INTERNATIONAL URANIUM CORP
Form 20-F
February 18, 2003

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, 2002

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, 2002
Common Stock, Without Par Value	65,735,066 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, exploration risks 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, 2002, 2001, 2000, 1999 and 1998, 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 2002	FISCAL YEAR ENDED SEPTEMBER 30 2001	FISCAL YEAR ENDED SEPTEMBER 30 2000	FISCAL SEPTE 1
Revenues	$ 6,830,137	$ 809,763	$ 16,060,172	$
Net income (loss)				
Canadian GAAP	$ 184,990	$ (2,822,876)	$ (15,244,651)	$ (
US GAAP	$ (353,907)	$ (2,822,876)	$ (4,552,890)	$ (
Basic/diluted income (loss) per equity share				
Canadian GAAP	$ -	$ (0.04)	$ (0.23)	$
US GAAP	$ (0.01)	$ (0.04)	$ (0.07)	$
Total assets				
Canadian GAAP	$ 32,379,270	$ 36,017,455	$ 33,152,084	$
US GAAP	$ 32,063,607	$ 36,040,689	$ 33,175,318	$
Net Assets				
Canadian GAAP	$ 4,122,420	$ 3,920,034	$ 6,733,099	$
US GAAP	$ 3,806,757	$ 3,943,268	$ 6,756,333	$
Capital stock				
Canadian GAAP	$ 37,466,609	$ 37,449,213	$ 37,439,402	$
US GAAP	$ 36,850,639	$ 36,633,243	$ 36,623,432	$
Number of shares outstanding	65,735,066	65,600,066	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 primarily 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 State 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, and septic drainfields that were used for laboratory and sanitary wastes prior to construction of the Mill's tailings cells. 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 U(3)O(8) and V(2)O(5). 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 2002, U(3)O(8) prices started at $9.30 per pound U(3)O(8) in September 2001, and then increased to $9.75 per pound in September 2002, and $10.20 per pound in January 2003. Vanadium prices continue to be in the lower range of their historical values, trading from $1.00 to $1.90 per pound V(2)O(5) throughout the fiscal year, and in the $1.30 to $1.70 per pound V(2)O(5) range as of January 2003.

NATURE OF MINERAL EXPLORATION AND MINING

During fiscal 2002 the Company initiated a precious and base metals exploration program in Mongolia, and the Company intends to continue that program in fiscal 2003. The exploration and development of mineral deposits involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a precious or base metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses are required to establish reserves by drilling and to construct mining and processing facilities at a site. All of the Company's precious and base metals properties in Mongolia are at an early stage, and do not contain any identified mineral deposits at this time. It is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in the delineation of mineral deposits or in profitable commercial mining operations.

The operations of the Company are subject to the hazards and risks normally incident to exploration, development and production of precious or base metals, any of which could result in damage to life or property, environmental damage and possible legal liability for such damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially its financial viability.

Whether a precious or base metal deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of gold and

environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital.

MONGOLIAN PROPERTIES

The Company owns an interest in the Mongolian Uranium Joint Venture, which owns uranium properties in Mongolia, and the Company has also initiated a precious and base metals exploration program in Mongolia. As with any foreign operation,

these Mongolian properties and interests may be subject to certain risks, such as adverse political and economic developments in Mongolia, foreign currency controls and fluctuations, as well as risks of war and civil disturbances. Other events may limit or disrupt activities on these properties, restrict the movement of funds, result in a deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, increases in taxation or the placing of limits on repatriations of earnings. No assurance can be given that current policies of Mongolia or the political situation within that country will not change so as to affect adversely the value or continued viability of the Company's interest in these Mongolian assets.

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 Highly Enriched Uranium ("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 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 February 17, 2003, 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". In addition, the Company is engaged in precious and base metal exploration in Mongolia. See "Exploration for Precious and Base Metals in Mongolia."

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 uranium mining and exploration activities, and has shut down all of its mines and its Mongolian uranium 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 uranium exploration and mining activities, the Company is focusing primarily 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 has also initiated a precious and base metals exploration program in Mongolia. See "Exploration for Precious and Base Metals in Mongolia." The Company will also continue to evaluate other opportunities, as they arise, unrelated to its exploration, 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.

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.

- 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 MONGOLIAN URANIUM 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 17, 2003, the Gurvan-Saihan Joint Venture holds some 1.3 million hectares of uranium exploration properties in Mongolia. See "Mongolian Uranium Property."

PRINCIPAL CAPITAL EXPENDITURES AND DIVESTITURES

The Company's principal capital expenditures during the last three fiscal years have been $870,960 for its Mongolian mineral properties (of which $332,063 was expended on the Mongolian Uranium Property, and $538,897 was expended in fiscal 2002 on the Company's precious and base metals exploration program in Mongolia) and $538,662 for its U.S. operations. During this same time period the Company sold approximately $710,000 of surplus mining equipment, resulting in a loss of $144,018. 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 uranium 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 in the United States, through internal sources, and its precious and base metals exploration program in Mongolia through equity investment in a subsidiary of the Company. See "Exploration for Precious and Base Metals in Mongolia."

HISTORY OF URANIUM MINING OPERATIONS

The Company commenced conventional uranium/vanadium 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 recoverd 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 in the United States to focus on the development of the alternate feed business, and has initiated a precious and base metals exploration program in Mongolia. The Company has focused on the following four areas in the past:

1) Uranium and Uranium/Vanadium Mining

2) Alternate Feed Processing

3) Uranium Exploration and Development

4) Marketing.

Due to deteriorating commodity prices and other factors, the Company has ceased its uranium/vanadium mining and exploration activities, and has shut down all of its uranium mines and its Mongolian uranium joint venture. The Company intends to keep its Mongolian uranium 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 uranium mining properties and mining equipment, as they may arise.

As a result of this reduction in uranium 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 February 17, 2003, has received fourteen 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 attention to the development of the alternate feed business as the primary focus of its business operations in the United States. See "Alternate Feed Processing." In addition, the Company has commenced a precious and base metals exploration program in Mongolia. See "Exploration for Precious and Base Metals in Mongolia." The Company will also continue to evaluate other opportunities, unrelated to its exploration, mining and alternate feed activities, as they may arise.

ALTERNATE FEED PROCESSING OVERVIEW

During fiscal 2002, the Company received 3,600 tons of uranium bearing monazite sands from Heritage Minerals, Inc. in New Jersey, and continued to receive materials under its existing contract with Cameco Corporation, and under its existing Formerly Utilized Sites Remedial Action Program ("FUSRAP") contracts for the Ashland 1 and Linde sites, both near Buffalo, New York. During fiscal 2002 the Company received approximately 15,200 tons of material from the Ashland 1 site, which, together with amounts received in fiscal 1999, 2000 and 2001 and approximately 3,000 tons received up to December 31, 2002 in fiscal 2003, total approximately 172,600 tons received. This amount exceeds the original estimates for the Ashland 1 project of approximately 100,000 tons. During fiscal 2002 the Company also received approximately 20,800 tons of material from the Linde site, which together with material received from that site in fiscal 2001 and up to December 31, 2002, totals approximately 81,700 tons of material received from that site. The Company currently expects to receive an additional 18,300 tons of material from the Linde site. This total expected amount from the Linde project of approximately 100,000 tons exceeds the original estimate of 75,000 tons from that site. In addition, in the first quarter of 2003, the Company has received approximately 11,500 tons of material from Molycorp Inc's Mountain Pass facility in California. The

Company began processing the Ashland 1 materials at the Mill in June 2002. During this Mill run, which currently is expected to run through mid 2003, all of the Ashland 1, Heritage, Molycorp and Linde materials that will have been received by the Mill will be processed. As of September 2002, the Mill had processed 88,338 tons of material with an additional 162,860 tons of material in stockpile at the Mill at that time, awaiting processing.

The Company intends to continue to marshal its resources and concentrate its United States 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. The Company's Urizon joint venture, if successful, could generate sufficient alternate feed materials to result in sustained operations at the Mill for a number of years. See "Urizon Joint Venture." 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" and "Urizon Joint Venture."

Process milling of alternate feeds and related activities generated $6,830,137 of the Company's fiscal 2002 revenues, which were 100% of total revenues for the year. The alternate feed processing activities in fiscal 2002 consisted primarily of the receipt, sampling and analysis of Ashland 1, Linde, and Heritage materials and the processing of Ashland 1 materials. 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 2000, 2001 and 2002, process milling fees from alternate feed production and related activities combined with revenues derived from uranium produced from alternate feed materials were, $2,743,201, $762,230 and $6,830,137, respectively, representing 17, 94 and 100% 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 2002. As mentioned below (see "Marketing"), the Company has sold all of its uranium inventory and uranium contracts, and all but $828,062 of its vanadium inventories. It is therefore expected that future revenues will be primarily from the Company's alternate feed business.

URANIUM EXPLORATION AND DEVELOPMENT

In the area of uranium exploration and uranium property development, the Company did not undertake any exploration activities in fiscal 2002. 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. 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 "Mongolian Uranium Property." The project office in Ulaanbaatar was downsized during fiscal 2000 but will be maintained, and is being utilized to support the Company's precious and base metals exploration program in Mongolia. See "Exploration for Precious and Base Metals in Mongolia."

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.

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 $1.00 to $1.90 per pound V_2O_5 throughout the fiscal year, and trading in the $1.30 to $1.70 per pound V_2O_5 range as of January 2003.

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. In December 2002, the DOE announced the initiation of an Environmental Impact Statement for the remediation of the tailings pile, in which it will evaluate several alternatives, including the White Mesa option. The Environmental Impact Statement is expected to be completed by the end of 2004, at which time a preferred option will be recommended by DOE. See "Moab Tailings Project."

PRECIOUS AND BASE METALS EXPLORATION PROGRAM

During fiscal 2002 the Company commenced an exploration program for precious and base metals in Mongolia. As of September 30, 2002, the Company had acquired a land package comprising more than 1.6 million hectares and had completed a field campaign of mapping, sampling and data analysis. Additional properties have since been acquired in Mongolia, and further exploration is planned for the summer 2003 field season. See "Exploration for Precious and Base Metals in Mongolia."

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 February 17, 2003, the Mill has received fourteen license amendments, authorizing the Mill to process seventeen different alternate feed materials. As of February 17, 2003, the Mill has recovered approximately 1,125,000 pounds of U_3O_8 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 five 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 and approximately 172,600 tons of FUSRAP material from the Ashland 1 site, both near Buffalo, New York, and, as of February 17, 2003, is receiving such material from the Linde site, also near Buffalo. The Linde site is estimated to ship approximately 100,000 tons. 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 these contracts 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 these sites at less cost than would have been incurred had the disposal-only option been used.

As of February 17, 2003 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 over the next several years 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 February 17, 2003, 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 February 17, 2003, the Company's White Mesa Mill has been granted fourteen license amendments for processing alternate feeds out of fourteen requests, 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 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. 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. 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. The Company's Urizon joint venture, if successful, could generate sufficient alternate feed materials to result in sustained operations for the Company for a number of years. See "Urizon Joint Venture." 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 uranium exploration and mining activities (see "Current Operations"), the Company is focusing its resources in the United States primarily 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.

URIZON JOINT VENTURE

In November, 2002 the Company formed a 50/50 joint venture company, "Urizon Recovery Systems, LLC", with Nuclear Fuel Services, Inc. ("NFS") to pursue the development of a new, long-term, alternate feed program (the "USM Ore(TM) Program") for the Company's White Mesa Mill that, if successful, is expected to result in the Mill producing two to three million pounds of yellowcake per year over at least a six-year period.

NFS is a privately owned corporation with operations based in Erwin, Tennessee. Since 1957, NFS has been a leader in the process development and production of specialty nuclear fuels for commercial power, research reactors and naval reactors. NFS is the supplier of highly enriched uranium fuel materials for the U.S. Navy's fleet of nuclear submarines and aircraft carriers. NFS has also developed and implemented the process for recycling highly enriched uranium material into lower commercial enrichments. This process supports the U.S government's program for downblending surplus material from the weapons program into fuel for nuclear power reactors. In addition, NFS is involved as a contractor at DOE facilities.

The USM Ore(TM) Program that Urizon is pursuing involves the development of a process and construction of a plant at NFS' facility in Erwin, Tennessee, for the blending of contaminated low enriched uranium with depleted uranium to produce a natural uranium ore ("USM Ore(TM)"). The USM Ore(TM) will then be further processed at the Company's White Mesa Mill to produce conventional yellowcake.

The primary source of feed for Urizon will be the significant quantities of contaminated materials within the DOE complex. Throughout the DOE complex, there are a number of streams of low enriched uranium that contain various contaminants. These surplus nuclear materials often require additional processing in order to meet commercial fuel cycle specifications. Urizon's USM Ore(TM) Program will provide a solution to DOE that will enable DOE to deal with the material, while at the same time recycling the material as a valuable energy resource for reintroduction into the nuclear fuel cycle.

Blending low enriched uranium with depleted uranium to make a reconstituted natural uranium ore that can be returned to the nuclear fuel cycle as yellowcake has never been accomplished before. A preliminary report by the DOE in 2000 stated there were 4,700 metric tons of contained surplus low enriched uranium at 28 sites across the DOE Complex, which would yield approximately 15 million pounds of yellowcake, as well as other sources of materials suitable for the program.

The first phase of the project is the preparation and submittal of a request for approvals from the NRC and certain other agencies. This critical phase is underway. Assuming receipt of regulatory approvals, construction of a pilot plant at NFS' site in Erwin Tennessee could be completed by late 2004. The operation of the pilot facility and

processing of the USM Ore(TM) at the Company's White Mesa Mill is expected to last for a year and will result in some production of commercially saleable yellowcake. Upon successful completion of the pilot test and a positive feasibility study, the pilot facility will be converted to a commercial facility. Commercial production is expected to last six to ten years or longer depending on the amount of DOE materials that are available.

The Company and NFS are pursuing funding from DOE to cover the costs of the design of the pilot facility and other costs of pursuing the Project. Application testing has been ongoing for the past two years. Pursuant to its

agreement with NFS, the Company contributed $1.5 million to the joint venture in December 2002 to be used in connection with this project. The success of the program will depend on securing funding and DOE's support of the program as a means to disposition these surplus nuclear materials within the DOE complex.

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.

In December 2002, DOE initiated the process to complete an environmental impact statement, aimed at evaluating several alternatives for remediation of the site, including the White Mesa Mill option. DOE expects that this process will be completed by the end of 2004, at which time a remediation option will be chosen by DOE. Implementation of any alternative chosen by DOE will be subject to receipt of funding from the U.S. Congress. Once DOE determines the preferred alternative and permitting and funding have been obtained, relocation of the pile will take several years to complete.

EXPLORATION FOR PRECIOUS AND BASE METALS IN MONGOLIA

In early 2002, the Company initiated a broad regional exploration effort in Mongolia for precious and base metals. Mongolia has numerous favorable

environments for ore deposits of copper, gold and related metals and has become the focus of worldwide exploration concerns seeking to test its under-explored potential.

Through its Mongolian Uranium Joint Venture, the Company has operated in Mongolia for eight years and has a

particular geologic and operating expertise in the country, offering a competitive advantage for a new precious and base metals exploration program. Building on its established foundation in Mongolia, the Company has quickly established a significant land position in Mongolia for base and precious metals exploration. These properties have been acquired by the Company completely for the Company's own account, and are independent of the Company's Mongolian Uranium Joint Venture. See "Mongolian Uranium Property."

The Company has retained Global Mine Discovery Partnership ("GMDP") to coordinate the field program. GMDP is a group of senior exploration professionals with extensive regional experience and proven exploration/discovery expertise. The field team includes Mongolian geologists working with GMDP personnel. The team includes a senior Mongolian geologist that has a long history of exploration work in Mongolia, is highly familiar with many of the most favorable exploration terranes in Mongolia, and has participated in the exploration and development of a number of discoveries in Mongolia. Mr. Peter A. Drobeck, a Qualified Person as defined under National Instrument 43-101 in Canada, is the senior exploration geologist from GMDP who is directing the Company's precious and base metals exploration program.

The Company approached the 2002 season with the objective of establishing a significant and prospective land position favorable for exploration of precious metals and copper (alone or in combination). As of February 6, 2003, the Company holds 3.5 million hectares under 51 licenses, in addition to its 1.3 million hectares under 5 licenses held by the Mongolian Uranium Joint Venture. Work to date on the precious and base metals properties has involved focused regional reconnaissance by GMDP, including review of available geologic and metallogenic data and analysis of geophysical data and satellite imagery. As of September 30, 2002, the Company had expended $538,897 on this land acquisition and exploration program.

The Company is now compiling the extensive geochemical, geologic and geophysical data set it generated in the 2002 season in Mongolia. Several high-ranking prospects have emerged and will be the initial focus of more detailed site investigation in the 2003 field season. The Company's office in Mongolia will be the center of efforts to process data from the field.

