ENERGY FUELS RESOURCES CORPORATION

September 16, 2009

Montrose County Commissioners
161 South Townsend
Montrose, Colorado 81401
(970) 249-7755

Re: Response to Comments Received at Two Public Meetings
Piñon Ridge Mill Facility, Montrose County, Colorado

Dear Commissioners Henderson, Ellis, and White:

Enclosed are Energy Fuels Resources Corporation's (Energy Fuels') responses to issues and concerns raised during public testimony at the two previous Board of County Commissioners' meetings in Nucla (August 13, 2009) and Montrose (September 9, 2009). We have paraphrased the issues and concerns that were raised during the meetings and hopefully have accurately represented them herein. Although we did address some of these issues verbally during the last meeting, this letter provides additional backup information. This includes the issue of "public subsidies" to utility companies for various types of power generation, which after further review proved to be more complex than we had first thought. A more thorough response to this issue is provided under Item 43 of the enclosed responses.

Energy Fuels is providing responses to the issues and concerns raised; however, we believe that many of these issues are not necessarily land-use related. From our perspective, it appears that about 60% of the concerns are items that will be addressed under the state licensing processing. Another 10% of the issues are either not germane to either the county or state permitting process or are totally unfounded allegations by mill opponents (i.e., Energy Fuels plans to process alternate feeds). Never-the-less, we have tried to address each of the concerns in an accurate and objective manner.

Thank you for considering our point of view, which we believe is supported by the majority of people living in Montrose County. We would be happy to discuss any of these issues in more detail at the September meeting, if the Board desires.

Sincerely,

Frank Filas, P.E.
Environmental Manager

Attachment

Cc: G. Glasier, S. Antony, Z. Rogers, J. Osborn, B. Monok, G. Steele, D. White (Energy Fuels)

Montrose BOCC Meetings in Nucla on August 13, 2009 and September 9, 2009
Comments in Opposition to the Mill and Energy Fuels' Responses

Air Quality

1) Sediments in the evaporation ponds will blow away when dry and water sprays are inadequate to prevent this.

The evaporation ponds will normally be covered with water. If some of the ponds dry out, water from the other ponds will be sprayed on the evaporitic salts.

2) Dust storms will carry radioactive dust to Paradox Valley Farms, Montrose, and snowpack everywhere that is the water supply for the region.

Only 10 acres of the tailings and 6 acres of the ore pad will be exposed to the elements at any one time. These areas will be stabilized with water sprays and soil binding agents. The mill is equipped with dust suppression devices and its emissions will be almost nil. By comparison, thousands of acres of the uranium/radium-bearing Salt Wash Member of the Morrison Formation are naturally exposed to the elements in the canyons within Montrose, San Miguel and Mesa Counties without any noticeable impact on the area's watersheds.

3) The Mill will be crushing rock in open air and negatively affect air quality.

The ore will be ground in an enclosed Semiautogenous Grinding (SAG) mill using water and steel balls. Emissions from the SAG Mill will be directed through a dust scrubber prior to venting to the atmosphere. There will be no crushing operations on site. A small percentage of oversize material (less than 0.1 %) will be broken with a hydraulic hammer prior to feeding the material into the grizzly.

4) The Mill will emit 5+ tons of air pollutants annually.

Based on the facility's Air Pollution Emission Notices (APENs) submitted to the Colorado Air Pollution Control Division in July 2009, the 500 ton per day (tpd) mill facility is expected to emit about 130 tons of pollutants annually. The two largest emissions are associated with the site's roads (i.e., 47 tons) and the boilers (16 tons). Emissions from the processing stacks will be close to zero. Emission of hazardous air pollutants (HAPs) is estimated to be only 0.44 tons/year. Based on the July submittal, the site is considered a "minor" source of emissions. Modeling of all the sources of radiation on site using a processing rate of 1,000 tons per day indicate that the incremental radiation dose received at the nearest downwind neighbor from fugitive dust and radiation will be only 0.6% above natural background levels. The modeling was performed using the MILDOS-AREA model approved by both the NRC and CDPHE.

5) The ore haul trucks, although tarped, will bleed radioactivity and radioactive dust causing an increased risk in cancer to county residents (reference DOE Leasing Program's 2007 Programmatic Environmental Assessment (DOE-EA)).

