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Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Energy Fuels Inc., at its registered office, 2 Toronto Street, Suite 500, Toronto, Ontario, Canada, M5C 2B6, telephone (416) 241-2810, and are also available electronically at www.sedar.com. See “Documents Incorporated by Reference”.

SHORT FORM PROSPECTUS

New Issue

July 18, 2012



ENERGY FUELS INC.

\$22,000,000

Floating-Rate Convertible Unsecured Subordinated Debentures

An investment in Debentures (as defined herein) may be considered to be speculative and is not intended as a complete investment program. An investment in the Debentures is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. The Debentures are a derivative product and are not equivalent to a direct investment in uranium. The price of uranium used to calculate the interest payable is based on an independently calculated market quotation.

This short form prospectus qualifies the distribution (the “Offering”) of \$22,000,000 aggregate principal amount of floating-rate convertible unsecured subordinated debentures (the “Debentures”) of Energy Fuels Inc. (“Energy Fuels” or the “Company”) at a price of \$1,000 per Debenture pursuant to an underwriting agreement dated July 3, 2012 (the “Underwriting Agreement”) between Energy Fuels and Dundee Securities Ltd. and Scotia Capital Inc., as co-lead underwriters (the “Lead Underwriters”), on their own behalf and on behalf of National Bank Financial Inc., Haywood Securities Inc. and Versant Partners Inc. (collectively with the Lead Underwriters, the “Underwriters”).

The Debentures will bear interest accruing, calculated and payable semi-annually in arrears on June 30 and December 31 in each year commencing on December 31, 2012 (each, an “Interest Payment Date”) at a fluctuating rate of not less than 8.50% per annum and not more than 13.50% per annum, based on the simple average of the Ux Weekly Indicator (Spot Price) published by the Ux Consulting Company, LLC (the “UxC U3O8 Weekly Indicator Price”) during the applicable semi-annual period (or such shorter period of time, if applicable for which interest is being paid) according to the table below:

UxC U3O8 Weekly Indicator Price (in US\$)	Annual Interest Rate
Up to \$54.99	8.50%
\$55.00 – \$59.99	9.00%
\$60.00 – \$64.99	9.50%
\$65.00 – \$69.99	10.00%
\$70.00 – \$74.99	10.50%
\$75.00 – \$79.99	11.00%
\$80.00 – \$84.99	11.50%
\$85.00 – \$89.99	12.00%
\$90.00 – \$94.99	12.50%
\$95.00 – \$99.99	13.00%
\$100 and above	13.50%

The first Interest Payment Date shall be December 31, 2012, and will consist of interest accrued from and including the Closing Date (as defined below) determined in accordance with the above table based on the simple average of the UxC U3O8 Weekly Indicator Price during

such stub interest payment period. The maturity date of the Debentures will be June 30, 2017 (the “**Maturity Date**”). Further details of the Debentures are set out under “*Details of the Offering*”.

Debentures will be convertible into common shares of Energy Fuels (the “**Common Shares**”) at the option of the holder at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and the fifth business day immediately preceding the date specified by Energy Fuels for redemption of the Debentures, except in respect of the five business days before an Interest Payment Date, at a conversion price of \$0.30 per Common Share (the “**Conversion Price**”), representing a conversion rate of approximately 3,333.33 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events as described in the Indenture (as defined herein). Holders converting their Debentures will receive accrued and unpaid interest thereon up to, but excluding, the date of conversion.

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**EFR**”. The Company has applied to list the Debentures and the Common Shares issuable upon conversion, redemption or maturity of the Debentures on the TSX. Approval of such listing will be subject to the Company fulfilling all of the listing requirements of the TSX, including meeting the minimum public distribution requirements of the TSX in the case of the Debentures. On June 29, 2012, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$0.19.

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Debenture.....	\$1,000	\$60.00	\$940.00
Total ⁽³⁾	\$22,000,000	\$1,320,000	\$20,680,000

Notes:

- (1) Pursuant to the terms and conditions of the Underwriting Agreement, the Company has agreed to pay a cash commission to the Underwriters equal to 6.0% of the gross proceeds of the Offering (the “**Underwriters’ Fee**”). See “*Plan of Distribution*”.
- (2) Before deducting the expenses of the Offering, estimated to be approximately \$1,000,000, which will be paid from the proceeds of the Offering.
- (3) Energy Fuels has granted to the Underwriters an option (the “**Over-Allotment Option**”) to purchase up to an additional \$3,300,000 aggregate principal amount of Debentures (being 15% of the aggregate principal amount of the Debentures issued) at a price of \$1,000 per Debenture on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of the Underwriters at any time up until 30 days after closing of the Offering for the purpose of covering the Underwriters’ over allocation position. Debentures issuable upon the exercise of the Over-Allotment Option will be issued on the later of closing of the Offering and three business days following the exercise of such option. If the Over-Allotment Option is exercised in full, the total price to the public will be \$25,300,000, the total Underwriter’s Fee will be \$1,518,000 and the net proceeds to the Company, before deducting the expenses of the Offering, will be \$23,782,000. See “*Plan of Distribution*”. This short form prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters’ over allocation position acquires those Debentures under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The following table sets forth the number of Debentures issuable pursuant to the exercise of the Over-Allotment Option:

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	3,300 Debentures	Up to and including the 30th day following the closing of the Offering	\$1,000 per Debenture

The Debentures will be direct obligations of Energy Fuels and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to all senior indebtedness of Energy Fuels. The terms and conditions of the Debentures will be governed by a trust indenture between Energy Fuels and BNY Trust Company of Canada, as trustee, to be entered into on or before closing of the Offering.

The Debentures are not “deposits” within the meaning of the *Canada Deposit Insurance Corporations Act (Canada)* and are not insured under provisions of that Act or any other legislation.

The Company may not redeem the Debentures prior to July 24, 2015 (the “**Redemption Date**”) except in the event of certain circumstances described herein under “*Details of the Offering – Change of Control of the Company*”. On or after the Redemption Date and to and including the Maturity Date, Energy Fuels may redeem the Debenture in whole or in part from time to time subject to providing not more than 60 and not less than 30 days’ prior written notice at its option, at par plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price.

There is currently no market through which the Debentures may be sold and purchasers may not be able to sell the Debentures purchased under this short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. Subject to any required regulatory approval and provided no Event of Default (as defined herein) has occurred under the Indenture, Energy Fuels has the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due at Redemption or Maturity by issuing Common Shares. See “*Details of the Offering - Payment upon Redemption or Maturity*” and “*Risk Factors*”.

The Underwriters, as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters on behalf of the Company by Borden Ladner Gervais LLP and as to certain

legal matters on behalf of the Underwriters by Fraser Milner Casgrain LLP. The Debentures offered under this short form prospectus shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the short form prospectus.

The Company has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Debentures or the Common Shares at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

The Underwriters propose to offer the Debentures initially at the Offering price specified above. After a reasonable effort has been made to sell all of the Debentures at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Debentures remaining unsold. Any such reduction will not affect the proceeds received by the Company. See "*Plan of Distribution*".

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Except for Debentures issued to purchasers in the United States in reliance upon Rule 506 of Regulation D under the U.S. Securities Act, one or more certificates for the aggregate principal amount of the Debentures will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on closing of the Offering. The date of closing of the Offering is expected to occur on or about July 24, 2012, or such later date as the Company and the Underwriters may agree. A purchaser of Debentures will receive only a customer confirmation from a registered dealer that is a participant in the CDS depository service and from or through whom a beneficial interest in the Debentures is purchased. See "*Details of the Offering*".

On June 26, 2012, the date Dundee Securities Ltd. ("Dundee Securities") entered into an agreement in respect of the Offering with the Company, Dundee Securities, investment funds managed by Dundee Securities and its affiliate, Dundee Resources Limited ("Dundee Resources"), collectively owned Common Shares representing approximately 11.36% of the then outstanding Common Shares (5.99% Common Shares on a partially diluted basis assuming closing of the Denison Acquisition, the conversion of then outstanding subscription receipts and the exercise of convertible securities). Additionally, Dundee Resources had the right to nominate two of the eight directors to the board of directors of the Company. Dundee Securities and its affiliates currently hold less than 10% of the outstanding Common Shares, and Dundee Resources no longer has the right to nominate directors to the board of directors of the Company. As a consequence of the foregoing, the Company may be considered a "connected issuer" of Dundee Securities for the purposes of applicable securities laws.

The earnings coverage ratio in respect of the Company's indebtedness for the 12 months ended September 30, 2011 is less than one-to-one. See "*Earnings Coverage Ratio*".

An investment in the Debentures and the Common Shares underlying the Debentures is subject to a number of risks. The risk factors identified under the heading "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Statements*" in this short form prospectus should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered under this short form prospectus.

The Company's head and registered office is located at 2 Toronto Street, Suite 500, Toronto, Ontario, Canada, M5C 2B6. The Company's principal place of business and head office of the Company's U.S. subsidiaries is located at Suite 600, 44 Union Blvd., Lakewood, Colorado, 80228 USA.

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ENERGY FUELS INC.

Energy Fuels is a Toronto, Ontario based uranium and vanadium exploration, development and production company with operations located in the states of Utah and Arizona and development projects located in Colorado, Utah, Arizona, Wyoming and New Mexico.

Energy Fuels Inc. (“**Energy Fuels**” or the “**Company**”) was incorporated on June 24, 1987 in the Province of Alberta under the name “368408 Alberta Inc.” In October 1987, the name was changed to “Trevco Oil & Gas Ltd.” In May 1990 the name was changed to “Trev Corp.” In August 1994 the name was changed to “Orogrande Resources Inc.” In April 2001, the name was changed to “Volcanic Metals Exploration Inc.” On September 2, 2005, the Company was continued under the Business Corporations Act (Ontario). On March 26, 2006, Volcanic Metals Exploration Inc. acquired 100% of the outstanding shares of “Energy Fuels Resources Corporation.” On May 26, 2006, Volcanic Metals Exploration Inc. changed its name to “Energy Fuels Inc.”.

For a detailed description of the business of Energy Fuels please refer to (i) “*General Development of the Business*” and “*Description of the Business*” in the Annual Information Form (as defined below), (ii) “*Information About Titan*” in the January 10 Circular (as defined below), and (iii) “*The Denison US Mining Division*” and “*Information About EFI After Giving Effect to the Denison Arrangement – Business of EFI Post-Denison Arrangement*” in the May 28 Circular (as defined below), each of which documents is incorporated by reference in this short form prospectus.

SUMMARY

This summary is qualified by, and should be read in conjunction with, the detailed information contained elsewhere in this short form prospectus.

The Offering

- Offering: Distribution (the “**Offering**”) of \$22,000,000 aggregate principal amount of floating-rate convertible unsecured subordinated debentures (the “**Debentures**”) pursuant to an underwriting agreement dated July 3, 2012 (the “**Underwriting Agreement**”) between Energy Fuels and Dundee Securities Ltd. (“**Dundee Securities**”) and Scotia Capital Inc., as co-lead underwriters (the “**Lead Underwriters**”), on their own behalf and on behalf of National Bank Financial Inc., Haywood Securities Inc. and Versant Partners Inc. (collectively with the Lead Underwriters, the “**Underwriters**”).
- Amount of Offering: \$22,000,000.
- Price: \$1,000 per Debenture (the “**Offering Price**”).
- Over-Allotment Option: Energy Fuels has granted to the Underwriters an over-allotment option (the “**Over-Allotment Option**”) to purchase up to 15% of the principal amount of the Debentures issued at a price of \$1,000 per Debenture on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of the Underwriters, at any time up until 30 days after the closing of the Offering for the purposes of covering the Underwriters’ over-allocation position. Debentures issuable upon exercise of the Over-Allotment Option will be issued on the later of closing of the Offering and three business days following exercise of such option.
- Use of Proceeds: Energy Fuels intends to use the net proceeds of this Offering, including any net proceeds from the exercise of the Over-Allotment Option, for funding of mine operations, mine permitting and development of the Company’s existing properties, working capital and general corporate purposes. See “*Use of Proceeds*”.
- Closing Date: The date of closing of the Offering (the “**Closing Date**”) is expected to occur on or about July 24, 2012, or such later date as the Company and the Underwriters may agree.

The Debentures

General: The Debentures will be issued under a trust indenture to be dated as of the Closing Date (the “**Indenture**”) between the Company and BNY Trust Company of Canada, as trustee (the “**Debenture Trustee**”). The aggregate principal amount of the Debentures authorized for issue immediately will be limited to the aggregate principal amount of \$22,000,000 (\$25,300,000 in the event the Over-Allotment Option is exercised in full).

The Debentures will be dated as at the Closing Date and will be issuable only in denominations of \$1,000 and integral multiples thereof.

The maturity date for the Debentures will be June 30, 2017 (the “**Maturity Date**”).

Interest: The Debentures will bear interest accruing, calculated and payable semi annually in arrears on June 30 and December 31 in each year commencing on December 31, 2012 (each, an “**Interest Payment Date**”) at a fluctuating rate of not less than 8.50% per annum and not more than 13.50% per annum, based on the simple average of the Ux Weekly Indicator (Spot Price) (the “**UxC U3O8 Weekly Indicator Price**”) published by the Ux Consulting Company, LLC (available at www.uxc.com) during the applicable semi-annual period (or such shorter period of time, if applicable) for which interest is being paid according to the table below:

<u>UxC U3O8 Weekly Indicator Price (in US\$)</u>	<u>Annual Interest Rate</u>
Up to \$54.99	8.50%
\$55.00 – \$59.99	9.00%
\$60.00 – \$64.99	9.50%
\$65.00 – \$69.99	10.00%
\$70.00 – \$74.99	10.50%
\$75.00 – \$79.99	11.00%
\$80.00 – \$84.99	11.50%
\$85.00 – \$89.99	12.00%
\$90.00 – \$94.99	12.50%
\$95.00 – \$99.99	13.00%
\$100 and above	13.50%

Interest is payable on each Interest Payment Date to holders of record at the close of business on the business day preceding such Interest Payment Date.

The first Interest Payment Date shall be December 31, 2012, and will consist of interest accrued from and including the Closing Date calculated in accordance with the above table based on the simple average of the UxC U3O8 Weekly Indicator Price during such stub interest payment period. The interest rate will be determined on December 17, 2012 and the data from December 17, 2012 to December 31, 2012 will not be included in any interest rate determination. For each June 30 interest payment, the interest rate will be determined on June 15 (or the first business day thereafter) and data from June 15 to June 30 will not be included in any interest rate determination. For each December 31 interest payment, the interest rate will be determined on December 15 (or the first business day thereafter) and data from December 15 to December 31 will not be included in any interest rate determination. Interest will be calculated on the basis of a 365 day year. See “*Details of the Offering – General*”.

Conversion Privilege: The Debentures will be convertible into fully paid and non-assessable common shares of Energy Fuels (the “**Common Shares**”) at the option of the holder thereof at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and the fifth business day immediately preceding the date specified by the Company for redemption of the Debentures, except in respect of the five business days before an Interest Payment Date, at a conversion price of \$0.30 per Common Share (the “**Conversion Price**”), representing a ratio of 3,333.33 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment as provided in the Indenture (as defined herein). Holders converting their Debentures will receive accrued and unpaid

interest thereon from and including the most recent Interest Payment Date up to, but excluding, the date of conversion. See “*Details of the Offering – Conversion Privilege*”.

