



Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

February 14, 2011

INTRODUCTION

The following discussion and analysis, which is the responsibility of management, should be read in conjunction with the Consolidated Financial Statements and accompanying notes of Energy Fuels Inc. (the "Company" or "Energy Fuels") for the quarters ended December 31, 2010 and December 31, 2009. This discussion contains certain forward-looking information and statements. Please see "Risk Factors" and "Cautionary Statement on Forward-Looking Information and Forward Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to this information and these statements. These are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events.

In this discussion, the terms "Company", "we", "us" and "our" refer to the Company and, as applicable, the Company's wholly-owned subsidiaries Energy Fuels Resources Corporation ("EFRC"), Energy Fuels Exploration Inc., Magnum Uranium Corp. ("Magnum Uranium") and its wholly-owned subsidiary Magnum Minerals USA Corp. as a group. All financial information in this discussion and analysis is presented in Canadian dollars unless otherwise stated and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

Additional Information

Additional information relating to Energy Fuels Inc., including all public filings and financial statements, are available on SEDAR at www.sedar.com, and on the Company's website at www.energyfuels.com.

Stephen P. Antony, P.E., President & CEO of the Company, is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the exploration information and technical disclosure in this MD&A.

QUARTER ENDED DECEMBER 31, 2010 SIGNIFICANT EVENTS

- Advanced the strategic objective to become a fully integrated producer with milestones related to the licensing process for the proposed Piñon Ridge Mill as follows:
 - On January 5, 2011, Energy Fuels was granted approval by the Colorado Department of Public Health and Environment (“CDPHE”) for a Radioactive Materials License (“the License”) for the 500 ton per day Piñon Ridge Mill facility which will be constructed twelve miles west of Naturita, Colorado in western Montrose County. Energy Fuels has 60 days to review the License and to decide whether to request a formal hearing on any terms and conditions of the License. If Energy Fuels does not request a hearing, the CDPHE License approval becomes final. The final License approval can be appealed to District Court through an appellate process that uses the existing record to review CDPHE’s decision on the license.
 - On February 4, 2011, Judge James Schum of the State of Colorado District Court in Montrose County denied the legal challenge by Sheep Mountain Alliance of the decision by the Montrose County Board of County Commissioners (“MCBOCC”) to approve the Special Use Permit for the Company’s Piñon Ridge Mill, originally approved on September 30, 2009. SMA is a non-governmental organization based in Telluride, Colorado.
 - On February 8, 2011, SMA filed a complaint in District Court, City and County of Denver, Colorado, that names CDPHE as Defendant and EFRC as an Indispensible Party and alleges improprieties in the January 5, 2011, issuance of the Radioactive Materials License to EFRC by CDPHE for the Company’s Piñon Ridge Uranium Mill.
- Advanced the strategic objective of expanding and consolidating assets located in the Western U.S. in the historic Colorado Plateau uranium/vanadium mining district as follows:
 - Expanded the uranium property position adjoining the Energy Queen Mine by acquiring two Utah State Mineral Leases and 13 unpatented claims from Uranium One in November 2010.
 - The Colorado Plateau Partners LLC (“CPP”) acquired 94 contiguous mining claims (1,942 acres) in the Sage Plain area of Utah and Colorado at the south end of the Uravan Mineral Belt, along with a Utah State Mineral Lease on two nearby properties (733 acres). All of these properties were acquired from Uranium One. They are located in close proximity to two other Utah State leases already owned by CPP and are about 70 highway miles from Energy Fuels’ proposed Piñon Ridge Mill. The properties were acquired for a nominal cash payment and overriding royalties. The Company is a 50% partner in CPP.
 - On January 12, 2011, the Company signed a purchase agreement with Titan Uranium, Inc whereby the Company will issue common shares valued at \$1.2 million USD to purchase from Titan Uranium the rights for ten Hollie claims, located in Emery County, Utah.
 - On February 9, 2011, the Company issued 1,064,895 common shares valued at USD\$1.0 million to purchase, from Nuvemco LLC, the mining lease and all related data for the Calliham Mine, located in San Juan County, Utah. This property is in the designated area of interest of the Colorado Plateau Partners LLC. As such, the property will be proposed to be contributed to the joint venture. If the partners agree to the contribution, then the Company will receive a USD\$500,000 credit to its capital account.

OPERATIONS AND PROJECTS

- Piñon Ridge Mill Licensing Process -
 - Incurred costs of \$469,000 for activities related to the Radioactive Material License application filed with the CDPHE.
- Development of permitted mines -
 - Whirlwind Mine – incurred costs of \$352,000 for property holding, exploration and permit compliance activities.
 - Energy Queen Mine – incurred costs of \$105,000 for property holding, exploration and permit compliance activities.
- Exploration Projects –
 - Arizona Strip Partners Joint Venture – managed the joint venture exploration activities on the Arizona Strip with costs in the amount of USD\$125,000 funded by the joint venture partner for earn-in credit.

FINANCIAL CONDITION & LIQUIDITY

- The Company's cash expenditures during the fiscal quarter ended December 31, 2010 were \$1,207,000 of which \$981,000 was invested primarily in mineral properties and mill licensing; \$683,000 was used for general operations including management and staff salaries, facility costs, professional fees and corporate governance costs; and \$5,000 used towards the repayment of debt.
- During the quarter the Company received proceeds of \$462,000 from the exercise of 1,025,700 stock options and issued 1,025,700 of its common shares.
- Cash reserves were \$2,531,000 at December 31, 2010.
- At the planned cash utilization rate of \$245,000 per month for the remaining nine months of FY2011, the Company's cash resources will allow it to operate beyond fiscal year 2011. This will allow the Company to execute its current business plan, to continue the evaluation of consolidation opportunities and to continue evaluating capital raise alternatives for long-term financing of the construction of the Piñon Ridge Mill once the Company has received the final Radioactive Material License from the CDPHE.
- On November 19, 2010 the Company reached agreement with Little Maverick Mining Company ("LMMC") to defer USD\$300,000 of the USD\$600,000 advance royalty obligation for the Whirlwind Mine property that was due December 11, 2010. Under the agreement, the remaining obligation of USD\$300,000 was rescheduled to be paid on December 11, 2011. On January 24, 2011, LMMC elected to take USD\$200,000 of the remaining USD\$300,000 obligation in Energy Fuels common shares based on the average closing price for the five trading days immediately preceding the date of the notice. The remaining USD\$100,000 will be payable in cash on December 11, 2011.

