INTERNATIONAL URANIUM CORP
Form 20-F
April 01, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934.
OR
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended September 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _____ to _____

Commission File Number: 0-24443

INTERNATIONAL URANIUM CORPORATION
(Exact name of Company as specified in its charter)

ONTARIO, CANADA
(Jurisdiction of incorporation or organization)

INDEPENDENCE PLAZA, SUITE 950,
1050 SEVENTEENTH STREET, DENVER, CO 80265
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
NONE

Securities registered or to be registered pursuant to Section 12(g) of the Act:

COMMON STOCK WITHOUT PAR VALUE
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
NONE

Indicate the number of outstanding shares of each of the Company's classes of capital or common stock as of the close of the period covered by the annual report:

TITLE OF CLASS	ISSUED AND OUTSTANDING AS OF SEPTEMBER 30, 2001
Common Stock, Without Par Value	65,600,066 common shares

Indicate by check mark whether the Company (1) has filed all reports required to

be filed during the preceding 12 months (or shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate by check mark which financial statement item the Company has elected to follow:

ITEM 17 X ITEM 18

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Except for the statements of historical fact contained therein, the information under the headings "Item 4 - "Information on the Company," "Item 5 - "Operating and Financial Review and Prospects," "Item 11 - Quantitative and Qualitative Disclosure About Market Risk," and elsewhere in this Form 20-F constitutes forward looking statements ("Forward Looking Statements") within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements projected or implied by such Forward Looking Statements. Such factors include, among others, the ability of the Company to develop the alternate feed business, dependence on a limited number of customers, limited operating history, government regulation and policy risks, environmental risks, reclamation obligations and the other factors set forth in the section entitled "Risk Factors".

GLOSSARY OF TERMS

ALTERNATE FEED	Material or residues from other processing facilities that contain uranium in quantities or forms that are either uneconomic to recover or cannot be recovered at these other facilities, but can be recovered either alone or in conjunction with other co-products at the Company's facilities;
BLM	Means the United States Department of Interior Bureau of Land Management;
CCD CIRCUIT	The counter-current decantation circuit at the White Mesa Mill, in which uranium-bearing solution is separated from the crushed waste solids;
CONVERSION	A process whereby the purified uranium obtained in the refining process is converted into forms suitable for making nuclear fuel (UO(2)) or for enrichment (UF(6));
$	Means United States dollars and "CDN $" means Canadian dollars;
ENRICHMENT	A process whereby the U-235 isotope content is increased from the natural level of 0.711% to a concentration of 3% to 5% as required in fuel for light water reactors;
EPA	Means the United States Environmental Protection

	Agency;
FEE LAND	Means private land;
HECTARE	Measurement of an area of land equivalent to 10,000 square meters or 2.47 acres;
ISL OR IN SITU LEACH	In situ leach mining means solution mining that is performed in the mineralized horizons and does not involve excavation and removal of mineralized rock or the subsequent processing of each rock through a mill to recover uranium. Rather, the mineralized material is mined by using groupings of wells completed in the mineralized horizons to inject leach solution, which is recovered in production wells. The leaching solution selectively dissolves the uranium mineralization, and the solution is then processed to recover the contained uranium.
MINERALIZATION	Means a natural aggregate of one or more metallic minerals;
MINERAL DEPOSIT OR MINERALIZED MATERIAL	Is a mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metal(s). Such a deposit does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

PARTIALLY DEVELOPED	With respect to properties, means properties that contain workings from previously operating mines that were shut down due to a lack of economic feasibility of the mineralized material left in the stopes.
NRC	The United States Nuclear Regulatory Commission;
REFINING	A process whereby yellowcake is chemically refined to separate the uranium from impurities to produce purified uranium;
RESERVE	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
SAG MILL	The semi-autogenous grinding mill at the White Mesa Mill in which the uranium ore is ground prior to the leaching process;
TAILINGS	Waste material from a mineral processing mill after the metals and minerals of a commercial nature have been extracted;
TON	A short ton (2,000 pounds);
TONNE	A metric tonne (2,204.6 pounds);

URANIUM OR U	Means natural uranium; 1% U=1.18% U(3)O(8);
UF(6)	Means natural uranium hexafluoride, produced by conversion from U(3)O(8), which is not yet enriched or depleted;
U(3)O(8)	Triuranium octoxide;
V(2)O(5)	Vanadium pentoxide;
WHITE MESA MILL	Means the 2,000 ton per day uranium mill, with a vanadium or other co-product recovery circuit, located near Blanding, Utah that is owned by the Company's subsidiary, IUC White Mesa, LLC. Also referred to as the "Mill".
YELLOWCAKE	Means the concentrate powder produced from uranium milling, or an in situ leach facility. Yellowcake typically contains approximately 90% U(3)O(8) from conventional mineralized material.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial data of International Uranium Corporation (the "Company" or "IUC") for the periods ended September 30, 2001, 2000, 1999, 1998 and 1997, and was prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The table also summarizes certain corresponding information prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). This selected consolidated financial data includes the accounts of the Company and its subsidiaries. All amounts stated are in United States dollars:

SELECTED FINANCIAL DATA

	FISCAL YEAR ENDED SEPTEMBER 30 2001	FISCAL YEAR ENDED SEPTEMBER 30 2000	FISCAL YEAR ENDED SEPTEMBER 30 1999	FISCA SE
Revenues	$ 809,763	$ 16,060,172	$ 14,046,832	$
Net income (loss)				
Canadian GAAP	$ (2,822,876)	$ (15,244,651)	$ (17,097,677)	$
US GAAP	$ (2,822,876)	$ (4,552,890)	$ (21,290,100)	$
Basic/diluted income (loss) per equity share				
Canadian GAAP	$ 0.04)	$ (0.23)	$ (0.26)	$
US GAAP	$ (0.04)	$ (0.07)	$ (0.32)	$
Total assets				
Canadian GAAP	$ 36,017,455	$ 33,152,084	$ 45,891,809	$
US GAAP	$ 36,040,689	$ 33,175,318	$ 35,223,282	$
Net Assets				
Canadian GAAP	$ 3,920,034	$ 6,733,099	$ 21,977,750	$
US GAAP	$ 3,943,268	$ 6,756,333	$ 11,309,223	$
Capital stock				
Canadian GAAP	$ 37,449,213	$ 37,439,402	$ 37,439,402	$
US GAAP	$ 36,633,243	$ 36,623,432	$ 36,623,432	$
Number of shares outstanding	65,600,066	65,525,066	65,525,066	
Dividends declared	$ -	$ -	$ -	$

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. RISK FACTORS

The following risk factors should be considered in connection with any investment in the Company.

ABILITY TO DEVELOP ALTERNATE FEED BUSINESS

The Company is focusing its resources on the continuing development of the alternate feed, uranium-bearing waste recycling business. In order for the Company to become profitable in this business the Company must be able to: A) identify a sufficient number of contracts that would be profitable for the Company; B) be successful in winning a sufficient number of these contracts in the face of competition from other facilities; and C) receive these contracts in a time frame and have sufficient backlog of such contracts to allow the Mill to operate at a sufficient rate to more than cover its costs of production, any standby costs that are incurred between Mill runs, and other corporate overheads. While the Company has had considerable success to date in this initiative, the Company has not to date developed a sufficient backlog of alternate feed business to result in sustained profitable operations for the Company. Developing this backlog will be a prerequisite if the Company is to continue with its pursuit of this business in the future. There can be no guarantee or assurance that the Company will be successful in developing the necessary backlog or that it will otherwise be successful at this business initiative. If the Company cannot develop this backlog in the near future, it may pursue other business opportunities as they may arise.

ABILITY TO SUCCESSFULLY PURSUE OTHER BUSINESS INITIATIVES

If the Company is unsuccessful in developing the alternate feed, uranium-bearing waste recycling business, it may pursue other business opportunities, as they may arise, in lieu thereof. In addition, the Company will continue to evaluate other opportunities, as they arise, unrelated to its mining and alternate feed activities. There can be no guarantee or assurance that the Company has or will be able to develop the required expertise or experience for any such other business opportunities or that any such other business opportunities will be successful.

ENVIRONMENTAL RISKS

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 material laws and regulations that the Company must comply with are the Atomic Energy Act, Uranium Mill Tailings Radiation Control Act of 1978 ("UMTRCA"), Clean Air Act, Clean Water Act, Safe Drinking Water Act, National Environmental Policy Act ("NEPA"), Federal Land Policy Management Act, National Park System Mining Regulations Act, and the State Mined Land Reclamation Acts or Department of

Environmental Quality regulations, as applicable. The Company complies with the Atomic Energy Act, as amended by UMTRCA, by applying for and maintaining an operating license from the NRC. Uranium milling operations must conform to the terms of such licenses, which include provisions for protection of human health and the environment from endangerment due to radioactive materials. The licenses encompass protective measures consistent with the Clean Air Act and the Clean Water Act, and as federally-issued licenses, are subject to the provisions of NEPA. This means that any significant action relative to issuance, renewal, or amendment of the license must meet the NEPA provisions. The Company utilizes specific employees and consultants in order to comply with and maintain the Company's compliance with the above laws and regulations.

Although the Company believes that its operations are in compliance, in all material respects, with all relevant permits, licenses and regulations involving worker health and safety as well as the environment, the historical trend toward stricter environmental regulation may continue. The uranium industry is subject to not only 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, the disposition of wastes, the decommissioning and reclamation of mining and milling sites, and other environmental matters, each of which could have a material adverse effect on the costs or the viability of a particular project.

The Company has detected some chloroform contamination at the Mill site, that appears to have resulted from the operation of a temporary laboratory facility that was located at the site prior to and during construction of the Mill facility. See "Item 8. Financial Information - Legal Proceedings." The source and extent of this contamination are currently under investigation, and a corrective action plan, if necessary, is yet to be devised. Although investigations to date indicate that this contamination appears to be contained in a manageable area, the scope and costs of remediation have not yet been determined and could be significant.

RECLAMATION OBLIGATIONS

As owner and operator of the White Mesa Mill and numerous uranium and uranium/vanadium mines, the Company is obligated to eventually reclaim such properties. Most but not all of these reclamation obligations are bonded, and cash and other assets of the Company have been reserved to secure a portion of this bonded amount. Although the Company's financial statements contain as a liability the Company's current estimate of the cost of performing these reclamation obligations, 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 contained on the Company's financial statements. In addition, effective January 20, 2001, the BLM implemented new Surface Management (3809) Regulations pertaining to mining operations conducted on mining claims on public lands. The new 3809 regulations impose additional requirements for permitting of mines on federal lands and may have some impact on the closure and reclamation requirement for Company mines on public lands. If more stringent and costly reclamation requirements are imposed as a result of the new 3809 rules, the amount of reclamation bonds held by the company may need to be increased. See "Item 4. Information on the Company - Reclamation."

DEPENDENCE ON LIMITED NUMBER OF CUSTOMERS

The Company's main alternate feed contracts to date have come from, and future contracts are expected to come from, a limited number of government and private sources. The loss of any of the Company's customers could have a material adverse effect on the Company's financial performance. Factors which may affect the Company's clients include change in government policies and the availability of government financing, variation in environmental regulations and competition from direct disposal and other competitors. The loss of any of the Company's largest customers or curtailment of purchases of recycling services by such customers along with the inability to replace such customers with new customers could have a material adverse effect on the Company's financial condition and results from operations.

