INTERNATIONAL URANIUM CORP
Form 20-F
December 28, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 28, 2005

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

FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR (G) OF THE SECURITIES EXCHANGE ACT OF 1934

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____.

[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF EVENT REQUIRING THIS SHELL COMPANY REPORT _____.

COMMISSION FILE NUMBER: 0-24443

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

ONTARIO, CANADA
(Jurisdiction of incorporation or organization)

SUITE 2101, 885 WEST GEORGIA STREET, VANCOUVER, B.C. CANADA V6C 3E8
(Address of principal executive offices)

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

Securities registered or to be registered pursuant to Section 12(g) of the Act.
COMMON STOCK WITHOUT PAR VALUE
(Title of Class)

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

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

TITLE OF CLASS	ISSUED AND OUTSTANDING AS OF SEPTEMBER 30, 2005
Common Stock, Without Par Value	81,569,066 common shares

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

Indicate by check mark if the Company is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES [ ] NO [X]

If this report is an annual or transition report, indicate by check mark if the Company is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES [ ] NO [X]

If this is an annual report, indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES [ ] NO [X]

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

ITEM 17 [X] ITEM 18 [ ]

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INTRODUCTION

PART III

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

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

ALL REFERENCE TO DOLLARS IN THIS FORM 20-F ARE DENOMINATED IN U.S. DOLLARS UNLESS SPECIFIED OTHERWISE.

GLOSSARY OF TERMS

ALTERNATE	FEED Material or residues from other processing facilities that contain uranium in quantities or forms that are either uneconomic to recover or cannot be recovered at these other facilities, but can be recovered either alone or in conjunction with other co-products at the Company's facilities;
BLM	Means the United States Department of Interior Bureau of Land Management;
CCD	CIRCUIT The counter-current decantation circuit at the White Mesa Mill, in which uranium-bearing solution is separated from waste solids;
COMPANY	The Company and all of its subsidiaries on a consolidated basis;
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));
DOE	United States Department of Energy;
$	Means United States dollars and "CDN $" means Canadian dollars;

E% U(3)O(8)	Means equivalent % U(3)O(8) as determined by a down hole radiometric probe;
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;
EIS	Means Environmental Impact Statement;
EPA	Means the United States Environmental Protection Agency;
ERDENE	Erdene Gold Inc., a corporation whose shares are traded on the TSX Exchange;
FEE LAND	Means private land;
FORTRESS	Fortress Minerals Corp., a corporation in which the Company holds an interest, and the shares of which are traded on the TSX Venture Exchange;
FUSRAP	Formerly Utilized Sites Remedial Action Program;
GPT	Grams per tonne;
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 is solution mining that is confined to mineralized horizons and does not involve excavation and removal of mineralized rock or 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 uranium mineralization, and the solution is then processed to recover contained uranium.
IUM	International Uranium Mongolia, XXK, a wholly owned Mongolian subsidiary of the Company;
KM	Kilometer, a measurement of distance equivalent to 1,000 meters or 0.62 miles;
METER	Meter, a measurement of distance equivalent to 39.37 inches;
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;
NI 43-101	National Instrument 43-101 Standards of Disclosure for Mineral Projects, promulgated by the Canadian Securities Administrators;
NRC	The United States Nuclear Regulatory Commission;
NSR	ROYALTY An acronym for Net Smelter Returns Royalty, which means the amount actually paid to the mine or mill owner from the sale of ore, minerals and other materials or concentrates mined and removed from mineral properties. This type of royalty provides cash flow that is free of any operating or capital costs;
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 remaining mineralized material at the time the properties were shut down;
PPB	Parts per billion;
RESERVE	That part of a mineral deposit which can 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 commercial value have been extracted;
TON	A short ton (2,000 pounds);
TONNE	A metric tonne (2,204.6 pounds);
UDEQ	State of Utah Department of Environmental Quality;
URANIUM OR U	Means natural uranium; 1% U=1.18% U(3)O(8);

UF(6)	Means natural uranium hexafluoride, produced by conversion from U(3)O(8), which is not yet enriched or depleted;
U(3)O(8)	Triuranium octoxide;
V(2)O(5)	Vanadium pentoxide;
WHITE MESA MILL	Means the 2,000 ton per day uranium mill, with a vanadium or other co-product recovery circuit, located near Blanding, Utah that is owned by the Company's subsidiary, IUC White Mesa, LLC. Also referred to as the "Mill;"

YELLOWCAKE	Means the concentrate powder produced from uranium milling, or from an in situ leach facility. Yellowcake typically contains approximately 90% U(3)O(8) from conventional mineralized material.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial data of International Uranium Corporation (the "Company" or "IUC") for the fiscal years ended September 30, 2005, 2004, 2003, 2002 and 2001, and was prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The table also summarizes certain corresponding information prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). This selected consolidated financial data includes the accounts of the Company and its subsidiaries. All amounts stated are in United States dollars:

SELECTED FINANCIAL DATA

	FISCAL YEAR ENDED SEPTEMBER 30 2005	FISCAL YEAR ENDED SEPTEMBER 30 2004(1)	FISCAL YEAR ENDED SEPTEMBER 30 2003(1)	FISCAL YEAR END SEPTEMBER 30 2002
Revenues	$ 130,816	$ 2,424,456	$ 12,550,018	$ 6,830,137
Net earnings (loss)				
Canadian GAAP	$ (2,372,188)	$ (2,186,679)	$ 5,533,152	$ 184,990
US GAAP	$(12,801,866)	$ (8,239,055)	$ 4,468,857	$ (353,907
Basic/diluted earnings (loss) per equity share				
Canadian GAAP	$ (0.03)	$ (0.03)	$ 0.08	$ -
US GAAP	$ (0.19)	$ (0.11)	$ 0.07	$ (0.01
Total assets				
Canadian GAAP	$ 45,201,571	$ 39,387,555	$ 25,616,252	$ 32,379,270
US GAAP	$ 37,368,936	$ 38,452,180	$ 24,991,779	$ 32,063,607
Net assets				
Canadian GAAP	$ 24,805,502	$ 20,532,482	$ 10,124,496	$ 4,122,420
US GAAP	$ 15,603,345	$ 19,597,107	$ 8,570,748	$ 3,806,757

Capital stock				
Canadian GAAP	$ 56,145,784	$ 50,305,480	$ 37,935,533	$ 37,466,609
US GAAP	$ 55,865,737	$ 49,960,859	$ 37,319,563	$ 36,850,639
Number of shares outstanding	81,569,066	79,635,066	68,970,066	65,735,066
Dividends declared	$ -	$ -	$ -	$ -

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(1) During the fiscal year ended September 30, 2005, the Company retroactively adopted the fair-value based method of accounting for stock options granted to employees requiring a restatement of prior periods under US GAAP. As a result, stock-based compensation expense under US GAAP increased by $737,904 for the fiscal year ended September 30, 2004 and by $35,751 for the fiscal year ended September 30, 2003. The effects of the restatement have been included in the table above.

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. RISK FACTORS

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

NATURE OF MINERAL EXPLORATION AND MINING

The Company is engaged in exploration activity for uranium in Canada and Mongolia. The Company is also engaged in precious and base metals exploration in Mongolia and Russia through Fortress Minerals Corp. ("Fortress"), in which the Company currently holds a 44.2% equity interest. The exploration and development of mineral deposits involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a uranium, precious or base metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses are required to establish reserves by drilling and to construct mining and processing facilities at a site. The Company's exploration properties are all at the exploration stage and do not contain any reserves at this time. It is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in the delineation of mineral deposits or in profitable commercial mining operations.

The operations of the Company are subject to the hazards and risks normally incident to exploration, development and production of uranium, precious and base metals, any of which could result in damage to life or property, environmental damage and possible legal liability for such damage. While the Company may obtain insurance against certain risks, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of

insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially its financial viability.

Whether a uranium, precious or base metal deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as its size and grade; costs and efficiency of the recovery methods that can be employed; proximity to infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital.

VOLATILITY AND SENSITIVITY TO PRICES, COSTS AND EXCHANGE RATES

Because a significant portion of the Company's revenues have been derived from the sale of uranium and vanadium in the past, the Company's net earnings can be affected by the long- and short-term market price of U(3)O(8) and V(2)O(5). Uranium and vanadium prices are subject to fluctuation. The prices of uranium and vanadium have been and will continue to be affected by numerous factors beyond the Company's control. With respect to uranium, such factors include the demand for nuclear power, political and economic conditions in uranium producing and consuming countries, uranium supply from secondary sources and uranium production levels and costs of production.

During fiscal 2005, U(3)O(8) spot prices started at $20.00 per pound U(3)O(8) in September 2004, and then increased to $31.25 per pound in September 2005 and to $35.25 per pound as of December 5, 2005. Vanadium prices began the fiscal year in the $5.00 to $6.50 per pound V(2)O(5) range. Vanadium prices ended the fiscal year in the range of $18.00 to $23.00 per lb V(2)O(5). As of December 2, 2005, V(2)O(5) prices were trading in the range of $11.70 to $13.00 per pound V(2)O(5).

