Energy Fuels, Inc.

(A development stage company)

Unaudited
Interim Consolidated Financial Statements

For the Three Months Ended
December 31, 2008

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of Energy Fuels, Inc have been prepared by and are the responsibility of the Energy Fuels' management.

The independent auditor of Energy Fuels, Inc has not performed a review of the unaudited interim consolidated financial statements for the three months ended December 31, 2008**.**

ENERGY FUELS INC.
Consolidated Balance Sheets

		Unaudited December 31, 2008		Audited September 30, 2008
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**10,562,664**	$	12,280,551
Prepaid expenses and other assets		**221,746**		113,140
		10,784,410		12,393,691
Non-current				
Property, plant and equipment (Note 2)		**1,320,818**		1,420,715
Mineral properties and deferred costs (Note 3)		**22,435,934**		19,942,414
Restricted cash (Note 4)		**972,367**		837,616
Intangible asset		**14,861**		19,814
	$	**35,528,390**	$	34,614,250
LIABILITIES & SHAREHOLDER'S EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,380,036**	$	1,453,119
Current portion asset retirement obligations (Note 5)		**120,987**		78,097
Current portion of long-term debt (Note 6)		**238,523**		272,976
		1,739,546		1,804,192
Non-current				
Long-term asset retirement obligation (Note 5)		**197,918**		197,918
Long-term debt (Note 6)		**189,830**		164,422
		2,127,294		2,166,532
SHAREHOLDERS' EQUITY				
Capital stock (Note 7)		**45,436,168**		45,436,168
Contributed surplus (Note 7)		**13,895,886**		13,867,428
Deficit		**(25,930,958)**		(26,855,878)
		33,401,096		32,447,718
	$	**35,528,390**	$	34,614,250

Commitments and contingencies (Note 10)

Approved by the Board

George E.L. Glasier (*signed*), Director

Robert J. Leinster (*signed*), Director

The accompanying notes are an integral part of these consolidated financial statements.

ENERGY FUELS INC.
Consolidated Statements of Operations, Deficit and Accumulated Comprehensive Loss
(Unaudited)

	Three Months Ended December 31, 2008	Three Months Ended December 31, 2007
EXPENSES		
General and administrative	**$ 727,742**	$ 1,484,120
Amortization	**47,348**	47,889
Stock-based compensation (Note 7)	**28,458**	160,177
LOSS BEFORE INTEREST INCOME & FOREIGN EXCHANGE	**$ 803,548**	$ 1,692,186
Interest income	**24,304**	249,220
Foreign exchange gain (loss)	**1,704,164**	(179,774)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$ 924,920**	$ (1,622,740)
DEFICIT AND ACCUMULATED COMPREHENSIVE LOSS - BEGINNING OF YEAR	**$ (26,855,878)**	$(19,807,699)
DEFICIT AND ACCUMULATED COMPREHENSIVE LOSS - END OF PERIOD	**$ (25,930,958)**	$(21,430,439)
INCOME (LOSS) PER COMMON SHARE - BASIC AND DILUTED	**$ 0.02**	$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**52,604,402**	52,116,307

The accompanying notes are an integral part of these consolidated financial statements.

ENERGY FUELS INC.
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended December 31, 2008	Three Months Ended December 31, 2007
OPERATING ACTIVITIES		
Net income (loss) for the period	$ 924,920	$ (1,622,740)
Items not involving cash		
Amortization	47,348	47,889
High Plains JV admin fee credit	-	(15,000)
Stock-based compensation	28,458	160,177
Increase in reclamation obligation	42,890	
Net changes in assets and liabilities		
Prepaid expenses and other assets	(108,606)	(29,518)
Accounts payable and accrued liabilities	(73,083)	236,675
	861,927	(1,222,517)
INVESTING ACTIVITIES		
Acquisition of equipment	(2,603)	(9,636)
Mineral property acquisitions and expenditures	(2,433,415)	(2,887,462)
Reclamation bond	(134,751)	
	(2,570,769)	(2,897,098)
FINANCING ACTIVITIES		
Repayment of debt	(9,045)	(793)
DECREASE IN CASH DURING THE PERIOD	(1,717,887)	(4,120,408)
CASH - BEGINNING OF YEAR	12,280,551	27,569,484
CASH - END OF PERIOD	$ 10,562,664	$ 23,449,076

	2008	2007
SUPPLEMENTAL INFORMATION		
Cash interest paid	$ 4,666	$ 1,262
Cash taxes paid	-	-
Non cash investing and financing transactions:		
Issuance of shares for acquisition of mineral properties	$ -	$ -
Deferred stock-based compensation	28,458	160,177

The accompanying notes are an integral part of these consolidated financial statements.