OUTLOOK

- The spot uranium price per lb. of U₃O₈ increased from USD\$46.50 per lb. at September 30, 2010 to USD\$73.00 per lb. at January 31, 2011, a 57% increase. Most forecasts predict continuing upward trending uranium market prices as China, India, Russia and other Pacific Rim countries with expansive nuclear plant construction programs begin to bring plants on-line which should increase uranium demand.
- With this market forecast in mind, the Company's goal is to have fully integrated production capability in place during 2013, subject to its ability to obtain financing on acceptable terms.

- The Piñon Ridge Mill license application was conditionally approved by CDPHE on January 5, 2011. After a 60-day appeal process, the Company expects to be granted final approval. At that time, the Company will start the process to solicit quotes for engineering services to prepare detailed plans for construction of the mill complex.
- The Company will continue the Colorado Plateau consolidation strategy by funding exploration activities on current properties and pursuing other property merger and acquisition opportunities.
- Budgeted cash expenditures for the remaining 3 quarters of fiscal year 2011 will range from \$2.0 - \$2.3 million, which will fund property holding costs; fulfill property work commitments; maintain the current management group; fund permit compliance requirements for the Whirlwind and Energy Queen Mines; fund the final Mill license approval process and any legal issues; fund the evaluation of consolidation opportunities and fund investor relations activities for capital raise opportunities.
- While management believes the long-term outlook remains favourable, the economic uncertainty and financial market volatility that could impact the long-term financial condition, liquidity and future prospects of the Company cannot be ignored. The Company will continue to look for opportunities to reduce costs and defer projects that do not offer immediate return on investment.
- The Company's ability to continue as a going concern is dependent upon its ability to finance its current and future operations and future capital expenditures. The Company will continue to review and evaluate financing options based on market conditions, including capital raised through the public equity markets or strategic partner(s) for continued investment in the Colorado Plateau mining infrastructure. However, there is no assurance that equity or any other type of funding will be available to Energy Fuels at the times or amounts required to fund the Company's activities beyond the end of FY 2011.

OVERVIEW AND DESCRIPTION OF BUSINESS

Energy Fuels is a Toronto, Ontario based uranium and vanadium exploration and mine development company listed on the Toronto Stock Exchange; trading symbol: 'EFR'. The Company's mission has been to build a fully integrated uranium and vanadium production company through exploration, development, mining, milling and sales, primarily targeting immediately economic uranium properties on the Colorado Plateau (Colorado, Utah and Arizona) and in the broader western United States.

The map preceding page 2 illustrates the strategic location within the Colorado Plateau of Energy Fuels' mineral properties and the proposed Piñon Ridge mill site. The Colorado Plateau is the highest producing and highest grade uranium region in the United States. In the 42 years between 1948 and 1990, approximately 250 million pounds of natural uranium ("U₃O₈") were produced from Colorado and Utah, an average of about 6 million pounds per year. This production ceased only because uranium prices would no longer support the costs of production, not because of resource depletion.

The Company has focused its core strategy on the Colorado Plateau for the following reasons:

- Reserve and grade risk – the reserve base and mining history for the Colorado Plateau region is well documented.
- Process risk – the ore feedstock recovered from conventional mining techniques combined with a well-proven milling process facilitates production of consistent recoveries of yellowcake.
- Permitting and regulatory risk – the state of Colorado and the state of Utah natural resource regulatory agencies are objective and sophisticated in managing their regulatory programs; in addition, Colorado is an "Agreement State" for mill licensing, whereby the licensing authority is the

Colorado Department of Public Health and Environment instead of the federal Nuclear Regulatory Commission.

- Market risk – The Colorado Plateau uranium ore deposits also include recoverable quantities of vanadium which are marketed to the steel industry as an alloying agent and is utilized in vanadium batteries; vanadium is recovered as a by-product in the milling process providing a second commodity for a market not related to the uranium market.
- Country risk – The location of mineral properties in the United States present little risk of government expropriation.

The Company currently has two permitted mines in its mineral property portfolio. The Whirlwind Mine is located in the Upper Uravan Mineral Belt approximately 4 miles southwest of Gateway, Colorado and received its final permit approval from local, state and federal regulators in September 2008. The Energy Queen Mine is located in the La Sal Mineral Belt near the town of La Sal, Utah. Energy Queen's permit was transferred by Denison Mines (USA) to Energy Fuels in January 2008.

In July 2007, Energy Fuels acquired an 880 acre site approximately 12 miles west of Naturita, Colorado in the Paradox Valley of western Montrose County, Colorado, on which to build its Piñon Ridge uranium mill. The Piñon Ridge mill site is large enough to accommodate a mill to meet the needs of the Company for at least 40 years of mill operation from the milling of 500 tons per day ("tpd") of ore, which could be supplied from this regional resource base. While the mill complex and site are designed for the milling of 500 tpd of ore, it could be expanded to a 1,000 tpd production rate if market conditions warrant. However, expansion to 1,000 tpd would require application for a permit modification and be subject to the regulatory process associated therewith.

After acquisition of the land in July 2007, work started immediately to gather the necessary environmental baseline and site characterization data to support the license application. Basic engineering design of the mill was initiated soon afterward in the fall of 2007.

In July of 2008, the Company applied to Montrose County, Colorado, for its Special Use Permit, requesting that the land use designation for the 880 acre mill site be changed from "General Agricultural" to "Mineral Resource Operation Facility". The county permitting process required Energy Fuels to work through three levels of County regulation including the West End Planning Advisory Committee, the Montrose County Planning Commission, and the Board of County Commissioners. There were a total of six public meetings with three separate project presentations and more than 30 hours of testimony from over 300 interested parties, including residents of Montrose County, and many from outside the County. On September 30, 2009, the Special Use Permit was unanimously approved by the County Commissioners of Montrose County.

The application for the license was submitted to CDPHE on November 18, 2009 and CDPHE found it to be complete on December 18, 2009. Technical review of the license application started immediately, and on April 21, 2010, CDPHE issued a news release establishing a deadline of January 17, 2011, for them to issue a decision on the license application.