IMPRECISION OF MINERAL DEPOSIT ESTIMATES

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

MINING AND MILLING RISKS AND INSURANCE

The mining and milling of uranium and uranium-bearing materials is a capital intensive commodity business and is subject to a number of risks and hazards. These risks include but are not limited to volatility in capital and operating costs, 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, various risks and hazards including the foregoing could result in damage to, or destruction of, the Company's mineral properties, personal injury or death, environmental damage, delays in or cessation of production from the Company's Mill, mines or in its exploration or development activities, monetary losses, cost increases which could make the Company uncompetitive, and potential legal liability. In addition, due to the radioactive nature of the materials handled in uranium mining and milling, applicable regulatory requirements result in additional costs that must be incurred by the Company on a regular and ongoing basis.

The Company maintains insurance against certain risks that are typical in the uranium industry. As of December 19, 2005, this includes approximately $50,300,000 of real and personal property insurance coverage for the White Mesa Mill, $3,000,000 of business interruption insurance for the White Mesa Mill caused by fire or other insured casualty, and $7,000,000 of general liability insurance per occurrence. Although the Company maintains insurance in amounts it believes to be reasonable, such insurance may not provide adequate coverage in the event of certain unforeseen circumstances. Insurance against certain risks (including certain liabilities for environmental pollution or other hazards as a result of production, development or exploration), is generally not available to the Company or to other companies within the uranium mining and milling business.

ENVIRONMENTAL RISKS

The Company is required to comply with environmental protection laws and regulations and permitting requirements, and the Company anticipates that it will be required to continue to do so in the future. The material laws and regulations within the U.S. that the Company must comply with are the Atomic Energy Act, Uranium Mill Tailings Radiation Control Act of 1978 ("UMTRCA"), Clean Air Act, Clean Water Act, Safe Drinking Water Act, Federal Land Policy Management Act, National Park System Mining Regulations Act, and the State Mined Land Reclamation Acts or State Department of Environmental Quality regulations, as applicable. The Company also is required to comply with environmental protection laws in Canada and Mongolia.

The Company complies with the Atomic Energy Act, as amended by UMTRCA, by applying for and maintaining an operating license from the State of Utah. 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. The Company utilizes specific employees and consultants in order to comply with and maintain the Company's compliance with the above laws and regulations.

Although the Company believes that its operations are in compliance, in all material respects, with all relevant permits, licenses and regulations involving worker health and safety as well as the environment, the historical trend toward stricter environmental regulation may continue. In addition, with the transition of the regulatory authority from the U.S. Nuclear Regulatory Commission ("NRC") to the State of Utah, the State is re-evaluating the applicable criteria for ground water compliance, which could have a material adverse effect on Mill operations.

The uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to

additional risks uniquely associated with uranium mining and milling. The possibility of more stringent regulations exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of exploration, mining and milling sites, and other environmental matters, each of which could have a material adverse effect on the costs or the viability of a particular project.

The Company has detected some chloroform contamination in the perched groundwater zone at the Mill site. The contamination appears to have resulted from the operation of a temporary laboratory facility that was located at the site prior to and during construction of the Mill facility, and septic drainfields that were used for laboratory and sanitary wastes prior to construction of the Mill's tailings cells. See "Item 8. Financial Information - Legal Proceedings." The source and extent of this contamination are currently under investigation, and interim measures have been instituted in order to contain the contamination and to pump contaminated groundwater into the Mill's tailings cells. A final corrective action plan has not yet been developed. 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, and for so long as the Company remains the owner thereof, the Company is obligated to eventually reclaim such properties. Most but not all of these reclamation obligations are bonded, and cash and other assets of the Company have been reserved to secure this bonded amount. Although the Company's financial statements contain, as a liability, the Company's current estimate of the cost of performing these reclamation obligations, and the bonding requirements are generally periodically reviewed by applicable regulatory authorities, there can be no assurance or guarantee that the ultimate cost of such reclamation obligations will not exceed the estimated liability contained on the Company's financial statements. In addition, effective January 20, 2001, the BLM implemented new Surface Management (3809) Regulations pertaining to mining operations conducted on mining claims on public lands. The new 3809 regulations impose additional requirements for permitting of mines on federal lands and may have some impact on the closure and reclamation requirement for Company mines on public lands. If more stringent and costly reclamation requirements are imposed as a result of the new 3809 rules, the amount of reclamation bonds held by the Company and the reclamation liability recorded in the Company's financial statements may need to be increased. See "Item 4. Information on the Company - Reclamation."

PRODUCTION ESTIMATES

The Company prepares estimates of future production for particular operations. No assurances can be given that production estimates will be achieved. Failure to achieve production estimates could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. These production estimates are based on among other things, the following factors: the accuracy of mineralized deposit estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores; and, the accuracy of estimated rates and costs of mining and processing.

MONGOLIAN PROPERTIES

The Company owns uranium properties directly and through joint venture interests and is undertaking a uranium exploration program in Mongolia. Fortress, in which the Company holds a 44.2% equity interest, is also undertaking a precious and base metals exploration program in Mongolia. As with any foreign operation, these Mongolian properties and interests may be subject to certain risks, such

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

PROPERTY TITLE RISK

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

be challenged or impugned by third parties, including the local governments, and in Canada by First Nations and Metis.

The validity of unpatented mining claims on U.S. public lands is sometimes uncertain and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on U.S. public lands, the Company's U.S. properties may be subject to various uncertainties which are common to the industry, with the attendant risk that its title may be defective.

The Company is in the process of confirming certain title matters with respect to its recently acquired Henry Mountains Complex claims and has withheld a portion of the purchase price for those claims in the interim. Although the Company is not currently aware of any existing title uncertainties with respect to any of its other material properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

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

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

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

DEPENDENCE ON KEY PERSONNEL

The Company's success will largely rely on the efforts and abilities of certain key employees. Certain of these individuals have significant experience in the uranium exploration, mining and milling industries. The number of individuals with significant experience in this industry is small. While the Company does not foresee any reason why such key employees will not remain with the Company,

if for any reason they do not, the Company could be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

INTERNAL CONTROLS

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

LIMITED OPERATING HISTORY

The Company began its business in May 1997, following the acquisition of assets from the Energy Fuels group of companies (See "Item 4: Information on the Company - History and Development of the Company"). As a result, the Company has had a limited history of operations. There can be no assurance that the Company's operations will be profitable.

GOVERNMENTAL REGULATION AND POLICY RISKS

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

development. Furthermore, future changes in governments, regulations and policies, could materially adversely affect the Company's results of operations in a particular period or its long-term business prospects.

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

URANIUM INDUSTRY COMPETITION AND INTERNATIONAL TRADE RESTRICTIONS

The international uranium industry is highly competitive in many respects, including the supply of uranium. The Company markets uranium to utilities in direct competition with supplies available from a relatively small number of

Western World uranium mining companies, from certain republics of the former CIS and from excess inventories, including inventories made available from decommissioning of military weapons. To a limited extent, the effects of the supply of uranium from Russia are mitigated by a suspension agreement entered into by the United States with 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 an enrichment level suitable for use in nuclear power plants, and certain annual quantities of natural uranium from this agreement may be sold by Russia into the United States market. The European Community also has an informal policy limiting annual consumption of uranium sourced from the former CIS republics. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of uranium available in the United States, which is the largest market for uranium in the world.

CONFLICTS OF INTEREST

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

Directors, Senior Management and Employees - Board Practices."

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

DESCRIPTION OF BUSINESS

The Company is engaged in uranium exploration, mining and milling, including the business of recycling uranium-bearing waste products at its White Mesa uranium Mill as an alternative to the direct disposal of these waste products. In addition, the Company sells uranium recovered from these operations. The Company also sells vanadium and other metals that can be produced as a co-product with uranium. The Company has uranium exploration programs in Mongolia and in the Athabasca Region of Saskatchewan, Canada. The Company owns several uranium and uranium/vanadium mines that have been shut down pending further improvements in commodity prices. See "Current Operations". In addition, the Company owns a 44.2% equity interest in Fortress which is engaged in precious and base metal exploration in Mongolia. See "Fortress Properties."

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

The head office of the Company is located at 2101 - 885 West Georgia Street, Vancouver, B.C. Canada V6C 3E8, telephone number 604-689-7842. The Company's United States operations are headquartered at Suite 950, 1050 Seventeenth Street, Denver, CO 80265, telephone number 303-628-7798. The registered office of the Company is located at Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2, telephone number 416-869-5300.

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

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

Due to deteriorating commodity prices at the time and other factors, the Company ceased its uranium mining and exploration activities in 1999, and shut down all of its mines and suspended its Mongolian uranium joint venture activities. The Company also sold its uranium property in Wyoming and released its properties in South Dakota. However, as a result of recent increases in uranium prices, the Company has acquired and staked uranium exploration properties in Canada and commenced exploration on certain of those properties in early fiscal 2004. The Company has also recommenced its uranium exploration program in Mongolia. In addition, the Company has purchased additional uranium properties in the U.S. and is currently evaluating the possibility of recommencing certain of its U.S. mining activities if uranium prices continue to increase.

Fortress, in which the Company owns a 44.2% equity interest, is undertaking a precious and base metals exploration program in Mongolia and Russia. See "Fortress Properties."