The Company's precious and base metal exploration properties are located in a number of separate areas in Mongolia, as described below, and as indicated in the following Figure. All of these properties are at the exploration stage. They contain no known mineral deposits at this time and have no workings or infrastructure.

[CONCESSION LOCATION MAP]

TSAGAAN TOLGOI

The Tsagaan Tolgoi area is notable for an extensive regional trend of gold, copper and rare earth element occurrences. The Tsagaan Tolgoi licenses total 425,800 hectares in four blocks. Known occurrences in this region include gold placers, hard rock gold anomalies, mesothermal vein systems, Fe skarns, Cu

skarns, Cu veins, sediment-hosted Cu prospects, and rare earth-bearing alteration zones. The regional geology is characterized by Upper Precambrian supracrustal rocks and Paleozoic pelitic sediments mixed with volcanics. Major gold deposits occur in similar lithologies of the same age in Uzbekistan, Kyrgyzstan, and Russia. The Tsagaan Tolgoi region has been extensively structurally deformed. Predominant fault systems strike NNW, and the region has sufficient structural preparation to host important ore deposits.

Within the Tsagaan Tolgoi area a large exploration target has been identified. This target is a circular alkaline igneous complex with many features typical of major iron oxide copper-gold deposits. These features include widespread albitic alteration, localized biotite alteration, surface copper anomalies and a strong magnetic anomaly. This target, Shiveen Gol, is controlled by the Company and a third party. In December, 2002, the Company signed a letter of intent to purchase the third party's licenses for a total payment of $2.0 million over a four year period, plus a net profits royalty from future production.

ERDENET AND TOMOR TOLGOI

These licenses are in two blocks, Erdenet and Tomortolgoi, covering 535,000 hectares. The licenses are located on the northeast extension of the Erdenet copper belt which hosts the 1.8 billion tonne Erdenet copper/molybdenum porphyry system. The Erdenet open pit operation is Mongolia's largest mine. Numerous aero-magnetic anomalies similar to the Erdenet deposit signature are present along trend.

Near the Company's Erdenet licenses, strong stockworking, phyllitic alteration and leaching were identified in association with a Triassic porphyry. This environment is typical of a porphyry leached cap and provides encouragement that other Erdenet-like porphyry systems could be present under cover within the Company's licenses.

On the Tomortolgoi license areas, preliminary field reconnaissance identified a strong alteration system on a prospect named Oyut Uul. The rocks are south-dipping Permian and Triassic sandstone and andesite intruded by upper Triassic granodiorite. A 1500-meter long sericitic to argillic alteration area is exposed along a northeast trending ridge. The altered rocks include both sediments and volcanics, and abundant goethite mineralization occurs in fractures.

Further field evaluation, including geochemistry and geophysics, is planned for both license areas to define potential drill targets.

BURKHEER KHAR

The Burkheer Khar area (4 licenses, 446,000 hectares) covers a large WNW-striking regional aeromagnetic anomaly in metamorphosed sediments and volcanics and in abundant Precambrian and Paleozoic intrusives. Numerous lode gold and placer gold occurrences listed in government surveys are suggestive of potential for mesothermal gold deposits. The company is preparing plans for geophysical surveys, surface mapping, and additional geochemical sampling.

HUVSGOL

The Huvsgol licenses (4 licenses, 309,000 hectares), located in north central and northwest Mongolia, cover numerous gold steam-sediment anomalies, as well as combined showings of copper skarns, iron skarns, and rare earth prospects, located in north central and northwest Mongolia. A stockwork fracture system was located in an extensive zone of alteration in Triassic sandstones, conglomerate and rhyolite. The major zone of strong alteration is about 1.8 km long and 0.4

km wide and is located along an E-W major fault zone. Although surface geochemistry sampling results did not show a strong geochemical signature, the intensity of the stockworking and the leached nature of the surface alteration has encouraged the Company to plan an IP geophysical survey in the next field season. Field examination also located a 1.5 km by 0.7 km hydrothermal system in Proterozoic sandstone and quartzite with disseminated and stockworked magnetite, abundant epidote/magnetite/quartz, and traces of pyrite and chalcopyrite. Geochemical sampling here yielded values up to 0.26 ppm Au, 28 ppm Ag, and 0.18% Cu. The character of mineralization warrants follow up work to identify other targets in this area.

The West Huvsgol licenses (3 licenses, 305,000 hectares) were taken in an area of Precambrian phyllites, schists, and Cambrian flysch-like sediments. Mongolian government surveys in this area document an extensive regional stream sediment gold anomaly. The government information includes a 36 sample drainage gold anomaly within a 30 x 10 km region and evaluation of two placer resources. Of particular note from the Company's preliminary field work is a 250 m wide shear zone, in quartz-feldspar-biotite schists, which has associated gold placers. Initial field work was limited in this area due to the end of the field season, and follow up geochemical sampling is planned to focus efforts on this large anomalous target. The area is believed to be favorable for mesothermal and/or intrusion related gold occurrences.

CHANDMAN UUL AND ULZIT

These six exploration licenses in southeast Mongolia cover two large exploration target areas, Chandman Uul and Ulziit, and are located on trend with known deposits within the South Mongolia Belt. This belt has demonstrated potential to host large copper-gold porphyry systems. These license areas were selected based on LandSat imagery interpretation and magnetic and gravity anomalies.

The Chandman Uul licenses total 412,500 hectares, and the Ulziit licenses total 108,800 hectares. The Chandman Uul - Ulziit licenses also connect with licenses held by the Company's Mongolian Uranium Joint Venture. See "Mongolian Uranium Property." The combined land package held by the Company and the Mongolian Uranium Joint Venture in the northeast extension of the South Mongolia Belt is now 821,300 hectares.

Initial prospecting within the Company's Ulziit licenses discovered anomalous gold in mesothermal quartz veins, up to 6.1 gm/t in narrow vein outcrops. Work also discovered anomalous molybdenum (up to 950 ppm) in small surface showings. The Company is planning follow up work consisting of mapping and sampling in the 2003 field season.

GANTS MODOT

The Gants Modot area lies along the broad regional trend extending across southern Mongolia and up to the northwest along the northern foothills of the Gobi Altai mountains. The Gants Modot licenses total 333,000 hectares in three blocks. Large fault systems, which have been active since Paleozoic time, cross through this region. The Gants Modot area has several gold prospects, which suggest the potential for mesothermal gold deposits. A combination of iron skarns, copper prospects, and gold prospects occur in an island arc setting. Preliminary work was conducted in 2002, and interesting areas were identified which warrant followup field work.

DAVAA

The Davaa license (228,000 hectares) was selected based on reported copper and molybdenum porphyry occurrences associated with an alkaline system of

intrusives, suggesting potential for alkaline gold and alkaline porphyry copper-gold deposits. The licensed area covers two extensive areas of alteration. The Tagin Nuur area hosts argillized and silicified rhyodacite and rhyolite. The Shumuultai-Quartzitic alteration system consists of argillic, phyllic, and silicic alteration and minor stockwork features in Devonian intrusives and volcanics; this area has anomalous molybdenum and also exhibits very high potassium assays, suggestive of a highly alkaline granite and/or potassic alteration. Only very limited site investigative work has been conducted on the Davaa license.

FUTURE EXPLORATION

The Company is now compiling the extensive geochemical, geologic and geophysical data set it generated in the 2002 season in Mongolia. Several high-ranking prospects have emerged and will be the initial focus of more detailed site investigation in the 2003 field season. The Company office in Mongolia will be the center of efforts to process data from the field.

The Company intends to transfer its precious and base metals properties as well as its interest in the Mongolian Uranium Joint Venture to a subsidiary of the Company. Further funds required for the Shiven Gol and other property acquisitions in Mongolia and towards the 2003 field exploration program for the Company's Mongolian precious and base metals properties would then be raised through private or public offerings of securities of the subsidiary.

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 February 17, 2003.

OVERVIEW

Nuclear power began just over forty years ago and now generates as much global electricity as was produced forty years ago by all sources. 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 International Atomic Energy Agency ("IAEA") and the World Nuclear Association ("WNA"), there are 104 nuclear reactors in the United States and a total of 442, worldwide, representing a total world nuclear capacity of 357 GWe. In 2002, four new nuclear power plants started operation, while construction of seven new plants began, bringing the total number of plants under construction to 35. Construction is well advanced on many

of them, and 15, with a total net capacity of over 11GWe, are expected to be in operation before the end of 2004. 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.

URANIUM SUPPLY AND DEMAND

According to the WNA, the world's nuclear power reactors require about 143 million pounds of uranium per year. While nuclear power capacity increases, with higher capacity factors, the uranium fuel requirement is increasing but not at the same rate. 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.

According to the WNA, primary uranium production for the past three years (1999 - 2001) has increased from 68.5 to nearly 79 million pounds of uranium. Of this, Canada and Australia accounted for over half the world's production. The United States production only represented about 3% or 2.2 million pounds uranium. During the last decade, takeovers, mergers and closures have consolidated the uranium production industry. In 2001, eight companies accounted for more than 83% of primary production.

Primary production presently supplies only 55% of the requirements of power utilities. The remaining supply is secondary sources, which include inventories, and recycled uranium. 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 five years, annual spot market demand averaged roughly 18 million pounds U3O8. In 2002, the total volume was 18.2 million pounds U3O8, which was up from the 2001 level of 16.7 million pounds. 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, and 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, due to moderate increases in demand, prices have risen to $9.75 by September 2002 and $10.20 by January 2003.

Future uranium prices will depend largely on the amount of incremental supply made available to the spot market from the remaining excess inventories, from 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

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. In 2001, four (4) companies, Cameco, Compagnie Generales des Matieres Nucleaires ("Cogema"), WMC Limited and Energy Resources of Australia Ltd. ("ERA"), produced 59% of total world output. Most of Western World production was from Canada and Australia. In 2001, Kazakhstan, Russia and Uzbekistan also supplied significant quantities of uranium into Western World markets. The Canadian uranium industry has in recent years been the leading world supplier, producing 35% of the world supply.

THE VANADIUM MARKET

The following is a brief summary of the vanadium market as of February 17, 2003.

As a co-product of the production of uranium from the Colorado Plateau District ores, the Company has produced and sells vanadium. As of February 17, 2003, 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.

In the United States, vanadium is produced through processing petroleum residues, spent catalysts, utility ash, and vanadium bearing iron slag. Historically, 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.

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The market for vanadium has fluctuated greatly over the last 20 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 supply being 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 $1.30 to $1.70 per pound V(2)O(5) throughout the fiscal year, and are trading in the $1.40 to $1.70 per pound V(2)O(5) range as of January 2003.

World demand will continue to fluctuate in response to changes in steel production. However, the overall consumption is anticipated to increase as demand for stronger and lighter steels grows, augmented by the demand created by new applications, such as the vanadium battery. Market forecasts predict a marginal strengthening of vanadium prices to 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 ("IUH") holds its uranium mining and milling 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.

The Company's 50% interest in Urizon Recovery Systems, LLC is held through IUC Recovery LLC, which is owned as to 1% by IUH and as to 99% by IUH's wholly owned subsidiary, International Uranium Recovery Corporation.

D. PROPERTY, PLANTS AND EQUIPMENT

The following is an overview of the properties held by the Company as of February 17, 2003:

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 recommenced milling in June 2002, following a period of standby that commenced in November 1999. During that period of standby the Mill had been receiving and stockpiling alternate feed materials from the Ashland 1 and Linde FUSRAP sites, as well as other alternate feed materials. In fiscal 2002, the Mill processed approximately 88,300 tons, leaving a stockpile of approximately 162,800 tons to be processed in fiscal 2003. The current Mill run is expected to continue until mid 2003, at which time the Mill will be placed on standby until a sufficient stockpile of alternate feed materials or other ores have been accumulated at the Mill to justify an efficient Mill run. While on standby, the Mill is generally 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.

INVENTORIES

As of February 17, 2003, 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 February 17, 2003, for approximately another 180,000 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 three additional

forty-acre tailings cells may be added to provide a total tailings capacity for the Mill of approximately 10 million tons.

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 2003.

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; in 1999 the Company completed the processing of two alternate feed sources and its 87,250 ton conventional mill run; and, in June 2002 the Company commenced its current Mill run, which is expected to continue until mid 2003, in which four alternate feed sources will be processed.

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 to approximately 1,050 tons of material per day. This allows the Mill to be run more frequently and reduces 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. During the current mill run the Mill is processing alternate feed material at a rate of approximately 1,000 tons per day.

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	$ 1,667,129
Tailings cell #2 Reclamation	1,119,103
Tailings cell #3 Reclamation	1,571,125
Tailings cell #4A Reclamation	125,766
Tailings cell #1 Reclamation	1,220,789
Miscellaneous - management, hygiene, radiation, etc.	1,921,104
Direct Costs	7,625,016
Contractors' Profit	762,502
Contingency	1,143,753
Licensing and bonding	152,500
Long term care fund	652,511
TOTAL ESTIMATED COSTS	$10,336,282

On September 5, 2002 the NRC issued amendment No. 21 to the Mill license, which decreased the surety from $10,365,457 to $10,336,282.

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 February 17, 2003:

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	

In-Situ Leach Projects(5)

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

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.

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 Company'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." Due to continued weak commodity prices, the Company continues to drop certain uranium exploration properties in the United States to reduce land holding costs.

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 in the Uravan area (many of which were later purchased by Energy Fuels, and hence the Company) 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 paleo-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:

[MINES LOCATION 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.

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 four permitted mines, 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 four developed and partially developed mines, being 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:

[MINES LOCATION MAP]

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 AND DEWEY BURDOCK PROPERTIES

The Reno Creek and Dewey Burdock properties were potential uranium in situ leach ("ISL") mine projects located in the Powder River Basin of northeastern Wyoming and South Dakota, respectively. The Company dropped the Dewey Burdock property in fiscal 2000 and sold the Reno Creek property in fiscal 2001. The Company no longer has an interest in either of those properties.

MONGOLIAN URANIUM 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 February, 17 2003, 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, and is currently being used to support the Company's precious and base metals exploration program in Mongolia. See "Exploration for Precious and Base Metals in Mongolia." Reclamation and remediation costs for shut-down of Gurvan-Saihan Joint Venture 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.

The Company intends to transfer its interest in the Gurvan-Saihan Joint Venture as well as its precious and base metals properties to a subsidiary of the Company. Further funds required for property acquisitions in Mongolia and towards the 2003 field exploration program for the Company's Mongolian precious and base metals properties would then be raised through private or public offerings of securities of the subsidiary.

PERMITTING

As discussed above, due to deteriorating commodity prices and other factors, the Company has shut down all of its uranium 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 February 17, 2003, 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. In April 2001 the Company was notified by the Arizona Department of Environmental Quality that the Aquifer Protection Permit application for the Canyon Mine was denied. If the Company desires to resume the permitting effort in the future, a new application will be required.

As with the Canyon Mine, the Pinenut and Kanab North mines require that an Aquifer Protection Permit be obtained. As with the Canyon Mine Aquifer Protection Permit application, the applications for the Pinenut and Kanab North mines have also been denied. In the event that resumption of mining is contemplated in the future, sufficient lead time will need to be allowed to secure the necessary Aquifer Protection Permits for these mines. The Arizona 1 Mine currently has an aquifer protection permit and is fully permitted for mining.

RECLAMATION

The Company is responsible for the environmental and reclamation obligations relating to all of its existing mines and assets, as well as for all reclamation and environmental obligations associated with all mined out, inactive, reclaimed or partially reclaimed mines and properties acquired from Energy Fuels.

The total amount of the estimated reclamation liability is approximately $12.3 million with restricted cash and marketable securities of approximately $11.7 million securing the liability, as of September 30, 2002. All of the Company's mines and the White Mesa Mill were permitted through either state or federal authorities. As a part of the permit requirements, reclamation and decommissioning bonds are in place to cover the estimated cost of final project closures. The major cost is for closure of the White Mesa Mill and tailings cells, which is estimated at approximately $10.3 million. The Company has posted a reclamation bond to the NRC for that 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 Regulations impose significant requirements on permitting of operations and on plans for reclamation and closure of mining operations on public lands. The new Regulations were challenged by industry and a revised final rule was issued on December 31, 2001. The new 3809 regulations impose additional requirements on permitting of mines on federal lands and may have some impact on the closure and reclamation requirements for Company mines on public lands. However, the final rule deleted many of the onerous conditions that were included in the initial version of the new regulations. The Secretary of the Interior noted that many of the revisions that were made in the final rule were dictated by limitations and enforceability restrictions under the current law.