The largest radiation dose calculated in the EA for ore transportation was 0.22 millirem per year (mrem/yr) for a resident living 33 feet from a haul road with 120 to 150 ore shipments passing per day. This compares to an estimated 3 mrem dose for a cross-country airline flight or a dental/chest X-ray. After 10 years of constant truck traffic, the resident's lifetime probability of getting cancer would increase from 220,000 in 1 million (national average) to 220,001 in 1 million (Pages 5-11 and 5-12 of the Final DOE- EA).

Water Quality and Supply

6) Radioactive dust will be carried to Paradox Valley Farms in the water that drains from the site.

The mill is a zero-discharge facility. No runoff will leave the site.

7) Water supply proposed is not adequate.

Based on pump tests and modeling, the well field is expected to produce between 100 and 175 gpm compared to an estimated mill water consumption rate of 141 gpm. Energy Fuels has agreements in place with the Town of Naturita and a local company to supply additional water to the site from existing sources on the San Miguel River, should they become necessary.

8) Pumping tests only performed for 48-hours, and report indicated that the site must be extensively faulted.

A 48-hour test is a common time interval for pumping tests and was sufficient to observe trends. The faults are not active, as trenching and other field work indicates that they have not moved in 75,000 to 125,000 years. The fracturing associated with the faulting is an asset because it allows for higher pumping rates from the Chinle Formation, which otherwise would not be as permeable as most aquifers.

9) The water requirement of the Mill is excessive considering the costs/benefits.

The water consumed by the mill (141 gpm) is comparable to the water used to irrigate 120 acres of hay in the area. The uranium produced by the mill, when processed into nuclear rods, will provide electrical power equivalent to that consumed by 1.5 Denver- metropolitan areas.

10) Pumping will affect the groundwater and rivers.

Yes, pumping could reduce the volume of water recharge into the Dolores River from the Chinle Formation over a relatively short distance of the stream bed just southeast of Bedrock. However, the water consumption rate of 141 gpm or 0.3 cubic feet per second is low compared to the flow rate of the Dolores River and other consumptive uses in the area (i.e., crop irrigation).

11) Groundwater contamination will not be adequately monitored.

Groundwater occurrence under and downgradient of the mill and tailings facilities is minimal. Where present, the groundwater is about 450 feet deep and limited in quantity and quality. None the less, Energy Fuels will install leak detection systems and monitoring wells at key locations throughout the facility as required by state and federal regulations.

12) Groundwater under the tailings cells has not been sufficiently characterized.

Energy Fuels has drilled, logged, and tested 14 exploratory holes and 9 monitoring wells on or adjacent to the site. Three production wells and 6 observation wells were also completed south of the mill in the Chinle aquifer. Some of the borings were drilled from 600 feet to in excess of 1,000 feet to verify the absence of groundwater. Based on the drilling program results, there is no water under most of the tailings cells area, as the surface soils rest directly on the massive Hermosa Formation, which consists of thousands of feet of salt, gypsum, and shale. Attempts to find water at the contact between the surface soils and the Hermosa Formation have not been successful. A small amount of water has been found near the base of the Moenkopi and Chinle Formations where they are present under the mill and Tailings Cell A. This groundwater is approximately 450 feet below the surface and is of limited quantity and quality (reference monitoring wells MW-6 and 8b). Groundwater was found in the Chinle Formation south of the mill area; however, this groundwater is located upgradient of the mill and tailings facilities.

13) Water Rights have not been established for supply water.

Energy Fuels plans to apply for water rights for its wells and adjacent off-site wells after a water purchase agreement is signed with the adjacent landowner.

14) Water Rights have not been established for retained stormwater.

We will apply for water rights for the small amount of water from direct precipitation that is captured and retained on site. Runoff from above the site will be diverted around the mill area to natural drainages.

15) Naturita cannot transfer their Water Rights to the Mill.

The water attorney that applied for the water rights on behalf of Naturita believes that the town's water right allows for sale of water to the mill.

16) There are no permits for the production wells.

All production and monitoring wells were permitted with the State Engineer's Office prior to installation.

17) Groundwater monitoring should be performed by a third party, not by Energy Fuels.

Energy Fuels' personnel are well-trained in collecting, preserving, and packaging water samples and understand the importance of following the state and county-approved monitoring procedures. There are substantial penalties, including fines up to $25,000 day and jail sentences, in most state and federal permits for deliberating falsifying monitoring results.

General Environmental

18) Energy Fuels intends to import mixed hazardous waste (aka, alternate feeds) to the sites.