In addition to its uranium exploration programs, the Company continues to devote resources to the development of the alternate feed, uranium-bearing waste recycling business. The Company has had considerable success to date in this initiative with the alternate feed business helping to offset Mill and mine standby costs. The Company is continuing to pursue additional alternate feed business. See "Alternate Feed Processing."

SUMMARY OF PRINCIPAL ASSETS OF THE COMPANY

UNITED STATES ASSETS

The Company's principal assets in the United States are the following:

- the White Mesa Mill, a 2,000 ton per day uranium and vanadium processing plant near Blanding, Utah. See "White Mesa Mill."
- the Arizona Strip uranium properties, in north central Arizona. See "Arizona Strip."
- the Colorado Plateau uranium properties, straddling the southwestern Colorado and Utah border. See "Colorado Plateau District."

- the Henry Mountains uranium complex, in south central Utah. See "Henry Mountains Complex."

- various uranium waste processing contracts and joint venture contracts. See "Alternate Feed Processing" and "Urizon Joint Venture."

CANADIAN ASSETS

In Canada, the Company has the following principal assets:

- a 75% interest in the Moore Lake uranium exploration property.

- an option to earn a 75% interest in the Lazy Edward Bay uranium exploration property.

- an option to earn a 75% interest in the Crawford Lake and Brown Lake exploration projects, subject to signing of formal agreements.

- an option to earn a 75% interest in the Kelic Lake, South Dufferin, Pendleton Lake and Cigar South uranium exploration properties and an option to earn a 51% interest in the North Wedge uranium exploration property.

- an option to earn a 51% interest in the Huard-Kirsch Lake uranium exploration property.

- a 50/50 joint venture in the Hatchet Lake exploration projects, subject to signing a formal agreement.

In addition, the Company has staked additional exploration ground totaling 285,683 hectares in the Athabasca Basin. See "Canadian Uranium Exploration Properties."

MONGOLIAN PROPERTIES

The Company has the following principal assets in Mongolia:

- a 70% interest in the Gurvan Saihan Joint Venture. The other parties are the Mongolian Government as to 15% and Geologorazvedka, a Russian government entity, as to the remaining 15%. As of December 19, 2005, the Gurvan Saihan Joint Venture holds 1.774 million hectares of uranium exploration properties in Mongolia. See "Mongolian Uranium Properties."

- Nine exploration licenses, totaling approximately 539,000 hectares as of December 19, 2005, which are wholly owned by the Company through its subsidiary International Uranium Mongolia, XXK ("IUM").

- an option to earn a 65% interest in 32 uranium exploration licenses totaling approximately 1.2 million hectares.

FORTRESS PROPERTIES

The Company has a 44.2% equity interest in Fortress and Fortress has the following principal assets:

- gold and base metals exploration properties in Mongolia, totaling 2.5 million hectares, as of December 19, 2005. See "Fortress

Properties."

- an option to earn a 80% interest in the Svetloye gold project in eastern Russia. See "Fortress Properties."

Fortress is a Canadian corporation whose shares are listed on the TSX Venture Exchange (ticker symbol: FST), and have traded in the range of Cdn $0.31 to Cdn $0.80 per share between October 1, 2004 and November 30, 2005, with the total volume of shares traded during that period being 35,396,300 shares.

PRINCIPAL CAPITAL EXPENDITURES AND DIVESTITURES

The Company's principal capital expenditures during the last three fiscal years were $14,395,406 for mineral property exploration. Of that amount, $9,317,039 was spent on Canadian uranium exploration, $3,444,593 was spent on Fortress' precious and base metals exploration program in Mongolia, and $1,633,774 was spent on Mongolian uranium exploration. The Company expended $1,226,649 during the last three fiscal years primarily on plant and equipment for its U.S. operations. In addition, the Company contributed $1,500,000 in cash together with its technology license to the Urizon Joint Venture. During this same time period the Company raised proceeds of approximately $369,983 from the sale of surplus mining equipment. In addition, due to a significant deterioration in the market price of uranium and vanadium during the period 1999-2002, the Company wrote off its investment in its Mongolian uranium joint venture and U.S. mining properties at that time. However, with continued upward pressure on uranium prices throughout fiscal 2004, the Company recommenced its uranium exploration program in Mongolia (See "Mongolian Uranium Properties"), and is currently evaluating the possibility of recommencing certain of its U.S. mining activities if uranium prices continue to increase.

The Company expects to finance its uranium exploration program in Canada and Mongolia and the potential restart of its U.S. mining operations through the issuance of equity by the Company, and the development of the alternate feed business, through internal sources. To this end, on October 14, 2005, the Company completed a private placement offering of 6,000,000 common shares at a price of Cdn $7.50 per share, and realized gross proceeds of Cdn $45,000,000. On December 5, 2005, the Company raised Cdn $6,587,500 through the issuance of 850,000 flow through common shares at a price of Cdn $7.75 per share. See "Canadian Uranium Exploration Properties," and "Financing Activities."

HISTORY OF URANIUM MINING OPERATIONS

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

To supplement its own production, the Company implemented a mill-feed purchase program under which it intended to purchase feed for the Mill from many small independent mines in the Uravan district of the Colorado Plateau mining region. Unfortunately, this program did not materialize to the degree hoped, as the independent miners found that their operations were not economic at then current commodity prices, due to new regulatory and environmental licensing requirements that had come into effect since they last operated.

The Company continued the mining of uranium and vanadium-bearing material from its Sunday and Rim Mine complexes in the Colorado Plateau district until mid-1999. At that time, the Company elected to suspend mining operations as a

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

Due to deteriorating commodity prices at the time and other factors, the Company placed all of its U.S. mines on standby in fiscal 1999. The Company had also written-off the carrying value of its U.S. mineral properties for the same reason in fiscal 1999, and closed its Colorado Plateau mining office in fiscal 1999 and Arizona mining office in fiscal 2000. Uranium prices have since improved, and the Company has initiated a uranium exploration program in Canada (See "Canadian Uranium Exploration Properties"), and has recommenced its Mongolian uranium exploration program (See "Mongolian Uranium Properties"). In addition, the Company is currently evaluating the possibility of recommencing certain of its U.S. mining activities if uranium prices continue to increase.

B. BUSINESS OVERVIEW

CURRENT OPERATIONS

Uranium prices have risen significantly since late fiscal 2003. As a result of these increases in uranium prices, the Company acquired and staked uranium exploration properties in the Athabasca Region of Saskatchewan, Canada, which presently accounts for nearly one-third of the world's annual uranium production, and commenced exploration on certain of those properties in early fiscal 2004. See "Canadian Uranium Exploration Properties." The Company has also recommenced its uranium exploration program in Mongolia. See "Mongolian Uranium Properties". In addition, the Company is currently evaluating the possibility of recommencing certain of its U.S. mining activities if uranium prices continue to increase.

On August 16, 2004, the State of Utah assumed primary regulatory authority over the Mill, from the United States Nuclear Regulatory Commission.

ALTERNATE FEED PROCESSING OVERVIEW

The White Mesa Mill is currently operating, processing an alternate feed material which the Company received from Cameco Corporation ("Cameco"). The Company estimates that in excess of 500,000 pounds of U(3)O(8) will be recovered from these materials. See "Alternate Feed Processing" and "White Mesa Mill: Current Condition and Operating Status".

During fiscal 2005, the Company continued to receive uranium bearing materials under its existing contract with Cameco, and approximately 670 tons of material from a commercial metals producer, approximately 540 tons of monazite sands from Heritage Minerals Inc. in New Jersey, and approximately 140 tons of material

from Molycorp Inc. in California. During fiscal 2005, the Company did not receive any materials under its existing Formerly Utilized Sites Remedial Action Program ("FUSRAP") contract for the Linde site, near Buffalo, New York; however, there is a possibility that the Company may receive additional quantities of material from the Linde site in the future. As of November 30, 2005, the Mill has approximately 46,053 tons of alternate feed material from the Linde, Heritage and Molycorp sites and from the commercial metals producer that, along with the Cameco materials received at the Mill to date, will be processed during the current mill run, which began in March 2005 and is expected to run to the end of fiscal 2006.

The Company intends to continue to devote resources to the development of the alternate feed, uranium-bearing waste recycling business. The Company has had considerable success to date in this initiative, and the alternate feed business has helped to offset Mill and mine standby costs. This business will continue to be a component of the Company's strategy for developing sources of feed for the White Mesa Mill. See "Alternate Feed Processing."

Process milling of alternate feeds and related activities generated revenues of $50,479, which was 39% of the Company's fiscal 2005 revenues. Alternate feed processing activities in fiscal 2005 consisted primarily of the receipt of materials from Heritage, Molycorp and a commercial metals processor. In the case of these materials, the Company receives a recycling fee as these materials are delivered, which is recorded as deferred revenue until the material is processed, at which time it becomes revenue. In fiscal 2003, 2004 and 2005, process revenues from alternate feed production and related activities were, $12,415,001, $420,646 and $50,479, respectively, representing, close to 100%, 17% and 39% of total revenues for those periods. The remaining revenues received during those periods were derived from the sale of vanadium black flake, which was produced during the 1999 conventional ore mill run, and from engineering services the Company provided, on a cost plus basis to a related company, which was reclaiming a mine site in the U.S. There were no sales of uranium in fiscal 2005. As mentioned below (see "Marketing"), the Company has sold all of its uranium inventory and uranium contracts, and all but approximately 65,000 pounds of its vanadium inventories. It is therefore expected that future operating revenues will be primarily from the Company's alternate feed business, or, if commodity prices improve enough to justify production from the Company's U.S. uranium properties, from future uranium and vanadium production.