In addition to the public hearings held as part of the Montrose County Special Use Permit approval, the CDPHE held seven meetings in western Colorado during its review process to obtain public input on Energy Fuels' license application. As part of their technical review, CDPHE issued four separate comprehensive requests for additional information that were addressed by Energy Fuels in detailed response documents.

On January 5, 2011, Energy Fuels was granted approval by CDPHE for a Radioactive Materials License ("the License") for the 500 ton per day Piñon Ridge Mill facility. Energy Fuels has 60 days to review the License and to decide whether to request a formal hearing on any terms and conditions of the License. Energy Fuels is currently conducting a detailed review of the terms and conditions of the License. Energy Fuels has not made a determination as to whether to request a formal hearing. If Energy Fuels does not request a hearing, the

CDPHE License approval becomes final. The final License approval can be appealed to District Court through an appellate process that uses the existing record to review CDPHE's decision on the license.

The Company's property acquisition and exploration activities have been oriented in the short-term to expanding the current resource base in the Colorado Plateau and in the long-term to exploring the Arizona Strip located in northern Arizona for its high grade ore deposits. The Company will continue to pursue opportunities to consolidate and grow the resource position within the Colorado Plateau as they become available and as capital permits. For risk sharing and capital preservation purposes, the exploration activities in the Arizona Strip are now conducted through a joint venture with Royal USA Inc., a subsidiary of Royal Resources Limited based in West Perth, Australia.

Management will continue to pursue and evaluate strategic options, including partnerships, joint ventures and acquisition opportunities that enhance shareholder value and which fit within the Company's mineral resource development strategy. In the past, funding for exploration and development operations has been obtained through equity offerings. Future operations (and the ability to meet mineral property option commitments) are dependent upon the Company's continuing ability to finance expenditures and achieve profitable operations. The Company continues to evaluate other funding sources such as debt, joint ventures, non-core asset divestitures, strategic partnerships and project financing to finance its growth.

PIÑON RIDGE MILL LICENSING

On January 5, 2011, Energy Fuels was granted approval by the CDPHE for a Radioactive Materials License ("the License") for the 500 ton per day Piñon Ridge Mill facility to be constructed twelve miles west of Naturita, Colorado in western Montrose County. The License approval is the most significant hurdle to be completed before Energy Fuels is allowed to build and operate the first conventional uranium mill to be constructed in the US in 30 years. The remaining two primary permits to be received are air quality permits from the Colorado Air Pollution Control Division ("CAPCD") and the Region 8 Environmental Protection Agency. The decisions on these permits are expected by the second calendar quarter of 2011.

Energy Fuels has 60 days to review the License and to decide whether to request a formal hearing on any terms and conditions of the License. Energy Fuels is currently conducting a detailed review of the terms and conditions of the License. As of the date of this MD&A, Energy Fuels has not made a determination as to whether to request a formal hearing. If Energy Fuels does not request a hearing, the CDPHE License approval becomes final. That final License approval can be appealed to District Court through an appellate process that uses the existing record to review CDPHE's decision on the license.

The significant terms and conditions of the License are as follows:

Authorized Radioactive Material and Uses

- Authorized to possess and use not more than 100,000 short tons of unrefined and unprocessed ore containing source material in any form for the commercial processing and recovery of uranium. The ore shall contain, on average, 0.23% uranium by weight.
- Authorized to process, store, and distribute to authorized recipients concentrated uranium product in the form of yellowcake (U_3O_8 , UO_2 , UO_3 , UO_4).
- Authorized to possess and store yellowcake in quantities not to exceed 150 metric tons (330,690 pounds).
- Authorized to possess and store within the CDPHE approved designated on-site impoundments not more than 1,850,000 cubic yards of tailings or wastes produced by the extraction or concentration of uranium from ore processed primarily for its source material content.
- Authorized to operate the mill at a capacity up to 500 short tons of uranium ore processed per day.

Pre-Construction

- Obtain all applicable permits and other authorizations of local, state and federal agencies with authority over health, safety and environmental protection.

- Obtain CDPHE approval of final design and construction plans, including plans for quality assurance and quality control.

Financial Assurance

- Shall comply with the financial assurance requirements of both Part 3, Sections 3.9.5, 3.9.6, and Part 18 of the Colorado Radiation Control Act, Title 25, Article 11, Colorado Revised Statutes and the State of Colorado Rules and Regulations Pertaining to Radiation Control as follows:
 - CDPHE approved financial warranty for decommissioning which shall remain in effect for the duration of the License in the amount of \$11,070,890.
 - A long-term care fund in the amount of \$827,590 deposited with the state treasury at license issuance.
 - A CDPHE approved decommissioning funding plan.
 - Annual review of the financial assurance agreement and instruments for adequacy based on annual updated cost estimates.

The Piñon Ridge Mill, when constructed, will create 85 direct jobs at the site paying \$40,000 to \$70,000 per year in this economically depressed region of Colorado, along with 230 new jobs to be created in mining, transportation, and support services. It will produce about 850,000 lbs. per year of yellowcake or U_3O_8 , enough to provide the annual fuel requirement for 2000 megawatts of power which would supply a city 1 ½ times the size of Denver, Colorado. Additionally, the mill will produce about 3.7 million lbs. per year of vanadium pentoxide (V_2O_5), a material used primarily as an alloying agent in steelmaking and finding new application as an electrolyte in high capacity batteries for use in storing power generated by wind farms and solar generators in the renewable energy industry.

During the quarter ended December 31, 2010, the Company expended \$469,000 for activities related to the mill license application. Since acquisition of the mill property and inception of the mill permitting process in July 2007, the Company has spent \$12.0 million on the licensing process through the fiscal quarter ended December 31, 2010. These expenditures have been capitalized in Mineral Properties and Deferred Costs on the balance sheet and are comprised of \$1.4 million for property acquisition costs and \$10.6 million for costs related to developing the data required for the Radioactive License Application, including site and environmental baseline characterization data, initial facility design and construction engineering plans, and costs for obtaining other key permits such as the Special Use Permit from Montrose County and the air quality permits from the CAPCD.

On February 8, 2011, Sheep Mountain Alliance, filed a complaint in District Court, City and County of Denver, Colorado, that names CDPHE as Defendant and EFRC as an Indispensible Party and alleges improprieties in the January 5, 2011, issuance of the Radioactive Materials License to EFRC by CDPHE for the Company's Piñon Ridge Uranium Mill.