Redemption:

The Debentures will not be redeemable prior to July 24, 2015 (the “**Redemption Date**”) (except in the event of certain circumstances described below under “*Details of Offering – Change of Control*”). On and after the Redemption Date and to and including the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days’ and not less than 30 days’ prior notice at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price. See “*Details of the Offering – Redemption and Purchase*”.

Change of Control:

Within 30 days following a Change of Control (as defined below), the Company shall make an offer (the “**Change of Control Offer**”) in writing to holders of Debentures to, at the Debenture holders’ election, either: (a) purchase the outstanding Debentures at 100% of the principal amount thereof plus accrued and unpaid interest thereon; or (ii) convert the Debentures at the Change of Control Conversion Price.

The Change of Control Conversion Price will be calculated as follows:

$COCCP = ECP / (1 + (CP \times (c/t)))$ where:

COCCP is the Change of Control Conversion Price;

ECP = the Conversion Price;

CP = 30.0%;

c = the number of days from and including the date of the Change of Control to but excluding the Maturity Date; and

t = the number of days from and including the Closing Date to but excluding the Maturity Date.

See “*Details of the Offering – Change of Control of the Company*”.

Payment upon
Redemption or Maturity:

On redemption or at maturity, the Company will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in Canadian dollars an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, as applicable, together with accrued and unpaid interest thereon. Subject to any required regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, the Company has the option to satisfy its obligation to repay the \$1,000 principal amount of the Debentures, in whole or in part, due at redemption or maturity, upon at least 40 days’ and not more than 60 days’ prior notice, by delivering that number of Common Shares obtained by dividing the \$1,000 principal amount of the Debentures maturing or to be redeemed as applicable, by 95% of the volume-weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending five trading days preceding the date fixed for redemption or the Maturity Date, as the case may be. Any accrued or unpaid interest will be paid in cash. See “*Details of the Offering – Payment upon Redemption or Maturity*”.

Common Share Interest Payment Option:	Unless an Event of Default has occurred and is continuing, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures, on the date it is payable under the Indenture (i) in cash; (ii) by delivering sufficient Common Shares to the Debenture Trustee, for sale, to satisfy the interest obligations in accordance with the Indenture in which event holders of the Debentures will be entitled to receive a cash payment equal to the proceeds of the sale of such Common Shares; or (iii) any combination of (i) and (ii) above. See “ <i>Details of the Offering – Interest Payment Option</i> ”.
Rank:	The Debentures will be direct, unsecured obligations of the Company and will rank equally with one another and with all other present and future unsecured subordinated indebtedness of the Company, except as prescribed by law. The Indenture will not limit the Company or its subsidiaries from incurring additional indebtedness or liabilities or from mortgaging, pledging or charging its properties to secure any indebtedness.
Subordination:	The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as defined herein) of the Company and indebtedness owing by the Company to trade creditors and will rank <i>pari passu</i> with all other present and future unsecured subordinated indebtedness of the Company. The Debentures will also be effectively subordinated to claims of creditors of the Company’s subsidiaries, except to the extent the Company is a creditor of such subsidiaries ranking at least <i>pari passu</i> with such other creditors. See “ <i>Details of the Offering – Subordination</i> ”.
Purchase for Cancellation	The Company will also have the right to purchase Debentures for cancellation in the market, by tender, by private contract or otherwise, subject to applicable regulatory approval.
Withholding Tax	If the Company is required to withhold or deduct any amount for or on account of Canadian taxes from any payment made by the Company under or with respect to the Debentures (including for greater certainty and without limitation, the delivery of Common Shares or other property in connection with the exercise of a conversion right) to any holder who is not a resident of Canada for purposes of the <i>Income Tax Act</i> (Canada), the Company will pay to each such holder as additional interest such additional amounts (“ Additional Amounts ”) as may be necessary so that the net amount received by each such holder after such withholding or deduction (and after deducting any Canadian taxes on such Additional Amounts) will not be less than the amount the holder would have received if such Canadian taxes had not been withheld or deducted. However, no Additional Amounts will be payable with respect to a payment made to a holder (such holder, an “ Excluded Holder ”) in respect of the beneficial owner thereof which is subject to such Canadian taxes by reason of such holder being a resident, domicile or national of, or engaged in business or maintaining a permanent establishment or other presence in, or otherwise having some present or former connection with Canada or any province or territory thereof otherwise than by the mere holding of Debentures or the receipt of payments thereunder.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated herein by reference, contains forward looking information and forward looking statements within the meaning of applicable Canadian securities laws. Those statements appear in a number of places in this short form prospectus and in the documents incorporated herein by reference and include, but are not limited to, statements and information regarding the Company's current intent, belief or expectations primarily with respect to the Company's business objectives and plans, future trends in the Company's industry; estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, future production costs and volumes, capital expenditures, mineral grades, reserve and resource estimates and types; sales volumes and realized prices; exploration plans; expansion plans; expected market fundamentals and prices; availability of equipment and supplies; success of mining operations; the Company's processing technologies; global economic growth and industrial demand, environmental risks; unanticipated reclamation expenses, title disputes or claims; limitations on insurance coverage; production of uranium and vanadium concentrates by the Company's operations; future uranium and vanadium prices and treatment charges; future royalties payable; changes in global uranium and vanadium and concentrate inventories; currency exchange rates; costs of energy, materials and supplies; the outcome of disputes and legal proceedings in which the Company is involved; future effective tax rates; and future benefits costs. In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Readers are cautioned that it would be unreasonable to rely on any such forward looking statements and information as creating any legal rights, and that the statements and information are not guarantees and may involve known and unknown risks and uncertainties, and that actual results are likely to differ (and may differ materially) and objectives and strategies may differ or change from those expressed or implied in the forward looking statements or information as a result of various factors. Such risks and uncertainties include risks generally encountered in the development and operation of mineral properties and processing facilities such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; risks associated with labour disturbances and unavailability of skilled labour; fluctuations in the market prices of the Company's principal products, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining properties; risks associated with lack of access to markets and general product marketing; risks associated with mineral and resource estimates, including the risk of errors in assumptions or methodologies; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; risks associated with the Company's dependence on third parties in the provision of transportation and other critical services; title risks; social and political risks associated with operations in foreign countries; and risks associated with legal proceedings and other factors referenced under the "Risk Factors" section in this short form prospectus and in the Company's Annual Information Form (as defined below). Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this short form prospectus.

Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of prices of uranium, vanadium and the Company's other primary metals and minerals develop as expected; that the Company receives regulatory and governmental approvals for the Company's development projects and other operations on a timely basis; that the Company is able to obtain financing for the Company's development projects on reasonable terms; that the Company is able to procure mining equipment and operating supplies in sufficient quantities and on a timely basis; that engineering and construction timetables and capital costs for the Company's development and expansion projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Company's reserve and resource estimates are within reasonable bounds of accuracy (including with respect to size, grade and recoverability) and that the geological, operational and price assumptions on which these are based are reasonable; that environmental and other

proceedings or disputes are satisfactorily resolved; and that the Company maintains ongoing relations with its employees and with its business partners and joint venturers.

All written and oral forward looking statements or information attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by the foregoing cautionary statements.

Forward looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward looking statements. The Company assumes no obligation to update publicly or otherwise revise any forward looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward looking information, except to the extent required by applicable securities laws. If the Company does update one or more forward looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward looking statements.

Energy Fuels cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors which could affect operations or financial results are included under the heading "Risk Factors". Additional information may also be found in Energy Fuels' other reports on file with the Canadian securities regulatory authorities, including the Annual Information Form, Information Circulars and the Q2 MD&A (each as defined below). The forward-looking statements and forward-looking information contained in this short form prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Neither Energy Fuels nor the Underwriters undertake any obligation to publicly update or revise any forward-looking statements or information except as expressly required by applicable securities laws. If the Company does update one or more forward looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward looking statements.

GENERAL MATTERS

You should rely only on the information contained or incorporated by reference in this short form prospectus. Neither Energy Fuels nor the Underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither Energy Fuels nor the Underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this document may only be accurate as of the date on the front cover of this short form prospectus.

All references in this short form prospectus to "\$" are to Canadian dollars unless otherwise noted.

NOTE RESPECTING TRANSITION TO IFRS

In February 2008, the Canadian Accounting Standards Board confirmed that all publicly accountable enterprises would be required to report under International Financial Reporting Standards ("IFRS") for financial years beginning on or after January 1, 2011. The term "Canadian GAAP" in this short form prospectus means generally accepted accounting policies in effect prior to the adoption of IFRS.

Energy Fuels adopted IFRS effective for interim and annual periods commencing October 1, 2011. Prior to the adoption of IFRS, Energy Fuels prepared its consolidated financial statements in accordance with Canadian GAAP.

The Company's annual audited consolidated financial statements for the year ended September 30, 2011 are prepared in accordance with Canadian GAAP and the interim consolidated financial statements for the period ended March 31, 2012 incorporated by reference in this short form prospectus have been prepared in accordance with IAS 34, *Interim Financial Statements*, as issued by the International Accounting Standards Board under IFRS, with comparative information for the applicable 2011 comparative period.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to Energy Fuels, and Fraser Milner Casgrain LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) as of the date hereof, provided the Debentures and Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX) the Debentures being offered pursuant to this short form prospectus and the Common Shares issuable on the conversion, redemption, purchase for cancellation, or maturity of the Debentures, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans, registered disability savings plans (except, in the case of Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm’s length with the Company, has made a contribution) and tax-free savings accounts (“**TFSAs**”).

Notwithstanding that the Debentures and the Common Shares issuable upon the conversion, redemption, purchase for cancellation or maturity of the Debentures may be qualified investments as described above, the holder of a trust governed by a TFSA or the annuitant under a RRSP or RRIF that holds Debentures or Common Shares will be subject to a penalty tax if such Debentures or Common Shares are a “prohibited investment” for the purposes of the Tax Act. The Debentures and the Common Shares will generally be a “prohibited investment” if the holder or the annuitant, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a “significant interest” (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm’s length for the purposes of the Tax Act. **Prospective holders should consult their own tax advisors regarding their particular circumstances.**

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Energy Fuels, at 2 Toronto Street, Suite 500, Toronto, Ontario, Canada, M5C 2B6, telephone (416) 214-2810. These documents are also available on SEDAR at www.sedar.com under the Company’s profile. The filings of the Company through the System for Electronic Document Analysis and Retrieval (SEDAR) are not incorporated by reference in this short form prospectus except as specifically set out herein.

The following documents, as filed with the various securities commissions or similar authorities in Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) The 2011 Annual Information Form of the Company dated December 17, 2011 in respect of the year ended September 30, 2011 (the “**Annual Information Form**”) but excluding the technical reports incorporated by reference into the Annual Information Form;
- (b) The audited annual consolidated financial statements of the Company for the years ended September 30, 2011 and 2010, together with the notes thereto and the auditors’ reports thereon;
- (c) The management’s discussion and analysis of the financial condition and results of operations of the Company for the year ended September 30, 2011;
- (d) The unaudited interim consolidated financial statements of the Company for the three and six months ended March 31, 2012 and 2011, together with the notes thereto;
- (e) The management’s discussion and analysis of the financial condition and results of operations of the Company for the three and six month periods ended March 31, 2012 (“**Q2 MD&A**”);

- (f) Material change report of the Company dated December 7, 2011 in respect of the execution of the definitive business combination agreement between the Company and Titan Uranium Inc. (“Titan”), pursuant to which the Company agreed to acquire all of the issued and outstanding shares of Titan in exchange for common shares of the Company;
- (g) Material change report of the Company dated March 8, 2012 concerning the completion of the acquisition of Titan by the Company;
- (h) Material change report of the Company dated April 25, 2012 concerning the execution of a letter agreement between the Company and Denison Mines Corp. (“Denison”) to complete a transaction (the “Denison Acquisition”) whereby the Company would acquire all of Denison’s mining assets and operations in the United States (the “Denison US Mining Division”);
- (i) Material change report of the Company dated July 3, 2012 concerning the completion of the Denison Acquisition by way of plan of arrangement;
- (j) Business acquisition report of the Company dated May 10, 2012 in respect of the acquisition of Titan;
- (k) Business acquisition report of the Company dated July 3, 2012 in respect of the acquisition of the Denison US Mining Division, as refiled on July 13, 2012;
- (l) Management Information Circular of the Company dated January 10, 2012 distributed in respect of the annual and special meeting of shareholders of the Company held on February 10, 2012 (the “January 10 Circular”) but excluding the technical reports and the short form prospectus of the Company dated March 24, 2011 incorporated by reference into the January 10 Circular; and
- (m) Management Information Circular of the Company dated May 28, 2012 distributed in respect of the special meeting of shareholders of the Company held on June 25, 2012 (the “May 28 Circular”, and together with the January 10 Circular, the “Information Circulares”) but excluding the technical reports and the annual information form of Denison incorporated by reference into the May 28 Circular.

Any documents of the type required by National Instrument 44-101 - *Short Form Prospectus Distributions* (“NI 44-101”) to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditor’s report thereon, management’s discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by the Company with the securities commissions or similar authorities in Canada subsequent to the date of this short form prospectus and before the termination of the Offering, are deemed to be incorporated by reference in this short form prospectus. The Company applied for and was granted an exemption under NI 44-101 from the requirement under Form 44-101F1 to incorporate by reference in this Prospectus certain technical reports, the Company’s short form prospectus dated March 24, 2011, and Denison’s annual information form, which were incorporated by reference into the Annual Information Form and the Information Circulares.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding information need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in

light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

Neither the Company nor the Underwriters have provided or otherwise authorized any other person to provide investors with information other than as contained or incorporated by reference in this short form prospectus. If an investor is provided with different or inconsistent information, he or she should not rely on it.