Final closure and reclamation plans will continue to be developed by the state regulatory authorities and the BLM in those states where the Company has permitted mines. Although the ultimate impact on reclamation bonds held by the Company is yet to be determined, substantial increases in final reclamation requirements, and hence the associated reclamation bonds posted by the Company, are not expected beyond the normal bond increases required due to escalation.

OTHER ASSETS OF THE COMPANY

ADMINISTRATIVE OFFICES

The Company has a head office in Denver, Colorado, as well as field offices in Blanding, Utah, and Ulaanbaatar, Mongolia.

EQUIPMENT

The Company acquired extensive mining equipment from Energy Fuels. Given the Company's decision to suspend all U.S. mining operations, the Company is currently in the process of selling its mining equipment.

SALES CONTRACTS

In order to maintain a strong cash position and to protect against any further decline in the spot uranium price, the Company sold its remaining long-term contracts and uranium inventory.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of the financial condition and results of operations of the Company for the fiscal years ending September 30, 2002, 2001, and 2000, should be read in conjunction with the consolidated financial statements of the Company and related notes therein. THIS DISCUSSION CONTAINS FORWARD LOOKING STATEMENTS - SEE "SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS." The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. Please refer to Note 15 of the Consolidated Financial Statements for a discussion of the differences between Canadian and United States accounting principles and practices that affect the Company.

RESULTS OF OPERATIONS

FISCAL 2002 VERSUS FISCAL 2001

IUC recorded net income of $184,990 (nil per share) for the year ended September 30, 2002, compared with a net loss of $2,822,876 ($0.04 per share) for 2001. Results for 2002 included asset write-downs of $155,334, a non-cash gain of $29,174 from a decrease in Mill reclamation obligations and an increase to the carrying value of the other asset of $261,000 to reflect current uranium prices. For 2001, results included a non-cash charge of $300,663 for expenses associated with an increase in Mill reclamation obligations and an increase to the carrying

value of the

other asset of $760,000 to reflect current uranium prices. The other asset and the offsetting deferred credit represent a put option entered into in fiscal 1999, which grants a third party the option to put up to 400,000 pounds of U(3)O(8) back to the Company at a price of $10.55 per pound, at any one time during the period of October 1, 2001 to March 31, 2003. On December 20, 2002, the third party exercised the put option. The Company negotiated a settlement and termination of the put option agreement with a payment of $280,000.

REVENUES

Revenues for fiscal 2002 of $6,830,137 consisted of process milling fees generated under the Company's alternate feed processing agreements. Revenues for fiscal 2002 increased $6,020,374 from $809,763 in fiscal 2001. The increase was due to the commencement of the alternate feed mill run, which began on June 13, 2002.

Process milling fees for fiscal 2002 of $6,830,137 increased $6,067,907 as compared to process milling fees of $762,230 for fiscal 2001. Alternate feed processing activities in fiscal 2002 consisted primarily of the receipt, sampling and analysis of Ashland 1, Linde and Heritage materials and the processing of Ashland 1 materials. Approximately 37,000 tons of material was received during the fiscal year bringing the total received to over 251,100 tons from the Ashland 1, Linde and Heritage sites. The Mill processed approximately 88,300 tons of this material during fiscal 2002, leaving a stockpile of approximately 162,800 tons to be processed in fiscal 2003.

The Company receives a recycling fee for a majority of the alternate feed materials once they are delivered to the Mill. A portion of the fees, equal to the costs that are incurred receiving materials, is recognized as revenue, while the remaining recycling fees are recorded as deferred revenue until the material is processed at which time they are recorded as revenue. In addition to the recycling fees, the Company will retain any uranium recovered from these materials, which can be sold in subsequent periods.

Due to the continued weak markets for vanadium, the Company elected not to sell any of its vanadium inventories in fiscal 2002. In fiscal 2001, revenue from vanadium sales totaled $47,533. 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 have improved but continue to be in the lower range of their historical values, and are currently trading in the range of $1.30 to $1.70 per pound V(2)O(5).

COST OF PRODUCTS AND SERVICES SOLD

Process milling expenditures for fiscal 2002 of $2,047,791, which represent the costs incurred receiving and processing alternate feed materials, increased $1,280,830 as compared to process milling expenditures of $766,961 for fiscal 2001. The increase was due to the start-up of the Mill in fiscal 2002. Expenditures incurred during fiscal 2002 for processing materials were $1,726,572 as compared to fiscal 2001 when the Company did not process any alternate feed materials. This increase in processing expenditures was partially offset by a lower volume of material received at the Mill during 2002 as compared to 2001. During fiscal 2002, the Company received 36,950 tons of Ashland 1, Linde and Heritage materials at a cost of $321,218 as compared to fiscal 2001 when the Company received 88,865 tons at a cost of $766,962. The decrease of 51,915 tons or 58% was primarily due to a decline in Ashland 1 material, as the receipt of this material is nearly complete.

In addition to FUSRAP (Formerly Utilized Sites Remedial Action Program) materials from the Ashland 1 and Linde sites, the Company continues to receive deliveries of alternate feeds from another uranium producer under a long-term arrangement. While the Company will not receive a processing fee for this particular alternate feed, it will produce uranium from these materials, which will then be sold. These materials will not be processed until the price of uranium strengthens above current levels. As of September 30, 2002, there were approximately 5,300 tons of these materials at the Mill. Materials received from other uranium producers or private industry sources tend to be relatively high in uranium content but relatively small in volume as compared to FUSRAP materials.

MILL STAND-BY

Mill stand-by expenses consist primarily of payroll and related expenses for personnel, parts and supplies, contract services and other overhead expenditures required to maintain the Mill on stand-by status until a sufficient stockpile of alternate feed material has been accumulated to justify an efficient mill run. Mill stand-by expenditures were $2,136,389 for fiscal 2002 as compared to $2,675,090 for fiscal 2001. The decrease of $538,701 or 20% was due to

approximately nine months of stand-by in fiscal 2002 versus twelve months in fiscal 2001. The decrease in costs due to the shorter duration of stand-by was partially offset by ramping up the number of personnel and additional expenditures preparing for the mill run, which began during the third quarter of fiscal 2002. The Mill has added 42 additional employees to process its stockpile of alternate feed material.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses consist primarily of payroll and related expenses for personnel, legal, contract services and other overhead expenditures. Selling, general and administrative expenses for fiscal 2002 were $3,449,781 as compared to $2,222,478 for fiscal 2001, an increase of $1,227,303. The increase resulted primarily from increased expenditures for professional services, insurance, and other related costs associated with the Company's vigorous efforts to expand its alternate feed business, and increased expenditures associated with the Urizon Joint Venture and the Moab Project.

EXPLORATION

The Company initiated a precious and base metals exploration effort during fiscal 2002 in Mongolia. This program is being funded 100% by the Company, and the Company holds a 100% interest in the lands that have been licensed for exploration. At the end of September 2002, the Company had acquired 23 exploration licenses totaling 1.6 million hectares. Additional exploration licenses are pending. To date, activities have included land and data acquisition, geophysical and geochemical analysis and an extensive field program. Exploration expenditures on these properties for the fiscal year were $538,897.

OTHER INCOME AND EXPENSE

Net interest and other income for fiscal 2002 was $916,780 as compared to $1,558,194 for fiscal 2001. The decrease of $641,414 is primarily the result of an increase of $256,505 in income from equipment sales offset by a decrease of $792,639 in interest income due to significantly lower interest rates paid on short-term investments and a decrease in the average cash balances available for investment.

RESULTS OF OPERATIONS

FISCAL 2001 VERSUS FISCAL 2000

IUC recorded a net loss of $2,822,876 ($0.04 per share) for the year ended September 30, 2001, compared with a net loss of $15,244,651 ($0.23 per share) for 2000. Results for 2001 included a non-cash charge of $300,663 for expenses associated with an increase in Mill reclamation obligations and an increase to the carrying value of the other asset of $760,000 to reflect current uranium prices. For 2000, results included non-cash charges of $11,986,663 for asset write-downs, $1,308,875 for a net decrease to the carrying value of the other asset and the offsetting deferred credit to reflect then current uranium prices and a non-cash gain of $1,073,206 from a decrease in reclamation obligations.

As a result of a review and evaluation of its U.S. mining properties, the Company completed the sale of its Reno Creek in-situ project, a uranium deposit located in the Powder River Basin of Wyoming. The buyer assumed the reclamation liabilities and the Company was removed from all future obligations with respect to the property. This transaction resulted in a $143,000 reduction in reclamation liabilities. No other properties were sold during fiscal 2001, and no severance or other obligations were outstanding at year-end. Proceeds from the sale of surplus mining equipment were $41,907 for fiscal 2001, resulting in a loss of $143,929.

REVENUES

Revenues for fiscal 2001 of $809,763 consisted primarily of process milling fees generated under the Company's three alternate feed processing agreements. Revenues for fiscal 2001 decreased $15,250,409 or 95% as compared to fiscal 2000. The decrease was due primarily to the Company's decision to sell in fiscal 2000 all of its uranium inventory and long-term uranium sales contracts. As a result of this decision, there were no uranium revenues in fiscal 2001.

Process milling fees for fiscal 2001 of $762,230 decreased $72,254 or 9% as compared to process milling fees of $834,484 for fiscal 2000. Alternate feed processing activities in fiscal 2001 consisted primarily of the receipt, sampling and analysis of the Ashland 1, Linde and Heritage materials. Approximately 88,900 tons of material was received during the fiscal year bringing the total received to over 214,200 tons from the Ashland 1, Linde and Heritage sites.

COST OF PRODUCTS AND SERVICES SOLD

Cost of products sold for fiscal 2001 were $22,108 as compared to $12,643,509 in fiscal 2000, a decrease of $12,621,401. The decrease was due to the lower volumes of uranium and vanadium sold. During fiscal 2001, the Company sold no uranium and 22,108 pounds of vanadium as compared to 1,165,652 pounds of uranium and 1,287,553 pounds of vanadium during fiscal 2000.

Process milling expenditures for fiscal 2001 of $766,961, which represent the costs incurred receiving alternate feed materials, increased $277,183 or 57% as compared to process milling expenditures of $489,778 for fiscal 2000. During fiscal 2001 and fiscal 2000, the Company did not process any alternate feed materials.

MILL STAND-BY

Mill stand-by expenses consist primarily of payroll and related expenses for personnel, parts and supplies, contract services and other overhead expenditures

required to maintain the Mill on stand-by status until a sufficient stockpile of alternate feed material has been accumulated to justify an efficient mill run. The Mill was put on stand-by in the second quarter of fiscal 2000, when the conventional ore mill run was completed. Mill stand-by expenditures were $2,675,090 for fiscal 2001 as compared to $2,144,984 for fiscal 2000. The increase of $530,106 or 25% was due to twelve months of stand-by in fiscal 2001 versus nine months in fiscal 2000. The increase in costs due to the longer duration of stand-by was partially offset by the results of significant staff reductions at the Mill in the second quarter of fiscal 2000.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses consist primarily of payroll and related expenses for personnel, legal, contract services and other overhead expenditures. Selling, general and administrative expenses for fiscal 2001 were $2,222,478 as compared to $4,044,761 for fiscal 2000, a decrease of $1,822,283 or 45%. The decrease related primarily to the Company's decision at the end of the second quarter of fiscal 2000 to significantly reduce overhead costs and focus its efforts and resources on the development of the alternate feed/uranium-bearing waste recycling business. The reduction in overhead costs was accomplished through reductions in corporate staff and other overhead expenditures required to conduct the finance, information systems, and administrative functions of the Company, as well as dropping nonessential property holdings and eliminating mining staff, to minimize holding costs for its mining properties.

OTHER INCOME AND EXPENSE

Net interest and other income for fiscal 2001 was $1,558,194 as compared to $714,162 for fiscal 2000. The increase of $844,032 is primarily the result of improved interest income from the higher cash balances available for investment, as well as a decrease in interest expense incurred on the Company's working capital line of credit with Wells Fargo Bank, NA. In January 2001, as a result of its strong cash position, the Company elected to cancel its $5,000,000 working capital loan agreement with Wells Fargo Bank, NA.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2002, the Company had cash and short-term investments of $9,759,946 as compared to cash and short-term investments of $14,052,552 at September 30, 2001. At September 30, 2002 the Company had a working capital deficit of $82,136 as compared to working capital of $5,073,981 at September 30, 2001. The decrease of $5,156,117 in working capital was due to the Company depositing additional funds in its restricted investments, exploration expenditures, and the processing of alternate feed materials. As the alternate feed materials are processed, the deferred revenue will be recorded as revenue, which in turn will assist in the elimination of the Company's working capital deficit and a return to a positive working capital position in fiscal 2003. However, the

Company must continue to generate new sources of alternate feed materials to ensure a positive working capital position in future years.

Net cash provided by operating activities was $2,423,830 for the fiscal year ended September 30, 2002 and consisted primarily of net income from continuing operations of $184,990, adjusted for non-cash items of depreciation of $813,050, decreases in accounts receivable of $1,450,388 reflecting lower receipts of alternate feed material, and increases in accounts payable and accrued liabilities of $355,493 as a result of the commencement of the mill run in June, 2002.

Net cash provided by investing activities was $6,071,102 for the fiscal year ended September 30, 2002 and consisted primarily of proceeds from the sale of short-term investments of $9,679,079 offset by increases in restricted investments of $2,141,864. The majority of the increase in restricted investments was due to the Company depositing an additional $680,000 on December 31, 2001 to secure its reclamation bonds and $1,000,000 to secure the financial surety behind the uranium concentrate sale and put option agreement entered into on September 13, 1999. The transaction was accounted for as a deferred credit and the value of the inventory that could be put to the Company upon exercise of the put option was reclassified as an other asset.

Net cash used in financing activities during the fiscal year ended September 30, 2002 totaled $4,149,494 and consisted primarily of a decrease in deferred revenues of $4,166,921. Deferred revenues represent processing proceeds received or receivable on delivery of alternate feed materials but in advance of the required processing activity. As the Ashland 1, Linde and Heritage materials are processed, the deferred revenue is reclassified as revenue. The cost of processing these materials is recorded as process milling expenditures and the Company's cash position decreases by the cost of processing.

The Company believes that existing funds and cash flow from operations should be sufficient to satisfy its commitments under the Urizon Joint Venture, exploration activities, working capital requirements, and capital expenditures for the next twelve months.

ENVIRONMENTAL RESPONSIBILITY

Each year, the Company reviews the anticipated costs of decommissioning and reclaiming its Mill and mine sites as part of its environmental planning process. The Company also formally reviews the Mill's reclamation estimate annually with the U.S. Nuclear Regulatory Commission. Based on these reviews the Mill reclamation obligation was decreased by $29,174 in fiscal 2002. The mine and Mill reclamation estimates at September 30, 2002 are $12,320,983, which are currently expected to be sufficient to cover the projected future costs for reclamation of the Mill and mine operations. However, there can be no assurance that the ultimate cost of such reclamation obligations will not exceed the estimated liability contained in the Company's financial statements.

The Company has posted bonds as security for these liabilities and has deposited cash, cash equivalents and fixed income securities as collateral against these bonds. For fiscal 2002 and 2001, the amount of these restricted investments collateralizing the Company's reclamation obligations was $11,666,937 and $10,525,073, respectively. The increase of $1,141,864 was primarily due to accrued interest of $461,864 and the Company depositing an additional $680,000.

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 the construction of the Mill facility, and septic drain fields that were used for laboratory and sanitary wastes prior to construction of the Mill's tailings cells. The source and extent of this contamination are currently under investigation, and a corrective action plan, if necessary, is yet to be devised. Although the 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.

RESEARCH AND DEVELOPMENT

The Company does not have a research and development program per se. Process development efforts expended in connection with the processing of alternate feeds are included as a cost of processing. Process development efforts expended

in the evaluation of potential alternate feed materials that are not ultimately processed at the Mill are

included in Mill overhead costs. The Company does not rely on patents or technological licenses in any significant way in the conduct of its business.

TREND INFORMATION

During the period 1997 through 2000, the Company saw a deterioration in both uranium and vanadium prices, from $11.00 per pound of U(3)O(8) and $4.10 per pound of V(2)O(5) in October 1997 to $7.40 per pound of U(3)O(8) and $1.70 per pound of V(2)O(5) at the end of September, 2000. As a result of these decreases in commodity prices, the Company decided to cease its uranium and uranium/vanadium mining and exploration activities in 1999, and has shutdown all of its uranium and uranium/vanadium mines and its Mongolian uranium joint venture. Also as a result of these market events, the Company decided to marshal its resources and to concentrate its operations primarily on the continuing development of the alternate feed, uranium-bearing waste recycling business. Although uranium prices have increased to $10.20 per pound U(3)O(8) as of January 13, 2003, the vanadium price has fallen even further to approximately $1.50 per pound V(2)O(5).

