INTERNATIONAL URANIUM CORP
Form 20-F/A
April 11, 2002

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

AMENDMENT NO. 3 TO 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, 1999

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 Registrant 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 Registrant'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, 1999
Common Stock, Without Par Value	65,525,066 common shares

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed during the preceding 12 months (or shorter period that the registrant 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 registrant has elected to follow:

ITEM 17 X ITEM 18

The Registrant has filed a notification of Late Filing on Form 12b-25 regarding the financial statement footnote entitled "Differences Between Canadian and United States Accounting Principles and Practices" which is not currently included in this filing.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Except for the statements of historical fact contained therein, the information under the headings "Item 1 - Description of Business", "Item 2 - Description of Property", "Item 9 -- Management's Discussion and Analysis of Financial Condition and Results of Operations," "Item 9A - Quantitative and Qualitative Disclosure About Market Risk," and elsewhere in this Registration Statement 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 Registrant to differ materially from any future results, performance or achievements projected or implied by such Forward Looking Statements. Such factors include, among others, the factual results of current exploration activities, conclusions of feasibility studies now underway, changes in project parameters and the factors set forth in the section entitled "Risk Factors".

GLOSSARY OF TERMS

ALTERNATE FEED	Ore 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 Registrant's facilities;
BLM	Means the United States 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	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 such 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.
NRC	The United States Nuclear Regulatory Commission;
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.
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 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 mined ores.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

International Uranium Corporation (the "Registrant") is in the business of recycling uranium-bearing waste products as an alternative to the direct disposal of these waste products. In addition, IUC is engaged in the selling and trading of uranium recovered from these operations and other commercial activities in the international nuclear fuel market. IUC also sells vanadium and other metals that can be produced as a co-product with uranium. IUC continues to own several uranium and uranium/vanadium mines and exploration properties that have been shut down pending any significant improvements in commodity prices. See "Current Operations."

The Registrant 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 head office of the Registrant is located at Independence Plaza, Suite 950, 1050 Seventeenth Street, Denver, CO 80265. The registered office of the Corporation is located at Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2.

The Registrant 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 Registrant raised Cdn$47.25 million through a special warrant private placement and used cash of approximately Cdn$29.3 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 the United States. In addition to the U.S. properties, the Registrant 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 Registrant has ceased its mining and exploration activities, and has shut down all of its mines and its Mongolian joint venture. The Registrant intends to keep those properties on a shutdown status indefinitely, pending any significant improvements in commodity prices, or possibly sell or joint venture all or a portion of such properties and interest to or with other parties. The Registrant is in the process of closing its Colorado Plateau and Arizona mining offices and is actively seeking potential purchasers for its mining properties and mining equipment and taking other steps to minimize its holding costs for mining properties. See "Current Operations."

While this reduction in exploration and mining activities is underway, the Registrant intends to marshal its resources and concentrate its United States operations 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 Registrant will also continue to evaluate other opportunities unrelated to its mining and alternate feed activities.

AMALGAMATION

The predecessor, International Uranium Corporation ("Old IUC"), and Thornbury were amalgamated effective May 9, 1997 under the provisions of the Business Corporations Act (Ontario) to form the Registrant 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 Registrant, 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 Registrant, 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 Registrant 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 Registrant 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 Registrant entered the uranium industry by acquiring substantially all of the uranium producing assets of Energy Fuels. On December 19, 1996, Old IUC, through its subsidiary, International Uranium Holdings Corporation, entered into an agreement (the "Acquisition Agreement") to acquire the Energy Fuels' Assets for cash of $20.5 million, subject to adjustment. The terms of the acquisition were approved by the United States Bankruptcy Court following a lengthy bidding

procedure as required under United States bankruptcy laws. See "Bankruptcy of Oren Benton and Nuexco." The acquisition was completed on May 9, 1997.

ENERGY FUELS

HISTORICAL BACKGROUND

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

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

The cost of construction of the White Mesa Mill was funded in large part by Kernkraftwerk Goesgen-Daeniken AG, and Nordostschweizerische Kraftwerke AG, the former limited partners in certain of the Energy Fuels Assets (the "Swiss Utilities"), who owned a 40% limited partnership interest in almost all of Energy Fuels' United States assets.

In 1995, this 40% limited partnership interest was converted into a 9% royalty on all uranium produced and a 5% royalty on vanadium and all other minerals produced from the United States properties. The Swiss utilities have agreed to a reduction in this royalty on these properties until December 31, 2000. See "Swiss Royalty Interest".

In the early 1980s Energy Fuels expanded its operations to include breccia pipe uranium mining in the Arizona Strip district of northern Arizona. The land position of Energy Fuels in the Arizona Strip district acquired by the Registrant 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 Registrant as the lead bidder for the sale of the Energy Fuels Assets to the Registrant 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 Registrant. 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 Registrant would acquire the Energy Fuels Assets free and clear of all such liabilities.

SUMMARY OF ENERGY FUELS ASSETS ACQUIRED BY THE REGISTRANT

UNITED STATES ASSETS

The Energy Fuels Assets acquired by the Registrant 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 in 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. See "Other U.S. Mineral Properties.""
- the Dewey Burdock in situ leach project, a uranium deposit in South Dakota. See "Other U.S. Mineral Properties."
- the Bullfrog project, a uranium deposit in south central Utah. See "Other U.S. Mineral Properties."
- mining equipment. See "Other Assets of Registrant."
- various uranium supply, waste processing contracts, and joint venture contracts. See "Other Assets of Registrant."
- various field and administrative offices. See "Other Assets of Registrant."

THE MONGOLIA PROPERTY

Energy Fuels owned a 70% interest in the Gurvan-Saihan Joint Venture in Mongolia. The Registrant, 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 March 31, 2000, the Gurvan-Saihan Joint Venture holds some 3.19 million acres of uranium exploration properties in Mongolia. See "Mongolia Property."

CLAIMS ARISING OUT OF THE ACQUISITION

Under the Acquisition Agreement, the Registrant asserted claims during May 1998, against funds held in escrow for alleged breaches by Energy Fuels of certain representations and warranties relating to title on certain mineral claims in the Colorado Plateau District, and to the ability of the Mongolian joint venture to conduct exploration activities on a nature reserve area covering approximately 6% of the properties of the Mongolian joint venture. The liquidating trustee for Energy Fuels disputed these claims; however, during March 1999, the Registrant settled both of these claims with the trustee and received $200,000 from escrow.

THE URANIUM INDUSTRY

The following is a brief summary of the uranium industry as of March 31, 2000.

OVERVIEW

Considerable growth in world demand for electricity has created a strong market for the development of nuclear power over the past 30 years, and it now contributes 17% of world electricity supply. Today, world demand continues to see rapid growth in developing countries, particularly in Asia, while relatively low growth is expected in countries where nuclear power is well established.

According to the Uranium Institute ("UI"), there are 105 nuclear reactors in the United States and a total of 347, worldwide, representing a total world nuclear capacity of 346 GWe. Despite lower growth in developed countries, the UI reports in one case that world nuclear generating capacity is expected to be 355 GWe by 2000, and then grow to 422 GWe by 2010 and 483 GWe by 2020. With the only

significant commercial use for uranium being nuclear fuel for nuclear reactors, it follows that reactor requirements will be a key indicator in the nuclear fuel market.

Generally, uranium is mined and milled, converted, enriched and fabricated prior to use in a nuclear reactor. Once a uranium deposit is discovered and reserves delineated, uranium ore is mined either by underground, open pit or in situ methods then partially refined at a nearby mill to produce uranium concentrates. Typically, the uranium concentrate or U(3)O(8), or yellowcake as it is referred to in the industry, is sold by the mining companies to electricity utilities in the form of U(3)O(8). Market participants, such as utilities, then contract with the converters, enrichers, and fuel fabricators for services to further refine the yellowcake for use in a nuclear reactor.

URANIUM SUPPLY AND DEMAND

According to the UI, annual Western World uranium consumption has increased from approximately 56 million pounds U(3)O(8) in 1980 to about 149 million pounds U(3)O(8) in 1998. Demand could increase by increased plant operating capacities or reduced by premature closing of nuclear power plants.

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

According to the UI, primary western world uranium production had been in decline for a decade until the first rise in production in 1995, which was reported to be 85 million pounds. Of this, Canada and Australia accounted for more than 50% of total production. Increases continued in 1996 and 1997 to 72 and 73 million pounds, respectively. The increase in western world production was short lived with a drop in production to 68 million beginning in 1998. Major production cut backs and delays had been announced at the end of 1998 in Canada, Australia, United States and South Africa, which has resulted in a significant drop in production to 61 million for 1999.

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

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

In total, current inventories are estimated at over seven (7) years supply of the total world consumption, according to the UI. However, utilities have been steadily consuming inventories to reduce fuel carrying costs. It is estimated that utilities will consume 60 million pounds of Western world uranium inventory between 1998 and 2005. In addition, roughly 22% of the utilities carry, as strategic inventories, three (3) or more years of reactor requirements as a matter of policy. Over the three-year period from 1995 through 1997, Western world inventories fell by 26 million pounds of uranium.

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

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

URANIUM PRICES

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

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

The spot market is the market for uranium which may be purchased for delivery within one year. Over the last ten years, annual spot market demand averaged roughly 26 million pounds U(3)O(8) with a record high of 42 million pounds U(3)O(8) in 1995 followed by a low, over the period, to 11 million pounds U(3)O(8) in 1998. Historically, spot prices have been more volatile than long-term contract prices, increasing from $6.00 per pound in 1973 to $43.00 in 1977, then declining from $40.00 in 1980 to a low of $7.25 in October of 1991. More recently, the record spot demand aided to push prices to $16.50 in June 1996. Trade restrictions limiting the free flow of uranium from the former CIS republics into the Western world markets, the Nuexco bankruptcy under Chapter 11 of the United States Bankruptcy Code and related defaults on deliveries (see "Bankruptcy of Oren Benton and Nuexco"), and the reluctance of uranium producers and inventory holders to sell at low spot price levels, contributed to increases in demand and spot prices between 1995 and 1997. These factors had a diminishing impact on the uranium market causing prices to decline. The drop in spot demand in the following three years largely contributed to a relatively steady drop in prices to $9.60 in December 1999. Prices remain depressed as a result of weak demand and as of March 31, 2000, are around $9.50.

Future uranium prices will depend largely on the amount of incremental supply

made available to the spot market from the remaining excess inventories, primary production in Russia and other former CIS republics, as well as supplies from Russian HEU and other Russian stockpiles, from excess United States HEU and increased production from unutilized capacity of other uranium producers. Some analysts believe, however, that prices should stabilize and begin to rebound in the next several years.

COMPETITION

The Registrant markets uranium to utilities in direct competition with supplies available from various sources worldwide. The Registrant competes primarily on the basis of price. Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. In 1999, five (5) companies, Cameco, Compagnie Generales des Matieres Nucleaires ("Cogema"), Energy Resources of Australia

Ltd. ("ERA"), The RTZ Corporation PLC ("RTZ"), and WMC Limited, produced over 67% of total world output. Most of Western World production was from only eight countries: Canada, Niger, Australia, Namibia, South Africa, United States, France, and Gabon. In 1988, the former CIS, and mainland China began to supply significant quantities of uranium annually into Western World markets. The Canadian uranium industry has in recent years been the leading world supplier, producing 25 million pounds U(3)O(8) on average over the past few years, or about 35% of total world production. The Registrant's total production is a small percentage of total Western World production.

THE VANADIUM MARKET

The following is a brief summary of the vanadium market as of March 31, 2000.

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

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 product 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 historically produced and sold on a request basis only.

Vanadium is generally produced as a by- or co-product of other metal production. In the United States, the most significant source of production has been as a byproduct of uranium production from ores in the Colorado Plateau District, accounting for over half of historic U.S. production. Vanadium in these deposits

occurs at an average ratio of six pounds of vanadium for every pound of uranium, and the financial benefit derived from the byproduct sales have helped to make the mines in this area profitable in the past. However, low prices for both uranium and vanadium in recent years have forced producers in the Colorado Plateau District to place their facilities on standby.

The market for vanadium has fluctuated greatly over the last 15 years. Over capacity in the mid-1970s was caused by reduced demand for vanadium during the recession that plagued the steel industry. By the end of the decade, steel production had climbed to record levels and prices for V(2)O(5) firmed at around $2.75 per pound. During the early 1980s, quoted prices were in the range of $3.00 per pound, but increased exports from China and Australia, coupled with the continued economic recession of the 1980s drove prices to as low as $1.30 per pound. Prices stabilized in the $2.00 - $2.45 per pound range until perceived supply problems in 1988 caused by cancellation of contracts by China and rumors of South African production problems resulted in a price run-up of unprecedented magnitude, culminating in an all time high of nearly $12.00 per pound in February of 1989. This enticed new producers to construct additional capacity and oversupply problems again depressed the price in the early 1990s to $2.00 per pound and below. Late in 1994, a reduction in supplies from Russia and China, coupled with concerns about the political climate in South Africa and a stronger steel market caused the price to climb to $4.50 per pound early in 1995. In the beginning of 1998, prices had climbed to a nine-year high of $7.00 caused by a supply deficit unable to keep pace with record demand from steel and aerospace industries. However, during the second half of 1998, prices then declined to $2.80 per pound 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. At the end of 1999 prices fell to $1.50 per pound V(2)O(5) with many experts predicting that prices would remain in this depressed state for an extended period of time.

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

Vanadium has been largely producer-priced historically, but during the 1980s, this came under pressure due to the emergence of new sources. As a result, merchant or trader activity gained more and more importance. Prices for the products that will be produced by the Registrant 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.

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 Registrant's NRC license gives the Registrant 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 Registrant 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 Registrant 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 Registrant the ability to process alternate feeds and generate earnings that are largely independent of uranium market prices. By working with the Registrant and taking the recycling approach, the suppliers of alternate feed materials can significantly reduce their remediation costs, as there are only a limited number of disposal sites for uranium-bearing materials in the United States.

As of March 31, 2000, the Mill has received nine license amendments, authorizing the Mill to process nine different alternate feed materials. As of March 31, 2000, the Mill has recovered approximately 1,125,000 pounds of U(3)O(8) from the processing of alternate feed materials. Of these amendments, five have involved the processing of feeds provided by nuclear fuel cycle facilities and private industry and one has involved the processing of Department of Energy material. These five feed materials were generally relatively high in uranium content and relatively low in volume. The remaining three 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 Registrant has received and processed approximately 44,000 tons of FUSRAP materials from the Ashland 2 site near Buffalo, New York, and, as of March 31, 2000, is receiving approximately 100,000 tons of such material from the Ashland 1 site, also near Buffalo. Previously, material excavated from FUSRAP sites was only directly disposed of at one of the few direct disposal sites in the country, and at considerable cost. The Corps , charged with the task of reducing the cost of this remediation program, awarded the Ashland 2 contract to the Registrant 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 Registrant was able to allow the Corps to clean up this site at a fraction of the cost that would have been incurred had the disposal-only option been used.

As of March 31, 2000, the Registrant estimates that there are potentially several million tons of uranium-bearing soils and materials located at these FUSRAP and similar sites. While the Corps is responsible for the clean up of several million tons of alternate feed material under FUSRAP, it is only one agency of several that is being operated by the federal government for the clean

up of former defense and nuclear weapons sites. The Department of Energy, NRC and Department of Defense combine for an additional 15 million tons of low-level radioactive waste to be cleaned up over the next 15 years. It is anticipated that these uranium-bearing soils will be excavated and then transported to either a disposal only facility or in some cases to a recycling facility, like the White Mesa Mill.

Even though there are significant volumes of materials estimated under the government programs, nuclear fuel cycle facilities and private industry will remain an important part of the Registrant'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 Registrant acquired under a contract with a nuclear fuel cycle facility. The high-grade uranium content of this material provided the Registrant with 160,000 pounds of uranium. The Registrant continues to receive alternate feeds under this contract, and is working toward concluding a similar contract in 2000 with another nuclear fuel cycle facility. As well, the Registrant will continue to be an outlet for smaller private companies seeking recycling as a 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, the 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 Registrant 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 typically need not be remediated within any set time period. It is incumbent upon the Registrant to identify these types of contracts. Most of these types of contracts are sole-source. As of March 31, 2000, the Registrant has been successful in obtaining approximately 50% of the contracts for which it submitted a competitive bid and approximately 75% of all contracts sought.

While the progress made to date is considerable, there are regulatory uncertainties associated with this uranium recycling business. As noted, the Registrant's license gives the Registrant the right, with appropriate amendments, to process alternate feeds. These amendments are granted under the rules and regulations of the NRC. Some of the Registrant's alternate feed projects have been challenged by the State of Utah, which believes 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. As of March 31, 2000, the Registrant's White Mesa Mill has been granted nine license amendments for processing alternate feeds out of nine requests, and the Registrant 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 Registrant's NRC license amendment that allowed the Registrant to process the Ashland 2 FUSRAP materials. This decision by the five NRC Commissioners affirmed an earlier ruling by the Atomic Safety and Licensing Board just over one year ago, and resolved in the Registrant's favor the long-standing dispute

with the State of Utah over the types of materials that can be processed at the Mill. As a result of this ruling, it is clear that the potential several million tons of uranium bearing soils and materials located at former defense sites that are being pursued by the Registrant can be processed at the Mill in accordance with NRC health and safety regulations. See "Legal Proceedings."

