



Energy Fuels Resources (USA) Inc.
225 Union Blvd. Suite 600
Lakewood, CO, US, 80228
303 974 2140
www.energyfuels.com

January 29, 2018

Arizona Department of Environmental Quality
Groundwater Section
Mail Code 5415B-3
1110 W. Washington St.
Phoenix, AZ 85007

**Re: Canyon Mine Non-Storm water Impoundment 3.04 General Aquifer Protection
Permit No. P-100333 Annual Report for 2017**

Dear Sir or Madam:

Enclosed please find Energy Fuels Resources (USA) Inc.'s ("EFRI's") 2017 Annual Report for the Canyon Mine (the "Mine") in accordance with the Mine's Non-storm water Impoundment 3.04 General Aquifer Protection Permit (the "APP") No. P-100333.

Pursuant to the requirements found in the APP and in the Arizona Administrative Code (A.A.C.) R18-9-D304, EFRI agreed to the following voluntary condition:

"2. Mine Shaft Sump Monitoring

i. EFRI agrees to measure the daily volume of water pumped from the underground mining areas, and conduct periodic sampling for the water pumped from the underground mining areas as follows:

EFRI will sample water pumped from the underground mining areas at the point the water discharges to the non-storm water impoundment on a quarterly basis for the parameters set forth in Table 1 of the permit. If there is no water pumped during a particular quarter, then no sample will be required. EFRI will report to the Arizona Department of Environmental Quality ("ADEQ") the results of the daily volume of water pumped and quarterly sampling within 30 days of the end of each of the first two quarters of operation, and on an annual basis thereafter.

ii. If the sampling results suggest that aquifer water quality standards could be exceeded in groundwater beneath the mine given the depth to groundwater at the mine, EFRI will increase the frequency of pumping to mitigate any risk to groundwater."

EFRI began discharging to non-storm water impoundment in July of 2013. In accordance with the APP condition 2.i, EFRI submitted two quarterly reports to ADEQ on October 23, 2013 and January 13, 2014. The January 13, 2014 report documented the second quarter of pumping operations, and the second of two required quarterly reports; and therefore, reporting is now

required at an annual frequency. Shaft sinking continued in 2017 and quarterly samples were collected.

As of the end of the fourth quarter 2017, the shaft has been sunk to a depth of approximately 1450 feet. Mine development and mining will not commence until the shaft reaches a depth of approximately 1470 feet. The shaft is located to the side of the ore body and as a result, has not and will not penetrate the ore body. At the time the sump levels are reached, EFRI will be able to survey and perform Klinkenberg testing on the mine sump required by Section 1.ii of the APP. As the pumped water has entered the shaft well above the ore body, the analytical results presented to date can be considered to represent background groundwater quality at that depth.

Per Section 2.i of the APP, the attached Table 1 includes the daily volume of water pumped from underground mining areas for 2017. All water pumped from underground mining areas in to the non-storm water impoundment was discharged in accordance with the approved storm water Pollution Prevention Plan (“SWPPP”). Monthly SWPPP inspections are conducted to ensure all discharge procedures and best management practices (“BMPs”) are in compliance. A summary of the monthly inspections and BMPs are described in the annual SWPPP report. The attached Table 2 includes a summary of the analytical results for the quarterly water samples, collected when the mine is pumping water into the non-storm water impoundment. The samples are taken from the outfall point where mine water discharges from underground into the non-storm water impoundment.

Please feel free to contact me at 303-389-4134 if you have any questions or concerns.

Sincerely,



ENERGY FUELS RESOURCES (USA) INC.