RELIANCE ON ALTERNATE FEED INCOME; DEPENDENCE ON ISSUANCE OF LICENSE AMENDMENTS

A significant portion of the Company's expected revenues and income over the next several years is expected to result from the processing of alternate feed materials through the White Mesa Mill. The Company's ability to process alternate feeds is dependent upon obtaining amendments to its Mill license from the NRC. There can be no assurance that the NRC will continue to issue such license amendments. See "Item 4. Information on the Company - Alternate Feed Processing" and "Item 8. Financial Information - Legal Proceedings."

Although the Company believes that alternate feed sources will continue to generate income for the Company in the foreseeable future, there can be no guarantees or assurance that this will be the case.

DEPENDENCE ON KEY PERSONNEL

The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of these individuals have significant experience in the uranium and radioactive waste recycle/disposal industry. The number of individuals with significant experience in this industry is small. While the Company does not foresee any reason why such officers and key employees will not remain with the Company, if for any reason they do not, the Company could be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

LIMITED OPERATING HISTORY

The Company began its business in May 1997, following the acquisition of assets from the Energy Fuels group of companies (See "Item 4: Information on the Company - History and Development of the Company"). As a result,

the Company has had a limited history of operations, and has not been profitable in recent years. There can be no assurance that the Company's operations will be profitable.

LIQUIDITY OF TRADING MARKET FOR THE COMPANY'S SHARES

Although the Company's shares are listed on The Toronto Stock Exchange, the volume of shares traded at any one time can be limited, and, as a result, at any point in time there may not be a liquid trading market for the shares.

VOLATILITY AND SENSITIVITY TO PRICES, COSTS AND EXCHANGE RATES

Because a significant portion of the Company's revenues have been derived from

the sale of uranium and vanadium in the past, the Company's net earnings can be affected by the long- and short-term market price of U3O8 and V2O5. Historically, uranium prices have been subject to fluctuation, and the price of uranium has been and will continue to be affected by numerous factors beyond the Company's control, such as demand for nuclear power, political and economic conditions in uranium producing and consuming countries, such as the United States, Canada and Russia and other republics of the CIS, and production levels and costs of production in countries such as Australia, Canada and other republics of the former CIS.

During fiscal year 2001, U(3)O(8) prices started at $7.45 per pound U(3)O(8) in September 2000, then increased to $9.30 per pound in September 2001, and $9.70 per pound in February 2002. Vanadium prices continue to be in the lower range of their historical values, trading from $1.45 to $1.55 per pound V(2)O(5) throughout the fiscal year, and in the $1.10 to $1.25 per pound V(2)O(5) range as of March 2002.

GOVERNMENTAL REGULATION AND POLICY RISKS

Mining and milling operations and exploration activities, particularly uranium mining and milling in the United States, and alternate feed processing activities, are subject to extensive regulation by state and federal governments. Such regulation relates to production, development, exploration, exports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine and mill reclamation, mine and mill safety, toxic substances and other matters. Compliance with such laws and regulations has increased the costs of exploring, drilling, developing, constructing, operating and closing the Company's mill, mines and other facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may have an impact on the Company's decisions as to whether to operate the Mill, existing mines and other facilities or, with respect to exploration and development properties, whether to proceed with exploration or development. Furthermore, future changes in governments, regulations and policies, could materially adversely affect the Company's results of operations in a particular period or its long-term business prospects.

Worldwide demand for uranium is directly tied to the demand for energy produced by the nuclear electric industry, which is also subject to extensive government regulation and policies in the United States and elsewhere. The development of mines and related facilities is contingent upon governmental approvals which are complex and time consuming to obtain and which, depending upon the location of the project, involve various governmental agencies. The duration and success of such approvals are subject to many variables outside the Company's control. In addition, the international marketing of uranium is subject to governmental policies and certain trade restrictions, such as those imposed by the suspension agreements entered into by the United States with certain republics of the former CIS and the agreement between the United States and Russia related to the supply of Russian HEU into the United States.

URANIUM INDUSTRY COMPETITION AND INTERNATIONAL TRADE RESTRICTIONS

The international uranium industry is highly competitive in many respects, including the supply of uranium. The Company markets uranium to utilities in direct competition with supplies available from a relatively small number of Western World uranium mining companies, from certain republics of the former CIS and mainland China and from excess inventories, including inventories made available from decommissioning of military weapons. To some extent, the effects of the supply of uranium from the former CIS republics are mitigated by a number of international trade agreements and policies, including suspension agreements entered into by the United States with certain republics of the former CIS, including Russia, that restrict imports into the United

States market. In addition, in January 1994, the United States and Russia signed a 20-year agreement to convert HEU from former Russian nuclear weapons to a grade suitable for use in nuclear power plants. During 1995, the United States also amended its

suspension agreements with the Republics of Kazakhstan and Uzbekistan, which increased the limit on the supply of uranium from those republics into the United States for a 10-year period. The European Community also has an informal policy limiting annual consumption of uranium sourced from the former CIS republics. 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, which is the largest market for uranium in the world.

IMPRECISION OF MINERAL DEPOSIT ESTIMATES

Mineral deposit figures included in this document for uranium and vanadium are estimates, and no assurances can be given that the indicated levels of recovery will be realized. Such estimates are expressions of judgment based on knowledge, mining experience, and analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the mineral deposit estimates included in this document are well established and reflect management's best estimates, by their nature, mineral deposit estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, based on current commodity prices, none of the Company's mineral deposits are considered reserves, and there can be no assurances that any of such deposits will ever be reclassified as reserves. Mineral deposit figures included here have not been adjusted in consideration of these risks and, therefore, no assurances can be given that any mineral deposit estimate will ultimately be reclassified as reserves.

MINING AND MILLING RISKS AND INSURANCE

The mining and milling of uranium and uranium-bearing materials is a capital intensive commodity business, and is subject to a number of risks and hazards. These risks are environmental pollution, accidents or spills, industrial accidents, labor disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, underground flooding and earthquakes), and encountering unusual or unexpected geological conditions. Depending on the size and extent of the event, the foregoing risks and hazards could result in damage to, or destruction of, the Company's mineral properties, personal injury or death, environmental damage, delays in or cessation of production from the Company's Mill, mines or in its exploration or development activities, monetary losses, cost increases which could make the Company uncompetitive, and potential legal liability. In addition, due to the radioactive nature of the materials handled in uranium mining and milling, additional costs are incurred by the Company on a regular and ongoing basis.

The Company maintains insurance against certain risks that are typical in the uranium industry. As of March 29, 2002, this includes approximately $53,000,000 of real and personal property insurance coverage for the White Mesa Mill and mining properties, $3,000,000 of business interruption insurance for the White Mesa Mill caused by fire or other insured casualty, and $11,000,000 of general liability insurance per occurrence. Although the Company maintains insurance in amounts it believes to be reasonable, such insurance may not provide adequate coverage in the event of certain unforeseen

circumstances. Insurance against certain risks (including certain liabilities for environmental pollution or other hazards as a result of production, development or exploration), is generally not available to the Company or to other companies within the uranium mining and milling business.

CONFLICTS OF INTEREST

Certain of the directors of the Company also serve as directors of other companies involved in natural resource exploration and development, and consequently there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors must declare, and refrain from voting on, any matter in which such directors may have a conflict of interest. The Company believes that no material conflicts of interest currently exist. See "Item 7. Major Shareholders and Related Party Transactions - Related Party Transactions" and "Item 6. Directors Senior Management and Employees - Board Practices."

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

DESCRIPTION OF BUSINESS

The Company is in the business of recycling uranium-bearing waste products at its White Mesa uranium mill as an alternative to the direct disposal of these waste products. In addition, the Company is engaged in the selling of uranium recovered from these operations. The Company also sells vanadium and other metals that can be produced as a co-product with uranium. The Company continues to own several uranium and uranium/vanadium mines and exploration properties that have been shut down pending a significant improvement in commodity prices. See "Current Operations".

The Company is the product of an amalgamation under the Business Corporations Act (Ontario) (the "Act") of two companies; namely, International Uranium Corporation, incorporated on October 3, 1996 under the laws of the Province of Ontario pursuant to the Act, and Thornbury Capital Corporation, incorporated under the laws of the Province of Ontario by Letters Patent ("Thornbury") on September 29, 1950. The amalgamation was made effective on May 9, 1997, pursuant to a Certificate of Amalgamation dated that date. The amalgamated companies were continued under the name "International Uranium Corporation." See "Amalgamation." The Company operates under the Act.

The head office of the Company is located at Independence Plaza, Suite 950, 1050 Seventeenth Street, Denver, CO 80265, telephone number 303-628-7798. The registered office of the Company is located at Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2, telephone number 416-869-5300.

The Company entered the uranium industry in May 1997 by acquiring substantially all of the uranium producing assets of Energy Fuels Ltd., Energy Fuels Exploration Company, and Energy Fuels Nuclear, Inc. (collectively "Energy Fuels"). The Company raised Cdn$47.25 million through a special warrant private placement and used cash of approximately Cdn$29.3 million ($20.5 million) to purchase the Energy Fuels' assets (see "Acquisition" for further details). Energy Fuels was a uranium producer with properties in the

United States and Mongolia.

The Energy Fuels' assets acquired included several developed mines that were shut down, several partially developed properties and exploration properties within the states of Colorado, Utah, Arizona, Wyoming and South Dakota, as well as the 2,000 ton per day White Mesa Mill near Blanding, Utah. The White Mesa Mill is a fully permitted dual circuit uranium/vanadium mill. In addition to the U.S. properties, the Company also acquired a 70% interest in a joint venture with the government of Mongolia and a Russian geological concern to explore for economic uranium mineralization in Mongolia.

Due to deteriorating commodity prices and other factors, the Company has ceased its mining and exploration activities, and has shut down all of its mines and its Mongolian joint venture. The Company intends to keep those properties on a shut down status indefinitely, pending a significant improvement in commodity prices, or possibly sell or joint venture all or a portion of such properties and interest to or with other parties. The Company has closed its Colorado Plateau and Arizona mining offices. See "Current Operations."

As a result of this reduction in exploration and mining activities, the Company is focusing on the continuing development of the alternate feed, uranium-bearing waste recycling business, including the possibility of joint venturing or selling all or a portion of this business with or to other parties. See "Alternate Feed Processing." The Company will also continue to evaluate other opportunities, as they arise, unrelated to its mining and alternate feed activities.

AMALGAMATION

The predecessor, International Uranium Corporation ("Old IUC"), and Thornbury were amalgamated effective May 9, 1997 under the provisions of the Business Corporations Act (Ontario) to form the Company in accordance with the terms of an agreement entered into between Old IUC and Thornbury dated February 13, 1997 (the "Amalgamation Agreement"). The primary purpose of the Amalgamation was to effect an acquisition of Thornbury

by Old IUC in that upon completion of the Amalgamation the shareholders of Old IUC immediately prior to the Amalgamation would hold the controlling interest in the Company, a public company.

BACKGROUND ON THORNBURY

Thornbury was incorporated under the laws of Ontario on September 29, 1950. Thornbury's common shares were quoted for trading on the Canadian Dealing Network Inc. Thornbury's principal assets consisted of marketable securities with a market value as at December 31, 1996 of Cdn$495,480 and eight mining claims situated in the Mayo Mining District, Yukon Territory, which expire between 1999 and 2009.

SHARE EXCHANGE RATIOS

The Amalgamation received the approval of the shareholders of both Old IUC and Thornbury. On amalgamation, each shareholder of Old IUC received one (1) share of the Company, a newly formed amalgamated company, for each one (1) common share held in Old IUC, and each shareholder of Thornbury received one (1) share of the Company for each five (5) common shares held in Thornbury. Fractional shares resulting from the foregoing were rounded down to the next

whole number.