MINE DEVELOPMENT AND MINERAL PROPERTIES

Mine Development

Whirlwind Mine

The Whirlwind Mine is a permitted mine that consists of 216 leased unpatented lode claims and a Utah State lease (approx. 4,700 acres) in Mesa County, Colorado and Grand County, Utah. The mine's portal is located approximately 4 miles southwest of Gateway, Colorado. The NI 43-101 indicated mineral resource at the Whirlwind Mine is 166,000 tons containing 860,400 lbs U_3O_8 (0.26%) and 2,899,200 lbs. V_2O_5 (0.87%) and the NI 43-101 inferred mineral resource is 437,100 tons containing 2,000,000 lbs U_3O_8 (0.23%) and 6,472,000 lbs. V_2O_5 (0.72%).

The Company continued to perform environmental and permit compliance activities, safety inspections, and equipment and facilities maintenance. During the quarter ended December 31, 2010, the Company incurred \$352,000 in expenditures at the Whirlwind Mine, which is comprised of advance royalty payments of \$304,000, and development/standby and permit compliance costs of \$48,000.

The Whirlwind Mine is currently in a position to “turn-on” and can begin ramping up toward full production within approximately 60 - 90 days of a decision to proceed. Such a decision will be based on the prevailing market conditions for uranium and vanadium and the Company’s ability to secure an acceptable milling agreement. In addition, the requisite financing must be available to the Company before it can move into production.

Further details on the development of the Whirlwind Mine may be obtained on the Company’s web site www.energyfuels.com.

Energy Queen Mine

The Energy Queen Mine is a permitted mine located near the west end of the La Sal Mineral Belt, some three miles west of the town of La Sal, Utah. It consists of 702 acres of leased land. The mine has the head-frame, a 785-foot deep shaft, hoist, and other infrastructure in place as a result of mine development activities by prior owners. Bids for refurbishing the in-place facilities and cost estimates for materials and supplies have been obtained and developed into a total cost of rehabilitating the Energy Queen Mine. The NI 43-101 measured mineral resource at the Energy Queen Mine is 141,530 tons containing 614,870 lbs. U₃O₈ (0.217%) and 2,389,255 lbs. V₂O₅ (0.844%), the indicated mineral resource is 116,570 tons containing 599,830 lbs. U₃O₈ (0.257%) and 2,549,465 lbs. V₂O₅ (1.094%) and the NI 43-101 inferred mineral resource is 45,100 tons containing 221,800 lbs U₃O₈ (0.246%) and 942,600 lbs. V₂O₅ (1.045%).

The Company continued to perform all environmental and permitting compliance activities, safety inspections, equipment and facilities maintenance, and security at the mine site. During the quarter ended December 31 2010, the Company expended \$105,000 at the Energy Queen Mine, which is comprised of advance royalty payments of \$60,000, and development/standby and permit compliance costs of \$45,000.

On November 30, 2010, the Company entered into an agreement with Uranium One to acquire two Utah State Mineral Leases and 13 unpatented claims accessible from the Energy Queen Mine. The addition of these properties increased the Company’s holdings in the area by 1,400 acres, which results in a contiguous property block at the Energy Queen totalling 3000 acres (including the claims discussed below). Based on Union Carbide Corp. maps developed from drilling performed in the late 1970’s, one of the Utah State parcels contains historic resource (not NI 43-101 compliant) of 184,000 lbs. U₃O₈ and 800,000 lbs. V₂O₅ within 4,000 feet of underground development planned for the Energy Queen Mine by the Company.

The Company holds 29 unpatented claims in the area to the west of the original mine site. The Uranium One properties adjoin these claims on the north, west, and south sides and contain the historic producing Rattle Snake Mine as well as other past producers. All of these additional properties are within economic mining distance of the workings planned for the Energy Queen Mine, and may potentially be produced through the existing shaft. The Company is preparing an internal Preliminary Economic Assessment on the combined properties.

The transaction terms provide for non-cash consideration, whereby Uranium One assigned the three parcels and any pertinent data to the Company in exchange for electronic copies of specific historic data in the Company’s possession of interest to Uranium One. Uranium One also retained an overriding royalty of 1% on any future production from the acquired properties.

Further details on the development of the Energy Queen Mine may be obtained on the Company’s web site www.energyfuels.com.

Mineral Properties

The Company holds mineral properties in the Western U.S. and in Saskatchewan as follows:

MINERAL PROPERTIES	CLAIMS	APPROX. ACRES
COLORADO PLATEAU (1)	1,094	38,401
ARIZONA STRIP	170	3,400
OTHER U.S.	18	360
CANADA	23	33,504
TOTAL -- MINERAL PROPERTIES	1,305	75,665

(1) Includes Whirlwind Mine and Energy Queen Mine properties discussed above.

The Colorado Plateau

As noted, the Company's strategic plan is to become a fully integrated U.S. uranium and vanadium producer, primarily from properties located on the Colorado Plateau in the states of Colorado, Utah and Arizona. Mineral properties in Colorado are located primarily within the Uravan Mineral Belt. The Company's Utah mineral properties are located in the La Sal Creek District, the Moab District and the San Rafael District. In the state of Arizona, the exploration activities are conducted by the Arizona Strip Partners LLC ("ASP"), a joint venture with Royal USA Inc. ("Royal"), formed in June 2008. ASP's mineral properties are comprised solely of claims located on property in northern Arizona.

In November 2010 the CPP acquired 94 contiguous mining claims (1,942 acres) in the Sage Plain area of Utah and Colorado at the south end of the Uravan Mineral Belt, along with a Utah State Mineral Lease on two nearby properties (733 acres). All of these properties were acquired from Uranium One. They are located in close proximity to two other Utah State leases already owned by CPP and are about 70 highway miles from Energy Fuels' proposed Piñon Ridge Mill. The properties were acquired for a nominal cash payment and overriding royalties. The Company is a 50% partner in CPP.

On January 12, 2011, the Company signed a purchase agreement with Titan Uranium, Inc whereby the Company will issue 1,046,067 of the Company's common shares valued at \$1.2 million USD to purchase the rights for ten Hollie claims, located in Emery County, Utah. The Hollie Claims, located about 120 miles from the site of Energy Fuels' proposed Piñon Ridge uranium mill, are surrounded by claims in the San Rafael uranium district acquired by the Company from Magnum Uranium in the merger completed June 30, 2009.