Kathy Weinel

Quality Assurance Manager

cc: Scott Bakken, Trey White, Ty Fisher and David Turk (EFRI)
Vimal Chauhan (ADEQ)

TABLES

**TABLE 1
Canyon Mine Daily Volume of Water Pumped from Underground Mining Areas during 2017**

Date	Flow Meter Reading	Gallons Pumped (GA/D)	First Quarter 2017			Date	Flow Meter Reading	Gallons Pumped (GA/D)	Date	Flow Meter Reading	Gallons Pumped (GA/D)	
			January 2017									March 2017
1/1/2017	No Operations	0	2/1/2017	2429557	26,914	3/1/2017	2722871	16,908				
1/2/2017	No Operations	0	2/2/2017	2440648	11,091	3/2/2017	2723786	915				
1/3/2017	1873472	0	2/3/2017	2468445	27,797	3/3/2017	2737015	13,229				
1/4/2017	1888580	15,108	2/4/2017	2471483	3,038	3/4/2017	2753385	16,370				
1/5/2017	1893651	5,071	2/5/2017	2504070	32,587	3/5/2017	2766505	13,120				
1/6/2017	1920017	26,366	2/6/2017	2511191	7,121	3/6/2017	2777710	11,205				
1/7/2017	1929965	9,948	2/7/2017	2521094	9,903	3/7/2017	2785112	7,402				
1/8/2017	1961482	31,517	2/8/2017	2535891	14,797	3/8/2017	2798773	13,661				
1/9/2017	1980772	19,290	2/9/2017	2549106	13,215	3/9/2017	2808773	10,000				
1/10/2017	1999382	18,610	2/10/2017	2549780	674	3/10/2017	2829941	21,168				
1/11/2017	2019799	20,417	2/11/2017	2582231	32,451	3/11/2017	2840851	10,910				
1/12/2017	2042586	22,787	2/12/2017	2595447	13,216	3/12/2017	2851083	10,232				
1/13/2017	2051172	8,586	2/13/2017	2603295	7,848	3/13/2017	2857582	6,499				
1/14/2017	2072390	21,218	2/14/2017	2610608	7,313	3/14/2017	2877958	20,376				
1/15/2017	2084699	12,309	2/15/2017	2620313	9,705	3/15/2017	2896645	18,687				
1/16/2017	2115893	31,194	2/16/2017	2635500	15,187	3/16/2017	2914971	18,326				
1/17/2017	2137597	21,704	2/17/2017	2642125	6,625	3/17/2017	2930635	15,664				
1/18/2017	2156148	18,551	2/18/2017	2670643	28,518	3/18/2017	2942383	11,748				
1/19/2017	2177117	20,969	2/19/2017	2673641	2,998	3/19/2017	2952901	10,518				
1/20/2017	2197696	20,579	2/20/2017	2674310	669	3/20/2017	2967928	15,027				
1/21/2017	2216184	18,488	2/21/2017	2681102	6,792	3/21/2017	2976890	8,962				
1/22/2017	2236669	20,485	2/22/2017	2685964	4,862	3/22/2017	2982809	5,919				
1/23/2017	2255324	18,655	2/23/2017	2692836	6,872	3/23/2017	2993765	10,956				
1/24/2017	2276281	20,957	2/24/2017	2693480	644	3/24/2017	3010989	17,224				
1/25/2017	2289176	12,895	2/25/2017	2693610	130	3/25/2017	3026773	15,784				
1/26/2017	2321916	32,740	2/26/2017	2697000	3,390	3/26/2017	3038021	11,248				
1/27/2017	2341180	19,264	2/27/2017	2703723	6,723	3/27/2017	3046711	8,690				
1/28/2017	2358780	17,600	2/28/2017	2705963	2,240	3/28/2017	3055500	8,789				
1/29/2017	2366960	8,180				3/29/2017	3067315	11,815				
1/30/2017	2381502	14,542				3/30/2017	3079369	12,054				
1/31/2017	2402643	21,141				3/31/2017	3088530	9,161				
Total Gallons Pumped for January		529,171	Total Gallons Pumped for February			303,320	Total Gallons Pumped for March			365,659	Total for the Quarter	1,198,150