NATURE OF OPERATIONS AND GOING CONCERN

Energy Fuels, Inc. (the "Company" or "EFI") was incorporated under the laws of the Province of Alberta and continued into the Province of Ontario.

Energy Fuels, Inc. is a Toronto, Ontario based uranium and vanadium mining and development company with projects located in the states of Colorado, Utah and Arizona, through its wholly-owned subsidiary Energy Fuels Resources Corporation ("EFRC"), and with zinc and copper deposits located in Newfoundland, Canada.

The Company is in the process of exploring its mineral properties and has not yet established whether its mineral exploration properties contain reserves that are economically recoverable. The recovery of amounts capitalized for mineral properties and related deferred costs on the balance sheet are dependent upon the existence of economically recoverable mineral deposits, the ability of the Company to complete exploration and/or development of the properties, including related financing requirements and upon future profitable production or, alternatively, upon proceeds from the disposition of the properties.

These consolidated financial statements have been prepared on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is therefore dependent upon its ability to finance its current and future operations and future acquisition costs. The continued economic slowdown throughout the period ended December 31, 2008, notwithstanding a turnaround in spot uranium prices, are conditions which make raising funds more challenging for the Company. Although the Company has been successful in raising funds to date, there is significant doubt that adequate funding will be available in the future, or available under terms acceptable to the Company. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets, such property, plant and equipment, and liabilities, the reported expenses, and the balance sheet classifications used.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies used in the preparation of the consolidated financial statements are as follows:

Principles of consolidation

These consolidated financial statements include the accounts of the Company together with its wholly-owned US subsidiary, EFRC, its wholly-owned Canadian subsidiary, Energy Fuels Exploration Inc., and its three joint ventures, Arizona Strip Resources JV LLC, Arizona Strip Partners LLC and Colorado Plateau Partners LLC.

Interests in these joint ventures were recognized in these consolidated statements using the proportionate consolidation method. All inter-company transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Areas requiring the use of management estimates include the rates for amortization of capital assets, assessments of the recoverability and fair value of mineral properties, the determination of the provision for future removal and site restoration costs and assumptions used in the determination of the fair value of stock-based compensation. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Cash and cash equivalents

Cash and cash equivalents include only cash.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation begins when the asset is placed into service and is calculated on the declining balance basis over the estimated useful lives of the assets, as follows:

Furniture and fixtures	5 yrs, straight-line
Office equipment	5 yrs, straight-line
Computer and telephone equipment	3-5 yrs, straight-line
Field equipment	5 yrs, straight-line

SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral properties and deferred costs

The Company capitalizes exploration and development expenditures related to mineral properties at cost. Depreciation of assets used in connection with capitalized exploration and development activities is also capitalized. These deferred costs are either amortized against future production upon the commencement of commercial production, or written off to the extent that the properties are sold, allowed to lapse, abandoned or determined to be of no economic benefit. General exploration, overhead and administration costs are expensed in the period incurred.

The estimated fair values of the mineral properties are individually assessed regularly by management. This assessment may be estimated by quantifiable geological evidence of a commodity resource or reserve or the Company's assessment of its ability to sell the property for an amount greater or less than the carrying value. If the carrying values exceed the estimated recoverable value, the costs are written down to the estimated recoverable value.

Asset retirement obligations

The Company's asset retirement obligation ("ARO") relates to expected mine reclamation and closure activities, as well costs associated with exploration drilling. An ARO is recognized initially at fair value with a corresponding increase in the related assets. The ARO is accreted to full value over time through periodic accretion charges recorded to operations using the Company's weighted average cost of capital. In subsequent periods, the Company adjusts the carrying amounts of the ARO and the related asset for changes in estimates of the amount or timing of underlying future cash flows.

