



June 21, 2000

U.S. Nuclear Regulatory Commission  
Division of Waste Management  
11555 Rockville Pike  
Rockville, MD 20852-2738

Attn: Mr. N. King Stablein  
Acting Chief, Uranium Recovery Branch  
Two White Flint North Office 7F-18

Re: Docket # 40-8903, License # SUA 1471  
Financial Test to Demonstrate Financial Assurance

Dear Mr. Stablein:

I am the Vice President, Finance and Chief Financial Officer of Homestake Mining Company, a Delaware Corporation having its principal place of business at 650 California Street, San Francisco, CA 94108 ("Homestake" and "Guarantor"). This letter is in support of Homestake's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 40, Appendix A.

Homestake Mining Company of California ("Licensee") is a wholly-owned subsidiary of Guarantor and holds the license SUA 1471 ("License") for the Milan Mill Uranium recovery facilities ("Facilities").

Homestake guarantees, through the parent company guarantee submitted for compliance under 10 CFR Part 40, Appendix A, the decommissioning, reclamation and long-term surveillance and control of the Licensee's facilities. The cost estimate for reclamation, decommissioning, and long-term surveillance and control so guaranteed for these facilities is \$24,000,000.

I further attest that the Licensee for which this parent company guarantee is being made has a positive tangible net worth.

Guarantor is required to file a Form 10-K with the Securities and Exchange Commission ("SEC") for the latest fiscal year.

The fiscal year of Homestake ends on December 31. The figures for the following items marked with an asterisk are contained in or derived from Homestake's independently audited, year-end financial statements and footnotes for the latest completed fiscal year ended December 31, 1999.

**HOMESTAKE MINING COMPANY**  
**FINANCIAL TEST TO DEMONSTRATE FINANCIAL ASSURANCE**  
(In Thousands)

1.	Sum of decommissioning, reclamation and long-term surveillance and control cost estimates for facilities SUA 1471.	\$ 24,000
2.*	Total liabilities (excluding Grants reclamation accrual)	\$ 863,801
3.*	Tangible net worth (excluding Grants reclamation accrual)	\$ 770,668
4.*	Net worth (excluding Grants reclamation accrual)	\$ 770,668
5.*	Current assets	\$ 397,102
6.*	Current liabilities	\$ 140,008
7.*	Net working capital (line 5 minus line 6)	\$ 257,094
8.*	The sum of net income plus depreciation, depletion, amortization and noncash charges for property write-downs	\$ 151,072
9.*	Total assets in U.S. (required only if less than 90 percent of firm's assets are located in the U.S.)	\$ 738,548

<b>Yes</b>	<b>No</b>	<u>Yes</u>	<u>No</u>
10	Is line 3 at least \$20 million?	X	
11	Is line 3 at least 6 times line 1?	X	
12	Is line 7 at least 6 times line 1?	X	
13	Are at least 90 percent of firm's assets located in the U.S.? If not, complete line 14.		X
14	Is line 9 at least 6 times line 1?	X	

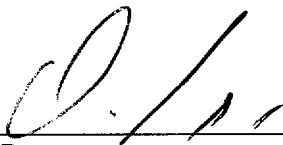
**Guarantor must pass two of the following three tests:**

15	Is line 2 divided by line 4 less than 2.0?	X
16	Is line 8 divided by line 2 greater	X
17	Is line 5 divided by line 6 greater than 1.5?	X

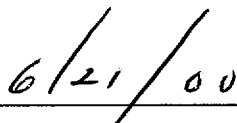
\* Denotes figures contained in or derived from December 31, 1999 financial statements.

\*\* Total assets in U.S. include \$482 million of intercompany receivables.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.



\_\_\_\_\_  
David W. Peat  
Vice President, Finance and Chief Financial Officer



\_\_\_\_\_  
Date