On February 9, 2011, the Company issued 1,064,895 common shares valued at USD\$1.0 million to purchase, from Nuvemco LLC, the mining lease and all related data for the Calliham Mine, located in San Juan County, Utah. This property is in the designated area of interest of the Colorado Plateau Partners LLC. As such, the property will be proposed to be contributed to the joint venture. If the partners agree to the contribution, then the Company will receive a USD\$500,000 credit to its capital account.

During the fiscal quarter ended December 31, 2010, the Company's investment in its Colorado mineral properties totalled \$400,000, of which \$352,000 related to the Whirlwind Mine activities discussed above. Net investment in the Utah properties totalled \$106,000, of which \$105,000 related to the Energy Queen Mine activities discussed above. Total net investment in the Colorado Plateau properties was \$506,000. Net investment includes property holding costs, advance royalties, mine development costs, drilling and other exploration activities, less property write-downs for abandoned claims.

The Arizona Strip

In June 2010, the partners of ASP approved the FY 2011 (July 2010 – June 2011) budget with expenditures totalling \$690,000. The expenditures are primarily for 3D seismic surveys and funding for four (4) drill holes on targets sited from the results of the seismic surveys. The funding for the FY 2011 budget will be provided by Royal for earn-in credit.

During the quarter ended December 31, 2010, ASP completed two drill holes on the Pocket 2 claims in northern Arizona. The two drill holes clearly confirmed the presence of a very large breccia pipe structure. Neither hole intersected the pipe throat where uranium mineralization is most likely to occur. However, the results did confirm the successful application of two geophysical exploration techniques (the Helicopter-borne Time Domain Electromagnetic Geophysical Survey with a VTEM-M system and the 3-D Seismic Survey) to locate breccia pipe targets in the Arizona Strip.

Cash expenditures for the ASP during the Company's fiscal quarter ended December 31, 2010 were USD \$125,000. These expenditures were primarily for activities related to drilling activities discussed above. These expenditures were funded by Royal for their earn-in credit as required by the joint venture agreement. At December 31, 2010, Royal had funded \$1.10 million of their \$1.85 million earn-in obligation.

Other Mineral Properties*Wyoming - 35-75 Property*

Magnum Uranium acquired a 1,080 acre land package in Converse County, Wyoming via a combination of staking and leasing. The property is comprised of 26 federal lode mining claims and 2 private leases. During 2006, Magnum Uranium purchased geological data on the 35-75 property for USD \$200,000. In November 2007, Magnum Uranium announced a large and statistically significant radon anomaly on its 35-75 property. The alpha track radon survey discovered an anomaly which is approximately 2,500 feet long and 2,000 feet wide covering an area of 87 acres.

This property is immediately adjacent to Cameco Corporation's Smith Ranch ISR operation. During fiscal year 2010, the Company had discussions with several parties regarding sale of the property. None of the discussions resulted in an offer to purchase the property, and accordingly, the Company concluded that \$404,600 in acquisition and deferred exploration costs associated with this property should be written off at the end of fiscal year 2010. The Company still maintains legal rights to the property.

SUMMARY OF QUARTERLY RESULTS

Results for the eight most recent quarters ending with the quarter ended December 31, 2010 are:

	Dec 31	Sept 30	June 30	Mar 31
	2010	2010	2010	2010
\$000, except per share data	\$	\$	\$	\$
Interest income	1	1	0	8
Net loss	(714)	(1,751)	(602)	(1,128)
Basic & diluted net loss per share	(0.01)	(0.02)	(0.01)	(0.01)
Cash used in operations	(683)	(621)	(360)	(1,717)

	Dec 31	Sept 30	June 30	Mar 31
	2009	2009	2009	2009
\$000, except per share data	\$	\$	\$	\$
Interest income	4	5	0	2
Net loss	(1,013)	(5,719)	(1,883)	(872)
Basic & diluted net loss per share	(0.01)	(0.09)	(0.04)	(0.02)
Cash used in operations	(831)	(1,775)	(1,479)	(867)

RESULTS OF OPERATIONS

For the quarter ended December 31, 2010 (the "Current Quarter"), the Company recorded a net loss of \$714,000, a decrease of \$299,000 compared to the prior year quarter ended December 31, 2009 (the "Prior Quarter")

The underlying factors for the decrease in the comparable loss include the combination of:

- A decrease of \$284,684 in general and administrative expenses from \$794,644 in 2009 to \$509,960 in 2010, primarily due to lower professional fees, management consulting costs and commercial insurance premiums as a result of the Company's cost reduction initiatives.
- An increase of \$33,266 in stock-based compensation from \$34,432 in 2009 to \$67,698 in 2010, primarily the result of the issuance of 125,000 stock options in October and November 2010.
- A decrease of \$25,809 in foreign currency losses from \$162,027 in 2009 to \$136,218 in 2010, primarily due to a change in the USD/CAD currency exchange rate from 1.0466 at December 31 2009 to .9946 at December 31, 2010.
- An increase of \$17,318 in other income/expenses from (\$106) in 2009 to \$17,212 in 2010, primarily due to a refund of deficiency deposits on Athabasca Basin properties dropped by Magnum Uranium.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations from inception primarily through the issuance of equity securities and has no sources of cash flow from operations. In order to finance its activities and working capital requirements, the Company will need to raise sufficient funding through share offerings, debt, from future profitable production or, alternatively, from the proceeds received from the disposition of the properties.

The Company has implemented a number of cost conservation strategies. Accordingly, on November 19, 2010 the Company reached agreement with LMMC to defer USD\$300,000 of the USD\$600,000 advance royalty obligation for the Whirlwind Mine property that was due December 11, 2010. Under the agreement, the remaining obligation of USD\$300,000 was rescheduled to be paid on December 11, 2011. On January 24, 2011, LMMC elected to take USD\$200,000 of the remaining USD\$300,000 obligation in Energy Fuels common shares based on the average closing price for the five trading days immediately preceding the date of the notice. The remaining USD\$100,000 will be payable in cash on December 11, 2011.

