DISTRICT COURT, WATER DIVISION NO. 4 STATE OF COLORADO Court Address: 1200 N. Grand Ave., Bin A Montrose, CO 81401-3146 (970) 252-4335	▲ **COURT USE ONLY** ▲
CONCERNING THE APPLICATION FOR WATER RIGHTS OF: ENERGY FUELS RESOURCES CORPORATION in Montrose County.	Case Number: 2009 CW _____ Div.: Ctrm.:
Attorneys for Applicant: Mark A. Hermundstad, #10527 Kirsten M. Kurath, #24649 WILLIAMS, TURNER & HOLMES, P.C. 200 North 6th Street, P.O. Box 338 Grand Junction, CO 81502 Phone Number: (970) 242-6262 Fax Number: (970) 241-3026 E-mail: mherm@wth-law.com kmkurath@wth-law.com	
APPLICATION FOR UNDERGROUND WATER RIGHTS AND SURFACE WATER RIGHTS	

1. Name, Address, Telephone Number and E-Mail Address of Applicant:

   Energy Fuels Resources Corporation
   Attention: Frank Filas, P.E., Environmental Manager
   44 Union Boulevard, Suite 600
   Lakewood, CO 80228
   E-mail Address: f.filas@energyfuels.com
   Office phone: (303) 974-2146

2. Introduction. Energy Fuels Resources Corporation ("Energy Fuels" or "Applicant") owns a private land parcel known as the Piñon Ridge Property and described as follows: The SW1/4 SE1/4 of Section 5, all of Section 8, and the N1/2 NW1/4, SE1/4 NW1/4 and N1/2 NE1/4 of Section 17, all in Section 17, T. 46 N., R. 17 W., N.M.P.M. (the "Mill Site Property"). The

Mill Site Property encompasses approximately 880 acres in Montrose County, Colorado and is illustrated on the map attached hereto as Figure 1. The Mill Site Property is located approximately 12 miles west of Naturita and approximately 7 miles east of Bedrock, along State Highway 90. Energy Fuels is proposing to construct and operate the Piñon Ridge Mill Facility (the "Facility") at the Mill Site Property to process uranium and vanadium ore mined from its existing nearby operations and from area mines owned and operated by others. The Facility is expected to have the capacity to process 500 tons of ore per day and to operate 24 hours per day, 350 days per year. The proposed milling operation involves grinding the ore into a fine slurry and then leaching it with sulfuric acid to separate the uranium and vanadium from the remaining rock. Uranium and vanadium are then recovered from solution and precipitated as concentrates. The operating life of the Facility is expected to be approximately forty years. However, the operating life could be extended by an additional ten years or more if economic conditions warrant. Energy Fuels will commence closure and reclamation activities following the productive life of the Facility. The water rights described in this Application will be used in connection with the construction, operation and reclamation of the Facility. In addition, the water rights claimed in the Second Claim for Relief will also be used for stockwatering purposes in connection with the lands on which the wells are located.

FIRST CLAIM FOR RELIEF
Underground Water Rights

3. Names of Wells and Well Permit Information: Energy Fuels PW-1 and Energy Fuels PW-2. Well permits have been issued for these wells as follows: Energy Fuels PW-1: Well Permit No. 67230-F; Energy Fuels PW-2: Well Permit No. 67229-F. Copies of these well permits are attached as Exhibits A and B. Applicant will apply for revised well permits for these wells during the pendency or at the conclusion of this action.

4. Legal Description:

   A. Energy Fuels PW-1: Located in the NW1/4 NW1/4 of Section 17, T. 46 N., R. 17 W., N.M.P.M., at a point approximately 131 feet from the North section line and 5,147 feet from the East section line of said Section 17.

   B. Energy Fuels PW-2: Located in the SE1/4 NW1/4 of Section 17, T. 46 N., R. 17 W., N.M.P.M., at a point approximately 2,403 feet from the North section line and 2,656 feet from the East section line of said Section 17.

   C. A map showing the locations of Energy Fuels PW-1 and Energy Fuels PW-2 is attached hereto as Figure 2.

5. Source and Depth:

   A. Source: The source of Energy Fuels PW-1 and Energy Fuels PW-2 is groundwater in the Chinle and Moenkopi Formations, tributary to the Dolores River.

   B. Depth: Energy Fuels PW-1: 380 feet; Energy Fuels PW-2: 440 feet.

6. Appropriation Information:

   A. Date of Appropriation: June 2, 2008.

   B. How Appropriation was Initiated: Inspection of and location of well sites and application for well permits, together with the formation of the intent to appropriate water and other acts in furtherance of the appropriation.