THE COMPANY

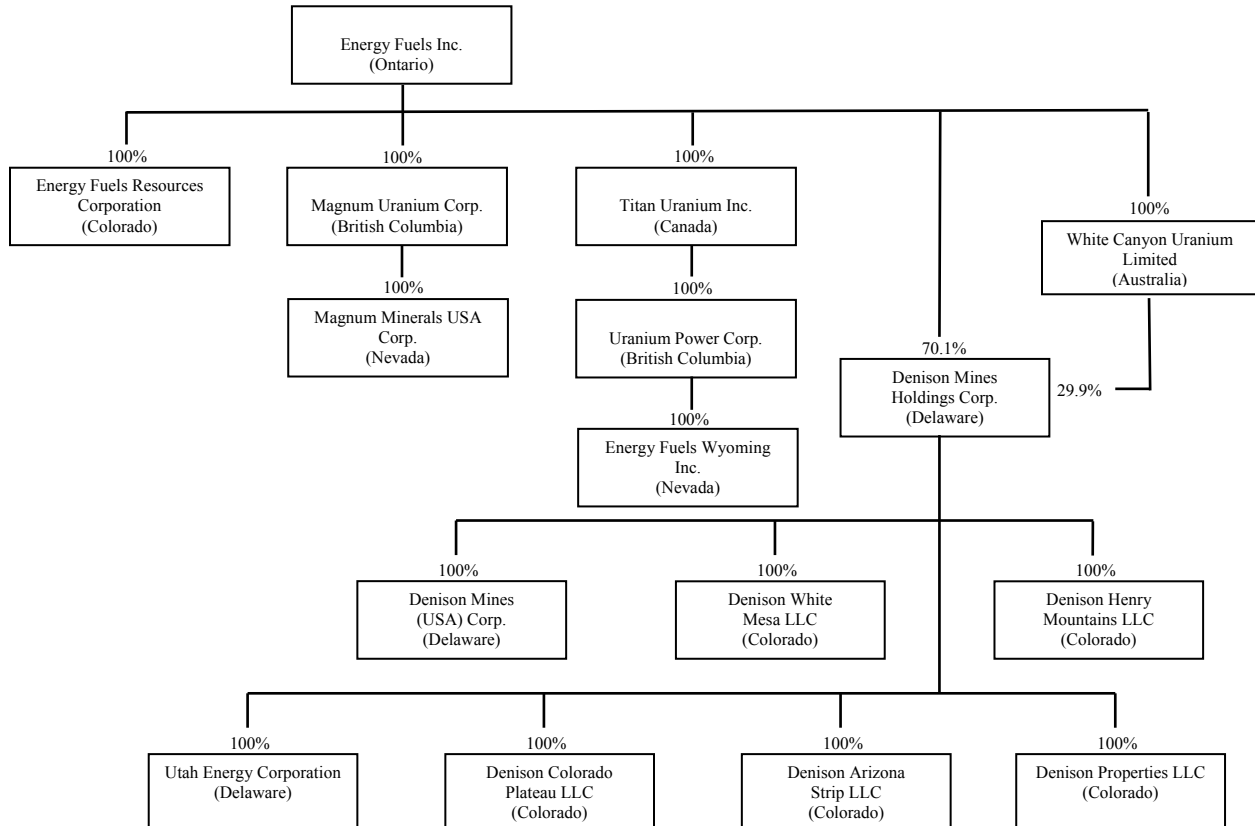
General

Energy Fuels Inc. was incorporated on June 24, 1987 in the Province of Alberta under the name “368408 Alberta Inc.” In October 1987, the name was changed to “Trevco Oil & Gas Ltd.” In May 1990 the name was changed to “Trev Corp.” In August 1994 the name was changed to “Orogrande Resources Inc.” In April 2001, the name was changed to “Volcanic Metals Exploration Inc.” On September 2, 2005, the Company was continued under the Business Corporations Act (Ontario). On March 26, 2006, Volcanic Metals Exploration Inc. acquired 100% of the outstanding shares of “Energy Fuels Resources Corporation.” On May 26, 2006, Volcanic Metals Exploration Inc. changed its name to “Energy Fuels Inc.”.

The Company’s registered and head office is located at 2 Toronto Street, Suite 500, Toronto, Ontario, Canada, M5C 2B6. The Company’s principal place of business and the head office of the Company’s U.S. subsidiaries is located at Suite 600, 44 Union Blvd., Lakewood, Colorado, 80228 USA.

Inter corporate Relationships

The following chart sets forth the name of the Company’s material subsidiaries and the jurisdiction of incorporation and the direct or indirect percentage ownership by the Company of each such subsidiary.



Summary Description of the Business

Energy Fuels is a Toronto, Ontario based uranium and vanadium exploration, development and production company with operations located in the states of Utah and Arizona and development projects located in Colorado, Utah, Arizona, Wyoming and New Mexico. The Common Shares are listed on the TSX under the 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 and Utah) and in the broader western United States.

Recent Developments

Effective February 29, 2012, the Company acquired all of the issued and outstanding shares of Titan pursuant to a Plan of Arrangement involving Titan and its shareholders. The Company issued an aggregate of 89,063,997 Common Shares in exchange for all of the 130,976,467 issued and outstanding common shares of Titan, on the basis of 0.68 of a Common Share for each whole Titan common share. In addition, up to 14,926,881 Common Shares are reserved for issuance upon exercise of outstanding warrants previously issued by Titan. The principal asset of Titan is the Sheep Mountain Project. Details of the acquisition of Titan, and information concerning the Sheep Mountain Project, are set out in the January 10 Circular.

In March, 2011, the Company was issued a license for the Piñon Ridge Mill by the Colorado Department of Public Health and Environment (“**CDPHE**”). On June 13, 2012, the Denver District Court ordered that the Company’s license for the Piñon Ridge Mill be set aside, and ordered that the CDPHE hold a public hearing in respect of the license which includes the opportunity to cross-examine witnesses. All of the other substantive environmental, health and safety arguments made by the plaintiffs in the action were rejected by the court. The public hearing is to be convened by September 18, 2012. The Company has not yet commenced construction of the Piñon Ridge Mill. Since the Company has now acquired the White Mesa uranium mill as part of the Denison Acquisition, the delay in obtaining the licence for the Piñon Ridge Mill does not affect the Company’s operations in the near to medium term.

Effective June 29, 2012, the Company acquired the Denison US Mining Division pursuant to a Plan of Arrangement involving Denison and its shareholders. The Company acquired all of the issued and outstanding shares of White Canyon Uranium Ltd. (“**White Canyon**”) and all of the issued and outstanding shares of Denison Mines Holdings Corp. (“**DMHC**”) (other than shares of DMHC held by White Canyon), together with all indebtedness of DMHC, White Canyon and their subsidiaries (collectively, the “**Denison US Group**”) owed to Denison and its affiliates (other than members of the Denison US Group). As consideration for the acquisition, the Company issued an aggregate of 425,440,872 Common Shares to the shareholders of Denison. Details of the acquisition and of the assets and operations of the Denison US Mining Division are set out in the May 28 Circular.

Effective June 21, 2012, the Company issued by way of private placement an aggregate of 35,500,500 subscription receipts (the “**Subscription Receipts**”) at a price of \$0.23 per Subscription Receipt, for aggregate gross proceeds of \$8,165,115. Each Subscription Receipt was exchangeable, for no additional consideration, into one unit of the Company (each a “**Unit**”). Each Unit consisted of one Common Share and one-half of one warrant (each whole warrant a “**Warrant**”). Each whole Warrant entitles the holder to purchase one additional Common Share at a price of \$0.265 until June 22, 2015. The net proceeds of the sale of the Subscription Receipts were held in escrow pending satisfaction of certain escrow release conditions, including satisfaction of all conditions precedent to the completion of the Denison US Mining Division. On June 29, 2012, the escrow release conditions were satisfied, the net proceeds were released to the Company, and 35,500,500 Common Shares and 17,750,250 Warrants were issued in exchange for the Subscription Receipts.

At the special meeting of shareholders of the Company held on June 25, 2012, shareholders passed a special resolution which authorized an amendment to the Articles of the Company to consolidate the issued and outstanding Common Shares on the basis of one post-consolidation Common Share for each ten (10) existing Common Shares. The special resolution authorizes the Board of Directors of the Company to determine if, and when, to proceed with the share consolidation. The Board of Directors has not yet determined whether to proceed with the share consolidation.

Current Business of the Company

Having recently completed the acquisitions of Titan and the Denison US Mining Division, the Company will continue to operate the White Mesa mill and the producing mines acquired from Denison, and proceed with development of the Company's mineral properties.

The mineral properties which are currently considered material to the Company (the "**Material Properties**") are (i) the Energy Queen Mine, (ii) the Whirlwind Mine, (iii) the Sage Plain Project; (iv) the Henry Mountains Complex; (v) the Sheep Mountain Project; (vi) the Arizona Strip Project, which includes the Arizona 1, Canyon and Pinenut deposits, and (vii) the Daneros Mine. The following is a summary of the mineral resource and mineral reserve estimates for the Material Properties:

Uranium

	Measured Mineral Resources ⁽³⁾			Indicated Mineral Resources ⁽³⁾			Inferred Mineral Resources ⁽³⁾⁽⁴⁾		
	Tons	Grade	Lbs. eU ₃ O ₈	Tons	Grade	Lbs. eU ₃ O ₈	Tons	Grade	Lbs. eU ₃ O ₈
Energy Queen	136,870	0.29%	789,960	86,820	0.35%	605,930	67,780	0.27%	366,250
Whirlwind				187,849	0.29%	1,095,422	437,100	0.23%	2,000,000
Sage Plain ⁽¹⁾	615,620	0.216%	2,656,958	27,351	0.323%	176,837	49,136	0.184%	181,275
Sheep Mountain ⁽²⁾				12,895,000	0.117%	30,285,000			
Henry Mountains				2,410,000	0.27%	12,800,000	1,610,000	0.25%	8,080,000
Arizona 1							54,000	0.64%	685,000
Canyon							82,800	0.98%	1,629,000
Pinenut							95,000	0.54%	1,037,000
Daneros							156,600	0.263%	824,100

Vanadium

	Measured Mineral Resources ⁽³⁾			Indicated Mineral Resources ⁽³⁾			Inferred Mineral Resources ⁽³⁾⁽⁴⁾		
	Tons	Grade	Lbs. V ₂ O ₅	Tons	Grade	Lbs. V ₂ O ₅	Tons	Grade	Lbs. V ₂ O ₅
Energy Queen	136,870	1.26%	3,446,690	86,820	1.49%	2,582,950	67,780	1.33%	1,804,460
Whirlwind				187,849	0.97%	3,598,438	437,100	0.72%	6,472,000
Sage Plain ⁽¹⁾	615,620	1.36%	16,724,061	27,351	2.02%	1,105,228	49,136	1.89%	1,854,034

Notes:

- (1) The Sage Plain Project is held by Colorado Plateau Partners LLC, a joint venture in which a subsidiary of the Company holds a 50% participating interest. The mineral resource estimates shown represent the entire mineral resources for the Sage Plain Project, and not the Company's share.
- (2) The Sheep Mountain indicated measured mineral resource includes probable mineral reserves of 18,365,000 lbs. eU₃O₈ in 7,453,000 tons at a grade of 0.123%.
- (3) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
- (4) The quantity and grade of reported inferred mineral resources are conceptual in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated or measured mineral resource. It is uncertain if further exploration will result in the upgrading of the inferred mineral resources into an indicated or measured mineral resources category.

A summary description of the Whirlwind Mine property is set out in Item 4 of the Annual Information Form. The mineral resource estimate for the Whirlwind Mine is set out in a technical report dated March 15, 2011 entitled “Updated Technical Report on Energy Fuels Resources Corporation’s Whirlwind Property (Including Whirlwind, Far West, and Crosswind Claim Groups and Utah State Metalliferous Minerals Lease ML-49312), Mesa County, Colorado and Grand County, Utah”, prepared by Douglas C. Peters, Certified Professional Geologist, of Peters Geosciences, Golden, Colorado.

A summary description of the Energy Queen Mine property is set out in Item 5 of the Annual Information Form. The mineral resource estimate for the Energy Queen Mine is set out in a technical report dated March 15, 2011 entitled “Updated Technical Report on Energy Fuels Resources Corporation’s Energy Queen Property, San Juan County, Utah”, prepared by Douglas C. Peters, Certified Professional Geologist, of Peters Geosciences, Golden, Colorado.

A summary description of the Sage Plain Project property is set out in Item 7 of the Annual Information Form. The mineral resource estimate for the Sage Plain Project is set out in a technical report dated December 16, 2011 entitled “Technical Report on Colorado Plateau Partners LLC (Energy Fuels Resources Corporation and Lynx-Royal JV) Sage Plain Project (including the Calliham Mine and Sage Mine), San Juan County, Utah and San Miguel County, Colorado”, prepared by Douglas C. Peters, Certified Professional Geologist, of Peters Geosciences, Golden, Colorado.

A summary description of the Sheep Mountain Project is set out in the January 10 Circular. The mineral resource and mineral reserve estimate for the Sheep Mountain Project is set out in a technical report dated April 13, 2012 entitled “Sheep Mountain Uranium Project, Fremont County, Wyoming, USA – Updated Preliminary Feasibility Study – National Instrument 43-101 Technical Report” prepared by Douglas L. Beahm, P.E., P.G. of BRS Engineering.

A summary description of the Henry Mountains Complex is contained in the May 28 Circular. The mineral resource estimate for the Henry Mountains Complex is set out in a technical report dated June 27, 2012 entitled “Technical Report on the Henry Mountains Complex Uranium Property, Utah, U.S.A” prepared by William E. Roscoe, Ph.D., P.Eng., Douglas H. Underhill, Ph.D., C.P.G., and Thomas C. Pool, P.E. of Roscoe Postle Associates Inc.

A summary description of the Arizona 1, Canyon and Pinenut deposits is contained in the May 28 Circular. The mineral resource estimate for the Arizona 1, Canyon and Pinenut deposits is set out in a technical report dated June 27, 2012 entitled “Technical Report on the Arizona Strip Uranium Property, Arizona, U.S.A” prepared by Thomas C. Pool, P.E. and David A. Ross, M.Sc., P.Geo. of Roscoe Postle Associates Inc.

A summary description of the Daneros Mine is contained in the May 28 Circular. Such summary description is supported by, and the mineral resource estimate for the Daneros Mine is set out in, a technical report dated July 18, 2012 entitled “The Daneros Mine Project, San Juan County, Utah, U.S.A.” prepared by Douglas C. Peters, Certified Professional Geologist, of Peters Geosciences, Golden, Colorado.

The technical reports referred to above are available on SEDAR at www.sedar.com under the Company’s profile.

The Company intends to focus its activities on (i) completion of permitting and commencement of dewatering and rehabilitation at the Calliham and Sage Mines; (ii) completion of permitting at the Sheep Mountain Project; (iii) mine development, exploration and permitting for expansion at the Daneros Mine; (iv) completion of rehabilitation and start of production at the Pinenut Mine, (v) commencement of shaft sinking operations at the Canyon Mine, and (vi) commencement of dewatering and rehabilitation at the Energy Queen Mine.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described in the Annual Information Form or set out below, no director or executive officer of the Company is as at the date of this short form prospectus, or was within the 10 years prior to the date of this short form prospectus, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days (any of such orders, an “Order”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, other than as follows:

In October 2002, trading in the shares of Treat Systems Inc. (“Treat”) was halted by the TSX Venture Exchange for failure to meet the exchange’s tier maintenance requirements under Policy 2.5 Tier Maintenance Requirements and Inter Tier Movement and for having been designated as an inactive issuer for a period in excess of 18 months. In August 2003, Treat’s shares were listed for trading on the NEX board of the TSX Venture Exchange. In January 2008, Treat completed a “change of business” pursuant to the policies of the TSX Venture Exchange. The company’s name was changed to Mega Silver Inc. (now known as Mega Precious Metals Inc.) and its shares commenced trading on the TSX Venture Exchange on January 31, 2008. Mr. Sheldon Inwentash, a director of the Company, was a director of Treat from October 2001 until his resignation in January 2008 concurrently with the completion of the company’s change of business.

Mr. Paul A. Carroll, a director of the Company, was an independent director of Argus Corporation Limited (“Argus”) from April 2004 to November 2004 and of Hollinger Inc. (“Hollinger”) from August 2004 to July 2005. In those capacities he was subject to a management cease trade order issued by the Ontario Securities Commission on June 3, 2004, as varied, in respect of Argus, and June 1, 2004, as varied, in respect of Hollinger. Both management cease trade orders were issued because of Argus' and Hollinger's failure to file their respective financial statements and other requisite reports. Argus and Hollinger were not able to file such financial statements and reports as a result of the non-filing of financial statements by their subsidiary Hollinger International, Inc. (now Sun-Times Media Group, Inc.). Mr. Carroll is President and CEO and a director of World Wide Minerals Ltd., which company is subject to a cease trade order issued by the Ontario Securities Commission on May 9, 2011 as a result of that company’s failure to file financial statements and other requisite reports. Mr. Carroll was also a director of United Keno Hill Mines Ltd. and Strategic Resource Acquisition Corp., which companies each sought protection from their creditors under the *Companies Creditors Arrangement Act* (Canada).