The Registrant has been working with the Utah Department of Environmental Quality ("UDEQ") to resolve any concerns that UDEQ has regarding the operations at the Mill. The Registrant and UDEQ have made considerable progress in this regard to date, and the Registrant intends to continue working with UDEQ to cooperatively resolve any outstanding issues in a manner that will provide UDEQ with the regulatory comfort that it desires while still

allowing the Registrant to pursue the development of its alternate feed business. The Registrant remains optimistic that this objective will be achieved. See "Legal Proceedings."

The Registrant continues to expect that the development of the business of recycling uranium-bearing materials can result in a profitable business for the Registrant. As noted above, there are potentially millions of tons of this type of material in the U.S., enough to keep the White Mesa Mill operating at capacity for the foreseeable future. In order for the Registrant to become profitable in this business the Registrant must be able to: A) identify a sufficient number of contracts that would be profitable for the Registrant; B) be successful in winning a sufficient number of these contracts in the face of competition from other facilities; and C) receive these contracts in a time frame and have sufficient backlog of such contracts to allow the Mill to operate at a sufficient capacity to more than cover its costs of production, any standby costs that are incurred between Mill runs, and other corporate overheads. Despite its successes in developing this new business opportunity and the receipt of alternate feed materials from various sources, the Registrant has not to date developed this required backlog of alternate feed business to result in sustained profitable operations for the Registrant. Given the timeframes inherent in bidding for and being awarded government contracts and identifying and securing commercial contracts for alternate feed materials, this could take a matter of years to achieve. Developing this backlog will be a prerequisite if the Registrant is to continue with its pursuit of this business in the future. While the Registrant's shutdown of its exploration and mining activities is underway (see "Current Operations"), the Registrant intends to marshal its resources and concentrate its United States operations 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 Registrant cannot develop the required backlog of alternate feed business in the near future, it may consider pursuing other business opportunities that have not yet been identified.

CURRENT OPERATIONS

The Registrant is currently in the process of redefining its business operations to focus on the development of the alternate feed business. The Registrant has focused on the following four areas in the past:

1) Mining

2) Alternate Feed Processing

3) Exploration and Development

4) Marketing

These will be discussed below.

Due to deteriorating commodity prices and other factors, the Registrant has ceased its mining and exploration activities, and has shut down all of its mines and its Mongolian joint venture. The Registrant intends to keep those properties on a shutdown status indefinitely, pending any significant improvements in commodity prices, or possibly sell or joint venture all or a portion of such properties and interest to or with other parties. The Registrant is in the process of closing its Colorado Plateau and Arizona mining offices and is actively seeking potential purchasers for its mining properties and mining equipment and taking other steps to minimize its holding costs for mining properties.

While this reduction in exploration and mining activities is underway, the Registrant intends to marshal its resources and concentrate its United States operations 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 Registrant has pursued the alternate feed business in the past, and, as of March 31, 2000, has received nine license amendments for the processing of alternate feed materials at the Mill, the alternate feed business has historically been considered by the Registrant to be supplemental to its business of mining and milling conventional uranium and uranium/vanadium mineralization. With the recent decline in commodity prices, the Registrant is now dedicating its full attention to the development of the alternate feed business as the primary focus of its business operations. See "Alternate Feed Processing." The Registrant will also continue to evaluate other opportunities unrelated to its mining and alternate feed activities, as they may arise.

MINING OPERATIONS

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

To supplement its own production, the Registrant 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 current commodity prices, due to new regulatory and environmental licensing requirements that had come into effect since they last operated.

The Registrant 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 Registrant 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 was completed in November, 1999. The mines continue to remain on shutdown status at this time.

Due principally to the lack of success of the Registrant'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 Registrant's mines and independent mines. All of the material was shipped to the White Mesa Mill, and the Registrant commenced the milling of this material during 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 during this production run. Nevertheless, as of September 30, 1999, approximately 72,750 tons of material had been fed to the Mill, leaving approximately 14,500 tons in stockpile, which was milled during October and early November of 1999. During the Mill run, the Registrant did successfully recover approximately 487,000 pounds of U(3)O(8) in concentrate and approximately 2.0 million pounds of vanadium.

Due to deteriorating commodity prices and other factors, the Registrant has shutdown all of its mines. The mines continue to remain on shutdown status at this time. The Registrant has also written-off the carrying value of its U.S. mineral properties for the same reason. The Registrant intends to keep those properties on shutdown status indefinitely, pending any significant improvements in commodity prices, or possibly the sale or joint venture of all or a portion of such properties to or with other parties. As of March 31, 2000, the Registrant is in the process of closing its Colorado Plateau and Arizona mining offices and is actively seeking potential purchasers for its mining properties and mining equipment and taking other steps to minimize its holding costs for mining properties.

ALTERNATE FEED PROCESSING

While declining commodity prices seriously affected the Registrant's conventional mining, milling and exploration programs, the Registrant did have some notable success in the development of its alternate feed, uranium-bearing waste recycling business. During fiscal 1999, the Registrant was awarded its second contract under the U.S. government's Formerly Utilized Sites Remedial Action Program ("FUSRAP") for the Ashland 1 site, near Buffalo, New York. This contract is a multi-year contract that involves over 100,000 tons of uranium-bearing soils that will be processed through the Mill. The Registrant also received NRC approval to receive alternate feed materials from a third FUSRAP project with sites located in and around St. Louis, Missouri, which paves the way for the Registrant to pursue a commercial contract for this material. As of March 31, 2000, the Registrant has not yet been successful in being awarded such a contract. In addition, the Registrant concluded contracts with other private sector facilities for the recycling of uranium-bearing waste materials during the year. Also noteworthy is the fact that the NRC decided the State of Utah's appeal of the Ashland 2 license amendment in favor of the Registrant, thereby resolving in the Registrant's favor the long-standing dispute with the State of Utah over the types of materials that can be processed at the Mill. See "Alternate Feed Processing" and "Legal Proceedings."

The Registrant intends to marshal its resources and concentrate its United States operations 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. The Registrant continues to expect that the development of its alternate feed business can result in a profitable business for the Registrant, if the Registrant is able to develop a sufficient backlog of alternate feed materials

to allow the Mill to operate efficiently on a continuous basis. Despite the Registrant's successes, however, the Registrant has not to date developed the required backlog of alternate feed business. Given the timeframes inherent in bidding for and being awarded government contracts and identifying and securing commercial contracts for alternate feed materials, this could take a matter of years to achieve. Developing this backlog will be a prerequisite if the Registrant is to continue with its pursuit of this business in the future. See "Alternate Feed Processing."

Process milling of alternate feeds generated $4,288,515 of the Registrant's fiscal 1999 revenues which were approximately 31% of total revenues for the year.

EXPLORATION AND DEVELOPMENT

In the area of exploration and property development, the Registrant did not undertake any exploration activities in 1999. The Registrant's 70% owned Gurvan-Saihan Joint Venture, which discovered a new uranium mineral deposit in the Hairhan region of Mongolia and delineated a deposit containing approximately 21.67 million tons of mineralized material at an average grade of approximately 0.052% U(3)O(8) during the field seasons of 1997 and 1998, was placed on standby in early fiscal 2000. As of March 31, 2000, the two field camps in the Hairhan and Haraat regions are being dismantled and other cost savings measures are being instituted in order to minimize the holding cost of this asset. 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 Registrant considers

the Mongolian Joint Venture to be a valuable asset and, as of March 31, 2000, is discussing with other investors and interested parties the potential for their participation in the Joint Venture. See "Mongolia Property."

In addition, due to the weak uranium market, the Registrant also suspended all licensing work on its Reno Creek in situ leach property during fiscal 1999. In order to minimize the holding cost of its U.S. mining properties, the Registrant has dropped some portions of this property and, as of March 31, 2000, is seeking potential purchasers for the remaining portion. If no purchasers are identified, the Registrant will continue to drop its holdings of this property in order to minimize costs. See "Other U.S. Mineral Properties."

MARKETING

Despite the weak uranium market, the Registrant was an active seller of U(3)O(8) in fiscal 1999. The Registrant delivered over 1.1 million pounds of uranium to six customers generating $9,758,317 of revenues; sixteen (16) percent of the material sold was produced by the Registrant from its alternate feed processing. The remaining 84% was purchased; therefore, the Registrant was able to take advantage of the low market prices to fill existing contracts at a profit.

RISK FACTORS

ABILITY TO DEVELOP ALTERNATE FEED BUSINESS

The Registrant intends to marshal its resources and concentrate its United States operations on the continuing development of the alternate feed, uranium-bearing waste recycling business. In order for the Registrant to become profitable in this business the Registrant must be able to: A) identify a

sufficient number of contracts that would be profitable for the Registrant; B) be successful in winning a sufficient number of these contracts in the face of competition from other facilities; and C) receive these contracts in a time frame and have sufficient backlog of such contracts to allow the Mill to operate at a sufficient capacity to more than cover its costs of production, any standby costs that are incurred between Mill runs, and other corporate overheads. While the Registrant has had considerable success to date in this initiative, the Registrant has not to date developed a sufficient backlog of alternate feed business to result in sustained profitable operations for the Registrant. Developing this backlog will be a prerequisite if the Registrant is to continue with its pursuit of this business in the future. There can be no guarantee or assurance that the Registrant will be successful in developing the necessary backlog or that it will otherwise be successful at this business initiative. If the Registrant 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 Registrant 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 Registrant will continue to evaluate other opportunities unrelated to its mining and alternate feed activities. There can be no guarantee or assurance that the Registrant 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.

VOLATILITY AND SENSITIVITY TO PRICES, COSTS AND EXCHANGE RATES

Because a significant portion of the Registrant's revenues are expected to be derived from the sale of uranium and vanadium, the Registrant's net earnings are 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 Registrant'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 Russia, Canada and other republics of the former CIS and Australia.

During fiscal year 1999, U(3)O(8) prices started at $9.75 per pound U308 in September 1998, rose to $10.85 in March, then declined to $9.75 per pound in September 1999. The spot market value of vanadium, however, suffered a tremendous decline. V(2)O(5) prices were $5.37 per pound V205 in September 1998, and then declined during the remainder of the fiscal year to $1.84 per pound in September 1999. Uranium prices have continued to drift

downward to $9.30 per pound in March 2000, while vanadium prices have recovered slightly to approximately $2.25 per pound in March 2000.

COMPETITION FROM OTHER ENERGY SOURCES AND PUBLIC ACCEPTANCE OF NUCLEAR ENERGY

Nuclear energy competes with other sources of energy, including oil and gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Lower prices of oil, gas, coal and hydro-electricity for an extended period of time may make nuclear power a less attractive fuel source for the generation of

electricity, thus resulting in lower demand for uranium. It is anticipated that production costs will become more of a factor for nuclear and other sources of energy as utilities continue to be less regulated, receive fewer government subsidies, and as electrical power becomes more freely traded. Furthermore, the growth of the uranium and nuclear power industry beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry.

URANIUM INDUSTRY COMPETITION AND INTERNATIONAL TRADE RESTRICTIONS

The international uranium industry is highly competitive in many respects, including the supply of uranium. The Registrant markets uranium to utilities in direct competition with supplies available from a relatively small number of Western World uranium mining companies, from certain republics of the former CIS and mainland China and from excess inventories, including inventories made available from decommissioning of military weapons. To some extent, the effects of the supply of uranium from the former CIS republics are mitigated by a number of international trade agreements and policies, including suspension agreements entered into by the United States with certain republics of the former CIS, including Russia, that restrict imports into the United States market. In addition, in January 1994, the United States and Russia signed a 20-year agreement to convert HEU from former Russian nuclear weapons to a grade suitable for use in nuclear power plants. During 1995, the United States also amended its suspension agreements with the Republics of Kazakhstan and Uzbekistan, which increased the limit on the supply of uranium from those republics into the United States for a 10-year period. The European Community also has an informal policy limiting annual consumption of uranium sourced from the former CIS republics. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Registrant 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 estimates 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 Registrant 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 Registrant'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.

REPLACEMENT OF MINERAL DEPOSITS

The Registrant's total uranium mineral deposits will decrease over time as its current uranium producing properties are depleted, sold or closed. There can be no assurance that uranium properties will remain, be developed and placed into production or that the Registrant's future exploration, development and acquisition efforts will be successful.

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 Registrant's mineral properties, personal injury or death, environmental damage, delays in or cessation of production from the Registrant's mines or in its exploration or development activities, monetary losses, cost increases which could make the Registrant 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 Registrant on a regular and ongoing basis.

The Registrant maintains insurance against certain risks that are typical in the uranium industry. As of March 31, 2000, this includes approximately $47,000,000 of fire and casualty insurance for damage to the White Mesa Mill and mining properties, $3,000,000 of business interruption insurance for the White Mesa Mill and mine activities caused by fire or other insured casualty, and $12,000,000 of general liability insurance. Although the Registrant 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 Registrant or to other companies within the uranium mining and milling business.

GOVERNMENTAL REGULATION AND POLICY RISKS

Mining and milling operations and exploration activities, particularly uranium mining and milling in the United States, 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 reclamation, mine 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 Registrant's 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 Registrant's decisions as to whether to operate existing mines or refining 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 Registrant's results of operations in a particular period or its long-term business prospects. In addition, should certain recent proposals being considered by the U.S. Congress become law, a royalty on production of minerals from unpatented mining claims located on federal lands could be imposed, which could adversely impact the Registrant's proposed business and uranium 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 Registrant's control. In addition, the international marketing of uranium is subject to certain trade restrictions, such as those imposed by the suspension agreements entered into by the United States with certain republics of the former CIS and the agreement between the United States and Russia related to the supply of Russian HEU into the United States.

ENVIRONMENTAL RISKS

The Registrant is required to comply with environmental protection laws and regulations and permitting requirements, and the Registrant anticipates that it will be required to continue to do so in the future. The material laws and regulations that the Registrant must comply with are the Atomic Energy Act, Uranium Mill Tailings Radiation Control Act of 1978 ("UMTRCA"), Clean Air Act, Clean Water Act, Safe Drinking Water Act, National Environmental Policy Act ("NEPA"), Federal Land Policy Management Act, National Park System Mining Regulations Act, and the State Mined Land Reclamation Acts or Department of Environmental Quality regulations, as applicable. The Registrant complies with the Atomic Energy Act as amended by UMTRCA by applying for and maintaining operating licenses 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. At the present time, the NRC also regulates in situ uranium mining operations. Therefore, for these types of facilities, the Registrant must comply with the NRC licensing requirements, as well as with the Federal Land Policy Management Act, the National Park System Mining Regulations Act, and State Mined Land Reclamation Acts or Department of Environmental Quality regulations, as applicable. The Registrant utilizes specific employees and consultants in order to comply with and maintain the Registrant's compliance with the above laws and regulations.

Although the Registrant 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 Registrant has detected some chloroform contamination at the Mill site, that appears to have resulted from the operation of a temporary laboratory facility that was located at the site prior to and during construction of the Mill facility. See "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 Registrant is obligated to eventually reclaim such properties. Most but not all of these reclamation obligations are bonded, and cash and other assets of the Registrant have been reserved to secure a portion of this bonded amount. Although the Registrant's financial statements contain as a liability the Registrant'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 Registrant's financial statements. See "Reclamation."

DEPENDENCE ON LIMITED NUMBER OF CUSTOMERS

Long term demand for uranium is relatively fixed due to the fact that there are a limited number of nuclear reactors in the world and the lead time for construction of new reactors is many years. As a result, in any given year the Registrant likely will rely on a relatively small number of customers to purchase a significant portion of its production of uranium. The loss of any of the Registrant's largest customers or curtailment of purchases by such customers along with the inability to replace such customers with new customers could have a material adverse effect on the Registrant's financial condition and results from operations. Factors which may adversely affect purchases by customers from the Registrant include decisions by customers to forego purchases and use existing inventories of uranium, as well as competition from other uranium suppliers.

MONGOLIA PROPERTY

The Mongolia Property continues to be a significant asset of the Registrant. As with any foreign operation, the Mongolia Property 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 the project, 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 repatriation 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

Registrant's interests in the Mongolia Property. The Registrant intends to monitor this investment with a view to anticipating political, economic or other events that may affect the Registrant's interests in the Mongolia Property. See "Mongolia Property."

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

A significant portion of the Registrant'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 Registrant'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 "Alternate Feed Processing" and "Legal Proceedings."

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

DEPENDENCE ON KEY PERSONNEL

The Registrant'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 Registrant does not foresee any reason why such officers and key employees will not remain with the Registrant, if for any reason they do not, the Registrant could be adversely affected. The Registrant has not purchased key man life insurance for any of these individuals.

CONFLICTS OF INTEREST

Certain of the directors of the Registrant 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 Registrant will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Registrant 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 Registrant believes that no material conflicts of interest currently exist. See "Interest of Management in Certain Transactions."

LIMITED OPERATING HISTORY

The Registrant began its business in May 1997, following the acquisition of assets from Energy Fuels. As a result, the Registrant has had a limited history of operations. There can be no assurance that the Registrant's operations will be profitable.