While the White Mesa Mill in Blanding does process alternate feeds for recovery of uranium, Energy Fuels has never considered this option nor have we requested approval from Montrose County, CDPHE, or other regulatory agencies to implement alternate feed plans. Energy Fuels' mine/mill feasibility studies are based entirely on processing local ores.

At the urging of several non-governmental organizations (NGOs), the Montrose Land Use Department recommended to the Planning Commission that the mill be limited to processing "raw" ore only. Energy Fuels objected to this proposed condition at the June 10, 2009 Planning Commission meeting because we would like to be able to process water treatment plant residuals from the mines supplying ore to the mill, as these residuals contain uranium at ore-grade levels. The mine water treatment systems remove uranium and radium from the mine water before discharging the water under a state-approved permit. The water treatment plant residuals are similar in chemical characteristics to the mined ore but would not qualify as "raw" ore since they are produced as part of a treatment process. They are, however, considered "uranium source material" rather than "alternate feed" under CDPHE and NRC regulations and guidelines.

Energy Fuels proposed amending its application during the July 1, 2009 Planning Commission Meeting to define the water treatment residuals from its mines as "ore"; however, project opponents argued that this type of change would require reopening of the public comment period. Given that we will produce only a few truckloads of water treatment residuals per year (less than 0.1% of our projected mill feed), we elected to pull the amendment at that time, but indicated to the planners that we would likely file an amendment with the county at a later time to accept these source materials.

We plan to include the water treatment residuals from our mines in the material license application to CDPHE. CDPHE personnel have expressed support in the past for recovering uranium from this material, as it would allow for recovery of uranium rather than have it disposed of at a landfill. They have even suggested that we look at taking similar small-volume residuals from municipal water treatment plants in Colorado that have recently added secondary treatment systems to remove uranium from their water supply. These uranium removal systems were added to comply with more stringent state water quality standards for uranium in drinking water. <u>However, Energy Fuels will not accept any of these materials (from our mines or other sources) unless they are approved by both CDPHE and Montrose County.</u>

We were very disappointed when several of the NGOs opposed to the project mischaracterized our objections to the "raw" ore condition as an attempt by us to process alternate feeds. We believe this was done deliberately in an effort to sway public opinion against the project. It is especially disheartening to us when officials from neighboring counties quote the NGOs without first checking on the validity of these claims with the Montrose County Land Use Department and/or Energy Fuels.

19) A large number of mines will feed the mill resulting in cumulative impacts that must be analyzed through an Environmental Impact Statement (EIS).

Energy Fuels anticipates that the Piñon Ridge Mill will be fed by two to four larger mines (2,500 to 6,000 tons per month) and three to five smaller operations (500 to 2,500 tons per month) at any one time (i.e., an average of about seven mines). Almost all of these mines will be underground operations with relatively small surface footprints and minimal impact on the environment. The Environmental Report that is submitted with the license application will evaluate the traffic impacts associated with ore haulage from the mines.

20) The Environmental Assessment (EA) done by the Department of Energy's leasing program did not take into account the Piñon Ridge Mill and the leasing program should be halted until an EIS is prepared.

Energy Fuels had not announced its intention to build a mill at the Piñon Ridge property when the DOE finalized its EA, so it would have been impossible for the agency to include the mill in its assessment of environmental impacts. In fact, the property was not even purchased until after the Final EA and Finding of No Significant Impact was issued. Furthermore, the EA for the leasing program evaluated impacts from transporting ore to Canon City, Colorado (Cotter Mill) and Blanding, Utah (White Mesa Mill), both of which require much longer average haul distances and more trucks (because of greater mill capacity) than the Piñon Ridge Mill, which is located in the center of the Uravan Mineral Belt where the DOE leases are located. Accordingly, if the Piñon Ridge Mill processes ore from the DOE lease blocks, the impacts would be less than those projected in the Final EA.

Although Energy Fuels would like to process ore from the DOE lease blocks, the mill project is independent from the DOE leasing program and is not dependent on it for a source of ore. In fact, the majority of the initial mill feed will come from Energy Fuels' Whirlwind Mine near Gateway and the Energy Queen Mine near La Sal, both of which are fully permitted and not part of DOE's lease program.

21) There are no provisions for off-site monitoring of any parameters.