Stock-based compensation

Stock-based compensation is accounted for at the fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock, and the risk-free interest rate.

The fair value of all stock options granted is recorded as a charge to operations or an addition to exploration properties and deferred exploration and development expenditures as the stock options vest, and a credit to contributed surplus in shareholders' equity. Stock option expense is added to the properties in a consistent manner in which exploration wages have been added to the properties. Any consideration paid on the exercise of stock options is credited directly to share capital.

Foreign Exchange

The Company's reporting and measurement currency is the Canadian dollar. EFRC's balances are denominated in U.S. dollars. EFRC is financially and operationally interdependent with EFI and as such, is deemed to be an integrated foreign operation for purposes of currency translation. Accordingly, EFRC's balances are translated into Canadian Dollars as follows:

Monetary assets and liabilities at period-end rates;
All other assets and liabilities at historical rates;
Revenue and expense transactions at the average rate of exchange prevailing during the period.

Exchange gains and losses arising on these transactions are reflected in income in the period incurred.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on the differences between the carrying amount of the assets and liabilities on the balance sheet and their corresponding tax values, using the substantively enacted tax rates expected to apply when these temporary differences are expected to reverse. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in Accounting Policies

Financial Instruments Disclosure and Presentation

In December 2006, the CICA published Section 3862 of the Handbook, Financial Instruments- Disclosures and Section 3863 of the Handbook, Financial Instruments- Presentation. These standards introduce disclosure and presentation requirements that will enable financial statements' users to evaluate, and enhance their understanding of, the significance of financial instruments for the entity's financial position, performance and cash flows, and the nature and extent of risks arising from financial instruments to which the entity is exposed, and how those risks are managed. There was no impact to the Company's financial results from adopting this standard.

Capital Disclosures

In December 2006, the CICA published Section 1535 of the Handbook, Capital Disclosures, which requires disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; (iv) the consequences of non-compliance in the event the entity has not complied. This information will enable financial statements' users to evaluate the entity's objectives, policies and processes for managing capital. (Note 12)

Inventories

In January 2007, the CICA published section 3031 of the Handbook, Inventories, which prescribes the accounting treatment for inventories. Section 3031 provides guidance on determination of costs and its subsequent recognition as an expense, and provides guidance on the cost formulas used to assign costs to inventories. The new standard did not impact the current or the prior period financial statements.

Goodwill and Intangible Assets

In February 2008 the CICA issued Section 3064 of the Handbook, Goodwill and Intangible Assets, replacing Section 3062 of the Handbook, Goodwill and Other Intangible Assets, and Section 3450 of the Handbook, Research and Development Costs. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning October 1, 2008. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new Section in its consolidated financial statements. The Company does not expect that the adoption of this new Section will have a material impact on its consolidated financial statements.

2. PROPERTY, PLANT AND EQUIPMENT

	Period Ended December 31, 2008	Year Ended September 30, 2008
Equipment at cost	**$1,791,127**	$1,791,127
Accumulated amoritization	**544,462**	451,740
	1,246,665	1,339,387
Equipment under capital lease:		
Equipment at cost	**142,334**	142,334
Accumulated amoritization	**68,181**	61,006
	74,153	81,328
Balance, end of period	**$1,320,818**	$1,420,715

Amortization in the amount of $60,105 for equipment used at the mill site and mine properties was charged to mineral properties.

3. MINERAL PROPERTIES AND DEFERRED COSTS

	Period Ended December 31, 2008	Year Ended September 30, 2008
Acquisition costs		
Balance, beginning of year	**$5,208,401**	$4,955,093
Acquisition costs	**851,282**	253,308
	6,059,683	5,208,401
Deferred exploration expenditures		
Balance, beginning of year	**14,734,013**	5,125,968
Exploration costs	**1,642,238**	9,608,045
	16,376,251	14,734,013
Balance, end of period	**$22,435,934**	$19,942,414

The Company enters into exploration agreements whereby it may earn an interest in certain mineral properties by issuing common shares, making cash option payments and/or incurring expenditures in varying amounts by specified dates.