After giving effect to the amalgamation, there were a total of 65,743,066 common shares of the Company issued and outstanding. This figure was based on 26,500,000 previously issued common shares of Old IUC, 37,800,000 common shares of Old IUC issued upon conversion of the special warrants and 7,215,334 common shares of Thornbury which were outstanding prior to the amalgamation being effective (1,443,066 post-amalgamation common shares).

AMALGAMATION AGREEMENT

Old IUC and Thornbury entered into an amalgamation agreement, which contained such representations and warranties, covenants, indemnification and other provisions as are customarily found in an amalgamation agreement entered into by parties dealing at arm's length.

ACQUISITION

The Company entered the uranium industry by acquiring substantially all of the uranium producing assets of Energy Fuels. On December 19, 1996, Old IUC, through its subsidiary, International Uranium Holdings Corporation, entered into an agreement (the "Acquisition Agreement") to acquire the Energy Fuels' Assets for cash of $20.5 million, subject to adjustment. The terms of the acquisition were approved by the United States Bankruptcy Court following a lengthy bidding procedure as required under United States bankruptcy laws. See "Bankruptcy of Oren Benton and Nuexco." The acquisition was completed on May 9, 1997.

ENERGY FUELS

HISTORICAL BACKGROUND

The Energy Fuels group of companies was founded in August 1976 to capitalize on uranium mining, purchasing and processing opportunities in the Colorado Plateau area of western Colorado and eastern Utah.

In order to process the ores mined and purchased from the Colorado Plateau, Energy Fuels commenced construction of a 2,000 ton per day mill near Blanding, Utah in June 1979 at a total cost of approximately $40 million. Known as the White Mesa Mill, the facility is a dual-circuit uranium mill.

The cost of construction of the White Mesa Mill was funded in large part by Kernkraftwerk Goesgen-Daeniken AG, and Nordostschweizerische Kraftwerke AG (the "Swiss Utilities"), the former limited partners in certain of the Energy Fuels Assets, who owned a 40% limited partnership interest in almost all of Energy Fuels' United States assets. In 1995, this 40% limited partnership interest was converted into a 9% royalty on all uranium produced and a 5% royalty on vanadium and all other minerals produced from the United States properties. This royalty was reduced in 1997 and terminated in fiscal 2000. See "Swiss Royalty Interest".

In the early 1980s Energy Fuels expanded its operations to include breccia pipe uranium mining in the Arizona Strip district of northern Arizona. The land position of Energy Fuels in the Arizona Strip district acquired by the Company included four developed or partially developed properties as well as several potential prospects and numerous other exploration targets.

In 1984, Energy Fuels formed a limited partnership with Union Carbide

Corporation ("Union Carbide") pursuant to which Union Carbide acquired a 70% undivided interest in and became the operator of the White Mesa Mill. As a result of subsequent negotiations in 1987, Union Carbide's mines and properties in the Colorado Plateau were added to this limited partnership and, as a result, Energy Fuels acquired a 25% undivided interest in those mines. In 1994 this partnership was dissolved and Energy Fuels re-acquired 100% of the White Mesa Mill as well as certain of Union Carbide's mines on the Colorado Plateau. In the Colorado Plateau district, Energy Fuels then owned several uranium and vanadium mines that were shut down, several partially developed properties as well as additional acreage with exploration potential.

In 1994, in an effort to expand into the global uranium marketplace, Energy Fuels acquired a 70% interest in a joint venture with the government of Mongolia and a Russian geological concern to explore for economic uranium mineralization in Mongolia.

In the early 1990s, Energy Fuels also acquired two uranium properties intended to be mined by in situ type mining technology: the Reno Creek property in Wyoming, and the Dewey Burdock property in South Dakota.

In early 1995, Energy Fuels filed for protection under Chapter 11 of the United States Bankruptcy Code as a result of providing guarantees to an affiliated company and its majority shareholder. See "Bankruptcy of Oren Benton and Nuexco".

BANKRUPTCY OF OREN BENTON AND NUEXCO

On February 23, 1995, Oren L. Benton ("Benton") and two entities which Benton controlled -- Nuexco Trading Corporation ("Nuexco") and CSI Enterprises, Inc. ("CSI") -- filed for protection under Chapter 11 of the United States Bankruptcy Code.

Energy Fuels, Ltd. ("EFL") and Energy Fuels Exploration Company ("EFEX") also filed for protection under Chapter 11 of the United States Bankruptcy Code on February 23, 1995. EFL and EFEX were both controlled by Benton through the Energy Fuels Mining Joint Venture ("EFMJV"). EFL and EFEX were forced into bankruptcy because Benton, as controlling shareholder, caused them to guarantee certain of Benton's and Nuexco's investment and trading activities. EFMJV filed for protection under Chapter 11 on August 12, 1996.

The bankruptcy of Benton, Nuexco, CSI, EFL, EFEX and EFMJV involved numerous other affiliated and subsidiary entities, of which Energy Fuels was a relatively small part.

Under the provisions of Chapter 11 of the United States Bankruptcy Code, Benton maintained control of the assets of his estate, including the Energy Fuels Assets, but was under a fiduciary duty to reorganize his estate either under a plan of reorganization or through the sale of portions of the assets from time to time ("Section 363 Sales"). In order to protect the rights of creditors in this process, a committee of selected creditors was formed (the "Creditors Committee") as required under the provisions of Chapter 11 of the United States Bankruptcy Code.

Benton and the Creditors Committee filed a joint Section 363 Sale motion on October 21, 1996 with the Company as the lead bidder for the sale of the Energy Fuels Assets to the Company for cash of $20.5 million, subject to adjustments.

On December 4, 1996, the Bankruptcy Court approved the Acquisition Agreement and the sale of the Energy Fuels Assets to the Company. The effect of the court order was to eliminate substantially all known and existing claims and liabilities of all creditors against the Energy Fuels Assets, so that the

Company would acquire the Energy Fuels Assets free and clear of all such liabilities.

SUMMARY OF ENERGY FUELS ASSETS ACQUIRED BY THE COMPANY

UNITED STATES ASSETS

The Energy Fuels Assets acquired by the Company pursuant to the Acquisition Agreement located in the United States included the following:

- the White Mesa Mill, a 2,000 ton per day uranium and vanadium processing plant near Blanding, Utah. See "White Mesa Mill."
- the Arizona Strip uranium properties, in north central Arizona. See "Arizona Strip."
- the Colorado Plateau uranium properties, straddling the south/central Colorado and Utah border. See "Colorado Plateau District."
- the Reno Creek in situ leach project, a uranium deposit in the Powder River Basin area of Wyoming which has since been sold by the Company. See "Other U.S. Mineral Properties."
- the Dewey Burdock in situ leach project, a uranium deposit in South Dakota which has since been dropped by the Company.
- the Bullfrog project, a uranium deposit in south central Utah. See "Other U.S. Mineral Properties."
- mining equipment. See "Other Assets of Company."
- various uranium supply, waste processing contracts, and joint venture contracts. See "Other Assets of Company."
- various field and administrative offices. See "Other Assets of Company."

THE MONGOLIA PROPERTY

Energy Fuels owned a 70% interest in the Gurvan-Saihan Joint Venture in Mongolia. The Company, as a result of the Acquisition, acquired this interest. The other parties are the Mongolian Government as to 15% and Geologorazvedka, a Russian geological concern, as to the remaining 15%. As of February 15, 2002, the Gurvan-Saihan Joint Venture holds some 2.99 million acres of uranium exploration properties in Mongolia. See "Mongolia Property."

PRINCIPAL CAPITAL EXPENDITURES AND DIVESTITURES

The Company's principal capital expenditures during the last three fiscal years have been $1,245,053 for its Mongolian mineral properties and $2,380,286 for its U.S. operations. During this same time period the Company sold approximately $992,000 of surplus mining equipment, resulting in a gain of $19,537. In addition, due to a significant deterioration in the market price of uranium and vanadium, the Company has written off its entire investment in its Mongolian joint venture and its U.S. mining properties. The Company expects to finance the development of the alternate feed business, which is the Company's current focus, through internal sources.

HISTORY OF MINING OPERATIONS

The Company commenced conventional mining operations at its Sunday Mine Complex in November 1997 and at its Rim Mine in January 1998 after completion of minor development activities. These properties are located in the Colorado Plateau District of western Colorado and eastern Utah, and contain high grades of vanadium along with uranium.

To supplement its own production, the Company implemented a mill-feed purchase program under which it intended to purchase feed for the Mill from many small independent mines in the Uravan district of the Colorado Plateau mining region. Unfortunately, this program did not materialize to the degree hoped, as the independent

miners found that their operations were not economic at then current commodity prices, due to new regulatory and environmental licensing requirements that had come into effect since they last operated.

The Company continued the mining of uranium and vanadium-bearing material from its Sunday and Rim Mine complexes in the Colorado Plateau district until mid-1999. At that time, the Company elected to suspend mining operations as a result of continued weak uranium and vanadium prices and the expectation that these conditions would not improve for the next several years. The shut down of the mines took several months to complete, and the process of putting the mines on standby was completed in November 1999. Due principally to the lack of success of the Company's mill-feed purchase program, the tonnage ultimately delivered to the Mill was less than originally expected. Approximately 87,250 tons of material, with a U(3)O(8) grade of 0.28% and a V(2)O(5) grade of 1.9% were mined from the Company's mines and independent mines. All of the material was shipped to the White Mesa Mill, and the Company commenced the milling of this material in June, 1999. The conventional mill run was much shorter than originally anticipated, which impacted operating efficiencies and, ultimately, unit production costs. In addition, certain operational problems were encountered with the vanadium circuit which had not operated since 1990, resulting in lower realized recoveries. Nevertheless, the milling of the material was completed in October of 1999 and the Company recovered approximately 487,000 pounds of U(3)O(8) in concentrates and approximately 2.0 million pounds of vanadium.

Due to deteriorating commodity prices and other factors, the Company placed all of its U.S. mines on standby in fiscal 1999. The Company has also written-off the carrying value of its U.S. mineral properties for the same reason in fiscal 1999. The Company intends to keep those properties on shutdown status indefinitely, pending a significant improvement in commodity markets, or possibly the sale or joint venture of all or a portion of such properties to or with other parties. The Company has also closed its Colorado Plateau mining office in fiscal 1999 and Arizona mining office in fiscal 2000.

B. BUSINESS OVERVIEW

CURRENT OPERATIONS

The Company has redefined its business operations to focus on the development of the alternate feed business. The Company has focused on the following four areas in the past:

1) Mining
2) Alternate Feed Processing

3) Exploration and Development
4) Marketing.

Due to deteriorating commodity prices and other factors, the Company has ceased its mining and exploration activities, and has shut down all of its mines and its Mongolian joint venture. The Company intends to keep its Mongolian property on a shut down status indefinitely, pending a significant improvement in commodity prices, or possibly sell or joint venture all or a portion of such property to or with other parties. The Company has closed its Colorado Plateau and Arizona mining offices and will continue to evaluate potential options for the sale of its mining properties and mining equipment, as they may arise.

As a result this reduction in exploration and mining activities, the Company has focused its resources on the continuing development of the alternate feed, uranium-bearing waste recycling business, including the possibility of joint venturing or selling all or a portion of this business with or to other parties. Although the Company has pursued the alternate feed business in the past, and, as of March 29, 2002, has received thirteen license amendments for the processing of alternate feed materials at the Mill, the alternate feed business has historically been considered by the Company to be supplemental to its business of mining and milling conventional uranium and uranium/vanadium mineralization. With the decline in commodity prices, the Company is now dedicating its full attention to the development of the alternate feed business as the primary focus of its business operations. See "Alternate Feed Processing." The Company will also continue to evaluate other opportunities, unrelated to its mining and alternate feed activities, as they may arise.