ITEM 2. DESCRIPTION OF PROPERTIES

The following is an overview of the properties held by the Registrant as of March 31, 2000:

WHITE MESA MILL

OVERVIEW

The White Mesa Mill, a fully permitted uranium mill with a vanadium and other co-product recovery circuit, is strategically 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. 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. Amenability tests are run on lots from individual mines to determine if blending of the mined material will increase overall recovery. The ore is initially fed to an 18-foot diameter SAG Mill, then stored in slurry form in one of the two pulp storage tanks. The White Mesa Mill utilizes a two-stage leach process where overflow solution from the No. 1 CCD Thickener is combined, in an "acid kill" step, with feed from the pulp storage tanks. The slurry from this first stage leach is then separated in the pre-leach thickener, with the solids going to the second stage leach and the clarified solution going to the solvent extraction circuits. Concentrated sulfuric acid, steam, and an oxidizer are added in the second stage leach. This slurry is subsequently fed to the 8-stage CCD Circuit where the underflow is discharged to tailings. In full operation, the Mill employs approximately 100 people.

CURRENT CONDITION AND OPERATING STATUS

The Mill has been on standby since the completion of the conventional Mill run in November 1999. During this period of standby the Mill has been receiving and stockpiling alternate feed materials from the Ashland 1 FUSRAP site, as well as other alternate feed materials. The Registrant intends to maintain the Mill on standby status until a sufficient stockpile of alternate feed material has been accumulated at the Mill to justify an efficient Mill run, at which time the Mill will re-commence operations. The Mill is maintained in good operating condition and is capable of commencing a Mill run at any time without the need for regulatory approvals or any significant capital expenditures. In addition to receiving and stockpiling alternate feed materials for future processing, the primary focus of the personnel at the Mill is to ensure that the operating status of the Mill is maintained, so that the Mill remains ready for operation at any time.

INVENTORIES

Uranium inventories were 888,666 lbs U(3)O(8) and vanadium inventories were 1,073,965 lbs V(2)O(5), as at September 30, 1999. All of the vanadium and approximately 151,300 lbs of the U(3)O(8) were located at the Mill site, and the remainder of the U(3)O(8) was located at conversion facilities.

TAILINGS

Synthetic lined cells are used to contain tailings and, in one case, solutions for evaporation. There is sufficient volume available, as of March 31, 2000, for approximately another 200,000 tons of tailings solids. Thereafter, Cell No. 4A can be utilized after it is relined. Difficulties have been encountered with leaking seams in the liner for Cell No. 4A. This cell contains no tailings at present, and leaking 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. The Registrant estimates an expenditure of $1.5 to $3.0 million for this purpose. After Cell No. 4A is relined, approximately 2,000,000 tons of tailings solids can be disposed of in Cell No. 4A before an additional cell will be needed.

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

REQUIRED CAPITAL EXPENDITURES

Other than routine maintenance, the only significant capital project anticipated over the next three years with respect to operations of the White Mesa Mill is the relining of tailings Cell No. 4A, assuming that the Mill continues to process materials at a rate similar to the rate of production over the past three years, at an estimated cost of $1,500,000 - $3,000,000. In addition, if Cell No. 4A is put into use the reclamation obligation for the Mill would increase by approximately $1,000,000, which would require an increase in the Mill's reclamation bond by that amount. It is not expected that this capital expenditure will be required during fiscal 2000.

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 Registrant completed a processing run of uranium-bearing tantalum residues for a major tantalum producer; and, in 1999 the Registrant completed the processing of two alternate feed sources and the majority of its 87,250 ton conventional mill run.

OPERATION AT REDUCED CAPACITY

Nameplate 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 materials 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 mill-feed must be stockpiled to provide adequate mill feed.

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

The Registrant'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 REGISTRANT'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 Registrant 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 Registrant after discussion with the NRC and reviewing costs for demolition. These estimated closure costs, as of March 31, 2000, are summarized as follows:

WHITE MESA MILL CLOSURE COSTS

CATEGORY	
Mill dismantling and decommissioning	$1,505,166
Cover tailings cell #2	1,082,869
Cover tailings cell #3	1,565,444
Cover tailings cell #4A	120,128
Tailings cell #1	933,169
Miscellaneous - management, hygiene, radiation, etc.	1,939,480
Direct Costs	7,146,256
Contractors' Profit	714,626
Contingency	1,071,939
Licensing and bonding	142,925
Long term care fund	606,721
TOTAL ESTIMATED COSTS	$9,682,467

On February 10, 2000 the NRC issued amendment No.13 to the Mill license which reduced the current surety from $11,469,859 to the amount shown above of $9,682,467.

SEQUENTIAL RECLAMATION

Under the Mill's NRC permit, the Mill is only allowed to have two tailings cells open at any one time. Prior to depositing tailings into Cell No. 4A, the Registrant is required to close tailings Cell No. 2 The Registrant also intends to commence reclamation of Cell No.2 for approximately $1,675,000. The result is that the total cost of reclamation at any one time, and hence the amount of the bond required, is not expected to increase as Cell No.4A is brought into use.

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 6 to 8 feet of

clay and rock 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 Registrant is negotiating a State of Utah 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 must have a State Groundwater Discharge Permit, regardless of

whether or not the facility discharges to groundwater.

SUMMARY OF MINERALIZED MATERIAL

The following is a summary of the Registrant's estimates of the uranium and vanadium contained in mineral deposits on the Registrant's various properties, as of March 31, 2000:

Conventional Mines

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

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

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

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

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

In-Situ Leach Projects(5)

	Mineralized Tons	%
Reno Creek	4,286,000	
Dewey Burdock	1,476,000	
Mongolia JV	21,672,000	
Total ISL Projects	27,434,000	

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

The Registrant mined uranium and vanadium-bearing materials from its Sunday and Rim Mine complexes in the Colorado Plateau District from November 1997 until mid-1999. In mid-June, 1999, the Registrant 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 Registrant has also written-off the carrying value of its U.S. mineral properties for the same reason. Accordingly, none of the Registrant's U.S. mining properties should

be considered economically viable at this time; hence none of the properties should be considered to contain "reserves" but should be classified as "mineral deposits."

In addition, in order to reduce property holding costs, the Registrant is in the process of attempting to sell its U.S. mineral properties, and to selectively drop many of those mineral properties that cannot be sold.

COLORADO PLATEAU DISTRICT

OVERVIEW

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

EXPLORATION POTENTIAL

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

The Salt Wash Member consists of light gray to light brown sandstones interbedded with red-green siltstones and mudstones. The sandstones, which are generally fine-grained and well to moderately sorted, are considered to have been deposited as alluvial fans by braided streams. The mineralization occurs in the lenticular sandstone deposits as tabular, elongate bodies generally parallel to the bedding following the palaeo-channels. All of the large deposits

within the Morrison Formation are in the upper sandstone lens of the Salt Wash Member, commonly known as the third rim. Fine-grained uraninite is the dominant uranium mineral accompanied by lesser amounts of coffinite. The chief vanadium mineral is montrosite. In the oxidized parts of the deposits the distinctive yellow colored uranyl-vanadate mineral, carnotite, is common.

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

OPERATIONS

The Registrant's principal mining complexes on 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 any significant improvements in commodity prices. The location of these mines is indicated on the following figure:

[MAP]

The Registrant 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 Registrant continued the mining of uranium and

vanadium bearing materials from these mines until mid-1999. At that time, the Registrant elected to suspend operations at these mines as a result of continued weak uranium and vanadium prices. 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 any significant improvements in commodity prices. 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).

Due to the shutdown of mining operations on the Colorado Plateau, the Registrant 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 Registrant owns a number of permitted mines, partially developed properties, known deposits and well developed prospects in the Arizona Strip, all of which have been shut down pending any significant improvements 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 shutdown status pending any significant improvements 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 Registrant's initiatives to reduce the holding costs of its U.S. mineral properties, the Registrant has closed 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.

Typically, the life cycle of an Arizona Strip mine is approximately eight years. The permitting process takes approximately one to two years. The average mine development and mining phase takes approximately five years, and the average decommissioning reclamation period is less than one year.

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.

OPERATIONS

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

[MAP]

EXPLORATION POTENTIAL

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

Energy Fuels conducted an extensive exploration program in the Arizona Strip. Since 1980, Energy Fuels identified in excess of 1,300 breccia pipe targets. Of these, Energy Fuels drilled at least one hole on 140 breccia pipe targets, of which 62 were verified to be breccia pipes, and identified mineralization in 42 of these. Subsequently all of these 42 breccia pipes were acquired by the

Registrant. The Registrant has since dropped one of these breccia pipes.

OTHER U.S. MINERAL PROPERTIES

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

BULLFROG PROPERTY

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

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

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

RENO CREEK PROPERTY

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

30

[MAP]

Uranium at Reno Creek occurs in mineral sands at depths from 300 to 420 feet below surface. The roll fronts in the area are typically low grade (average less than 0.15% U(3)O(8)) and thick (average up to 17 feet). About 4,000 drill holes are completed and logged on the property. These holes are generally on lines normal to the roll front, spaced approximately 200 feet apart with hole spacing thereon 100 feet or greater.

In the 1980s, a field pilot plant was operated on the property. The pilot plant demonstrated that an ISL process could mine uranium and that the ground water can be restored after mining.

Due to the weak uranium market, the Registrant has suspended all licensing work on its Reno Creek property, and portions of the Reno Creek property were dropped in fiscal 1999. As of March 31, 2000, the Registrant estimates remaining mineral deposits to contain approximately 4.286 million tons of mineralized material at an average grade of 0.075% U(3)O(8). Total uranium recovery would normally be expected to be in the range of 70% to 75% of this in place uranium mineralization. These recovery losses are not incorporated into these figures. As of March 31, 2000, the Registrant is seeking potential purchasers for the remaining portion of this property. If no purchasers are identified, the Registrant will continue to drop its holdings of this property in order to minimize costs.

DEWEY BURDOCK PROPERTY

The Dewey Burdock property area is located near the Edgemont Mining District in southwest South Dakota near the Wyoming-South Dakota border. The nearest larger centers with air connections are Rapid City, South Dakota about 100 miles by road and Casper, Wyoming, about 175 miles by road. The location of the Dewey Burdock property is indicated in the previous figure.

The Dewey/Burdock deposit has been considered as a candidate for ISL mining. Although the mineral deposit computation has been confined to sands below the water table, little is known concerning the permeability and flow rates of the host sandstones. Comprehensive tests will have to be conducted before the mineral deposit can be conclusively determined to be amenable to ISL.

Portions of the Dewey Burdock property were dropped in 1999. The remaining mineral deposits are estimated by the Registrant as of March 31, 2000, to contain approximately 1.476 million tons of mineralized material at an average grade of 0.210% U(3)O(8). Total uranium recovery would normally be expected to be in the range of 70% to 75% of this in place uranium mineralization. These recovery losses are not incorporated into these figures. As of March 31, 2000, the Registrant is seeking potential purchasers for the remaining portion of this property. If no purchasers are identified, the Registrant will continue to drop its holdings of this property in order to minimize costs.

MONGOLIA PROPERTY

The following is a summary of information relating to Mongolia and the Mongolia Project, as of March 31, 2000.

OVERVIEW AND PROJECT STATUS

The Registrant owns a 70% interest and is the managing partner in the Gurvan-Saihan Joint Venture, which holds significant uranium exploration and mineral deposit properties in Mongolia.

Due to depressed commodity prices, the Joint Venture, which discovered a new uranium mineral deposit in the Hairhan region of Mongolia and delineated a deposit of over 22 million pounds of uranium during the field seasons of 1997 and 1998, was shut down in early fiscal 2000. The two field camps, in the Hairhan and Haraat regions, are being dismantled and other cost savings measures are being instituted in order to minimize the holding cost of this asset. Reclamation and remediation costs for these activities are the responsibility of the Joint Venture itself, are not expected to be significant and will be funded through the sale of surplus Joint Venture equipment and assets. 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. Although the registrant has currently shut this project down, the Registrant considers the Mongolian Joint Venture to be a valuable longer term asset, due to the vast potential for the Mongolian property and the successes to date. The Registrant is discussing with other investors and interested parties the potential for their participation in the Joint Venture in order to further exploration on this project in the nearer term.

THE REPUBLIC OF MONGOLIA

The Republic of Mongolia, known from 1924 to 1991 as the Mongolian People's Republic, is a nation in Central Asia, bounded on the north by Russia and on the

east, south, and west by China. The country has a total area of 1,565,000 square kilometers (604,250 square miles). The capital and largest city of Mongolia is Ulaanbaatar.

TOPOGRAPHY, CLIMATE AND RESOURCES

The topography of Mongolia consists mainly of a plateau between about 914 and 1,524 meters (about 3,000 and 5,000 feet) in elevation broken by mountain ranges in the north and west. The Altai Mountains in the southwest rise to heights above 4,267 meters (14,000 feet). The Gobi Desert covers a wide arid tract in the central and southeastern areas. The most important rivers are the Selenge Moron and its tributary, the Orhon Gol, in the north.

Mongolia's climate is harsh, with temperatures ranging between -15(degree) and -45(degree) C (-5(degree) and -50(degree) F) in winter and 10(degree) and 45(degree) C (50(degree) and 115(degree) F) in summer. Winters are dry, and summer rainfall seldom exceeds 380 millimeters in the mountains and 125 millimeters in the desert.

Mongolia contains forests of larch, pine, and cedar in the mountains, but these are of little economic importance. Fur bearing animals, especially marmot and squirrel, are abundant, and the country has a well-developed fur industry. Rich prairie land in the northeast and northwest supports large herds of cattle, sheep, and goats. Mineral resources such as coal, iron, copper, fluorspar, gold, uranium, and silver have not been fully exploited.

POPULATION

The population of the Republic of Mongolia (1997 estimate) was 2.4 million, yielding an overall population density of about 1.4 people per square kilometer.

The ethnic composition of Mongolia is fairly homogeneous. Khalkha Mongols constitute more than 75 percent of the population. Other groups are Buryat Mongols and Kazakhs. The society is about 58 percent urban.

POLITICAL DIVISIONS AND PRINCIPAL CITIES

Mongolia is divided into 18 provinces and 3 independent cities. The independent cities are Ulaanbaatar, the capital (population, 1992 estimate, 600,900); Darhan (1991 estimate, 90,000); and Erdenet (1991 estimate, 58,200), a mining center that developed rapidly in the 1970s.

RELIGION AND LANGUAGE

The traditional faith in Mongolia was Buddhist Lamaism, which was suppressed beginning in 1929. Only one small monastery remains, at Ulaanbaatar. Buddhism is enjoying a revival since the end of communism in the late 1980s. The Mongolian language is one of the Altaic languages.

EDUCATION

Education in Mongolia is compulsory between the ages of 6 and 16. In the late 1980s some 443,000 pupils annually attended about 710 elementary and secondary schools staffed by approximately 18,400 teachers. Some 22,200 students were enrolled in vocational and teacher-training schools. About 22,600 students attended institutions of higher education; some 4,000 of these were enrolled in the Mongolian State University (1942), in Ulaanbaatar. Other institutions of higher learning included schools of medicine, agriculture, and military affairs.

While Soviet influence predominated in Mongolia, Russian was taught in all schools, and several thousand students each year were sent to study in the Union of Soviet Socialist Republics ("USSR") and eastern European countries.

ECONOMY

The basis of the economy of Mongolia is crop farming and livestock breeding. Manufacturing is devoted largely to the processing of agricultural and livestock products. After the collapse of the socialist system and disintegration of the former Soviet Union, Mongolia endured a severe decline in GDP from 1989 to 1993. The economy has rebounded since 1994 with GDP growth of 6.3% in 1995, 2.6% in 1996, and 3.3% in 1997. The slower economic growth reflects a decline of world market prices for copper and cashmere, Mongolia's two largest exports.

The freeing of fuel and energy prices pushed inflation in 1996 to 59% and dampened overall consumption. In 1997, a relatively stable exchange rate was realized, and inflation was held below 18%. Economic trends point toward a sustainable economic growth rate of 5-6% per annum, with inflation falling into single digits by 1999.

Total foreign trade turnover in 1997 was $861.4 million; exports equaled $418 million, and imports totaled $443.4 million. Copper and molybdenum concentrates, fluorspar, goat wool, and cashmere accounted for 66% of exports.

MINERAL DEPOSITS

Mongolia has substantial deposits of copper, molybdenum, gold, uranium, lead, zinc, zeolites, rare earths, ferrous metals, fluorspar, phosphate, and precious and semi-precious stones. Several mining operations were developed before 1989 with assistance of the Soviet Union and Eastern European countries, and in recent years a number of private mining operations have begun. Due to isolation from international trading systems and lack of infrastructure, many mining prospects remain undeveloped. In recent years, gold production has emerged as one of the most dynamic sectors of the Mongolian economy. Gold production has grown seven-fold since 1990 and reached 8 metric tons (257,000 oz.) in 1997.

The Mongolian and Russian joint venture Erdenet has been operating since 1981 with an annual capacity of 20 million tons of copper ore; this capacity is being expanded to 24 million tons of ore per year. Recoverable metal is estimated to be 7,556,000 tons of copper and 43,600 tons of molybdenum in ore averaging 0.53% copper and 0.018% molybdenum.

Mongolia has substantial proven reserves of coal. Coal is the major source of energy production and is likely to remain so. Mongolia's coal reserves are estimated at about 100 billion tons, 20% in hard coal deposits, and 80% in lignite deposits. In 1997, domestic coal production totaled about 5 million metric tons, the majority of which was consumed for domestic needs.

Mongolia has one operable oil field in the Gobi region, and initial results of petroleum exploration in eastern and western Mongolia, carried out by companies from the U.S., Europe, China, and Russia, appear to be promising.