**Table 1
Canyon Mine Daily Volume of Water Pumped from Underground Mining Areas during 2017**

Date	Flow Meter Reading	Gallons Pumped (G/A/D)	Second Quarter 2017			Date	Flow Meter Reading	Gallons Pumped (G/A/D)	Date	Flow Meter Reading	Gallons Pumped (G/A/D)						
			April 2017									June 2017					
			May 2017					June 2017									
4/1/2017	No Operations	0	5/1/2017	3654175	84,398	6/1/2017	4820950	26533									
4/2/2017	No Operations	0	5/2/2017	3729678	75,503	6/2/2017	No Operations	0									
4/3/2017	3110282	21,752	5/3/2017	3808593	78,915	6/3/2017	No Operations	0									
4/4/2017	3121627	11,345	5/4/2017	3856042	47,449	6/4/2017	No Operations	0									
4/5/2017	3130571	8,944	5/5/2017	No Operations	0	6/5/2017	4958924	137,974									
4/6/2017	3137912	7,341	5/6/2017	3879020	22,978	6/6/2017	4992124	33,200									
4/7/2017	No Operations	0	5/7/2017	No Operations	0	6/7/2017	5022823	30,699									
4/8/2017	No Operations	0	5/8/2017	3995484	116,464	6/8/2017	5054210	31,387									
4/9/2017	No Operations	0	5/9/2017	4053896	58,412	6/9/2017	No Operations	0									
4/10/2017	3164344	26,432	5/10/2017	4078481	24,585	6/10/2017	No Operations	0									
4/11/2017	3171430	7,086	5/11/2017	4115179	36,698	6/11/2017	No Operations	0									
4/12/2017	3177700	6,270	5/12/2017	4158575	43,396	6/12/2017	5187571	133,361									
4/13/2017	3184207	6,507	5/13/2017	4160316	1,741	6/13/2017	5206755	19,184									
4/14/2017	No Operations	0	5/14/2017	4168232	7,916	6/14/2017	5247123	40,368									
4/15/2017	No Operations	0	5/15/2017	4212042	43,810	6/15/2017	5262390	15,267									
4/16/2017	No Operations	0	5/16/2017	4298698	86,656	6/16/2017	No Operations	0									
4/17/2017	3211273	27,066	5/17/2017	4350612	51,914	6/17/2017	No Operations	0									
4/18/2017	No Operations	0	5/18/2017	4397542	46,930	6/18/2017	No Operations	0									
4/19/2017	3222251	10,978	5/19/2017	No Operations	0	6/19/2017	5332528	70,138									
4/20/2017	No Operations	0	5/20/2017	No Operations	0	6/20/2017	5402379	69,851									
4/21/2017	No Operations	0	5/21/2017	No Operations	0	6/21/2017	5434038	31,659									
4/22/2017	No Operations	0	5/22/2017	4511247	113,705	6/22/2017	5456363	22,325									
4/23/2017	No Operations	0	5/23/2017	4550266	39,019	6/23/2017	No Operations	0									
4/24/2017	3223681	1,430	5/24/2017	4586226	35,960	6/24/2017	5526624	70,261									
4/25/2017	3224026	345	5/25/2017	No Operations	0	6/25/2017	5546557	19,933									
4/26/2017	3225214	1,188	5/26/2017	No Operations	0	6/26/2017	5566337	19,780									
4/27/2017	3307104	81,890	5/27/2017	No Operations	0	6/27/2017	5593254	26,917									
4/28/2017	3403837	96,733	5/28/2017	No Operations	0	6/28/2017	5615141	21,887									
4/29/2017	3488658	84,821	5/29/2017	No Operations	0	6/29/2017	5640428	25,287									
4/30/2017	3569777	81,119	5/30/2017	4775560	189,334	6/30/2017	No Operations	0									
			5/31/2017	4794417	18,857												
Total Gallons Pumped for April			481,247			Total Gallons Pumped for May			1,224,640			Total Gallons Pumped for June			819,478		
												Total for the Quarter			2,525,365		

Table 1
Canyon Mine Daily Volume of Water Pumped from Underground Mining Areas During 2017