ALTERNATE FEED PROCESSING OVERVIEW

The Company continues to have some successes in the development of its alternate feed, uranium-bearing waste recycling business. During fiscal 2001, the Company was awarded a contract to receive and process up to 17,750 tons of lead sulphide sludge material from Molycorp, Inc.'s Mountain Pass facility in California. The Company currently expects to receive and process this material in fiscal 2002. The Company was also awarded a contract to receive and process 3,600 tons of uranium bearing monazite sands from Heritage Minerals, Inc. in New Jersey. These materials have all been received at the Mill and are currently expected to be processed in fiscal 2002. In addition to these new contracts, the Company continues to receive materials under its existing contract with Cameco Corporation, and under its existing Formerly Utilized Sites Remedial Action Program ("FUSRAP") contacts for the Ashland 1 and Linde sites, both near Buffalo, New York. During fiscal 2001 the Company received approximately 31,000 tons of material from the Ashland 1 site, which, together with amounts received in fiscal 1999 and 2000 and approximately 12,000 tons received up to March 29, 2002 in fiscal 2002, total approximately 166,000 tons received. This amount exceeds the original estimates for the Ashland 1 project of approximately 100,000 tons. It is expected that the Company will receive approximately four thousand additional tons from the Ashland 1 site in fiscal 2002, prior to the completion of that project. During fiscal 2001 the Company also received approximately 56,000 tons of material from the Linde site, which together with material received from that site up to March 29, 2002, totals approximately 70,000 tons of material received from that site to date. The Company currently expects to receive an additional 44,500 tons of material from the Linde site. This total expected amount from the Linde project of approximately 114,500 tons exceeds the original estimate of 75,000 tons from that site. The Linde material began arriving at the Mill in September 2000.

The Company intends to continue to marshal its resources and concentrate its operations on the development of the alternate feed, uranium-bearing waste recycling business, including the possibility of joint venturing or selling all or a portion of this business with or to other parties. The Company continues to expect that the development of its alternate feed business can result in a profitable business for the Company, if the Company is able to develop a sufficient backlog of alternate feed materials to allow the Mill to operate efficiently on a continuous basis. Despite the Company's successes, however, the Company has not to date developed the required backlog of alternate feed business. Developing this backlog will be a prerequisite if the Company is to continue with its pursuit of this business in the future. See "Alternate Feed Processing."

Process milling of alternate feeds generated $762,230 of the Company's fiscal 2001 revenues, which were approximately 94% of total revenues for the year, as well as deferred revenue of $5,786,113. The alternate feed processing activities in fiscal 2001 consisted primarily of the receipt, sampling and analysis of Ashland 1 material, Linde material, and Heritage material with no actual processing being conducted. The Company receives a recycling fee as these materials are delivered, which is recorded as deferred revenue until the material is processed, at which time it becomes revenue. In fiscal 1998, 1999 and 2000, process milling fees from alternate feed production, combined with revenues derived from uranium produced from alternate feed materials were, $16,373,256, $4,288,515 and $2,743,201, respectively, representing 50, 31 and 17% of total revenues for those periods. The remaining revenues received during those periods were primarily derived from the sale of uranium under long term contracts acquired on the acquisition of the Energy Fuels Assets, and from the sale of uranium and vanadium produced from ores mined from the Company's mines. There were no sales of uranium in fiscal 2001. As mentioned below (see "Marketing"), the Company has sold all of its uranium inventory and uranium contracts, and all but $824,119 of its vanadium inventories. It is therefore expected that future revenues will be primarily from the Company's alternate feed business.

EXPLORATION AND DEVELOPMENT

In the area of exploration and property development, the Company did not undertake any exploration activities in fiscal 2001. Due to the depressed uranium market and current market forecasts, the Company shut down the field operations at the Gurvan-Saihan Joint Venture in fiscal 2000, the Company's uranium development and exploration program in Mongolia. The project office in Ulaanbaatar was downsized during fiscal 2000 but will be maintained. Due to the depressed commodity price and the forecasted slow price recovery, the decision was made in fiscal 2000 to reduce the carrying value of the Company's investment in the Gurvan-Saihan Joint Venture by $10,963,248. See "Mongolia Property."

In addition, the Company sold its Reno Creek property in fiscal 2001 to a third party in consideration of the assumption by the third party of all reclamation liabilities associated with the project. See "Other U.S. Mineral Properties."

MARKETING

Given the continued forecasted weakness in the uranium market, the Company decided to sell its entire uranium inventory along with its remaining uranium sales contracts in fiscal 2000. The Company did not produce or sell any uranium in fiscal 2001. Due to depressed vanadium prices the Company continues to hold

approximately, 424,000 pounds of vanadium, as black flake, that it intends to sell as vanadium prices strengthen, and approximately 144,000 pounds of vanadium, as vanadium pregnant liquor. Vanadium prices continue to be in the lower range of their historical values, trading from $1.25 to $1.55 per pound V(2)O(5) throughout the fiscal year, and trading in the $1.10 to $1.25 per pound V(2)O(5) range as of March 2002.

MOAB TAILINGS PROJECT INITIATIVE

In December 2001, the Company entered into a teaming agreement with Washington Group International, Inc. to make a proposal to the U.S. Department of Energy ("DOE") to relocate the Moab uranium mill tailings to the White Mesa Mill by slurry pipeline. The Moab tailings pile contains an estimated 13 million tons of mill tailings, mill debris, other contaminated soils, and cover material, located near Moab Utah, approximately 90 miles north of the White Mesa Mill. The location of the tailings pile, adjacent to the Colorado River and an environmentally sensitive wetlands, as well as the ongoing contamination of groundwater due to seepage of pollutants into the River, have lead DOE to investigate several alternatives for final remediation of the pile. The Company and Washington Group expect to submit their proposal to DOE in mid-2002. See "Moab Tailings Project."

ALTERNATE FEED PROCESSING

Commissioned in 1980, the White Mesa Mill has processed conventionally mined mineralized material for the recovery of uranium and vanadium for many years. In addition, the Company's NRC license gives the Company the right to process other uranium-bearing materials known as "alternate feeds," pursuant to an Alternate Feed Guidance adopted by the NRC in 1995. Alternate feeds are uranium-bearing materials from other processing facilities, which usually are classified as waste products to the generators of the materials. Requiring a routine amendment to its license for each different alternate feed, the Company can process these uranium-bearing materials and recover uranium, in some cases, at a fraction of the cost of processing conventional ore, alone or together with other valuable metals such as niobium, tantalum and zirconium. In other cases, the generators of the alternate feed materials are willing to pay a recycling fee to the Company to process these materials to recover uranium and then dispose of the remaining byproduct in the Mill's licensed tailings cells, rather than directly disposing of the materials at a disposal site. This gives the Company the ability to process alternate feeds and generate earnings that are largely independent of uranium market prices. By working with the Company and taking the recycling approach, the suppliers of alternate feed materials can significantly reduce their remediation costs, as there are only a limited number of disposal sites for uranium-bearing materials in the United States.

As of March 29, 2002, the Mill has received thirteen license amendments , authorizing the Mill to process sixteen different alternate feed materials. As of March 29, 2002, the Mill has recovered approximately 1,125,000 pounds of U3O8 from the processing of alternate feed materials. Of these amendments, eight involve the processing of feeds provided by nuclear fuel cycle facilities and private industry and one has involved the processing of DOE material. These nine feed materials have been relatively high in uranium content and relatively low in volume. The remaining four amendments have been to allow the Mill to process uranium-bearing soils from former defense sites, known as Formerly Utilized Sites Remedial Action Program ("FUSRAP") sites, which are being remediated by the U.S. Army Corps of Engineers (the "Corps"). These materials are typically relatively low in uranium content but relatively high in volume. The Company has received and processed approximately 44,000 tons of FUSRAP material from the Ashland 2 site near Buffalo, New York, and, as of March 29, 2002, is receiving such material from the Ashland 1 and Linde sites, both near Buffalo. The Ashland 1 and Linde sites are estimated to ship

approximately 170,000 tons and 115,000 tons, respectively. Previously, material excavated from FUSRAP sites was only directly disposed of at one of the few direct disposal sites in the country, and at considerable cost. The Corps, charged with the task of reducing the cost of this remediation program, awarded the Ashland 2 contract to the Company to recycle the materials and recover uranium before disposing of the resulting tailings in the Mill's tailings cells. By processing these soils through the Mill for the recovery of uranium, the Company was able to allow the Corps to clean up this site at a fraction of the cost that would have been incurred had the disposal-only option been used.

As of March 29, 2002 the Company estimates that there are potentially several hundred thousand tons of uranium-bearing soils and materials located at FUSRAP and similar sites. It is anticipated that these uranium-bearing soils

will be excavated and then transported to either a disposal only facility or in some cases to a recycling facility, like the White Mesa Mill.

Even though there are significant volumes of materials estimated under the government programs, nuclear fuel cycle facilities and private industry will remain an important part of the Company's alternate feed program over the foreseeable future. For example, the second alternate feed campaign completed in fiscal 1999 involved an alternate feed material that the Company acquired under a contract with a nuclear fuel cycle facility. The high-grade uranium content of this material provided the Company with 160,000 pounds of uranium. The Company continues to receive alternate feeds under this contract. As well, the Company will continue to be an outlet for smaller private companies seeking recycling as a preferred and often cheaper alternative to direct disposal.

Government remediation projects, such as those involving the clean-up of FUSRAP sites, are generally well known in the industry. Each such project typically takes several years to characterize and to obtain all agency approvals required in order to proceed to remediation. Once the project reaches the remediation stage, and government funding has been allocated to the project, it typically is put out to tender for sealed bids, and site remediation, transportation and disposal/recycling facility contracts are then awarded. This process typically takes several months to complete. Once contracts are awarded, actual remediation could last for months to years, depending on the size of the project and government funding priorities. Depending on the project, there are typically two to five qualified disposal/recycling facilities that will bid on each contract. There are also other government sources of alternate feed materials that are not on any particular schedule or program for remediation. These are not as well known in the industry, and it is incumbent upon the Company to identify these. These types of contracts may be sole-source or may be subject to public tender, depending on the circumstances. While some private industry contracts relate to private sites that must be remediated under regulatory order or directive within set time frames and in many respects resemble government remediation contracts in scope and timing, most private industry contracts are not well publicized and need not be remediated within any set time period. It is incumbent upon the Company to identify these types of contracts . Most of these types of contracts are sole-source. As of March 29, 2002, the Company has been successful in obtaining approximately 33% of the contracts for which it submitted a competitive bid and approximately 65% of all contracts sought.