ENERGY

The Central Energy System of Mongolia has four coal-fired power plants (two in Ulaanbaatar, one in Darkhan, one in Erdenet) with a total capacity of 690MW. At

peak demand times, additional power is imported from Russia. Power for small towns in outlying areas is provided primarily by diesel generators or small coal-fired plants.

CURRENCY AND FOREIGN TRADE

The currency of Mongolia is the tughrik (togrog), which consists of 100 mongo (1,000 tughriks equal US$1.00; 1999).

Most of Mongolia's trade is with the countries that made up the former USSR and other former Soviet-bloc countries. Since the early 1990s, Mongolia has made efforts to expand trade with other countries. Principal exports in the late 1980s were minerals, cattle, meat products, wool, and consumer items. Imports consisted mainly of machinery and transport equipment, consumer goods, and industrial raw materials.

TRANSPORTATION AND COMMUNICATIONS

Mongolia is served by the Trans-Mongolian Railway, which connects Ulaanbaatar with Russia and China. Truck services operate throughout the country. Steamer services operate on the Selenge River and a tug and barge service on Lake Hovsgol. Air service connects Ulaanbaatar with Moscow, Beijing, Seoul, and cities in Central Asia. Domestic services are provided by Mongolian Civil Air Transport.

Following dissolution of communist control in Mongolia in the early 1990s, independent newspapers and journals proliferated. Mongolia is served by a number of major daily papers. Mongolia has also moved rather quickly to keep up with modern communications, but improvements are generally limited to Ulaanbaatar. The central phone system is modern and reliable. Ulaanbaatar has cellular phone service and access to the Internet became available in 1997. In 1998, an e-mail daily news service, published in English, became available.

Although electronic and printed communication is advancing in Mongolia, the remoteness of the country limits communication with the country side.

GOVERNMENT AND JUDICIARY

Under Mongolia's 1960 constitution, the supreme organ of state power was the People's Great Hural ("Khural"), a 430-member assembly that usually met twice a year. The Mongolian People's Revolutionary (Communist) party ("MPRP") was the sole legal party until 1990, when the constitution was amended to allow opposition parties, to institute a presidential system of government, and to add a 53-member standing legislature, the Small Hural. In January 1992, a new constitution was adopted. By this constitution, the legislative power of the republic resides in the 76-member Great Hural; the delegates of the Great Hural are chosen for 4-year terms through free elections. The president is head of state, and is also elected to a four-year term.

Mongolia is divided into 18 provinces, or aimags, which are subdivided into districts, or somons. Local centers of power are hurals, or assemblies, of working people's deputies. Ulaanbaatar, Darhan, and Erdenet are separate administrative units, governed by city hurals.

In Mongolia, the Supreme Court, the city court of Ulaanbaatar, 18 provincial courts, and local district courts administer justice. The assemblies at each political level elect members of the courts.

HISTORY

Modern history of Mongolia began with the rise of the great Mongol Empire at the beginning of the 13th Century under Genghis (Chinggis) Khan. By 1280 the Mongol's ruled from Peking to the Adriatic and from Siberia to Persia and the northern border of India. Kublai Khan, grandson of Genghis, founded the Yuan dynasty in China in 1271. The Manchu Empire subjugated Mongolia in 1691. The period of Manchu colonialism, which lasted for 220 years, was a grim time in Mongolian history.

After the Chinese revolution of 1911, Mongolia declared its independence from China, but the Living Buddha continued to rule. In 1920 a military force supplied and financed by Japan and led by a Russian anti-Bolshevik general, Baron Roman Nikolaus von Ungern-Sternberg, took the capital, Urga, and set up a puppet government. In 1921 the Mongolian People's Revolutionary Party, formed by Soviet-trained Mongols, established an independent Provisional People's Government and, with aid from the USSR, defeated Ungern-Sternberg and his supporters. The theocratic monarchy, its powers limited, was retained by the provisional government until 1924, when the last Living Buddha died. At that time, the Mongolian People's Republic, modeled on Soviet lines, was founded, but China did not recognize its independence until 1946. After the Communists won power in China in 1949, trade and cultural relations were established between the two nations, but the Sino-Soviet split in the late 1950s curtailed these relations. A Sino-Mongolian border treaty was signed in 1962, but Mongolia maintained its closest ties with the USSR, which in 1961 sponsored its membership in the United Nations. The two countries signed a treaty of friendship, trade, and mutual assistance in 1966, renewed in 1986. In the 1980s, the USSR was Mongolia's leading trade partner and aid donor; about 65,000 Soviet troops were stationed in Mongolia.

In March 1990, Punsalmaagiyn Ochirbat, former foreign trade minister, became president, inaugurating a period of political and economic liberalization. After the new constitution was adopted in January 1992, the reconstituted Mongolian People's Revolutionary Party swept the parliamentary elections in June of that year. In January 1993, President Ochirbat and the Russian President Boris Yeltsin signed another treaty of friendship and cooperation, to replace the treaty of 1986. In June 1993, President Ochirbat was re-elected. In 1996, the Social Democratic Party won a majority of seats in the Mongolian Parliament. In 1997, N. Bagabondi defeated President Ochirbat.

FOREIGN INVESTMENT POLICY

Mongolia has publicly, via various international symposia, presented the official position of the government to invite and encourage "foreign direct investment" in Mongolia. Since the collapse of the Soviet Union, Mongolia has been in a situation where it must develop foreign investment and trade to attain economic independence and sustainability.

Mongolia enacted a Foreign Investment Law in July 1993. This law has undergone revision with the purpose to further enhance foreign direct investment. Mongolia has passed the following laws to create a stable investment environment:

Companies and Partnership Law	1995
Bankruptcy Law	1991
Consumer Protection Law	1991
Accounting Law	1993
Business Income Tax Law	1993

Copyright Law	1993
Patent Law	1993
Foreign Investment Law	1993
Securities Law	1995
Mineral Law	1997

In 1991, the governments of the United States and Mongolia entered into an agreement on trade relations to clarify some of the conditions for international business between the two nations.

Energy Fuels was one of the first firms to establish an international joint venture in the minerals sector in Mongolia. A Joint Venture Founding Agreement was created between the parties in the venture, and a Mineral Agreement was entered into between the Joint Venture and the government of Mongolia. This Mineral Agreement serves as the definitive grant and authorization for the Joint Venture to conduct uranium exploration development and mining in Mongolia.

No restrictions are known to exist on foreign investment of the nature being conducted by the Registrant. The Mineral Agreement with the government of Mongolia specifically addresses and allows the export and marketing of uranium and the import and export of all necessary equipment and materials needed to explore, mine, process, store, and transport uranium.

The Mineral Agreement also specifically addresses taxation stability for the Joint Venture, including the tax holiday provided to the Joint Venture. Foreign exchange controls and restrictions on repatriation of profits are not addressed in the Mineral Agreement, but no limitations currently exist on repatriation of profits.

Mongolia previously maintained an import duty of 15%, plus fees of 1.5%, on all imports. This duty has been entirely removed; a 10% sales tax was in place, but this has now been replaced by a 13% Value Added Tax on goods and equipment brought into Mongolia.

Because of the limited history of the current Mongolian government, the existing laws governing foreign investment may change in the future and such changes may adversely affect the Registrant's investment in Mongolia.

ENVIRONMENTAL REGULATIONS

In July 1997, Mongolia enacted the Mineral Law of Mongolia. This Law has specific language regarding environmental protection for mining operations. While the Joint Venture is exempt from certain provisions of the Minerals Law due to the pre-existing Mineral Agreement, the Registrant, as the operator of the Joint Venture, is in compliance and intends to continue to comply with appropriate rules and laws of Mongolia regarding environmental protection.

The environmental protection provisions of the Mineral Law require notification and consultation with local administrative bodies and the filing and approval of environmental plans. Prior to receiving a mining license, an environmental impact assessment and an environmental protection plan must be filed and approved. The assessment and the plan are intended to identify possible adverse environmental impacts and to provide measures to ensure that mining operations are conducted in the least damaging way to the environment. Environmental protection measures must be specified for handling of toxic materials, utilization and protection of surface and ground water, tailings management (if appropriate), and other protective measures associated with mining operations.

Compliance with the environmental plan is through inspections, reporting and determination of reclamation/closure surety. If a license holder fails to comply with the provisions of the approved environmental plan, local administrative

authorities can use the deposited funds to bring the project into compliance.

Nothing in the Mineral Law specifically allows revocation of a License for failure to comply with environmental plans or regulations. The Registrant is in compliance with all notification, reporting, and inspection provisions and has received no adverse comments or reports.

To demonstrate its commitment to responsible environmental management, the Joint Venture voluntarily had an independent environmental review conducted of its field work in 1996. The report of this review was voluntarily provided to the government of Mongolia.

MONGOLIA PROPERTY

OWNERSHIP AND SUMMARY OF JOINT VENTURE TERMS

The joint venture company, Gurvan-Saihan BBHK, was formed in Mongolia in January 1994 by Energy Fuels, Geologorazvedka ("GRZ"), a unit of the Russian Ministry of Geology, and URAN, a state enterprise under the Ministry of Energy, Geology and Mining of Mongolia. The purpose of the joint venture is to explore, develop and mine uranium deposits, if commercially viable.

The contributions of each member to the Joint Venture are described as follows. GRZ contributed the historical data and records from past uranium exploration work in Mongolia. URAN contributed the grant of mineral rights and the necessary licenses and permits. Energy Fuels contributed $4 million in cash which was used for exploration operations. GRZ and URAN were each granted a 15% interest in the joint venture and Energy Fuels was granted a 70% interest.

The Joint Venture participants and the government of Mongolia entered into a Mineral Agreement which serves as the grant by the government of Mongolia of the right to explore, develop and mine uranium deposits on the properties described below. The Mineral Agreement also serves as the grant by the government of Mongolia to issue licenses and permits to conduct exploration and mining and to store, transport, market, process and export uranium and import and export all necessary equipment and materials without the need for additional licenses or permits, and free of any duties, taxes, or levies. The term of the Mineral Agreement is until January 14, 2009, or as long thereafter that exploration, development, mining or reclamation is being conducted.

The Joint Venture is exempt from taxes on profits from production for five years following start of commercial production. For the next five years, the tax rate is 50% of the rate that would normally apply, and after ten years of production, the Joint Venture will pay the then applicable taxes, subject to a maximum rate of 40% of net profits. The government of Mongolia was also granted a 4% royalty on production.

The Registrant acquired Energy Fuels' interest in the Joint Venture via its asset purchase and has assumed all of Energy Fuels' rights and obligations as per the agreements. Even though the Registrant has a 70% ownership interest in the Joint Venture, it is currently funding 100% of the JV's activities. The JV Agreement provides that the Registrant will receive preferential distributions on future production and profits until the Registrant has recovered, from net profits of the venture, 150% of its contributions on behalf of the non-funding members.

LOCATION AND PHYSICAL FEATURES

The Mongolian joint venture is comprised of five separate concession blocks, in the original grant by the Mongolian government, that cover a total area of 12,100 square kilometers in central eastern Mongolia. Based on encouraging exploration results in the 1996 and 1997 field seasons, the joint venture added 4365 square kilometers in eight additional parcels in early 1998. Following reconnaissance exploration in 1998, four of the eight new areas were dropped; the total land position of the joint venture as of early 2000 is 12,911 square kilometers.

The East Gobi region of Mongolia is a plateau at 3,000 to 3,500 feet above sea level characterized by low hills and gently rolling topography. The climate is harsh with typical extremes of an intercontinental climate similar to the southern prairies of Canada and northern plains of the United States. The region is semi-arid with numerous dry lake beds and salt marshes and no permanent rivers.

The Choir concession, where most of the work has been undertaken prior to 1997, is on the Trans-Mongolian Railway about 250 kilometers southeast of Ulaanbaatar and about 1,100 kilometers from Beijing. A network of

numerous unpaved trails connects most centers, and truck or 4x4 vehicles following tracks or driving cross-country can reach the various concession areas.

EXPLORATION HISTORY

Uranium prospecting was started by the Russians in 1955 and resulted in the discovery of several showings in the Choir Depression and the location of uranium anomalies in several other sites on the properties now held by the joint venture. Detailed work, which began in 1970 with an airborne gamma-ray spectrometer survey and ground follow up, resulted in the identification of the Haraat deposit in the Choir Depression.

In 1988 and 1989, a major drilling program was undertaken in the Choir Depression with a series of drill hole fences across the full 10 to 20 kilometers width of the depression. Fence spacings ranged from 8 to 12 kilometers with hole spacings at 100 to 800 meters. A total of 47,000 meters of drilling was completed in over 1,000 holes ranging in depth from 20 to 400 meters. The vast majority of the drilling was shallow down to 40 meters, testing the shallow mineralization in the Upper Cretaceous with efforts concentrated on defining the mineralization at Haraat. A few deeper holes were drilled to test the potential of the basin at depth.

Extensive drilling resumed in 1994 with the formation of the Gurvan-Saihan Joint Venture, and delineation drilling was undertaken at Haraat on a 200 meters x 100 meters grid with some closer spacing at 100 meters x 50 meters. Preliminary field ISL studies were also conducted at Haraat in 1994.

In 1995, modern probing equipment using digital recording was sent to Mongolia from the United States and has been used on probing of all holes since then. This allows for a more efficient use of data, and also allows for discrimination of individual lithologic units.

In 1996, the Joint Venture focused its efforts on the Choir Depression and in the Haraat area in particular. An ISL Pilot test using acid solution was run on ore horizons both above and below the water table (leaching above the water table is a promising technology that requires further refinement). The 1996

pilot testing demonstrated that the deposits at Haraat, both above and below the water table, are suitable for ISL. Additional testing and research is needed to refine the leach chemistry.

The total exploration-drilling program in 1996 was in excess of 30,000 meters, with the majority of the work in the Choir Depression. Based on detailed radiometric surveys, initial reconnaissance drilling was conducted in 1996 in both the Hairhan and the Gurvan Saihan Depressions. High grade discoveries were made in both basins, and the discovery hole at Hairhan was the thickest, highest-grade hole drilled to date in the Mongolia venture. Following the 1996 exploration results, drilling was increased substantially in 1997 and 1998. Emphasis shifted from the Choir Depression to the Hairhan Depression and the Ulziit Depression. A summary of joint venture drilling is presented on the following table:

DRILLING ACTIVITIES IN METERS

DEPRESSION AREA	1994	1996	1997	1998	TOTAL
Choir	8,439	25,699	18,816	--	52,954
Hairhan	--	1,014	32,426	33,058	66,498
Gurvan Saihan	--	3,495	--	--	3,495
Ulziit	--	--	4,179	16,900	21,079
Undurshil	--	--	--	2,360	2,360
New Properties	--	--	--	672	672
Total:	8,439	30,208	55,421	52,990	147,058

GEOLOGY

Uranium exploration is focused on large depression areas filled with Cretaceous sediments and flanked by Proterozoic schists, gneisses and limestones as well as Permian acid volcanics, Palaeozoic granites and Mesozoic leucogranites and volcanics. The Lower Cretaceous, which is up to 1,500 meters thick, is comprised of two facies: (1) low-sorted gravels, conglomerates and sandstones, and (2) lake sediments (clays, argillaceous sandstones) and brown coals. The Upper Cretaceous is five to 40 meters thick, consists largely of sand and gravel formations cemented by limonite-goethite, and is confined to small areas near the centers and margins of the major depressions. The dips are flat, but may steepen to 5(degree) to 10(degree) near margins. There is some block faulting, and dips may increase to 70(degree) to 80(degree) against faults.

The uranium mineralization is found in paleo channels and alluvial/fluvial systems and is thought to have been deposited from solutions percolating through the porous sandstones and precipitating uranium at reducing interfaces with organic detritus. The granites are the most likely uranium source, and consequently, the areas of the depressions flanked by granitic rocks are the most prospective. The main uranium minerals in the reducing environment below the water table are uraninite and coffinite. Above the water table, a number of different secondary minerals have been identified and include autunite, torbernite, bergenite and phosphuranylite. Geochemical studies show that small amounts of RE, rhenium and selenium accompany the uranium mineralization.

THE HARAAT DEPOSIT

Two areas of mineralization have been identified and drilled on close spacing at Haraat; these are referred to as the N1 and N2 uranium deposits. In addition, a number of outlying mineralized areas have been delineated, but they are not as extensively drilled.

Mineral deposit estimates were prepared in 1997 for the Haraat area. The estimation methodology, utilizing a 0.01% U cutoff, is basically a block or polygonal technique wherein ore-bearing coefficient and average thickness and grade values are determined for each mineralized area. The mineral deposits in the most heavily investigated areas, the N-1 and N-2 deposits, were calculated by a joint American-Russian team in early 1997; the combined current mineral deposits total for the Haraat area deposits is presented in the following table:

AREA	MINERALIZED TONS	GRADE (%U(3)O(8))	THICKNESS(ft)
BELOW WATER TABLE			
Haraat N-1 & N-2	3,023,000	0.046	26.7
Shar Oortsog	5,897,000	0.018	9.9
Haraat West	2,153,000	0.025	9.2
Haraat East	627,000	0.030	4.7
Total	11,700.000	0.027	

The Registrant estimates the mineral deposits contain approximately 11.7 million tons of mineralized material at an average grade of 0.027% U(3)O(8). This total does not include any U(3)O(8) estimated to be above the water table. Total uranium recovery would normally be expected to be in the range of 70% to 75% of this in place mineralization. These recovery losses are not incorporated into these figures. While drilling to date supports the tonnage and average grade of mineralized material as shown above, it does not support a reserve classification at this time.