Third Quarter 2017								
July 2017			August 2017			September 2017		
Date	Flow Meter Reading	Gallons Pumped (G/A/D)	Date	Flow Meter Reading	Gallons Pumped (G/A/D)	Date	Flow Meter Reading	Gallons Pumped (G/A/D)
7/1/2017	No Operations	0	8/1/2017	6450628	21,649	9/1/2017	No Operations	0
7/2/2017	No Operations	0	8/2/2017	6480387	29,759	9/2/2017	No Operations	0
7/3/2017	No Operations	0	8/3/2017	6523520	43,133	9/3/2017	No Operations	0
7/4/2017	No Operations	0	8/4/2017	No Operations	0	9/4/2017	Meter Error*	0
7/5/2017	5794114	153,686	8/5/2017	No Operations	0	9/5/2017	Meter Error	0
7/6/2017	5820119	26,005	8/6/2017	No Operations	0	9/6/2017	Meter Error	0
7/7/2017	No Operations	0	8/7/2017	6637231	113,711	9/7/2017	Meter Error	0
7/8/2017	No Operations	0	8/8/2017	6655251	18,020	9/8/2017	No Operations	0
7/9/2017	No Operations	0	8/9/2017	6664836	9,585	9/9/2017	No Operations	0
7/10/2017	5915641	95,522	8/10/2017	6717653	52,817	9/10/2017	No Operations	0
7/11/2017	5946641	31,000	8/11/2017	No Operations	0	9/11/2017	Meter Error	0
7/12/2017	5962899	16,258	8/12/2017	No Operations	0	9/12/2017	15662000	453,700
7/13/2017	5979820	16,921	8/13/2017	No Operations	0	9/13/2017	Meter Error	0
7/14/2017	No Operations	0	8/14/2017	6850452	132,799	9/14/2017	Meter Error	0
7/15/2017	No Operations	0	8/15/2017	6875522	25,070	9/15/2017	No Operations	0
7/16/2017	No Operations	0	8/16/2017	No Operations	0	9/16/2017	No Operations	0
7/17/2017	6072421	92,601	8/17/2017	6938820	63,298	9/17/2017	No Operations	0
7/18/2017	6094652	22,231	8/18/2017	No Operations	0	9/18/2017	Meter Error	0
7/19/2017	6119397	24,745	8/19/2017	No Operations	0	9/19/2017	Meter Error	0
7/20/2017	6143546	24,149	8/20/2017	No Operations	0	9/20/2017	Meter Error	0
7/21/2017	No Operations	0	8/21/2017	7045619	106,799	9/21/2017	Meter Error	0
7/22/2017	No Operations	0	8/22/2017	7069836	24,217	9/22/2017	No Operations	0
7/23/2017	No Operations	0	8/23/2017	7098916	29,080	9/23/2017	No Operations	0
7/24/2017	6242360	98,814	8/24/2017	No Operations	0	9/24/2017	No Operations	0
7/25/2017	6260182	17,822	8/25/2017	No Operations	0	9/25/2017	16002400	340,400
7/26/2017	6281333	21,151	8/26/2017	No Operations	0	9/26/2017	16039000	36,600
7/27/2017	6311246	29,913	8/27/2017	No Operations	0	9/27/2017	No Operations	0
7/28/2017	No Operations	0	8/28/2017	7241776	142,860	9/28/2017	Meter Error	0
7/29/2017	No Operations	0	8/29/2017	7267556	25,780	9/29/2017	No Operations	0
7/30/2017	No Operations	0	8/30/2017	7299708	32,152	9/30/2017	No Operations	0
7/31/2017	6428979	117,733	8/31/2017	No Operations	0			
Total Gallons Pumped for July		788,551	Total Gallons Pumped for August		870,729	Total Gallons Pumped for September		830,700
						Total for the Quarter		
						2,489,980		

*Backup meter used to determine volumes pumped from the mine sump.