ENERGY FUELS, INC.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2008
(Unaudited)

3. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

The following is a summary of mineral properties and deferred costs by area of interest as at December 31, 2008:

	Period Ended December 31, 2008			Year Ended September 30, 2008
Properties	**Acquisition**	**Exploration & Development**	**Total**	Total
United States (1)				
Torbyn (Tenderfoot Mesa)	$ 37,652	$ 469,438	$ 507,090	439,356
Henry (Club Mesa)	25,213	161,761	186,974	186,507
AZ Strip JV (High Plains JV)	-	201,911	201,911	-
Energy Queen	491,780	1,364,717	1,856,497	1,708,288
Farmer Girl	24,490	163,364	187,854	164,259
Future Energy	288,052	58,706	346,758	346,758
URenergy	86,292	230,593	316,885	301,437
Whirlwind	2,700,872	5,314,507	8,015,379	6,714,359
Crosswind (High Country Mining)	527,885	13,197	541,082	540,959
Farwest (S & S Mining)	52,359	71,613	123,972	83,735
Moonlight	-	256	256	-
S & M (Hop Creek)	9,366	77,706	87,072	16,630
HC (Calamity Mesa)	64,280	113,914	178,194	123,114
Northern Arizona	-	207,307	207,307	190,516
West Lisbon Valley (Mesa Uranium JV)	5,521	13,068	18,589	18,589
Redd Section 25	34,560	-	34,560	15,604
Heard's GVS (KeeNez)	-	7,459	7,459	7,232
UT Sec 32	2,572	-	2,572	2,572
UT Sec 16-Uranium One	25,317	76,459	101,776	56,239
UT Sage Plain	17,112	1,729	18,841	17,143
D.O.E. Claims	23,487	13,338	36,825	35,716
Pinon Ridge Mill Site	1,397,873	7,379,295	8,777,168	8,292,703
	5,814,683	15,940,338	21,755,021	19,261,716
Canada (2)				
Burnt Pond	245,000	435,913	680,913	680,698
Balance, end of period	$ 6,059,683	$ 16,376,251	$ 22,435,934	19,942,414

3. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

The following is a summary of future exploration commitments for the Company's properties:

	2009	2010	2011	2012	2013	Thereafter	Total
United States	$	$	$	$	$	$	$
Torbyn (Tenderfoot Mesa)	-	24,492	85,722	85,722	85,722	1,114,386	1,396,044
Henry (Club Mesa)	30,615	24,492	24,492	24,492	24,492	318,396	446,979
Arizona Strip JV (High Plains JV)	-	306,150	306,150	306,150	5,816,850	-	6,735,300
Energy Queen	-	72,766	72,766	72,766	72,766	1,018,720	1,309,784
Farmer Girl	-	18,369	18,369	18,369	18,369	73,476	146,952
URenergy	244,920	244,920	489,840	489,840	489,840	11,756,160	13,715,520
Whirlwind	-	739,620	739,865	5,359	5,627	-	1,490,471
Crosswind (High Country Mining)	408,201	-	-	-	-	-	408,201
Farwest (S&S Mining)	30,615	30,615	-	-	-	-	61,230
S & M (Hop Creek)	24,492	24,492	24,492	24,492	24,492	342,888	465,348
HC (Calamity Mesa)	30,615	30,615	24,492	24,492	24,492	342,888	477,594
Redd Section 25	-	56,332	56,332	56,332	46,535	78,374	293,905
Lisbon Valley JV (Mesa Uranium)	6,245	6,245	6,245	-	-	-	18,735
Utah Section 16	36,738	36,738	36,738	36,738	36,738	146,952	330,642
Utah Sage Plain	-	1,396	1,396	1,396	1,396	6,980	12,564
DOE C-SR-16A	28,288	28,288	28,288	28,288	28,288	141,441	282,881
Utah Section 32	612	612	612	612	612	3,062	6,122
GVS (Kee-Nez)	12,246	12,246	12,246	12,246	12,246	61,230	122,460
Total Commitments	853,587	1,658,388	1,928,045	1,187,294	6,688,465	15,404,953	27,720,732

(1) U.S. PROPERTIES:

a) Arizona Strip JV (High Plains JV)

On November 15, 2006, the Company entered into a joint venture agreement with High Plains Uranium, Inc., to explore 192 unpatented mining claims in Coconino and Mohave Counties, Arizona. The Company's initial interest in the JV is 50% which can be increased to 80% as a result of certain events and expenditures by the Company.