THE HAIRHAN DEPOSIT

By the end of the 1996 exploration season, a 23 km anomalous trend, based on radiometric surveys, was delineated in the Hairhan depression. A major exploration and delineation program in 1997 followed the initial reconnaissance drilling, and this program in 1997 led to the identification of the Hairhan uranium deposit.

Extensive exploratory and delineation drilling was conducted at the Hairhan deposit and on other targets in the Hairhan Depression in 1997 and 1998. Through the end of 1998, a total of 780 exploration holes, hydrology wells, and ISL test wells have been drilled in the Hairhan Depression. The total volume of drilling through the end of 1998

is 66,500 meters. The majority of the holes are in the main block (1500 meters by 2000 meters); much of which has been drilled on 100 meter x 50 meter spacing to support calculation of probable mineral deposits.

The Hairhan deposit is hosted in sandy sediments deposited in a fault graben, which focused the deposition of a sequence of alternating sands, siltstones, clays, and carbonaceous layers. The graben aligns with a structural valley in the nearby granitic highlands. Erosion, weathering, and leaching of the granites and the derived sediments formed uranium deposits in multiple layers. The ore deposition is related to reduction-oxidation interfaces. The ore ranges from 10 meters to at least 100 meters deep, with as many as six stacked horizons in some locations.

Core holes have been drilled to obtain rock samples for testing, and hydrogeological test wells were installed to evaluate aquifer properties. The water table is shallow at Hairhan, and all mineralization of interest is below the water table. The Hairhan deposit exhibits favorable characteristics for ISL.

Mineral deposits have been calculated as of the end of 1998 at 0.024% U(3)O(8) cutoff for the area of detail drilling at Hairhan:

ZONE	MINERALIZED TONS	GRADE % U(3)O(8)	THICKNESS (FT.)
f2	636,000	0.078	15.1
f2.5	4,020,000	0.061	33.8
f7.5	2,086,000	0.114	26.2
f8.5	1,068,000	0.097	22.3
f12	1,643,000	0.072	39.1
f18-fm	519,000	0.106	16.2
Total	9,972,000	0.081	27.2

The mineral deposits are estimated at 9,972,000 mineralized tons at an average grade of 0.081% U(3)O(8). Total uranium recovery would normally be expected to be in the range of 70% to 75% of this in place mineralization. These recovery losses are not incorporated into these figures. While drilling to date supports the tonnage and average grade of mineralized material as shown above, it does not support a reserve classification at this time.

GURVAN-SAIHAN JOINT VENTURE PROJECT - IN SITU MINING CONSIDERATIONS

In Situ Leach is viewed as the most viable technique for exploitation of the uranium deposits in Mongolia. Not only does ISL enjoy the benefits of lower capital and front-end development expenditures than conventional open pit or underground operations, it also often has more attractive operating costs. Another major appeal of ISL is the minimal surface and related environmental impacts incurred in comparison with conventional mining and milling operations.

The deposits at Haraat and Hairhan are suitable for ISL. Pilot tests have been run at Haraat, and preliminary testing was conducted in 1998 at Hairhan. The 1998 work at Hairhan confirmed that this deposit is amenable to acid ISL, and the test yielded favorable recovery and reagent usage rates.

The substantially richer deposit at Hairhan, coupled with the fact that all mineralization of interest is below the water table, has elevated Hairhan ahead of Haraat as a potential commercial project. Although laboratory and field data are encouraging, full scale testing must be successfully conducted to confirm the operating parameters and costs for an ISL mine in Mongolia.

OTHER AREAS

Work in other concession areas has been mainly of a reconnaissance nature involving prospecting, car-borne scintillometer surveys and regional drilling. Initial exploratory drilling was conducted at Gurvan-Saihan and Hairhan in 1996 and in the Ulziit Depression in 1997. A total of seven widely spaced fences over an 18 km long trend were drilled at Gurvan-Saihan with mineralization intersected in six of the seven fences. The best results was 0.102% U over 1.3 meters. Examples of other intersections are 0.062% U over 1.2 meters, 0.06% U over 1.6 meters, 0.04% U over 1.9 meters, 0.036% U over 4.8 meters, 0.024% U over 1.1 meters, and 0.018% U over 4.0 meters.

In the Ulziit Depression, reconnaissance work between 1958 to 1963 located five uranium occurrences and 10 radiometric anomalies. After initial stratigraphic drilling in 1996, prospect drilling was begun in 1998. A total of 123 holes, totaling 17,300 meters, were drilled in 1998, which included initial reconnaissance drilling on two of the areas acquired in 1997. A 60 kilometer oxidation-reduction interface has been identified, and several uranium anomalies have been located. Additional exploration work is required in this very large area.

Reconnaissance drilling was also conducted in 1998 in the Undurshil Depression, although the limited results to date have not been as favorable as for other areas held by the Joint Venture.

PERMITTING

As discussed above, due to deteriorating commodity prices and other factors, the Registrant has shutdown all of its mines. The Registrant intends to keep those properties on a shutdown status indefinitely, pending any significant improvements 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 as of March 31, 2002, 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 that 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 mining activities were re-initiated at these mines, the DMG has reserved the right to submit a new notice of determination, which may require additional environmental review. As of March 31, 2000, the Registrant has not been notified of any additional permitting requirements relating to its mining activities at the Sunday Mine Complex.

OTHER COLORADO PLATEAU PROPERTIES

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

ARIZONA STRIP PROPERTIES

The Canyon Mine is the first mine to be permitted in the portion of the Arizona Strip that is south of the Grand Canyon. The Canyon Mine is located on federal lands administered by the United States Forest Service and is near the southern rim of the Grand Canyon. The plan of operations submitted by Energy Fuels in 1984 for development and operation of the mine generated significant public comment resulting in the preparation of an environmental

impact statement by the United States Forest Service. The United States Forest Service for the State of Arizona approved the plan set forth by Energy Fuels and issued all necessary federal and state permits and approvals. The Havasupai Indian Tribe and others filed appeals. The United States Forest Service for the State of Arizona and Energy Fuels prevailed on all appeals. During the permitting process, Energy Fuels constructed all the necessary service facilities at the mine site. Energy Fuels agreed with the United States Forest Service not to implement underground development during the environmental impact statement process. Energy Fuels did not resume underground development at the mine site after the appeals were decided, due to the decrease in uranium prices at that time.

In 1992, the State of Arizona updated its laws relating to groundwater issues, requiring that an Aquifer Protection Permit be obtained. It is not expected that there will be any problems of any significance in obtaining this permit, and the Registrant is currently permitted to commence mining at the Canyon Property during submittal, review and update to the Aquifer Protection Permit.

As with the Canyon Mine, the Pinenut and Kanab North mines require that an Aquifer Protection Permit be obtained. Work is currently in progress to obtain these Aquifer Protection Permits. All of these projects are currently permitted to commence mining during submittal, review and update to these Aquifer Protection Permits. The Arizona 1 Mine currently has an Aquifer Protection Permit and is fully permitted for mining.

RECLAMATION

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

The total amount of the estimated reclamation liability is approximately $13.3 million with restricted cash and marketable securities of approximately $8.3 million securing the liability, as of September 30, 1999. As a result of the reduction in the Mill bond discussed under the heading White Mesa Mill Closure Costs above, this amount was reduced to approximately $11.8 million as of February 10, 2000. All of the Registrant's properties 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 $11.5 million as of September 30, 1999 ($9.7 million as at February 10, 2000). The Registrant has posted a reclamation bond to the NRC for this amount.

Although the Registrant's financial statements contain as a liability the Registrant'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 Registrant's financial statements.

SWISS ROYALTY INTEREST

Two Swiss Utilities acquired a 40% limited partnership interest in almost all of Energy Fuels' properties in the United States. This limited partnership interest did not apply to the Mongolia Property.

In 1995, after commencement of the bankruptcy proceedings against Energy Fuels, the Swiss Utilities agreed to fund the milling of approximately 200,000 tons of stockpiled mineralized material, the proceeds of which were used to repay this funding provided by the Swiss Utilities, and to provide working capital to the bankrupt estates. As part of this financing and mill run, Energy Fuels and the Swiss Utilities agreed to convert the Swiss Utilities' 40% limited partnership interest in the United States properties into a royalty (the "Swiss Royalty") of 9% of all uranium and 5% of all vanadium and all other minerals produced from the United States properties owned by Energy Fuels at the time that the royalty was granted. The Swiss Royalty will apply to all production from the Colorado Plateau District properties and Arizona Strip properties acquired on the Acquisition, as well as the Reno Creek property, most of the Dewey Burdock property and the Bull Frog property. The Swiss Royalty Interest does not apply to the

Mongolia property, nor to any tolled mineralized material, or purchased mineralized material from third parties, or Alternate Feeds that are processed in the White Mesa Mill, nor to any properties acquired by Energy Fuels after the date that the Swiss Royalty Interest was granted.

Subsequent to the Acquisition, the Registrant has amended the Swiss Royalty amount to 4.5% of all uranium and 2.5% of vanadium for the period from January 1, 1998 to December 31, 2000. The Registrant will make an advance royalty payment of $250,000 per year, which is fully recoupable annually against any royalties for the applicable calendar year. Subsequent to December 31, 2000, the royalty reverts to its original terms.

OTHER ASSETS OF REGISTRANT

EMPLOYEES

As of March 31, 2000, the Registrant employs a total of 39 people, of which 17 are located at the head office in Denver, 19 are located at the White Mesa Mill, and three are located in Ulaanbaatar, Mongolia. Additional staff reductions are anticipated at head office over the remainder of this fiscal year.

ADMINISTRATIVE OFFICES

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

EQUIPMENT

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

SALES CONTRACTS

As of March 31, 2000, the Registrant has uranium sales contracts with certain U.S. and foreign customers under which the Registrant has the obligation to supply to those utilities a total of approximately 1,600,000 pounds of uranium during the next five years at prices in excess of the current spot price for uranium.

ITEM 3. 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 "Alternate Feed Processing." On July 23, 1998, the NRC issued an amendment to the Registrant's Mill license allowing the receipt and processing of certain alternate feed material (the "Ashland 2 Materials") from a Formerly Utilized Sites Remedial Action Program ("FUSRAP") site at the White Mesa Mill. 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 Registrant'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 Registrant 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 Registrant was based. On October 22, 1998, the Registrant 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 Registrant's aforementioned license amendment relating to the Ashland 2 Materials. By Order dated September 1, 1998, Utah's Petition was granted. Utah's

Petition articulates two substantive concerns: 1) that hazardous wastes, as defined by the Resource Conservation and Recovery Act (42 U.S.C. ss. 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 Registrant 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 alleges 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 Registrant 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 Registrant). On February 9, 1999, the ASLB Presiding Officer ruled in favor of the Registrant on the second issue, finding that the Registrant'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 Registrant's favor the long-standing 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 Registrant submitted a request to the NRC to amend the Registrant'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 Registrant 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 Registrant has 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.

The Registrant intends to continue to defend its positions and the validity of its license amendments and proposed license amendments. If the Registrant does not ultimately prevail in any such actions and any appeals therefrom, the Registrant's ability to process alternate feeds containing lower levels of uranium, 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 Registrant 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. Initial investigations by independent experts retained by the Registrant 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. 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 Registrant to investigate the source and extent of chloroform contamination and, if necessary, to develop a corrective action plan to address the chloroform contamination. The Registrant 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.

ITEM 4. CONTROL OF THE REGISTRANT

(a) As far as it is known to the Registrant, the Registrant is not directly or indirectly owned or controlled by another corporation(s) or any foreign government.

(b) Information is set forth below with respect to persons known to the Registrant to be the owner of more than ten percent of the Registrant's voting securities as of January 24, 2000 and the total amount of these securities owned by the officers and directors as a group.

IDENTITY OF PERSON OR GROUP	NUMBER OF COMMON SHARES OWNED	PERCENTAGE
Adolf H. Lundin	22,500,000(1)	34.3%
Directors and Officers as a group (8 persons)	24,575,926	37.5%

(1) These shares are held in escrow pursuant to the terms of an Escrow Agreement among the Registrant, Adolf H. Lundin, Lukas H. Lundin and The Montreal Trust Company of Canada. Pursuant to the terms of the agreement, one-fifth of the shares have been released from escrow one year following the date of listing of the Registrant's common shares on The Toronto Stock Exchange, i.e. on May 16, 1998. The balance of the shares will be released as to one-fifth on each of the following anniversary dates so that all of the shares will be released by May 16, 2002.

ITEM 5. NATURE OF THE TRADING MARKET

The Ontario Business Corporations Act, the Securities Act of the Province of Ontario and the rules and policies of The Toronto Stock Exchange govern issuance and trading of the Registrant's common stock.

As of March 29, 2000, 10,966,355 of the Registrant's outstanding common stock were registered in the names of residents of the United States. The Registrant's common stock is issued in registered form and the percentage of shares reported to be held by U.S. shareholders of record is taken from the records of The Montreal Trust Company of Canada, the registrar and transfer agent for the Common Stock.

The common shares of the Registrant are currently listed on The Toronto Stock Exchange in Canada. The Registrant's common shares commenced trading on The

Toronto Stock Exchange on May 16, 1997. The following table sets forth the high and low closing prices and the volume of the common shares traded on The Toronto Stock Exchange during the periods indicated:

PERIOD	HIGH (Cdn $)	LOW (Cdn $)	VOLUME
May-June 1997	1.50	1.00	16,785,754
July-September 1997	1.32	0.96	10,353,679
October-December 1997	1.45	0.84	7,910,042
January-March 1998	1.40	0.92	4,192,792
April-June 1998	1.08	0.50	19,140,463
July-September 1998	0.57	0.38	8,669,927
October-December 1998	0.59	0.38	9,520,910
January-March 1999	0.72	0.44	4,522,095
April-June 1999	0.53	0.26	2,280,235
July-September 1999	0.37	0.22	3,226,428
October-December 1999	0.32	0.19	2,760,819
January-March 24, 2000	0.28	0.13	4,490,600

The closing price of the common shares on The Toronto Stock Exchange on March 24, 2000, was Cdn$0.21.

CURRENCY TRANSLATIONS

As the Registrant'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 12/31/98, 3/31/99, 6/30/99, 9/30/99 and December 31, 1999:

YEAR	AVERAGE	LOW - HIGH	SEPTEMBER 30
1995	0.7275	0.7023 - 0.7478	0.7438
1996	0.7329	0.7235 - 0.7513	0.7301
1997	0.7221	0.6947 - 0.7483	0.7236
1998	0.6898	0.6321 - 0.7292	0.6533
1999	0.6681	0.6423 - 0.6912	0.6812

CALENDAR QUARTER ENDED	AVERAGE	LOW-HIGH	LAST DAY OF QUARTER
12/31/98	0.6485	0.6423 - 0.6579	0.6535
03/31/99	0.6614	0.6551 - 0.6700	0.6628
06/30/99	0.6793	0.6649 - 0.6912	0.6789
09/30/99	0.6727	0.6611 - 0.6842	0.6812
12/31/99	0.6795	0.6691 - 0.6924	0.6924

Exchange rates are based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

The noon rate of exchange on March 24, 2000 reported by the United States Federal Reserve Bank of New York for the conversion of United States dollars into Canadian dollars was $0.6804 (Cdn.$1.00 = U.S.$0.6804).

ITEM 6. EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

Canada has no system of exchange controls. There are no foreign exchange restrictions on the export or import of capital or on the remittance of dividends, interest, or other payments to non-resident holders of the Registrant's securities.

The Registrant 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 Investment Canada , a governmental agency, 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 as of March 31, 2000, of Cdn$192 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$192 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 or 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 Agency (established by the Act) 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 (a person designated as such under the Act) 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. The Agency will submit the application to the Minister, together with any other information or written undertakings given by the acquirer and any representation submitted to the Agency 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 to Investment Canada 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 Registrant.

ITEM 7. TAXATION

The following paragraphs set forth United States and Canadian income tax considerations about the ownership of common shares of the Registrant, as of March 31, 2000. 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, applicable to a U.S. Holder (as defined below) of common shares of the Registrant. 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 March 31, 2000, 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 common shares of the Registrant are urged to consult their own tax advisors about the state, and local tax consequences of purchasing, owning and disposing of common shares of the Registrant.

U.S. HOLDERS

As used herein, a "U.S. Holder" means a holder of common shares of the Registrant 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 common 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 common 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 common shares.

DISTRIBUTIONS ON COMMON SHARES OF THE REGISTRANT

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Registrant 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 Registrant 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 Registrant, they will be treated first as a return of capital up to the U.S. Holders' adjusted basis in the common shares and thereafter as gain from the sale or exchange of the common 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 common shares of the Registrant 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 Registrant (unless the Registrant qualifies as a "foreign personal holding Registrant" 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 Registrant. 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 common shares of the Registrant 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 Registrant 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 common shares of the Registrant should consult their own tax advisors regarding their individual circumstances.

DISPOSITION OF COMMON SHARES OF THE REGISTRANT

A U.S. Holder will recognize gain or loss upon the sale of common shares of the Registrant 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 common shares of the Registrant. This gain or loss will be capital gain or loss if the common 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 common shares:

FOREIGN PERSONAL HOLDING REGISTRANT

If at any time during a taxable year more than 50% of the total combined voting power or the total value of the Registrant'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 Registrant's gross income for such year was derived from certain passive sources (e.g., from dividends received from its subsidiaries), the Registrant may be treated as a "foreign personal holding Registrant". In that event, U.S. Holders that hold common shares would be required to include in gross income for such year their allocable portions of such passive income to the extent the Registrant does not actually distribute such income.