   C. Date Water Applied to Beneficial Use: N/A

7. Amounts Claimed:

   A. Energy Fuels PW-1: 52 gallons per minute (0.12 c.f.s.), conditional.

   B. Energy Fuels PW-2: 10 gallons per minute (0.02 c.f.s.), conditional.

   C. The maximum combined pumping rate from Energy Fuels PW-1 and PW-2 and from the wells described in the Second Claim for Relief of this Application shall be 175 g.p.m. (0.39 c.f.s.).

   D. The maximum total combined withdrawals from Energy Fuels PW-1 and PW-2 and from the wells described in the Second Claim for Relief of this Application shall be 282 acre feet per year.

8. If wells operate pursuant to a decreed plan for augmentation:

   Not applicable. The wells claimed herein are located in an area where water is available for appropriation.

9. If well is non-tributary:

Not applicable. The wells claimed herein withdraw tributary groundwater.

10. Proposed Uses: Industrial uses in connection with the construction, operation, maintenance and reclamation of the Facility. These industrial uses include, without limitation, mineral processing, dust suppression, truck and equipment washing, fire protection, and general maintenance. This water will be used on the Mill Site Property.

11. Name and address of owner or reputed owner of the land upon which any new diversion or storage structure, or modification to any existing diversion or storage structure is or will be constructed or upon which water is or will be stored, including any modification to the existing storage pool:

Applicant owns the land on which the Energy Fuels PW-1 and PW-2 wells are located and upon which the water will be used (the Mill Site Property).

SECOND CLAIM FOR RELIEF
Underground Water Rights (Well Field)

12. Names of Structure and Well Permit Information: Energy Fuels Well Field. A well permit has been issued for one of the wells in the well field as follows: Well Permit No. 67228-F for a well designated PW-3. A copy of this well permit is attached hereto as Exhibit C. Applicant will apply for a revised well permit for this well and well permits for the other wells in the well field during the pendency or at the conclusion of this action.

13. Legal Description: The Energy Fuels Well Field will consist of up to five wells located within the following described parcel of land: NW1/4 SE1/4, Section 7, T. 46 N., R. 17 W., N.M.P.M., Montrose County, Colorado (the "Well Field Property"). A map showing the location of the Well Field Property is attached hereto as Figure 3.

14. Source and Depth:

    A. Source: The source of the wells drilled in the Energy Fuels Well Field will be groundwater in the Chinle and Moenkopi Formations, tributary to the Dolores River.

    B. Depth: The maximum depth of the wells drilled in the Energy Fuels Well Field will be 500 feet.

15. Appropriation Information:

    A. Date of Appropriation: June 2, 2008.

    B. How Appropriation was Initiated: Inspection of and location of the well field and application for a well permit for well PW-3, together with the formation of the intent to appropriate water and other acts in furtherance of the appropriation.

    C. Date Water Applied to Beneficial Use: N/A

16. Amounts Claimed:

    A. The maximum pumping rate from any single well in the Energy Fuels Well Field will be 80 gallons per minute (0.18 c.f.s.), conditional.

    B. The maximum combined pumping rate from all wells in the Energy Fuels Well Field and from the wells described in the First Claim for Relief of this Application shall be 175 g.p.m. (0.39 c.f.s.).

    C. The maximum total combined withdrawals from the wells in the Energy Fuels Well Field and from the wells described in the First Claim for Relief of this Application shall be 282 acre feet per year.

17. If wells operate pursuant to a decreed plan for augmentation:

    Not applicable. The wells claimed herein are located in an area where water is available for appropriation.

18. If well is non-tributary:

    Not applicable. The wells claimed herein withdraw tributary groundwater.

19. Proposed Uses:

    A. Industrial uses in connection with the construction, operation, maintenance and reclamation of the Facility. These industrial uses include, without limitation, mineral processing, dust suppression, truck and equipment washing, fire protection, and general maintenance. This water will be used on the Mill Site Property.

B. Stock watering uses on the Well Field Property and neighboring lands owned by the owners of the Well Field Property.

20. Name and address of owner or reputed owner of the land upon which any new diversion or storage structure, or modification to any existing diversion or storage structure is or will be constructed or upon which water is or will be stored, including any modification to the existing storage pool:

The Energy Fuels Well Field is located upon land owned by the following persons:

Dan Clayton Cooper
P.O. Box 65
Nucla, CO 81424

Michael Alan DeJohn
P.O. Box 8419
Clinton, LA 70722

THIRD CLAIM FOR RELIEF
Surface Water Rights

21. Name and Description of Structures:

A. The names of the structures involved in this Third Claim for Relief are the Energy Fuels Zero-Discharge Facilities.

B. The Energy Fuels Zero-Discharge Facilities are facilities designed to capture, transport and retain precipitation falling on portions of the Mill Site Property, resulting in no discharge or runoff from those portions of the Mill Site Property. Applicant currently anticipates that the Energy Fuels Zero-Discharge Facilities will include, without limitation, an East Stormwater Pond, a West Stormwater Pond, tailings cells, evaporation ponds, and a lined trench connecting the mill to the tailings cells and the evaporation ponds. These facilities are illustrated on Figure 4, attached hereto and incorporated herein by reference. Applicant reserves the right to add additional components to the Zero-Discharge Facilities during the construction and operation of the Facility.