DETAILS OF THE OFFERING

The Offering consists of 22,000 Debentures, each in the principal amount of \$1,000, at the Offering Price of \$1,000 per Debenture. The Debentures will be issued under the Indenture to be dated the Closing Date between the Company and Debenture Trustee. The following description of the Debentures is a summary of their material attributes and characteristics and is subject to the detailed provisions of the Indenture and is qualified in its entirety by reference to the Indenture.

The following is a summary of certain material provisions of the Indenture and is qualified in its entirety by reference to the Indenture. For further particulars of the terms of the Indenture and the Debentures, reference should be made to the Indenture. Copies of the form of the Indenture, may be obtained on request without charge from the Company prior to the Closing Date, and following the Closing Date will be available on SEDAR at www.sedar.com.

General

The aggregate principal amount of the Debentures authorized for issue immediately will be limited to the aggregate principal amount of \$22,000,000 (\$25,300,000 in the event the Over-Allotment Option is exercised in full). However, the Company may, from time to time, without the consent of holders of Debentures, issue additional Debentures of the same series or of a different series under the Indenture. References in this section to “Debentures” is a reference to all debentures outstanding from time to time under the Indenture, as it may be further supplemented from time to time.

The Debentures will be dated as at the Closing Date and will be issuable only in denominations of \$1,000 and integral multiples thereof. The maturity date for the Debentures will be June 30, 2017.

The Debentures will bear interest accruing, calculated and payable semi-annually in arrears on each Interest Payment Date at a fluctuating rate of not less than 8.50% per annum and not more than 13.50% per annum, determined based on the simple average of the UxC U3O8 Weekly Indicator Price (available at www.uxc.com) during the applicable semi-annual period (or such shorter period of time, if applicable) for which interest is being paid according to the table below:

UxC U3O8 Weekly Indicator Price (in US\$)	Annual Interest Rate
Up to \$54.99	8.50%
\$55.00 – \$59.99	9.00%
\$60.00 – \$64.99	9.50%
\$65.00 – \$69.99	10.00%
\$70.00 – \$74.99	10.50%
\$75.00 – \$79.99	11.00%
\$80.00 – \$84.99	11.50%
\$85.00 – \$89.99	12.00%
\$90.00 – \$94.99	12.50%
\$95.00 – \$99.99	13.00%
\$100 and above	13.50%

Interest is payable on each Interest Payment Date to holders of record at the close of business on the business day immediately preceding each Interest Payment Date.

The first interest payment date shall be December 31, 2012, and will consist of interest accrued from and including the Closing Date calculated in accordance with the above table based on the simple average of the UxC U3O8 Weekly Indicator Price during such stub interest payment period. The interest rate will be determined on December 17, 2012 and the data from December 17, 2012 to December 31, 2012 will not be included in the interest rate determination. For each June 30 interest payment, the interest rate will be determined on June 15 (or the first business day thereafter) and data from June 15 to June 30 will not be included in the interest rate determination. For each December 31 interest payment, the interest rate will be determined on December 15 (or the first business day thereafter) and data from December 15 to December 31 will not be included in the interest rate determination. Interest will be calculated on the basis of a 365 day year.

Where interest is to be paid for a period less than six months (such as with respect to a conversion, redemption or change of control), the applicable UxC U3O8 Weekly Indicator Price for purposes of determining the applicable interest rate in accordance with the above table will be calculated as the simple average of the UxC U3O8 Weekly Indicator Price from the beginning of the applicable interest payment period to the date that is fifteen calendar days prior to the last date of such shorter period (i.e. the date of conversion, the redemption date, the date of notice of the Change of Control, or such other applicable date). In the event that the UxC Weekly Indicator Price ceases to exist, calculations will be based on another widely recognized uranium average price such as TradeTech, LLC or Bloomberg, to be determined by the Company.

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the Company and subject to applicable regulatory approval, by payment of Common Shares as further described below under “*Payment upon Redemption or Maturity*” and “*Redemption and Purchase*”. The interest on the Debentures will be payable in lawful money of Canada including, at the option of the Company and subject to applicable regulatory approval, in accordance with the Common Share Interest Payment Election as described below under “*Interest Payment Option*”.

The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as defined herein) of the Company and indebtedness to trade creditors and will rank *pari passu* with all other present and future unsecured subordinated indebtedness. The Debentures will also be effectively subordinated to claims of creditors of the Company’s subsidiaries, except to the extent the Company is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

The Debentures will be direct, unsecured obligations of the Company and will rank equally with one another and with all other existing and future unsecured subordinated indebtedness of the Company, except as prescribed by law. The Indenture will not limit the ability of the Company to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness. See “*Details of the Offering – Subordination*”.

The Company does not intend to hedge any part of its obligations with respect to the Debentures.

Conversion Privilege

The Debentures will be convertible into Common Shares at the option of the holder thereof at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and the fifth business day immediately preceding the date specified by the Company for redemption of the Debentures, except in respect of the five business days before an Interest Payment Date or the Maturity Date, at a conversion price of \$0.30 per Common Share (the “**Conversion Price**”), representing a ratio of approximately 3,333.33 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment as provided in the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon from and including the most recent Interest Payment Date up to, but excluding, the date of conversion.

A Debenture in respect of which a holder has accepted a Change of Control Offer, as described below, requiring the Company to purchase the Debenture may be surrendered for conversion only if such Change of Control Offer is withdrawn in accordance with the Indenture. A holder may convert fewer than all of such holder’s Debentures so long as the Debentures converted are an integral multiple of \$1,000 principal amount of Debentures. A holder of a Debenture otherwise entitled to a fractional Common Share will receive cash equal to the fraction of the Common Share multiplied by the current market price of a Common Share as at the date of conversion.

No adjustment to the Conversion Price for the Debentures will be made for distributions or dividends (except as set forth herein) on Common Shares issuable upon conversion or for interest accrued on Debentures surrendered for conversion; however, holders converting their Debentures shall be entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect thereof for the period up to, but excluding, the date of conversion from, and including, the most recent Interest Payment Date.

The conversion rate will not be adjusted for accrued interest. For a discussion of the tax treatment of a holder receiving Common Shares upon converting Debentures see “*Certain Canadian Federal Income Tax Considerations*.”

Subject to the provisions thereof and the requirements of the TSX, the Indenture will provide for the adjustment of the Conversion Price in certain events including: (a) the subdivision or consolidation of the outstanding Common Shares; (b) the issuance of Common Shares or securities convertible into Common Shares to holders of all or substantially all of the outstanding Common Shares by way of dividend or otherwise other than an issue of securities to holders of Common Shares who have elected to receive dividends in securities of the Company in lieu of receiving cash dividends paid in the ordinary course; (c) the payment of a cash dividend to the holders of all or substantially all of the outstanding Common Shares, provided that the adjusted Conversion Price is not less than \$0.23, which represents the volume-weighted average trading price of the Common Shares on the TSX for the five consecutive trading days prior to and including June 26, 2012, the date the Offering was announced, less the maximum permitted discount pursuant to TSX policies; (d) the issuance of options, rights or warrants to all or substantially all holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then current market price (as defined below) of the Common Shares; (e) the distribution to all or substantially all the holders of Common Shares of any securities or evidence of indebtedness or other assets (other than securities in respect of which the adjustment provisions described above apply); and (f) the payment to all holders of Common Shares of cash or any other consideration in respect of an issuer bid for Common Shares by the Company or any of the Company’s subsidiaries to the extent that the cash and fair market value of any other consideration included in the payment per Common Share exceeds the Current Market Price of the Common Shares on the date of expiry of such tender offer, takeover bid or exchange offer. There will be no adjustment of the Conversion Price in respect of any event described in (b), (c), (d), (e) or (f) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the

applicable record date or effective date, as the case may be. The Company will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, the Company will carry forward any adjustments that are less than 1% of the Conversion Price and take them into account when determining subsequent adjustments.

In the event that the Company pays a dividend or makes a distribution to all holders of Common Shares consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of the Company, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of Common Shares, in each case based on the volume weighted average trading price of those securities for the 20 consecutive trading days commencing on and including the fifth trading day after the date on which “ex-dividend trading” commences for such dividend or distribution on the TSX, or such other national or regional exchange or market on which the securities are then listed or quoted. No conversion rate adjustment will be made to the extent that the Company makes an equivalent distribution to holders of Debentures.

The term “current market price” will be defined in the Indenture to mean the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares or in the case of any consolidation, amalgamation or merger of the Company with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Company, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up, be entitled to receive the number of Common Shares or other securities on the exercise of the conversion right such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up.

No fractional Common Shares will be issued on any conversion but in lieu thereof the Company shall satisfy fractional interests by a cash payment equal to the current market price of any fractional interest.

Redemption and Purchase

The Debentures will not be redeemable before July 24, 2015 (except in the event of certain circumstances described under “*Change of Control of the Company*”). On and after July 24, 2015 and to and including the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days’ and not less than 30 days’ prior notice at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to regulatory approvals.

In the event that a holder of Debentures exercises their conversion privilege following a notice of redemption being given by the Company, such holder shall be entitled to receive accrued and unpaid interest in addition to the applicable number of Common Shares, for the period from the last Interest Payment Date to, but excluding, the date of conversion.

Payment upon Redemption or Maturity

On redemption or at maturity, the Company will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon. Subject to any required regulatory approvals and provided that no Event of Default has occurred and is continuing under the Indenture, the Company may, at its option, on not more than 60 and not less than 40 days prior notice, elect to satisfy its obligation to pay the principal amount of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on the Maturity Date, as the case may be, in whole or in part, by issuing freely tradeable Common Shares to the holders of the Debentures. The number of Common Shares to be issued will be determined by dividing the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured by 95% of the weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending five trading days preceding the date fixed for redemption or the Maturity Date, as the case may be. Any accrued or unpaid interest will be paid in cash. No fractional Common Shares will be issued on redemption or maturity but in lieu thereof the Company shall satisfy fractional interests by a cash payment equal to the current market price of any fractional interest provided, however, that the Company shall not be required to make any payment of less than \$5.00.

Subordination

The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness and indebtedness to trade creditors of the Company. “**Senior Indebtedness**” of the Company will be defined in the Indenture as all obligations, liabilities and indebtedness of the Company and its subsidiaries, whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed which would, in accordance with IFRS, be classified upon a consolidated statement of financial position of the Company as liabilities of the Company and its subsidiaries and, whether or not so classified, includes (without duplication): (a) indebtedness of the Company or its subsidiaries for borrowed money; (b) obligations of the Company or its subsidiaries evidenced by bonds, debentures, commercial paper, notes or other similar instruments; (c) obligations of the Company or its subsidiaries arising pursuant or in relation to bankers' acceptances, letters of credit and letters of guarantee, financial leases, performance bonds and surety bonds (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (d) obligations of the Company or its subsidiaries under any swap, hedging or other similar contracts or arrangements; (e) obligations of the Company or its subsidiaries under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of the definition; (f) all indebtedness of the Company or its subsidiaries representing the deferred purchase price of any property or assets including, without limitation, purchase money mortgages; (g) indebtedness to trade creditors; (h) all renewals, extensions, restructurings, refundings and refinancings of any of the foregoing; (i) all accrued and unpaid interest, fees and other amounts in respect of any of the foregoing; and (j) all costs and expenses incurred by or on behalf of any Senior Creditor in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same, provided that “**Senior Indebtedness**” shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each Debenture issued under the Indenture will rank *pari passu* with each other Debenture, and with all other present and future subordinated and unsecured indebtedness of the Company except for sinking provisions (if any) applicable to different series of debentures or similar types of obligations of the Company.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Company, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Company, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Company, then those holders of Senior Indebtedness, including any indebtedness to trade creditors, will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that the Company will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the

collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures: (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures; or (b) at any time when a default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof has occurred under the Senior Indebtedness and is continuing and the notice of the event of default has been given by or on behalf of the holders of Senior Indebtedness to the Company, unless the Senior Indebtedness has been repaid in full. The Debentures will also be effectively subordinated to claims of creditors of the Company's subsidiaries except to the extent the Company is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

The Debenture Trustee and the Company will also be authorized (and obligated upon any request from certain holders of Senior Indebtedness) under the Indenture to enter into subordination agreements on behalf of the holders of Debentures with any holder of Senior Indebtedness.

Change of Control of the Company

Within 30 days following the consummation of: (i) any transaction (whether by purchase, merger or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquires the right to cast, at a general meeting of shareholders of the Company, more than 50% of the votes that may be ordinarily cast at a general meeting; or (ii) the Company's amalgamation, consolidation or merger with or into any other person, any merger of another person into the Company, unless the holders of voting securities of the Company immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Company or the successor entity upon completion of such amalgamation, consolidation or merger; or (iii) any conveyance, transfer, sale, lease or other disposition of all or substantially all of the Company's and the Company's subsidiaries' assets and properties, taken as a whole, to another arm's length person (in each case, a "**Change of Control**"), the Company shall make the Change of Control Offer in writing to holders of Debentures to, at the Debenture holders' election, either: (a) purchase the outstanding Debentures at 100% of the principal amount thereof plus accrued and unpaid interest thereon; or (ii) convert the Debentures at the Change of Control Conversion Price.

The Indenture will contain notification and repurchase provisions requiring the Company to give written notice to the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event together with the Change of Control Offer. The Debenture Trustee will thereafter promptly mail to each holder of Debentures a notice of the Change of Control together with a copy of the Change of Control Offer to repurchase all the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Company pursuant to the Change of Control Offer, the Company will have the right to redeem all the remaining Debentures at the same price. Notice of such redemption must be given by the Company to the Debenture Trustee within ten days following the expiry of the Change of Control Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Change of Control Offer.

The Change of Control Conversion Price will be calculated as follows:

$COCCP = ECP / (1 + (CP \times (c/t)))$ where:

COCCP is the Change of Control Conversion Price;

ECP = the Conversion Price;

CP = 30.0%;

c = the number of days from and including the date of the Change of Control to but excluding the Maturity Date; and

t = the number of days from and including the Closing Date to but excluding the Maturity Date.

Interest Payment Option

Unless an Event of Default has occurred and is continuing, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures (the “**Interest Obligation**”), on the date it is payable under the Indenture (i) in cash; (ii) by delivering sufficient Common Shares to the Debenture Trustee (the “**Common Share Interest Payment Election**”), for sale, to satisfy the interest obligations in accordance with the Indenture in which event holders of the Debentures will be entitled to receive a cash payment equal to the proceeds of the sale of such Common Shares; or (iii) any combination of (i) and (ii) above.

The Indenture will provide that, upon such election, the Debenture Trustee shall: (a) accept delivery from the Company of Common Shares; (b) accept bids with respect to, and consummate sales of, such Common Shares, each as the Company shall direct in its absolute discretion; (c) invest the proceeds of such sales in securities issued or guaranteed by the Government of Canada which mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted government securities, together with any additional cash provided by the Company, to satisfy the Interest Obligation; and (d) perform any other action necessarily incidental thereto.

The Indenture will set forth the procedures to be followed by the Company and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of a holder of Debentures in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Company) in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Company in respect of the Interest Obligation.