Although the Mill's tailings system currently has capacity to process all of the alternate feed materials under contract with the Company, this capacity is expected to run out within the next one to three years, depending on the level of success of the Company in entering into contracts for the processing of additional feed materials. In order to provide additional tailings capacity, the Company will have to repair existing tailings Cell No. 4A, at an estimated cost of $1.5-$3.0 million. In addition, if Cell No. 4A is put into use the reclamation obligation for the Mill would increase by approximately $1.0 million, which would require an increase in the Mill's reclamation bond by that amount. The repair of Cell No. 4A will provide the Company with approximately 2 million tons of additional tailings capacity, which should be ample capacity for the foreseeable future.

OUTLOOK FOR 2003

With the formation of the Urizon Joint Venture with Nuclear Fuel Services Inc., the Company will focus on the preparation and submittal of the license amendment application and submittal of a proposal to the U.S. Department of Energy ("DOE") for funding of this project in the second quarter of fiscal year 2003. The Company will not know the status of either the license amendment or the proposal until the latter part of fiscal 2003.

On the Moab Tailings Project, the Company will be actively involved in the initial public input process to develop the scope for the DOE's Environmental Impact Statement for the Project. The Company will continue to monitor the preparation of and provide input into the EIS.

The White Mesa Mill will continue to process the Ashland 1, Linde, Heritage and Molycorp alternate feed materials. Based on average throughput rates attained to date, the mill run should be completed during the third quarter of fiscal 2003. The timing of the mill run could be extended if additional alternate feed materials are received.

Due to depressed uranium and vanadium markets, the Company suspended all of its U.S. mining activities in 1999. The Company intends to keep those properties, as well as the Gurvan-Saihan Joint Venture, in a shutdown status indefinitely, pending any significant improvements in commodity prices. The Company continues to seek potential purchasers for its uranium and uranium/vanadium mining

properties and associated mining equipment.

For the 2003 exploration season in Mongolia, the Company is planning ongoing regional exploration in Mongolia while also undertaking more concentrated exploration on the Company's existing licenses. Exploration work will consist of detailed mapping, geochemistry and geophysics, to elevate our best prospects to drill targets. To fund this program, the Company intends to form a new subsidiary. that will hold the Mongolian precious and base metal exploration properties as well as the Company's 70% interest in the Gurvan-Saihan Joint Venture. Funds required for the 2003 program and future exploration activities in Mongolia are expected to be raised through private or public offerings of securities of the subsidiary.

RISKS AND UNCERTAINTIES

Under the NRC's Alternate Feed Guidance, the Mill is required to obtain a specific license amendment allowing for the processing of each new alternate feed material. Various third parties have challenged certain of the Mill's license amendments, although none of such challenges have been successful to date. The Company intends to continue to defend its positions and the validity of its license amendments and proposed license amendments. If the Company

does not ultimately prevail in any such actions and any appeals therefrom, the Company's ability to process certain types of alternate feeds, in certain circumstances, may be adversely affected, which could have a significant impact on the Company.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in the foregoing Management's Discussion and Analysis and elsewhere in this Annual Report to Shareholders constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Risk factors that could affect the Company's future results include, but are not limited to, competition, environmental regulations, reliance on alternate feed income, the ability to develop the alternate feed business, changes to reclamation requirements, dependence on a limited number of customers, volatility and sensitivity to market prices for uranium and vanadium, the impact of changes in foreign currencies' exchange rates, political risk arising from operating in Mongolia, risks inherent in mineral exploration and development, changes in government regulation and policies including trade laws and policies, demand for nuclear power, replacement of reserves and production, receipt of permits and approvals from governmental authorities (including amendments for each alternate feed transaction) and other operating and development risks.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The names, municipalities of residence, positions with the Company, and principal occupations of the directors and executive officers of the Company as of February 17, 2003, are as follows:

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

NAME AND MUNICIPALITY OF RESIDENCE	PERIOD OF SERVICE AS A DIRECTOR	COMMON SHARES OF THE COMPANY BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, OR CONTROLLED OR DIRECTED(1)	PRESENT PRINCIPAL O THE
JOHN H. CRAIG Toronto, ON	May 9, 1997 to present	155,000	Lawyer, partner of Cas Director of a number o including: Internation Tenke Mining Corp.
DAVID C. FRYDENLUND Lone Tree, CO	May 9, 1997 to present	200,000	Vice President, Genera Officer and Corporate
RON F. HOCHSTEIN Lakewood, CO	April 6, 2000 to present	100,000	President and Chief Ex since April 6, 2000; f 6, 2000, Vice Presiden of the Company.

LUKAS H. LUNDIN(2) Vancouver, BC	May 9, 1997 to present	558,500	Chairman of the Board officer of a number of resource companies, in Atacama Minerals Corp. International Curator Corp., Tanganyika Oil Resources Ltd.
WILLIAM A. RAND Vancouver, BC	May 9, 1997 to present	Nil	Self-employed business publicly-traded compan Petroleum AB, Valkyrie Curator Resources Ltd. Oil Company Ltd. and S

(1) Each of the Directors and Officers of the Company own less than one percent of the outstanding shares of the Company,

(2) Lukas H. Lundin is the son of Adolf H. Lundin, a major shareholder of the Company. See "Item 7. Major Shareholders and Related Party Transactions."

(3) All persons listed are directors of the Company.

The information as to shares beneficially owned or over which the directors exercise control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.

All of the above-named directors have held their present positions or other executive positions with the same or associated firms or organizations during the past five years, except Mr. Ron Hochstein who was Vice President, Corporate Development of the Company from October 11, 1999 to January 30, 2000, and was an engineering consultant with the AGRA-Simons Mining Group, an engineering and consulting firm, from July 1995 to October 1999.

Please note Item 7 below for information relating to interests of Management in certain related party transactions.

B. COMPENSATION

DIRECTOR COMPENSATION

No remuneration has been paid to directors of the Company in their capacities as directors since the date of incorporation, other than stock options described under "Share Ownership" below. The directors are reimbursed for their expenses incurred to attend meetings of the Company.

EXECUTIVE OFFICER COMPENSATION

The following table summarizes the compensation of each of the executive officers of the Company for the year ended September 30, 2002:

ANNUAL COMPENSATION
FOR THE YEAR ENDED SEPTEMBER 30, 2002

NAME AND PRINCIPAL POSITION	SALARY(1)	BONUS	OTHER ANNUAL COMPENSATION	SECURITIES UNDER OPTIONS/ SARS GRANTED (#)
Ron F. Hochstein President and Chief Executive Officer(2)	160,000	Nil	Nil	Nil
David C. Frydenlund, Vice President, General Counsel, Chief Financial Officer, and Corporate Secretary(2)	158,400	Nil	209,000(3)	200,000
Harold R. Roberts (2)(4), Vice President, Corporate Development of the Company's subsidiary International Uranium (USA) Corporation	140,000	Nil	3,000(5)	Nil

NOTES TO SUMMARY COMPENSATION TABLE

(1) The Company's currency for disclosure purposes is US dollars, which are the functional currency of the Company's operations.

(2) Each of Messrs. Ron F. Hochstein, David C. Frydenlund and Harold R. Roberts have contracts of employment with the Company's subsidiary, International Uranium (USA) Corporation. There is no compensatory plan or arrangement provided in such contracts in respect of resignation, retirement, termination, change in control of the Company or responsibilities. The expiry date of the employment contracts expire September 30, 2003, for Messrs Hochstein and Frydenlund and May 31, 2004 for Mr. Roberts.

(3) All other compensation is $209,000, being the value of a relocation loan in the amount of 200,000 granted to Mr. Frydenlund in 1997 that was forgiven by the Company on September 30, 2002, together with $9,000 being the dollar value of imputed interest benefits from that loan. See "Related Party Transactions."

(4) Mr. Roberts recommenced employment with the Company on May 14, 2001. Mr. Roberts was Vice President Operations of the Company from May 1997 to January 31, 2000.

(5) Amounts represent 401K matching contributions made to the named executive's retirement account per the Company's 401K Benefit Plan available to all eligible employees.

There were no long-term incentive plan awards made to any of the named executive officers of the Company during the most recently completed financial year. In addition, there are no plans in place with respect to any of the named individuals for termination of employment or change in responsibilities under employment contracts, apart from those separately disclosed herein.

OPTION/SAR GRANTS TO EXECUTIVE OFFICERS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

NAME	SECURITIES UNDER OPTIONS/ SARS GRANTED (#)	% OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FINANCIAL YEAR	EXERCISE OR BASE PRICE (Cdn$/ SECURITY)	MARKET VAL OF SECURITI UNDERLYIN OPTIONS/SA ON THE DATE GRANT (Cdn SECURITY)
David C. Frydenlund	200,000	50.60%	$0.30	$0.30

A summary of the Company's Stock Option Plan is provided under "Share Ownership" below.

C. BOARD PRACTICES

Directors are elected annually to one year terms at the annual meeting of shareholders and serve until the next annual meeting or until their successor is duly elected. Executive Officers are appointed by the directors and serve until replaced by the directors or their resignation. Each of the above directors was

elected to his present term of office at the annual meeting of shareholders of the Company held on March 20, 2002.

Each of Messrs. Ron F. Hochstein and David C. Frydenlund have contracts of employment with the Company's subsidiary, International Uranium (USA) Corporation. There is no compensatory plan or arrangement provided in such contracts in respect of resignation, retirement, termination, change in control of the Company or responsibilities. These employment contracts expire on September 30, 2003. None of the other directors have service contracts with the Company or any of its subsidiaries.

The board of directors does not have an Executive Committee. The board has established an Audit Committee, a Compensation Committee, a Corporate Governance and Nominating Committee and an Environment, Health and Safety Committee. The following table sets out the members of such Committees:

COMMITTEES OF THE BOARD

AUDIT COMMITTEE	COMPENSATION COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	ENVI
John H. Craig	John H. Craig	John H. Craig	
Lukas H. Lundin	Lukas H. Lundin	Lukas H. Lundin	Da
William A. Rand	William A. Rand	William A. Rand	

AUDIT COMMITTEE

The Audit Committee oversees the financial reporting process of the Company on behalf of the Board. All auditing services and non-audit services to be provided to the Company by the Company's auditors are pre-approved by the audit committee. The Committee reviews, on a continuous basis, any reports prepared by the Company's external auditors relating to the Company's accounting policies and procedures, as well as internal control procedures and systems. The Committee is also responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, the Company's internal accounting controls and the resolution of issues identified by the Company's external auditors, and recommends to the Board the firm of

independent auditors to be nominated for appointment by the shareholders. The Audit Committee meets a minimum of four times per year.

COMPENSATION COMMITTEE

The Company's executive compensation program is administered by the Compensation Committee, which is composed of three non-management directors who are identified above. The Committee meets at least annually to receive information on and determine matters regarding executive compensation, in accordance with policies approved by the board of directors. Recommendations for changes to the policies are also reviewed on an annual basis to ensure that they remain current, competitive and consistent with the Company's overall goals.

The Committee's terms of reference include the responsibility to determine the

level of compensation paid to the President and Chief Executive Officer of the Company and other senior management and executive officers of the Company.

The Company's compensation philosophy for executives continues to follow three underlying principles; namely, (i) to provide a compensation package that encourages and motivates performance; (ii) to be competitive with other companies of similar size and scope of operations so as to attract and retain talented executives; and (iii) to align the interests of its executive officers with the long-term interests of the Company and its shareholders through stock-related programs.

When determining both compensation policies and programs and individual compensation levels for executive officers, the Committee takes into consideration a variety of factors. These factors include overall financial and operating performance of the Company, the Committee and the Board's overall assessment of each executive's individual performance and contribution towards meeting corporate objectives, levels of responsibility, length of service, and industry comparables.

Executive compensation is comprised primarily of a base salary and participation in the Corporation's incentive stock option and 401K plans, and may also consist of bonuses and other perquisites which are awarded on an occasional basis.

Compensation is generally reviewed in the early part of each year having regard to the prior year's performance both at a corporate level and individually in order to determine compensation adjustments for the following year.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Company's approach to corporate governance issues. The Committee overseas the effective functioning of the Board, overseas the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies possible nominees for the Board and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the contribution of individual directors. In addition, the Committee delivers an annual statement on corporate governance to the Board of the inclusion in either the Company's annual report or management proxy circular.

ENVIRONMENT, HEALTH AND SAFETY COMMITTEE

The mining and milling industry, by its very nature, can have a significant impact on the natural environment. As a result, environmental planning and compliance must play an ever-increasing part in the operations of any company engaged in these activities. The Company takes these issues very seriously and has established an Environment, Health and Safety Committee to oversee the Company's efforts to act in a responsible and concerned manner with respect to matters affecting the environment, health and safety.

D. EMPLOYEES

The following table sets out the number of employees of the Company and its subsidiaries at the end of the period for each of the past three financial years, and a breakdown of persons employed by main category of activity and geographic location.

NUMBER OF EMPLOYEES BY MAIN CATEGORY OF ACTIVITY AND GEOGRAPHIC LOCATION

FISCAL YEAR ENDED SEPTEMBER 30	2002	2001	2000
Denver Head Office	10	9	8
White Mesa Mill	66	23	25
U.S. Mining Properties	0	0	0
Mongolia Office	2	2	4
Total	78	34	37

None of the Company's employees are unionized.

E. SHARE OWNERSHIP

See the table above under the heading "Directors and Senior Management" for information as to the share ownership in the Company held by Directors and Officers of the Company.

The following table summarizes individual grants of options to purchase or acquire securities of the Company or any of its subsidiaries to each of the named executive officers and directors as of February, 17 2003.

STOCK OPTIONS HELD BY DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

EXECUTIVE OFFICER AND DIRECTOR	NUMBER OF COMMON SHARES UNDER OPTION	DATE OF GRANT	OPTION PRICE (CDN$)	OP
John H. Craig	75,000	May 23, 2000	0.20	
David C. Frydenlund	200,000	January 16, 2002	0.30	Jan
	700,000	May 23, 2000	0.20	
Ron F. Hochstein	250,000	October 11, 2002	0.31	Oct
	1,000,000	May 23, 2000	0.20	
Lukas H. Lundin	500,000	May 23, 2000	0.20	
William A. Rand	75,000	May 23, 2000	0.20	
Harold R. Roberts	200,000	May 9, 2001	0.26	
Total	2,750,000			

STOCK OPTION PLAN

The major features of the Company's stock option plan (the "Stock Option Plan") can be summarized as follows:

Under the Stock Option Plan the board of directors, or a committee appointed for such purposes, may from time to time grant to directors, officers, eligible employees of, or consultants to, the Company or its subsidiaries, or to employees of management companies providing services to the Company (collectively, the "Eligible Personnel") options to acquire Common Shares in such numbers, for such terms and at such exercise prices as may be determined by the board or such committee. The purpose of the Stock Option Plan is to advance the interests of the Company by providing Eligible Personnel with a financial incentive for the continued improvement of the Company's performance and encouragement to stay with the Company.

The maximum number of Common Shares that may be reserved for issuance for all purposes under the Stock Option Plan is 6,700,000 Common Shares and the maximum number of Common Shares which may be reserved for issuance to any one insider pursuant to share options and under any other share compensation arrangement may not exceed 5% of the Common Shares outstanding at the time of grant (on a non-diluted basis). Any Common Shares subject to a share option which for any reason is cancelled or terminated without having been exercised will again be available for grant under the Stock Option Plan.

The maximum number of Common Shares that may be reserved for issuance to insiders of the Company under the Stock Option Plan and under any other share compensation arrangement is limited to 10% of the Common Shares outstanding at the time of grant (on a non-diluted basis).

The board of directors of the Company has the authority under the Stock Option Plan to establish the option price at the time each share option is granted. The option price may not be lower than the market price of the Common Shares at the time of grant.

Options granted under the Stock Option Plan must be exercised no later than 10 years after the date of grant and options are not transferable other than by will or the laws of dissent and distribution. If an optionee ceases to be an Eligible Person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable 30 days following the termination date (being the date on which such optionee ceases to be an Eligible Person). If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original option expiry date.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

Information is set forth below with respect to persons known to the Company to be the owner of five percent or more of the Company's voting securities as of February 17, 2003 and the total amount of these securities owned by the officers and directors as a group.

MAJOR SHAREHOLDERS

IDENTITY OF PERSON OR GROUP	NUMBER OF COMMON SHARES OWNED	PERCENTAGE

Adolf H. Lundin	22,500,000	34.2%
Directors and Officers as a group (6 persons)	913,500	1.4%

There has been no significant change in the percentage change held by the foregoing major shareholder during the past three years. None of the Company's major shareholders have different voting rights than other holders of common shares of the Company.

As far as it is known to the Company, the Company is not directly or indirectly owned or controlled by another corporation(s), any foreign government, or by any other natural or legal person(s).

