the terms of the 2024 MOU with the Madagascar government. We think the updated FS is robust and benefits from helpful "real-world" additions, such as specific shipping costs for sending monazite to White Mesa. The key operational design remained the same: a 12.6Mtpa phase 1 expanded to 25Mtpa in year 5, producing ~960ktpa of ilmenite, 8ktpa of rutile, 66ktpa of zircon and crucially for the US supply chain, 24ktpa of monazite concentrate containing ~3.4ktpa of NdPr, ~70tpa of Dy and ~30tpa of Tb oxides (based on the rare earth assemblages provided), a meaningful share of US rare earth needs.

In our view, the prices used were reasonable, with a 35% payability assumed for monazite maintained from Base's PFS, and long-term US\$1,428/t for rutile (in line with our LT estimates), US\$1,829/t for zircon, and US\$198-327y/t for ilmenite (sulphate ilmenite lowest priced, chloride ilmenite highest). Zircon prices were well above this last year, albeit the near-term market has been impacted by weakness in China (reduced from ~US\$1700/t in 1Q25 to US\$1615/t in 3Q25). The economic outcomes are in line with previous expectations: US\$264m/year FCF, 73% of revenue from min sands and 27% from monazite, high margins at a 72% LOM EBITDA margin, and a 25% post-tax IRR.

Model changes: We update our model matching life of mine production, capex, and total operating costs to EFR's FS. We adjust our long-term prices to roughly match the study prices, but we model US\$1,400/t for rutile (EFR used US\$1,428) matching our LT rutile price estimate. We calculate an updated NPV₈ at present of US\$2,453m (+17%) with an SCP IRR of 24.0%. **As such, we maintain our BUY rating and increase our PT to C\$27.00/sh PT based on 1.0xNAV_{8% PT-LT \$120/kg NdPr} for mineral sands assets, 1.5x NAV_{7%-80/lb} for uranium assets and US\$5/lb insitu value for the Wyoming ISR assets.**

Overall, yesterday's study confirmed why we see Vara Mada as a cornerstone project for EFR – it supplies roughly half to 1/3 of planned White Mesa LT rare earth refining and separation capacity (40-60ktpa), the mineral sands revenue (73% of total) makes the project extremely robust even in low rare earth price environments (i.e. Chinese pricing proof), and strategically could help the US maintain a commercial presence in a country that we think would be of supply interest to China. As a company, we think Energy Fuels has shown it can beat its own uranium targets, deliver rare earth processing capacity for very low capex, and qualified light and heavy rare earth product, making it a go-to name for US critical metals.