Energy Fuels has two off-site air monitoring stations and has also committed to monitoring 5 off-site wells and 1 off-site spring. Soil and vegetation sampling is also performed at the two off-site air monitoring stations.

22) There will be a sulfuric acid smell emanating from the Mill.

There will be a mild sulfuric acid odor in some of the mill buildings, but air concentrations will be well below industrial safety standards. Based on what we observed at Denison's White Mesa Mill, no odor is expected at the mill's property boundaries.

23) There will be toxins permanently left on site after cessation of milling operations.

As discussed in Section 4.7 of the Special Use Permit, the mill demolition debris and materials from the ore pad and evaporation ponds will be placed in a tailings cell during site closure. An engineered cap will then be placed over the tailings cells and the area will be monitored by the DOE. The remainder of the site will be reclaimed and released for unrestricted use. The material contained within the tailings cells will have similar radioactivity and metal content (minus the uranium and vanadium) as the original ore, which was mined from nearby areas.

24) The claim that nuclear energy is a low-carbon-dioxide (CO_2) source of energy doesn't take into account the entire life cycle (i.e., mining, mill construction, nuclear power plant construction).

Taking into account indirect emissions from its life cycle, nuclear energy produces 21 grams of CO_2 per each kilowatt-hour (kWh) produced. Other sources of energy in terms of grams of CO_2/kWh emitted from direct and indirect (i.e., life cycle) emissions include wind (48), hydro (236), solar (280), gas (439 to 688), and coal (966 to 1,306). Source: International Atomic Energy Agency.

Health and Safety

25) The Colorado Medical Society (CMS) indicated that uranium mining and milling are not safe and should not be allowed in Colorado.

The CMS resolution in 2007 was actually directed against in-situ mining and open-pit mining of uranium. There was no mention of underground mining or conventional milling. The Larimer County chapter of that society claimed health linkages to, and environmental effects from, uranium mining based on studies conducted in non-mining and milling industries. Of the 23 citations referenced in the resolution's bibliography, the only study that directly referred to the U.S. uranium mining industry was prepared by a well-known anti-mining organization from Albuquerque, New Mexico. The resolution was not based on health studies conducted at uranium mill sites, nor did it include an assessment of current health and safety regulations and associated exposure levels at uranium mines and mills. We have attached a copy of the resolution with bibliography for your reference.

The Larimer chapter was able to get the state organization to rubber-stamp their conclusions. This chapter was very much against the proposed in-situ uranium leach project proposed by Powertech Uranium Corporation in Weld County, and it appears from our perspective, that their analysis was based more on political expediency than a good understanding of modern mining and mineral processing practices.

26) Energy Fuels claims tailing material is safe when it is not.

Tailings material is safe if it is properly disposed of in a lined tailings cell and capped with an engineered cover at closure. Tailings contain elevated concentrations of radium and some metals, and should not be used as construction fill material or for other local uses (e.g., sandboxes), as was common in earlier days.

27) Uranium is directly linked to cancer, despite Energy Fuels claims.

Uranium is only weakly radioactive and the regulatory limits for this element in drinking water and other media are based on its effect as a metal on the liver, rather than its radioactivity. The radiation at uranium mines and mills originates primarily from the radium-226, which is created as uranium slowly decays. Since the uranium has been in the ground for millions of years, radium-226 is typically present in equilibrium with the uranium in the uranium ore. The radium-226 levels are relatively low in the uranium ores processed on the Colorado Plateau because the ore grade is typically only 0.20 to 0.25% U3O8. This means that the radon and radon daughter products emitted from the radium-226 in mill tailings or mine ventilation exhaust systems rapidly dissipate in the atmosphere and raise radioactivity levels only slightly above background.

Even at low concentrations, however, radon from radium-226 can build up to much higher levels in unventilated areas such as basements and historic uranium mines. This is what happened in Grand Junction and other towns in the area where the sandy tailings were used as a fill material around house foundations and other structures. Unventilated or poorly ventilated historic mines had even higher levels of radon activity. Further, the early miners also worked in very dusty conditions where they inhaled dust containing radium and uranium that could be trapped in the lungs and decay over time. The health effects from these historic activities were not immediately associated with cancer because most of the miners were also heavy smokers. Subsequent studies of cancer rates for Navajo uranium miners, who rarely smoked, and laboratory toxicology studies have correlated cancer with higher levels of radiation exposure. However, because of the small numbers of people in the various health studies and the lack of background information collected in some of these studies, the conclusions are generally not statistically strong and have to be tempered somewhat. The toxicology studies are even more problematic, as the EPA typically extrapolates from high dosages to low dosages, even though they know that low doses of many elements (e.g., zinc) are actually necessary to maintaining proper health.