Neither the Company’s making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Purchase for Cancellation

The Company may, to the extent permitted by applicable law, at any time purchase the Debentures in the open market or by tender at any price or by private contract or otherwise. Any Debenture purchased by the Company will be surrendered to the Debenture Trustee for cancellation. Any Debentures surrendered to the Debenture Trustee may not be reissued or resold and will be cancelled promptly.

Withholding Tax

If the Company is required to withhold or deduct any amount for or on account of Canadian taxes from any payment made by the Company under or with respect to the Debentures (including for greater certainty and without limitation, the delivery of Common Shares or other property in connection with the exercise of a conversion right) to any holder who is not a resident of Canada for purposes of the Tax Act, the Company will pay to each such holder as additional interest Additional Amounts as may be necessary so that the net amount received by each such holder after such withholding or deduction (and after deducting any Canadian taxes on such Additional Amounts) will not be less than the amount the holder would have received if such Canadian taxes had not been withheld or deducted. However, no Additional Amounts will be payable with respect to a payment made to a holder (such holder, an “**Excluded Holder**”) in respect of the beneficial owner thereof which is subject to such Canadian taxes by reason of such holder being a resident, domicile or national of, or engaged in business or maintaining a permanent establishment or other presence in, or otherwise having some present or former connection with Canada or any province or territory thereof otherwise than by the mere holding of Debentures or the receipt of payments thereunder.

Events of Default

The Indenture will provide that an event of default (“**Event of Default**”) in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (i) failure for 10 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, on

the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) certain events of bankruptcy, insolvency or reorganization of the Company under bankruptcy or insolvency laws; (iv) default in the delivery, when due, of all cash and any Common Shares or other consideration, including any make whole premium, payable upon conversion with respect to the Debentures, which default continues for 15 days; (v) default in the observance or performance of any material covenant or condition of the Indenture by the Company which remains unremedied (or is not waived) for a period of 60 days after notice has been given by the Debenture Trustee to the Company specifying such default and requiring the Company to rectify the same; (vi) if a resolution is passed for the winding up or liquidation of the Company except as permitted under the Indenture; or (vii) the acceleration of certain specified indebtedness as described in the Indenture. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the Debentures, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms as such holders shall prescribe.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for Debentures which would be a takeover bid or issuer bid for Debentures within the meaning of Multilateral Instrument 62-104 – *Take-over bids and Issuer Bids* or in Ontario, within the meaning of the *Securities Act* (Ontario) or the Ontario Securities Commission Rule 62-504 - *Take-over Bids and Issuer Bids*, if Debentures were considered equity securities and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the holders of the Debentures, as well as any other series of Debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions which will make binding on all Debenture holders resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the Debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series.

Book-Entry System

Except for Debentures issued to purchasers in the United States in reliance upon Rule 506 of Regulation D under the U.S. Securities Act, the Debentures will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS (a “**Participant**”). On the Closing Date, one or more certificates representing such Debentures will be issued in registered form to CDS or its nominee and will be deposited with CDS pursuant to the book-entry only system.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Debentures (a “**Beneficial Owner**”), will not be entitled to receive a certificate for Debentures. Purchasers of Debentures will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Debentures will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Debentures are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below) may not: (a) have Debentures registered in their name; (b) have physical certificates representing their

interest in the Debentures; (c) be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) be able to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners thereof in fully registered and certificate form (the “**Debenture Certificates**”) only if: (a) required to do so by applicable law including where a Debenture certificate requires the addition of a legend under applicable securities laws; (b) the book-entry only system ceases to exist; (c) the Company or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Company is unable to locate a qualified successor; (d) the Company, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default (as defined herein), Participants acting on behalf of Beneficial Owners of Debentures representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures (as applicable) then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners of Debentures, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the global certificates representing the Debentures, and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Company will recognize the holders of such Debenture Certificates as Debenture holders under the Indenture.

Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Company and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Common Shares if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Common Shares if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

Neither the Company nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Debentures, paid by or on behalf of the Company to CDS.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at March 31, 2012: (i) before giving effect to the Offering, but after giving effect to the Denison Acquisition and the issuance of Subscription Receipts and resulting issuance of Common Shares and Warrants, which were effective June 29, 2012; (ii) after giving effect to the Offering (assuming the Over Allotment Option is not exercised); and (iii) after giving effect to the conversion of the Debentures issued under the Offering (but assuming no Common Shares are issued to pay the Interest Obligation).

Description	Authorized	Outstanding as at March 31, 2012 after giving effect to the Denison Acquisition and exchange of Subscription Receipts but before giving effect to the Offering (unaudited)	Outstanding as at March 31, 2012 after giving effect to the Offering (unaudited) ⁽¹⁾⁽²⁾⁽³⁾	Outstanding as at March 31, 2012 after giving effect to the conversion of the Debentures (unaudited) ⁽⁴⁾
<i>(in thousands of \$, except share amounts)</i>				
Debentures	\$25,300	-	\$22,000	-
Other Debt	-	US \$2,948	US \$2,948	US \$2,948
Common Shares	Unlimited	US \$178,623 (679,635,440 Common Shares)	US \$178,623 (679,635,440 Common Shares)	US \$200,623 (752,968,773 Common Shares) ⁽⁴⁾

Notes:

- (1) Not including the exercise of the Over-Allotment Option.
- (2) Between September 30, 2011 and the date of this short form prospectus 16,667 Common Shares were issued pursuant to the exercise of options at a price of \$0.20 per Common Share.
- (3) As at the date hereof, Energy Fuels has outstanding an aggregate of: (i) 12,857,800 stock options to acquire Common Shares outstanding, exercisable at prices ranging from \$0.16 to \$2.25 per Common Share with expiry dates ranging from November 2012 to March 2017; and (ii) 45,787,131 warrants to acquire Common Shares outstanding, exercisable at prices ranging from \$0.265 to \$0.74 per Common Share and with expiry dates ranging from September 2012 to June 2015.
- (4) Assumes conversion of all Debentures (not including those issued under the Over Allotment Option) into Common Shares, but does not include any Common Shares that may be issued in connection with the payment of the Interest Obligation.

USE OF PROCEEDS

The aggregate net proceeds to be derived by the Company from the Offering are estimated to be approximately \$19,680,000, not including any proceeds received from the exercise of the Over-Allotment Option, but after deducting the estimated expenses of the Offering of approximately \$1,000,000 and the Underwriters' Fee (as defined herein).

The Company intends to use the net proceeds from the Offering for (1) sustaining capital for existing mine operations, (2) mine permitting and development of the Company's existing properties, including the Sage Plain Project, the Sheep Mountain Project, the Daneros Mine, the Canyon Mine, the Pinetree Mine, and the Energy Queen Mine, as described in the technical reports for these properties; (3) payment of amounts due to Uranium One Americas Inc. and Pinetree Resource Partnership; and (4) the balance for working capital and general corporate purposes. Any additional proceeds received by the Company in connection with the exercise of the Over-Allotment Option would be used to further supplement the Company's working capital.

The approximate amount of the net proceeds to be allocated to the foregoing uses is as follows:

<u>Use of Proceeds</u>	<u>Amount</u>
Sage Plain Project, Including Permitting for both the Calliham and Sage Mine, and Mine Design and Surface and Underground Rehabilitation Work at the Calliham Mine only*	\$5,065,000
Sheep Mountain Project, Including Permitting, Mine Design, and Mine Development	\$4,300,000
Sustaining Capital for Existing Mine Operations	\$2,660,000
Daneros Mine, Including Mine Development, Exploration, and Permitting for Expansion	\$1,600,000
Payment Due to Uranium One for Acquisition of Sheep Mountain Project	\$1,050,000
Payment Due to Pinetree Capital for Loan to Titan Uranium Inc.	\$1,030,000
Canyon & Pinenut Mines, Including Permitting, Site Rehabilitation, Personnel, and Updated Studies	\$825,000
Energy Queen Mine, Including Surface Rehabilitation, Additional Exploration, and Preliminary Economic Assessment	\$550,000
Working Capital and General Corporate Purposes	<u>\$2,600,000</u>
Total	\$19,680,000

* *Rehabilitation of the ventilation shafts, lining existing shafts, installation of fans and escape hoists, and rehabilitation of the drifts to access the mineral resource.*

While the Company intends to use the net proceeds of the Offering as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Company's best interests, including changes in the sequence of the Company's permitting, exploration and mine development programs, the possibility of administrative and judicial appeals, changes in uranium and vanadium prices, and existing property obligations on currently controlled or future acquired mineral properties. The actual use of the net proceeds of the Offering may vary depending on the operating and capital needs of the Company from time to time. Pending the use of the net proceeds of the Offering, they will be invested in highly liquid investments with high credit quality institutions. Accordingly, management of the Company will have broad discretion in the application of the proceeds of the Offering.

The Company had negative operating cash flow for the financial year ended September 30, 2011. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flow. However, based on the operational and financial performance of the assets acquired in the Denison Acquisition from October 1, 2011 through March 31, 2012 and subject to uranium prices, vanadium prices and the US dollar / Canadian dollar exchange rate staying at or above current market levels, the Company currently expects that cash flow from operations (excluding net changes in non-cash working capital) will be sufficient to fund the Company's interest payment obligations under the Debentures.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to issue and sell 22,000 Debentures to the Underwriters, and the Underwriters have severally agreed to purchase, as principals, such Debentures on the Closing Date or on such other date as may be agreed among the parties to the Underwriting Agreement, at a price of \$1,000 per Debenture, payable in cash to the Company against delivery of the Debentures, subject to the terms and conditions stated therein. In consideration for their services in connection with the Offering, the Underwriters will be paid a cash commission (the "Underwriters' Fee") equal to 6.0% of the gross proceeds of the Offering (\$60 per Debenture issued and sold by the Company, for an aggregate fee payable by the Company of \$1,320,000). The Offering Price for the Debentures offered hereunder was determined by negotiation between the Company and the Lead Underwriters on their own behalf and on behalf of the other Underwriters.

Energy Fuels has granted to the Underwriters the Over-Allotment Option to purchase up to 3,300 Debentures at a price of \$1,000 per Debenture, on the same terms and conditions as the Offering, exercisable in whole or in part, in the sole discretion of the Lead Underwriters, on behalf of the Underwriters, at any time up until 30 days after the closing of the Offering. If the Over-Allotment Option is exercised in full, the price to the public, Underwriters' Fee

and net proceeds to Energy Fuels (before deducting expenses of the Offering) will be \$25,300,000, \$1,518,000 and \$23,782,000, respectively (excluding accrued interest paid in respect of such Debentures). This short form prospectus qualifies for distribution the Debentures as well as the grant of the Over-Allotment Option and the issuance of the Debentures pursuant to the exercise of the Over-Allotment Option.

A purchaser who acquires Debentures forming part of the Underwriters' over-allocation position acquires those Debentures under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Energy Fuels has been advised by the Underwriters that, in connection with this Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures or Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Debentures initially at the offering price specified above. After a reasonable effort has been made to sell all of the Debentures at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Debentures remaining unsold. Any such reduction will not affect the proceeds received by the Company.

The obligations of the Underwriters under the Underwriting Agreement are several, and not joint. The Underwriters are obligated to take up and pay for all the Debentures offered by this short form prospectus (not including the Debentures issuable upon exercise of the Over-Allotment Option, unless the Over-Allotment Option is exercised) if any are purchased under the Underwriting Agreement, subject to certain exceptions. Energy Fuels has agreed to indemnify the Underwriters and their respective affiliates and their respective directors, officers and employees against certain liabilities. Energy Fuels has also agreed in the Underwriting Agreement to reimburse the Underwriters for their legal fees and certain other expenses in connection with the Offering.

During a period ending 90 days after the date of the Closing (the "**Standstill Period**"), each of the Company and the directors and senior officers of the Company will not issue, or announce any intention to issue, any Common Shares or any financial instruments or securities convertible into, exchangeable for, or exercisable to acquire Common Shares, without the written consent of the Lead Underwriters, such consent not to be unreasonably withheld, other than: (i) in connection with the exchange, transfer, conversion or exercise rights of existing outstanding securities or existing commitments to issue securities; (ii) grants of stock options pursuant to the Company's existing stock option plan; or (iii) in connection with an arm's length property acquisition or acquisition of a mining company.

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. Except in certain limited circumstances, the Debentures will be issued in "book-entry only" form and must be purchased or transferred through a Participant in the depository service of CDS. See "*Details of the Offering*".

The Company has applied to list the Debentures and the Common Shares issuable on the conversion, redemption or maturity of the Debentures on the TSX. Listing will be subject to Energy Fuels fulfilling all of the listing requirements of the TSX.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this short form prospectus.

As Dundee Resources was, on June 26, 2012, an "insider" to the Company under applicable Canadian securities legislation, Dundee Resources' participation in the Offering would constitute a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") of the Canadian Securities Administrators. This related party transaction would be exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 as at the time the Offering was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Offering as it relates to the potential related party exceeded 25% of the Company's market capitalization determined in accordance with MI 61-101.

The Debentures and the Common Shares issuable pursuant to the terms of such securities (collectively, the “**Securities**”) issued or made subject to issuance under this Offering have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Securities may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Except as permitted in the Underwriting Agreement and as expressly permitted by applicable laws of the United States, the Underwriters will not offer or sell the Debentures within the United States. The Underwriting Agreement permits the Underwriters or their U.S. broker-dealer affiliates to (i) offer and resell the Debentures that they have acquired pursuant to the Underwriting Agreement to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“**Rule 144A**”)), in the United States, provided such offers and sales are made in transactions exempt from the registration requirements of the U.S. Securities Act in accordance with Rule 144A and in compliance with applicable state securities laws, and (ii) offer the Debentures in the United States to persons whom the Company will sell such securities to directly as substituted purchasers where such persons are “accredited investors”, as such term is defined in Rule 501(a) of Regulation D promulgated under the U.S. Securities Act, in compliance with Rule 506 of Regulation D under the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement also provides that the Underwriters will offer and sell the Debentures outside the United States only in accordance with Regulation S under the U.S. Securities Act.

The certificates representing the Securities offered or sold to persons in the United States or to persons who are acting for the account or benefit of such persons will contain a legend to the effect that the securities represented thereby have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered for sale pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Securities in the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the Offering, any offer or sale of the Debentures within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

The Closing is expected to take place on or about July 24, 2012 or on any other date which may be agreed upon.

RELATIONSHIP WITH LEAD UNDERWRITERS

On June 26, 2012, the date Dundee Securities Ltd. (“Dundee Securities”) entered into an agreement in respect of the Offering with the Company, Dundee Securities, investment funds managed by Dundee Securities and its affiliate, Dundee Resources Limited (“**Dundee Resources**”), collectively owned Common Shares representing approximately 11.36% of the then outstanding Common Shares (5.99% Common Shares on a partially diluted basis assuming closing of the Denison Acquisition, the conversion of then outstanding subscription receipts and the exercise of convertible securities). Additionally, Dundee Resources had the right to nominate two of the eight directors to the board of directors of the Company. Dundee Securities and its affiliates currently hold less than 10% of the outstanding Common Shares, and Dundee Resources no longer has the right to nominate directors to the board of directors of the Company. As a consequence of the foregoing, the Company may be considered a “connected issuer” of Dundee Securities for the purposes of applicable securities laws.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and Fraser Milner Casgrain LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder who acquires the Debentures pursuant to this short form prospectus and who, for the purposes of the Tax Act and at all relevant times, holds the Debentures and will hold the Common Shares issuable on the conversion, redemption, purchase for cancellation or maturity of the Debentures as capital

property and, deals at arm's length and is not affiliated with the Company or any Underwriter (a "**Holder**"). Generally, the Debentures and Common Shares will be considered to be capital property to a Holder provided that the Holder does not hold the Debentures or Common Shares in the course of carrying on a business of trading or dealing in securities and has not acquired the Debentures or Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (a) that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, (b) an interest in which would be a "tax shelter investment" as defined in the Tax Act, (c) that is a "specified financial institution" as defined in the Tax Act, or (d) who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act. Any such Holder should consult its own advisor with respect to an investment in the Debentures and the Common Shares. In addition, this summary does not address the deductibility of interest by a holder that has borrowed money or otherwise incurred debt in connection with the acquisition of the Debentures.