Table 1. Vara Mada and SCP 'new vs old' modelling assumptions and economics

Vara Mada (Toliara)	Units	Previous ⁽¹⁾	Updated FS	Δ%	SCP - Old	SCP - New	Δ%	Vara Mada (Toliara)	Units	Previous ⁽¹⁾	Updated FS	Δ%	SCP - Old	SCP - New	Δ%
LT Sulphate ilmenite price	US\$/t	\$189	\$198	4.8%	185	200	8.1%	Life of Mine	years	38	38	--	38	38	--
LT Slag ilmenite price	US\$/t	\$199	\$313	57.3%	196	300	53.1%	Ore Mined	Mt	904	904	--	906	904	-0.2%
LT Chloride ilmenite price	US\$/t	\$285	\$327	14.7%	250	325	30.0%	HM grade	%	6.1%	6.1%	--	6.1%	6.1%	0.0%
LT Rutile Price	US\$/t	\$1,117	\$1,400	25.3%	1,400	1,400	--	Total Production	kt	39,695	39,779	0.2%	39,688	39,708	0.1%
LT Zircon Price	US\$/t	\$1,496	\$1,750	17.0%	1,750	1,800	2.9%	Sulphate Ilmenite	kt	16,941	16,944	0.0%	16,924	16,944	0.1%
LT Monazite concentrate price	US\$/t	\$5,900	\$6,622	12.2%	5,900	6,622	12.2%	Slag Ilmenite	kt	9,804	9,806	0.0%	9,794	9,770	-0.3%
Pre-FID expenditure	US\$m	\$42	\$121	186.1%	\$21	\$121	Up	Chloride Ilmenite	kt	9,371	9,374	0.0%	9,290	9,337	0.5%
Stage 1 Capex	US\$m	\$591	\$769	30.1%	\$592	\$772	30.3%	Rutile	kt	283	284	0.4%	323	285	-11.8%
Stage 2 Capex	US\$m	\$137	\$149	8.8%	\$165	\$188	14.1%	Zircon	kt	2,468	2,476	0.3%	2,528	2,477	-2.0%
Revenue	US\$m	\$16,908	\$20,289	7.3%	\$17,844	\$20,489	14.8%	Monazite concentrate	kt	828	895	8.0%	828	895	8.1%
EBITDA	US\$m	\$14,164	\$14,706	3.8%	\$13,305	\$15,893	19.4%	Operating Costs	US\$/t	\$3,951	\$4,554	15.3%	\$4,252	\$4,554	7.1%
Free Cash Flow	US\$m	\$10,655	\$10,032	-5.8%	\$9,416	\$11,411	21.2%	Operating Costs	US\$/t prod	\$100	\$112.50	13.0%	\$107	\$115	7.0%
NPV 10% at FID	US\$m	\$2,006	\$1,757	-12.4%	\$1,569	\$1,779	13.4%	Operating Costs	US\$/t mined	\$4.37	\$4.95	13.3%	\$4.70	\$5.04	7.3%
IRR	%	32.4%	24.9%	-23.1%	29.8%	24.0%	-19.3%	Operating Costs + Royalties	US\$/t prod	\$12,000	\$13,080	23.2%	\$131	\$115.74	-11.4%
Source: Energy Fuels, SCP. (1) Previous is Base DFS2 (2021) + Monazite PFS (2023)															

Vara Mada (Toliara) FS confirms production profile, robust producer of rare earths for US supply chain

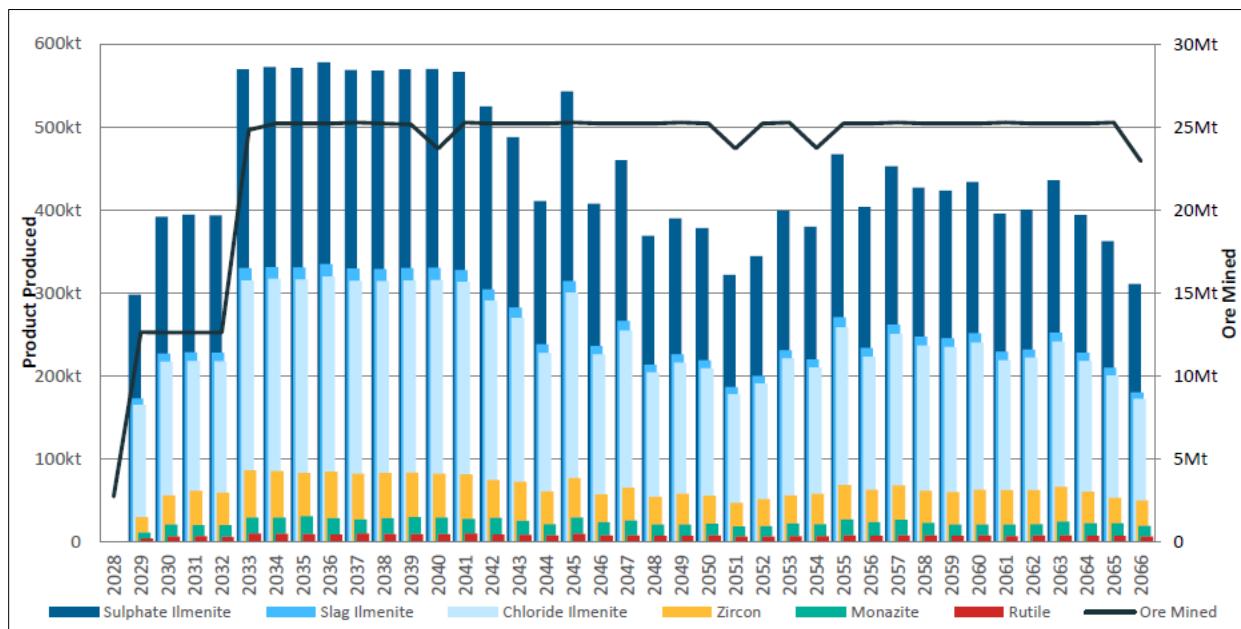
Yesterday Energy fuels announced an updated feasibility study for the Vara Mada Rare Earth and HMS project in Madagascar.