The bottom line is that Energy Fuels believes that exposure to elevated radioactivity levels can increase the probability of contracting cancer. We also do not dispute the statement that one tiny particle of radioactive material could potentially cause cancer to occur in an individual. But, the same could be said for the benzene found in gasoline or the hundreds of other chemicals found in common products used in residences and commercial facilities through the country. The real question is: At what radioactivity level is there a statistically meaningful increase in the likelihood of contracting cancer? At this time, there is no definitive answer. We do know, however, that Coloradoans and other populations that are exposed to much higher natural radiation levels (due

to their higher elevations and/or to the presence of naturally occurring radioactive minerals in the ground) do not experience higher levels of cancer. Similarly, we are not aware of any studies that have shown airline pilots and stewardesses to have a higher risk of cancer even though they are exposed to the equivalent of 3 millirems (mrem) of additional radiation for each cross-country flight that they take. In their case, the additional exposure is due to the higher levels of cosmic radiation present at 20 to 30 thousand feet.

In the case of uranium mills, the Nuclear Regulatory Commission and the Colorado Department of Public Health and Environment have taken the position that radiation exposure levels of mill workers and the general public will be maintained at As Low As Reasonably Achievable (ALARA) levels. Energy Fuels believes that this is a prudent policy and has adopted aggressive goals for its ALARA program. These goals or targets are well below regulatory limits and include an incremental annual dose of 100 mrem for mill workers (which is about 25% above natural radiation background levels for the area) and 10 mrem at the property line.

28) The rate of breast cancer will double in the area 100 miles downwind of the mill according to information readily available on the internet.

Energy Fuels could not find any documented studies on line that supported this claim. MILDOS-AREA modeling indicates that downwind radiation effects from the mill will be well below regulatory standards.

Design/Tailings Cells

29) Liners will degrade over time and can be easily pierced (by hand with a ball point pen) or crack.

This was true of some of the early liners used in the 1970s and early 1980s, especially the polyvinyl chloride (PVC) liners that deteriorated in strength over time when exposed to sunlight. Since then, liner technology has improved substantially. In the mining industry, most of the advances over the last two decades occurred in the gold mining sector, which uses cyanide for gold and silver extraction in many of its mills and above-ground leach facilities. These systems typically consist of a two liner system consisting of 60 mil high density polyethylene (HDPE) with a leak collection and recovery system (LCRS) sandwiched between the two liners. The LCRS is designed to remove the minimal amount of seepage that passes through the upper primary liner so that there is no hydraulic head or driving force on the lower secondary liner. The proposed liner system for the Piñon Ridge Mill goes one step further and incorporates a third geosynthetic clay liner (GCL) below the HDPE-LCRS-HDPE liner system. This "triple" liner system exceeds NRC's liner requirements. Contrary to the claim above, 60 mil HDPE does not degrade significantly with long-term exposure to sunlight and cannot be pierced with a ballpoint pen or cracked under normal operating conditions.

30) The liners will leak like Cotters and Denison's have.

The Cotter Mill was constructed in the 1950s. At that time, tailings cells and evaporation ponds were designed to leak. The mill is also located over a shallow aquifer, so groundwater contamination was inevitable at this facility. The current tailings facility and stormwater pond at the Cotter Mill were installed in the late 1970s and were lined with a synthetic liner (hypalon) over a clay liner. Although this was a good liner for that time period, the liner system was reportedly installed poorly, which may have damaged the liner at some locations.

We are less familiar with Denison's liners, although the initial liners in 1980 were probably similar to the liner installed in the late 1970s at Cotter. The liner system approved by the Utah Radiation Control Program last year for Denison's newest tailings cell is very similar to the system proposed for Piñon Ridge.

31) Under what circumstance will the liner leakage result in shutdown.

The rate of inflow to the LCRS that would result in shutdown *will be determined during CDPHE's review process. The shutdown criteria will be conservatively established based on liner properties and site-specific conditions.*

32) Underdrains are only provided on portions of the tailings cells.

The underdrains are located on top of the primary liner in the lowest corner of the tailings cell. They are designed to help dewater the tailings during placement. The LCRS is located between the primary and secondary liners and is present under the entire tailings cell.