URANIUM EXPLORATION AND DEVELOPMENT

As a result of increases in uranium prices, the Company acquired interests in and staked uranium exploration properties in Canada in early fiscal 2004, and commenced exploration on certain of those properties in fiscal 2004. The total amount expended by the Company on the acquisition and exploration of Canadian exploration properties in fiscal 2004 and 2005 was $2,309,178 and $7,007,861, respectively. During fiscal 2005, the Company fulfilled its obligations to earn its 75% interest in the Moore Lake project. In addition, the Company opened an office in Saskatoon, Saskatchewan to support its Athabasca Basin exploration program. Currently, the office has six personnel who are working on the Company's Canadian uranium exploration programs. See "Canadian Uranium Exploration Properties" and "The Uranium Industry."

Due to the depressed uranium market at the time and then current market forecasts, the Company shut down the field operations at the Gurvan Saihan Joint Venture in fiscal 2000. The decision was also made in fiscal 2000 to reduce the carrying value of the Company's investment in the Gurvan Saihan Joint Venture by $10,963,248. See "Mongolian Uranium Properties." The Company maintained its office in Ulaanbaatar, Mongolia following the suspension of field activities in 2000. With higher uranium prices, the Company restarted uranium exploration for the Gurvan Saihan Joint Venture in fiscal 2004, spending $35,198 on field work during fiscal 2004 and $948,706 in fiscal 2005.

In late fiscal 2004, the Company also initiated a property acquisition and uranium exploration program in Mongolia on properties acquired 100% for the benefit of the Company, through the Company's wholly owned subsidiary IUM. In fiscal 2004, the Company spent $17,878 on the IUM properties and in fiscal 2005 $220,718 on license

payments and initial field programs. In addition, in fiscal 2005, the Company signed an option agreement with Erdene Gold Inc. ("Erdene") to earn a 65% interest in 32 licenses for uranium exploration. In fiscal 2005, the Company spent $411,274 on license payments, field programs and drilling and has met its spending obligations under the option agreement. See "Mongolian Uranium Properties".

MARKETING

Given the depressed uranium market at the time and continued forecasted weakness in the uranium market, the Company decided to sell its entire uranium inventory along with its remaining uranium sales contracts in fiscal 2000. The Company did not produce or sell any uranium in fiscal 2005. The Company continues to hold approximately 65,000 pounds of vanadium, as vanadium pregnant liquor. With the increase in vanadium price to $11 to $13 per pound V(2)O(5), the Company is continuing to evaluate opportunities to sell its remaining inventory.

MOAB TAILINGS PROJECT INITIATIVE

The Moab tailings pile is estimated to contain in excess of 12 million tons of mill tailings, mill debris, contaminated soils, and cover material, located near Moab, Utah, approximately 90 miles north of the White Mesa Mill. The location of the tailings pile, adjacent to the Colorado River and an environmentally sensitive wetlands, as well as the ongoing contamination of groundwater due to seepage of pollutants into the River, have lead DOE to investigate several alternatives for final remediation of the pile. In December 2002, the DOE announced the initiation of an Environmental Impact Statement ("EIS") for the remediation of the tailings pile, in which it evaluated several alternatives, including the relocation of the Moab tailings pile to the White Mesa Mill by slurry pipeline. In May 2003, the Company presented the White Mesa option for inclusion in the DOE's EIS. DOE issued its final EIS on the Moab Tailings Project in July 2005 and on September 14, 2005 issued a signed Record of Decision ("ROD") stating that the tailings will be moved, predominately by rail, to the proposed Crescent Junction, Utah, site, approximately 30 miles from the Colorado River. As a result of this ROD, the Company is no longer pursuing this initiative. See "Moab Tailings Project."

PRECIOUS AND BASE METALS EXPLORATION

During fiscal 2002 the Company commenced an exploration program for precious and base metals in Mongolia. On June 23, 2004, the Company sold its Mongolian precious and base metals assets to Fortress, in consideration of a majority share ownership interest in Fortress. Fortress is a public company traded on the Toronto Venture Exchange. As of December 19, 2005, the Company holds a 44.2% equity interest in Fortress. Fortress' land holdings for the precious and base metals exploration program total 2.5 million hectares in Mongolia. In March 2005, Fortress signed an agreement with Phelps Dodge Exploration Company ("PDEC") in which PDEC can earn up to a 70% interest in any of Fortress' projects in Mongolia. In April 2005, Fortress agreed to terms with PDEC to acquire up to an 80% interest in Svetloye Gold Corporation ("SGC"). SGC holds a 100% indirect interest in an exploration license over the Svetloye gold project in the Khabarovsk region of eastern Russia. See "Fortress Properties."

FINANCING ACTIVITIES

In order to fund exploration work on the Company's Canadian uranium properties (see "Canadian Uranium Exploration Properties"), the Company completed the following private placements:

DATE OF ISSUE	NO. OF COMMON SHARES	ISSUE PRICE PER SHARE	GROSS PROCEEDS
November 12, 2003	2,000,000	Cdn $1.10	Cdn $2,200,000
September 21, 2004	1,250,000	Cdn $4.00	Cdn $5,000,000
March 10, 2005	1,000,000	Cdn $7.00	Cdn $7,000,000
December 5, 2005	850,000	Cdn $7.75	Cdn $6,587,500

Because the proceeds from the issuance of these shares will be used solely for exploration on eligible Canadian mineral properties, these shares, which are regular common shares, are considered "flow-through" shares for Canadian income tax purposes. Under Canadian income tax rules, a flow-through share is a mechanism whereby the flow-through share investor is entitled to deduct certain Canadian exploration and development expenditures incurred by the Company, and the Company renounces its ability to deduct such expenditures.

In addition to the foregoing flow through share financings, on December 19, 2003, the Company completed a private placement offering for a total of 6,700,000 common shares at a price of Cdn $1.50 per share, and realized gross proceeds of Cdn $10,050,000. Net proceeds of the offering were used for uranium exploration as well as for general working capital purposes. Furthermore, on October 14, 2005, the Company completed a private placement offering for a total of 6,000,000 common shares at a price of Cdn $7.50 per share, and realized gross proceeds of Cdn $45,000,000. Net proceeds of the offering are expected to be used towards reopening of the Company's U.S. mining operations and for general working capital purposes.

ALTERNATE FEED PROCESSING

Commissioned in 1980, the White Mesa Mill has processed conventionally mined mineralized material for the recovery of uranium and vanadium for many years. In addition, the Company's State of Utah Radioactive Materials License gives the Company the right to process other uranium-bearing materials known as "alternate feeds," pursuant to an Alternate Feed Guidance adopted by the NRC in 1995 and amended in 2000. Alternate feeds are uranium-bearing materials, which usually are classified as waste products to the generators of the materials. Requiring a routine amendment to its license for each different alternate feed, the Company can process these uranium-bearing materials and recover uranium, in some cases, at a fraction of the cost of processing conventional ore, alone or together with other valuable metals such as niobium, tantalum and zirconium. In other cases, the generators of the alternate feed materials are willing to pay a recycling fee to the Company to process these materials to recover uranium and then dispose of the remaining byproduct in the Mill's licensed tailings cells, rather than directly disposing of the materials at a disposal site. This gives the Company the ability to process certain alternate feeds and generate earnings that are largely independent of uranium market prices. By working with the Company and taking the recycling approach, the suppliers of alternate feed materials can significantly reduce their remediation costs, as there are only a

limited number of disposal sites for uranium-bearing materials in the United States.

To date, the Mill has received fourteen license amendments, authorizing the Mill to process seventeen different alternate feed materials. Of these amendments, eight involve the processing of feeds provided by nuclear fuel cycle facilities and private industry and one has involved the processing of DOE material. These nine feed materials have been relatively high in uranium content and relatively low in volume. The remaining five amendments have been to allow the Mill to process uranium-bearing soils from former defense sites, known as Formerly Utilized Sites Remedial Action Program ("FUSRAP") sites, which are being remediated by the U.S. Army Corps of Engineers (the "Corps"). These materials are typically relatively low in uranium content but relatively high in volume. The Company has received and processed approximately 52,000 tons of FUSRAP material from the Ashland 2 site, approximately 172,830 tons of FUSRAP material from the Ashland 1 site and approximately 78,390 tons of FUSRAP material from the Linde site, all near Buffalo, New York. In addition, another 39,000 tons of Linde material is currently stockpiled at the Mill, which will be processed during the current Mill run. Previously, material excavated from FUSRAP sites was only directly disposed of at one of the few direct disposal sites in the country, and at considerable cost. The Corps, charged with the task of reducing the cost of this remediation program, awarded these contracts to the Company to recycle the materials and recover uranium before disposing of the resulting tailings in the Mill's tailings cells. By processing these soils through the Mill for the recovery of uranium, the Corps was able to clean up these sites at less cost than would have been incurred had the disposal-only option been used.