From a reserve base of 904Mt at 6.1% heavy minerals, the project is expected to produce 959ktpa ilmenite (sulphate, slag, and chloride), 66ktpa zircon, 8ktpa rutile and 24ktpa monazite over an initial 38yr mine

life. Total revenue is split 73% from external sales and 27% from internal sales of monazite concentrate to Energy Fuels' White Mesa Mill. Initial capital comprises US\$121m pre-FID, followed by US\$769m Stage 1 and US\$142m Stage 2 development capex. On a 10% discount rate, the updated feasibility study delivers a US\$1.76bn NPV_{FID} and 25% IRR, with average annual EBITDA of US\$387m and ramp-up to >US\$500m, resulting in US\$264m of FCF pa and capital payback period of 4.8yrs.

Mining and processing: Vara Mada is a shallow, free-dig mineral sands deposit mined using relocatable dry mining units (DMUs) in an open-pit configuration with no overburden. Stage 1 mining operates at 12.6Mtpa using a single DMU, expanding to 25.0Mtpa in Stage 2 with a second DMU. Run-of-mine material is screened, slurried, and pumped to a wet concentrator plant (WCP) producing heavy mineral concentrate, which is processed through a mineral separation plant (MSP) to produce sulphate, slag and chloride ilmenite, rutile and zircon. A monazite-rich stream is further upgraded in a dedicated monazite concentrator plant (MCP) to a ~90% monazite product. Processing capacity doubles in Stage 2, with all plants designed for staged expansion from initial construction

Figure 1. Annual mining and processing schedule

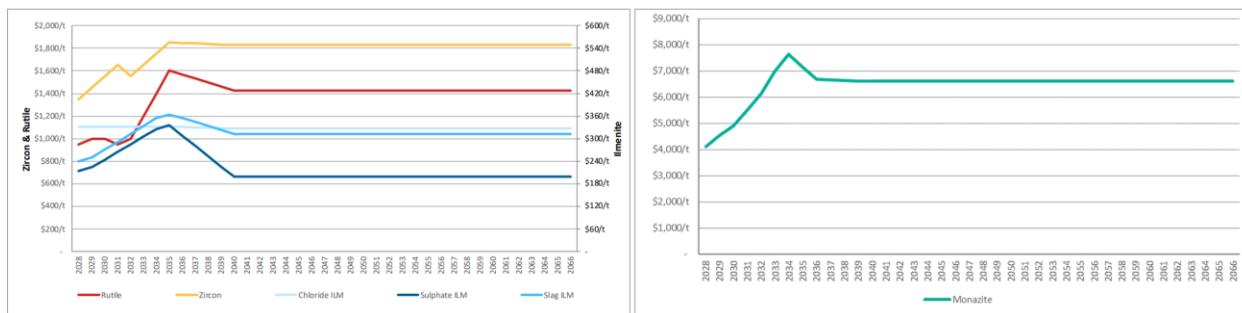


Source: Energy Fuels – Vara Mada 2026 FS

Infrastructure: The project requires construction of a mine and processing facilities, bulk water supply, a hybrid power system, site roads, accommodation villages, fuel storage, communications, and a dedicated mineral haulage corridor. A bridge over the Fiherenana River enables year-round access between the mine and port. Products are transported to a purpose-built export facility comprising onshore storage and offshore ship-loading infrastructure capable of handling bulk and containerized products. All infrastructure is designed to accommodate Stage 2 throughput from inception, with only minor incremental additions required at expansion

Permitting: The project is covered by Exploitation Permit PE 37242, which authorizes mining of ilmenite, zircon, rutile and associated heavy minerals. Monazite is not yet included under the permit and requires formal addition under Malagasy regulatory processes prior to exploitation. Environmental and social impact assessments and management plans covering mining, processing, tailings, water management, transport corridors, and port facilities have been completed to feasibility level, with statutory approvals and implementation permits for construction and operations still outstanding, alongside formal authorization to exploit monazite.