This summary is based on the provisions of the Tax Act in force on the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Tax Proposals**") and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). This summary assumes that the Tax Proposals will be enacted in the form proposed. However, no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or in administrative policies and assessing practices, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any Holder or prospective holder and no representations with respect to the income tax consequences to any particular Holder or a prospective holder are made. Holders and prospective holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Debentures and Common Shares, having regard to their particular circumstances. The discussion below is qualified accordingly.

Residents of Canada

The following summary is generally applicable to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be, resident in Canada (a "**Resident Holder**"). Certain Resident Holders who might not otherwise be considered to hold their Debentures or Common Shares as capital property may, in certain circumstances, be able to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to treat the Debentures and the Common Shares and every "Canadian security" (as defined in the Tax Act) owned by such Resident Holders as capital property. **Resident Holders considering making this election should consult their own tax advisors with respect to whether the subsection 39(4) Tax Act election is available having regard to their particular circumstances.**

Taxation of Interest on Debentures

A Resident Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on a Debenture that accrues or is deemed to accrue to the Resident Holder to the end of that taxation year or becomes receivable or is received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year.

Any other Resident Holder, including an individual, will be required to include in computing its income for a taxation year any interest on a Debenture that is received or receivable by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent

that such interest was included in the Resident Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" as defined in the Tax Act in relation to a Resident Holder, such Resident Holder will be required to include in computing income for a taxation year any interest that accrues to the Resident Holder on the Debenture up to the end of any "anniversary day" (as defined in the Tax Act) in that taxation year to the extent such interest was not otherwise included in the Resident Holder's income for that taxation year or a preceding taxation year.

A Resident Holder that throughout the relevant taxation year is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income", which is defined in the Tax Act to include interest.

As described above under the heading "*Details of the Offering - Interest Payment Option*", the Company may elect to pay interest by issuing Common Shares to the Debenture Trustee for sale, in which event a Resident Holder would be entitled to a cash payment equal to the interest owed to the Resident Holder from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Company were to pay interest in this manner, the Canadian federal tax consequences to a Resident Holder would generally be the same as those described above.

Exercise of Conversion Privilege

Generally, a Resident Holder that converts a Debenture into Common Shares (or Common Shares and cash delivered in lieu of a fraction of a Common Share) pursuant to the conversion privilege will generally be deemed not to have disposed of the Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion. Under the current administrative practice of the CRA, a Resident Holder who, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby recognizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Resident Holder receives on the conversion by the amount of the cash received.

Upon a conversion of a Debenture, interest accrued thereon to the date of conversion will be included in Computing the income of the Resident Holder as described above under "*Residents of Canada - Taxation of Interest on Debentures*".

The aggregate cost to a Resident Holder of the Common Shares acquired on the conversion of a Debenture will generally be equal to the aggregate of the Resident Holder's adjusted cost base of the Debenture immediately before the conversion, subject to the discussion above regarding cash in lieu of a fraction of a Common Share. The adjusted cost base to the Resident Holder of the Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of all other Common Shares held by such Resident Holder as capital property at the time.

Disposition of Debentures

A disposition or deemed disposition of a Debenture by a Resident Holder, including a redemption, payment on maturity or purchase for cancellation (but not a conversion of a Debenture into Common Shares pursuant to a Resident Holder's right of conversion, as described above) will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the Resident Holder's proceeds of disposition, net of any amount otherwise required to be included in the Resident Holder's income as interest, exceed (or are less than) the total of the adjusted cost base of the Debenture and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Residents of Canada - Taxation of Capital Gains and Capital Losses*".

If the Company pays any amount upon the redemption, purchase or maturity of a Debenture (but not including by the conversion of a Debenture into Common Shares) by issuing Common Shares to the Resident Holder, the Resident Holder's proceeds of disposition on the Debenture will be equal to the fair market value of the Common Shares so received (other than Common Shares received in satisfaction of accrued interest) and any other consideration so received. The cost to a Resident Holder of Common Shares so received will be equal to the fair

market value of such Common Shares. Generally, the adjusted cost base to the Resident Holder of Common Shares so received will be determined by averaging the cost of such shares with the adjusted cost base of all other Common Shares held by such Resident Holder as capital property.

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition will generally be included in computing the income of the Resident Holder's income as described above under the heading "*Residents of Canada – Taxation of Interest on Debentures*" and will generally be excluded in computing the Resident Holder's proceeds of disposition of the Debenture.

Dividends on Common Shares

A Resident Holder will be required to include in computing its income for a taxation year, any taxable dividends received or deemed to be received on such Resident Holder's Common Shares. In the case of a Resident Holder who is an individual (other than certain trusts), such taxable dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit rules for "eligible dividends" (as defined in the Tax Act). Eligible dividends will generally include dividends paid by a taxable Canadian corporation, such as the Company, where those dividends have been designated as "eligible dividends" by the corporation at or prior to the time the dividends are paid. There are limitations on the ability of a corporation to designate dividends as eligible dividends.

Taxable dividends received by a Resident Holder who is an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

A Resident Holder that is a corporation will be required to include any dividends received or deemed to be received on Common Shares in computing its income for purposes of the Tax Act and generally will be entitled to deduct the amount of such dividends in computing its taxable income for that taxation year, with the result that no tax will be payable by it in respect of such dividends. The Tax Act imposes a 33 1/3% refundable tax on dividends received (or deemed to be received) in a taxation year by a corporation that is a "private corporation" or "subject corporation" (as defined in the Tax Act) for purposes of Part IV of the Tax Act to the extent that such dividends are deductible in computing the Company's taxable income for the year. This tax will generally be refunded to the Company at a rate of \$1.00 for every \$3.00 of taxable dividends paid while it is a private corporation.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Resident Holder (except to the Company) will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Common Share are greater (or less) than the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary

of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust. A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable for a refundable tax of 6 2/3% on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Taxation of Holders Not Resident in Canada

The following summary is generally applicable to a Holder who, at all relevant times for purposes of the Tax Act and any applicable income tax treaty or convention, is neither a resident of Canada nor deemed to be resident in Canada and who does not use or hold and is not deemed to use or hold Debentures or Common Shares in, or in the course of carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a non-resident insurer or an authorized foreign bank (as defined in the Tax Act), and this summary is not applicable to such holders.

Taxation of Interest on Debentures

Generally, and subject to any relief available under an applicable income tax convention, a Non-Resident Holder will be subject to withholding tax at the rate of 25% in respect of amounts paid or credited or deemed to have been paid or credited by the Company as, on account or in lieu of payment of, or in satisfaction of, interest on the Debentures, since interest payable on the Debentures will be computed by reference to the price of uranium and be “participating debt interest” (as defined in the Tax Act).

Where a Non-Resident Holder is resident in the U.S. for purposes of the *Canada-United States Tax Convention* (1980) as amended (the “**U.S. Treaty**”) and entitled to benefits under the U.S. Treaty (a “**U.S. Holder**”), generally withholding tax should only apply to interest or deemed interest under the Debentures paid or credited by the Company which is determined with reference to the change in the value of any property of the Company. In the case of U.S. Holders, the 8.5% minimum rate of interest should not be subject to Canadian withholding tax under the U.S. Treaty. Any interest paid or credited above the 8.5% minimum rate (including any Additional Amounts payable by the Company) and based on the price of uranium will be subject to withholding tax at a reduced rate of 15%.

Under the Indenture, the Company is required pay Additional Amounts in respect of any interest payable by the Company to a Non-Resident Holder so that the net amount received by the Non-Resident Holder after such withholding (and after deducting any withholding tax on such Additional Amounts) would not be less than the amount the Non-Resident Holder would have received if such withholding taxes had not been deducted or withheld.

Exercise of Conversion Privilege

The conversion of a Debenture into Common Shares pursuant to the exercise of the conversion privilege by a Non-Resident Holder will generally be deemed not to constitute a disposition of the Debenture and, accordingly, a Non-Resident Holder will not recognize a gain or a loss on such conversion.

Any accrued or unpaid interest on a Debenture will be deemed to be paid to the Non-Resident Holder at the time of conversion. In addition, under certain circumstances, upon the conversion of the Debenture by a Non-Resident Holder, the excess (except for accrued and unpaid interest) of the fair market value of any Common Shares issuable (or other property, including cash, deliverable) over the original issue price of such Debenture may be deemed to be interest received by the Non-Resident Holder for purposes of the Tax Act. Any interest paid or deemed to be paid on the conversion of the Debenture into Common Shares will be subject to the treatment described above under “*Taxation of Holders Not Resident in Canada – Taxation of Interest on Debentures*”. **A Non-Resident holder should consult its tax advisors in this regard.**

Disposition of Debentures

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of a Debenture (including as a result of a redemption, payment on maturity, purchase for cancellation), unless the Debenture constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the capital gain is not exempt from tax pursuant to the terms of an applicable income tax convention. Provided the Common Shares are listed on a designated stock exchange (which includes the TSX) at the time of disposition, the Debentures generally will not constitute taxable Canadian property of a Non-Resident Holder unless at any time during the 60-month period immediately preceding the disposition of the Debenture, as the case may be: (i) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly, from one or any combination of real or immovable property situated in Canada, Canadian resource property, timber resource property, or any option in respect of, or interests in, such properties. A Non-Resident Holder's capital gain (or capital loss) in respect of Debenture that constitutes or is deemed to constitute taxable Canadian property (and are not “treaty-protected property” as defined for purposes of the Tax Act) will generally be computed in the manner described above under the heading “*Residents of Canada – Disposition of Common Shares*”. **Non-Resident Holders whose Debentures are taxable Canadian property should consult their own tax advisors.**

In the event that a Debenture is disposed by a Non-Resident Holder to any person (which would include the Company) resident or deemed to be resident in Canada for purposes of the Tax Act, or the Debenture is otherwise assigned or transferred by a Non-Resident Holder to a person resident or deemed to be resident in Canada, for an amount which exceeds the issue price thereof, the excess may, in certain circumstances, be deemed to be interest and may, together with any interest that has accrued or is deemed to accrue on the Debentures to that time, be subject to Canadian withholding tax. Non-Resident Holders should consult with their own tax advisors regarding the withholding tax consequences of disposing, assigning or transferring a Debenture to a person resident or deemed to be resident in Canada (other than to the Company) since the Company is only required to pay Additional Amounts to a Non-Resident Holder in respect of such interest or deemed interest which the Company pays or is deemed to have paid.

Receipt of Dividends on Common Shares

Where a Non-Resident Holder receives or is deemed to receive a dividend on Common Shares, the amount of such dividend will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. Where the Non-Resident Holder is a resident of the United States who is entitled to benefits under the U.S. Treaty and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company's voting shares). **Non-Resident Holders should consult their own tax advisors.**

Dispositions of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Common Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share constitutes “taxable Canadian property” to the Non-Resident Holder for purposes of the Tax Act, and the capital gain is not exempt from tax pursuant to the terms of an applicable income tax convention. Provided the Common Shares are listed on a designated stock exchange (which includes the TSX) at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60-month period immediately preceding the disposition of the Common Shares, as the case may be: (i) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly, from one or any combination of real or immovable property situated in Canada, Canadian resource property, timber resource property, or any option in respect of, or

interests in, such properties. A Non-Resident Holder's capital gain (or capital loss) in respect of Common Shares that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined for purposes of the Tax Act) will generally be computed in the manner described above under the heading "Residents of Canada – Disposition of Common Shares".

Non-Resident Holders whose Common Shares are taxable Canadian property should consult their own tax advisors.

EARNINGS COVERAGE RATIOS

The following earnings coverage calculations are calculated on a consolidated basis for the twelve months ended September 30, 2011 and the twelve months ended March 31, 2012 and are derived from audited financial information in the case of the period ended September 30, 2011, and unaudited financial information in the case of the period ended March 31, 2012. The Company adopted IFRS commencing October 1, 2011. Prior to the adoption of IFRS, the Company prepared its consolidated financial statements in accordance with Canadian GAAP. For the purposes of presenting the earnings coverages, all amounts appearing under this heading for the year ended September 30, 2011 are presented under Canadian GAAP and for the 12 months ended March 31, 2012 are presented under IFRS.

The Company has no history of earnings other than nominal interest income earned on financial assets. The consolidated earnings coverage ratios for the twelve month period ended September 30, 2011 and the twelve month period ended March 31, 2012 are less than one to one. The Company's cash borrowing cost requirements, after giving effect to the issue of the Debentures to be distributed under the short form prospectus, would have amounted to approximately US\$1.98 million and US\$1.84 million for the 12 months ended September 30, 2011 and March 31, 2012, respectively. The Company incurred losses before interest and income tax for those periods of US\$3.5 million and US\$5.5 million respectively. Accordingly, the Company did not have any earnings coverage with respect to the interest requirements for those periods. The amount of the earnings coverage deficiency is US\$5.5 million and US\$7.4 million respectively, for those periods before consideration of non-cash interest resulting from the requirement to record the Debentures at their fair value and any bifurcation of equity value and value of embedded derivatives contained in the Debentures that must be accounted for separately from the Debentures.

The Debentures will be accounted for as a financial liability. The Company intends to designate the entire instrument as a liability to be accounted for at fair value through profit or loss. At the time of issuance, the Debentures will be recorded at fair value, being the gross proceeds received. Transaction costs related to the issuance of the Debentures will be recognized immediately as an expense in the consolidated statement of operations. On an ongoing basis, the Company will measure the Debentures on each reporting date at fair value. Assuming that there is a liquid market for the Debentures, fair value will be determined based on market price. Gains or losses resulting from a change in the fair value of the Debentures will be recognized in the consolidated statement of operations. The periodic interest expense related to the Debentures will be included in finance costs in the consolidated statement of operations, which will impact earnings. A portion of the interest costs will be capitalized in accordance with IAS 23 *Borrowing Costs* should the Company have any qualifying assets. The Debentures will be re-measured at each reporting date with changes recognized in the consolidated statement of operations, which will impact earnings. In addition, expensing of transaction costs incurred in respect of the Offering will impact earnings in the current reporting period.

PRIOR SALES

The following table summarizes the details of Common Shares and securities convertible into Common Shares issued by the Company within the 12 months prior to the date of this short form prospectus.