As of January 27, 2003, 11,049,300, or 16.8%, of the Company's outstanding common stock were registered in the names of 47 residents of the United States. The Company's common stock is issued in registered form and the number of shares reported to be held by U.S. shareholders of record is taken from the records of Computershare Trust Company of Canada, the registrar and transfer agent for the Common Stock.

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

B. RELATED PARTY TRANSACTIONS

Lukas H. Lundin, John H. Craig, and William A. Rand are also directors and officers of other natural resource companies and, consequently, there exists the possibility for such directors and officers to be in a position of conflict relating to any future transactions or relationships between the Company or common third parties. However, the Company is unaware of any such pending or existing conflicts between these parties. Any decision made by any of such directors and officers involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, each of the directors of the Company, discloses and refrains from voting on, any matter in which such director may have a conflict of interest.

None of the present directors, senior officers or principal shareholders of the Company and no associate or affiliate of any of them has any material interest in any transaction of the Company or in any proposed transaction which has materially affected or will materially affect the Company except as described herein.

During the fiscal year ending September 30, 2002 the Company incurred legal fees of $10,960, to Cassels Brock & Blackwell, a law firm of which John H. Craig is a partner.

During the fiscal year ending September 30, 2002, the Company paid management and administrative service fees of $90,000 to a company owned by the Chairman of the Company, Lukas H. Lundin, which provides office premises, secretarial and other services in Vancouver. The Company continues to pay monthly fees of $7,500 to this service company. Amounts due to this company were $7,500 as of September 30, 2002.

During the fiscal year ending September 30, 1997 the Company loaned $200,000 to David C. Frydenlund, an Officer and Director of the Company, in order to facilitate relocation to the Company's headquarters. This amount was

non-interest bearing and secured by the Officer's personal residence, and remained outstanding at September 30, 1998, 1999, 2000 and 2001. This loan was forgiven by the Company on September 30, 2002.

C. INTERESTS OF EXPERTS AND COUNSEL

Not Applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS

The consolidated financial statements of the Company are attached hereto as pages F-1 through F-16 and incorporated herein by reference.

EXPORT SALES

The amount of export sales does not constitute a significant portion of the Company's total sales volume.

LEGAL PROCEEDINGS

Under the NRC's Alternate Feed Guidance, the Mill is required to obtain a specific license amendment allowing for the processing of each new alternate feed material. See "Item 4. Information on the Company Alternate Feed Processing." On July 23, 1998, the NRC issued an amendment to the Company's Mill license allowing the receipt and processing of certain alternate feed material (the "Ashland 2 Materials") at the White Mesa Mill from a Formerly Utilized Sites Remedial Action Program ("FUSRAP") site. On July 22, 1998, Envirocare of Utah, Inc., a company licensed by the NRC to dispose of 11e.(2) uranium bearing byproduct materials at its facility in Tooele County, Utah, filed a request for a hearing with the Atomic Safety and Licensing Board ("ASLB") for the purpose of challenging the issuance of the Company's license amendment. On August 19, 1998, the ASLB Presiding Officer assigned to the matter dismissed Envirocare's petition for lack of standing. Envirocare appealed its decision to the full Commission of the NRC on August 31, 1998. The Company and the NRC Staff both filed oppositions to Envirocare's appeal on September 15, 1998. On November 14, 1998, the full Commission of the NRC denied Envirocare's appeal. On September 23, 1998, Envirocare filed a Petition for Review in the United States Court of Appeals for the District of Columbia Circuit, appealing the decision in a prior case (In the Matter of Quivira Mining Company) upon which the dismissal of Envirocare's claim against the Company was based. On October 22, 1998, the Company was added as an intervener in the Quivira appeal. Envirocare also appealed to the United States Court of Appeals for the District of Columbia the decision of the full Commission of the NRC denying Envirocare standing on the Ashland 2 matter. This appeal and the Quivira appeal referred to above were joined as an appeal. On October 22, 1999, the Court of Appeals dismissed Envirocare's appeal, confirming the NRC's decision denying Envirocare standing in these matters.

On July 23, 1998, the State of Utah also filed a petition requesting a hearing on the Company's aforementioned license amendment relating to the Ashland 2 Materials. By Order dated September 1, 1998, Utah's Petition was granted. Utah's Petition articulated two substantive concerns: 1) that hazardous wastes, as defined by the Resource Conservation and Recovery Act (42 U.S.C. Section 690 et seq.) contained in the alternate feed material to be processed at the site would be disposed of at the site, and 2) that the Company was not in fact processing the alternate feed material primarily for its uranium source material content,

in alleged contravention of NRC regulations and State law. Utah alleged that the NRC Staff misinterpreted NRC Guidance on this matter. The first of these two issues was amicably resolved between the parties (Utah indicated to the Company that its concerns that the alternate feed material might contain hazardous wastes was resolved by additional analytical and other data which was forwarded to Utah by the Company). On February 9, 1999, the ASLB Presiding Officer ruled in favor of the Company on the second issue, finding that the Company's license amendment met all of the requirements of the applicable statutes and regulations and was appropriately granted. The State of Utah appealed the decision of the ASLB Presiding Officer to the full Commission of the NRC for review. On February 10, 2000, the NRC Commissioners rendered their decision upholding the decision of the ASLB Presiding Officer and confirming the validity of the license amendment for the Ashland 2 Materials, thereby resolving in the Company's favor the dispute with the State of Utah over the types of alternate feed materials that can be processed at the White Mesa Mill. The State of Utah did not appeal this decision to the U.S. Court of Appeals.

On October 15, 1998, the Company submitted a request to the NRC to amend the Company's Mill license to allow for the receipt and processing of additional FUSRAP alternate feed materials (the "Ashland 1 Materials"). This amendment relating to the Ashland 1 Materials was approved and issued in February 1999. Anticipating that the license amendment for the Ashland 1 Materials would be granted, on December 2, 1998, the State of Utah filed a petition requesting a hearing on the requested Ashland 1 license amendment, on essentially the same grounds as for the Ashland 2 amendment. On December 18, 1998, the Company responded by not contesting the State's request for a hearing.

In addition to the State of Utah, Envirocare, Pack Creek Ranch Company, a group called the Concerned Citizens of Utah and the Navajo Utah Commission filed petitions requesting a hearing on the Ashland 1 license amendment. The Company filed submissions with the ASLB Presiding Officer assigned to the Ashland 1 license amendment opposing standing with respect to each of these additional submissions. The NRC Presiding officer denied standing to each of these parties. Envirocare appealed this decision to the full Commission of the NRC. The Commission denied Envirocare's appeal. The hearing on the Ashland 1 license amendment had been put in abeyance pending the

outcome of the appeal of the Ashland 2 decision before the full Commission of the NRC. On March 13, 2000, as a result of the NRC's decision on the Ashland 2 appeal, the State of Utah withdrew its request for a hearing on the Ashland 1 license amendment.

On December 19, 2000, the Company submitted to NRC a request for a license amendment to allow the Company to accept for processing as alternate feed material up to 17,750 tons of uranium-bearing lead-sulfide sludge residues, from Molycorp Inc.'s Mountain Pass site. Sometime on or about February 7, 2001, the Glen Canyon Group of the Sierra Club submitted a letter requesting a hearing on the Company's application and requesting to be granted status as on intervenor and, on March 14, 2001, the Company responded in opposition to the Glen Canyon Group's request. The ASLB Presiding Officer entered an order on April 24, 2001, denying the Glen Canyon Group's request for a hearing due to lack of standing. The Glen Canyon Group subsequently filed an appeal of the denial of its hearing request on June 11, 2001, to which the Company filed a response on June 21, 2001. The Commission subsequently denied the Glen Canyon Group's appeal in a decision on November 14, 2001. In conjunction with its consideration and approval of the Company's proposed license amendment, NRC conducted an environmental assessment ("EA") to appraise the environmental impacts associated with the receipt and processing of the Molycorp materials at the Mill. On December 11, 2001, NRC published a Federal Register notice detailing NRC Staff's final determination of a Finding of No Significant Impact ("FONSI") on the

Company's license amendment to allow such processing activities and providing notice of an opportunity for a hearing on the determination. Also, on December 11, 2001, NRC issued the Company's requested license amendment authorizing the receipt and processing of the Molycorp materials at the Mill. By letter dated December 15, 2001, William E. Love, the Forest/Grazing Co-Chair of the Glen Canyon Group of the Sierra Club submitted a request for a hearing on the NRC Staff's FONSI finding and approval of the Company's license amendment. The Company responded to Mr. Love's request on December 31, 2001. By letters postmarked January 10, 2002, the Glen Canyon Group, the Shundahai Network and the Nevada Nuclear Waste Task Force, Inc. each submitted requests for a hearing on Staff's FONSI determination and approval of the Company's license amendment. On January 25, 2002, the Company responded in opposition to these requests for lack of standing. The Presiding Officer entered an order on January 30, 2002, granting standing to Mr. Love and the Glen Canyon Group of the Sierra Club. The Company filed an appeal of the judge's decision to the Commission on February 11, 2002. On April 13, 2002, the Commission rendered its decision denying the appeal and confirming the Presiding Officer's order granting standing to Mr. Love and the Glen Canyon Group of the Sierra Club. An informal hearing under Subpart L of the Commission's Rules of Practice on the merits of the challenges to the Molycorp license amendment took place between February and August 2002. On August 28, 2002, the Presiding Officer rendered his decision in favor of the Corporation's position, confirming the Molycorp license amendment. The Petitioners did not appeal the Presiding Officer's decision to the Commission.

The Company submitted letters to NRC Staff with supporting documentation dated June 15, 25, and August 3, 2001, requesting that NRC amend the Mill's License to allow receipt and processing of up to 600,000 cubic yards of alternate feed materials from the Maywood, New Jersey, FUSRAP site. On September 24, 2001, NRC received three Requests for a Hearing from John Darke ("Mr. Darke"), the Glen Canyon Group of the Sierra Club, and the City of Moab, Utah ("Moab") regarding the proposed license amendment. The Company responded in opposition to these requests on the basis that the Petitioners lacked standing to request a hearing. On January 16, 2002, the Presiding Officer entered an order denying the Petitioner's request for a hearing due to lack of standing. On January 31, 2002, the Glen Canyon Group filed an appeal of this decision to the Commission, and on February 15, 2002, the Company filed its response in opposition to this request. On April 12, 2002, the Commission rendered a decision approving the Presiding Officer's order in part and remanding one issue back to the Presiding Officer for reconsideration and clarification. On April 26, 2002, the Presiding Officer issued an order clarifying and reconfirming his previous order on this point. On May 1, 2002, the Glen Canyon Group of the Sierra Club further appealed the Presiding Officer's reconfirmed opinion. On October 1, 2002, the Commission rendered its decision denying the appeal and confirming the Presiding Officers decision. The Glen Canyon Group of the Sierra Club did not appeal the Commission's decision to the U.S. Court of Appeals. NRC issued the license amendment on September 23, 2002, authorizing the processing of the Maywood materials at the Mill.

The Company intends to continue to defend its positions and the validity of its license amendments and proposed license amendments. If the Company does not ultimately prevail in any such actions and any appeals therefrom, the Company's ability to process certain alternate feeds, in certain circumstances, may be adversely affected since NRC license amendments are required for each alternate feed transaction.

During a sampling event at the White Mesa Mill in May, 1999, the Company discovered unusually high levels of chloroform in one monitoring well which monitors the water in the perched zone, and is located cross-gradient from the Mill's tailings impoundments. Investigations by independent experts retained by the Company indicate that the source of the chloroform is not from Mill

operations or from the Mill's tailings cells. Rather the source appears to be from a temporary laboratory facility that was located at the Mill site prior to construction and operation of the Mill, and that disposed of laboratory wastes into a State of Utah inspected and approved disposal leach field, and/or septic tank drainfields that serviced both laboratory operations and sanitary sewage prior to construction of the Mill's tailings cells. Further investigations are ongoing. On August 23, 1999, while acknowledging that this contamination does not threaten groundwater resources in the regional aquifer, because the aquifer is separated from the perched zone by some 1,200 feet of low-permeability rocks, the State of Utah issued a Corrective Action Order requiring the Company to investigate the source and extent of chloroform contamination and, if necessary, to develop a corrective action plan to address the chloroform contamination. The Company is performing investigations and taking actions in accordance with the Corrective Action Order. 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.

DIVIDEND POLICY

To date, the Company has not paid any dividends on its outstanding Common Shares and has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the board of directors of the Company may consider appropriate in the circumstances.

B. SIGNIFICANT CHANGES

There have been no significant changes in the business or affairs or financial condition of the Company since September 30, 2002, the date of the annual financial statements incorporated into this Form 20-F, except as otherwise disclosed in this Form 20-F.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

See "Markets" below.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

The common shares of the Company are currently listed on The Toronto Stock Exchange in Canada. The Company's common shares commenced trading on The Toronto Stock Exchange on May 16, 1997. The following table sets forth the high and low market prices and the volume of the common shares traded on The Toronto Stock Exchange during the periods indicated:

TRADING INFORMATION

PERIOD	HIGH (Cdn $)	LOW (Cdn $)	VOLUME

October 1, 1997-September 30, 1998	1.45	0.38	40,323,218
October 1, 1998-September 30, 1999	0.72	0.22	19,512,089
October 1, 1999-September 30, 2000	0.38	0.13	19,626,816
October 1, 2000-September 30, 2001	0.40	0.20	11,342.300
October 1, 2001-September 30, 2002	0.50	0.25	9,883,580
October-December 2000	0.38	0.21	5,750,566
January-March 2001	0.40	0.22	2,353,500
April-June 2001	0.40	0.22	1,694,800
July-September 2001	0.40	0.28	2,232,300
October-December 2001	0.34	0.25	2,013,800
January-March 2002	0.40	0.30	1,366,486
April-June 2002	0.50	0.30	5,315,600
July-September 2002	0.37	0.30	1,240,538
October-December 2002	0.35	0.25	1,226,203
August 2002	0.33	0.30	150,000
September 2002	0.37	0.32	280,838
October 2002	0.33	0.27	140,603
November 2002	0.35	0.25	645,400
December 2002	0.30	0.25	340,200
January 2003	0.49	0.30	1,481,500
February 1 to February 11, 2003	0.39	0.32	271,843

CURRENCY TRANSLATION

As the Company's stock is traded in Canadian dollars, the following table sets forth the exchange rates for one Canadian dollar expressed in terms of one U.S. dollar for the past five fiscal years and the calendar quarters ended 12/31/01, 3/31/02, 6/30/02, 9/30/02 and December 31, 2002:

EXCHANGE RATES-ANNUAL

YEAR	AVERAGE	LOW-HIGH	SEPTEMBER 30

1998	0.6898	0.6321 - 0.7292	0.6533
1999	0.6681	0.6423 - 0.6912	0.6812
2000	0.6735	0.6422 - 0.6970	0.6653
2001	0.6461	0.6227 - 0.6714	0.6341
2002	0.6361	0.6175 - 0.6656	0.6336

EXCHANGE RATES-QUARTERLY

CALENDAR QUARTER ENDED	AVERAGE	LOW-HIGH	LAST DAY OF QUARTER
12/31/01	0.6328	0.6227 - 0.6430	0.6287
03/31/02	0.6274	0.6175 - 0.6335	0.6271
06/30/02	0.6437	0.6239 - 0.6656	0.6587
09/30/02	0.6406	0.6229 - 0.6621	0.6336
12/31/02	0.6372	0.6252 - 0.6474	0.6344

The rate of exchange for the conversion of United States dollars into Canadian dollars average on February 11, 2003 was $0.6538 (Cdn.$1.00 = U.S.$0.6538).

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

OBJECTS AND PURPOSES OF THE COMPANY

The Company was incorporated by Articles of Amalgamation under the Ontario Business Corporations Act (the "OBCA") on May 9, 1997, under Incorporation Number 1236943.

Section 15 of the OBCA provides that a corporation incorporated under the OBCA has the capacity and the rights, powers and privileges of a natural person. Neither the Articles of Amalgamation nor the By-Laws of the Company contain any further objects or purposes or restrict the Company from carrying on any business or from exercising any of its powers.

INTERESTED DIRECTORS

Section 3.18 of the Company's By-Laws provides that a director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed

material contract or transaction with the Company shall disclose in writing to the Company or request to have entered in the minutes of the meetings of the directors the nature and extent of his interest at the time and in the manner provided by the OBCA. Any such contract or transaction or proposed contract or transaction shall be referred to the Board or shareholders for approval even if such contract is one that in the ordinary course of the Company's business would not require approval by the Board or shareholders, and a director interested in a contract so referred to the Board shall not vote on any resolution to approve the same except as permitted by the OBCA. Section 132(5) of the OBCA provides that such a director shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is:

- An arrangement by way of security for money lent to or obligations undertaken by the director for the benefit of the Company or an affiliate;

- One relating primarily to his or her remuneration as a director, officer, employee or agent of the Company or an affiliate;

- One for indemnity or insurance under Section 136 of the OBCA; or

- One with an affiliate.