Figure 2. long term price forecast charts (A) Zircon, Rutile, & Ilmenite (B) Monazite



Source: Energy Fuels – Vara Mada 2026 FS

Costs and Economics: Life-of-mine operating costs total US\$4.55bn, averaging US\$118.8m per annum, equivalent to US\$4.95/t mined and US\$112.50/t product (excluding first and last partial years). Power is the largest cost component at US\$1.46/t mined, followed by maintenance (US\$0.94/t), labour (US\$0.55/t), diesel (US\$0.37/t), port and logistics (US\$0.30/t), and other costs (US\$1.39/t). Initial capital comprises US\$121m of pre-FID expenditure, followed by US\$769m of Stage 1 development capital and US\$142m of Stage 2 expansion capital. On a post-tax 10% discount rate, the feasibility study delivers a US\$1.8Bn NPV_{FID} and a 25% IRR. Average annual EBITDA is estimated at US\$387m, increasing to over US\$500m at steady-state, generating ~US\$264 m of free cash flow per annum over the 38-year mine life.

Figure 3. Project execution timeline – from DFS



Source: Energy Fuels – Vara Mada 2026 FS

Next steps: Key next steps include formalizing the LGIM (fiscal and legal stability) incorporating the terms agreed in the December 2024 MOU. EFR intends to revise the mine plan using a revised cutoff grade that accounts for the added margins from monazite recovery, as the mine plan was originally determined before monazite recovery was added to the project. EFR expects this to add to reserves, additionally EFR intends to explore the Lower Sandy Unit which has a 1,200-1,600Mt exploration target. Per the timeline included in the DFS, FID is scheduled for the end of 2026 with first production in 2029, subject to LGIM agreement with the Government of Madagascar as a key condition for FID.

Why we like Energy Fuels

1. Diversified strategy that combines uranium, rare earths and mineral sands
2. Strategic opportunity to leverage White Mesa to become a globally significant rare earths producer
3. 2nd largest US uranium producer in past 20 years = trusted counterparty to power utilities

Catalysts

- 2H26: FID and SCPe construction start at Toliara
- Mid-2028: SCPe first production at Toliara

