

**IMPORTANT TAX NOTICE FOR U.S. SHAREHOLDERS
2010 TAX YEAR**

Special U.S. Federal Income Tax Filing Requirements Related to Your Investment in ENERGY FUELS INC.

Shareholders who are U.S. taxpayers should be aware that Energy Fuels Inc. ("Energy Fuels") expects to be a passive foreign investment company ("PFIC") for its current fiscal year, expects that it was a PFIC in its taxable year ended September 30, 2010 and expects that it may also be a PFIC in subsequent years.

The attached PFIC Annual Information Statement is being provided to you pursuant to the requirements of Treasury Regulations Section 1.1295-1(g) (1). This PFIC Annual Information Statement contains information to enable you, should you choose, to elect to treat Energy Fuels as qualified electing fund ("QEF"). ***A U.S. shareholder does not have to make this election for shares held in his or her retirement account.***

A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains of Energy Fuels, whether or not Energy Fuels distributes any amounts to its shareholders.

Energy Fuels did not have ordinary earnings or net capital gains for its taxable year ended September 30, 2010 and believes that it will not have ordinary earnings or net capital gains in any future years in which it may be a PFIC.

If you do not elect to treat Energy Fuels as a QEF, then if Energy Fuels is a PFIC for any year during your holding period, then you would be subject to the PFIC rules, which could result in adverse tax consequences to you. For example, if you were to receive a so-called "excess distribution" or if you sell your Energy Fuels stock in the future at a gain, you could be required to allocate such distribution or gain, as the case may be, rateably over the time period during which you held your stock while Energy Fuels was a PFIC, and pay tax at the highest rate (rather than, if otherwise applicable, the long-term capital gain rate) on ordinary income in effect for each year to which the gain is allocated plus interest on the tax.

The QEF election is made by completing and attaching Form 8621 to a U.S. federal income tax return filed by the due date of the return, as extended.

We strongly urge you to consult your own tax advisor for advice concerning the application of the U. S. federal income tax rules governing PFICs.

The instructions for Form 8621 can be found on the Internet at <http://www.irs.gov/instructions/i8621/ch01.html>. If you would like us to send you a copy of Form 8621, please contact our office at 303 974 2140 Attn: Jeff Vigil, Chief Financial Officer, Suite 600, 44 Union Blvd. Lakewood, Colorado, USA 80228

PFIC Annual Information Statement

- (1) This Information Statement applies to the taxable year of Energy Fuels Inc. beginning on October 1, 2009 and ending on September 30, 2010.
- (2) The total ordinary earnings and net capital gains of Energy Fuels Inc. for the taxable year specified in paragraph (1) are:
- (a) Ordinary earnings: NONE
 - (b) Net capital gains: NONE
 - (c) Your pro rata share of Energy Fuels Inc.'s ordinary earnings is: NONE
 - (d) Your pro rata share of Energy Fuels Inc.'s net capital gain is: NONE
 - (e) The amount of cash and the fair market value of other property distributed or deemed distributed to you during the taxable year specified in paragraph (1) is: NONE
- (3) Energy Fuels Inc. will permit you to inspect and copy of its permanent books of account, records, and such other documents as may be maintained that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the U.S. Internal Revenue Code, are computed in accordance with U.S. income tax principles.

Energy Fuels Inc.

Date: March 17, 2011

By: Jeff Vigil, Chief Financial Officer, Energy Fuels Inc., 44 Union Blvd., Lakewood, Colorado, USA. 80228 Tel: 1 303 974 2140 Fax: 1 303 974 2141.