Date Issued/ Granted	Number of Securities	Security	Price per Security
February 29, 2012	89,063,997	Common Shares issued in exchange for all of the issued and outstanding shares of Titan Uranium Inc.	N/A

Date Issued/ Granted	Number of Securities	Security	Price per Security
February 29, 2012	14,926,881	Common Shares reserved for issuance upon exercise of warrants previously issued by Titan Uranium Inc.	N/A ⁽¹⁾
February 29, 2012	1,256,489	Common Shares issued in partial satisfaction of financial advisory fees payable in connection with the acquisition of Titan Uranium Inc.	\$0.338
March 7, 2012	5,840,000,	Stock Options to purchase Common Shares	\$0.31
March 7, 2012	136,000	Stock Options to purchase Common Shares	\$0.39
March 7, 2012	680,000	Stock Options to purchase Common Shares	\$0.86
April 16, 2012	16,667	Common Shares issued upon exercise of previously granted options	\$0.20
June 21, 2012	35,500,500	Subscription Receipts each of which is exercisable, for no additional consideration, into one Common Share and one-half of one Warrant ⁽²⁾	\$0.23
June 29, 2012	425,440,872	Common Shares issued in connection with acquisition of DMHC and White Canyon	N/A
June 29, 2012	4,373,917	Common Shares issued in partial satisfaction of financial advisory fees payable in connection with the acquisition of DMHC and White Canyon	\$0.229

Notes:

- (1) The warrants originally issued by Titan entitle the holders to acquire:
- (a) up to 11,333,372 Common Shares at \$0.662 until November 30, 2012;
 - (b) up to 1,486,725 Common Shares at \$0.735 until November 30, 2012;
 - (c) up to 1,766,784 Common Shares at \$0.441 until November 30, 2012; and
 - (d) up to 340,000 Common Shares at \$0.309 until August 3, 2013.
- (2) The Subscription Receipts were exchanged on June 29, 2012, resulting in the issuance of 35,500,500 Common Shares and 17,750,250 Warrants.

TRADING PRICE AND VOLUME

The Common Shares are listed and trade on the TSX under the symbol “EFR”. The following table sets forth the trading history of the Common Shares on the TSX for the 12 month period before the date of this short form prospectus.

Period	High (\$)	Low (\$)	Volume
2011			
July	0.435	0.360	4,009,288
August	0.385	0.285	3,578,123
September	0.330	0.220	2,471,432
October	0.465	0.200	3,868,914
November	0.415	0.295	2,022,798
December	0.345	0.275	2,382,666
2012			
January	0.395	0.285	5,959,678
February	0.375	0.305	5,973,350
March	0.370	0.250	5,151,391
April	0.315	0.230	9,153,232
May	0.285	0.235	4,012,168
June	0.265	0.190	7,971,981
July 1 - 17	0.185	0.135	18,336,073

RISK FACTORS

An investment in the Debentures and the underlying Common Shares is subject to a number of risks. A prospective purchaser of the Debentures and the underlying Common Shares should carefully consider the information and risks faced by the Company described in this short form prospectus and the documents incorporated herein by reference, including without limitation the risk factors set out under the heading “*Risk Factors*” in the Annual Information Form.

The operations of the Company are highly speculative due to the high-risk nature of its business, which include the acquisition, financing, exploration, development and mining of mineral properties, the milling and processing of ore and other inputs and the marketing of the resulting products. The risks and uncertainties set out below and incorporated by reference herein are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company’s operations. If any of the risks actually occur, the Company’s business, financial condition and operating results could be adversely affected. As a result, the trading price of the Debentures or Common Shares could decline and investors could lose part or all of their investment.

Risks Related to the Offering

Market for Debentures

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under the short form prospectus, which may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected. Whether or not the Debentures will trade at lower prices depends on many factors, including the liquidity of the Debentures, prevailing interest rates and the markets for similar securities, the market price of the Common Shares, general economic conditions and the Company’s financial condition, historic financial performance and future prospects. Further, the holders of the Common Shares may suffer dilution if the Company decides to redeem outstanding Debentures for Common Shares or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Common Shares or if the Company elects to satisfy all or part of its obligation to pay interest by utilizing the Common Share Interest Payment Election or if holders elect to convert the Debentures into Common Shares.

Existing and Prior Ranking Indebtedness

The Debentures will be subordinate to Senior Indebtedness of the Company and to any indebtedness of trade creditors of Energy Fuels. The Debentures will also be effectively subordinated to claims of creditors of the Company’s subsidiaries, except to the extent that the Company is a creditor of such subsidiaries ranking at least *pari passu* with such creditors. In the event of the Company’s insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, its assets would be made available to satisfy the obligations of the creditors of such Senior Indebtedness before being available to pay the Company’s obligations to the holders of the Debentures. Accordingly, all or a substantial portion of the Company’s assets could be unavailable to satisfy the claims of the holders of the Debentures.

Earnings Coverage Ratios

The likelihood that purchasers will receive the payments owing to them in connection with the Debentures will be dependent upon the financial health and creditworthiness of the Company and the ability of the Company to generate positive cash flows. **At present the Company’s earnings coverage ratio (the ratio of its earnings to interest payment requirements) is below 1:1 indicating that the Company’s earnings are not sufficient to pay interest on its outstanding indebtedness.** The Debentures are subordinated to the Senior Indebtedness (if any). This subordination may significantly reduce the possibility that purchasers will receive payment of the amounts

owed under the Debentures. See “Earnings Coverage Ratios”, which is relevant to the assessment of the risk that the Company may be unable to pay interest or principal on the Debentures when due.

Repayment of the Debentures

The Company may not be able to refinance the principal amount of the Debentures in order to repay the principal outstanding or may not have generated enough cash from operations to meet this obligation. The Company may, at its option, on not more than 60 days and not less than 40 days prior notice and subject to any required regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy its obligation to repay, in whole or in part, the principal amount of the Debentures which are to be redeemed or which have matured by issuing and delivering Common Shares to the holders of the Debentures. There is no guarantee that the Company will be able to repay the outstanding principal amount in cash upon maturity of the Debentures.

Redemption on a Change of Control

The Company may be required by Debenture holders to offer to purchase for cash all outstanding Debentures upon the occurrence of a Change of Control. However, it is possible that following a Change of Control, the Company will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. In addition, the Company’s ability to purchase the Debentures in such an event may be limited by law by the terms of other present or future agreements relating to indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend the Company’s future debt. The Company’s future credit agreements or other agreements may contain provisions that could prohibit the purchase of the Debentures by the Company. The Company’s failure to purchase the Debentures would constitute an Event of Default under the Indenture, which might constitute a default under the terms of the Company’s other indebtedness at that time.

Absence of Covenant Protection

The Indenture will not restrict the Company or any of its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its assets to secure any indebtedness. The Indenture will not contain any provisions specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Company or any of its subsidiaries.

Redemption Prior to Maturity

The Debentures may be redeemed, at the option of the Company, on or after July 24, 2015 and to and including the Maturity Date at any time and from time to time, at the redemption prices set forth in this short form prospectus, together with any accrued and unpaid interest. Holders of Debentures should assume that this redemption option will be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interest of the Company to redeem the Debentures. Energy Fuels may determine to redeem outstanding Debentures for Common Shares or repay outstanding principal amounts of the Debentures at maturity by issuing additional Common Shares. Accordingly, holders of Common Shares may suffer dilution.

Credit Risk

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the Company’s financial health and creditworthiness at the time of such payments.

Tax Laws

The Indenture will contain a requirement that the Company increase or “gross up” the amount of interest (being the Additional Amounts) to holders of Debentures in the event that the Company is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures.

Non-Resident Holders should consult with their own tax advisors regarding the withholding tax consequences of disposing, assigning or transferring a Debenture to a person resident or deemed to be resident in Canada (other than the Company) since the Company is only required to pay Additional Amounts to a Non-Resident Holder for any such interest or deemed interest which the Company pays or is deemed to have paid.

Income tax consequences in relation to the Debentures will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors prior to subscribing for the Debentures.

Investment Eligibility

The Company will endeavour to ensure that the Debentures and the Common Shares issuable upon the conversion, redemption or maturity of the Debentures continue to be qualified investments for trusts governed by RRSPs, RRIFs, deferred profit sharing plans (except, in the case of Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm's length with the Company, has made a contribution), registered education savings plans, registered disability savings plans and TFSAs. No assurance can be given in this regard. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Use of Net Proceeds

Energy Fuels currently intends to allocate the net proceeds to be received from this Offering as described under the heading "*Use of Proceeds*". However, management of Energy Fuels will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described under the heading "*Use of Proceeds*" if it believes it would be in Energy Fuels' best interest to do so. Energy Fuels' securityholders, including holders of the Debentures, may not agree with the manner in which management chooses to allocate and spend the net proceeds. The failure by management to apply these funds effectively could have a material adverse effect on Energy Fuels' business.

Negative Operating Cash Flow

The Company had negative operating cash flow for the financial year ended September 30, 2011, and for the six months ended March 30, 2012. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow.

General Risks

Uranium and Vanadium price fluctuations materially affect the results of the Company's operations.

The results of the Company's operations are significantly affected by the market price of uranium and vanadium which are cyclical and subject to substantial price fluctuations. The Company's earnings are and will be particularly sensitive to the change in the market price of uranium and vanadium. Market prices can be affected by numerous factors beyond the Company's control, including global supplies of uranium concentrates from primary and secondary sources, levels of supply and demand for a broad range of industrial products, substitution of new or different products in critical applications for the Company's existing products, expectations with respect to the rate of inflation, the relative strength of the US dollar and of certain other currencies, interest rates, global or regional political or economic crises and sales of uranium and vanadium by holders in response to such factors. If prices should decline below the Company's cash costs of production and remain at such levels for any sustained period, the Company may determine that it is not economically feasible to continue commercial production at any or all of the Company's mines and may also be required to look for alternatives other than cash flow to maintain the Company's liquidity until prices recover.

The recent fluctuations in the price of many commodities is an example of a situation over which the Company has no control and which could materially adversely affect the Company in a manner for which it may not be able to compensate. The supply of and demand for commodities are affected by various factors, including political events,

economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals produced from the Company's properties will be such that any deposits can be mined at a profit.

The Company's profitability is directly related to the market price of uranium and vanadium produced. The Company may from time to time undertake commodity and currency hedging programs, with the intention of maintaining adequate cash flows and profitability to contribute to the long term viability of the business.

The Company anticipates selling forward in the ordinary course of business if, and when, the Company has sufficient assets and production to support forward sale arrangements. There are, however, risks associated with forward sale programs. If the Company does not have sufficient production to meet its forward sale commitments, it may have to go into the spot market and buy or borrow (for later delivery back from production) sufficient product to deliver under the forward sales contracts, possibly at higher prices than provided for in the forward sales contracts.

Exploration, development and mining of minerals are subject to extensive governmental regulation.

Exploration, development and mining of minerals are subject to extensive federal, state, provincial, territorial and local laws and regulations governing, among other things, acquisition of the mining interests, maintenance of claims, tenure, expropriation, prospecting, development, mining, production, price controls, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, aboriginal land claims, environmental protection and remediation, endangered and protected species, mine safety and other matters. There can be no assurance that future changes in applicable regulation will not adversely affect the operations or financial condition of the Company. Any mining activities on any mineral property must conform to applicable governmental regulations in force at the time such activities are undertaken. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and regulations could have a material adverse impact on the Company, increase costs, cause a reduction in levels of, or suspension of, production and/or delay or prevent the development of new mining properties.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of a property. To the extent that the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce otherwise available earnings and could have a material adverse effect on the Company. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect on us. In addition, the Company does not have coverage for certain environmental losses and other risks as such coverage cannot be purchased at a commercially reasonable cost. Compliance with applicable environmental laws and regulations requires significant expenditures and increases mine development and operating costs

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

Growth of the uranium and nuclear industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, including the risk of a nuclear incident, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity may result in lower demand for uranium concentrates. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

Uranium Industry Competition and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates, is competitive. The Company markets uranium in direct competition with supplies available from a relatively small number of uranium mining

companies, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of UF₆. The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of uranium available in the United States and Europe, which are the largest markets for uranium in the world.

Risks Related to the Company

Additional Funding Requirements

Despite the net proceeds of the Offering expected to be received by the Company, the Company may need additional financing in connection with the implementation of its business and strategic plans from time to time. However, there can be no assurance that the Company will be able to obtain the necessary financing in a timely manner or on acceptable terms, if at all. The implementation of the Company's business and strategic plans from time to time will require a substantial amount of capital and the amounts available to the Company without seeking additional debt or equity financing may not be sufficient to fund such business and strategic plans. The Company may accordingly have further capital requirements to take advantage of further opportunities or acquisitions.

Direct and Indirect Exposure to Volatile Credit Markets

The ability to make scheduled payments on or to refinance debt obligations depends on the Company's financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain finance, business and other factors beyond its control. Continuing volatility in the credit markets may increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or affect the ability of the Company, or third parties it seeks to do business with, to access those markets.

In addition, access to further financing for the Company or its customers remains uncertain. This condition could have an adverse effect on the industry in which the Company operates and its business, including future operating results. The Company's customers may curtail their drilling and completion programs, which could result in a decrease in demand for the Company's services and could increase downward pricing pressures. In addition, certain customers could become unable to pay suppliers, including the Company, in the event they are unable to access the capital markets to fund their business operations. Such risks, if realized, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Global Economic Downturn

In the event of a continued general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Company would not be materially adversely affected. Current global financial conditions have been subject to increased volatility and numerous commercial and financial enterprises have either gone into bankruptcy or creditor protection or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets, massive investment losses by banks with resultant recapitalization efforts and a deterioration in the global economy. Although economic conditions showed improvement towards the latter portion of 2010 and in early 2011, the recovery from the recession since then has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and which have resulted in high volatility in currencies and global debt and stock markets.

These factors may impact the Company's ability to obtain equity, debt or bank financing on terms commercially reasonable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If these

increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's securities could continue to be adversely affected.

The exploration and development of mineral deposits involve significant financial risks and are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties.

Development of any of the exploration properties in which the Company has an interest will only follow upon obtaining satisfactory exploration results. The exploration and development of mineral deposits involve significant financial risks over an extended period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral resources and mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on the Company's mineral resource properties will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations, rock bursts, pressures, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties, facilities and equipment, personal injury, death, environmental damage, delays in mining, monetary losses and potential legal liability. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings, financial position and competitive position of the Company.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, among other things, the particular attributes of the deposit, such as its size and grade, ability to economically recover commercial quantities of the minerals, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company's mineral resources are estimates, and no assurance can be given that the estimated reserves and resources are accurate.

Mineral resources are statistical estimates of mineral content and ore based on limited information acquired through drilling and other sampling methods and require judgmental interpretations of geology. Successful extraction requires safe and efficient mining and processing. The Company's mineral resources are estimates, and no assurance can be given that the estimated resources are accurate or that the indicated level of uranium or vanadium will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Mineral resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill hole information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. You should not assume that all or any part of the Company's mineral resources constitute or will be converted into reserves. Market price fluctuations of uranium or vanadium as applicable, as well as increased production and capital costs or reduced recovery rates, may render the Company's proven and probable reserves unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower grade mineralization uneconomic.

The operations of the Company are subject to environmental regulatory requirements and risk.

The Company is required to comply with environmental protection laws and regulations and permitting requirements, and the Company anticipates that it will be required to continue to do so in the future. The Company has expended significant resources, both financial and managerial, to comply with environmental protection laws, regulations and permitting requirements and anticipates that it will be required to continue to do so in the future. The material laws and regulations within the U.S. with which the Company must comply include the Atomic Energy Act, Uranium Mill Tailings Radiation Control Act of 1978, or UMTRCA, Clean Air Act, Clean Water Act, Safe Drinking Water Act, Federal Land Policy Management Act, and state environmental and mined land reclamation laws and regulations delegating those federal programs to such state or as otherwise applicable, including the Colorado Radiation Control Act.

