

December 14, 1990

Mr. Ramon Hall  
Nuclear Regulatory Commission  
Region IV  
Uranium Recovery Field Office  
P.O. Box 25325  
Denver, Co 80225-0325

Re: Auditor's Special Report  
Parent Company Guarantee  
NRC Docket 40-8905

Dear Mr. Hall:

We have audited the financial statements of Rio Algom Mining Corp. for the year ended December 31, 1989, and have issued our report thereon dated February 2, 1990. Our audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Rio Algom Mining Corp. has prepared documents to demonstrate its financial responsibility under the NRC's financial assurance regulations, in compliance with Appendix A, of 10 CFR Part 40. This letter is furnished to assist the licensee, Quivira Mining Company, NRC License SUA-1473, in complying with these regulations and should not be used for any other purposes.

The attached schedule, in response to the regulations, reconciles the specified information furnished in the Chief Financial Officer's Letter with the Company's financial statements. In connection therewith, we have:

1. Agreed the amounts in the column "per financial statements" with amounts contained in the Company's financial statements for the year ended December 31, 1989.
2. Agreed the amount in the column "per Chief Financial Officer's Letter" with the Letter prepared in response to the NRC's request.
3. Agreed the amounts in the column "reconciling items" with an analyses prepared by the Company setting forth the indicated items.

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4. Recomputed the totals, noting no exceptions.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the amounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the Chief Financial's Officer's Letter and supporting information should be adjusted.

Sincerely,

*Coopers + Lybrand*

Attachment

RIO ALGOM MINING CORP.

Year ended December 31, 1989

<u>Line Number</u> <u>in</u> <u>CFO's Letter</u>		<u>Per</u> <u>Financial</u> <u>Statements</u>	<u>Recon-</u> <u>ciling</u> <u>Items</u>	<u>Per</u> <u>CFO's</u> <u>Letter</u>
2	Current liabilities	2,563,658		
	Long-term debt	-		
	Due to Affiliated Companies	739,119		
	Maintenance & Care Reserves	864,000		
	Accrued Reclamation Costs	<u>7,958,562</u>		
	Total	12,125,339		
	Accrued decommissioning, reclamation, and long-term surveillance and control costs included in total liabilities		(864,000) (7,958,562)	
	Total liabilities (less accrued decommissioning, reclamation, and long-term surveillance and control costs)			3,302,777
3	Net worth	57,906,570		
	Less: Cost in excess of value of tangible assets acquired	<u>-</u>		
		57,906,570		
	Accrued decommissioning, reclamation, and long-term surveillance and control costs included in total liabilities		864,000 7,958,562	
	Investment in Quivira Mining Company, at cost		(28,500,000)	
	Tangible net worth (plus accrued decommissioning, reclamation, and long-term surveillance and control costs)			38,229,132
8	Net Loss	(1,690,840)		
	Non-cash Adjustments:			
	Provision for Reclamation Cost		1,000,000	
	Provision for Maintenance & Care		864,000	
	Write-down of Product Inventory		6,061,226	
	Write-down of Supplies Inventory		239,223	
	Sum of Net Loss Plus Adjustments			6,473,609