

## Boss welcomes US decision on Section 232 Petition

### HIGHLIGHTS

- US President Donald Trump declines issuing quotas for domestic US uranium production
- Decision on Section 232 Petition expected to prompt increased uranium demand from US utility companies and may improve underlying uranium prices
- Decision provides clarity to US utilities as Boss Resources continues discussions on potential US offtake deals for its 100%-owned Honeymoon Uranium Project in South Australia
- Boss Resources looks forward to business as usual with US utilities without tariffs or trade restrictions.

Boss Resources Limited (ASX: BOE) (“Boss” or the “Company”) notes that US President Donald Trump, on 12 July 2019 (American time), officially declined issuing quotas for domestic US uranium production as had been requested under the Section 232 Petition, and instead ordered a 90-day governmental review by a working group of federal agencies, with respect to the entire nuclear fuel supply chain. This decision has been praised by US nuclear power utilities who were concerned restrictions on uranium imports would increase costs.

US President Trump stated he did not concur with a US Commerce Department investigation that found uranium imports threaten to impair US national security. Boss believes this outcome is very positive for Australian producers and the uranium market as a whole, as the declined restrictions may have created long term distortions in the market which could have further impacted the recovery of the uranium market. Furthermore, US President Trump's decision is expected to assist unlocking buying activity from US utilities and accordingly, support a uranium price increase.

US President Trump further added, "a fuller analysis of national security considerations with respect to the entire nuclear fuel supply chain is necessary at this time," and that the newly formed working group would make "recommendations to further enable domestic nuclear fuel production if needed." Boss believes the establishment of a working group is a win for US utilities, acknowledging the need to allow them to compete effectively in the electricity market, and continue to produce clean electricity.

**Boss Resources Managing Director Duncan Craib said, “We welcome US President Trump’s resolve as Boss is in a very good position to respond as US utilities come back to the market. We have solid relationships with a variety of US utilities with whom we have been discussing**

*off-take contracts. Australia has been a long-term reliable and important supplier of uranium to the US and this decision will see this continue, underpinning project development in Australia as well as providing foreign investment.*

*“The outlook on improved uranium prices is positive. Boss’ 100%-owned and fully permitted Honeymoon Uranium Project has the same cost structure and restart timeline as most the tier one and tier two producers with existing and expansion capacity, making it one of the few uranium projects worldwide positioned that can participate in the early stages of a new bull market.*

*“President Trump’s announcement is timely as Boss advances its restart strategy and continues contractual discussions with US utilities, in concert with the underlying price of uranium. We look forward to business as usual in the US without tariffs or trade restrictions.”*

#### **US President Trump’s full announcement is enclosed.**

The Section 232 Petition lodged by two US uranium producers was based on the premise that uranium imports from “state-sponsored producers” threatened the viability of the US uranium industry. The petition called on the US Department of Commerce and US President Donald Trump to enact a remedy to restore the viability of US uranium production and its related infrastructure.

Since the petition was filed on 16 January 2018, the industry has noted a substantial reduction in demand by US utilities willing to enter into long term off-take agreements with foreign suppliers. Instead these utilities, which account for more than a quarter of the world’s uranium market, have been drawing down on inventories while waiting for US President Trump’s determination on the Section 232 investigation. In light of President Trump’s announcement US utilities are expected to come to the market with requests for proposals, and this increased demand should put upward pressure on prices.

## **Background**

In July 2018, the US Department of Commerce (DOC) launched an investigation into "the present quantity and circumstances" of uranium imports and if they threatened US national security.

The investigation, under Section 232<sup>1</sup> of the Trade Expansion Act of 1962, was triggered by the January 2018 filing of a petition by uranium mining companies Energy Fuels Inc and Ur-Energy. In it, the companies said the loss of a viable US uranium mining industry would have a significant detrimental impact on the country's national, energy and economic security and its ability to sustain an independent nuclear fuel cycle. The companies sought a quota to limit

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<sup>1</sup> Under Section 232 of Trade Expansion Act of 1962 (as amended), investigations may be carried out to determine the effects of imports on the USA’s national security and give the President the ability to address any threats to national security by restricting imports through tariffs.

imports of uranium into the USA, effectively reserving 25% of the market for domestic production, and a "buy American" policy for federal entities needing to purchase the material.

On 15 April 2019, the DOC submitted to the White House the results of an investigation into the effects of uranium imports on US national security. US President Donald Trump then had up to 90 days to decide whether to act on the DOC's findings and recommendations.