The Company is required to comply with radiation control, mining, water, and other laws and regulations promulgated by various states in which the Company operates in connection with mining and milling operations, which includes provisions for protection of human health and the environment. The Company intends to utilize specific employees and consultants in order to comply with and maintain compliance with the above laws and regulations. Mining and mill operations may be subject to other laws administered by the federal Environmental Protection Agency and other state and federal agencies.

The uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and milling. The possibility of more stringent regulations exists in the areas of worker health and safety, storage of hazardous materials, standards for heavy equipment used in mining or milling, the disposition of wastes, the decommissioning and reclamation of exploration, mining and in-situ sites, climate change and other environmental matters, each of which could have a material adverse effect on the cost or the viability of a particular project.

The Company cannot predict what environmental legislation, regulation or policy will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation, generally, is toward stricter standards, and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or stricter interpretation of existing laws, may necessitate significant capital outlays, may materially affect the Company's results of operations and business or may cause material changes or delays in the Company's intended activities. In addition, special interest groups may make legal challenges to the Company's operations including with respect to the commencement and re-commencement of mining at the Company's mines, including the Canyon Mine. Such challenges could have a material adverse effect on the Company.

The Company's operations may require additional analysis in the future including environmental, cultural and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. The Company cannot provide assurance that it will be able to obtain or maintain all necessary permits that may be required to continue operations or exploration and development of its properties or, if feasible, to commence construction or operation of mining facilities at such properties on terms that enable operations to be conducted at economically justifiable costs. If the Company is unable to obtain or maintain permits or water rights for development of its properties or otherwise fails to manage adequately future environmental issues, its operations could be materially and adversely affected.

Opposition to mining may disrupt business activity.

In recent years, governmental and non governmental agencies, individuals, communities and courts have become more vocal and active with respect to their opposition of certain mining and business activities. This opposition may take on forms such as road blockades, applications for injunctions seeking work stoppages, refusals to grant access to lands or to sell lands on commercially viable terms, lawsuits for damages, issuances of unfavourable laws and

regulations, and rulings contrary to an entity's interest. These actions can occur in response to current activities or in respect of mines that are decades old. Opposition to the Company's business activities are beyond the Company's control. Any opposition to the Company's business activities may cause a disruption to the Company's business activities and may result in increased costs and this could have a material adverse effect on the Company's business and financial condition.

The validity of mining interests held by the Company can be uncertain and may be contested, and there can be no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced employees.

The validity of mining interests held by the Company can be uncertain and may be contested. Acquisition of title to mineral properties is a very detailed and time-consuming process, and the Company's title to its properties may be affected by prior unregistered agreements or transfers, or undetected defects. Several of the Company's licenses will need to be renewed, and on renewal the license may cover a smaller area. There is a risk that the Company may not have clear title to all its mineral property interests, or they may be subject to challenge or impugned in the future.

Although the Company has attempted to acquire satisfactory title to its properties, some risk exists that some titles, particularly title to undeveloped properties, may be defective. A successful challenge to the Company's title to its properties could result in the Company being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material and adverse effect on the Company.

The Company competes with other mining companies and individuals for mining interests on exploration properties and the acquisition of mining assets, which may increase its cost of acquiring suitable claims, properties and assets, and the Company also competes with other mining companies to attract and retain key executives and employees. There can be no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced employees. The mining industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires and skilled labour and these shortages have caused unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

The Company is subject to the risk of litigation, the causes and costs of which cannot be known.

The Company is subject to litigation arising in the normal course of business and may be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. The results of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations. See the discussion under the heading "Energy Fuels Inc. – Recent Developments" above.

In the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company's ability to enforce its rights could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

Decommissioning and Reclamation

As owner and operator of the White Mesa mill and numerous uranium and uranium/vanadium mines located in the United States and certain exploration properties, and for so long as the Company remains an owner thereof, the Company is obligated to eventually reclaim or participate in the reclamation of such properties. Most, but not all, of the Company's reclamation obligations are bonded, and cash and other assets of the Company have been reserved to secure this bonded amount. Although the Company's financial statements will record a liability for the asset retirement obligation, and the bonding requirements are generally periodically reviewed by applicable regulatory authorities, there can be no assurance or guarantee that the ultimate cost of such reclamation obligations will not exceed the estimated liability to be provided on the Company's financial statements.

Decommissioning plans for the Company's properties have been filed with applicable regulatory authorities. These regulatory authorities have accepted the decommissioning plans in concept, not upon a detailed performance forecast, which has not yet been generated. As the Company's properties approach or go into decommissioning, further regulatory review of the decommissioning plans may result in additional decommissioning requirements, associated costs and the requirement to provide additional financial assurances. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulatory authorities.

Technical Innovation and Obsolescence

Requirements for the Company's products and services may be affected by technological changes in nuclear reactors, enrichment and used uranium fuel reprocessing. These technological changes could reduce the demand for uranium or reduce the value of the Company's environmental services to potential customers. In addition, the Company's competitors may adopt technological advancements that give them an advantage over the Company.

Property Title Risk

The Company has investigated its rights to explore and exploit all of its material properties and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to its detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including the local governments.

The validity of unpatented mining claims on U.S. public lands is sometimes difficult to confirm and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on U.S. public lands, the Company's U.S. properties are subject to various title uncertainties which are common to the industry or the geographic location of such claims, with the attendant risk that there may be defects in its title. In addition, the Secretary of the Interior has withdrawn certain lands around the Grand Canyon National Park from location and entry under the Mining Laws. All of the Company's material Arizona Strip properties are located on these withdrawn lands. No new mining claims may be filed on the lands and no new plans of operations may be approved, other than plans of operations on mining claims that were valid at the time of withdrawal and that remain valid at the time of plan approval. Whether or not a mining claim is valid must be determined by a mineral examination conducted by BLM. The mineral examination, which involves an economic evaluation of a project, must demonstrate the existence of a locatable mineral resource and that the mineral resource constitutes discovery of a valuable mineral deposit. The Company believes that all of its material Arizona Strip projects are on valid mining claims that would withstand a mineral examination and that, as a result, none of its material Arizona Strip projects would be significantly impacted by the withdrawal. Further, certain of those projects have approved plans of operations which, absent notification, would not require a mineral examination. However, there can be no guarantee that the mineral examinations on The Company's Arizona strip properties would not result in one or more of the Company's mining claims being considered invalid, which could prevent a project from proceeding.

There is also a risk that the Company's title to, or interest in, its properties outside the United States may be subject to defects or challenges. This may be true particularly in countries outside North America, where there may be less developed legal systems or where ownership interests may become subject to political interference or changes in laws. If such defects cover a material portion of the Company's property, they could materially and adversely affect the Company's results of operations and financial condition, its reported mineral reserves and resources or its long-term business prospects.

Foreign currency risks.

The Company's operations are subject to foreign currency fluctuations. The Company's operating expenses are primarily incurred in U.S. dollars. If the Company commences production of uranium and vanadium, its revenues will also be primarily in U.S. dollars. The fluctuation of the Canadian dollar in relation to the U.S. dollar, will consequently have an impact upon the profitability the Company and may also affect the value of the Company's assets and the value of shareholders' equity.

Post-Acquisition Success

The Company may not realize the currently anticipated benefits of acquiring the Denison US Mining Division due to integration and operational challenges. The success of the Company following the Denison Acquisition will depend in large part on the success of the Company's management in integrating the Denison US Mining Division with those of the Company. The failure of the Company to achieve such integration could result in the failure of the Company to realize the anticipated benefits of the Denison Acquisition and could impair the results of operations, profitability and financial results of the Company.

Production Estimates and Estimated Operating Costs and Capital Requirements

The Company will prepare an estimate of future production for particular operations. No assurance can be given that production estimates will be achieved. Failure to achieve production estimates could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. These production estimates are based on, among other things, the following factors: the accuracy of mineral reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; the accuracy of estimated rates and costs of mining and processing; and assumptions as to future commodity prices.

The Company's actual production may vary from estimates for a variety of reasons, including, among others: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short term operating factors relating to the mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins; unexpected labour shortages or strikes; and varying conditions in the commodities markets.

Changes in any, some or all of the aforementioned factors on which the production estimates are based and/or reasons for which actual production may vary from estimates, could adversely impact the Company's operating expenses, capital investment requirements, exploration and development expenditure requirements and/or cash flows.

Dependence on Issuance of Mill Licence Amendments and Renewals

The Company maintains regulatory licences in order to operate its mill at White Mesa, all of which are subject to renewal from time to time and are required in order for the Company to operate in compliance with applicable laws and regulations. In addition, depending on the Company's business requirements, it may be necessary or desirable to seek amendments to one or more of its licences from time to time. While the Company has been successful in renewing its licences on a timely basis in the past and in obtaining such amendments as have been necessary or desirable, there can be no assurance that such licence renewals and amendments will be issued by applicable regulatory authorities on a timely basis or at all in the future.

Mining and Insurance

The Company's business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of, the Company's mineral properties or processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of production from the Company's mines or processing facilities or in its exploration or development activities, delay in or inability to receive regulatory approvals to transport its uranium concentrates, or costs, monetary losses and potential legal liability and adverse governmental action. In addition, due to the radioactive nature of the materials handled in uranium mining and processing, additional costs and risks are incurred by the Company on a regular and ongoing basis.

Although the Company maintains insurance to cover some of these risks and hazards in amounts it believes to be reasonable, such insurance may not provide adequate coverage in the event of certain circumstances. No assurance

can be given that such insurance will continue to be available or it will be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards.

The Company may be subject to liability or sustain loss for certain risks and hazards against which it cannot insure or which it may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to the Company.

Replacement of Mineral Reserves and Resources

Energy Fuels' mineral reserves and resources at its Arizona Strip, Sage Plain, Henry Mountains, Sheep Mountain, Whirlwind and Energy Queen projects are Energy Fuels' primary sources (and potential sources) of uranium concentrates. Unless other mineral reserves and resources are discovered or extensions to existing ore bodies are found, Energy Fuels' sources of production for uranium concentrates will decrease over time as its current mineral reserves and resources are depleted. There can be no assurance that Energy Fuels' future exploration, development and acquisition efforts will be successful in replenishing its mineral reserves and resources. In addition, while Energy Fuels believes that many of its properties will eventually be put into production, there can be no assurance that they will be or that they will be able to replace current production.

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution from Further Common Share Issuances

If the Company issues additional Common Shares and/or securities convertible, exercisable or exchangeable for Common Shares in order to raise financing, complete merger or acquisition transactions and/or for other business purposes, such issuances may dilute the interests of shareholders of the Company and reduce the value of their investment.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Energy Fuels are KPMG LLP, Chartered Accountants, Bay Adelaide Centre, 333 Bay Street Suite 4600, Toronto Ontario, M5H 2S5.

The registrar and transfer agent for the Common Shares is for the Common Shares is Canadian Stock Transfer Company, Inc., 320 Bay Street, P.O. Box 1, Toronto, Ontario M5H 4A6.

INTERESTS OF EXPERTS

Certain legal matters relating to the securities offered hereunder will be passed upon by Borden Ladner Gervais LLP on behalf of Energy Fuels and Fraser Milner Casgrain LLP on behalf of the Underwriters. Prospective investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Debentures. As of the date of this short form prospectus, the partners and associates of these firms, each as a group, beneficially own, directly or indirectly, less than 1% of the Common Shares of Energy Fuels.

Dundee Securities delivered a fairness opinion dated April 13, 2012, which was included in the Company's management information circular dated May 28, 2012 in connection with the acquisition by the Company of all of the issued and outstanding shares of DMHC and White Canyon. As of the date hereof, Dundee Securities, its affiliates and investment funds managed by Dundee Securities collectively own or control Common Shares representing approximately 5.19% of the outstanding Common Shares (5.99% Common Shares on a partially diluted basis assuming the exercise of convertible securities).

KPMG LLP has advised that they are independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario, Canada.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

INDEPENDENT AUDITOR'S CONSENT

We have read the short form prospectus of Energy Fuels Inc. (the "**Company**") dated July 18, 2012 in respect of the offering of \$22,000,000 aggregate principal amount floating-rate convertible unsecured subordinated debentures of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short-form prospectus of our report to the Shareholders of the Company, on the financial statements of the Company, which comprise the consolidated balance sheets as at September 30, 2011 and 2010, the consolidated statements of comprehensive loss, shareholders' equity and cash flows for each of the years in the two-year period ended September 30, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated December 21, 2011.

KPMG LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
July 18, 2012

INDEPENDENT AUDITOR'S CONSENT

We have read the short form prospectus of Energy Fuels Inc. ("**Energy Fuels**") dated July 18, 2012 (the "**Prospectus**") relating to the issue and sale of up to \$22,000,000 aggregate principal amount of floating-rate convertible unsecured subordinated debentures of Energy Fuels. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the directors of Denison Mines Holdings Corp. ("**DMHC**") on the consolidated statements of financial position of DMHC as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated May 22, 2012.

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto Ontario
July 18, 2012

INDEPENDENT AUDITOR'S CONSENT

We have read the short form prospectus of Energy Fuels Inc. ("**Energy Fuels**") dated July 18, 2012 (the "**Prospectus**") relating to the issue and sale of up to \$22,000,000 aggregate principal amount of floating-rate convertible unsecured subordinated debentures of Energy Fuels. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our financial report to the members of White Canyon Uranium Limited on the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended. Our report is dated May 21, 2012.

RSM Bird Cameron Partners
Chartered Accountants, Perth, Australia
July 18, 2012

INDEPENDENT AUDITOR'S CONSENT

We have read the short form prospectus of Energy Fuels Inc. ("**Energy Fuels**") dated July 18, 2012 (the "**Prospectus**") qualifying the distribution of \$22,000,000 aggregate principal amount of floating-rate convertible unsecured subordinated debentures of Energy Fuels. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the shareholders of Titan Uranium Inc. on the consolidated balance sheet as at August 31, 2011 and the consolidated statements of operations, shareholders' equity and cash flows for the year then ended. Our report is dated December 12, 2011.

We also consent to the incorporation by reference in the above-mentioned Prospectus of our report to the directors of Titan Uranium Inc. on the consolidated balance sheet as at August 31, 2011 and the consolidated statements of operations, shareholders' equity and cash flows for the year then ended. Our report is dated December 12, 2011 (except as to Note 16 which is as of January 10, 2012)

Davidson & Company LLP
Chartered Accountants Vancouver, Canada
July 18, 2012

CERTIFICATE OF THE COMPANY

July 18, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the Provinces of Canada.

(Signed) "Stephen P. Antony"
Chief Executive Officer

(Signed) "Jeffrey L. Vigil"
Chief Financial Officer

On behalf of the Board of Directors
of the Company

(Signed) "J. Birks Bovaird"
Director

(Signed) "Bruce D. Hansen"
Director

CERTIFICATE OF THE UNDERWRITERS

July 18, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada.

DUNDEE SECURITIES LTD.

(Signed) "David Anderson"

Vice Chairman

SCOTIA CAPITAL INC.

(Signed) "Don Njegovan"

Managing Director

NATIONAL BANK FINANCIAL INC.

(Signed) "Noam Silberstein"

Director

HAYWOOD SECURITIES INC.

(Signed) "Kevin Campbell"

Managing Director

VERSANT PARTNERS INC.

(Signed) "Paul Rajchgod"

Managing Director