There is no requirement in the OBCA or in the Company's Articles of Amalgamation or By-Laws restricting the directors from voting compensation to themselves or any members of their body, whether in the absence of an independent quorum or otherwise.

BORROWING POWERS

Article 10 of the Articles of Amalgamation of the Company provides that the Board may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

- Borrow money upon the credit of the Company;

- Issue, re-issue, sell or pledge debt obligations of the Company;

- Subject to the provisions of the OBCA, give a guarantee on behalf of the Company to secure performance of an obligation of any person; and

- Mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company owned or subsequently acquired, to secure any obligation of the Company.

Article 10 also provides that the Board may from time to time delegate to a director, a committee of directors or an officer of the Company any or all of the powers conferred on the Board as set out above, to such extent and in such manner as the Board shall determine at the time of such delegation.

As these borrowing powers are contained in the Articles of Amalgamation, any changes to the borrowing powers would require a special resolution of two-thirds of the shareholders of the Company.

MANDATORY REQUIREMENT AND SHARE QUALIFICATION FOR DIRECTORS

There is no requirement for retirement of directors under an age limit requirement, and there is no number of shares required for a director's qualification.

ATTRIBUTES OF COMMON SHARES

The following is a summary of the principal attributes of the Company's Common Shares:

- VOTING RIGHTS. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

- DIVIDENDS. The holders of common Shares are entitled to receive on a pro-rata basis such dividends as may be declared by the Board, out of funds legally available therefor. Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Company.

- PROFITS. Each Common Share is entitled to share pro-rata in any profits of the Company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

- RIGHTS ON DISSOLUTION. In the event of the liquidation, dissolution or winding up of the Company, the holders of the Common Shares will be entitled to receive on a pro-rata basis all of the assets of the Company remaining after payment of all the Company's liabilities.

- PRE-EMPTIVE, CONVERSION AND OTHER RIGHTS. No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of Common Shares. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of shares.

The rights of holders of Common Shares may only be changed by a special resolution of holders of two-thirds of the issued and outstanding Common Shares, in accordance with the requirements of the OBCA.

ANNUAL AND SPECIAL MEETINGS

The annual meeting of shareholders shall be held at such time in each year as the Board, the Chairman of the Board (if any) or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the OBCA to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting. The Board, the Chairman of the Board (if any) or the President shall have the power to call a special meeting of shareholders at any time. In addition, Section 105 of the OBCA provides that in certain circumstances the holders of not less than 5

percent of the issued shares of a corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.

The only persons entitled to be present at a meeting of shareholders are those entitled to vote thereat, the directors and the auditor of the Company and others who, although not entitled to vote are entitled or required under any provision of the OBCA or the Articles of Amalgamation or By-Laws of the Company to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

LIMITATIONS ON THE RIGHT TO OWN SECURITIES

There are no limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by foreign law or by the charter or other constituent document of the Company, except as discussed under "Exchange Controls" below.

CHANGES IN CONTROL

There are no provisions in the Company's Articles of Amalgamation or By-Laws that would have an effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or any of its subsidiaries).

DISCLOSURE OF OWNERSHIP

There are no provisions in the Company's Articles of Amalgamation or By-Laws governing the ownership threshold above which shareholder ownership must be disclosed. However, as discussed under "Exchange Controls" below, non-Canadians may be required in certain circumstances to report their ownership interests in the Company. In addition, the Ontario Securities Act requires disclosure by any person acquiring or holding 10 percent or more of the outstanding Common Shares of the Company.

C. MATERIAL CONTRACTS

The Company has not entered into any material contracts, other than in the ordinary course of business during the previous two years.

D. EXCHANGE CONTROLS

Canada has no system of exchange controls. There are no foreign exchange restrictions on the export or import of capital, including the availability of cash and cash equivalents for use by the Company group, or on the remittance of dividends, interest, or other payments to non-resident holders of the Company's securities, apart from usual withholding taxes payable at rates fixed by Treaty.

The Company is subject to the Investment Canada Act. Under the Investment Canada Act, the acquisition of "control" of certain "businesses" by "non-Canadians" is subject to either notification or review requirements by The Investment Review Division of Industry Canada (or the Department of Canadian Heritage, with respect to cultural businesses and businesses that relate to Canada's cultural heritage or national identity), and where review is required, will not be allowed unless they are found likely to be of net benefit to Canada. The term "control" is defined as any one or more non-Canadian persons acquiring all or substantially all of the assets used in the Canadian business, or acquisition of the voting shares of a Canadian corporation carrying on the Canadian business or the acquisition of the voting interests of an entity controlling the Canadian corporation. The acquisition of the majority of the outstanding shares or the

acquisition of less than a majority but 1/3 or more of the voting shares unless it can be shown in fact that the purchaser will not control the Canadian company, shall be deemed to be "control".

An acquisition will be reviewable by Investment Canada only if the value of the assets of the Canadian business being acquired is Cdn$5 million or more in the case of a "direct" acquisition (or where the Canadian asset acquired constitute more than 50% of the value of all entities acquired), or Cdn$50 million or more in the case of an "indirect" acquisition.

These thresholds have been increased for the purpose of acquisition of Canadian businesses by investors from members of the World Trade Organization ("WTO"), including Americans, or WTO member-controlled companies. A direct acquisition by a WTO investor is reviewable only if it involves the direct acquisition of a Canadian business with assets, and as of January 1, 2003, of Cdn$223 million or more (this figure is adjusted annually to reflect inflation). Indirect acquisitions by WTO investors are not reviewable, regardless of the size of the Canadian business acquired, unless the Canadian, assets acquired constitute more than 50% of the value of all entities acquired, in which case the Cdn$223 million threshold applies.

These increased thresholds do not apply to acquisitions of Canadian businesses engaged in certain sensitive areas such as uranium production, financial services, transportation, cultural businesses, or are businesses that relate to Canada's cultural heritage or national identity. If the forgoing thresholds are not met, the acquisition of a Canadian business will not be subject to review unless it relates to Canada's cultural heritage or national identity.

If an investment is reviewable, an application for review in the form prescribed by regulation is normally required to be filed with the Investment Review Division of Industry Canada or the Department of Canadian Heritage, as applicable prior to the investment taking place and the investment may not be consummated until the review has been completed. There are, however, certain exceptions. Applications concerning indirect acquisitions may be filed up to 30 days after the investment is consummated; applications concerning reviewable investments in culture-sensitive sectors are required upon receipt of a notice for review.

There is, moreover, provision for the Minister of Industry or of Canadian Heritage, as applicable, to permit an investment to be consummated prior to completion of review if he is satisfied that delay would cause undue hardship to the acquirer or jeopardize the operation of the Canadian business that is being acquired. An application in this regard is filed with the applicable Minister, together with any other information or written undertakings given by the acquirer and any representation submitted to the applicable department by a province that is likely to be significantly affected by the investment.

The Minister will then determine whether the investment is likely to be of net benefit to Canada, taking into account the information provided and having regard to factors of assessment where they are relevant. Some of the factors to be considered are the effect of the investment on the level and nature of economic activity in Canada, including the effect on employment, on resource processing on the utilization of parts, components and services produced in Canada, and on exports from Canada. Additional factors of assessment include: (i) the degree and significance of participation by Canadians in the Canadian business and in any industry in Canada of which it forms a part; (ii) the effect of the investment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada; (iii) the effect of the investment on competition within any industry or industries in Canada; (iv) the compatibility of the investment with national industrial, economic and

cultural policies taking into consideration industrial, economic and cultural policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and (v) the contribution of the investment to Canada's ability to compete in world markets.

If an acquisition of control of a Canadian business by a non-Canadian is not reviewable, the non-Canadian must still give notice of the acquisition of a Canadian business within 30 days after its completion.

There are no limitations under Canadian law on the right of nonresident or foreign owners to hold or vote the common stock of the Company.

E. TAXATION

The following paragraphs set forth United States and Canadian income tax considerations about the ownership of shares of the Company, as of February 17, 2003. There may be relevant state, provincial or local income tax considerations, which are not discussed.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of possible United States federal income tax consequences, under current law as of February 17, 2003, applicable to a U.S. Holder (as defined below) of shares of the Company. This discussion does

not address consequences peculiar to persons subject to special provisions of federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. (See "Taxation -- Certain Canadian Federal Tax Considerations" below.)

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended (the "Code"), Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are applicable as of February 17, 2003, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. This discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. Accordingly, holders and prospective holders of shares of the Company are urged to consult their own tax advisors about the state, and local tax consequences of purchasing, owning and disposing of shares of the Company.

U.S. HOLDERS

As used herein, a "U.S. Holder" means a holder of shares of the Company who is a citizen or individual resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof or a trust whose income is taxable in the United States irrespective of source. This summary does not address the tax consequences to, and U.S. Holder does not include persons subject to specific provisions of federal income tax law, such as tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a "functional currency" other than the U.S. dollar, shareholders who hold shares as part of a straddle, hedging or a conversion transaction, and shareholders who acquired their stock through the exercise of employee stock options or otherwise as compensation for services. This summary is limited to U.S. Holders who own shares as capital

assets. This summary does not address the consequences to a person or entity holding an interest in a shareholder or the consequences to a person of the ownership exercise or disposition of any options, warrants or other rights to acquire shares.

DISTRIBUTIONS ON SHARES OF THE COMPANY

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to shares of the Company are required to include in gross income for United States federal income tax purposes the gross amount of such distributions equal to the U.S. dollar value of such dividends on the date of receipt (based on the exchange rate on such date) to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's United States federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder's United States federal taxable income, but in the case of an individual only applies to those who itemize deductions. (See discussion that is more detailed at "Foreign Tax Credit" below.) To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holders' adjusted basis in the shares and thereafter as gain from the sale or exchange of the shares. Preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder, which is a corporation.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including an exchange for U.S. dollars, will be ordinary income or loss.

Dividends paid on the shares of the Company will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Company (unless the Company qualifies as a "foreign personal holding Company" or a "passive foreign investment company," as defined below) if such U.S. Holder owns shares representing at least 10% of the voting power and value of the Company. The availability of this deduction is subject to several complex limitations, which are beyond the scope of this discussion.

FOREIGN TAX CREDIT

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of shares of the Company may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and applies to all foreign taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his or its worldwide taxable income. In the determination of the application of this limitation, the various items of income

and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. Dividends distributed by the Company will generally constitute "passive income" or, in the case of certain U.S. Holders, "financial services income" for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific, and holders and prospective holders of shares of the Company should consult their own tax advisors regarding their individual circumstances.

DISPOSITION OF SHARES OF THE COMPANY

A U.S. Holder will recognize gain or loss upon the sale of shares of the Company equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the shares of the Company. This gain or loss will be capital gain or loss if the shares are a capital asset in the hands of the U.S. Holder, which will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders who are individuals, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted. For U.S. Holders that are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

OTHER CONSIDERATIONS

In the following circumstances, the above sections of this discussion may not describe the United States federal income tax consequences resulting from the holding and disposition of shares:

FOREIGN PERSONAL HOLDING COMPANY

If at any time during a taxable year more than 50% of the total combined voting power or the total value of the Company's outstanding shares is owned, directly or indirectly, by five or fewer individuals who are citizens or residents of the United States and 60% or more of the Company's gross income for such year (reduced to 50% in subsequent years) was derived from certain passive sources (e.g., from dividends received from its subsidiaries), the Company may be treated as a "foreign personal holding Company". In that event, U.S. Holders that hold shares would be required to include in gross income for such year their allocable portions of such passive income to the extent the Company does not actually distribute such income.

FOREIGN INVESTMENT COMPANY

If 50% or more of the combined voting power or total value of the Company's outstanding shares are held, directly or indirectly, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701 (a)(31)), and the Company is found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that the Company may be treated as a "foreign investment company" as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging shares to be treated as ordinary income rather than capital gain.

PASSIVE FOREIGN INVESTMENT COMPANY

As a foreign corporation with U.S. Holders, the Company could potentially be treated as a passive foreign investment company ("PFIC"), as defined in section 1297 of the Code, depending upon the percentage of the Company's income which is passive, or the percentage of the Company's assets which is producing passive income. U.S. Holders owning shares of a PFIC are subject to an additional tax and to an interest charge based on the value of deferral of tax for the period during which the shares of the PFIC are owned, in addition to treatment of gain realized on the disposition of shares of the PFIC as ordinary income rather than capital gain. However, if the U.S. Holder makes a timely election to treat a PFIC as a qualified electing fund ("QEF") with respect to such shareholders interest therein, the above-described rules generally will not apply. Instead, the electing U.S. Holder would include annually in his gross income his pro rata share of the PFIC's ordinary earnings and net capital gain regardless of whether such income or gain was actually distributed. A U.S. Holder of a QEF can, however, elect to defer the payment of United States federal income tax on such income not currently received subject to an interest charge on the deferred tax. Alternatively, a U.S. Holder may elect to "mark to market" his or her shares in the Company at the end of each year as set forth in Section 1296 of the Code. Special rules apply to U.S. Holders who own their interests in a PFIC through intermediate entities or persons.

The Company believes that it was not a PFIC for its fiscal year ended September 30, 2002. If in a subsequent year the Company concludes that it is a PFIC, it intends to make information available to enable an U.S. Holder to make a QEF election in that year. There can be no assurance that the Company's determination concerning its PFIC status will not be challenged by the IRS, or that it will be able to satisfy record keeping requirements which will be imposed on QEF's.

CONTROLLED FOREIGN CORPORATION

If more than 50% of the voting power of all classes of stock or the total value of the stock of the Company is owned, directly or indirectly, by citizens or residents of the United States, United States domestic partnerships and corporations or estates or trusts other than foreign estates or trusts, each of whom own 10% or more of the total combined voting power of all classes of stock of the Company ("United States shareholder"), the Company could be treated as a "controlled foreign corporation" under Subpart F of the Code. This classification would effect many complex results including the required inclusion by such United States shareholders in income of their pro-rata shares of "Subpart F income" (as specially defined by the Code) of the Company. In addition, under Section 1248 of the Code, gain from the sale or exchange of stock by a holder of shares of the Company who is or was a United States shareholder at any time during the five year period ending with the sale or exchange is treated as ordinary dividend income to the extent of earnings and profits of the Company attributable to the stock sold or exchanged. Because of the complexity of subpart F and because it is not clear that Subpart F would apply to the holders of shares of the Company, a more detailed review of these rules is outside of the scope of this discussion.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The summary below, as of February 17, 2003, is restricted to the case of a holder (a "Holder") of one or more common shares who for the purposes of the Income Tax Act (Canada) (the "Act") is a non-resident of Canada, holds his common shares as capital property and deals at arm's length with the Company.

DIVIDENDS

A Holder will be subject to Canadian withholding tax ("Part XIII Tax") equal to 25%, or such lower rate as may be available under an applicable tax treaty, of the gross amount of any dividend paid or deemed to be paid on his common shares. Under the Canada-U.S. Income Tax Convention (1980) (the "Treaty") the rate of Part XIII Tax applicable to a dividend on common shares paid to a Holder who is a resident of the United States is generally reduced to 15% of the gross amount of the dividend or to 5% if the Holder is a company that beneficially owns at least 10% of the voting stock of the Company. The Company will be required to withhold the applicable amount of Part XIII Tax from each dividend so paid and remit the withheld amount directly to the Receiver General for Canada for the account of the Holder.

DISPOSITION OF COMMON SHARES

A Holder who disposes of a common share, including by deemed disposition on death, will not be subject to Canadian tax on any capital gain (or capital loss) thereby realized unless the common share constituted "taxable Canadian property" as defined by the Act. Generally, a common share will not constitute taxable Canadian property of a Holder unless he held the common share as capital property used by him carrying on a business (other than an insurance business) in Canada, or he or persons with whom he did not deal at arm's length alone or together held or held options to acquire, at any time within the five years preceding the disposition, 25% or more of the shares of any class of the capital stock of the Company.

A Holder who is a resident of the United States and who realizes a capital gain on a disposition of a common share that was taxable Canadian property will nevertheless, by virtue of the Treaty, generally be exempt from Canadian tax thereon unless (a) more than 50% of the value of the common share is derived from, or for an interest in, Canadian real property, including Canadian mineral resource properties, (b) the common share formed part of the business property of a permanent establishment that the Holder has or had in Canada within the 12 months preceding the disposition, or (c) the Holder (i) was a resident of Canada at any time within the ten years immediately, and for a total of 120 months during the 20 years, preceding the disposition, and (ii) owned the common share when he ceased to be resident in Canada.