While the progress made to date is considerable, there have been regulatory uncertainties associated with this uranium recycling business. As noted, the Company's license gives the Company the right, with appropriate amendments, to process alternate feeds. Some of the Company's alternate feed projects have been challenged in the past by the State of Utah, a commercial disposal company and other parties. However, the legal dispute between the Company and the State of Utah was resolved in 2000, and the Company now works closely and in cooperation with the Utah Department of Environmental Quality ("UDEQ") on all Mill regulatory matters. The State of Utah became an Agreement State for the regulation of uranium mills in Utah on August 16, 2004, and at that time assumed primary regulatory jurisdiction over the Mill. As of December 19, 2005, the Company's White Mesa Mill has been granted fourteen license amendments for processing alternate feeds out of fourteen requests, and the Company has successfully defended all challenges, to date.

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

The Company intends to continue to devote resources to the development of the alternate feed, uranium-bearing waste recycling business. The Company expects that income from recycling uranium-bearing materials can continue to help offset Mill and mine standby costs, and, potentially, contribute to profitable operations for the Company.

URIZON JOINT VENTURE

In November, 2002 the Company formed a 50/50 joint venture company, "Urizon

Recovery Systems, LLC", with Nuclear Fuel Services, Inc. ("NFS") to pursue the development of a new, alternate feed program (the "USM Ore Program") for the Company's White Mesa Mill that, if successful, could result in the Mill producing two to three million pounds of yellowcake per year over at least a three-year period.

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

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

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

Blending low enriched uranium with depleted uranium to make a reconstituted natural uranium ore that can be returned to the nuclear fuel cycle as yellowcake has never been accomplished before. This program will allow DOE to deal with its surplus low enriched uranium and depleted uranium in a cost effective manner, while providing for the recovery of valuable energy resources that would otherwise be lost through direct disposal of the materials, and, at the same time providing a source of alternate feed materials for the Company's White Mesa Mill.

The process is capable of recycling thousands of metric tons of surplus materials within the DOE Complex. A preliminary report by the DOE in 2000 stated there were 4,700 metric tons of contained surplus low enriched uranium at 28 sites across the DOE Complex, which would yield approximately 6 million pounds of yellowcake, as well as other sources of materials suitable for the program.

The first phase of the project will be the preparation and submittal of a request for an amendment to the Mill's license. Assuming receipt of regulatory approvals, construction of the blending facility at NFS' site in Erwin, Tennessee could be completed within two years of submittal. Commercial production would be expected to last three to six years or longer depending on the amount of DOE materials that are available.

Application testing was conducted from 2002 to 2004. Pursuant to its agreement with NFS, the Company contributed $1.5 million to the joint venture in December 2002 to be used in connection with this project. The success of the program will depend on DOE's support of the program as a means to disposition these surplus nuclear materials within the DOE complex. An unsolicited proposal was submitted by NFS to DOE in April 2003 for funding of this program. The DOE informed Urizon

in early 2004 that it was not prepared to accept the proposal at that time due to funding considerations and other DOE priorities. During fiscal 2005, the DOE selected a contractor who will manage the disposition of the materials that would be the feedstock for the Urizon program, in conjunction with the closure of an existing DOE site. The Joint Venture anticipates that it will have an opportunity to propose the Urizon Program to the DOE contractor as a suitable disposition option for this feedstock. In the interim, the Company will not be submitting its license amendment application until the path forward is further defined. The Joint Venture anticipates a decision will be made in fiscal 2006 as to how DOE and its contractor intends to proceed on this matter.

MOAB TAILINGS PROJECT

The Moab Uranium mill tailings pile, which is now under the control of the DOE, is located at the former Atlas Minerals Corporation site, approximately three miles north of Moab, Utah, which is approximately 90 miles north of the White Mesa Mill. The Moab tailings pile is estimated to contain in excess of 12 million tons of mill tailings, mill debris, contaminated soils and cover material. The location of the tailings pile, adjacent to the Colorado River and an environmentally sensitive wetlands, as well as the ongoing contamination of groundwater and seepage of pollutants into the river, has lead DOE to investigate several alternatives for final remediation of the pile.

In December 2002, DOE initiated the process to complete an EIS aimed at evaluating several alternatives for remediation of the site, including a proposal by the Company to relocate the tailings to the White Mesa Mill by slurry pipeline. DOE issued its final EIS on the Moab Tailings Project in July 2005, and on September 14, 2005 issued a signed ROD stating that the tailings will be moved, predominately by rail, to a site at Crescent Junction, Utah, approximately 30 miles from Moab. Because of this ROD, the Company is no longer pursuing this initiative.

THE URANIUM INDUSTRY

OVERVIEW

Commercial nuclear power generation began just over forty years ago and now generates as much global electricity as was produced forty years ago by all sources. The low operating cost of nuclear power combined with the increased focus on climate change could result in increased electricity production from nuclear generators in various areas of the world.

There are 103 operating nuclear reactors in the United States and a total of 441 worldwide, operating in 31 countries representing a total world nuclear capacity of 368.3 gigawatts. A further 23 reactors with a capacity of 18.5 gigawatts are under construction in 10 countries and an additional 39 reactors (40.9 gigawatts) are planned. With the only significant commercial use for uranium being nuclear fuel for nuclear reactors, it follows that reactor requirements will be the key component in the uranium market.

URANIUM SUPPLY AND DEMAND

The world's operating nuclear power reactors require about 174 million pounds of uranium per year. As nuclear power capacity increases, the uranium fuel requirement also increases. Demand for uranium can be supplied through either primary production (newly mined uranium) or secondary sources (inventories and alternate production). Secondary sources are of particular importance to the uranium industry when compared to other commodity markets.

Over the five-year period 2000-2004, global primary uranium production averaged 95.24 million pounds of uranium. In 2003, primary production declined to 92.4 million pounds due to production problems at the McArthur River and Olympic Dam

production centers, however, in 2004, worldwide uranium production rose to 104.7 million pounds of uranium. Canada and Australia currently account for over half the world's production. The United States production only represented about 2% or 2.3 million pounds of uranium. During the last decade, takeovers, mergers and closures have consolidated the uranium production industry. In 2004, eight companies accounted for over 80% of primary production while the six largest uranium mines produced almost 60% of the aggregate global production.

Primary uranium production presently supplies only 59% of the total annual requirements of nuclear power generators. The remaining supply is from secondary sources, which include inventories held by producers and utilities, government inventories, and uranium recycled from government stockpiles. The recycling of Highly Enriched Uranium ("HEU") from Russia is a unique subset of secondary sources of supply. 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 USEC Privatization Act gave Russia the authority to sell Russian natural uranium derived from the LEU (referred to as the "HEU Feed") in the United States over the 20-year period under certain defined quotas. The USEC Privatization Act provides a framework for the introduction of this Russian HEU Feed into the U.S. commercial uranium market. Russia has been selling this HEU Feed through long term supply agreements with various producers and other companies involved in the nuclear fuel cycle.

Based upon recent assessments of future secondary uranium supply, the scheduled uranium production forecast and forecasted nuclear generating capacity, there appears to be a growing requirement for increased uranium production to meet the forecast needs of Western reactors. Based upon the most recent assessment of market trends published by the World Nuclear Association, "The Global Nuclear Fuel Market; Supply and Demand 2005-2030," (September 2005), under Reference Case conditions (uranium requirements, secondary supply) uranium production to support Western reactors will need to expand from its 2004 level of 93.2 million pounds, up to 123.0 million pounds in 2010 and reach 161.4 million pounds by 2015. These estimates are subject to a number of assumptions about future events and the anticipated deficit could change if the assumptions are incorrect.

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 and other suppliers. 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 or supplier's uranium reserves, record of performance and cost competitiveness, all of which are important to the producer's or supplier'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 other suppliers. These other suppliers typically source their uranium from organizations holding excess inventory, including utilities, producers and governments.

The spot market is the market for uranium purchased for delivery within one year. Over the last nine years, annual spot market demand averaged just under 20 million pounds U(3)O(8) or about 12% of the annual world consumption. In 2004, the total volume was 18.2 million pounds U(3)O(8), which was down from the 2003 level of 21.8 million pounds. The remaining component (about 85 to 90%) is the term market where uranium is bought and sold under multi-year agreements between nuclear utilities and uranium producers/suppliers. By way of definition, the term uranium price reflects the initial base price under a newly-negotiated multi-year uranium agreement with deliveries commencing 12-24 months in the future and extending for 3-4 years thereafter.

Historically, spot prices have been more volatile than long-term contract prices, increasing from $6.00 per pound in 1973 to $43.00 in 1977, and then declining from $40.00 in 1980 to a low of $7.25 in October of 1991. From this low in 1991, the spot price increased to $16.50 in June 1996. The primary reasons for this increase were 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, and the reluctance of uranium producers and inventory holders to sell at low spot price levels. The drop in spot demand in the following four years along with Russian HEU Feed sold under the USEC Privatization Act largely contributed to a relatively steady drop in prices to $7.40 in September 2000.