Research

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Ticker:	EFR CN / UUUU US	Price / mkt cap:	C\$25.72/sh, C\$6103m	Market P/NAV:	0.75x	Assets:	Tolara / White Mesa
Author:	J Chan	Rec / PT:	BUY / C\$27.00	1xNAV FD:	C\$25.00/sh	Country:	USA / Madagascar
Group-level SOTP valuation		3Q25	4Q25				
		US\$m	O/ship	NAVx	CS/sh		
White Mesa REE Hydromet NPV 7% 4Q25		459	100%	1.00x	2.58		
White Mesa REE Separation NPV7% 4Q25		690	100%	1.00x	3.89		
Tolara NPV8% 4Q25		2,453	100%	1.00x	13.81		
Brazil REE + exploration		50	100%	1.00x	0.28		
Uranium assets - DCF +US\$5/lb for WY assets		866	100%	1.50x	7.32		
Central SG&A & fin costs 4Q25		(379)	-	1.50x	(3.20)		
PF Cash and securities, investments, ITM options		893	-	1.50x	7.54		
Convertible net debt		(700)		1.50x	(5.91)		
Physical inventories - U3O8 and V2O5		109	-	1.50x	0.92		
1xNAV7% spot fully diluted, pre-funded		4,441			27.22		
Assumed equity raised		-		1.50x	-		
1xNAV7% fully funded price target		4,441			27.00		
Share data							
Basic shares (m): 237.3		FD + options (m):	243.3	FD/FF	243.3		
1x fully funded NAVPS sensitivity to Commodity price and discount / NAV multiple							
Group NAV (US\$m)	-20%	-10%	0%	+10%	+20%		
Uranium (% move in price)	4,244	4,346	4,448	4,550	4,652		
Group NAV (US\$m)	-20%	-10%	0%	+10%	+20%		
Min sands (% move in price)	3,834	4,141	4,448	4,755	5,062		
Group NAV (US\$m)	-20%	-10%	0%	+10%	+20%		
REE (% move in price)	3,620	4,035	4,448	4,862	5,275		
Group NAV (US\$m)	-20%	-10%	0%	+10%	+20%		
9% discount	2,624	3,375	4,123	4,870	5,617		
8% discount	2,703	3,487	4,270	5,051	5,832		
7% discount	2,799	3,624	4,448	5,271	6,093		
6% discount	2,917	3,793	4,667	5,539	6,411		
5% discount	3,066	4,002	4,937	5,871	6,805		
Valuation over time	Today	Dec '25	Dec '26	Dec '27	Dec '28		
REE crack and leach + separation	1,149.0	1,046.9	1,165.6	1,342.2	1,518.1		
Tolara	2,452.6	2,273.8	2,481.6	2,802.2	3,563.1		
Uranium assets	866.4	849.6	869.1	830.4	785.0		
Brazil REE + exploration	50.0	50.0	50.0	50.0	50.0		
Cntr G&A & fin costs (US\$m)	(379.1)	(467.4)	(364.8)	(362.3)	(403.4)		
Net cash (US\$m)	892.7	173.6	18.1	(458.7)	(617.7)		
1xNAV (US\$m)	5,031	3,926	4,220	4,204	4,895		
P/NAV (x):	0.88x	1.01x	1.03x	1.03x	0.89x		
1xNAV share px FD (C\$/sh)	29.09	25.34	25.02	24.92	29.02		
ROI to equity holder (% pa)	13%	-1%	-1%	-1%	2%		
Sources and uses of cash							
SCPe MREC capex (US\$150m)	US\$150m		SCPe PF cash + options	US\$1,002m			
SCPe separation capex	US\$200m		Debt package	US\$200m			
SCPe tolara capex	US\$1,081m		Equity Raised	US\$0m			
SCPe G&A + working cap pre-positive FCF	-US\$207m						
Contingency	-US\$22m						
Total uses	US\$1,202m		Total proceeds	US\$1,202m			
Production (100%)	2024	2025	2026	2027	2028		
Production (kt REE in MREC)	0.3	--	5.2	5.0	10.1		
NdPr in MREC (kt)	0.1	--	1.2	1.2	2.3		
DyTb in MREC (t)	3.5	--	73.0	70.4	140.8		
Separation TREO produced	0.2	0.1	5.0	4.8	9.5		
NdPr produced (kt)	0.0	--	1.1	1.1	2.2		
DyTb produced (t)	2.5	--	69.3	66.8	133.6		
REE Separation revenue (US\$/kg REE)	19.7	--	23.2	28.9	34.5		
REE Separation AISC (US\$/REE)	64.9	137.2	22.2	26.4	28.4		
Production (kt HMS at Tolara)	--	--	--	--	--		
Production (kt MON at Tolara)	--	--	--	--	--		
HMS (ILM RUT ZIR) revenue (US\$/t)	--	--	--	--	--		
MON REE in MON revenue (US\$/t REE)	--	--	--	--	--		
U3O8 production (Mlbs)	0.2	1.0	2.1	2.1	2.1		
U3O8 received price (US\$/lb)	84.2	74.1	77.5	80.0	80.0		
U3O8 cash cost (US\$/lb)	36.8	29.6	25.1	25.2	23.6		
U3O8 revenue (US\$m)	37.9	48.2	162.3	167.6	167.6		
Min sands revenue (US\$m)	--	--	--	--	--		
REE revenue (US\$m)	4.6	--	114.9	150.0	359.0		