While the progress made to date is considerable, there have been regulatory uncertainties associated with this uranium recycling business. As noted, the Company's license gives the Company the right, with appropriate amendments, to

process alternate feeds. These amendments are granted under the rules and regulations of the NRC. Some of the Company's alternate feed projects have been challenged by the State of Utah, which has believed that the State of Utah should have regulatory authority over these projects instead of the NRC. Activities have also been challenged by a commercial disposal company and other parties. As of March 29, 2002, the Company's White Mesa Mill has been granted thirteen license amendments for processing alternate feeds out of fourteen requests (the fourteenth is still pending before the NRC as of March 29, 2002), and the Company has successfully defended all challenges before the NRC, to date. In fact, in February, 2000 the NRC rendered a decision, upholding the amendment to the Company's NRC license amendment, that allowed the Company to process the Ashland 2 FUSRAP materials. This decision by the five NRC Commissioners reaffirmed an earlier ruling by the Atomic Safety and Licensing Board, and resolved in the Company's favor the long-standing dispute with the State of Utah over the types of materials that can be processed at the Mill. As a result of this ruling, it is clear that the uranium bearing soils and materials located at former defense sites that are being pursued by the Company can be processed at the Mill in accordance with NRC health and safety regulations. See "Item 8. Financial Information - Legal Proceedings."

While the legal dispute between the Company and the State of Utah has been resolved, the Company nevertheless continues to work with the Utah Department of Environmental Quality ("UDEQ") to resolve any concerns that UDEQ has regarding the operations at the Mill. The Company and UDEQ have made considerable progress in this regard to date, and the Company intends to continue working with UDEQ to cooperatively resolve any outstanding issues in a manner that will provide UDEQ with the regulatory comfort it desires while still allowing the Company to pursue the development of its alternate feed business. See "Item 8. Financial Information - Legal Proceedings."

In conducting its alternate feed business to date, the Company has not been dependent on patents or technological licenses or new manufacturing processes (other than those that have been developed by the Company as necessary), although it has been dependent upon entering into commercial contractual relations with generators of alternate feed materials. Costs of processing alternate feed materials are dependent upon costs of raw materials and labor, which

in the case of some reagents, while readily available, can be volatile. However, volatility in the cost of such materials has not significantly impacted costs of processing alternate feeds to date.

The Company continues to expect that the development of the business of recycling uranium-bearing materials can result in a profitable business for the Company. As noted above, there are potentially several hundred thousand tons of this type of material in the U.S., enough to keep the White Mesa Mill operating at capacity for several years. In order for the Company to become profitable in this business the Company must be able to: A) identify a sufficient number of contracts that would be profitable for the Company; B) be successful in winning a sufficient number of these contracts in the face of competition from other facilities; and C) receive these contracts in a time frame and have sufficient backlog of such contracts to allow the Mill to operate at a sufficient capacity to more than cover its costs of production, any standby costs that are incurred between Mill runs, and other corporate overheads. Despite its successes in developing this new business opportunity and the receipt of alternate feed materials from various sources, the Company has not to date developed this required backlog of alternate feed business to result in sustained profitable operations for the Company. Given the

timeframes inherent in bidding for and being awarded government contracts and identifying and securing commercial contracts for alternate feed materials, this could take a matter of years to achieve. Developing this backlog will be a prerequisite if the Company is to continue with its pursuit of this business in the future. As a result of the Company's shutdown of its exploration and mining activities (see "Current Operations"), the Company is focusing its resources on the continuing development of the alternate feed, uranium-bearing waste recycling business, including the possibility of joint venturing or selling all or a portion of this business with or to other parties. However, if the Company cannot develop the required backlog of alternate feed business in the near future, it may consider pursuing other business opportunities as they may arise.

MOAB TAILINGS PROJECT

The Company entered into a teaming agreement with Washington Group International, Inc. ("Washington Group") in December 2001 to submit a technical and financial proposal to the U.S. Department of Energy ("DOE") to relocate the Moab uranium mill tailings to the White Mesa Mill.

The Moab Uranium mill tailings pile, located at the former Atlas Minerals Corporation site, approximately three miles north of Moab, Utah, which is located approximately 90 miles north of the White Mesa Mill, is now under the control of DOE. The Moab tailings pile contains an estimated 13 million tons of mill tailings, mill debris, other contaminated soils and cover material. The location of the tailings pile, adjacent to the Colorado River and an environmentally sensitive wetlands, as well as the ongoing contamination of groundwater and seepage of pollutants into the river, have lead DOE to investigate several alternatives for final remediation of the pile.

One alternative is to remediate the tailings on-site through the use of an engineered rock armor cover. Although this appears to be initially less costly, a number of federal and state agencies, local business interests, downstream water users, and environmental groups are objecting to this final closure alternative. Concerns raised by some of the more than 30 million downstream users of the Colorado River focus on the risk of continued long-term contamination of site groundwater and the Colorado River, as well as actual long-term costs for monitoring and maintenance. In addition to the remediation in-place alternative, DOE is currently evaluating alternatives for relocating the pile to the White Mesa Mill using a slurry pipeline or to other potential relocation sites using alternative transportation methods. Based on a preliminary plan prepared by DOE, the cost for relocation to one of these other potential sites has been estimated by DOE to be between US$365 and US$450 million.

The Company and Washington Group believe that relocation of the Moab tailings to the White Mesa Mill has many economic, technical, and environmental advantages over in-place final closure or relocation to a new, unproven disposal site. The Company and Washington Group believe that relocating the tailings via slurry pipeline to the White Mesa Mill will enhance long-term environmental, social, and aesthetic values as well as public health and safety. Engineering on the project to date by the Company and Washington Group indicates that utilization of proven pipeline technology, which has a long history of safe operations, will be the least disruptive to the local communities, enable the relocation to be completed faster, and based on preliminary estimates, will be economically attractive compared to other relocation options being considered.

The Company and Washington Group currently expect to provide to DOE a formal proposal for the White Mesa Mill alternative during fiscal 2002. DOE is not expected to make its decision on which alternative to pursue before the latter part of 2002, at the earliest. Any alternative chosen by DOE will be subject

to receipt of funding from the U.S. Congress. However, it is anticipated that some funding for pre-engineering work required for the project will

be available from existing sources. Once DOE determines the preferred alternative and permitting and funding have been obtained, relocation of the pile will take several years to complete.

Washington Group, a leading international engineering and construction firm, with more the 35,000 employees at work in 43 states and more than 35 countries around the world, offers a full range of science, engineering, construction, program management and development services in 14 major markets. Additionally, Washington Group brings extensive experience in uranium mill tailings remediation programs through its role as construction manager from 1983 through 1999 for DOE's US$780 million uranium mill tailings remediation program at 22 sites.

The combination of the Company and Washington Group creates a team with operating and engineering expertise, tailings management experience, remediation contracting expertise and an existing uniquely qualified disposal site at the White Mesa Mill. The Company believes that this puts the Company and Washington Group in an ideal and unique position to make an attractive proposal to DOE for this project.

THE URANIUM INDUSTRY

Although the Company has placed all of its uranium mines on standby, and has sold all of its uranium inventories and supply contracts, it nevertheless produces some uranium from the processing of alternate feed materials. While the processing of alternate feed materials is often associated with a processing fee payable to the Company, and hence the revenues derived from alternate feed processing are typically sheltered from the full effects of changes in the price of uranium, the value of the uranium produced is still dependent upon uranium prices. Also, the value of the Company's uranium properties can be dependent upon changes in uranium prices. For these reasons, the Company has included a brief description of the uranium industry, as of March 29, 2002.

OVERVIEW

Considerable growth in world demand for electricity has created a strong market for the development of nuclear power over the past 30 years, and it now contributes 17% of world electricity supply. In the U.S., production costs at nuclear power plants are the lowest of any major reliable electricity source. The low operating cost combined with the increased focus on climate change could result in increased electricity production from nuclear generators.

According to the World Nuclear Association ("WNA"), there are 103 nuclear reactors in the United States and a total of 434, worldwide, representing a total world nuclear capacity of 351 GWe. The WNA reports in one case that world nuclear generating capacity is expected to grow to 379 GWe by 2010 and 405 GWe by 2020. With the only significant commercial use for uranium being nuclear fuel for nuclear reactors, it follows that reactor requirements will be a key indicator in the nuclear fuel market.

Generally, uranium is mined and milled, converted, enriched and fabricated prior to use in a nuclear reactor. Once a uranium deposit is discovered and reserves delineated, uranium ore is mined either by underground, open pit or in situ

methods then partially refined at a nearby mill to produce uranium concentrates. Typically, the uranium concentrate or U(3)O(8), or yellowcake, as it is referred to in the industry, is sold by the mining companies to electricity utilities in the form of U(3)O(8). Market participants, such as utilities, then contract with the converters, enrichers, and fuel fabricators for services to further refine the yellowcake for use in a nuclear reactor.

URANIUM SUPPLY AND DEMAND

According to the WNA, annual Western World uranium consumption has increased from approximately 56 million pounds in 1980 to about 142 million pounds in 2000. Demand could increase by increased plant operating capacities or reduced by premature closing of nuclear power plants.

Demand for uranium can be supplied through either primary production (newly mined uranium) or secondary sources (inventories and alternate production). Inventories are of particular importance to the uranium industry when compared to other commodity markets, as further described below.

According to the WNA, primary uranium production has been relatively stable over the past three years at approximately 73 million pounds of uranium. Of this, Canada and Australia accounted for approximately 49% of

total production. The United States production only represented about 5% or 3.8 million pounds U, of primary production over the last three years.

Secondary sources of supply cover all uranium, other than primary production, sourced to satisfy reactor requirements. These sources include inventories, stockpiles (primarily, government and military related) and recycled uranium. These supply sources can be held at any point of the nuclear fuel cycle and by utilities and other fuel cycle companies or by governments, alike. Each source must meet appropriate specifications to be utilized in nuclear reactors.

Inventories represent the largest portion of secondary sources of supply and can be quite difficult to quantify. Inventories include production inventories held by producers and utilities, and government and military stockpiles. Inventories are held for a variety of reasons, such as: government policy, avoiding supply disruptions and taking advantage of favorable market prices.

The recycling of Highly Enriched Uranium ("HEU") is a unique subset of secondary sources of supply and is accounted for separately from inventories. Surplus fissile military materials are converted from HEU into low enriched uranium ("LEU") suitable for use in nuclear reactors. In February 1993, the United States and Russia entered into an agreement (the "Russian HEU Agreement") which provided for the United States to purchase 500 metric tons of Russian HEU over a 20-year period. In April 1996, the United States Enrichment Corporation ("USEC") Privatization Act gave Russia the authority to sell Russian natural uranium derived from the LEU in the United States over the 20-year period under certain limits.

The USEC Privatization Act provides a framework for the introduction of Russian uranium into the U.S. commercial uranium market. The agreement was signed during July 1998 between the Russian government and three Western companies granting an option to the Western companies to purchase a portion of the Russian natural uranium derived from the LEU.

URANIUM PRICES

Most of the countries that use nuclear-generated electricity do not have a sufficient domestic uranium supply to fuel their nuclear power reactors, and their electric utilities secure a substantial part of their required uranium supply by entering into medium-term and long-term contracts with foreign uranium producers. These contracts usually provide for deliveries to begin one to three years after they are signed and to continue for several years thereafter. In awarding medium-term and long-term contracts, electric utilities consider, in addition to the commercial terms offered, the producer's uranium reserves, record of performance and cost competitiveness, all of which are important to the producer's ability to fulfill long-term supply commitments. Under medium-term and long-term contracts, prices are established by a number of methods, including base prices adjusted by inflation indices, reference prices (generally spot price indicators but also long-term reference prices) and annual price negotiations. Many contracts also contain floor prices, ceiling prices, and other negotiated provisions which affect the amount paid by the buyer to the seller. Prices under these contracts are usually confidential.

Electric utilities procure their remaining requirements through spot and near-term purchases from uranium producers and traders. Traders source their uranium from organizations holding excess inventory, including utilities, producers and governments.