Security

33) There is no provision for security of ore and yellowcake shipments.

Security provisions for yellowcake shipments will be made in conjunction with the trucking company at the time of shipment. Transport of yellowcake will be conducted by fully insured and bonded companies licensed to transport this type of material. The yellowcake represents a low security risk as the material cannot be converted into fuel rods, or nuclear bombs for that matter, without first going through an expensive and complex processing system. There is only one such facility in the United States and one in Canada.

34) The chain-link fence doesn't seem like much of a deterrent to terrorists that could use the yellowcake to build a dirty bomb.

As discussed previously, un-enriched uranium is only weakly radioactive and, therefore, it could not be used effectively in a dirty bomb. In addition to the perimeter chain-link fencing topped by barb wire, the mill facility will have other "confidential" security measures in place that are designed to detect and deter illegal entry to the facility.

Financial

35) Energy Fuels will not have the fiscal ability to reclaim or clean-up the site when the Mill closes.

Energy Fuels plans to include the closure costs in its financing package so that an interest-bearing cash bond can be placed with the State of Colorado (see below).

36) There are no financial assurances that Energy Fuels will be able to reclaim the site.

Energy Fuels will have to post a cash bond equal to the cost of closing and reclaiming the site prior to obtaining its license to construct and operate. The bond amount will be based on having a 3rd-party contractor reclaim the site and will be adjusted periodically for inflation.

37) Energy Fuels is too small of a company to build and operate the mill.

The Piñon Ridge Mill is actually a relatively small project that would not interest many larger companies. Energy Fuels estimates that the cost to build the mill will be about $150 million. The company previously raised $45 million to acquire and develop mineral properties in the region, and believes that financing will be available provided uranium is adequately priced.

38) Energy Fuels is a Canadian company and all the profits will go to Canada.

Energy Fuels Inc. is a public company traded on the Toronto exchange. Energy Fuels Resources Corporation is a Colorado company and a wholly-owned subsidiary of Energy Fuels Inc. All of the employees of both Energy Fuels Inc. and Energy Fuels Resources Corporation are based in either Colorado or Utah. Energy Fuels does not currently have any Canadian employees.

Any profits made by the company will go to its stockholders, which includes Canadian and American investors and probably some investors from other countries as well. As discussed by the Montrose Economic Development Corporation during the September 9, 2009 Board meeting, most of the millions of dollars in payroll from the mill and mines supplying the mill are expected to stay in the local communities and provide additional indirect jobs.

39) A Socioeconomic Assessment is needed prior to making a decision on the Special Use Permit.

Energy Fuels believes that the County Commissioners are well aware of the current economic conditions on the west end, the excess in infrastructure capacity, and the socioeconomic impact that the mill would have on the local communities. Our consultants are currently finalizing the Socioeconomic Baseline and Impact Analysis for the mill. We plan to submit a summary of their conclusions to the BOCC prior to the September 30, 2009 meeting. Although the economic impact of the mill will be substantial, our analysis does not predict as large an impact as the study completed by the Western Small Miners Association and summarized by the Montrose Economic Development Corporation at the September 9, 2009 Board meeting.

40) The Whirlwind Mine is the only permitted uranium mine in Colorado because the other mines don't have Environmental Protection Plans.

Last year, the Colorado state legislature amended the Mined Land Reclamation Act. As part of this effort, they required that all uranium mines be classified as "Designated Mining Operations" or DMOs. Under this classification, mines are required to have a detailed Environmental Protection Plan (EPP) in place and are inspected more often by the Colorado Division of Reclamation, Mining and Safety (DRMS). The Whirlwind Mine and the October Ore Pile Reclamation project originally filed as DMOs and had approved EPPs when the Act was modified.. The other 31 permitted uranium mines on the west slope are in various stages of EPP development and DRMS review. Contrary to the assertion by one of the NGOs at the last Board meeting, all of these mines are still "permitted" according to the DRMS and several already have approved EPPs.

41) Energy Fuels, like the White Mesa Mill in Blanding, Utah, plans to process alternate feeds, as that is the only way that the mill can be profitable.

As discussed previously, Energy Fuels has no plans to process alternate feeds. Our feasibility studies were developed based on the projected mid- to long-term prices for uranium and vanadium.