Arizona Strip Partners LLC

On June 30, 2008 the Company along with Lnyx-Royal completed the formation of the Arizona Strip Partners LLC, a joint venture company to explore uranium properties in the Arizona Strip region of Northern Arizona. The Company's interest in the JV is 50%, subject to adjustments based on future expenditures. Energy Fuels contributed the Arizona acreage currently controlled by the Company and the 192 unpatented claims initially held under the High Plains JV.

b) Colorado Plateau Partners LLC

On November 01, 2008 the Company along with Lynx-Royal JV LLC (Lynx-Royal) finalized the formation of Colorado Plateau Partners LLC, to acquire, explore, evaluate and, if justified, mine uranium properties located in the states of Colorado and Utah. The Company's interest in the JV is 50%, subject to adjustments based on future developments.

c) Colorado Plateau Partners LLC

EFRC contributed certain mineral leases located in the states of Colorado and Utah, which are currently controlled by the Company. The capitalized cost of these mineral leases as at December 31, 2008 is $191,091. Lynx-Royal's contribution was 82 claims also located in the states Colorado and Utah.

(2) CANADIAN PROPERTIES:

a) Burnt Pond

The Company holds a 100% interest in the Newfoundland property known as Burnt Pond which is prospective for both zinc and copper, consisting of 20 mining claims totaling 725 hectares which is located approximately 38 kilometres east of Buchans and approximately 55 kilometres west of Grand Falls in the Tally Pond Belt of volcanic and sedimentary rocks of central Newfoundland. In April 2008 the Burnt Pond mining claims were transferred to Energy Fuels Exploration, Inc. a 100%-owned subsidiary of Energy Fuels, Inc.

4. RESTRICTED CASH

The Company is required by regulatory agencies to provide surety bonds to cover the estimated reclamation costs for exploration and development drill holes on the Company's Colorado, Utah and Arizona properties as well as mine closure obligations at both the Whirlwind and the Energy Queen mines. The Company has satisfied these requirements through deposits of $972,367 as at December 31, 2008 (September 30, 2008 - $837,616). The reclamation deposits will be returned when reclamation and closure activities have been approved by the state.

5. ASSET RETIREMENT OBLIGATIONS

The following table summarizes the Company's asset retirement obligations:

	Period Ended Dec 31, 2008 $	Year Ended Sept 30, 2008 $
Reclamation obligations, beginning of year	276,015	108,226
Expenditures during current period	-	(102,926)
Additions	42,890	270,715
Reclamation obligations, end of period	318,905	276,015
Site restoration liability by location:		
Exploration drill holes	90,232	78,097
Whirlwind Mine	112,372	97,259
Energy Queen Mine	116,301	100,659
	318,905	276,015
Site restoration liability:		
Current	120,987	78,097
Non-current	197,918	197,918
	318,905	276,015

Operating activities resulting in asset retirement obligations ("ARO") during the period ended December 31, 2008 were recorded as additions to the Company's mineral properties. In calculating the 2008 ARO, management used an inflation rate of 4.9% and a weighted average cost of capital of 15.24%.

The undiscounted asset retirement obligation as at December 31, 2008 is $318,905 (2007 - $108,226). To settle these future obligations, restricted cash of $972,367 (2007 - $837,616) has been set aside, of which $645,652 is controlled by the Colorado Division of Reclamation, Mining and Safety and $326,367 is controlled by the State of Utah Division of Oil Gas and Mining.