The spot market is the market for uranium which may be purchased for delivery within one year. Over the last ten years, annual spot market demand averaged roughly 26 million pounds U(3)O(8) with a record high of 42 million pounds U(3)O(8) in 1995. In 2001, the total volume was 16.7 million pounds U(3)O(8), which was up marginally from 2000. Historically, spot prices have been more volatile than long-term contract prices, increasing from $6.00 per pound in 1973 to $43.00 in 1977, then declining from $40.00 in 1980 to a low of $7.25 in October of 1991. More recently, the record spot demand aided to push prices to $16.50 in June 1996. Trade restrictions limiting the free flow of uranium from the former CIS republics into the Western world markets, the Nuexco bankruptcy under Chapter 11 of the United States Bankruptcy Code and related defaults on deliveries (see "Bankruptcy of Oren Benton and Nuexco"), and the reluctance of uranium producers and inventory holders to sell at low spot price levels, contributed to increases in demand and spot prices between 1995 and 1997. These factors had a diminishing impact on the uranium market causing prices to decline. The drop in spot demand in the following four years largely contributed to a relatively steady drop in prices to $7.40 in September 2000. Prices remained depressed as a result

of weak demand, falling to $7.10 in January 2001, but have risen to $9.30 by September 2001 and $9.95 by March 2002.

Future uranium prices will depend largely on the amount of incremental supply made available to the spot market from the remaining excess inventories, primary production in Russia and other former CIS republics, as well as supplies from Russian HEU and other Russian stockpiles, from excess United States HEU and increased production from unutilized capacity of other uranium producers. Some analysts believe that prices will begin to increase, but the increase will be gradual and over an extended time period.

COMPETITION

The Company markets uranium to utilities in direct competition with supplies available from various sources worldwide. The Company competes primarily on the basis of price. Uranium production is international in scope and is

characterized by a relatively small number of companies operating in only a few countries. In 2000, four (4) companies, Cameco, Compagnie Generales des Matieres Nucleaires ("Cogema"), WMC Limited and Energy Resources of Australia Ltd. ("ERA"), produced over 56% of total world output. Most of Western World production was from only five countries: Canada, Australia, Namibia, and the United States. In 2000, Kazakhstan, Russia and Uzbekistan also supplied significant quantities of uranium annually into Western World markets. The Canadian uranium industry has in recent years been the leading world supplier, producing 22 million pounds uranium on average over the past three years, or about 30% of total world production. The Company's total production is a small percentage of total Western World production.

THE VANADIUM MARKET

The following is a brief summary of the vanadium market as of March 29, 2002.

As a co-product of the production of uranium from the Colorado Plateau District ores, the Company has produced and sells vanadium. As of March 29, 2002, the Company holds an inventory of approximately 424,000 pounds V(2)O(5) blackflake and approximately 144,000 pounds V(2)O(5) as vanadium pregnant liquor.

Vanadium is an essential alloying element for steels and titanium, and its chemical compounds are indispensable for many industrial and domestic products and processes. The principal uses for vanadium are: (i) carbon steels used for reinforcing bars; (ii) high strength, low alloy steels used in construction and pipelines; (iii) full alloy steels used in castings; (iv) tool steels used for high speed tools and wear resistant parts; (v) titanium alloys used for jet engine parts and air frames; and (vi) various chemicals used as catalysts.

Principal sources of vanadium are (i) titaniferous magnetites found in Russia, China, Australia and South Africa; (ii) sludges and fly ash from the refining and burning of U.S., Caribbean and Middle Eastern oils; and (iii) uranium co-product production from the Colorado Plateau. While produced and sold in a variety of ways, vanadium production figures and prices are typically reported in pounds of an intermediate product, vanadium pentoxide, or V(2)O(5). The White Mesa Mill is capable of producing three products, ammonium metavanadate ("AMV") and vanadium pregnant liquor ("VPL"), both intermediate products, and vanadium pentoxide ("flake", "black flake", "tech flake" or "V(2)O(5)"). The majority of sales are as V(2)O(5), with AMV and VPL produced and sold on a request basis only.

Vanadium is generally produced as a by- or co-product of other metal production. In the United States, the most significant source of production has been as a byproduct of uranium production from ores in the Colorado Plateau District, accounting for over half of historic U.S. production. Vanadium in these deposits occurs at an average ratio of six pounds of vanadium for every pound of uranium, and the financial benefit derived from the byproduct sales have helped to make the mines in this area profitable in the past. However, low prices for both uranium and vanadium in recent years have forced producers in the Colorado Plateau District to place their facilities on standby.

The market for vanadium has fluctuated greatly over the last 15 years. Over capacity in the mid-1970s was caused by reduced demand for vanadium during the recession that plagued the steel industry. By the end of the decade, steel production had climbed to record levels and prices for V(2)O(5) firmed at around $2.75 per pound. During the early 1980s, quoted prices were in the range of $3.00 per pound, but increased exports from China and Australia, coupled with the continued economic recession of the 1980s drove prices to as low as $1.30 per pound. Prices stabilized in the $2.00 - $2.45 per pound range until perceived supply problems in 1988 caused by cancellation of

contracts by China and rumors of South African production problems resulted in a price run-up of unprecedented magnitude, culminating in an all time high of nearly $12.00 per pound in February of 1989. This enticed new producers to construct additional capacity and oversupply problems again depressed the price in the early 1990s to $2.00 per pound and below. Late in 1994, a reduction in supplies from Russia and China, coupled with concerns about the political climate in South Africa and a stronger steel market caused the price to climb to $4.50 per pound early in 1995. In the beginning of 1998, prices had climbed to a nine-year high of $7.00 caused by a supply deficit unable to keep pace with record demand from steel and aerospace industries. However, during the second half of 1998, prices began to decline to $5.42 per pound by September 1998 and $2.56 per pound in December 1998. This was due to sudden decreases in Far East steel production, along with suppliers from Russia and China selling available inventories at low prices in order to receive cash. Since that time, prices have fallen dramatically due in part to the difficult economic conditions being experienced throughout the Pacific Rim and new sources of supply. Vanadium prices continued to be in the lower range of their historical values trading from $1.25 to $1.55 per pound V(2)O(5) throughout the fiscal year, and are trading in the $1.10 to $1.25 per pound V(2)O(5) range as of March, 2002.

Vanadium supply and demand estimates for the near future show yearly consumption to increase at a rate of 2 to 3% from its current level of 130 million pounds V(2)O(5). Worldwide production capacity increased from its current level of 120 million pounds in the year 2000 with the startup of a primary vanadium producer in Australia. Recent comments in trade journals have indicated that the major South African producers have augmented their production by the integration of their ferro-vanadium production. Many experts believe that there will continue to be some oscillation in the market price over the next 12 to 18 months before a sustained recovery is expected to be experienced at what such experts believe may be near the $2.50 to $3.00 per pound range.

Vanadium has been largely producer-priced historically, but during the 1980s, this came under pressure due to the emergence of new sources. As a result, merchant or trader activity gained more and more importance. Prices for the products that are produced by the Company will be based on weekly quotations of the London Metal Exchange ("LME"). Historically, vanadium production from the White Mesa Mill has been sold into the world-wide market both through traders, who take a 2% to 3% commission for their efforts and, to a lesser extent, through direct contacts with domestic converters and consumers. While priced in U.S. dollars per pound of V(2)O(5), the product is typically sold by the container, which contains nominally 40,000 pounds of product packed in 55 gallon drums, each containing approximately 550 pounds of product. Typical contracts will call for the delivery of one to two containers per month over a year or two to a customer with several contracts in place at the same time. Pricing is usually based on the LME price and may include floor and ceiling price protection for both the producer and seller. Spot sales are also made based on the current LME quote.

C. ORGANIZATIONAL STRUCTURE

The Company conducts its business through a number of subsidiaries. A diagram depicting the organizational structure of the Company and its subsidiaries, including the name, country of incorporation and proportion of ownership interest is included as Exhibit 1.1 to this Form 20-F.

All of the Company's U.S. assets are held through the Company's wholly owned subsidiary International Uranium Holdings Corporation. International Uranium Holdings Corporation holds its assets through a series of Colorado limited liability companies: the White Mesa Mill through IUC White Mesa LLC; the

Colorado Plateau mines through IUC Colorado Plateau LLC, IUC Sunday Mine LLC and IUC Properties LLC; the Arizona Strip properties through IUC Arizona Strip LLC; and the Bullfrog and other exploration properties through IUC Exploration LLC. All of the U.S. properties are operated by International Uranium (USA) Corporation, a wholly owned subsidiary of International Uranium Holdings Corporation. The Reno Creek property, which the Company sold in fiscal 2001 and the Dewey Burdock property, which the Company dropped in fiscal 2000, had been held by IUC Reno Creek LLC. That company currently holds no assets of any significance.

The Company's 70% interest in the Gurvan Saihan Joint Venture in Mongolia is held through International Uranium Company (Mongolia) Ltd, which is wholly owned by International Uranium (Bermuda I) Ltd, a wholly owned subsidiary of the Company.

D. PROPERTY, PLANTS AND EQUIPMENT

The following is an overview of the properties held by the Company as of March 29, 2002:

WHITE MESA MILL

OVERVIEW

The White Mesa Mill, a fully permitted uranium mill with a vanadium co-product recovery circuit, is located in southeastern Utah near the Colorado Plateau District and the Arizona Strip. The Mill is approximately six (6) miles south of the city of Blanding, Utah. Access is by state highway.

Construction of the White Mesa Mill started in 1979, and conventionally mined uranium mineralized material was first processed in May 1980. The Mill cost $40 million to construct; with inflation, more stringent permitting requirements, and the lack of suitable sites, the cost of constructing a facility such as the White Mesa Mill, if possible, would be considerably more than that amount today. The Mill is in compliance with NRC and EPA standards, and is a standard design with both uranium and vanadium circuits.

During mining, uranium mineralized material is received at the Mill and stockpiled. The material is initially fed to an 18-foot diameter SAG Mill, then stored in slurry form in one of the two pulp storage tanks. The Mill utilizes a two-stage leach process where overflow solution from the No. 1 CCD Thickener is combined, in an "acid kill" step, with feed from the pulp storage tanks. The slurry from this first stage leach is then separated in the pre-leach thickener, with the solids going to the second stage leach and the clarified solution going to the solvent extraction circuits. Concentrated sulfuric acid, steam, and an oxidizer are added in the second stage leach. This slurry is subsequently fed to the 8-stage CCD Circuit where the underflow is discharged to tailings. In full operation, the Mill employs approximately 100 people.

CURRENT CONDITION AND OPERATING STATUS

The Mill has been on standby since the completion of the conventional Mill run in November 1999. During this period of standby the Mill has been receiving and stockpiling alternate feed materials from the Ashland 1 and Linde FUSRAP sites, as well as other alternate feed materials. The Company intends to maintain the Mill on standby status until a sufficient stockpile of alternate

feed material has been accumulated at the Mill to justify an efficient Mill run, at which time the Mill will re-commence operations. The Mill is maintained in good operating condition and is capable of commencing a Mill run at any time without the need for regulatory approvals or any significant capital expenditures. In addition to receiving and stockpiling alternate feed materials for future processing, the primary focus of the personnel at the Mill is to ensure that the operating status of the Mill is maintained, so that the Mill remains ready for operation at any time.

INVENTORIES

As of March 29, 2002, there were no inventories of U(3)O(8) at the Mill. As of that date, there were approximately 424,000 pounds of vanadium, as black flake, and approximately 144,100 pounds of vanadium, as vanadium pregnant liquor, located at the Mill.