Budgeted cash expenditures for the remaining 3 quarters of fiscal year 2011 will range from \$2.0 – 2.3 million, which will fund property holding costs; fulfill property work commitments; maintain the current management group; fund permit compliance requirements for the Whirlwind and Energy Queen Mines; fund the Mill license final approval and possible litigation activities; fund investor relations activities and allow the Company to continue the evaluation of consolidation opportunities and continue evaluating capital raise alternatives for long term financing of the construction of the Piñon Ridge. At the Company's current budgeted cash utilization rate of approximately \$245,000 per month, the Company's cash resources, will allow it to execute its business plan beyond fiscal year 2011.

Cash and Financial Condition

As at December 31, 2010, the Company had cash resources, consisting of cash, deposits and short-term investments of \$2,531,000, a decrease of \$1,207,000 compared to the September 30, 2010 balance of \$3,739,000.

During the quarter ended December 31, 2010, the Company used \$683,000 of its cash resources to fund operating activities, \$981,000 for investing activities primarily on its mineral properties and generated cash resources from financing activities in the amount of \$462,000 from the exercise of 1,025,700 stock options.

The Company's working capital as at December 31, 2010 is \$2,217,000 compared to working capital of \$3,226,000 on September 30, 2010. The \$1,009,000 decrease was due to the reduction of cash balances of \$1,207,000 and prepaid expenses of \$6,000, offset by a decrease in current liabilities of \$204,000.

Operating Activities

Operating activities used \$683,000 of net cash resources during the Current Period, compared to cash used by operating activities of \$831,000 for the Prior Period. The \$148,000 decrease in net cash resources used for operating activities is due to a reduction of foreign currency translation losses of \$26,000, other income of \$17,000, and actual cash reductions in general and administrative costs period over period in the amount of \$105,000.

Investing Activities

The Company's investing activities are for mineral properties, licensing activities for the Piñon Ridge mill site, bonding deposits and capital assets. Investing activities used \$981,000 of cash resources during the Current Period, as compared to \$1,573,000 for the Prior Period, a decrease of \$592,000. This decrease is due to a reduction in exploration activities as a result of cash preservation initiatives and a reflection of lower costs incurred during the Current Period's Mill licensing activities for the CDPHE's technical review phase. The key

expenditures during the Current Period were \$469,000 to advance the licensing application for the Piñon Ridge Mill and \$304,000 for the payment of advance royalties at the Whirlwind Mine.

Financing Activities

Financing activities provided net cash resources of \$456,000 during the Current Period, compared to cash resources used of \$71,000 during the Prior Period. This increase was the result of the former Magnum shareholders exercising 1,025,700 stock options at an exercise price of \$0.45, resulting in proceeds of \$462,000.

Going Concern

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern. The use of Canadian GAAP applicable to a going concern assumes the Company will be able to finance its operations and capital expenditures, realize the value of its assets, pay its liabilities and meet future obligations in the normal course of business. Accordingly, the accompanying financial statements do not include any adjustments to the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities, that might be necessary should the Company be unable to continue as a going concern.

As is typical of a development stage company, the Company's ability to continue as a going concern is dependent upon obtaining outside financing to fund its working capital and current and future capital project requirements. While the Company is evaluating several financing alternatives, there is no assurance that such additional financing can be obtained on acceptable terms. Currently, the Company has adequate cash reserves to fund the final approval and possible litigation associated with the initial approval of its mill license application with the Colorado Department of Public Health & Environment. This process is expected to culminate before the end of calendar 2011.

While these financial statements have been prepared on the basis of accounting principles applicable to a going concern, the Company's cash balances have reached a point where they can support current operations only through late calendar year 2011 without additional financing. In addition, the Company has implemented a number of cost conservation strategies and could adjust its monthly cash utilization rate further, if necessary, until financing is available. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs. As a result, there is a significant doubt as to whether the Company will be able to continue as a going concern and realize its assets and pay its liabilities as they fall due.

These financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption found to be inappropriate. These adjustments could be material.

Contractual Obligations

The Company's contractual obligations by fiscal year at December 31, 2010:

	2011	2012-2015	Thereafter	Total	Interest
	\$	\$	\$	\$	Rates
Capital lease obligations	9,993	1,070	-	11,063	2.20%
Interest payment obligations	99	5	-	104	
	10,092	1,075	-	11,167	
Operating lease obligations	54,444	84,841	-	139,285	n/a
Exploration commitments	405,797	2,122,527	3,543,568	6,071,892	n/a
Total	470,333	2,208,443	3,543,568	6,222,344	

The Company will continue to prudently evaluate its contractual obligations with respect to mineral properties as well as other associated commitments with an eye towards deferring those expenses which do not meet certain criteria. In addition, since the majority of the exploration commitments are optional, the Company could choose to mitigate or eliminate the obligation by opting out of the lease or claim.

DIVIDENDS

The Company has not paid dividends in the past and it does not expect to have the ability to pay dividends in the near future. If the Company generates earnings in the future, it expects that they will be retained to finance further growth. The directors of the Company will determine if and when dividends will be declared and paid in the future based on the Company's financial position at the relevant time.

OFF BALANCE SHEET TRANSACTIONS

The Company did not enter into any off balance sheet transactions during the Current Period, nor were there any such transactions in existence as at December 31, 2010.

RELATED PARTY TRANSACTIONS

During the fiscal year ended September 31, 2010, the Company incurred the following related party transactions:

- During the three month period ended December 31, 2010, the Company incurred management consultation expenses of \$nil (2009 – \$66,017) for the services of its former Chief Executive Officer. The balance due at December 31, 2010 is \$nil (2009 - \$154,039).
- During the three month period ended December 31, 2010, the Company incurred management consultation expenses of \$nil (2009 – \$52,815) for the services of its Chief Operating Officer. The balance due at December 31, 2010 is \$nil (2009 - \$105,627).
- During the three month period ended December 31, 2010, the Company incurred expenditures of \$nil (2009 – \$13,203) to the spouse of the former Chief Executive Officer of the Company for administrative services. The balance due at December 31, 2010 is \$nil (2009 - \$4,400).
- During the three month period ended December 31, 2010, the Company incurred rent expenditures of \$nil (2009 – \$6,375) for rental space controlled by the former Chief Executive Officer of the Company.

These transactions occurred in the normal course of operations and are measured at the exchange value.