A Holder who is subject to Canadian tax in respect of a capital gain realized on a disposition of a common share must include one half of the capital gain (taxable capital gain) in computing his taxable income earned in Canada. The Holder may, subject to certain limitations specified in the Act, deduct one half of any capital loss (allowable capital loss), arising on disposition of taxable Canadian property from taxable capital gains realized in the year of disposition in respect to taxable Canadian property. To the extent the capital loss is not deducted, it may be deducted from between one half and three quarters of taxable capital gains realized in any of the three preceding years or any subsequent year.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

The documents concerning the Company which are referred to in this Form 20-F may be inspected during regular business hours at the offices of the Company's subsidiary, International Uranium (USA) Corporation, at Suite 950, 1050 17th Street, Denver, Colorado, 80265.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

FOREIGN CURRENCY EXCHANGE RATE SENSITIVITY

The Company's functional currency is the U.S. dollar, and its activities are predominantly executed using the U.S. dollar. The Company incurs a small portion of its expenditures in Canadian and Mongolian currencies; however, it is not subject to significant operational exposures due to fluctuations in those currencies.

The Common shares of the Company are currently only listed on The Toronto Stock Exchange in Canada and thus, the shares are purchased and sold in Canadian dollars. Therefore, please refer to Item 9 for more information relating to the Company's share price information and the tables relating to the U.S./Canadian dollar currency translations.

The Company has not entered into any agreements or purchased any instruments to hedge any possible currency risks at this time.

INTEREST RATE SENSITIVITY

The Company currently has no significant long-term or short-term debt requiring interest payments. Thus, the Company has not entered into any agreement or purchased any instrument to hedge against possible interest rate risks at this time.

The Company's interest earning investments are primarily short-term, or can be held to maturity, and thus, any reductions in carrying values due to future interest rate declines are believed to be immaterial. However, as the Company has a significant cash or near-cash position, which is invested in such instruments, reductions in interest rates will reduce the interest income from these investments.

COMMODITY PRICE SENSITIVITY

The Company can be subject to price risk due to changes in the market value of uranium and vanadium regarding its future sales revenues and carrying values relating to its finished goods, ore stockpiles and property holdings.

The Company has entered into future long-term contracts for uranium sales in the past, thereby reducing its exposure to changes in uranium prices. However, the Company has sold all of its uranium inventory and uranium supply contracts at this time and has written off all of its uranium properties. As a result, only future uranium production, which at this time is expected to be from alternate feed materials, will be subject to uranium price fluctuations. To the extent that any such future uranium production is expected to constitute a significant portion of the Company's revenues, the Company will consider the possibility of entering into future sales contracts for all or some of such future production.

The Company's finished goods inventories are recorded at the lower of cost or net realizable value as of September 30, 2002. The Company currently has some

finished goods inventories of vanadium product.

The Company has not entered into any future vanadium sales contracts at this time, and therefore its revenue and profits from vanadium sales are subject to future price changes.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

There have been no defaults, dividend arrearages or delinquencies.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

There have been no modifications to securities of any class of the Company.

ITEM 15. CONTROLS AND PROCEDURES

(a) The President and Chief Executive Officer and the Chief Financial Officer of the Company have reviewed the Company's disclosure controls and procedures (as defined in Sections 240.13a-(c) and 240.15d-15(c)), and the effectiveness thereof, based on an evaluation conducted on January 29, 2003, and have concluded that such controls and procedures are effective and are adequate to support the certificates given by such officers in this document.

(b) There have not been any significant changes in the Company's internal controls or in any other factors that could significantly affect these controls subsequent to January 29, 2003, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 16. [RESERVED]

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Pages F-1 through F-16 incorporated herein by reference.

ITEM 18. FINANCIAL STATEMENTS

Not applicable.

ITEM 19. FINANCIAL STATEMENTS AND EXHIBITS

a) The following consolidated statements, together with the report of PricewaterhouseCoopers LLP thereon, are filed as part of this 20-F:

All other schedules are omitted because they are not applicable or because the required information is contained in the Consolidated Financial Statements or Notes thereto.

b) Documents filed as exhibits to this Annual Report:

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Company certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERNATIONAL URANIUM CORPORATION

By: /s/ David C. Frydenlund

David C. Frydenlund, Vice President and Chief Financial Officer

Dated: February 17, 2003

CERTIFICATIONS

I, Ron F. Hochstein, certify that:

1. I have reviewed this annual report on Form 20-F of International Uranium Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 17, 2003

/s/ Ron F. Hochstein

Ron F. Hochstein
President and Chief Executive Officer

I, David C. Frydenlund, certify that:

1. I have reviewed this annual report on Form 20-F of International Uranium Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 17, 2003

/s/ David C. Frydenlund

David C. Frydenlund
Vice President and Chief Financial Officer

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of International Uranium Corporation as at September 30, 2002 and 2001 and the consolidated statements of operations and deficit and cash flow for each of the years in the three year period ended September 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2002 and 2001, and the results of its operations and the changes in its cash flow for each of the years in the three year period ended September 30, 2002 in accordance with generally accepted accounting principles in Canada.

Chartered Accountants
Vancouver, Canada
December 13, 2002

INTERNATIONAL URANIUM CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNITED STATES DOLLARS)

	AT SEPTEM
	2002
ASSETS	
Current assets:	
Cash and cash equivalents	$ 6,710,782
Short-term investments	3,049,164
Trade and other receivables	99,850
Inventories (Note 3)	1,720,952
Prepaid expenses and other	368,435
Other asset (Note 7)	3,861,000

	15,810,183
Plant and equipment, net (Note 4)	3,363,253
Mongolia mineral properties (Note 5)	538,897
Notes receivable	-
Restricted investments (Note 6)	12,666,937
Other asset (Note 7)	-
	$ 32,379,270
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	$ 762,883
Notes payable	10,242
Deferred revenue	10,899,194
Deferred credit (Note 7)	4,220,000
	15,892,319
Notes payable, net of current portion	43,548
Reclamation obligations (Note 8)	12,320,983
Deferred revenue	-
Deferred credit (Note 7)	-
	28,256,850
SHAREHOLDERS' EQUITY	
Share capital (Note 9)	37,466,609
Issued and outstanding (65,735,066 and 65,600,066 shares) Deficit	(33,344,189)
	4,122,420
	$ 32,379,270

Contingency (Note 13)
Subsequent event (Note 16)

ON BEHALF OF THE BOARD

/s/ Ron F. Hochstein — Ron F. Hochstein, Director

/s/ Lukas H. Lundin — Lukas H. Lundin, Director

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND (DEFICIT)
(UNITED STATES DOLLARS)

	YEARS ENDED SEPTEM	
	2002	2001
OPERATIONS		

Revenue		
Uranium sales	$ -	$ -
Vanadium sales	-	47,533
Process milling	6,830,137	762,230
Total revenue	6,830,137	809,763
Costs and expenses		
Uranium cost of sales	-	-
Vanadium cost of sales	-	22,108
Process milling expenditures	2,047,791	766,961
Mill stand-by expenditures	2,136,389	2,675,090
Selling, general and administrative	3,449,781	2,222,478
Write-down of inventories (Note 3)	155,334	-
Change in market value of other asset (Note 7)	(261,000)	(760,000)
Change in reclamation obligations	(29,174)	157,663
Write-off of Mongolia mineral properties	-	-
Depreciation	62,806	106,533
	7,561,927	5,190,833
Operating loss	(731,790)	(4,381,070)
Net interest and other income	916,780	1,558,194
NET INCOME (LOSS) FOR THE YEAR	$ 184,990	$ (2,822,876)
Basic and diluted income (loss) per share	$ -	$ (0.04)
DEFICIT		
Deficit, beginning of year	$ (33,529,179)	$ (30,706,303)
Net income (loss) for the year	184,990	(2,822,876)
DEFICIT, END OF YEAR	$ (33,344,189)	$ (33,529,179)

The accompanying notes are an integral part of these financial statements.

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INTERNATIONAL URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNITED STATES DOLLARS)

	YEARS ENDED SEPTEMBER 3		
	2002	2001	
CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Net income (loss) for the year	$ 184,990	$ (2,822,876)	$
Items not affecting cash			
Depreciation	813,050	872,307	
(Gain) loss on sale of equipment and land	(4,586)	143,929	

Gain on sale of short-term investments, net	(288,409)	(361,177)
Write-down of inventories	155,334	-
(Gain) loss in market value of other asset	(261,000)	(760,000)
(Decrease) increase in reclamation obligations	(29,174)	157,663
Write-off of Mongolia mineral properties	-	-
Forgiveness of notes receivable	200,000	-
Changes in non-cash working capital items		
Decrease (increase) in trade and other receivables	1,450,388	892,826
Decrease in inventories	10,269	26,983
(Increase) decrease in other current assets	(162,525)	50,778
Increase (decrease) in other accounts payable and accrued liabilities	355,493	(248,662)
NET CASH PROVIDED BY (USED IN) OPERATIONS	2,423,830	(2,048,229)
INVESTING ACTIVITIES		
Purchase of properties, plant and equipment	(215,554)	(78,151)
Mongolia mineral properties	(538,897)	-
Proceeds from sale of surplus equipment and land	40,964	41,907
Purchase of short-term investments	(752,626)	(13,070,658)
Proceeds from sale of short-term investments	9,679,079	1,744,627
(Increase) decrease in restricted investments	(2,141,864)	(1,654,084)
NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	6,071,102	(13,016,359)
FINANCING ACTIVITIES		
Decrease (increase) in notes payable	31	(16,592)
(Decrease) increase in deferred revenue	(4,166,921)	5,786,113
Exercise of employee stock options	17,396	9,811
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(4,149,494)	5,779,332
Increase (decrease) in cash and cash equivalents	4,345,438	(9,285,256)
Cash and cash equivalents, beginning of year	2,365,344	11,650,600
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,710,782	$ 2,365,344	$

The accompanying notes are an integral part of these financial statements.

International Uranium Corporation
Notes to Consolidated Financial Statements
September 30, 2002, 2001 and 2000
(United States Dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS

International Uranium Corporation and its subsidiaries (the "Company") are engaged in the business of recycling uranium-bearing waste products, referred to as "alternate feed materials," for the recovery of uranium, alone or in combination with other metals, as an alternative to the direct disposal of these waste products. Alternate feed materials are generally ores or residues from other processing facilities that contain uranium in quantities or forms that can be

recovered at the Company's White Mesa uranium Mill (the "Mill"), located near Blanding, Utah. While the Company has had considerable success to date in the development of its alternate feed business, the Company has not to date developed a sufficient backlog of alternate feed material to result in sustained profitable operations for the Company. Developing this backlog will be a prerequisite if the Company is to remain profitable and continue with its pursuit of this business in the future.

The Company also owns several uranium and uranium/vanadium mines and exploration properties that were placed on stand-by during the 1999 fiscal year. The Company is seeking potential purchasers for its uranium and uranium/vanadium mining properties and associated mining equipment. In addition, the Company is engaged in the selling of uranium recovered from these operations in the international nuclear fuel market and sells vanadium and other metals that can be produced as a co-product with uranium. During this fiscal year, the Company also initiated a precious and base metals exploration program in Mongolia.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Differences with respect to United States generally accepted accounting principles are disclosed in Note 15.

a. Basis of consolidation

The consolidated financial statements include the accounts of its wholly owned subsidiaries, International Uranium Holdings Corporation, International Uranium (Bermuda I) Ltd., International Uranium Company (Mongolia) Ltd., and International Uranium (USA) Corporation.

b. Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in these financial statements and notes thereto. Actual results could differ from those estimated.

c. Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with maturities at the date of purchase of three months or less.

d. Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and the respective income tax basis of assets and liabilities (temporary differences). The resulting changes in the net future tax asset or liability are included in income. Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the substantial enactment date. Future income tax assets are evaluated and if realization is not considered to be "more likely than not", a

valuation allowance is provided.

e. Short-term and restricted investments

Investments are valued at the lower of cost and market value except for restricted fixed income securities, which are to be held to maturity and are recorded at amortized cost.

f. Inventories

In-process inventories, which consist of partially processed uranium and vanadium bearing ores, and uranium and vanadium concentrates are valued at the lower of cost and net realizable value using the first-in, first-out method. Consumable parts and supplies are valued at the lower of weighted average cost and net realizable value.

g. Plant and equipment

Plant and equipment are recorded at the lower of cost and net recoverable amount. Plant and equipment are depreciated on a straight-line basis over their estimated useful lives from three to fifteen years. Plant and equipment placed on stand-by are depreciated over their remaining lives. Plant and equipment held for resale are recorded at the lower of cost and net realizable value. Gains or losses from normal sales or retirements of assets are included in other income or expense.

h. Exploration properties

Mineral exploration costs are capitalized as incurred. When it is determined that a mineral property can be economically developed, the cost of the property and the related exploration expenditures are amortized using the unit-of-production method over the estimated life of the ore body. When a project is determined to be unsuccessful, the mining property and the related exploration expenditures are written down to their net recoverable amount.

i. Asset impairment

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment loss is measured as the amount by which asset-carrying value exceeds net recoverable amount. Net recoverable amount is generally determined using estimated undiscounted future cash flows. An impairment is considered to exist if total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. An impairment loss is measured and recorded based on undiscounted estimated future cash flows. Future cash flows are determined by subtracting production, capital and reclamation costs from estimated revenues. Estimated revenues are based on estimated uranium and vanadium prices (considering current and historical prices, price trends and related factors), estimates of the pounds of uranium and vanadium to be produced, and estimated recycling fees from processing alternate feed materials. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Any differences between significant assumptions used and actual market conditions and/or the Company's performance could have a material effect on the Company's financial position and results of operations.

j. Environmental protection and reclamation costs

The estimated reclamation liabilities for the Mill, mines and any exploration properties requiring reclamation are based on the greater of the bonded amount for each property, as determined by applicable regulatory authorities, and an engineering estimate of the work required to reclaim the property, performed by the Company.

Estimated future decommissioning and reclamation costs are based principally on existing legal and regulatory requirements. Future reclamation costs for inactive mines are accrued based on management's best estimate at the end of each period of the undiscounted costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates are reflected in earnings in the period an estimate is revised.

k. Foreign currency translation

These consolidated financial statements are denominated in United States dollars, the Company's functional currency. Substantially all of the Company's assets and operations are located in the United States, with the exception of the mineral exploration properties in Mongolia. The majority of its costs are denominated in United States dollars.

Amounts denominated in foreign currencies are translated into United States dollars as follows:

i. monetary assets and liabilities at the rates of exchange in effect at balance sheet dates;

ii. non-monetary assets at historical rates;

iii. revenue and expense items at the average rates for the period.

The net effect of the foreign currency translation is included in the statement of earnings.

l. Basic and diluted earnings per share

Basic and diluted earnings per common share are determined using the weighted average number of shares outstanding during the year. The weighted average number of shares outstanding at September 30 for, 2002, 2001 and 2000, was 65,652,998, 65,542,943 and 65,525,066, respectively.

m. Revenue recognition

In accordance with normal industry practices, the Company contracts for future delivery of uranium produced. Uranium sales revenue, as well as revenue from the sale of vanadium, are recorded in the period that title passes to the customer along with the risks and rewards of ownership. Sales of the Company's uranium long-term supply contracts are included in uranium sales.

Process milling fees are recognized as the applicable material is processed, in accordance with the specifics of the applicable processing agreement.

Deferred revenues represent processing proceeds received or receivable

on delivery of materials but in advance of the required processing activity.

n. Share options

The Company has a share option plan, which is described in Note 9.c. No compensation expense is recognized when share options are issued or re-priced at market value. Any consideration on exercise of share options is credited to share capital.

o. Adoption of new accounting standard

Beginning October 1, 2000, the Company adopted new recommendations of The Canadian Institute of Chartered Accountants relating to accounting for income taxes. The new standard requires the use of the asset and liability method for accounting for income taxes as described in Note 2.d.

Prior to adoption of this new accounting standard, income tax expense was determined using the deferral method. Under this method, deferred income tax expense was determined based on "timing differences" (differences between the accounting and tax treatment of items of expense or income), and were measured using tax rates in effect in the year the differences originated. Certain deferred tax assets, such as the benefit of tax losses carried forward, were not recorded unless there was virtual certainty that they would be realized.

The Company has adopted this standard retroactively and has not recognized any future tax asset or liability in the current or prior periods as the net future tax assets are fully offset by a valuation allowance. Accordingly, the adoption of the new accounting standard did not result in changes to the prior period financial statements.

p. Reclassifications

Certain amounts in prior years have been reclassified to conform to the 2002 presentation.

3. INVENTORIES

	2002	2001
Vanadium concentrates	$ 828,062	$ 824,119
In process	20,450	20,450
Parts and supplies	872,440	1,041,987
	$ 1,720,952	$ 1,886,556

In fiscal 2002, the Company wrote-down the carrying value of its chemical reagents by $155,334 due to the age of the reagents as a result of the duration of the Mill stand-by.