TAILINGS

Synthetic lined cells are used to contain tailings and, in one case, solutions for evaporation. There is sufficient volume available, as of March 29, 2002, for approximately another 160,000 tons of tailings solids, after taking into account materials that are expected to be received under existing contracts. Thereafter, Cell No. 4A can be utilized after it is relined. Difficulties have been encountered with damage to the seams in the liner for Cell No. 4A. This cell contains no tailings at present, and the damage is due to working of the liner by thermal stress, since it has not been placed in use and has been exposed to full sunlight for several years. The cell must be relined with a better quality material before using it to deposit tailings. After Cell No. 4A is relined, approximately 2,000,000 tons of tailings solids can be disposed of in Cell No. 4A before an additional cell will be needed.

The environmental assessment for the Mill permits that a total of three forty-acre tailings cells may be added. Each additional tailings cell can accommodate approximately two million tons of tailings, for a total of 12 years of operation at 2,000 tons per day, 260 operating days a year.

REQUIRED CAPITAL EXPENDITURES

Other than routine maintenance, the only significant capital project anticipated over the next three years with respect to operations of the White Mesa Mill is the relining of tailings Cell No. 4A, assuming that the Mill continues to process materials at a rate similar to the rate of production over the past three years, at an estimated cost of $1,500,000-$3,000,000. In addition, if Cell No. 4A is put into use the reclamation obligation for the Mill would increase by approximately $1,000,000, which would require an increase in the Mill's reclamation bond by that amount. It is not expected that these expenditures will be required during fiscal 2002.

RECENT OPERATIONS

Since January of 1995, the Mill has completed several campaigns: the processing in 1995 and 1996 of approximately 200,000 tons of stockpiled mineralized material, mainly from the Arizona Strip Mines; the processing in 1996 of an alternate feed source; the processing in 1997 of three alternate feed sources; in 1998, the Company completed a processing run of uranium-bearing tantalum residues for a major tantalum producer; and, in 1999 the Company completed the processing of two alternate feed sources and the majority of its 87,250 ton conventional mill run. Since that time the Mill has

been on standby.

OPERATION AT REDUCED CAPACITY

Design capacity of the Mill is 2,000 tons per day of mined material, which would yield 6 million pounds U(3)O(8) per year from Arizona Strip ore or 3.5 million pounds per year of U(3)O(8) and up to 18 million pounds per year of V(2)O(5) from Colorado Plateau materials. The Mill, at its 2,000 tons per day design capacity, is oversized for the foreseeable tonnages expected over the next few years. The larger the capacity, the larger the interval between Mill runs, as ore must be stockpiled to provide adequate mill feed.

The Company has modified the Mill to a reduced effective capacity of approximately 1,050 tons of material per day. This will allow the Mill to be run more frequently and will reduce the amount of time that material is stockpiled. However, the unit cost of milling materials increases as the capacity of the Mill is reduced. Certain alternate feeds can be run at a lower daily capacity, without requiring any significant capital improvements to the Mill.

The Company's capital expenditures required to reduce the capacity of the Mill were approximately $100,000, and that amount is approximately the same amount that would be required to increase capacity at a later date, should that alternative become economically attractive.

CLOSURE

THE FOLLOWING DISCUSSION OF THE COMPANY'S CURRENT PLANS FOR THE FUTURE OPERATION OF THE MILL CONSTITUTES FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF FEDERAL SECURITIES LAWS. SEE "SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS."

In the future, should the Company choose to shut down and close the Mill, it would be subject to certain closure costs. The estimate of closure costs for the Mill was revised by the Company after discussion with the NRC. These estimated closure costs are summarized as follows:

WHITE MESA MILL CLOSURE COSTS

CATEGORY	
Mill dismantling and decommissioning	$1,530,031
Tailings cell #2 Reclamation	1,152,941
Tailings cell #3 Reclamation	1,624,184
Tailings cell #4A Reclamation	127,165
Tailings cell #1 Reclamation	1,308,315
Miscellaneous - management, hygiene, radiation, etc.	1,913,204
Direct Costs	7,655,840
Contractors' Profit	765,584
Contingency	1,148,376
Licensing and bonding	153,117
Long term care fund	642,541

TOTAL ESTIMATED COSTS	$10,365,457

On April 16, 2001 the NRC issued amendment No.19 to the Mill license which increased the surety from $10,064,794 to $10,365,457.

SEQUENTIAL RECLAMATION

As each pond, or cell, is filled with tailings, the water is drawn off and pumped to the evaporation pond and the sands allowed to dry. As each cell reaches final capacity, reclamation will begin with the placement of interim cover over the tailings. Additional cells are excavated into the ground, and the overburden is used to reclaim previous cells. In this way there is an ongoing reclamation process.

GROUND WATER DISCHARGE PERMIT

Although the Mill is designed as a facility that does not discharge to groundwater, the Company is negotiating a Groundwater Discharge Permit with the State of Utah Department of Environmental Quality, which will give the State of Utah dual jurisdiction over the protection of groundwater at the Mill site. The State of Utah requires that every operating uranium mill in the State of Utah have a State Groundwater Discharge Permit, regardless of whether or not the facility discharges to groundwater.

SUMMARY OF MINERALIZED MATERIAL DEPOSITS

The following is a summary of the Company's estimates of the uranium and vanadium contained in mineral deposits on the Company's various properties, as of March 29, 2002:

Conventional Mines

Project	Mineralized Tons	%U(3)O(8)	%V(2)O(5)
Arizona Strip Mines(1),(4)			
Arizona(1)	80,000	0.652	
Canyon	108,000	0.903	
Pinenut	110,000	0.427	
Total Arizona Strip	298,000	0.660	
Colorado Plateau(2),(4)	1,506,750	0.206	1.208
Bullfrog Project(3),(4)	1,937,000	0.334	

(1) The reported mineralized tons for the Arizona Strip mines include extraction dilution losses (which includes mining dilution and mining recovery losses).

(2) The reported mineralized tons for the Colorado Plateau mines include extraction dilution losses (which includes mining dilution and mining recovery losses).

(3) The reported mineralized tons for the Bullfrog Project do not include extraction dilution losses.

(4) Processing of uranium bearing material in a uranium/vanadium recovery mill normally results in recovery of approximately 94% to 98% of the contained uranium and 70% to 80% of the contained vanadium. Milling Recovery losses are not included in the foregoing table.

In-Situ Leach Projects(5)

	Mineralized Tons	% U(3)O(8)
Mongolia JV	21,672,000	0.052

(5) Total uranium recovery from ISL projects is normally in the range of 70% to 75% of the in place mineralization. These recovery losses are not incorporated in the foregoing figures for the Registrant's ISL projects.

The Company mined uranium and vanadium-bearing mineralized material from its Sunday and Rim Mine complexes in the Colorado Plateau District from November 1997 to mid-1999. In mid-June, 1999, the Company elected to suspend mining operations as a result of continuing weak uranium and vanadium prices and the expectation that these conditions would not improve for the next few years. The Company has also written-off the carrying value of its mineral properties for the same reason. None of the Company's mineral properties should be considered economically viable at this time; hence none of the above properties should be considered to contain "reserves" but should be classified as "mineral deposits."

COLORADO PLATEAU DISTRICT

OVERVIEW

The Uravan mineral belt in the Colorado Plateau (the "Colorado Plateau District") has a lengthy mining history, with the first shipment of mined materials made to France in 1898. World War II brought increased attention to the uranium mineralization in the Uravan area, and by the 1950s this district was one of the world's foremost producers of both uranium and vanadium. Production continued more or less uninterrupted until 1984 when low uranium prices forced the closure of all operations. Production resumed in 1987, but once again ceased in 1990. Total historical production from the Union Carbide mines (many of which were later purchased by Energy Fuels, and hence the Company) in the Uravan area is reported at 47 million pounds of U(3)O(8) and 273 million pounds of vanadium, yielding an overall ratio of V(2)O(5)/U(3)O(8) of 5.79.

EXPLORATION POTENTIAL

The uranium mineralization found in the Colorado Plateau was deposited in alluvial fans by braided streams. The shape and size of the mineralized lenses are extremely variable. As a result, exploration and mining have historically

involved conducting exploration to find a lense and then merely following its erratic path, with little additional surface exploration drilling other than development drilling in the course of following the lense. This is unlike other types of mining where mineralization is almost completely delineated by surface explorative drilling prior to mining.

The unusual nature of these deposits has therefore traditionally resulted in a limited amount of resources being dedicated to delineate reserves prior to mining. Traditionally, there will be some reserves that have been delineated at the beginning of each year, uranium will be mined during the year and approximately the same amount of reserves will remain delineated at the end of the year. This pattern has persisted since the 1940s.

Based on this history of production from the Colorado Plateau, the Company believes, that if commodity prices improve, the potential to continue this pattern of production exists and that additional mineral deposits will be delineated each year that mining continues.

Presently mineral deposits estimated to contain approximately 1,506,750 tons with an average grade of 0.206% U(3)O(8) and 1.208% V(2)O(5) have been identified by the Company in its Colorado Plateau properties. These estimates take into account extraction dilution losses, but do not include milling recovery losses, which are estimated to be 2% to 6% for uranium and 20% to 30% for vanadium.

GEOLOGY

The Company's properties in this geographic area are typical uranium-vanadium deposits of the Colorado Plateau type located in the southern end of the Uravan mineral belt. The rocks of the Colorado Plateau are predominately sedimentary ranging in age from Precambrian to Tertiary and, although uranium mineralization occurs in sediments of different ages, the most important deposits of the Uravan belt occur in the Salt Wash Member of the Jurassic Morrison Formation.

The Salt Wash Member consists of light gray to light brown sandstones interbedded with red-green siltstones and mudstones. The sandstones, which are generally fine-grained and well to moderately sorted, are considered to have been deposited as alluvial fans by braided streams. The mineralization occurs in the lenticular sandstone deposits as tabular, elongate bodies generally parallel to the bedding following the palaeo-channels. All of the large deposits within the Morrison Formation are in the upper sandstone lens of the Salt Wash Member, commonly known as the third rim. Fine-grained uraninite is the dominant uranium mineral accompanied by lesser amounts of coffinite. The chief vanadium mineral is montrosite. In the oxidized parts of the deposits the distinctive yellow colored uranyl-vanadate mineral, carnotite, is common.

Individual deposits are small, varying in length from a few hundred to several thousand feet and in width from a hundred to a thousand feet. Thickness varies from a few inches to several tens of feet, but generally average between two to five feet. Mines often contain several such mineralized deposits. The host sediments are generally flat lying to low dipping with little structural deformation.

OPERATIONS

The Company's principal mining complexes in the Colorado Plateau District consist of the Deer Creek, Monogram, Thunderbolt, Sunday, and East Canyon

(Rim) zones. The bulk of the mineral deposits in the Colorado Plateau District are contained in three areas: the Sunday Mine Complex; the Deer Creek complex, which includes the La Sal and Pandora mines; and, the East Canyon Area, which includes the Rim Mine. All of these areas have developed, permitted mines that have been shut down, pending a significant improvement in commodity prices. The location of these mines is indicated on the following figure:

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[MAP]

The Company commenced conventional mining operations at its Sunday Mine Complex in November 1997 and at its Rim Mine in January 1998 after completion of mine development activities. The Company continued the mining of uranium and vanadium bearing materials from these mines until mid-1999. During this mining campaign a total of approximately 81,500 tons of mineralized material with a U(3)O(8) grade of 0.28% and a V(2)O(5) grade of 1.9% was mined from these mines. This mineralized material together with approximately 5,750 tons of mineralized material from independent mines was milled at the White Mesa Mill during the period June 1999 to November 1999, to recover approximately 487,000 pounds of U(3)O(8) and 2.0 million pounds of V(2)O(5). At that time, the Company elected to suspend operations at these mines as a result of continued weak uranium and vanadium prices and the expectation that these conditions would not improve for the next several years. The shutdown of the mines took several months to complete, and the process of shutting the mines down was completed in November 1999. The mines continue to remain in a shutdown status pending a significant improvement in commodity prices.

