

June 14, 1991

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

Dear Mr. Hall:

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

We have examined the consolidated financial statements of Rio Algom Limited ("the Corporation") for the year ended December 31, 1990, and our opinion on these consolidated financial statements is included in the Corporation's Annual Report (Page 27). Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests and other procedures as we considered necessary in the circumstances.

Our audit of the consolidated financial statements for the year ended December 31, 1990 comprised audit tests and procedures deemed necessary for the purposes of expressing an opinion on such financial statements taken as a whole. We did not perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of transactions.

We understand that Rio Algom Limited 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 solely to assist the licensee, Quivira Mining Company, NRC License SUA-1473, in complying with these regulations and should not be used for other purposes.

The attached schedule reconciles the specified information furnished in the chief financial officer's (CFO's) letter with the Corporation's consolidated financial statements. In connection therewith, we have:

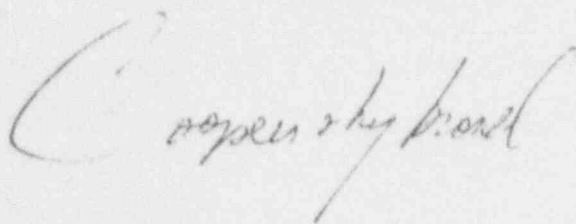
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1. Compared the amounts in the column "per Financial Statements" with amounts contained in the Corporation's consolidated financial statements for the year ended December 31, 1990 and found them to be in agreement;
2. Compared the amounts in the column "per CFO's Letter" with the letter prepared in response to the NRC's request (Mr. Michael S. Parrett's letter dated June 14, 1991) and found them to be in agreement.
3. Compared the amounts in the column "Reconciling Items" with analyses prepared by the Corporation setting forth the indicated items and found them to be in agreement; and
4. Reperformed the arithmetic calculations in the schedule and found them to be correctly calculated.

Because the procedures in 1-4 above do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on the manner in which the amounts were derived in the items referred to above.

We make no representations as to questions of legal interpretation or as to the sufficiency for your purposes of the procedures enumerated above.

Yours very truly,

A handwritten signature in cursive script, appearing to read "R. J. Muter", is written over a large, faint, circular stamp or watermark.

R. J. Muter/es/ru  
Attachment

**RIO ALGOM LIMITED**  
**YEAR ENDED DECEMBER 31, 1990**

| Line Number in<br>attached<br>Alternative I<br>summary to CFO's<br>Letter |  | Thousands - Canadian \$'s   |                   |                  |
|---|--|-----------------------------|-------------------|------------------|
|   |  | Per Financial<br>Statements | Reconciling Items | Per CFO's Letter |
| 2   | Total Liabilities  | 1,068,724                   | NGNE              | 1,068,724        |
| 4   | Net worth (shareholders' equity<br>including preferred shares of \$26.7<br>million)                      | 911,917                     |                   |                  |
|   | Goodwill (Footnote 8)  |                             | (20,783)          |                  |
|   | Investment in Quivira Mining Company<br>at cost  |                             | (33,074)*         |                  |
| 3   | Tangible Net Worth (Net worth<br>excluding goodwill and investment in<br>Quivira Mining Company at cost) |                             |                   | 858,060          |
| 5   | Current Assets   | 975,726                     | NONE              | 975,726          |
| 6   | Current Liabilities  | 345,483                     | NONE              | 345,483          |
| 8   | Net Earnings before extraordinary items  | 87,286                      |                   |                  |
|   | Depreciation and Amortization  |                             | 62,595            |                  |
|   | Net Earnings before extraordinary items<br>plus depreciation and amortization                            |                             |                   | 149,881          |

\* US \$28,500,000 x 1.1605 (December 31, 1990 rate)