Prices remained depressed as a result of weak demand, falling to $7.10 in January 2001, but, due to moderate increases in demand and production problems at the McArthur River and Olympic Dam operations, prices rose to

$12.25 by September 2003. Another major impact to the market occurred in early November 2003, as a result of Russia terminating a long term contract for the supply of HEU Feed with Globe Nuclear Services and Supply GNSS, Limited ("GNSS"). Litigation is on-going between GNSS and the Russians over this termination, and it is not possible to predict the outcome of such litigation or the long term effect of this development on the market.

The uranium spot price started 2004 at $14.50 per pound U(3)O(8). Throughout 2004, due to limited availability of material and the concerns regarding the GNSS/Russian dispute, the uranium spot price rose steadily to end 2004 at $20.70 per pound, a twenty year high. The spot uranium price rose steadily through the first five months of 2005, reaching $29.00 per pound by the end of May. Uranium prices for near-term delivery remained relatively stable during June-August but then began to rise over the next several months as near-term demand applied increasing pressure to available spot supplies. As of December 5, 2005, the spot price increased further to $35.25 per pound U(3)O(8).

The term uranium price has undergone an even more pronounced increase over the past several years, rising from just under US$11.00 per pound U(3)O(8), at the end of 2002 to $15.50 per pound by the end of 2003. The Long-Term U(3)O(8) Price rose to US$25.00 per pound U(3)O(8) by the end of December 2005 and escalated to $35.00 per pound by November 30, 2005.

Future uranium prices will depend largely on the amount of incremental supply made available to the market from the remaining excess inventories, HEU feed supplies, other stockpiles and increased or new production from other uranium producers.

COMPETITION

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. In 2004, four (4) companies, Cameco Inc., AREVA/Cogema, Rio Tinto and WMC Resources Limited (now owned by BHP Billiton) produced approximately 57% of total world output. Most of Western World production was from Canada and Australia which produced a combined 52% of global uranium output in 2004. Moreover, in 2004, Kazakhstan, Russia and Uzbekistan produced a combined 22% of worldwide uranium while supplying significant quantities of uranium into Western World markets. The Canadian uranium industry has in recent years been the leading world supplier, producing nearly 30% of the world supply.

THE VANADIUM MARKET

The following is a brief summary of the vanadium market.

The Company produces and sells vanadium as a co-product of the production of uranium from the Colorado Plateau District deposits. As of December 19, 2005, the Company holds an inventory of approximately 65,000 pounds of V(2)O(5) as vanadium pregnant liquor.

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

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

In the United States, although vanadium is produced through processing petroleum residues, spent catalysts, utility ash, and vanadium bearing iron slag, the most significant source of production historically 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. Low prices for both uranium and vanadium in recent years have forced producers in the Colorado Plateau District to place their facilities on standby. However, increases in the price of both of these metals have given rise to renewed interest in these facilities.

The market for vanadium has fluctuated greatly over the last 20 years. 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 to a high of nearly $12.00 per pound in February of 1989. This enticed new producers to construct additional capacity, and oversupply problems again depressed the price in the early 1990s to $2.00 per pound and below. Late in 1994, a reduction in supplies from Russia and China, coupled with concerns about the political climate in South Africa and a stronger steel market caused the price to climb to $4.50 per pound early in 1995. In the beginning of 1998, prices had climbed to a nine-year high of $7.00 caused by supply being unable to keep pace with record demand from steel and aerospace industries. However, during the second half of 1998, prices began to decline to $5.42 per pound by September 1998 and $2.56 per pound in December 1998. This was due to sudden decreases in Far East steel production, along with suppliers from Russia and China selling available inventories at low prices in order to receive cash. Since that time, prices fell dramatically to a range of $1.20 to $1.50 per pound V(2)O(5) due in part to the difficult economic conditions being experienced throughout the Pacific Rim and new sources of supply. In the third quarter of 2003 vanadium prices started to increase because of increased steel consumption and the shutdown of an Australian primary producer. This trend continued through fiscal 2004. In fiscal 2005 demand from China resulted in a significant price run-up culminating in all time highs of $23.00 to $27.00 per pound V(2)O(5). Most recently, prices have declined to be in the range of $11.00 to $13.00 per pound V(2)O(5) due to the ramp up of Chinese vanadium production. Prices are anticipated to continue to decline from these high levels but will likely level in the range of $4.00 to $6.00 per pound.

World demand will continue to fluctuate in response to changes in steel production. However, the overall consumption is anticipated to increase as demand for stronger and lighter steels grows, augmented by the demand created by new applications, such as the vanadium battery.

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

C. ORGANIZATIONAL STRUCTURE

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

All of the Company's U.S. assets are held through the Company's wholly owned subsidiary International Uranium Holdings Corporation. International Uranium Holdings Corporation ("IUH") holds its uranium mining and milling assets through a series of Colorado limited liability companies: the White Mesa Mill through

IUC White Mesa LLC; the Colorado Plateau mines through IUC Colorado Plateau LLC, IUC Sunday Mine LLC and IUC Properties LLC; the Arizona Strip properties through IUC Arizona Strip LLC; and the Henry Mountains properties and other exploration properties through IUC Henry Mountains LLC. All of the U.S. properties are operated by International Uranium (USA) Corporation, a wholly owned subsidiary of International Uranium Holdings Corporation.

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

its own uranium properties in Mongolia. These properties are held by International Uranium Mongolia, XXK, a Mongolian entity, which is also wholly owned by International Uranium Company (Mongolia) Ltd.

The Company's Canadian uranium exploration properties are held through International Uranium Corporation.

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

D. PROPERTY, PLANT AND EQUIPMENT

The following is an overview of the properties held by the Company as of December 19, 2005:

CANADIAN URANIUM EXPLORATION PROPERTIES

The Company acquired interests in two uranium exploration properties (the Moore Lake and Lazy Edward Bay properties) in the southeastern sector of the Athabasca Basin region of northern Saskatchewan, Canada in early fiscal 2004, and commenced exploration on the Moore Lake property in fiscal 2004, as described below. In fiscal 2005, the Company earned its 75% interest in the Moore Lake property and a joint venture is to be formed between JNR Resources Inc. ("JNR") and the Company upon signing of formal agreements. The Company has also entered into option agreements with JNR on a number of properties which were staked under a strategic alliance with JNR. Furthermore, the Company has entered into an option to earn a 51% interest in the Huard-Kirsch property and has entered into a 50/50 joint venture on the Hatchet Lake group of properties, all of which are located in the Athabasca Basin. The Company has also signed a letter of intent to earn an interest in a third uranium property in the Basin, which is subject to signing of formal agreements and regulatory approval. In addition, the Company has staked additional ground in the Athabasca Basin region in fiscal 2004 and 2005, bringing its total staked and optioned land position to over 590,000 hectares in this area.

The right to explore for uranium is acquired by the Company in Saskatchewan under mineral claims from the province of Saskatchewan. The term of a mineral claim is two years, with the right to renew for successive one year periods. To maintain a mineral claim in good standing, generally, the holder of a mineral claim must spend a prescribed amount on exploration. Excess expenditures can be applied to satisfy expenditure requirements for future claim years. Except for exploration purposes, a mineral claim does not grant the holder the right to mine minerals. A holder of a mineral claim in good standing has the right to convert a mineral claim into a mineral lease. Surface exploration work on a mineral claim requires additional government approvals.

The Athabasca Basin region hosts the world's richest uranium reserves. This region fuels well over 10% of the United States' electrical power needs and accounts for approximately one-third of the world's uranium production. The locations of the Company's properties relative to existing mines are illustrated on the following figure.

[MAP]

To assist and advise the Company on the acquisition, exploration and development of prospective uranium exploration properties in Canada, the Company has formed a Uranium Exploration Advisory Committee. Heading the committee is Dr. Klaus Lehnert-Thiel, P. Eng., P. Geo., an exploration geoscientist with over 30 years of operations and management experience on uranium, gold, diamond and base metals projects, predominantly in Canada. Considered an expert in the uranium field, Dr. Lehnert-Thiel began his work in the Athabasca Basin of northern Saskatchewan in the late 1960's where he was in charge of large integrated exploration programs during the uranium exploration boom in the area following the discovery of the Rabbit Lake mine. In the early 1970's, Dr. Lehnert-Thiel joined Uranerz Exploration and Mining Limited and was part of the Key Lake discovery team. The other members of the committee are Ron Netolitzky and Rick Bailes. Messrs. Netolitzky and Bailes bring a wealth of uranium exploration, Athabasca Basin, and economic geology experience to the team.

During fiscal 2005, the Company opened an office in Saskatoon, Saskatchewan to support its Canadian exploration efforts. Currently the Company has six employees at the office with geological, geophysical and administrative skills. The Company is continuing to add staff to the office whose primary responsibility will be the management and execution of the Company's Canadian uranium exploration program.

There can be no assurance that the Company will develop any minable deposits from its exploration properties, or that any minable deposits developed by the Company from these properties would have uranium grades comparable to the existing mines in the area.

