

AMERICAN NUCLEAR CORPORATION

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May 9, 1994

VIA FAX TO: (817)860-8122
Confirmation No. (817)860-8271

40-4492

Mr. William C. Brown
Regional Counsel
NRC Region IV
611 Ryan Plaza Drive., Suite 400
Arlington, TX 76011

Dear Mr. Brown:

This letter is to confirm the information you received this morning from Loren Mall as counsel for American Nuclear Corporation. ANC is discontinuing its operations and going out of business, as described in the press release that follows this letter.

ANC is an independent, publicly owned corporation that was organized in 1955. Approximately 1,700 shareholders are the owners. There is no parent.

The reclamation obligation of the company under Permit No. 352 are funded by a bond held by the Wyoming Department of Environmental Quality. The fund covers the full cost of the reclamation previously established by the NRC and DEQ. The surety amount is presently set at \$3,063,378. The fund consists of the following items:

| <u>Collateral Item</u> | <u>Approximate Amount</u> |
|--|---------------------------|
| First Interstate Trust Account #435005707 | \$2,160,000 |
| Amwest Surety Insurance Bond #1213764 | 864,700 |
| Norwest Bank of Minneapolis Letter of Credit #5003678 | 25,000 |
| CD at Rocky Mtn. Bank FSB #13005169 | 100,000 |
| CD at Security First #01-4200401 | <u>50,000</u> |
| Total Market Value on April 30, 1994 | \$3,199,700 |

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Page 2

The company does not intend to file a voluntary petition in bankruptcy and does not expect that an involuntary petition in bankruptcy will be filed by creditors. The company's liabilities exceed its assets. There are no assets available to pay creditors or to distribute to shareholders.

We regret that ANC is compelled to go out of business despite strenuous efforts to keep its viable. The continuing decline in the uranium market leaves no choice, however.

I want to cooperate with the NRC and DEQ to the extent that I am able.

Sincerely,

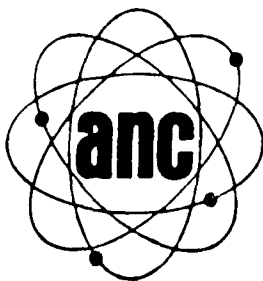

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President

WCS/fm

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Rockville, MD 20850

press release



american nuclear corporation

NASDAQ: ANUC

**FOR IMMEDIATE RELEASE
Casper, Wyoming
May 9, 1994**

Contact:
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American Nuclear Corporation
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(307) 265-7912

AMERICAN NUCLEAR CLOSES OPERATIONS

American Nuclear Corporation (ANUC) of Casper, Wyoming announced that its efforts to sell its uranium properties have not produced any offers for more than the mortgage against the property. The lack of acceptable offers was a surprise because extensive marketing resulted in several prospective purchasers who expressed interest in purchasing the properties.

The mortgage against the Peach properties is approximately \$2.3 million and is due on June 30, 1994. The Company will be unable to pay the debt and expects to lose its Peach properties, which comprise substantially all its assets, through foreclosure by Cycle Resource Investment Corporation (CRIC).

Inability to realize capital from the mineral properties and foreclosure by CRIC will leave the Company with no working capital, no assets and no business. The Company has been unable to obtain additional contracts for disposal of byproduct materials at its Gas Hills mill site or to create other sources of revenue.

Because of its inability to generate sufficient cash to continue operations, the company is discharging its employees and discontinuing operations immediately and going out of business. The Company's liabilities exceed its total assets, and therefore there will not be any distribution to the stockholders. The total market value of the Company's stock decreased in February 1994 below the minimum required to maintain a listing on the Nasdaq Small Cap Market, and the Company expects that the stock will cease to be traded over the counter on the Nasdaq Small Cap Market.

American Nuclear was one of the last remaining independent uranium companies that was founded in 1955 during Wyoming's first uranium boom. The Company was instrumental in the discovery and development of the major uranium areas of Wyoming. The Company was a partner with Federal Resources Corporation in the Federal-American Partners Gas Hills uranium mine and mill which operated for over 20 years before closing in the early 1980's when the uranium industry collapsed due to declining demand of uranium.