FOREIGN INVESTMENT REGISTRANT

If 50% or more of the combined voting power or total value of the Registrant'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 Registrant

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 Registrant 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 common shares to be treated as ordinary income rather than capital gain.

PASSIVE FOREIGN INVESTMENT REGISTRANT

As a foreign corporation with U.S. Holders, the Registrant could potentially be treated as a passive foreign investment company ("PFIC"), as defined in section 1296 of the Code, depending upon the percentage of the Registrant's income which is passive, or the percentage of the Registrant's assets which is producing passive income. U.S. Holders owning common 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 common shares of the PFIC are owned, in addition to treatment of gain realized on the disposition of common 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 Registrant 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 Registrant believes that it was not a PFIC for its fiscal year ended September 30, 1997, and quarters ended December 31, 1997 and March 31, 1998. If in a subsequent year the Registrant 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 Registrant'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 Registrant 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 Registrant ("United States shareholder"), the Registrant 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 Registrant. In addition, under Section 1248 of the Code, gain from the sale or exchange of stock by a holder of common shares of the Registrant 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 Registrant 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 common shares of the Registrant, 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 March 31, 2000, 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 Registrant.

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 Registrant. The Registrant 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 Registrant.

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 estate, 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 three quarters 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 three quarters 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 and, to the extent not so deductible, from such taxable capital gains of any of the three preceding years or any subsequent year.

ITEM 8. SELECTED FINANCIAL DATA

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

	FISCAL YEAR ENDED SEPTEMBER 30, 1999	FISCAL YEAR ENDED SEPTEMBER 30, 1998
Revenues	$ 14,046,832	$ 32,940,876
Net Income (loss)		
- Canadian GAAP	$(17,097,677)	$ 1,617,331
- US GAAP	$(21,290,100)	$ (2,349,312)
Net Income (loss) per equity share		

- Canadian GAAP	$ (.26)	$ .02
- US GAAP	$ (.32)	$ (.04)
Total assets		
- Canadian GAAP	$ 45,891,809	$ 54,770,714
- US GAAP	$ 35,223,282	$ 48,494,610
Total liabilities		
- Canadian GAAP	$ 23,914,059	$ 15,695,287
- US GAAP	$ 23,914,059	$ 15,695,287
Cash Dividends	$ --	$ --

ITEM 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of the Registrant for the fiscal years ending September 30, 1999, 1998 and 1997, should be read in conjunction with the consolidated financial statements of the Registrant and related notes therein. THIS DISCUSSION CONTAINS FORWARD LOOKING STATEMENTS - SEE "SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS." The Registrant's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. Please refer to Note 18 of the Consolidated Financial Statements for a discussion of the differences between Canadian and United States accounting principles and practices that affect the Registrant.

RESULTS OF OPERATIONS

For the year ended September 30, 1999, International Uranium Corporation ("the Registrant") incurred a net loss of $17,097,677, compared to a net profit of $1,617,331 and $18,694 for the year ended September 30, 1998 and the period ended September 30, 1997. This loss was attributable primarily to weak commodity prices. While prices fluctuated somewhat during the year, the uranium market ended the fiscal year at $9.75 per pound U(3)O(8). The vanadium market saw prices plunge dramatically from $5.37 per pound V(2)O(5) at the beginning of the fiscal year to $1.84 per pound by year's end. This caused the Registrant to write down its ore stockpiles, which contain approximately seven pounds of vanadium for every pound of uranium, and finished goods inventories by $7,709,170. These same low commodity prices combined with low expectations of any appreciable price recovery in the near term also resulted in the Registrant reducing the carrying value of all of its U.S. mineral properties to zero. The amount of this write-off was $7,039,958. In addition, the Registrant also wrote-off the remaining unamortized portion of goodwill in the amount of $541,641.

During the year, the Registrant had total revenues of $14,046,832. Of these revenues, $9,758,317 (69%) was from sales of uranium ("U(3)O(8)") and $4,288,515 (31%) was derived from the Registrant's process milling of alternate feeds. In addition, the Registrant delivered 400,000 pounds U(3)O(8) at a purchase price of $10.80 per pound to a customer under a deferred sales arrangement. This agreement grants the purchaser the option to put the U(3)O(8) back to the Registrant at a price of $10.55 per pound U(3)O(8) at any one time during the period of October 1, 2001 to March 1, 2003. The transaction was accounted for as a deferred credit of $4,320,000 and the cost of inventory of $4,248,875 was reclassified as an other asset. If and when the put option is exercised, these amounts will be reclassified as revenues and cost of sales, respectively.

These results are significantly lower than the corresponding results for the year ended September 30, 1998, where the Registrant had total revenues of $32,940,876, consisting of $19,890,300 in U(3)O(8) sales and $13,050,576 of revenues from process milling of alternate feeds. For the period ended September 30, 1997, which was the Registrants first year of operations, total revenues

were only $1,305,812.

The spot market value of uranium remained depressed and basically flat during the fiscal year. It began the fiscal year at $9.75 per pound U(3)O(8), rose to $10.85 in March, then declined during the remainder of the fiscal year back to $9.75 in September. The spot market value of vanadium, however, suffered a tremendous decline. It began the fiscal year at $5.37 per pound V(2)O(5) and then declined during the remainder of the fiscal year to $1.84 in September. As a result, the Registrant elected to only sell a very small quantity of the V(2)O(5) it produced during the year. Also, due to the continued depressed price for U(3)O(8), the Registrant only sold U(3)O(8) into existing contracts and elected not to enter into any additional spot market contracts during the year.

Of the Registrant's 1999 uranium sales, 100% of the material was sourced from uranium purchased under pre-existing contracts. The $9,758,317 of uranium sales proceeds resulted from four separate sales transactions. Approximately 69% of the sales revenues (61% of the material delivered) arose from long-term contracts and the balance were from existing spot market contracts.

The Registrant's alternate feed projects this year consisted primarily of the processing of over 44,000 tons of uranium-bearing soil materials received from the Ashland 2 former defense site near Buffalo, New York. The Registrant received a recycling fee for this project, which contributed $3,794,195, or 88%, of the total process milling revenues for the year. The remaining alternate feed revenues of $494,320 came primarily from the sale of a product from a prior year's alternate feed project. The Registrant also produced approximately 160,000 pounds of U(3)O(8) from another alternate feed source. The Registrant did not receive a recycling fee for this project, and the U(3)O(8) remains in inventory to be sold at a later date. The Registrant's processing costs relating to alternate feeds totaled $3,213,789 for 1999 resulting in a gross profit from alternate feeds of $1,074,726.

Selling, general and administrative expenses for 1999 totaled $4,445,190 compared to $3,580,149 in 1998 and $1,007,832 for the period ended September 30, 1997. The increase in 1999 was due to an increase in outside legal and professional expenses related to the Registrant's development of its alternate feed business and to mine standby costs due to the suspension of mining operations. Depreciation, amortization and depletion expense was $664,633 in 1999, compared to $734,267 and $41,387 in 1998 and 1997 respectively. Net interest and other income decreased to $857,739 in 1999 from $1,128,562 in 1998 and $781,947 in 1997. These total revenues and expenses combined with the extensive write-offs stated above resulted in a net loss of $17,097,677 in 1999 compared to net income before taxes of $1,858,892 in 1998 and $18,694 in 1997.

The Registrant continued the mining of uranium and vanadium-bearing materials from its Sunday and Rim Mine complexes in the Colorado Plateau District of western Colorado and eastern Utah until mid-1999. At that time, the Registrant 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 shut down of the mines took several months to complete, and was completed in November, 1999. The Registrant has also completely written-off the carrying value of its U.S. mineral properties for the same reason. Prior to the cessation of mining activities, approximately 87,250 tons of mined material, with a U(3)O(8) grade of 0.28% and a V(2)O(5) grade of 1.9% were mined from company and independent mines. All of the mined material was shipped to the White Mesa Mill (the "Mill") and the Registrant commenced the milling of this material during June. As of September 30, 1999, approximately

72,750 tons of material had been fed to the Mill leaving approximately 14,500 tons in stockpile. This stockpile was written down to the net realizable value of $144,112 based on current spot market prices.

During fiscal 1999 the process of shutting down the Registrant's Dove Creek field office was commenced. All labor and disbursements incurred during fiscal 1999 in the process of shutting down the Dove Creek office were expensed as Selling, General and Administrative as incurred. There were no severance, shut down or reclamation obligations associated with the shut down of the Dove Creek office; therefore, no additional costs were required to be accrued at fiscal year end. Also, in February, 2000 the Registrant commenced actively seeking potential purchasers for its U.S. mining properties and taking other steps, such as dropping nonessential property holdings and reducing mining staff, to minimize its holding costs for mining properties. No properties were sold during fiscal 1999 and no severance obligations were outstanding at year end. Sales of mining equipment began in June 1999 and continued through October 2000. Proceeds from the sale of surplus mining equipment were $322,660 for fiscal 1999, resulting in a gain of $168,141. As the expected net realizable value of the Registrant's mining equipment was equal or greater than its book value, no change in classification of mining equipment was made as a result of the decision to sell the equipment.

During fiscal 1999, the Mill produced 493,418 pounds U(3)O(8) and 870,960 pounds V(2)O(5). This includes both uranium produced from conventional mined material as well as uranium recovered from alternate feeds. During the first quarter of fiscal 2000, the conventional mill run was completed which produced an additional 157,709 pounds U(3)O(8) and 1,125,520 pounds V(2)O(5). Actual mill recoveries were lower than historical levels due primarily to the short mill run and certain operational problems. These inventories have been written down to spot market prices as of September 30, 1999.

The Registrant suspended the application and review process for a permit to mine from the Wyoming Department of Environmental Quality and for a source material license from the Nuclear Regulatory Commission for the Reno Creek in situ leach project, located in the Powder River Basin of Wyoming. This review process could be reinstituted at any time. The Registrant has also written-off all of its investment and development expenditures related to this project. These decisions were, again, related to weak market prices for uranium.

The Gurvan-Saihan Joint Venture, the Registrant's uranium development and exploration program in Mongolia, conducted a limited field program during 1999, focusing most of its efforts on data analysis and production cost modeling for future mining operations. The Joint Venture has now delineated proven and probable mineral deposits for this program of approximately 21.67 million tons of mineralized material at an average grade of approximately 0.052% U(3)O(8). Total cash expenditures by the Registrant relating to this Joint Venture were $912,990 in 1999, compared to $3,209,363 in 1998 and $1,191,525 in 1997. Due to depressed commodity prices, the Joint Venture activities were shut down in early fiscal 2000.

The Registrant continued to increase its focus on acquiring and processing alternate feeds during the year, which resulted in the Registrant successfully processing over 44,000 tons of material from a former government weapons, or FUSRAP (Formerly Utilized Sites Remedial Action Program), site near Buffalo, New York. Based on the success of this project the Registrant signed a contract to process materials from another FUSRAP site and began to receive these materials in July. This project should generate over 100,000 tons of uranium-bearing materials for recycle through the Mill, for which the Registrant will receive a

recycling fee in addition to retaining all of the uranium recovered. The recycling fee is paid when the material is delivered to the Mill and recorded as deferred revenue until the material is processed.

CAPITAL RESOURCES AND LIQUIDITY

The Registrant's working capital at September 30,1999 was $11,635,665 of which $469,407 consisted of cash and cash equivalents. This compares to working capital of $20,298,166 and $24,283,678 in 1998 and 1997 respectively. Cash and cash equivalents decreased from $13,953,355 in 1997 to $6,282,275 in 1998. Income from operations after adjustments for expenses not affecting cash (depreciation depletion, amortization of contract purchase costs, and other) used $580,686 of cash compared to providing $3,522,003 in 1998 and $57,581 in 1997. Net cash used by operations in 1997 was $3,163,190 and then increased to $5,544,038 in 1998 and to $9,970,712 in 1999. The Registrant also continued to utilize cash to increase its inventory levels. This inventory increase in 1999 is primarily due to production from the Registrant's conventional mill run.

Trade and other receivables remained relatively flat at $2,226,303 at the end of the fiscal year compared to $2,979,600 at the end of fiscal 1998, despite the significant decline in revenues from $32.9 million in 1998 to $14 million in 1999. This was due mainly to the fact that revenues for 1998 included some large uranium sales and alternate feed contracts that were concluded and fully paid prior to year end. The Registrant's credit policy, generally payment in full within 30 days after receipt, remains the same.

Expenditures for property, plant and equipment totaled $2,057,178 in 1999, compared to $3,812,556 during 1998 and $2,679,149 in 1997. The majority of these expenditures represent improvements and circuit modifications at the Mill to allow for more efficient mined material and alternate feed processing. Investments in the Gurvan-Saihan Joint Venture totaled $983,367 in 1999.

The Registrant is projecting only minor expenditures during fiscal year 2000 for property, plant and equipment, and expenditures on the Mongolia mineral properties are projected to be only $327,000. No significant capital expenditures are anticipated for the Mill during fiscal 2000.

During March 1999, in order to provide the Registrant with more short-term cash flexibility, a $10,000,000 working capital loan agreement was established with Norwest Bank. The one-year facility provides for advances based on applicable receivable levels and U(3)O(8) inventories. This facility has been reduced to $9,000,000 in order to secure a letter of credit. As of September 30, 1999, $950,000 was outstanding under this new facility.

ENVIRONMENTAL RESPONSIBILITY

Each year, the Registrant reviews the anticipated costs of decommissioning and reclaiming its mill and mine sites as part of its environmental planning process. These estimated costs are also formally reviewed by the Registrant when it submits license renewal applications to regulatory authorities. Based on this review, it was determined that the Registrant's estimated reclamation obligation of $13,265,700 is currently sufficient to cover these projected future costs.

The Registrant has also posted bonds securing these liabilities and has deposited restricted cash and marketable securities on account of these obligations. The amount of the restricted cash and marketable securities collateralizing the Registrant's reclamation obligation was $8,344,541 at

September 30, 1999.

The Registrant 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. 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. See "Legal Proceedings".

2000 FISCAL YEAR OUTLOOK

The Registrant is currently in the process of redefining the focus of its business activities.

Historically, the Registrant's operations were significantly dependent upon uranium and vanadium prices. Due to the low spot price for vanadium and the continued depressed market for uranium, the Registrant suspended all U.S. mining activities in 1999. As a result of this suspension, the Registrant completely wrote-off the carrying value of its U.S. mineral properties in 1999. The Registrant also does not anticipate that these commodity prices will recover to levels that would warrant reactivation of these mines for several years. The Registrant intends to keep those properties in a shutdown status indefinitely, pending any significant improvements in commodity prices, or possibly sell or joint venture all or a portion of such properties and interest to or with other parties. As of March 31, 2000, the Registrant is in the process of closing its Colorado Plateau and Arizona mining offices and is actively seeking potential purchasers for its mining properties and mining equipment and taking other steps to minimize its holding costs for mining properties.

While this reduction in exploration and mining activities is underway, the Registrant intends to marshal its resources and concentrate its United States operations 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. The Registrant will also continue to evaluate other opportunities unrelated to its mining and alternative feed activities, as they may arise.

The Registrant has therefore decided to focus its resources and attention in fiscal 2000 on the development of the alternate feed business. Although the Registrant is pursuing several alternate feed projects, it currently only has firm contracts for approximately four months of processing during fiscal year 2000. The Registrant remains optimistic that it will secure additional alternate feed contracts; however, unless a significant increase is obtained, the Mill will not be reactivated in fiscal 2000 and the Registrant will probably not be profitable for the year.

In order to reduce costs, the Registrant began consolidating certain of its mining locations during the fourth quarter of 1999. The Registrant will be making additional cost reductions at all levels, including reducing its workforce in both its operating and administrative areas.

RISKS AND UNCERTAINTIES

YEAR 2000

This risk involves the potential for the Registrant's operations to be disrupted by the failure of computer systems, which were not designed to function using dates for the new century. The Registrant has developed and implemented plans for making necessary program conversions and software upgrades. The cost of developing and implementing these conversions and upgrades was not material.

The Registrant has not experienced any adverse effects to date relating to this Year 2000 issue. Note that it is not possible to be certain that all aspects of the Year 2000 issue affecting the Registrant, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

REGULATORY CHALLENGES

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. Certain of the Mill's license amendments have been challenged by various third parties in the past, although none of such challenges have been successful to date. The Registrant intends to continue to defend its positions and the validity of its license amendments and proposed license amendments. If the Registrant does not ultimately prevail in any such actions and any appeals therefrom, the Registrant's ability to process certain types of alternate feeds, in certain circumstances, may be adversely affected, which could have a significant impact on the Registrant.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Registrant wishes to caution readers that disclosures made in the foregoing Management's Discussion and Analysis and elsewhere in this annual report represent forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Registrant to be materially different from any future results, performance or achievements expressed or implied by any forward-looking statements made by or on behalf of the Registrant.

Risk factors that affect the Registrant's results and the above discussion of the 2000 outlook include, but are not limited to, volatility and sensitivity to market prices for uranium and vanadium, competition, environmental regulations, the impact of changes in foreign currencies' exchange rates, political risk arising from operating in Mongolia, changes in government regulation and policies including trade laws and policies, demand for nuclear power, dependence on limited number of customers, 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.

As a result of the foregoing and other factors, no assurance can be given as to the future results, levels of activity and achievement.