MOORE LAKE PROJECT

Ownership and Status

On December 15, 2003, the Company entered into an option agreement with JNR under which the Company acquired the option to earn up to a 51% interest in the Moore Lake project by making aggregate investments and expenditures of Cdn $2.2 million over two years, of which Cdn $2,000,000 represent exploration expenditures and

$200,000 represent subscriptions for equity in JNR. The Company may earn an additional 24% interest in the project by making further aggregate exploration expenditures of Cdn $2.0 million and subscriptions for equity in JNR of $200,000 within a four year time period. The project is subject to a 2.5% NSR royalty in favor of Kennecott Canada Exploration Inc. ("Kennecott"), which can be bought down to a 1.25% NSR royalty for an expenditure of Cdn $1 million. The Company earned its 75% interest in the project in fiscal 2005 and is in the process of formalizing a joint venture agreement with JNR. Future costs on the project will be split between the Company and JNR on a 75%, 25% basis, respectively.

Property Description and Location

The Moore Lake property comprises eleven contiguous claims totaling approximately 36,000 hectares, which includes additional ground to the northeast and the southwest of the pre-existing Moore Lake property that was staked in fiscal 2004. The property is located in the La Ronge Mining District of Saskatchewan. The project lands are located in the southeastern portion of the Athabasca basin. The location of the Moore Lake project is indicated on the previous figure.

Physiography and Accessibility

The claims are accessible by float/ski equipped aircraft or by winter road originating at km 38 of the McArthur River Road, approximately 20 km west of the property. The property may be worked year round.

Geological Setting

Regional Geology The Athabasca Basin is an extensive sedimentary basin of Middle Proterozoic age located primarily in northeast Saskatchewan, extending into Alberta and occupying over 100,000 square kilometers. The basin is comprised primarily of flat lying unmetamorphosed sandstones of the Athabasca Group, with a maximum thickness of over 1,500 meters in its central portion.

The Rae (western portion) and eastern Hearne (eastern portion) provinces of the Churchill Structural province underlie the Athabasca, separated by a major structural suture, the Snowbird Line. The Rae and Hearne provinces are highly deformed and metamorphosed and are comprised of Archean gneisses containing infolded keels of Proterozoic metasedimentary and plutonic rocks. The Hearne province in turn, is subdivided into the western Mudjatic and eastern Wollaston domains based upon their tectonic settings, with the Mudjatic exhibiting a sinuous arcuate character and the Wollaston comprising broad linear metasedimentary belts wrapped around granitic Archean domes.

Property Geology The property is underlain by 200 meters to 350 meters of Proterozoic Athabasca Group sandstone and conglomerates of the Manitou Falls A, B and C formation. These units unconformably overlie Aphebian rocks of the Wollaston Lithostructural Domain and Archean granites.

The Moore Lake property is cut by numerous east-west and northeast striking fault systems, either in conjunction with, or independent of, graphitic conductors on the property. In addition to these, a notable feature on the property is the existence of an Archean granite dome in the southwestern portion of the claims. This dome is mantled on its margins by graphitic metapelites and is proximal to several significant fault systems. This setting is highly analogous to that encountered at Key Lake and at several other unconformity type uranium deposits in the Athabasca basin. A large diabase sill complex, the Moore Lake Complex, exists along the northeast portion of the property.

Deposit Types

The target on the Moore Lake property is an Athabasca unconformity-type uranium deposit. The geological model requires reactivated basement faults and two distinct hydrothermal fluids, one of which is reducing, and originates in the basement and is channelled along basement faults. A second, oxidizing fluid originates within the Athabasca sandstone stratigraphy and migrates through the inherent porosity therein. In appropriate circumstances, these two fluids mix and precipitate uranium in a structural trap at the sub-Athabasca unconformity.

In cross section the model envisages a mushroom-shaped deposit replacing the lower sandstone with a root zone extending into the basement along a fault coincident with graphitic pelite. Perched mineralization may occur (or may have

been remobilized) in the controlling fault structures, in the sandstone, well above the unconformity. It is

implicit in this model that basement faults have been reactivated in post-Athabasca sandstone time and that the overlying stratigraphy, has been locally disrupted.

In plan view the deposits can be hundreds of meters long and a few meters to 30 meters wide, following the trace of the underlying graphitic pelites and associated faults, along the unconformity. The graphitic rocks are often the locus of pre-Athabasca faulting that has been reactivated after Athabasca deposition. Both reverse and normal faults have been associated with mineralization. Displacement of the unconformity by tens of meters occurs at some deposits. The Aphebian pelites generally overlie Archean granitoid basement which provides a surface along which the pelites are frequently overthrust. Alternatively, the structural role of the Archean granitoid can be assumed by quartzite, occurring as Aphebian quartzite ridges in some areas.

Unconformity deposits are also marked by a complex mineralogy and geochemistry. Pitchblende, uraninite and coffinite are the primary uranium minerals accompanied by various copper sulphides, galena, sphalerite, hematite, and native copper and gold. In some deposits, the diversity of minerals and concentration of elements associated with uranium are low, whereas, in others, many different mineral phases are present and elements are associated with uranium in potentially economic quantities (e.g. gold at Cluff Lake, nickel at Key Lake, and copper at Dawn Lake). Gangue minerals include quartz, calcite, dolomite, ankerite, siderite, chlorite, sericite and adularia.

Uranium deposits are surrounded by extensive alteration envelopes that may extend upwards into the Athabasca group for tens to even 100 meters or more above the unconformity and penetrate well into the crystalline basement. It must be noted that each deposit may exhibit its own distinctive alteration pattern. The McArthur River deposit is characterized by silicification and chloritization imprinted on an illitic background. Cigar Lake is characterized by desilicification and illitization imprinted over a kaolinitic background.

Mineralization is often very high grade as at Cigar Lake and McArthur River where average grade are in excess of 15% U and of medium grade such as Key Lake or Eagle Point where average grades are in the 1% U to 2.5% U range.

Exploration History

Uranium exploration in the Moore Lake area has been carried out periodically throughout the past 30 years, with exploration activities carried out by joint ventures operated by Noranda, AGIP, Brinex and Cogema. The earliest work from 1977 to 1982 consisted largely of airborne geophysical surveys with ground geophysical follow-up programs. Subsequent diamond drilling (6 holes) intersected graphitic metapelites and sporadic illite alteration in two holes.

In 1986 and subsequent years, Interuranium Canada Limited carried out an airborne geophysical survey over the property, followed by ground geophysical surveys. These surveys identified a number of basement conductors on the property, several of which were drill tested with 13 holes (3,703 meters). Strongly graphitic Aphebian basement lithologies were intersected in five of the holes. Fracture controlled pitchblende mineralization (0.03% U(3)O(8) over 0.25 meters) was intersected below the unconformity, while anomalous uranium (up to 0.34% U(3)O(8)) and trace elements were intersected in the basement in three other holes.

JNR staked the property in 1999 and subsequently signed a joint venture with Kennecott. In the spring of 2000, an initial diamond drilling program of five holes (1,682 meters) identified significant uranium mineralization (0.442 e% U(3)O(8) over 9.20 meters) at the Maverick zone in drill hole ML-03. Follow-up drilling, (9 holes, 2,958 meters) was carried out in the summer of 2000. This drilling confirmed the presence of a significant structural zone and an intense hydrothermal system associated with the Maverick Zone, along with highly enriched trace element geochemistry, most notably boron, nickel and uranium.

An extensive airborne and ground geophysical program took place during the winter of 2000-2001. A total of 1,529 line km of airborne surveys were flown, followed up by 81.8 km of line cutting and ground magnetics, 60.9 km of Moving Loop, 39.2 km of gravity and 6 diamond drill holes (1,761.4 meters) on 4 scattered grids.

Ground surveys on the Raratonga, Venice and Puka Puka prospects identified numerous drill targets that were associated with EM conductors, gravity and magnetic features. A map illustrating the location of the prospects on the Moore Lake Project is shown in the following figure.

[MAP]

A hole drilled on the main Puka Puka conductor intersected anomalous geochemical values within a strongly disrupted and altered sandstone column and graphitic basement rocks. On the MLE and Venice grids, the drilling program identified anomalous radioactivity and geochemistry in brittle deformed felsic intrusive proximal to graphitic pelite.

In 2002, Kennecott carried out 2,257 meters of diamond drilling in 7 holes, of which 5 were completed at the Maverick Zone, and the remaining 2 at the Puka Puka and MLE targets. In addition, Moving Loop (7.8 km) and Fixed Loop (12.6 km) surveys were carried out in the area of the Maverick Zone that year.

The work carried out on the Maverick Zone identified a well-defined and strongly mineralized east-north-east trending conductive system. The best results obtained were from ML-25, which returned 0.62% U(3)O(8) over 9.1 meters, below the unconformity, including an interval of 12% U(3)O(8) over 0.4 meters, several meters below the unconformity.