**Table 1
Canyon Mine Daily Volume of Water Pumped from Underground Mining Areas During 2017**

Date	Flow Meter Reading	Gallons Pumped (G/A/D)	Fourth Quarter 2017			Date	Flow Meter Reading	Gallons Pumped (G/A/D)	December 2017		
			October 2017	November 2017	December 2017				October 2017	November 2017	December 2017
10/1/2017	No Operations	0	11/1/2017	19816300*	0	12/1/2017	No Operations	0			
10/2/2017	16204500*	0	11/2/2017	19838800	22,500	12/2/2017	No Operations	0			
10/3/2017	16239700	35,200	11/3/2017	No Operations	0	12/3/2017	No Operations	0			
10/4/2017	16276800	37,100	11/4/2017	No Operations	0	12/4/2017	2089800	120,800			
10/5/2017	16301500	24,700	11/5/2017	No Operations	0	12/5/2017	2094400	4,600			
10/6/2017	No Operations	0	11/6/2017	19970700	131,900	12/6/2017	2133400	39,000			
10/7/2017	No Operations	0	11/7/2017	19997900	27,200	12/7/2017	2173700	40,300			
10/8/2017	No Operations	0	11/8/2017	20028900	31,000	12/8/2017	No Operations	0			
10/9/2017	16404600	103,100	11/9/2017	20087500	58,600	12/9/2017	No Operations	0			
10/10/2017	16479600	75,000	11/10/2017	No Operations	0	12/10/2017	No Operations	0			
10/11/2017	16521400	41,800	11/11/2017	No Operations	0	12/11/2017	2285200	111,500			
10/12/2017	16560400	39,000	11/12/2017	No Operations	0	12/12/2017	2315900	30,700			
10/13/2017	16586300	25,900	11/13/2017	20194300	106,800	12/13/2017	2342800	26,900			
10/14/2017	16612300	26,000	11/14/2017	20224100	29,800	12/14/2017	2370000	27,200			
10/15/2017	16642100	29,800	11/15/2017	20261100	37,000	12/15/2017	No Operations	0			
10/16/2017	16677200	35,100	11/16/2017	20289500	28,400	12/16/2017	No Operations	0			
10/17/2017	16704400	27,200	11/17/2017	No Operations	0	12/17/2017	No Operations	0			
10/18/2017	16729300	24,900	11/18/2017	No Operations	0	12/18/2017	2486100	116,100			
10/19/2017	16765000	35,700	11/19/2017	No Operations	0	12/19/2017	2513500	27,400			
10/20/2017	No Operations	0	11/20/2017	20411400	121,900	12/20/2017	2530000	16,500			
10/21/2017	No Operations	0	11/21/2017	1712100**	0	12/21/2017	2556500	26,500			
10/22/2017	No Operations	0	11/22/2017	1742100	30,000	12/22/2017	No Operations	0			
10/23/2017	16873500	108,500	11/23/2017	No Operations	0	12/23/2017	No Operations	0			
10/24/2017	16910100	36,600	11/24/2017	No Operations	0	12/24/2017	No Operations	0			
10/25/2017	16960300	50,200	11/25/2017	No Operations	0	12/25/2017	No Operations	0			
10/26/2017	16962700	2,400	11/26/2017	No Operations	0	12/26/2017	No Operations	0			
10/27/2017	No Operations	0	11/27/2017	1824400	82,300	12/27/2017	No Operations	0			
10/28/2017	No Operations	0	11/28/2017	1916000	91,600	12/28/2017	2752300	195,800			
10/29/2017	No Operations	0	11/29/2017	1936800	20,800	12/29/2017	No Operations	0			
10/30/2017	17083300	120,600	11/30/2017	1969000	32,200	12/30/2017	No Operations	0			
10/31/2017	17144300	61,000				12/31/2017	No Operations	0			
Total Gallons Pumped for October		939,800	November		852,000	Total Gallons Pumped for December		783,300			
						Total for the Quarter		2,575,100			
						Total for the Year		8,788,595			

* Backup flow meter used.