CHANGES IN ACCOUNTING POLICIES

The Company did not have any changes in accounting policies during the fiscal period ended December 31, 2010, other than noted below.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments – Recognition and Measurement

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, debt, and capital stock. As required by CICA, the Company adopted CICA Handbook Section 3855 – Financial Instruments – Recognition and Measurement, whereby all financial assets and liabilities 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. Accounts payable and accrued liabilities and long-term debt are designated as other financial liabilities and are recorded at amortized cost. The carrying value of long-term debt approximates fair value and has been adjusted for the financing and transaction costs associated with the arrangement of the long-term debt. 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.

In July 2009 the CICA amended Handbook Section 3855 with regard to determining when a prepayment option in a host debt instrument is closely related to the host instrument. This pronouncement is effective for fiscal years beginning January 1, 2011. The amendment states that if the exercise price of a prepayment option compensates the lender for an amount equivalent to the present value of the lost interest for the remaining term of the host instrument, the feature is considered closely related to the host contract in which it is embedded. The Company does not expect the adoption of this pronouncement to have a material impact on its consolidated financial statements.

Financial Instruments – Disclosures

Amendments to CICA Handbook Section 3862 require enhanced disclosures for fair value measurement of financial instruments and liquidity risk effective for fiscal years ending after September 30, 2009. Enhanced fair value measurements include disclosure relating to the level of the fair value hierarchy into which the fair value measurements are categorized, disclosure of significant transfers between levels of the hierarchy including reasons for the transfers, and a reconciliation of the beginning balances to the ending balances for those fair value measurements that result from the use of significant unobservable inputs in valuation techniques. The amendment clarifies that liquidity risk relates to financial liabilities that are settled by delivering cash or another financial asset. Enhanced liquidity risk disclosures include a maturity analysis for derivative financial liabilities based on how an entity manages liquidity risk. The Company is currently considering the impact of the adoption of this pronouncement.

OUTSTANDING SHARE INFORMATION

As at February 11, 2011, there were 100,621,369 common shares and 5,442,300 stock options outstanding. All stock options are each exercisable for one common share.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as revenues and expenses.

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 as 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. The Company periodically 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 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 the Company 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.

Accounting Principles Issued but not yet Implemented

Adoption of International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable profit oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Accordingly, IFRS will be required for Energy Fuels interim and annual consolidated financial statements for the fiscal year beginning on October 1, 2011. The Company's first quarterly filing under IFRS will be for the three months ended December 31, 2011. As such, these interim

financial statements will be prepared in accordance with IFRS on a comparative basis with the three months ended December 31, 2010. The Company will be required to prepare an opening IFRS statement of financial position as at October 1, 2010, the Company's "Transition date."

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosures. As noted below, the Company has developed a detailed plan for IFRS convergence and a project team was formed in the 4th fiscal quarter of 2010 to execute the plan. Additionally, the Company will seek assistance from independent consultants to provide technical accounting advice and project management guidance, if deemed necessary. The Company will implement a comprehensive IFRS conversion plan, which takes into account matters such as changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes and an assessment of any impact on the Company's business activities as a result of adoption of IFRS. Regular reporting will be provided by the project team to the audit committee as well as to senior management.

IFRS Convergence Plan

Phase 1 - Review and Assessment

Performance of a detailed review of all relevant IFRS standards to identify differences with the Company's current accounting policies and practices; the separate consideration of one-time accounting policy alternatives that must be addressed at the changeover date (IFRS 1 considerations), and adoption of accounting policies that will be applied on an ongoing basis in periods subsequent to the changeover to IFRS; the prioritization of those differences that could have a significant impact on our financial statements, business processes and IT. The Company has completed this phase.

Phase 2 - Design

Evaluation of accounting policy alternatives and investigation, development and documentation of solutions to resolve differences identified in phase 1, reflecting changes to existing accounting policies and practices, business processes, IT, internal controls and disclosure controls and procedures. The Company's expected timing for conduct of Phase 2 is over the period beginning fiscal Q2 and ending fiscal Q4 (January 1, 2011 to September 30, 2011).

Phase 3 - Implementation

Implementation of the changes to affected accounting policies and practices, business processes, systems, internal controls and disclosure controls and procedures. The changes will be tested prior to the formal reporting requirements under IFRS to ensure all significant differences are properly addressed in time for the changeover. The implementation phase will culminate with the collection of financial information necessary to prepare IFRS financial statements and the audit committee's approval of such financial statements. The Company's expected timing for conduct of Phase 3 is over the period beginning fiscal Q4 and ending fiscal Q1 (July 1, 2011 to December 31, 2011).

The Company will conduct training sessions targeted to various levels of the organization. The Company will also provide training to key implementation personnel who will monitor and manage the impacts of adoption of IFRS on the Company's business processes and information systems, and who will develop a broader external communication plan. The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company. The Company's transition plans are on schedule and further updates on the status of key activities for this project will be provided in subsequent interim and annual Management's Discussion & Analysis.

Potential Impact of IFRS Implementation

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes. To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies. In addition, the Company also does not expect any change in internal controls over financial reporting as a result of the transition to IFRS.

The following areas have been identified as having the highest potential impact on the Company's financial reporting. The list and components below should not be regarded as a complete list of changes that will result from the transition to IFRS and will be reviewed and updated in subsequent interim and annual Management's Discussion and Analysis.

First-time Adoption of IFRS (IFRS-1)

IFRS 1 provides guidance for an entity's adoption of IFRS for the first time. IFRS-1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However IFRS-1 also provides a number of optional exemptions and mandatory exceptions, in certain areas. The purpose of the options is to provide relief to companies and simplify the conversion process by not requiring them to recreate information that may not exist or may not have been collected at the inception of the transaction. We have analyzed the various exemptions available and are working towards implementing those most appropriate in our circumstances.

The most significant IFRS-1 exemptions which we are considering applying in the preparation of our first consolidated financial statements under IFRS are as follows.

1. IFRS-2 Share-based Payments – The Company will apply this standard only to equity instruments issued after November 7, 2002, and that had not vested by the Transition date, October 1, 2010.
2. IFRS-3 Business Combinations – The Company has an option to apply this standard prospectively from the Transition date. Accordingly, the Company expects to apply the standard prospectively, thus not restating business combinations that took place prior to October 1, 2010.