Capex (US\$m)	(22)	(14)	(225)	(564)	(320)		
<i>Source: SCP estimates</i>							
Market P/NAV:							
Measured, ind. & inf.	84	0.20%	40.3	11	18		
Resource / Reserve							
Mt	56	2.0%	71	94			
Tolara - Reserves	904	6.10%	200	200			
Tolara - Resources	2,580	4.30%	71.0%	6.9%			
Commodity price							
2023	2024	2025	2026	2027			
NdPr price (US\$/kg)	76	56	71	94			
U3O8 price (US\$/lb)	66	86	72	80			
ILM Sulphate price (US\$/t)	--	200	200	200			
ILM Chloride price (US\$/t)	--	325	325	325			
RUT price (US\$/t)	--	950	950	950			
ZIR price (US\$/t)	--	1,350	1,350	1,350			
Ratio analysis							
2023	2024	2025	2026	2027			
FD shares out (m)	163	199	237	237			
EPS (US\$/sh)	1.43	(0.24)	(0.33)	0.20	0.30		
CFPS before w/c (US\$/sh)	(0.09)	(0.22)	(0.47)	0.29	0.37		
FCFPS pre growth (US\$/sh)	(0.19)	(0.20)	(0.57)	(0.65)	(2.01)		
FCF/sh (US\$/sh)	(0.19)	(0.33)	(0.62)	(0.65)	(2.01)		
FCF yield pre growth (US\$/sh)	(1%)	(1%)	(2%)	(3%)	(8%)		
FCF yield (%)	(1%)	(1%)	(2%)	(3%)	(8%)		
EBITDA margin (%)	(85%)	(61%)	(127%)	24%	31%		
FCF margin (%)	(81%)	(85%)	(225%)	(56%)	(150%)		
ROA (%)	25%	(8%)	(7%)	3%	4%		
ROE (%)	26%	(9%)	(15%)	7%	10%		
ROCE (%)	26%	(9%)	(5%)	3%	5%		
PER (x)	18x	(96x)	(71x)	130x	85x		
P/CF (x)	--	(87x)	(44x)	68x	49x		
Fwd EV/EBITDA (x)	--	(78x)	(54x)	69x	50x		
Income statement							
2023	2024	2025	2026	2027			
Revenue (US\$m)	38	78	66	277	318		
COGS (US\$m)	(18)	(56)	(38)	(176)	(195)		
Gross profit (US\$m)	20	22	28	102	123		
Expenses (US\$m)	(52)	(70)	(111)	(54)	(43)		
Impairment & other (US\$m)	132	(1)	14	--	--		
Net finance costs (US\$m)	--	--	(21)	2	(4)		
Tax (US\$m)	(0)	0	(3)	(2)	(4)		
Minority interest (US\$m)	0	0	0	--	--		
Net income attr. (US\$m)	100	(48)	(93)	47	72		
EBITDA (US\$m)	(32)	(48)	(83)	67	98		
Cash flow							
2023	2024	2025	2026	2027			
Profit/(loss) after tax (US\$m)	100	(48)	(94)	47	72		
Add non-cash items (US\$m)	(117)	5	(7)	19	18		
Less wkg cap / other (US\$m)	2	(1)	(10)	4	(3)		
Cash flow ops (US\$m)	(15)	(44)	(110)	70	87		
PP&E (US\$m)	(15)	(22)	(14)	(225)	(564)		
Other (US\$m)	(8)	9	(46)	--	--		
Cash flow inv. (US\$m)	(24)	(13)	(83)	(225)	(564)		
Debt draw (repayment) (US\$m)	--	--	700	200	6		
Equity issuance (US\$m)	33	17	152	--	--		
Other (US\$m)	(2)	(1)	1	--	--		
Cash flow fin. (US\$m)	30	16	853	200	6		
Net change post forex (US\$m)	(9)	(16)	661	45	(471)		
FCF (US\$m)	(31)	(66)	(148)	(155)	(477)		
Balance sheet							
2023	2024	2025	2026	2027			
Cash, Mar. Sec. & Restricted (US\$)	208	139	841	886	415		
Accounts receivable (US\$)	1	38	4	34	39		
Inventories (US\$)	39	67	72	59	51		
PPE & exploration (US\$)	147	349	401	607	1,153		
Other (US\$)	7	19	17	17	17		
Total assets (US\$)	402	612	1,335	1,603	1,675		
Debt (US\$)	--	--	700	900	906		
Other liabilities (US\$)	23	80	31	52	46		
Shareholders equity (US\$)	733	938	1,099	1,099	1,099		
Retained earnings (US\$)	(358)	(410)	(500)	(453)	(381)		
Minority int. & other (US\$)	4	4	4	4	4		
Liabilities+equity (US\$)	402	612	1,335	1,603	1,675		
Net cash (US\$)	57	39	(3)	(158)	(635)		
Net debt to NTM EBITDA (x)	1.2x	0.5x	0.0x	1.6x	3.2x		

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TENDER: The analyst recommends tendering shares to a formal tender offering

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED (N/R): The stock is not currently rated

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9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

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Summary of Recommendations as of January 2026	
BUY:	53
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	53

¹ As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month