During 2004, JNR and IUC carried out 19,159 meters of diamond drilling in 52 holes on the Maverick Zone. A geophysical program involving 32 km of line cutting and ground surveys was also performed in addition to a property wide boulder sampling program. A series of seven single hole fences emplaced along the trace of the main Maverick conductor successfully extended, by a minimum of 1.2 km, the east-northeast trend of the Maverick conductive system. These holes intersected sheared graphitic pelite, intense alteration and geochemically anomalous to weakly mineralized sandstone and basement rocks. Several of the better intersections are from holes ML-55 and ML-61. The former has an intercept of 6.2 meters (263-269.2) of 5.14% U(3)O(8), including 4.4 meters of 7.02% U(3)O(8). In ML-61 there is a 10 meters intercept (264.68-274.68) of 4.03 e% U(3)O(8) including a 1.4 meters intercept indicated at 19.96 e% U(3)O(8). In ML-29, where 1.61 e% U(3)O(8) over 7.5 meters was obtained, an individual 0.5 meter sample assayed 7.91% U(3)O(8), 3.65% nickel, 2.8% arsenic, 1.6% copper, 0.9% cobalt and 5.3 gpt silver, confirming the polymetallic nature of the mineralization, typical of an Athabasca unconformity-type uranium deposit.

2005 Exploration Program

In fiscal 2005, the Company and JNR conducted winter and summer exploration

programs on the Moore Lake property. The winter program at Moore Lake was between January 22 and April 18, 2005. The geophysical

program consisted of a 66.8 km gravity survey, 302.2 km of Fixed Loop TEM and 23.3 km of reflection seismic surveying. The diamond drilling program included 31 holes totalling 10,533 meters of core.

The gravity work identified a significant extension to the main Maverick structure over 3 km to the southwest, as well as westerly trending structural elements. In the south western portion of the Maverick grid, a major gravity high is interpreted to be a major quartzite unit, bounded by metasediments. The TEM work defined a host of new conductors that will require extensive drill testing. One of the most interesting situations is in the Nutana -West Venice -Venice area where a major, 10-kilometer long, 500-meter wide conductive corridor has been identified. The corridor is to a large extent, untested to date. On the Avalon grid, a strong, 3.5 km long, northeast trending, southeast dipping and untested conductor was located. On the Puka Puka grid, two weak conductors with a combined strike length of 4.2 km were identified, trending east-west and dipping to the south. Four flat lying conductive trends were identified striking approximately east-west and with a combined strike length of 3.6 km, on the Raratonga Grid. The program on the Volhoffer Grid identified two major conductors and several short strike length conductors which vary in length from 1.5 km to a maximum of 2.5 km. They strike northeast-southwest and dip steeply to the southeast. On the West Maverick grid two conductors with a combined strike length of 1.0 km were defined.

The summer 2005 program was completed in October, 2005 and consisted of 59 diamond drill holes totalling 22,100 meters. The summer program was successful in that two new potential uranium zones to the northeast of the Maverick Zone were discovered. These two potential new zones of unconformity-style uranium mineralization; the `527' zone and the `525' zone, were discovered along the same structural corridor that hosts the Maverick Main Zone. Drill hole ML-527 returned a grade equivalent of 0.41% U(3)O(8) over 6.6 meters, including a 1.0 meter interval of 1.1 e% U(3)O(8) This hole was collared 450 meters northeast of the Maverick high-grade discovery hole ML-25. This intersection compares well with that obtained in ML-03, the very first hole to intersect significant uranium mineralization in the Maverick Zone. Hole ML-525 which was collared 1,400 meters to the northeast of the discovery hole ML-25 returned an assay of 0.226% U(3)O(8) from a 4.5 meter interval of sandstone immediately above the unconformity.

In addition to the discovery of the two new potential zones, the summer program also yielded additional high-grade results from two holes which extended the Maverick Main Zone. ML-97 returned 2.31% U(3)O(8) over 7.75 meters, including a 2.25 meter intercept of 6.73% U(3)O(8) which includes 12.4% U(3)O(8) over 1.0 meter. ML-90 returned 1.18% U(3)O(8) over 6.45 meters, including a 1.75 meter intercept of 3.07% U(3)O(8). Indications to date are that the Maverick Zone is up to 20 meters wide and from 3 meters to 15 meters thick and is open along strike.

The 2005 program also drilled a number of holes on other targets on the Nutana and West Venice grids. Geochemical results have been received for four holes (ML-821, and 823 to 825) from the Nutana grid. ML-825 intersected a 35-meter-wide, strongly altered and faulted graphitic unit some 35 meters beneath the unconformity. A 0.5 meter interval from a graphitic fault returned 0.319% U(3)O(8) along with anomalous levels of vanadium, copper and arsenic. ML-824 intersected a 45 meter thick, strongly altered and faulted graphitic unit some 25 meters beneath the unconformity. Also of note, is that the basal 50 to 70 meters of the sandstone column in both holes is enriched in uranium, lead,

boron and illite.

Geochemical results have been received for two holes (ML-819 and 820) from the West Venice area. Although neither hole intersected any significant mineralization, ML-820 did intersect a 25 meter wide quartzite ridge, followed by a 15 meter wide fault zone enriched in boron and a narrow graphitic unit well into the basement. The unconformity in this hole was some 50 meters shallower than projected. This geological setting, which is conducive to the ponding/deposition of metals from mineralized fluids, has a number of analogies with that at McArthur River. ML-819 intersected on the hanging wall of the targeted conductor and returned anomalous boron values from a 15 meter wide basement fault zone. ML-819 and 820 represent the only two holes drilled on this grid, as the majority of targets occur beneath muskeg and can only be tested in the winter.

The West Venice - Nutana corridor will be one of the main target areas for the upcoming 2006 winter's drilling campaign, particularly the muskeg-covered flexure that joins the northeast-trending Nutana and east-northeast-trending West Venice conductors.

Mineralization

The most encouraging discovery to date on the Moore Lake project has been the Maverick Zone. This mineralization is found along a northeast trending, southerly dipping, conductor-fault system that wraps around a core of Archean granite and continues along an east-west trend. The mineralization is intimately associated with

graphitic pelites, reactivated faulting and extensive clay replacement associated with hydrothermal alteration in the sandstone and basement rocks. Significant mineralized intercepts have been recovered along nearly 800 meters of strike. The mineralized system has been traced by various densities of drilling for over 3.0 km and an additional 1.0 km of the prospective corridor remains to be drill tested.

The sandstone mineralization typically occurs as disseminated, interstitial, sooty uraninite within the sandstone matrix, as irregular metallic masses and irregular veinlets within the sandstone and locally as sooty fracture fillings. In the basement rocks, the mineralization is typically disseminated uraninite within fractured felsic intrusives, graphitic meta-pelites and non-graphitic meta-pelitic rocks. The basement mineralization may also exist as irregular sooty (locally metallic) masses or veinlets of uraninite. Both the basement and sandstone mineralization may also be accompanied by masses or dendritic patches of pyrite and nickel arsenides. Although the mineralization typically straddles the unconformity, the disseminated, interstitial sandstone-hosted mineralization is the dominant style identified so far.

Alteration of the sandstone column in the hanging wall of the Maverick Zone is, manifest in cross section as a plume, at least 75 meters wide and extending for at least 150 meters above the unconformity. The sandstone is bleached white, desilicified and carries greater than 1 ppm U and greater than 200 ppm boron (as dravite). Where cut by the reactivated basement fault, the sandstone is broken into uncemented rubble. There is some illite within the core of the 75 meters wide plume and dickite peripheral to the outer edges.

Basement alteration is manifest as a broad envelope around the controlling fault structure and the graphitic pelite. There is clay replacement (kaolinite, illite) of the pelites, graphitic pelites and granites as well as the development of secondary hematite as disseminations and along fractures.

Proposed Exploration Program

The Company is very pleased with the results of its fiscal 2005 exploration program on the Moore Lake property and has approved an extensive program for the winter and summer of 2006. The objective of the winter program is to extend the understanding and limits of the main Maverick Zone and explore the other grid areas indicated for similar mineralization. A total of approximately 15,000 meters of drilling is planned using three drill rigs. In addition to the drilling, approximately 100 line kilometers of ground based geophysics will be completed. The 2006 summer program objectives will be focused on continued extension of the Main Maverick Zone, and pending results of the winter program, expansion of the 527 and 525 zones, as well as additional regional drilling.

LAZY EDWARD BAY PROJECT

On December 15, 2003, the Company entered into an agreement with JNR under which the Company was granted the option for a period of two years to acquire a 75% interest in the Lazy Edward Bay Project, in consideration for which the Company would expend Cdn $500,000 to carry out two winter exploration programs. The Company and JNR have agreed to extend the date by which the Company has to meet its expenditure commitments from December 15, 2005 to April 30, 2006.

The Lazy Edward Bay project is comprised of eight mineral claims in the Cree Lake area of the Northern Mining District, Saskatchewan, which were acquired by staking in December 1999 and in January 2004.

The Lazy Edward Bay project area has been explored since 1969, with the bulk of the work performed between 1977 and 1989 by a joint venture consisting of Uranerz Exploration and Mining and SMDC (later to be Cameco). These exploration programs included an extensive range of geophysical, geochemical and geological techniques. Seventy three diamond-drill holes totaling 12,916 meters were drilled in the project area during this period, mainly to test several conductors at depth. Although several of these holes intersected notable structure, alteration and geochemistry along extensive conductive systems, the best uranium value obtained was 0.077%.

In the winter of 2000-2001, the JNR-Kennecott joint venture completed geophysical programs that outlined several targets of note on the property. Of the three targets drilled on the property, the best results were obtained along the Horse Conductor, where significant faulting and desilicification occurs over a minimum of 2 km of strike le