6. LONG-TERM DEBT

The Company's long-term debt is comprised of the following:

	Period Ended December 31, 2008	Year Ended September 30, 2008
	$	$
Installment note for equipment purchases	**235,716**	248,160
Capital lease obligations	**192,637**	189,238
Total	**428,353**	437,398

The table below represents currently scheduled maturities of long-term debt:

	$
2009	**256,839**
2010	**177,427**
2011	**18,212**
2012	**960**
Total minimum payments	**453,438**
Amount representing interest	**(25,085)**
Total long-term debt	**428,353**
Less: Current portion	**(238,523)**
Net	**189,830**

7. CAPITAL STOCK

Authorized share capital

The Company is authorized to issue an unlimited number of Common Shares without par value, unlimited Preferred Shares issuable in series, and unlimited Series A Preferred Shares. The Series A shares are non-redeemable, non-callable, non-voting and with no right to dividends. The Preferred shares issuable in series will have the rights, privileges, restrictions and conditions assigned to the particular series upon the Board of Directors approving their issuance.

Issued share capital

The issued and outstanding share capital consists of Common Shares as follows:

	For Period Ended December 31, 2008 (Unaudited)		For Year Ended September 30, 2008 (Audited)	
	Shares	**Amount $**	Shares	Amount $
Balance, beginning of year	**52,604,402**	**45,436,168**	52,116,307	45,235,346
Issuance of shares for cash:				
Options exercised	-	-	250,000	68,100
Warrants exercised	-	-	238,095	132,722
Balance, end of period	**52,604,402**	**45,436,168**	52,604,402	45,436,168

Stock Options

The Company has established a stock option plan whereby the Board of Directors may grant options to employees, directors and consultants to purchase common shares of the Company. The maximum number of authorized but unissued shares available to be granted under the plan shall not exceed 10% of its issued and outstanding common shares. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance the policies of the TSX.

For the period ended December 31, 2008, the Company did not grant stock options (2007 – nil) to any of its employees, directors and consultants. During the period, the Company recorded stock-based compensation expense of $28,458 (2007- $160,177) for those stock options granted in a prior period and which vested during the current period. Offsetting amounts were recognized as contributed surplus.

The fair value of stock options granted to employees, directors and consultants is estimated on the dates of the grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during the prior period:

Risk free rate	3.16% – 3.62%
Expected life	3.00 – 4.50 years
Expected volatility	127% - 134%
Expected dividend yield	0.0%

The summary of the Company's stock options at the period ended December 31, 2008 and for the fiscal year ended September 30, 2008 is presented below:

7. CAPITAL STOCK (continued)

	Period Ended December 31, 2008 (Unaudited)			Year Ended September 30, 2008 (Audited)		
	Range of Exercise Prices $	Weighted Average Exercise Price $	Number of Options	Range of Exercise Prices $	Weighted Average Exercise Price $	Number of Options
Balance, beginning of year	0.35 - 4.25	2.60	4,310,000	0.15 - 4.25	2.54	3,835,000
Transactions during the year:						
Granted	-	0.00	-	2.25	2.25	1,000,000
Exercised	-	0.00	-	0.15	0.15	(250,000)
Forfeited	2.25 - 4.25	3.93	(360,000)	1.00 - 4.25	2.84	(275,000)
Balance, end of period	0.35 - 4.25	2.27	3,950,000	0.35 - 4.25	2.60	4,310,000

Warrants

On May 22, 2008 the Company extended the expiry date of 5,687,637 issued and outstanding warrants of the Company from June 14, 2008 to June 14, 2009. These warrants were originally issued as part of the December 14, 2006 private placement, whereby each full warrant entitled the holder to purchase one additional common share at $2.20 per share for a period of 18 months from the date of the closing of the private placement.

The difference between the fair value of the modified warrants and the value of the old warrants immediately before its terms were modified resulted in the Company recording a charge to retained earnings of $882,799 for the fiscal year ended September 30, 2008. Offsetting amounts were recognized as contributed surplus. This charge has been incorporated in the Company's loss per common share calculation as an adjustment to the earnings attributable to each common share.