In fiscal 2000, the Company wrote-down the carrying value of its

uranium and vanadium inventories by $1,026,415 to market value.

4. PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	2002 Net
Mill buildings and equipment	$ 6,908,150	$ 3,989,793	$ 2,918,357
Other machinery and equipment	1,117,780	672,884	444,896
	$ 8,025.930	$ 4,662.677	$ 3,363,253

	Cost	Accumulated Depreciation	2002 Net
Mill buildings and equipment	$ 6,751,216	$ 3,241,808	$ 3,509,408
Other machinery and equipment	1,220,522	732,804	487,718
	$ 7,971,738	$ 3,974,612	$ 3,997,126

During fiscal 1999 the Company placed its mining operations on stand-by. At September 30, 2002 and September 30, 2001, plant and equipment include other machinery and equipment held for resale with an aggregate net book value (being the estimated net realizable value) of $401,937 and $406,896, respectively. These surplus assets are expected to be sold over time as opportunities for sale arise, and the actual proceeds to be realized on the sale of the surplus assets could vary from the carrying value.

5. MONGOLIA MINERAL PROPERTIES

Mongolia mineral properties are currently made up of the Company's interest in precious and base metals exploration areas covering 1.6 million hectares in Mongolia. Amounts capitalized during the year include costs related to acquisition of land interests, review of geological data and satellite imagery, collection of samples and lab analysis. In fiscal 2000 Mongolia mineral properties were made up of the Company's interest in the Gurvan-Saihan Uranium Joint Venture.

6. RESTRICTED INVESTMENTS

The Company has placed cash and fixed income securities on deposit to secure its reclamation bonds and certain other obligations (Notes 7 and 8).

	2002	2001

Cash and cash equivalents	$ 3,297,063	$ 4,653,849
Fixed income securities	9,369,874	5,871,224
	$12,666,937	$10,525,073

7. OTHER ASSET

On September 13, 1999 the Company entered into a uranium concentrates sale and put option agreement with a third party. The Company transferred 400,000 pounds U(3)O(8) at a purchase price of $10.80 per pound U(3)O(8) under this agreement giving the third party the option to put up to an equivalent quantity to the Company at $10.55 per pound U(3)O(8) at any one time within the period beginning October 1, 2001 and ending March 1, 2003. The transaction was accounted for as a financing and the cost of the inventory was reclassified as an other asset. A bond (Note 6) collateralizes a portion of the transaction.

The carrying amount of the other asset is adjusted to the lower of cost or market value at the balance sheet date. Changes in market value are reflected in the statement of operations.

In fiscal 2000, based on uranium prices at the time, and future projections, the other asset and offsetting deferred credit were written down by a net of $1,308,875. This was the result of the other asset being written down from $10.62 to $7.10 per pound U(3)O(8). In addition, the sale price of $10.80 was written down to the put value of $10.55 per pound U(3)O(8).

In fiscal 2001, as a result of an increase in the uranium market price, the other asset was increased from $7.10 to $9.00 per pound U(3)O(8) resulting in a gain of $760,000.

In fiscal 2002, as a result of an increase in the uranium market price, the other asset was increased from $9.00 to $9.75 per pound U(3)O(8) net of any estimated costs to sell, resulting in a gain of $261,000.

8. OBLIGATIONS FOR RECLAMATION

Estimated future decommissioning and reclamation costs of the Mill and mining properties are determined on an undiscounted basis and are based principally on legal and regulatory requirements. At September 30, 2002 and September 30, 2001, $12,320,983 and $12,350,157, respectively, were accrued for reclamation costs. The Company has posted bonds in favor of the United States Nuclear Regulatory Commission and the applicable state regulatory agencies as partial security for these liabilities and has deposited cash, cash equivalents and fixed income securities on account of these obligations (Note 6).

Elements of uncertainty in estimating reclamation and decommissioning costs include potential changes in regulatory requirements, decommissioning and reclamation alternatives. Actual costs may differ from those estimated and such differences may be material.

9. SHARE CAPITAL

a. Authorized - unlimited number of common shares.

b. Issued and outstanding

Shares

	2002	2001	2000
Beginning of year	65,600,066	65,525,066	65,525,066
Employee stock options exercised	135,000	75,000	-
End of year	65,735,066	65,600,066	65,525,066

Amount

	2002	2001	2000
Beginning of year	$37,449,213	$37,439,402	$37,439,402
Employee stock options exercised	17,396	9,811	-
End of year	$37,466,609	$37,449,213	$37,436,402

c. Share options

The Company has adopted a share option plan under which the Board of Directors may from time to time grant to directors, officers, key employees and consultants of the Company options to purchase shares of the Company's common stock. These options are intended to advance the interests of the Company by providing eligible persons with the opportunity, through share options, to acquire an increased proprietary interest in the Company. Options granted under the share option plan have an exercise price of the fair market value of such shares on the date of grant. All outstanding options granted to date vest immediately and expire three years from the date of the grant of the option.

Share option transactions were as follows:

	2002	2001	2000
Beginning of year	4,370,000	4,280,000	3,389,000
Granted	495,000	200,000	3,605,000
Exercised	(135,000)	(75,000)	-

Expired	(675,000)	(35,000)	(2,714,000)
End of year	4,055,000	4,370,000	4,280,000

Weighted average exercise prices per share were as follows:

	2002	2001	2000
Beginning of year	Cdn $0.32	Cdn $0.32	Cdn $1.03
Granted	Cdn $0.32	Cdn $0.26	Cdn $0.24
Exercised	Cdn $0.20	Cdn $0.20	-
Expired	Cdn $0.75	Cdn $0.20	Cdn $1.10
End of year	Cdn $0.25	Cdn $0.32	Cdn $0.32

Share options outstanding and exercisable as of September 30, 2002 were as follows:

Options Outstanding and Exercisable		
Number Outstanding	Average Remaining Contractual Life (Years)	Weighted Average Exercise Price Per Share
3,110,000	0.64	Cdn $0.20
200,000	1.67	Cdn $0.26
300,000	2.25	Cdn $0.30
75,000	0.37	Cdn $0.35
120,000	1.72	Cdn $0.37
250,000	0.03	Cdn $0.75
4,055,000	0.80	Cdn $0.25

Outstanding options expire between October 2002 and January 2005. Subsequent to September 30, 2002, and up to December 13, 2002, 250,000 share options at Cdn $0.75 expired and 250,000 share options were granted at Cdn $0.31 per share.

10. INCOME TAXES

	2002	2001

Reconciliation		
Combined basic rate	40%	40%
Income (loss) from operations	$ 184,990	$ (2,822,876)
Income tax recovery at basic rate	73,996	(1,129,150)
Change in valuation allowance	71,190	1,116,563
Other	(145,186)	12,587
Tax expense per consolidated financial statements	$ -	$ -
Future income tax assets		
Tax losses carried forward	$ 4,886,235	$ 2,532,076
Inventory	413,769	456,036
Mineral properties	1,472,807	1,444,766
Deferred revenue	3,149,145	4,815,913
Other	-	448,623
	9,921,956	9,697,414
Future income tax liability		
Plant and Equipment	(1,034,528)	(881,176)
Valuation allowance	(8,887,428)	(8,816,238)
Net future income taxes	$ -	$ -

Non-capital loss carry forwards for Canadian tax purposes of approximately $1,615,000 begin to expire in 2003. For U.S. income tax purposes, loss carry forwards of approximately $10,366,000 begin to expire in 2015 unless utilized.

11. SEGMENTED INFORMATION

a. Geographic information

	2002	2001	2000
Revenue			
United States	$ 6,830,137	$ 809,763	$ 16,060,172
	$ 6,830,137	$ 809,763	$ 16,060,172
Net income (loss)			
Canada	$ (192,922)	$ (189,151)	$ (267,297)

United States	446,697	(2,440,296)	(3,983,443)
Mongolia	(68,785)	(193,429)	(10,993,911)
	$ 184,990	$ (2,822,876)	$ (15,244,651)
Plant and equipment, net			
United States	$ 3,279,391	$ 3,913,765	$ 4,720,795
Mongolia	83,862	83,361	256,323
	$ 3,363,253	$ 3,997,126	$ 4,977,118

b. Major Customers

The Company's business is such that, at any given time, it sells its uranium and vanadium concentrates to and enters into process milling arrangements with a relatively small number of customers. The customers with whom it does business vary substantially from year to year. During fiscal 2002 and 2001, a process milling customer accounted for approximately 100% and 75% of total revenues, respectively. During fiscal 2000, a uranium customer accounted for approximately 51% of total revenues. Accounts receivable from any individual customer will exceed 10% of total accounts receivable on a regular basis.

12. RELATED PARTY TRANSACTIONS

a. During the year ended September 30, 2002, the Company incurred legal fees of $10,960 with a law firm of which a partner is a director of the Company. Legal fees incurred with this law firm were $8,402 for the year ended September 30, 2001 and $16,606 for the year ended September 30, 2000.

b. During the year ended September 30, 2002, the Company incurred management and administrative service fees of $90,000 with a company owned by the Chairman of the Company, which provides investor relations, office premises, secretarial and other services in Vancouver. Amounts due to this company were $7,500 as of September 30, 2002 and 2001 (2000 - nil). Management and administration fees incurred with this company were $90,000 for the years ended September 30, 2001 and 2000.

c. During the period ended September 30, 1997, the Company loaned $200,000 to an officer of the Company in order to facilitate relocation to the Company headquarters. The loan was forgiven on September 30, 2002. The loan was non-interest bearing and was collateralized by the officer's personal residence.

13. CONTINGENCY

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 the construction of the Mill facility, and septic drain fields that were used for laboratory and sanitary wastes prior to construction of the Mill's tailings cells. The source and extent of this contamination

are currently under investigation, and a corrective action plan, if necessary, is yet to be devised. Although the 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.

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. 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 area 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 of reclamation or the viability of the operations.

14. FINANCIAL INSTRUMENTS

a. Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, short-term investments, accounts receivable, and restricted fixed income securities. The Company deposits cash and cash equivalents with financial institutions it believes to be creditworthy, principally in money market funds, which may at certain times exceed federally insured levels. The Company's investments consist of investments in U.S. government bonds, commercial paper and high-grade corporate bonds with maturities extending beyond 90 days. The Company's accounts receivable are derived from customers primarily located in the United States. The Company performs ongoing credit evaluation of its customers' financial condition and, in most cases, requires no collateral from its customers. The Company will maintain an allowance for doubtful accounts receivable in those cases where the expected collectability of accounts receivable is in question.

At September 30, 2002, one customer accounted for 86% of the accounts receivable. At September 30, 2001, the same customer accounted for 83% of the accounts receivable.

b. Fair values

At September 30, 2002 and 2001, the fair values of cash and cash equivalents, trade and other receivables, approximates their carrying values because of the short-term nature of these instruments.

The fair values of short-term investments, consisting of U.S. government bonds, commercial paper, corporate bonds and marketable securities, approximate carrying values. Notes receivable and notes payable are at market terms and accordingly, fair values approximate carrying values.

The fair value of cash and cash equivalents and fixed income securities classified as restricted investments approximates carrying values.

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES ACCOUNTING PRINCIPLES AND PRACTICES

The consolidated financial statements have been prepared in accordance with accounting principles and practices generally accepted in Canada ("Canadian GAAP") which differ in certain respects from those principles and practices that the Company would have followed had its consolidated financial statements been prepared in accordance with accounting principles and practices generally accepted in the United States ("U.S. GAAP"). The tables below only address measurement differences between Canadian and U.S. GAAP.

Consolidated Balance Sheets

	2002	2001
Plant and equipment, net		
Canadian basis	$ 3,363,253	$ 3,997,126
Depreciation of assets held for resale (a)	223,234	223,234
U.S. basis	$ 3,586,487	$ 4,220,360
Mongolia mineral properties		
Canadian basis	$ 538,897	$ -
Exploration expenditures (b)	(538,897)	-
U.S. basis	$ -	$ -
Notes receivable		
Canadian basis	$ -	$ 200,000
Shareholder loan reclassification (c)	-	(200,000)
U.S. basis	$ -	$ -
Share capital		
Canadian basis	$ 37,466,609	$ 37,449,213
Shareholder loan reclassification (c)	-	(200,000)
Amalgamation (d)	(615,970)	(615,970)
U.S. basis	$ 36,850,639	$ 36,633,243
Deficit		
Canadian basis	$ (33,344,189)	$ (33,529,179)
Amalgamation (d)	615,970	615,970
Exploration expenditures (b)	(538,897)	-

Depreciation of assets held for resale (a)	223,234	223,234
U.S. basis	$ (33,043,882)	$ (32,689,975)

Consolidated Statements of Earnings

	2002	2001	
Net income (loss) under Canadian GAAP	$ 184,990	$ (2,822,876)	$ (1
Depreciation of assets held for resale (a)	-	-	
Exploration expenditures (b)	(538,897)	-	
Write-off of Mongolia mineral properties (e)	-	-	1
Capitalized depreciation (e)	-	-	
Net loss under U.S. GAAP	$ (353,907)	$ (2,822,876)	$ (
Basic/diluted net loss per share, U.S. GAAP	$ (0.01)	$ (0.04)	$

Consolidated Statements of Cash Flows

Cash provided by (used in) operations under Canadian GAAP	$ 2,423,830	$ (2,048,229)	$
Exploration expenditures (b)	(538,897)	-	
Cash provided by (used in) operations under U.S. GAAP	$ 1,884,933	$ (2,048,229)	$
Cash provided by (used in) investing activities under Canadian GAAP	$ 6,071,102	$ (13,016,359)	$
Exploration expenditures (b)	538,897	-	
Cash provided by (used in) investing activities under U.S. GAAP	$ 6,609,999	$ (13,016,359)	$

a. Under Canadian GAAP, the Company's surplus assets were depreciated to net realizable value. Under U.S. GAAP, assets held for resale are recorded at the lower of cost or net realizable value and are not depreciated.

b. Under Canadian GAAP, the Company defers the property holding

costs and ongoing exploration expenditures on properties still in the exploration stage and carries these as assets until the results of the exploration projects are known. If a project is successful, the costs of the property and the related exploration and development expenditures will be amortized over the life of the property utilizing the units-of-production method. If the project is unsuccessful, the mining property and the related exploration expenditures net of any recoveries on disposition of the properties or related assets are written off. Under U.S. GAAP, these costs are expensed as incurred.

c. SEC practices require that shareholder loans be classified as a deduction from shareholders' equity.

d. Under Canadian GAAP, the amalgamation of the Company with Thornbury Capital Corporation in 1997 has been accounted for as an acquisition of Thornbury resulting in the recording of goodwill. Under U.S. GAAP, the transaction has been accounted for as a recapitalization whereby the net monetary assets of Thornbury would be recorded at fair value, except that no goodwill or other intangibles would be recorded. The goodwill recorded under Canadian GAAP has subsequently been written off. As a result, the deficit and share capital of the Company are both reduced under U.S. GAAP.

e. Under Canadian GAAP, the Company determined that the carrying amount of its Mongolian Uranium properties was not impaired at September 30, 1999, based on estimated mineral deposits of approximately 22.5 million pounds of uranium. U.S. GAAP and SEC rules require that the impairment analysis be based on proven or probable reserves, and therefore, the carrying amount of the Mongolian mineral properties was written off for U.S. GAAP purposes in 1999.

f. Under U.S. GAAP, comprehensive loss consists of net loss only.

g. In 2002, the CICA issued Section 3063, "Impairment of long-lived assets". This new Section provides guidance on the recognition, measurement and disclosure of the impairment of long-lived assets. Section 3063 is effective for years beginning on or after April 1, 2003. In 2002 the CICA issued Section 3475, "Disposal of Long-Lived Assets and Discontinued Operations". This new Section provides guidance on the recognition, measurement, presentation and disclosure of long-lived assets to be disposed of. Section 3475 is effective for disposal activities initiated by an enterprise's commitment to a plan on or after May 1, 2003. In 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations", under this standard, asset retirement obligations are measured and recorded at fair value. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company has not yet finally determined the effect of the implementation of these standards on its consolidated financial position or results of operations. In 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". Under this standard, exit costs and restructuring liabilities generally will be recognized only when incurred. SFAS No. 146 is effective for exit or disposal activities that are

initiated after December 31, 2002.

16. SUBSEQUENT EVENT

In November 2002, the Company entered into a joint venture agreement (the "Urizon Joint Venture") with Nuclear Fuel Services, Inc. ("NFS") to pursue the development of a new, long-term, alternate feed program for the Company's White Mesa Mill. Pursuant to its agreement with NFS, the Company is committed to contribute $1.5 million to the joint venture in the first quarter of fiscal 2003, which is to be used in connection with this project.

Index to Exhibits

Exhibit Number	Description
1.1	Company's Corporate Structure Chart
99	906 Certification