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## US President Trump's full memorandum

**Subject:** Memorandum on the Effect of Uranium Imports on the National Security and Establishment of the United States Nuclear Fuel Working Group

**Date:** 2019-07-13 03:17:36 +0000

The White House Office of the Press Secretary FOR IMMEDIATE RELEASE July 12, 2019

July 12, 2019 -----

MEMORANDUM FOR THE SECRETARY OF STATE THE SECRETARY OF THE TREASURY THE SECRETARY OF DEFENSE THE SECRETARY OF THE INTERIOR THE SECRETARY OF COMMERCE THE SECRETARY OF ENERGY THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET THE ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY THE DIRECTOR OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS THE CHAIRMAN OF THE NUCLEAR REGULATORY COMMISSION THE CHAIRMAN OF THE FEDERAL ENERGY REGULATORY COMMISSION

SUBJECT:

The Effect of Uranium Imports on the National Security and Establishment of the United States Nuclear Fuel Working Group

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862) (the "Act"), it is hereby ordered as follows:

Section 1. The Secretary of Commerce's Investigation into the Effect of Uranium Imports on the National Security.

(a) On April 14, 2019, the Secretary of Commerce (Secretary) transmitted to me a report on his investigation into the effect of imports of uranium (uranium ore, uranium concentrate, uranium hexafluoride, enriched uranium, and enriched uranium in fuel assemblies) on the national security of the United States under section 232 of the Act.

(b) The Secretary found and advised me of his opinion that uranium is being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States as defined under section 232 of the Act. Currently, the United States imports approximately 93 percent of its commercial uranium, compared to 85.8 percent in 2009. The Secretary found that this figure is because of increased production by foreign state-owned enterprises, which have distorted global prices and made it more difficult for domestic mines to compete.

(c) At this time, I do not concur with the Secretary's finding that uranium imports threaten to impair the national security of the United States as defined under section 232 of the Act. Although I agree that the Secretary's findings raise significant

concerns regarding the impact of uranium imports on the national security with respect to domestic mining, I find that a fuller analysis of national security considerations with respect to the entire nuclear fuel supply chain is necessary at this time.

Sec. 2. Establishment of the United States Nuclear Fuel Working Group.

(a) I agree with the Secretary that the United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security. The United States requires domestically produced uranium to satisfy Department of Defense (DOD) requirements for maintaining effective military capabilities -- including nuclear fuel for the United States Navy's fleet of nuclear-powered aircraft carriers and nuclear-powered submarines, source material for nuclear weapons, and other functions. Domestic mining, milling, and conversion of uranium, however, while significant, are only a part of the nuclear supply chain necessary for national security, including DOD needs.

(b) On June 29, 2017, I announced an initiative to revive and expand the nuclear energy sector and directed a complete review of United States nuclear energy policy to help find new ways to revitalize this crucial energy resource. Nuclear fuel production is critical to a vibrant nuclear energy sector. Over many prior administrations, the Federal Government has neglected to consider the impacts on key components of our nuclear fuel production infrastructure, while simultaneously increasing regulatory barriers for private-sector innovation in this technology.

(c) To address the concerns identified by the Secretary regarding domestic uranium production and to ensure a comprehensive review of the entire domestic nuclear supply chain:

(i)

The Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy shall establish a United States Nuclear Fuel Working Group (Working Group) to develop recommendations for reviving and expanding domestic nuclear fuel production.

(ii)

The Working Group shall include the following members or their designees:

(A) the Assistant to the President for National Security Affairs, who shall serve as one of the Co-Chairs;

(B) the Assistant to the President for Economic Policy, who shall serve as the other Co-Chair;

(C) the Secretary of State;

(D) the Secretary of the Treasury;

(E) the Secretary of Defense;

(F) the Secretary of the Interior;

- (G) the Secretary of Commerce;
- (H) the Secretary of Energy;
- (I) a designee of the Nuclear Regulatory Commission;
- (J) a designee of the Federal Energy Regulatory Commission;
- (K) the Director of the Office of Management and Budget;
- (L) the Director of the Office of Science and Technology Policy;
- (M) the Chairman of the Council of Economic Advisers; and
- (N) such other officials of the Federal Government as the Assistant to the President for National Security Affairs or the Assistant to the President for Economic Policy may invite to participate.

(iii) The Working Group shall examine the current state of domestic nuclear fuel production to reinvigorate the entire nuclear fuel supply chain, consistent with United States national security and nonproliferation goals.

(iv) Within 90 days of the date of this memorandum, the Working Group, through the Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy, shall submit a report to the President setting forth the Working Group's findings and making recommendations to further enable domestic nuclear fuel production if needed.

Sec. 3. General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:

- (i) the authority granted by law to an executive department or agency, or the head thereof;
- (ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals; or
- (iii) existing rights or obligations under international agreements.

(b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person. -----

DONALD J. TRUMP

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