The White Mesa Mill obtained approval from the NRC and State of Utah to process alternate feeds when the price for uranium was severely depressed (approximately 25% of its current long-term price). Denison is currently alternating between the processing of uranium/vanadium ores and the processing of alternate feeds, based on its existing and future contractual obligations. Denison continues to stockpile uranium ore from its operating mines when running alternate feeds.

42) The Mill will not be economically beneficial to the area in the long-term.

Energy Fuels respectfully disagrees with this contention. We believe that a diverse economy founded on agriculture, tourism, and mineral resource development will provide the best option for long-term prosperity in the area. The mining industry will inevitably experience both up and down cycles, but a diverse economy provides the flexibility needed to ride out the down times.

43) Nuclear power is not a viable alternative without subsidies from the government.

The nuclear power industry, like all other forms of power generation in this country, is subsidized. In the case of nuclear power, the subsidies typically take the form of loan guarantees by the federal government, pass through of construction costs to the utilities' customers, and grants for innovative technologies. In terms of sheer dollars, the nuclear power industry ranked second to clean-coal technology in 2007 with estimated subsidies of $1.3 billion. In terms of government subsidies and support per unit of production in 2007, nuclear power was higher than traditional fossil fuel energy sources, but much lower than renewable energy sources. Subsidy levels in dollars per megawatt-hour included natural gas (0.25), coal (0.44), hydroelectric (0.67), nuclear (1.59), wind (23.37), solar (24.34), and clean coal (29.81). This information was obtained from the DOE's Energy Information Administration (EIA).

44) Costs for building new nuclear power plants are prohibitive. Renewable energies such as solar and wind are much more cost competitive.

Energy costs depend on numerous factors, but fossil fuels are generally the lowest if no costs are included for carbon emissions. In February 2009, the Tri-State Generation & Transmission Association estimated, at a public presentation (i.e., joint CMA-SME annual meeting), that the cost in cents per kilowatt-hour (¢/kwh) to build and operate new power generation facilities excluding carbon costs would be: coal (7.5), gas (9.5), wind (10.5), nuclear (11.5), and concentrated solar (14). When a $50/metric ton of CO_2 cost was included in the evaluation, the economics changed to: nuclear (12), wind (13), coal (14.5), gas (15.5), and concentrated solar (18). These numbers are company-specific and will obviously vary throughout the country. Energy Fuels believes that the country should maintain a diverse source of clean energy and not focus all our resources on one specific technology. This is especially true for renewable energy sources such as solar and wind, which currently make up less than 1 percent of the country's energy supply. Nuclear energy, by contrast, is a proven technology that currently supplies 20% of this nation's energy needs and 16% of the world's energy production.

45) Energy-based economies (e.g. Wyoming) are volatile and fail in financially stressful times.

The state governments of Wyoming and Montana are some of the few states that are currently in sound financial condition. States heavily dependant on tourism are, by contrast, having a harder time balancing their budgets.

Perception/Tourism

46) The mill will damage the perception of Paradox Valley and Colorado in general and negatively affect tourism and agricultural business.

The mill will not effect rafting in the Dolores River or the growing of hay and other cash crops. The mill has been designed with minimal visual impact and is located in the east portion of the valley, which consists primarily of undeveloped property and low-intensity seasonal grazing of cattle

Energy Fuels believes that the mill will actually help tourism in the area by creating a stronger infrastructure. Currently, it is difficult to attract tourists to an area where there isn't even a restaurant serving breakfast during the work week.

47) According to the Sonoran Institute study "Uranium Mining, Tourism and Outdoor Recreation in Gateway, Colorado", the services and professional services sector is far outstripping more traditional economic sectors such as mining and ranching in the west.

The referenced report, completed in July 2009, included heavily populated areas of the Pacific West Coast in the statistical analysis. Energy Fuels believes that the analysis and conclusions in the report are unrepresentative of the rural west. It is also worth noting that Gateway Canyons Resort helped fund the study and a member of the Sonoran Institute voiced objections to the Whirlwind project at a public meeting in Gateway during September 2007. Energy Fuels believes that the study was biased and self-serving.

48) Energy Fuels' presentation states that tourism accounts for only 1% of Montrose's economy. This is obviously false.