Due to the shutdown of mining operations on the Colorado Plateau, the Company closed its field office in Dove Creek Colorado during the period July to November 1999.

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ARIZONA STRIP

OVERVIEW

The Arizona Strip is an area bounded on the north by the Arizona/Utah state line; on the east by the Colorado River and Marble Canyon; on the West by the Grand Wash cliffs; and on the south by a mid-point between the city of Flagstaff and the Grand Canyon. The area encompasses approximately 13,000 square miles. The Arizona Strip is separate and distinct from the Colorado Plateau District. The two mining districts are located approximately 200 air miles (310 road miles) apart and have been historically administered as two separate mining camps.

The Company owns a number of permitted mines, partially developed properties, known deposits and well developed prospects in the Arizona Strip, all of which have been shut down pending a significant improvement in commodity prices.

Since 1980, when mine development first began at Hack Canyon II, the Arizona Strip has produced in excess of 19 million pounds of uranium, from seven mines, each of which was owned and operated by Energy Fuels. Of these mines, Hack Canyon I, II, and III, Pigeon and Hermit are mined out and have been reclaimed; Pinenut, Kanab North, Canyon and Arizona 1 have remaining mineral deposits but have been placed on shut down status pending a significant

improvement in commodity prices. Mineral from the Arizona Strip mines can be hauled by truck from the mine sites to the White Mesa Mill. The Arizona 1 Mine is 307 road miles, and the Canyon Mine is 316 road miles from the Mill.

Due to the shutdown of mining activities and the Company's initiatives to reduce the holding costs of its U.S. mineral properties, the Company sold its field office in Fredonia Arizona, effective March 31, 2000.

MINE DEVELOPMENT

The mineral deposits occur in collapsed breccia pipes and range from 1,000 to 1,800 feet below surface with a vertical extent of up to 600 feet thick. Each of the mines in the Arizona Strip consists of one breccia pipe. The pipes typically are 200 to 400 feet in diameter. Within this envelope the mineral deposits can be at times massive but often are irregular and discontinuous.

A 1,000 to 1,600 foot deep shaft is generally required to access the deposits. In the case of the Hack Canyon I, II, and III mines, access was obtained through declines driven from nearby canyons.

BACKGROUND GEOLOGY

Breccia pipes are collapse features created by cavern dissolution in the Redwall Limestone, some 3,000 feet below present day surface. Overlying sediments fracture as the cavern size increases and ultimately collapse forming a pipe-like structure, which is filled with the rubble of the sediments. Uranium mineralization occurs in this brecciated rock, forming deposits 200 to 400 feet in diameter, some 600 feet thick at depths up to 1,800 feet.

Uranium mineralization is hosted by the breccia in a sand, silt, and clay matrix. The principal uranium mineral, pitchblende, occurs primarily in the matrix, filling voids between sand grains and replacing rock fragments. Pyrite is the principal gangue mineral. Calcite and gypsum are common cementing minerals. Copper, lead and zinc minerals may also be present.

Nearly always, the pipe is haloed by alteration or a zone of bleaching resulting from the partial removal of red iron minerals from formations surrounding the pipe. "Ring fractures" are often seen at the pipe margins. These fractures may also be an important host for associated mineralization and reserves.

DESCRIPTION

The Arizona Strip properties consist of several developed and partially developed mines and exploration properties, including the Arizona 1, Canyon, Pinenut and Kanab North mines, all of which have been shut down pending a significant improvement in commodity prices. The Arizona Strip properties are estimated to contain in total approximately 298,000 tons with an estimated average grade of approximately 0.66% U(3)O(8). These estimates take into account extraction dilution losses, but do not include milling recovery losses which are estimated to be 2% to 6% for uranium. The location of these mines is indicated on the following figure:

[MAP]

EXPLORATION POTENTIAL

Since 1980, Energy Fuels developed nine mine projects, from which seven mines produced a total of 19 million pounds of uranium, or approximately 2.7 million pounds of uranium per mine.

Energy Fuels conducted an extensive exploration program in the Arizona Strip. Since 1980, Energy Fuels identified in excess of 1,300 breccia pipe targets. Of these, Energy Fuels drilled at least one hole on 140 breccia pipe targets, of which 62 were verified to be breccia pipes, and identified mineralization in 42 of these. The Company acquired the most prospective of the breccia pipes discovered by Energy Fuels; select known breccia pipes with identified mineralization are still held by the Company.

OTHER U.S. MINERAL PROPERTIES

In addition to the mineral properties on the Colorado Plateau and the Arizona Strip, the Company also acquired from Energy Fuels the Bullfrog, Reno Creek and Dewey Burdock properties located in the United States.

BULLFROG PROPERTY

The Bullfrog property is located in eastern Garfield County, Utah, 20 miles north of Bullfrog Basin Marina on Lake Powell, about 40 air miles south of Hanksville, Utah, and 150 miles from the White Mesa Mill.

More than 2,200 rotary drill holes have been completed on the Bullfrog property. There are no surface or underground workings or infrastructure on the property. The location of the Bullfrog property is indicated on the figure under the heading "Colorado Plateau District - Operations."

In 1993, Energy Fuels personnel calculated an in-place mineral deposit of 1,937,000 tons at a grade of 0.334% U(3)O(8). A higher grade portion of the deposit was estimated by Energy Fuels to contain 1,300,000 tons at a grade of 0.417% U(3)O(8). These estimates do not take into account extraction dilution losses or milling recovery losses.

RENO CREEK PROPERTY

The Reno Creek Property is a potential uranium in situ leach ("ISL") mine project located in the Powder River Basin of northeastern Wyoming, 47 miles south of Gillette. Access to the property is by state highway, which cuts through the property. The location of the Reno Creek Property is indicated on the following figure:

[MAP]

Uranium at Reno Creek occurs in mineral sands at depths from 300 to 420 feet below surface. The roll fronts in the area are typically low grade (average less than 0.15% U(3)O(8) and thick (average up to 17 feet). About 4,000 drill holes are completed and logged on the property. In the 1980s, a field pilot plant was operated on the property. The pilot plant demonstrated that an ISL process could mine uranium and that the ground water can be restored after mining.

Due to the weak uranium market, the Company suspended all licensing work on its

Reno Creek property, and portions of the Reno Creek property were dropped in fiscal 1999. As of January 31, 2001, the Company estimated remaining mineral deposits to contain approximately 4.3 million tons of mineralized material at an average grade of 0.075% U(3)O(8). Total uranium recovery would normally be expected to be in the range of 70% to 75% of this in place mineralization. These recovery losses are not incorporated into these figures. The Company sold this property to a third party in fiscal 2001, in consideration of the party assuming the reclamation liabilities associated with the property and removing the Company from its current and future obligations with respect to the properties. The Company no longer has an interest in this property.

MONGOLIA PROPERTY

OVERVIEW AND PROJECT STATUS

The Company owns a 70% interest and is the managing partner in the Gurvan-Saihan Joint Venture, which holds five concession blocks that, as of March 29, 2002, cover a total of 12,100 square kilometers in central eastern Mongolia. The other participants in the Joint Venture are the Mongolian government and a Russian geological concern, each as to 15 percent.

Since the Joint Venture's inception in 1994, it has invested over $10 million in exploration on its concessions, and has discovered mineral deposits containing approximately 21.67 million tons of mineralized material at an average grade of approximately 0.052% U(3)O(8) amenable to the in situ leach method of mining.

Due to the depressed uranium market and current market forecasts, the Company shut down the Joint Venture's field operations during fiscal 2000. The project office in Ulaanbaatar was also downsized significantly during the year, but will be maintained. Reclamation and remediation costs for these activities, which are the responsibility of the Joint Venture, were not significant and were funded through the sale of surplus Joint Venture equipment and assets. The Company intends to maintain the project on a shutdown status until market conditions warrant additional investment or the Company locates an additional Joint Venture participant. Due to the favorable and unique Mineral Agreement between the Joint Venture and the Mongolian government, the Joint Venture is able to hold its land position at minimal cost.

PERMITTING

As discussed above, due to deteriorating commodity prices and other factors, the Company has shut down all of its mines. The Company intends to keep those properties on a shut down status indefinitely, pending a significant improvement in commodity markets, or possibly the sale or joint venture of all or a portion of such properties to or with other parties.

The permitting status of the various mines is set out below.

SUNDAY MINE COMPLEX

The Sunday Mine Complex is fully permitted for its mining activities. Recent changes in the laws of Colorado could give rise to additional future permitting requirements.

In recent years, the State of Colorado passed a law that provides that the Colorado Division of Minerals and Geology ("DMG") can determine that a mine is a Designated Mining Operation (a "DMO") if it is a mining operation at which "toxic or acidic chemicals used in extractive metallurgical processing are

present on site or acid- or toxic-forming materials will be exposed or disturbed as a result of mining operations." If a mine is determined to be a DMO, the most significant result is the requirement that it submit an Environmental Protection Plan (an "EPP"). The EPP must identify the methods the operator will utilize for the protection of human health, wildlife, property and the environment from the potential toxic- or acid-forming material or acid mine drainage associated with the operations. The EPP must be submitted to the DMG for review, and after a public hearing, a decision must be made within 120 days of the submission of a complete application, unless the application is considered to be complicated, which would extend the deadline to 180 days.

In 1995, DMG notified Energy Fuels that it believed the Sunday Mine Complex was a DMO, because of the potential that storm water could come in contact with the low grade waste rock on site. Energy Fuels disputed this assertion. Testing was performed on the waste rock. In November 1996, the DMG advised Energy Fuels that the test results of the average uranium content of the waste dumps at the mine sites satisfied the DMG that the Sunday Mine Complex is not a DMO. However, the DMG also advised that its determination could change if site conditions or circumstances change. As of March 29, 2002, the Company has not been notified of any additional permitting requirements relating to its mining activities at the Sunday Mine Complex.

OTHER COLORADO PLATEAU MINES

The Rim, Van 4 and certain other Colorado Plateau mines are also permitted for mining.

ARIZONA STRIP MINES

The Canyon Mine is the first mine to be permitted in the portion of the Arizona Strip that is south of the Grand Canyon. The Canyon Mine is located on federal lands administered by the United States Forest Service and is near the southern rim of the Grand Canyon. The plan of operations submitted by Energy Fuels in 1984 for development and operation of the mine generated significant public comment resulting in the preparation of an environmental impact statement by the United States Forest Service. The United States Forest Service for the State of Arizona approved the plan set forth by Energy Fuels and issued all necessary federal and state permits and approvals. The Havasupai Indian Tribe and others filed appeals. The United States Forest Service for the State of Arizona and Energy Fuels prevailed on all appeals. During the permitting process, Energy Fuels constructed all the necessary service facilities at the mine site. Energy Fuels agreed with the United States Forest Service not to implement underground development during the environmental impact statement process. Energy Fuels did not resume underground development at the mine site after the appeals were decided due to the decrease in uranium prices at that time.

In 1992, the State of Arizona updated its laws relating to groundwater issues, requiring that an Aquifer Protection Permit be obtained. It is not