Prior to reporting interim financial statements in accordance with IFRS for the quarter ending December 31, 2011, the Company may decide to apply other optional exemptions contained in IFRS-1.

IFRS-1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time, however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1. Exploration and Evaluation Expenditures - Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral resources. In accordance with IFRS-6, an entity can continue to use accounting policies applied immediately before adopting IFRS. The Company's current policy is to capitalize exploration and development expenditures related to mineral properties at cost. The Company is in the process of evaluating any changes to its accounting policies related to exploration and evaluation expenditures that would result in a significant change to its financial statements at the Transition date.
2. Impairment of (Non-financial) Assets - IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Under Canadian GAAP, a write down is required when the estimated fair value, determined using undiscounted estimated future cash flows of a group of assets, is less than its carrying value.

This may result in more frequent write-downs where carrying amounts of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted basis. However, the extent of any asset write-downs may be partially offset by the requirement under IFRS to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP does not permit reversal of impairment losses.

The Company's accounting policies related to impairment of non-financial assets will be changed to reflect these differences. However, the Company does not expect that this change will have an immediate impact on the carrying value of its assets. The Company will perform impairment assessments in accordance with IFRS at the transition date.

3. Share-based Payments - In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP. The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to its consolidated financial statements.
4. Asset Retirement Obligations (Decommissioning Liabilities) - IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences. However, the Company does not expect this change will have an immediate impact on the carrying value of its assets.
5. Property and Equipment - IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP. The Company does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to its consolidated financial statements.
6. Income Taxes - In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes. The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to its consolidated financial statements.
7. Foreign Currency - IFRS requires that the functional currency of Energy Fuels and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP. The Company is in the process of evaluating any changes to its accounting policies related to foreign currency that would result in a significant change to its financial statements at the Transition date.

RISK FACTORS

A number of factors could cause actual results to differ materially from the results discussed in this management's discussion and analysis (MD&A), including, but not limited to, fluctuation in the spot prices of uranium and/or vanadium, risks associated with the exploration, development and operation of uranium and vanadium properties, costs associated with bringing any of the Company's properties into production or with the milling of ores produced from the Company's properties, the reliability of any resource estimates obtained by the Company, environmental risks, foreign exchange rates, competition, the Company's ability to manage operations and execute strategies and government regulation of uranium exploration, production and sales, including the export of uranium.

Energy Fuels is dependent upon the services of its existing personnel and its continued development will be dependent on its capacity to attract and retain qualified key personnel at all levels of the Company. The Company will need to raise additional funds to support its operations and to further develop its properties. The future of Energy Fuel's liquidity and capital requirements is dependent upon numerous factors, including market conditions, competition and the market price of uranium. Energy Fuels may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to Energy Fuels, or at all. Furthermore, such additional equity funding may be dilutive to existing shareholders, and debt financing, if available, may involve restrictive covenants. If adequate funds are not available on acceptable terms, this could have a material adverse effect on the Company's business, financial condition and operating results.

Exploration for and development of mineral properties involves significant financial risks, that even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of an ore body may result in substantial rewards, few properties, which are explored, are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling, constructing mining and process facilities at a site, developing metallurgical processes and extracting uranium and other metals from ore.

Resource estimates quoted herein are based on prior data and reports obtained and prepared by previous operators, as well as on NI 43-101 compliant technical reports completed by Landy A. Stinnett, PE, of FGM Consulting Group, and Douglas C. Peters, CPG, of Peters Geosciences. These technical reports were referred to above with respect to the Company's Whirlwind and Energy Queen Mines. With regard to all other remaining properties, the Company is not treating the mineral resource estimates as NI 43-101 defined resources verified by a Qualified Person at this time.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting for the issuer. They are assisted in this responsibility by the Management team. The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures and the design of internal controls at December 31, 2010, have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company and its subsidiary would have been known to them.

During the Current Period, there were no changes in the Company's internal control over financial reporting that materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

CORPORATE GOVERNANCE POLICIES

The disclosure required pursuant to National Instrument 58-101 – Disclosure of Corporate Governance Practices has been made by the Company in its Management Information Circular dated February 8, 2010, which was distributed to shareholders and filed on SEDAR for internet access for public viewing.

OUTLOOK

The Company's long-term objective is to bring its uranium and vanadium properties into profitable production by acquiring and refurbishing previously producing mines in the western United States. To complement this objective, the Company has acquired approximately 880 acres to build its own uranium and vanadium milling complex west of Naturita, Colorado and adjacent to a US Department of Energy site in the Paradox Valley in order to secure long-term access to milling facilities and to minimize any reliance on third party ore processing mills.

While management believes the long-term outlook remains favourable, the economic uncertainty and financial market volatility that is currently impacting the financial condition, liquidity and future prospects of the Company cannot be ignored. The Company will continue to look for opportunities to reduce costs and defer projects that do not offer immediate return on investment.

The Company's ability to continue as a going concern is dependent upon its ability to finance its current and future operations and future acquisition costs. 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.

Absent additional financing, the Company believes it has sufficient funds to carry out its business plan beyond its fiscal year 2011. In order to accomplish planned exploration and development, pay for administrative costs and assuming receipt of the Radioactive Material License, fund mill construction expenditures beyond this timeframe, the Company will pursue long-term financing prior to the end of FY 2011.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information in this MD&A contains management's assessment of the Company's future plans and may constitute "forward-looking information" under applicable securities laws. Such information may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, achievements, or opportunities expressed or implied by such forward-looking information. This forward-looking information includes estimates, forecasts and statements as to management's and others' expectations with respect to, among other things, exploration, development and production strategies and the outlook for the Company and the uranium exploration and mining industry. When used in this MD&A, such information uses words such as "may", "will", "estimate", "expect", "anticipate", "believe", "intend", "plan", "could" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this MD&A. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed under "Risk Factors". Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, the Company cannot assure that actual results will be consistent with this forward-looking information. This forward-looking information is made as of the date of this MD&A, and the Company assumes no obligation to update or revise it to reflect new events or circumstances except as required by law. Forward-looking information and statements for time periods subsequent to fiscal 2011 involve greater risks and require longer-term assumptions and estimates than those made prior, and are consequently subject to greater uncertainty. Therefore, the reader is especially cautioned not to place undue reliance on such long-term forward-looking information and statements.