Energy Fuels did not state any such thing. Energy Fuels pointed out that tourism was relatively flat in terms of job growth between 2000 and 2007 in Montrose County when part and full-time jobs in this sector fell -1% from an estimated 1,000 in 2000 to 990 jobs in 2007 while Montrose employment as a whole increased 28%. During that period, estimated tourist-related income rose from $60.5 million to $107.3 million and individual earnings from tourism increased from $16,500/year to $27,300 year in the county. The data for 2008 and 2009 are not yet available, but all economic sectors are expected to have declined during this period due to the recession.

Approximately one-third of the tourist sector in Montrose County is based on hunting and fishing and is highly seasonal. Recreational tourism such as rafting is also highly seasonal and variable. For example, rafting on the Dolores River is usually limited to late April through mid June. However, because of inadequate releases from the McPhee Reservoir, there was no rafting to speak of in 2006 and 2007 and rafting activities terminated early in 2009 (end of May).

The information above was obtained primarily from the "Economic Impact of Travel on Colorado 1996-2007" prepared by Dean Runyan Associates for the Colorado Tourism Office (June 2008) and the Bureau of Land Management.

49) The mill will harm tourism in Telluride.

Given the existing impacts from historic mining in Telluride, it is hard to believe that a small, modern uranium mill located more than 50 miles as the crow flies from Telluride would have any impact at all on tourism in Telluride. If anything, having a mill on the west end could reduce the potential for Cotter shipping ore through the Telluride area to its mill in Canon City.

General

50) The County should postpone its decision on the Special Use Permit until the Radioactive Material License Application is submitted and reviewed.

Energy Fuels believes that adequate information has been submitted to Montrose County to allow for a decision on the Special Use Permit and the appropriateness of the proposed land use. The West End Planning Advisory Committee (WEPAC) and the Montrose County Planning Commission reviewed this information in detail and unanimously recommended approval of the special use permit.

Opponents of the mill are advocating postponement of a decision in an effort to extend the permitting process and make it more difficult for Energy Fuels to acquire the financial backing needed to build the mill. The items that our opponents are requesting more information on, such as worker health and safety provisions and environmental protection measures, are under the purview of the State of Colorado rather than the county's regulatory program. As you are aware, the State of Colorado desires that Montrose County participate in the state licensing process and,

under statute, requires that Energy Fuels provide up to $50,000 to the county for review of the company's material license application.

51) Montrose County should have provisions for re-opening the Special Use Permit (SUP) if the state's requirements contradict the county's SUP requirements.

Given the cooperation exhibited to date between Montrose County and CDPHE, Energy Fuels believes that it is unlikely that there would be direct contradictions in the requirements between the state license and county special use permit. However, it is not unusual for some permits to be more restrictive than others. Energy Fuels will abide by the requirements of all of its permits. If we were to believe that some of the permit requirements were too restrictive, we would seek amendments to those permits.

52) The Mill is being designed for 1000 tons per day (tpd), as shown by the recent APEN submittals. The 500 tpd scenario is just a smoke screen to get the SUP.

The mill is designed for 1,000 tpd, but will initially be constructed and operated at 500 tpd. If economic conditions warrant, Energy Fuels will request amendments to the Special Use Permit with Montrose County and the Material License with CDPHE to expand the mill capacity. The air quality permit with CDPHE, by regulation, must be based on the maximum anticipated capacity of the mill over the life of the project. The CDOT access permit is another permit that was designed for the traffic associated with a 1,000 tpd mill, rather than 500 tpd.

53) Uranium will be exported to foreign countries.

Uranium is a fungible global commodity and yes, the yellowcake could be exported to foreign countries for use in making fuel rods for nuclear power plants. By international agreement and treaties, the yellowcake cannot be exported to countries such as North Korea or Iran that are trying to establish nuclear arsenals.

54) Production of uranium domestically will curtail dismantling of Russia's nuclear arsenal.

Actually, domestic uranium production will have no effect on Russian disarmament. The process of blending down weapons grade uranium from Russian warheads (known as the Megatons to Megawatts program) was initiated under a contract with the Russians in 1994 (see http://www.usec.com/megatonstomegawatts.htm). The program will expire in 2013, whether or not the US has increased domestic production. When the program expires, 500 metric tons of Russian highly enriched uranium (HEU), the equivalent of 20,000 warheads, will have been recycled into low enriched uranium (LEU) for nuclear fuel—enough material to produce fuel to power the entire United States for about two years.

55) Does anyone know where the trucks will be coming from?

Expected truck traffic is summarized in Sections 4.3 and 4.4 of the Special Use Permit application.