

ENERGY FUELS RESOURCES CORPORATION

May 14, 2010

Ms. Patty Schrader Gelatt
Fish and Wildlife Biologist
U.S. Fish and Wildlife Service, Ecological Services
764 Horizon Drive, Building B
Grand Junction, CO 81506

Transmittal: "Report for the Proposed Piñon Ridge Project - Potential Effects to Colorado Pikeminnow" and "Potential Impacts to the Dolores River from the Piñon Ridge Project", Montrose County, Colorado

Dear Ms. Gelatt:

Enclosed are two copies of the above referenced reports that were prepared by Edge Environmental Inc. (Edge) and Golder Associates Inc. (Golder), respectively, for Energy Fuels Resources Corporation (Energy Fuels). These reports provide additional information regarding the potential impact of the Piñon Ridge Project's proposed groundwater extraction and surface water retention systems on the Dolores River and downstream aquatic species. These reports augment the information presented in the "Piñon Ridge Project Environmental Report, Montrose County, Colorado" that was previously provided to the U.S. Fish and Wildlife Service (Service).

I would like to take a moment and summarize some of the more salient points made in these reports.

Edge Report

- As shown on Figure 1, the project is located 7 miles from the Dolores River and approximately 70 miles from designated critical habitat in the Colorado River.
- The proposed groundwater extraction rate of 0.31 cubic feet per second (cfs) represents only 0.038 percent of the 813 cfs average flow observed in the Dolores River near the designated critical habitat.

- Edge concluded “that project-related effects on the endangered species are discountable (i.e., extremely unlikely to occur) and insignificant (never reaching the point where take occurs) because extreme low flows in the Dolores River do not appear to persist for more than a few days.”

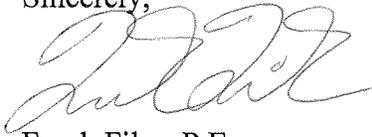
Golder Report

- The Dolores River incurs very high salt loadings from Paradox Valley because this valley was created by the collapse of a salt anticline rather than fluvial processes.
- The east half of the valley is very dry with sheet flow and arroyos contributing only minor flows to East Paradox Creek (an ephemeral drainage) during major snow melt and storm events. Groundwater is only present in small quantities in the shallow alluvium and, where present, is of poor quality.
- The Bureau of Reclamation operates a brine extraction system along the northeast side of the Dolores River in Paradox Valley that intercepts groundwater inflow in the alluvium before the salt-laden groundwater can enter the Dolores River.
- There is no direct downstream connection between the Chinle/Moenkopi Aquifer at the project site and the Dolores River. The groundwater in this aquifer has to flow from the aquifer into the shallow alluvium and then into the Dolores River.
- It is estimated that depletion at the Dolores River would not occur for up to 300 years based on calculated groundwater flow rates. The depletion was estimated to be approximately 68 percent of the 141 gallons per minute (gpm) withdrawn at the project’s well field or 96 gpm (0.21 cfs).
- The project’s zero-discharge areas are expected to have no effect on surface water runoff and minimal impact on recharge to the Chinle/Moenkopi Aquifer and the shallow alluvium.

In sum, we believe that our proposed operations will have no discernable effect on the Dolores River or the endangered species found in the Colorado River and request concurrence from the Service regarding our conclusion. Despite the anticipated lack of impact, Energy Fuels intends to make a one-time contribution to the Recovery Program as discussed in the Environmental Report and reiterated in the attached Edge letter report. This contribution would be similar to those required for projects with a federal nexus (i.e., \$18.99 per acre foot of groundwater withdrawal) and would be made prior to the start of facility construction. Any suggestions you may have for appropriate organizations that would be capable of using the money to conserve and recover the endangered Colorado River fish would be appreciated.

Please contact me (303-974-2146) or Mary Bloomstran (303-988-8844) at Edge should you have any questions or need additional information.

Sincerely,



Frank Filas, P.E.
Environmental Manager
enclosures

Cc: Steve Antony, George Glasier (Energy Fuels)
Mike Brennan (Holland & Hart)
Mary Bloomstran (Edge)
Kim Morrison (Golder)
Renzo DelPiccolo (Colorado Division of Wildlife)