The fair value of these modified warrants was estimated using the Black-Scholes option pricing model with the following assumptions used during the period:

Risk free rate	2.67%
Expected life	1.00 years
Expected volatility	90%
Expected dividend yield	0.0%

The Company has the following common share purchase warrants outstanding**:**

Month Issued	Expiry Date	Exercise Price	Warrants Issued
Dec 2006	June 14, 2009	$2.20	5,687,637

	Number of Warrants	Weighted Average Exercise Price
Balance, beginning and end of year	5,687,637	2.20

ENERGY FUELS, INC.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2008
(Unaudited)

7. CAPITAL STOCK (continued)

Contributed Surplus	**Period Ended Dec 31, 2008 (Unaudited) $**	Year Ended Sept 30, 2008 (Audited) $
Balance, beginning of year	**13,867,428**	11,494,267
Value assigned to:		
Stock options transferred to share capital upon exercise	-	(30,600)
Warrants transferred to share capital upon exercise	-	(67,212)
Stock-based compensation	**28,458**	1,588,174
Warrants modification from Dec 2006 private placement	-	882,799
Balance, end of period	**13,895,886**	13,867,428

Income (Loss) Per Common Share	**Period Ended Dec 31, 2008 (Unaudited) $**	Year Ended Sept 30, 2008 (Audited) $
Net Income (Loss)	**924,920**	(6,165,380)
Less warrant modification	**-**	(882,799)
Net income (loss) attributable to common shareholders	**924,920**	(7,048,179)
Weighted average number of common shares outstanding	**52,604,402**	52,400,521
Income (Loss) per share - basic and diluted	**0.02**	(0.13)

For the period ended December 31, 2008, excluded from the calculation were 3,950,000 options and 5,687,637 warrants whose exercise price was greater than the average market price.

8. INCOME TAXES

Provision for income taxes

	2009($)	2008($)
Income (loss) before income taxes	**$924,920**	($6,165,380)
Expected tax recovery at statutory rate of 36% (2008 - 36%)	**0**	2,219,500
Increase (decrease) resulting from:		
Stock based compensation	**(506,000)**	(506,000)
Non-deductible portion of foreign exchange loss	**210,200**	210,200
Foreign tax rate differences	**119,700**	119,500
Tax losses not tax benefited	**(2,043,400)**	(2,043,400)
Income tax expense	**0**	0

8. INCOME TAXES (continued)

Future Tax Balances

Future income tax assets, long term:

Non-capital losses	**$4,014,000**	$1,668,000
Capital losses	**-**	118,000
Share issue costs	**1,152,900**	1,725,700
Property, plant and equipment	**(16,500)**	(296,300)
Mineral properties and deferred costs	**2,642,700**	2,223,700
Subtotal	**7,793,100**	5,439,100
Valuation allowance	**(7,793,100)**	(5,439,100)
	0	0

Tax Loss and Other Tax Attributes Carry Forwards

The company has approximately $2,640,000 (2008 - $3,975,000) of share issuance costs which are available in computing taxable income over the next three years and capital losses of approximately $0 (2008 - $0) which can be carried forward indefinitely to be applied against future capital gains realized by the Company. The Company has approximately $2,990,000 in cumulative Canadian exploration expenses, $633,000 in cumulative Canadian development expenses and $3,500,000 of foreign exploration expenses which can be deducted in computing Canadian taxable income. The Company has approximately $4,150,000 of non-capital losses carried forward available to be deducted in computing taxable income in future years of which $2,022,000 expire in 2026 and $2,128,000 expire in 2027. The Company's subsidiary has approximately $6,932,000 of net operating losses available in computing income for the United States federal income tax purposes of which $364,000 expire in 2025 and $2,734,000 expire in 2026 and $3,834,000 expire in 2027.

9. RELATED PARTY TRANSACTIONS

1) During the period ended December 31, 2008, the Company incurred management consultation expenses of $83,654 (2007 – $329,213) for the services of its Chief Executive Officer. The balance due at December 31, 2008 is $75,779 (2007 – $61,343).

2) During the period ended December 31, 2008, the Company incurred expenditures of $15,156 (2007 – $17,176) to the spouse of the Chief Executive Officer of the Company for administrative services. The balance due at December 31, 2008 is $15,156 (2007 – $12,269).

3) At the period ended December 31, 2008, the Company had a payable of $511,212 due to the AZ Strip Partners JV. In addition, cash controlled by the JV had a balance of $103,316 at December 31, 2008.

These transactions are in the normal course of operations and are measured at the exchange value. All amounts due to related parties are unsecured, non-interest bearing and repayable upon demand.