ITEM 9A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY EXCHANGE RATE SENSITIVITY

The Registrant's functional currency is the U.S. dollar, and its activities are predominantly executed using the U.S. dollar. The Registrant 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 Registrant 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 5 for more information relating to the Registrant's share price information and the tables relating to the U.S./Canadian dollar currency translations.

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

INTEREST RATE SENSITIVITY

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

The Registrant's interest earning investments are primarily short-term, or can be held to maturity, and thus, any reductions in future income or carrying values due to future interest rate declines are believed to be immaterial.

COMMODITY PRICE SENSITIVITY

The Registrant is 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 Registrant's finished goods and mill-feed stockpile inventories are recorded at the lower of cost or net realizable value as of September 30, 1999.

The Registrant has entered into future long-term sales contracts for uranium at prices in excess of its carrying value and market value for its inventory as of September 30 1999. Thus, the Registrant has reduced its current exposure to future uranium price decreases to the extent of the quantities covered by the long-term contracts. However, the Registrant's current and future inventories that are not covered by long-term contracts are subject to market price risk.

The Registrant 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 10. DIRECTORS AND OFFICERS OF THE REGISTRANT

The names, municipalities of residence, positions with the Registrant, and principal occupations of the directors and executive officers of the Registrant as of March 31, 2000, are as follows:

NAME AND MUNICIPALITY OF RESIDENCE	OFFICE HELD	PRINCIPAL OCCUPATION
LUNDIN, LUKAS H.(1) Vancouver, Canada	Chairman of the Board and Director	Chairman of the Board of the Registrant; Director and Officer o a number of publicly-traded natura resource companies.
HOELLEN, EARL E. Denver, USA	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Registrant.
FRYDENLUND, DAVID C. Denver, USA	Vice President, General Counsel, Corporate Secretary and Director	Vice President, General Counsel an Corporate Secretary of the Registrant.

CRAIG, JOHN H. Toronto, Canada	Director	Lawyer, partner, Cassels Brock & Blackwell, Barristers and Solicito
HARROP, CHRISTOPHER J.F. Toronto, Canada	Director	Chairman of Northern Securities, I
RAND, WILLIAM A. Vancouver, Canada	Director	Self-employed businessman.
LUNDIN, ADOLF H.(1) Geneva, Switzerland	Director	Director and Officer of a number o publicly-traded natural resource companies.
HOCHSTEIN, RON F. Denver, USA	Vice President, Chief Operating Officer	Vice President and Chief Operating Officer of the Registrant
TOWNLEY, RICK L. Denver, USA	Vice President, Treasurer and Chief Financial Officer	Vice President Finance, Chief Financial Officer of the Registran

(1) Lukas H. Lundin is the son of Adolf H. Lundin

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.

Please note Item 13 below for information relating to interests of Management in certain transactions.

ITEM 11. COMPENSATION OF DIRECTORS AND OFFICERS

DIRECTOR COMPENSATION

No remuneration has been paid to directors of the Registrant in their capacities as directors since the date of incorporation. The directors are reimbursed for their expenses incurred to attend meetings of the Registrant.

AGGREGATE COMPENSATION FOR ALL OFFICERS AND DIRECTORS

An aggregate amount of $601,954 as compensation, was paid by the Registrant during its fiscal year ended September 30, 1999, to all directors and officers as a group.

SUMMARY COMPENSATION

The following table summarizes the compensation of each of the named executive officers of the Registrant for the year ended September 30, 1999:

ANNUAL COMPENSATION
FOR THE YEAR ENDED SEPTEMBER 30, 1999

NAME AND PRINCIPAL		OTHER ANNUAL COMPENSATION	SEC OP

POSITION	SALARY (1)	BONUS	(US$)
Earl E. Hoellen President and Chief Executive Officer	$180,000	Nil	$ 2,500(7)
David C. Frydenlund, Vice President, General Counsel and Corporate Secretary(2)	$152,100(3)	Nil	$ 9,000(4)
Harold R. Roberts Vice President, Operations(8)	$140,000	Nil	$ 2,525(7)
Rick L. Townley, Vice President, Finance and Chief Financial Officer(6)	$105,000	Nil	$ 2,025(7)
Thad L. Meyer, Vice President, Finance and Chief Financial Officer(5)	$ 93,149(5)	Nil	$ 1,042(5)

NOTES TO SUMMARY COMPENSATION TABLE

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

(2) Mr. Frydenlund has a contract of employment with the Registrant's subsidiary, International Uranium (USA) Corporation. The expiry date of the employment contract is June 30, 2000. There is no compensatory plan or arrangement provided in such contract in respect of resignation, retirement, termination, change in control of the Registrant or responsibilities, other than a commitment by the Registrant to pay certain relocation expenses to be incurred by Mr. Frydenlund.

(3) During the fiscal year ended September 30, 1999, a total of $152,100 was earned by Mr. Frydenlund, of which $150,000 was paid and $2,100 was accrued.

(4) Other annual compensation is $9,000, being the dollar value of imputed interest benefits from a loan provided to Mr. Frydenlund.

(5) Mr. Meyer's employment was terminated effective June 30, 1999. Mr. Meyer received as severance three (3) month's salary as well as accrued benefits in the amount of $1,042 under the Registrant's subsidiary's 401K plan.

(6) Mr. Townley was appointed Vice President, Finance, Chief Financial Officer and Treasurer of the Registrant effective July 1, 1999.

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

(8) Mr. Roberts' employment was terminated effective January 31, 2000. Mr. Ron F. Hochstein has assumed Mr. Roberts' responsibilities.

ITEM 12. OPTIONS TO PURCHASE SECURITIES FROM THE REGISTRANT

STOCK OPTION PLAN

The shareholders of the Registrant adopted an employee stock option plan (the "Stock Option Plan"), under which 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 Registrant or its subsidiaries, or to employees of management companies providing services to the Registrant (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 Registrant by providing Eligible Personnel with a financial incentive for the continued improvement of the Registrant's performance and encouragement to stay with the Registrant.

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 Registrant 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 Registrant 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.

The following table sets out information with respect to the options to purchase common shares of the Registrant outstanding as of March 31, 2000:

CLASS OF OPTIONEES	NUMBER OF COMMON SHARES UNDER OPTION	DATE OF GRANT	OPTION PRICE (CDN $)	
Executive officers and directors as a group	1,375,000	May 9, 1997	1.25	
	100,000*	May 9, 1997	0.75	
	250,000	July 1, 1997	1.25	J
	575,000	January 14, 1999	0.75	Ja
Total:	250,000	October 11, 1999	0.75	Oc
	2,550,000			
All option holders as a group (including executive directors)	654,000*	May 9, 1997	0.75	
	1,375,000	May 9, 1997	1.25	
	250,000	July 1, 1997	1.25	
	50,000*	March 20, 1998	0.75	M
	700,000	January 14, 1999	0.75	Ja
	250,000	October 11, 1999	0.75	Oc
Total:	3,279,000			

* Represents options repriced from Cdn $1.25 to Cdn. $.75 on June 17, 1998.

The following table summarizes individual grants of options to purchase or acquire securities of the Registrant or any of its subsidiaries to each of the named executive officers and directors as of March 31, 2000

EXECUTIVE OFFICER AND DIRECTORS	NUMBER OF COMMON SHARES UNDER OPTION	DATE OF GRANT	OPTION PRICE (CDN $	OPTION EXPIRY DATE
Earl E. Hoellen	1,000,000	May 9, 1997	1.25	May 8, 2000
	375,000	January 14, 1999	0.75	January 13, 2002
David C. Frydenlund	250,000	May 9, 1997	1.25	May 8, 2000
	250,000	July 1, 1997	1.25	June 30, 2000
	200,000	January 14, 1999	0.75	January 13, 2002
Adolf H. Lundin	25,000	May 9, 1997	1.25	May 8, 2000
Lukas H. Lundin	25,000	May 9, 1997	1.25	May 8, 2000
William A. Rand	25,000	May 9, 1997	1.25	May 8, 2000
John H. Craig	25,000	May 9, 1997	1.25	May 8, 2000
Christopher J.F.Harrop	25,000	May 9, 1997	1.25	May 8, 2000
Rick L. Townley	100,000	May 9, 1997	0.75	May 8, 2000
Ron F. Hochstein	250,000	October 11, 1999	0.75	October 10, 2002
TOTAL:	2,550,000			

ITEM 13. INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

Lukas H. Lundin, John H. Craig, Christopher J.F. Harrop, Adolf H. Lundin, 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 Registrant or common third parties. However, the Registrant is unaware of any such pending or existing conflicts between these

parties. Any decision made by any of such directors and officers involving the Registrant are made in accordance with their duties and obligations to deal fairly and in good faith with the Registrant and such other companies. In

addition, each of the directors of the Registrant, 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 Registrant and no associate or affiliate of any of them has any material interest in any transaction of the Registrant or in any proposed transaction which has materially affected or will materially affect the Registrant except as described herein.

During the year ended September 30, 1999 the Registrant incurred legal fees of $12,524 to Cassels Brock & Blackwell, a law firm of which John H. Craig is a partner.

During the year ended September 30, 1999, the Registrant paid management and administrative service fees of $94,108 to a company owned by the Chairman of the Registrant, Lukas H. Lundin, which provides office premises, secretarial and other services in Vancouver. The Registrant continues to pay monthly fees of Cdn $12,840 to this service company.

During the period ended September 30, 1997, the Registrant loaned $200,000 to David C. Frydenlund, an officer and a director of the Registrant, in order to facilitate relocation to the Registrant's headquarters. This loan is non-interest bearing and is payable on the earlier of termination of employment or June 30, 2000. The loan is secured by the officer's personal residence.

PART II

ITEM 14 . DESCRIPTION OF SECURITIES TO BE REGISTERED

Not applicable.

PART III

ITEM 15. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 16. CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

None

PART IV

ITEM 17. FINANCIAL STATEMENTS

See Pages F-1 through F-12 incorporated herein by reference. The Registrant has filed a Notification of Late Filing on Form 12b-25 regarding the required financial statements footnote entitled "Differences Between Canadian and United States Accounting Principles and Practices," that are currently under discussion with SEC staff. All other financial statement requirements have been included in this filing.

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 Annual Report:

Index to Consolidated Financial Statements .....
Auditors' Report to the Directors .....
Consolidated Balance Sheets at September 30, 1999 and 1998 .....
Consolidated Statements of Operations and (Deficit) Retained Earnings
For the Years Ended September 30, 1999 and 1998 and Period
from October 3, 1996 to September 30, 1997 .....
Consolidated Statements of Cash Flow for the Years Ended
September 30, 1999 and 1998 and Period
from October 3, 1996 to September 30, 1997 .....
Notes to the Consolidated Financial Statements .....

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:

1.1 Registrant's Corporate Structure Chart

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant 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 General Counsel

Dated: April 9, 2002

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Auditors' Report to the Directors	F-1
Consolidated Balance Sheets at September 30, 1999 and 1998	F-2
Consolidated Statements of Operations and Retained Earnings For Periods Ended September 30, 1999, 1998 and 1997	F-3
Consolidated Statements of Cash Flow for the Periods Ended September 30, 1999, 1998 and 1997	F-4
Notes to the Consolidated Financial Statements	F-5

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated balance sheets of International Uranium Corporation as at September 30, 1999, and 1998 and the consolidated statements of operations and (deficit) retained earnings, and cash flow for the years ended September 30, 1999 and 1998 and for the period ended September 30, 1997. 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 Canadian generally accepted auditing standards. 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, 1999 and 1998 and the results of its operations and cash flow for the years ended September 30,1999 and 1998 and for the period ended September 30, 1997, in accordance with generally accepted accounting principles in Canada.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, Canada
November 25, 1999

INTERNATIONAL URANIUM CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNITED STATES DOLLARS)

	SEPTEMBER 30,1999	SEPTEMBER 30, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 469,407	$ 6,282,275
Marketable securities	--	11,731
Trade and other receivables	2,226,303	2,979,600
Inventories (Note 3)	11,930,637	12,481,713
Favorable uranium sales contracts (Note 4)	--	729,730
Prepaid expenses and other	191,425	188,532
	14,817,772	22,673,581
Properties, plant and equipment, net (Note 5)	6,790,627	13,516,937
Mongolia mineral properties (Note 6)	10,484,299	9,500,932
Notes receivable	202,016	203,538
Restricted cash and marketable securities (Note 7)	9,344,541	8,300,375
Other asset (Note 8)	4,248,875	--
Goodwill and other, net	3,679	575,351
	$ 45,891,809	$ 54,770,714
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,132,614	$ 1,761,841
Notes payable (Note 9)	1,049,493	37,963
Deferred revenue	--	575,611
	3,182,107	2,375,415
Notes payable, net of current portion	22,811	54,172
Reclamation obligations (Note 10)	13,265,700	13,265,700
Deferred revenue	3,123,441	--
Deferred credit (Note 8)	4,320,000	--
	23,914,059	15,695,287
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	37,439,402	37,439,402
(Deficit) retained earnings	(15,461,652)	1,636,025
	21,977,750	39,075,427
	$ 45,891,809	$ 54,770,714

The accompanying notes are an integral part of these financial statements

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

	YEAR ENDED SEPTEMBER 30, 1999	YEAR ENDED SEPTEMBER 30, 1998
OPERATIONS		
Revenue		
Uranium sales	$ 9,758,317	$ 19,890,300
Process milling	4,288,515	13,050,576
Total revenue	14,046,832	32,940,876
Costs and expenses		
Uranium cost of sales	8,387,867	17,829,592
Process milling expenditures	3,213,789	10,066,538
Selling, general and administrative	4,445,190	3,580,149
Write-down of inventories (Note 13)	7,709,170	--
Depreciation	664,633	734,267
	24,420,649	32,210,546
(Loss) income before the following	(10,373,817)	730,330
Write-off of mineral properties (Note 13)	(7,039,958)	--
Write-off of goodwill (Note 13)	(541,641)	--
Net interest and other income	857,739	1,128,562
(Loss) net income before taxes	(17,097,677)	1,858,892
Provision for income taxes	--	241,561
(LOSS) NET INCOME FOR THE YEAR	$ (17,097,677)	$ 1,617,331
(Loss) net income per common share	$ (0.26)	$ 0.02
(DEFICIT) RETAINED EARNINGS		
Retained earnings, beginning of period	1,636,025	18,694
(Loss) net income	(17,097,677)	1,617,331
(DEFICIT) RETAINED EARNINGS, END OF PERIOD	$ (15,461,652)	$ 1,636,025

Weighted average number of common shares outstanding	65,525,066	65,694,048

The accompanying notes are an integral part of these financial statements

INTERNATIONAL URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(United States Dollars)

	YEAR ENDED SEPTEMBER 30, 1999	YEAR EN SEPTEMBER 3
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Loss) net income for the period	$ (17,097,677)	$ 1,
Items not affecting cash		
Depreciation and amortization	664,633	
Gain on sale of equipment	(168,141)	
Amortization of uranium sales contract purchase cost	729,730	1,
Write-down of inventories	7,709,170	
Write-off of mineral properties	7,039,958	
Write-off of goodwill	541,641	
	(580,686)	3,
Changes in non-cash working capital items		
Decrease in marketable securities	11,731	
Decrease (increase) in trade and other receivables	753,297	(2,
Increase in inventories	(10,490,259)	(2,
(Increase) decrease in other current assets	(35,568)	
(Decrease) increase in liability for inventory purchases	--	(5,
Increase in other accounts payable and accrued liabilities	370,773	
(Decrease) increase in due to related parties	--	(
NET CASH USED IN OPERATIONS	(9,970,712)	(5,
INVESTING ACTIVITIES		
Properties, plant and equipment	(2,057,178)	(3,
Mongolia mineral properties	(912,990)	(3,
Proceeds from sale of surplus equipment	322,660	
Notes receivable	--	
Collection of notes receivable	1,522	4,
Increase in restricted marketable securities	(1,044,166)	(
Acquisition of Energy Fuels, net of cash received	--	
NET CASH USED IN INVESTMENT ACTIVITIES	(3,690,152)	(2,

FINANCING ACTIVITIES		
Stock purchase for retirement	--	
Increase (decrease) in notes payable	980,166	
Common shares issued for cash	--	
Share issue costs	--	
Increase in deferred credit	4,320,000	
Increase in deferred revenue	2,547,830	
NET CASH PROVIDED BY FINANCING ACTIVITIES	7,847,996	
Decrease in cash and cash equivalents	(5,812,868)	(7,
Cash acquired on acquisition of Thornbury	--	
Cash and cash equivalents, beginning of period	6,282,275	13,
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 469,407	$ 6,
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash interest paid	$ 113,523	$
Cash interest received	$ 786,926	$ 1,
Non-cash investing and financing activities		
Transfer of inventory to other asset	$ 4,248,875	$
Common shares issued on amalgamation	$ --	$

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements
September 30, 1999, 1998 and for the Period
October 3, 1996 to September 30, 1997
(United States Dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS

International Uranium Corporation and its subsidiaries (the "Company") is a company engaged in the exploration for and the production of uranium concentrates and the selling and trading of these concentrates in the international nuclear fuel market. In addition, the Company also produces and sells vanadium, as well as other minerals that can be produced as a co-product with uranium.