C. The portions of the Mill Site Property from which the rainwater will be captured and not allowed to discharge or run off are referred to herein as the "Zero-Discharge

Areas." The Zero-Discharge Areas consist of a maximum of 240 acres of the Mill Site Property and are shown on Figure 4. The Zero-Discharge Areas include the mill area, an ore pad and areas on which the Energy Fuels Zero-Discharge Facilities described in Paragraph 21.B., above, are located.

22. Legal Description: The Energy Fuels Zero-Discharge Facilities will be facilities constructed on the Mill Site Property to capture the precipitation that falls on the Zero-Discharge Areas. The Energy Fuels Zero-Discharge Facilities will be constructed at various locations throughout the Zero-Discharge Areas to retain precipitation falling on the Zero-Discharge Areas and to prevent its discharge to surface streams in the vicinity of the Mill Site Property. The portions of the Mill Site Property on which the Energy Fuels Zero-Discharge Facilities and the Zero-Discharge Areas will be located include Section 8 and the N1/2 N1/2 of Section 17, all in T. 46 N., R. 17 W., N.M.P.M.

23. Source: Precipitation tributary to East Paradox Creek, tributary to the Dolores River.

24. Appropriation Information:

    A. Date of Appropriation: June 2, 2008.

    B. How Appropriation was Initiated: Design of the Facility and the Energy Fuels Zero-Discharge Facilities on the Mill Site Property, together with the formation of the intent to appropriate water and other acts in furtherance of the appropriation.

    C. Date Water Applied to Beneficial Use: N/A

25. Amount Claimed: All precipitation falling on the Zero-Discharge Areas of the Mill Site Property. The average annual precipitation in the vicinity of the Mill Site Property is 12.6 inches per year resulting in an average annual amount falling on the Zero-Discharge Areas of 252 acre feet. The maximum recorded annual rainfall in the vicinity of the Mill Site Property was 21.4 inches, resulting in a maximum annual amount falling on the Zero-Discharge Areas of 428 acre feet. The amount claimed for the Energy Fuels Zero-Discharge Facilities is the maximum total amount of precipitation that may fall on the Zero-Discharge Areas in a year based upon the maximum recorded annual rainfall, or 428 acre feet, conditional.

26. Proposed Uses:

A. The rainwater captured by the Energy Fuels Zero-Discharge Facilities may be captured and placed into stormwater ponds, evaporation ponds or other temporary storage structures to allow it to evaporate so that it will not run off from the Zero-Discharge Areas or otherwise be discharged back to the local stream system.

B. The rainwater captured by the Energy Fuels Zero-Discharge Facilities may be captured, stored in stormwater ponds, evaporation ponds or other temporary storage structures, and used for industrial uses in connection with the construction, operation, maintenance and reclamation of the Facility. These industrial uses include, without limitation, mineral processing, dust suppression, truck and equipment washing, fire protection, and general maintenance. This water will be used on the Mill Site Property.

27. Name and address of owner or reputed owner of the land upon which any new diversion or storage structure, or modification to any existing diversion or storage structure is or will be constructed or upon which water is or will be stored, including any modification to the existing storage pool:

Applicant owns the land on which the Energy Fuels Zero-Discharge Facilities will be located and upon which the water will be used (the Mill Site Property).

WHEREFORE, Applicant requests that the Court enter a decree confirming the underground water rights and surface water rights described herein and granting such additional relief as the Court deems appropriate.

Respectfully submitted this 21st day of Oct, 2009.

WILLIAMS, TURNER & HOLMES, P.C.

By Mark A. Hermundstad

Mark A. Hermundstad, #10527
Kirsten M. Kurath, #24649
Attorneys for Applicant

STATE OF COLORADO)
) ss.
COUNTY OF Jefferson)

I, Frank Filas, P.E., Environmental Manager of the Applicant herein, state under oath that I have read this Application and verify its contents.

Frank Filas, P.E., Environmental Manager

Subscribed and sworn to before me this 21 day of October, 2009.

WITNESS my hand and official seal.

Notary Public
My Commission Expires: My Commission Expires 07/31/2011