** New Flow Meter Installed

Table 2
Canyon Mine Non-Stormwater Impoundment Sample Summary

Analytes	Units	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Metals					
Antimony (Total)	mg/L	0.0035	0.0026	0.0023	0.0049
Arsenic (Total)	mg/L	0.205	0.120	0.289	0.299
Barium (Total)	mg/L	0.060	0.044	0.045	0.144
Beryllium (Total)	mg/L	<0.00005	<0.0003	<0.00005	0.00007 J
Cadmium (Total)	mg/L	0.0004 J	0.0003 J	0.0005	0.001
Chromium III (Total)	mg/L	<0.01	<0.01	<0.01	<0.01
Cobalt (Total)	mg/L	0.0759	0.0526	0.0512	0.0629
Copper (Total)	mg/L	0.18	0.01 J	0.07	0.22
Iron (Total)	mg/L	0.92	0.30	1.80	3.77
Lead (Total)	mg/L	0.0029	0.0012	0.0069	0.0149
Manganese (Total)	mg/L	0.016 J	0.021 J	0.019 J	0.036
Mercury (Total)	mg/L	<0.0002	<0.0002	<0.0002	<0.0002
Nickel (Total)	mg/L	0.206	0.132	0.136	0.200
Selenium (Total)	mg/L	0.0007	0.0013	0.0009	0.0012
Thallium (Total)	mg/L	0.0015	0.001	0.0011	0.0014
Uranium (dissolved)	mg/L	0.046	0.0788	0.0839	0.091
Uranium (total)	mg/L	0.0581	0.0753	0.0875	0.0988
Vanadium (Total)	mg/L	<0.005	<0.005	<0.005	<0.005
Zinc (Total)	mg/L	0.40	0.78	0.99	0.78
Radionuclides					
Gross Alpha (dissolved)	pCi/L	58 (±8.8)	65 (±9.6)	98 (±11)	110 (±13)
Radium 226 (dissolved)	pCi/L	7.8 (±0.32)	19 (±0.53)	16 (±0.49)	26 (±0.77)
Radium 228 (dissolved)	pCi/L	0.41 (±0.51)	-0.03 (±0.7)	-0.1 (±0.58)	0.31 (±0.81)
Uranium 234 (dissolved)	pCi/L	20 (±3.1)	50 (±5.1)	59 (±5.7)	63 (±5.5)
Uranium 235 (dissolved)	pCi/L	0.69 (±0.69)	0.56 (±5.1)	0.6 (±0.97)	1.3 (±1)
Uranium 238 (dissolved)	pCi/L	14.2 (±2.6)	23.2 (±3.5)	23.7 (±3.7)	27.5 (±3.7)
Major Ions					
Bicarbonate as HCO ₃	mg/L	213	207	201	218
Carbonate as CaCO ₃	mg/L	2.7	18.6 J	14.5 J	7.9 J
Alkalinity (Total)	mg/L	215	226	215	226
Calcium	mg/L	72.4	66.4	65.8	73.8
Fluoride	mg/L	0.30 J	0.32 J	0.24 J	0.23
Magnesium	mg/L	39.4	40.3	40.0	44.3
Potassium	mg/L	2.1	6.0	5.6	5.7
Sodium	mg/L	11.3	17.0	14.9	15.7
Sulfate	mg/L	118	124	130	137
Physical Properties					
Conductivity	umhos/cm	672 (f = 793.8)	697(f=684.4)	708(f=613)	728(f=617)
pH (field)	S.U.	5.62	6.05	7.66	6.25
Temperature (field)	C	10.25	15.82	15.96	13.68
ORP (field)	mV	432	507	225	209.6
TDS	mg/L	424	424	430	448
TSS	mg/L	12.0	<5	11.0 J	80.0 J

< - Indicates that the analyte was not detected above the reporting limit.

() - Indicates the error term for the radiological result.

J - Analyte concentration detected at a value between the MDL and PQL. The associated value is an estimated quantity.