10. OPERATING COMMITMENTS

The Company has committed to payments under various equipment and building leases. The future minimum lease payments are as follows:

Period ended December 31, 2008	**$**
2009	**109,732**
2010	**54,800**
2011	**11,778**
Total	**176,310**

11. EMPLOYEE RETIREMENT PLAN

The Company has a 401(k) plan available to all U.S. resident employees who have completed two months of service. Under the 401(k) plan, when an employee meets certain eligibility requirements, the Company makes a “safe harbor” non-elective contribution in an amount equal to 4% of such employee’s eligible compensation.

For the period ended December 31, 2008, the Company contributed $10,048 to the 401(k) plan (2007 - $0).

12. CAPITAL DISCLOSURES

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to funds its activities. The capital structure of the Company currently consists of cash, common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in Note 7. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares. The Company will require access to equity markets to fund continued exploration of its mineral properties and the future growth of the business. The Company is not subject to externally imposed capital requirements.

The Company is required by regulatory agencies to provide surety bonds of $972,367 to cover the estimated reclamation costs for its exploration and development as well as for its mine closure obligations at both the Whirlwind and the Energy Queen mines.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general industry conditions.

13. FINANCIAL INSTRUMENTS

Effective January 1, 2007, as required by The Canadian Institute of Chartered Accountants ("CICA"), the Company adopted CICA Handbook Section 3855 - Financial Instruments - Recognition and Measurement.

As a result of the adoption of CICA Section 3855 - Financial Instruments - Recognition and Measurement, long-term debt is measured at fair value when initially recognized and, after initial recognition, at amortized cost using the effective interest method. Transaction costs and premiums directly attributable to the issuance of long-term debt are now added to the fair value on initial recognition. Previously, these costs were included in deferred charges and amortized using the straight-line method over the term of the debt. In accordance with the transitional provisions, prior periods have not been restated as a result of adopting this new accounting standard.

(a) Fair values:

The Company's financial instruments consist of cash and cash equivalents, GST recoverable, accounts payable and accrued liabilities, and long-term debt. Section 3855 requires all financial assets and liabilities to be classified as one of five categories: held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Cash and cash equivalents are designated as held for trading, and are measured at fair value at the consolidated balance sheet date. GST recoverable is designated as loans and receivables and accounted for at amortized cost, net of an allowance for doubtful accounts. Accounts payable, accrued liabilities and long-term debt are designated as other financial liabilities and are recorded at amortized cost. Accounts receivable and accounts payable and accrued liabilities use cost as the estimate of fair value because the difference between cost and amortized cost using the effective interest method has been assessed as insignificant.

As at December 31, 2008, the fair values of cash and short-term deposits, receivables, accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

(b) Credit Risk:

The Company restricts investment of cash balances to financial institutions with high credit standing. To date, these concentrations of credit risk have not had any effect on the Company’s financial position or results of operations.

(c) Liquidity Risk:

Liquidity risk is the risk the Company will not be able to meet the obligations associated with our financial liabilities. The Company manages liquidity risk through the management of its capital structure as outlined in Note 12. The Company has $9,044,864 of working capital at December 31, 2008 (2007 - $21,713,693). Current economic uncertainty and

13. FINANCIAL INSTRUMENTS (*continued*)

financial market volatility continues to impact the financial condition, liquidity and future prospects of the Company.

Accounts payable and accrued liabilities, current portion of notes payable, current taxes payable are due within the current operating period. The Company's financial liabilities and other commitments are listed in Note 10.

(d) Foreign Currency Risk:

The foreign exchange risk relates to the risk that the value of financial commitments, recognized assets or liabilities will fluctuate due to changes in foreign currency rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

The following table summarizes in Canadian dollar equivalents the Company's major currency exposures as of December 31, 2008:

	CDN$
Cash	9,248,066
Accounts receivable	260
Accounts payable and accrued liabilities	1,300,906
Notes payable and other short term debt	292,095
Total	10,841,327

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at December 31, 2008 with all other variables held constant. It shows how net income would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

	Change for Sensitivity Analysis	Impact of change to net operating income for the period ended December 31, 2008
Increase in net earnings	+1% change in U.S. dollar	$108,413
Decrease in net earnings	-1% change in U.S. dollar	($108,413)

(e) Interest rate risk:

The company is not exposed to any significant interest rate risks.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.