

February 17, 2006

National Union Fire Insurance Company of Pittsburgh, PA  
70 Pine Street  
New York, New York 10270

Wells Fargo Bank, N.A.  
Corporate Trust and Escrow Services  
1740 Broadway, MAC C7300-107  
Denver, CO 80274

International Uranium (USA) Corporation  
1050 17<sup>th</sup> Street, Suite 950  
Denver, CO 80265

Dane L. Finerfrock, Executive Secretary  
Utah Radiation Control Board  
Utah Department of Environmental Quality  
168 North 1950 West  
P.O. Box 144810  
Salt Lake City, UT 84114-4810

SUBJECT: WHITE MESA URANIUM MILL TERMINATION OF SURETY BOND AND  
STANDBY TRUST AGREEMENT HELD BY THE US NUCLEAR REGULATORY  
COMMISSION

Dear Sirs:

Pursuant to that certain surety bond (the "NRC Bond") dated May 1, 1997, between International Uranium (USA) Corporation (IUSA), as principal, and National Union Fire Insurance Company of Pittsburgh, PA (Surety), as surety, Surety guaranteed to the United States Nuclear Regulatory Commission (NRC) certain reclamation and decommissioning activities relating to IUSA's White Mesa Uranium Mill (the Mill) in accordance with the Mill's NRC Source Material License No. SUA-1358 (the NRC License) and all applicable laws, statutes, rules and regulations.

As required by the NRC Bond, IUSA has established a standby trust fund pursuant to a Standby Trust Agreement (the "NRC Bond Standby Trust Agreement") entered into as of the 29<sup>th</sup> day of April 1997 between IUSA, as grantor, and Wells Fargo Bank, NA, or its affiliate ("Trustee"), as trustee.

On August 16, 2004, the State of Utah assumed regulatory authority over all uranium mills, including the Mill, located in the State of Utah, and on February 18, 2005, the Mill's NRC License was replaced by State of Utah Radioactive Materials License No. UT1900479 (the State License).

It is a condition of the State License that the NRC Bond and the NRC Bond Standby Trust Agreement be replaced with a surety bond (the Utah Bond) in favor of the Executive Secretary (the Executive Secretary) of the State of Utah Radiation Control Board and with a corresponding standby trust agreement (the Utah Bond Standby Trust Agreement) establishing a standby trust fund for the benefit of the Executive Secretary.

We understand that IUSA and Surety desire to terminate the NRC Bond and replace it with the Utah Bond, and that IUSA and Trustee desire to terminate the NRC Bond Standby Trust Agreement and replace it with the Utah Bond Standby Trust Agreement.

The NRC Bond provides that IUSA, as principal, may terminate the NRC Bond by sending written notice to Surety, provided that no such notice shall become effective until Surety receives written authorization for termination of the NRC Bond from NRC. Similarly, the Standby Trust Agreement provides that the Trust may be terminated by written agreement of the Trustee, NRC and IUSA.

NRC hereby authorizes termination of the NRC Bond, effective upon replacement thereof by the Utah Bond. Effective upon termination of the NRC Bond, NRC releases Surety and IUSA from all past, present and future obligations under the NRC Bond.

NRC further agrees that, upon notice by Surety to NRC that the Utah Bond has been issued, which notice may be in the form of a copy of the fully executed Utah Bond together with a copy of the letter from Surety to the Executive Secretary transmitting the original Utah Bond to the Executive Secretary, NRC shall promptly mark the original NRC Bond in its possession as cancelled and return the marked original NRC Bond to Surety.

NRC further acknowledges and agrees to the termination of the NRC Bond Standby Trust Agreement, effective upon the issuance of the Utah Bond Standby Trust Agreement. Effective upon termination of the NRC Bond Standby Trust Agreement, NRC releases Trustee and IUSA from all past, present and future obligations under the NRC Bond Standby Trust Agreement.

NRC further agrees that, upon notice by IUSA to NRC that the Utah Bond Standby Trust Agreement has been issued, which notice may be in the form of a copy of the fully executed Utah Bond Standby Trust Agreement together with a copy of the letter from IUSA to the Executive Secretary transmitting the original Utah Bond Standby Trust Agreement to the Executive Secretary, NRC shall promptly mark the original NRC Bond Standby Trust Agreement in its possession as cancelled and return the marked original to IUSA.

Sincerely,

/RA/

Thomas L. Fredrichs, Project Manager  
Division of Waste Management  
and Environmental Protection  
Office of Nuclear Material Safety  
and Safeguards

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Sincerely,

/RA/

Thomas L. Fredrichs, Project Manager  
Division of Waste Management  
and Environmental Protection  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 04008681

DISTRIBUTION:

DCD r/f BVonTill

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DATE	2/8/06	2/8/06	2/16/06

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