The Company owns the 2,000-ton per day White Mesa Mill (the "Mill") near Blanding, Utah. The Mill is used to process the Company's mined ore along with ore purchased or toll milled from other independent mines. The Mill is also used to process alternate feeds, which generally are ores 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 at the Mill.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Differences with respect to accounting principles generally accepted in the United States are disclosed in Note 19.

a) 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.

b) Basis of consolidation

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

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) Marketable securities and restricted short-term investments

Marketable securities and restricted short-term investments are valued at the lower of cost or market value. Fixed income securities, which are to be held to maturity, are recorded at amortized cost.

e) Inventories

Ore stockpiles, which consist of uranium and vanadium bearing ores from the Registrant's mining operations; 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 or net

realizable value using the first-in, first-out method. Consumable parts and supplies are valued at the lower of weighted average cost or net realizable value.

f) Properties, plant and equipment

Mineral properties and plant and equipment are recorded at cost or net realizable value. Mineral properties are depleted by the units-of-production method based on ore reserves. 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.

g) Exploration properties

The Company defers the property acquisition 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 cost 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 a project is unsuccessful, the mining property and the related exploration expenditure are written off.

h) 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, performed by the Company, of the work required to reclaim the property.

The estimated costs for decommissioning and reclaiming producing mineral properties, plant and equipment acquired by purchase have been fully accrued on an undiscounted basis.

Estimated costs of decommissioning and reclamation associated with newly acquired or developed mineral properties, plant and equipment, as well as revised regulatory requirements are accrued through periodic charges to earnings, on the units-of-production basis in the case of mine costs or on the straight line basis in the case of mill costs. Actual costs of decommissioning and reclamation incurred at the time of closure are deducted against this accrual.

Environmental costs not associated with the decommissioning or reclamation of producing mineral properties, plant and equipment are capitalized as property, plant and equipment costs where they result in the betterment of an asset, or expensed as incurred in all other circumstances.

i) 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 Gurvan-Saihan Joint Venture (Note 6). The majority of its costs are denominated in United States dollars and all of its products for sale are priced in United States dollars.

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

a) Monetary assets and liabilities at the rates of exchange in effect at balance sheet dates;

b) Non-monetary assets at historical rates;

c) 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.

j) (Loss) net income per share

(Loss) net income per common share is calculated using the weighted average number of shares issued and outstanding during each year. Fully diluted (loss) net income per common share is not presented if the exercise of warrants and options is anti-dilutive.

k) 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 fair value. Fair value is generally determined using estimated future cash flow analysis. 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) and estimates of the pounds of uranium and vanadium to be produced. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Any differences between significant assumptions 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.

l) Revenue recognition

In accordance with normal industry practices, the Company contracts for future delivery of uranium produced. Sales revenue is recorded in the period that title passes to the customer along with the risks and rewards of ownership.

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.

m) Reclassifications

Certain amounts in prior years have been reclassified to conform to the 1999 presentation.

n) Share Option Plan

The Company has a share option plan which is described in Note 11.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.

3. INVENTORIES

	September 30, 1999	September 30, 1998
Vanadium Concentrates	$ 1,257,604	$ --
Uranium Concentrates	8,583,323	7,838,433
Ore Stockpiles	144,112	3,117,441
In Process	569,499	79,600
Parts and Supplies	1,376,099	1,446,239
	$ 11,930,637	$ 12,481,713

4. FAVORABLE URANIUM SALES CONTRACTS

In May 1997, the Company completed the acquisition of substantially all of the uranium producing assets and assumed certain obligations of Energy Fuels, Ltd., Energy Fuels Exploration Company and Energy Fuels Nuclear, Inc. (collectively "Energy Fuels"). As part of the Energy Fuels assets, the Company acquired uranium supply contracts with certain utilities. At the time of the Energy Fuels purchase, the value of these contracts was determined to be $2,000,000 based on the excess of the sales price over the market value of the uranium to be delivered. Of this value, $729,730 related to deliveries made in the first quarter of the year ending September 30, 1999.

6. PROPERTIES, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation, Amortization Depletion & Write-offs	September 30, 1999 Net
Mill Buildings & Equipment	$ 6,438,203	$ 1,494,998	$ 4,943,205
Other Machinery & Equipment	2,645,798	798,376	1,847,422
Mineral Properties	7,616,865	7,616,865	--
	$ 16,700,866	$ 9,910,239	$ 6,790,627

	Cost	Accumulated Depreciation, Amortization Depletion & Write-offs	September 30, 1998 Net
Mill Buildings & Equipment	$ 5,044,364	$ 666,215	$ 4,378,149
Other Machinery & Equipment	2,811,926	427,465	2,384,461
Mineral Properties	7,054,197	299,870	6,754,327
	$ 14,910,487	$ 1,393,550	$ 13,516,937

At September 30, 1999, as a result of the shutdown of the Company's mining operations, capital assets include other machinery and equipment held for resale, with an aggregate net book value (being the

estimated net realizable value) of $212,483. 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.

7. MONGOLIA MINERAL PROPERTIES

Mongolia mineral properties are made up of the Company's 70% interest in the Gurvan-Saihan Joint Venture (the "Venture") which holds nine uranium exploration areas covering 14,700 square kilometers in central eastern Mongolia. The other parties of the Venture are the Mongolian government as to 15% and Geologorazvedka, a Russian geological concern, as to 15%. A royalty in the amount of 4.0% is payable to the Mongolian government. The Company has proportionately consolidated its 70% interest in the Venture, which is substantially represented by Mongolia mineral properties. To date the Company has funded all expenditures and expects to do so for the foreseeable future.

7. RESTRICTED CASH AND MARKETABLE SECURITIES

Amounts represent cash and marketable securities the Company has placed on deposit to secure its reclamation bonds and certain other obligations (Notes 8 & 10).

Restricted cash and marketable securities consist of:

	September 30, 1999	September 30, 1998
Cash and Cash Equivalents	$ 2,512,567	$ 670,531
Fixed Income Securities	6,831,974	7,629,844
	$ 9,344,541	$ 8,300,375

The fair value of restricted cash and marketable securities approximated carrying value.

8. 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 U308 at a purchase price of $10.80 per pound U308 under this agreement giving the third party the option to put up to an equivalent quantity to the Company at $10.55 per pound U308 at any one time within the period beginning October 1, 2001 and ending March 1, 2003. The transaction was accounted for as a deferred credit and the cost of the inventory was reclassified as an other asset. A portion of the transaction is secured by an irrevocable letter of credit (Note 7).

9. NOTES PAYABLE

Notes payable consists primarily of $950,000 due under a $10 million working capital loan agreement with Norwest Bank Colorado, NA. The note matures on March 31, 2000 and all amounts outstanding under the agreement are secured by accounts receivable and uranium inventory.

10. PROVISION FOR RECLAMATION

As part of the acquisition of Energy Fuels, the Company assumed responsibility for the environmental and reclamation obligations of Energy Fuels relating to all existing mines and the Mill, as well as for all reclamation and environmental obligations associated with mined out, inactive, reclaimed or partially reclaimed mines and properties, that were so acquired.

The Company has estimated the total amount of the reclamation liability at $13,265,700. The Company has posted bonds in favor of the United States Nuclear Regulatory Commission and the applicable state regulatory agencies securing these liabilities and has deposited marketable securities on account of the obligation (Note 7).

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

11. SHARE CAPITAL

a) Authorized - unlimited number of common shares.

b) Issued and outstanding

	Number of Shares	Amount
Shares Issued for Cash	$ 26,500,000	$ 4,906,166
Conversion of Special Warrants	37,800,000	31,784,288
Amalgamation	$ 1,443,066	$ 823,543

Balance-September 30, 1997	65,743,066	37,513,997
Shares Purchased for Retirement	$ (218,000)	$ (74,595)
Balance-September 30, 1998 and 1999	$ 65,525,066	$ 37,439,402

- The Company issued 26,500,000 common shares at $0.25 Cdn per share for total proceeds of $6,625,000 Cdn ($4,906,166 US).

- In May 1997, the Company completed a private placement financing of 37,800,000 common shares pursuant to the exercise of special warrants that had been issued in March 1997 at a price of Cdn $1.25 ($0.90) per special warrant for net proceeds of Cdn $44,217,190 ($31,784,288), after deducting share issue costs and agent fees of Cdn $3,032,802 ($2,186,137).

- In May 1997, the Company completed the acquisition of substantially all of the uranium producing assets and assumed certain obligations of Energy Fuels Ltd., Energy Fuels Exploration Company and Energy Fuels Nuclear, Inc. (collectively "Energy Fuels") for an approximate total consideration of $35 million. Energy Fuels was in Chapter 11 Bankruptcy proceedings in the United States. The acquisition price was settled as follows:

Cash payment to vendors	$ 19,354,336
Direct acquisition costs	1,937,631
Reclamation obligations assumed	13,265,700
Notes payable assumed	$ 30,556
	$ 34,588,223

The acquisition was accounted for by the purchase method. The allocation of the purchase price is summarized as follows:

Cash and certificates of deposit	$11,210,896
Favorable uranium sales contracts	2,000,000
Notes receivable	7,169,143
Parts and supplies inventory	999,994
Properties, plant and equipment	8,208,190
Mongolia mineral properties	$ 5,000,000
	$34,588,223

The Energy Fuels assets included several developed and partially developed mines on standby, as well as numerous targeted mines and exploration properties, within the states of Colorado, Utah, Arizona, Wyoming and South Dakota, as well

as a 70% interest in a joint venture with the government of Mongolia and a Russian geological concern to develop and produce uranium reserves in Mongolia.

Assets purchased also include the 2,000 ton per day White Mesa Mill near Blanding, Utah. The Mill also has a vanadium recovery circuit.

Concurrent with the acquisition of Energy Fuels, in May 1997, the Company completed an amalgamation with Thornbury Capital Corporation ("Thornbury"). Each of the shareholders of Thornbury received one common share in the amalgamated company for every five common shares held prior to the amalgamation and the shareholders of the Company received one common share for every one common share held prior to the amalgamation. As a result of this transaction, the shareholders of the Company acquired control of Thornbury, and accordingly, the transaction has been accounted for as an acquisition by the Company of Thornbury.

The acquisition is summarized as follows:

Purchase consideration	
1,443,066 common shares issued	$ 823,543
Net Assets acquired at book value	(150,261)
Excess purchase consideration	$ 673,282
Attributed to	
Marketable securities	$ 57,312
Goodwill	615,970
	$ 673,282

The purpose of the amalgamation was to facilitate the financing of the Energy Fuels purchase and to achieve public company status.

c) Stock options

The Company has adopted an Employee Stock Option Plan under which the Board of Directors 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, options to acquire common shares in such numbers for such terms and at such exercise prices as may be determined by the Board. 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. All options granted to date expire three years from the date of the grant of the option. Options were outstanding as follows:

	Expiry Date	September 30 1999	September 30 1998
Option Price per Share			
Cdn $1.25	5/00 - 6/00	1,875,000	2,000,000
Cdn $0.75*	5/00 - 3/01	739,000	814,000
Cdn $0.75	1/02	775,000	--
		3,389,000	2,814,000

*Represents options granted to employees other than executive officers and directors repriced from Cdn $1.25 to Cdn $.75 on June 17, 1998.

12. INCOME TAXES

Non-capital loss carry forwards for Canadian tax purposes of approximately $1.1 million begin to expire in 2004. For U.S. income tax purposes, loss carry forwards of $3.5 million begin to expire in 2015 unless utilized. The benefits of these amounts have not been reflected in these consolidated financial statements.

13. WRITE-DOWN OF ASSETS

As a result of a prolonged period of low uranium and vanadium prices, the Company adjusted the carrying value of certain assets to their estimated fair values resulting in an impairment loss of $15,290,769. The write-down included $6,193,916 for ore stockpiles and in process inventory, $1,515,254 for uranium and vanadium concentrates, $7,039,958 for mineral properties and $541,641 for goodwill.

14. SEGMENTED INFORMATION

a) Geographic segments

	September 30, 1999	September 30, 1998	Septemb
Revenue			
Canada	$ --	$ --	$
United States	14,046,832	32,940,876	
Mongolia	--	--	
Total	$ 14,046,832	$ 32,940,876	$
Net Income			
Canada	$ (463,753)	$ (608,062)	$
United States	(16,580,589)	2,235,975	
Mongolia	(53,335)	(10,582)	
Total	$ (17,097,677)	$ 1,617,331	$

Property, Plant and Equipment, net			
Canada	$ --	$ --	$
United States	6,357,892	12,966,199	
Mongolia	432,735	550,738	
Total	$ 6,790,627	$ 13,516,937	$

b) Major customers

The Company's business is such that, at any given time, it sells its uranium 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 the year ended September 30, 1999, a process milling customer and a major utility accounted for 27% and 33% of total revenues, respectively. Accounts receivable from any individual customer will exceed 10% of total accounts receivable on a regular basis.

15. RELATED PARTY TRANSACTIONS

a) During the year ended September 30, 1999, the Company incurred legal fees of $12,524 with a law firm of which a partner is a director of the Company. Amounts due to this firm were $1,134 as of September 30, 1999. Legal fees incurred with this law firm were $50,197 for the year ended September 30, 1998 and $188,692 for the year ended September 30, 1997.

b) During the year ended September 30, 1999, the Company incurred management and administrative

service fees of $94,108 with a company owned by the Chairman of the Company which provides office premises, secretarial and other services in Vancouver. Management and administration fees of $99,383 were paid to this same company during the period ended September 30, 1998. During 1997 the management and administration fees totaled $343,641 which included costs incurred throughout 1996 in pursuing the acquisition of Energy Fuels assets.

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. This loan is non-interest bearing and is payable on the earlier of termination of employment or June 30, 2000. The loan is secured by the officer's personal residence.

16. COMMITMENTS

Certain Swiss utilities hold a royalty (the "Swiss Royalty") of 4.5% of all uranium and 2.5% of vanadium and all other minerals produced during the period from January 1, 1998 through December 31, 2000 from certain of the United States properties. Advance royalty payments in the amount of $250,000 are made each year during this period. The royalty increases to 9% of all uranium and 5% of vanadium on January 1, 2001,

however the advance payments terminate. The Swiss Royalty does not apply to the Mongolia mineral properties, nor to any tolled or purchased ore of or from third parties that is processed in the Mill, nor to any properties acquired after the date that the Swiss royalty was granted.

17. FINANCIAL INSTRUMENTS

As at September 30, 1999 and 1998, the fair value of the Company's financial instruments approximates their carrying values because of the short-term nature of these instruments and, where applicable, because interest rates approximate market rates.

18. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information-using Year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

19. 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).

		September 30, 1999
CONSOLIDATED BALANCE SHEETS		
Properties, plant and equipment	Canadian basis	$ 6,790,627
	Depreciation of assets held for resale	15,772
	Exploration expenditures	--
	U.S. basis	$ 6,806,399
Mongolia mineral properties	Canadian basis	$ 10,484,299

	Write-off Mongolia Mineral Properties	(a)	(4,802,289)
	Exploration expenditures	(b)	(5,682,010)
	U.S. basis		$ --
Notes receivable	Canadian basis		$ 202,016
	Shareholder loan reclassification	(c)	(200,000)
	U.S. basis		$ 2,016
Goodwill and other	Canadian basis		$ --
	Amalgamation	(d)	--
	U.S. basis		$ --
Share capital	Canadian basis		$ 37,439,402
	Shareholder loan reclassification	(c)	$ (200,000)
	Amalgamation	(d)	(615,970)
	U.S. basis		$ 36,623,432
Retained earnings	Canadian basis		$ (15,461,652)
	Write-off Mongolia Mineral Properties	(a)	(4,802,289)
	Exploration expenditures	(b)	(5,682,010)
	Goodwill	(d)	615,970
	Depreciation of assets held for resale	(e)	15,772
	U.S. basis		$ (25,314,209)

	September 30, 1999	Septem 19
CONSOLIDATED STATEMENTS OF EARNINGS		
Net (loss) income under Canadian GAAP	$ (17,097,677)	$
Write-off of Mongolia mineral properties	(4,802,289)	
Write-off of mineral properties	1,005,022	
Exploration expenditures	(912,990)	(
Capitalized depreciation	(70,377)	
Goodwill	572,439	
Depreciation of assets held for resale	15,772	
Net loss under U.S. GAAP	$ (21,290,100)	$ (
Basic/diluted net loss per share, U.S. GAAP	$ (0.32)	$
CONSOLIDATED STATEMENTS OF CASH FLOWS		
Cash provided by (used in) operations under Canadian GAAP	$ (9,970,712)	$ (

Exploration expenditures	(912,990)	(
Cash provided by (used in) operations under U.S. GAAP	$ (10,883,702)	$ (
Cash provided by (used in) investing activities under Canadian GAAP	$ (3,690,152)	$ (
Exploration expenditures	912,990	
Cash provided by (used in) investing activities under U.S. GAAP	$ (2,777,162)	$

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

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 shareholder loans to be reclassified as a deduction for shareholders' equity.

d. Under Canadian GAAP the amalgamation of the Company with Thornbury 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 been applied to reduce the share capital of the Company under U.S. GAAP.

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

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

g. Under U.S. GAAP, the sub-total before changes in non-cash working capital items in the consolidated statements of cash flow would be deleted.

h. Under U.S. GAAP, write-offs of mineral properties and goodwill and decreases in reclamation obligations would be included in operating (loss) income in the Consolidated Statements of Operations and (Deficit) Retained Earnings.

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Index to Exhibits

Exhibit Number	Description
1.1	Company's Corporate Structure Chart