



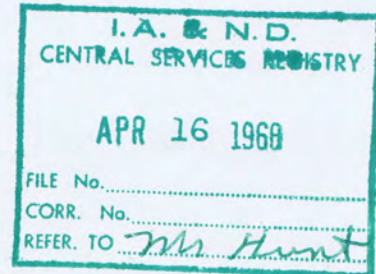
# SELWYN EXPLORATIONS LTD. (N.P.L.)

~~XXXXXX~~ WEST HASTINGS STREET - VANCOUVER 1, B.C.  
1106-1111 TELEPHONE 682-7155

Vancouver, April 10th, 1968

## CONFIDENTIAL

Mr. A.D. Hunt  
Director Resource & Economic  
Development Group  
Department of Indian Affairs  
and Northern Development  
400 Laurier  
Ottawa/Ontario



Dear Sir,

Mr. Cunningham and myself appreciated the time you spent with us while we were in Ottawa last week. This letter will outline to you -to our best knowledge- the current situation in the Yukon Territory. In order to complete your files enclosed please find a report by our Geologist Mr. Gordon B.E. White, dated October 17th, 1967. The report as well as his letter of January 22nd, 1968 indicate our reasons why we consider this project is economically feasible.

One point we would like to clarify is that Gordon White's estimate of railrates and loading of vessels should not be taken as final figures as we are awaiting the CNR's official letter as what they (CNR) consider to be a realistic railroad rate.

Insofar as cost of loading of the vessels is concerned we have commissioned an Engineering Company to perform a study on the actual costs of loading iron-ore pellets in large bulk carrier ocean vessels.

As explained to you, we are negotiating with Friedrich Krupp Industries for a long-term sales contract as well as with Metalimex, a Czechoslovakian Government controlled group and Sumitomo, a Japanese trading company purchasing for various Japanese companies.

As we already advised you, we have had preliminary discussions with Mr. MacIsaac, Chief of Development, Research & Development Department of the Canadian National Railway in Montreal, who has indicated that he will provide us within the next few months with a copy of CNR's estimated costs for building a railway from our deposit at Shell Creek to Haines/Alaska or any other suitable Ocean Port. We have suggested to Mr. MacIsaac that your department

.../...

APR 16 1968  
Rec'd at  
Mr. Hunt's  
Office





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#715 - 850 WEST HASTINGS STREET - VANCOUVER 1, B.C.

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would be prepared to assist the CNR to secure market information as to other potential traffic so that the CNR is able to evaluate future traffic that would gravitate to a railway line.

To clarify certain points in a letter written to the Honourable A. Laing on February 16th, 1968 regarding foreign participation (Rudny project) in this project, Selwyn Explorations Ltd. will not at this time or in future, sell common shares to Czechoslovakia or any other iron-curtain country. While our previous correspondence may have inferred this, this is not correct. Our dealings with the czeck companies have to do with utilizing their advanced technology in the areas of pelletizing and coal studies. Selwyn Explorations will be hiring these various foreign companies wherever it appears to be in the best interest of Selwyn Explorations Ltd.

Regarding the financing, of course, it is understood that in order to secure the large amount of capital involved to put the mine in operation, we will float debentures on the world money market.

We hope to start our first stage of exploration study within the next week. It will be our special attention to keep you closely informed about our project and we will supply you with concrete information from time to time.

I expect to be in Europe within the next month at which time I will advise the czeck companies of our discussion with you and that it is the desire of your department to meet Czeck Government Officials in Ottawa to discuss the Canadian Government's policies.

For any further information please do not hesitate to contact me.

Thanking you for your kind attention to this matter, I remain,

Yours very truly,  
SELWYN EXPLORATIONS LTD. (N.P.L.)

Werner P. Kaufmann  
Managing Director

Encls.

NOTED BY  
A. D. Hunt

Date 17.4.68



GORDON P. E. WHITE & ASSOCIATES LTD.  
CONSULTING GEOLOGISTS

OFF: 688-4134  
RES: 926-1530

821 WEST PENDER STREET  
VANCOUVER 1, B.C.

January 22, 1968.

Dr. P. Sevensma, President,  
Selwyn Explorations Ltd,  
7th Floor, 850 W. Hastings Street,  
VANCOUVER, 1. B.C.

Dear Sir:

Re: Shell Creek Iron, Yukon Territory

Further to our meeting of January 19, 1968, the following preliminary cost estimates are herein submitted, based on the limited information available concerning grade and mineralogy.

At the outset, it is assumed that 100 million tons of iron formation can be proven, of not less than 25% Fe, open-pit mineable, stripping ratio 1:1, with economically permissible TiO<sub>2</sub>, P & S content, and of such granularity and mineralogy as to allow pelletization, and/or to manufacture pig iron. A mining rate of 40,000 short tons per day minimum is considered, and based on initial study and testing, the impression is gained that the foregoing conditions are possible with one exception, that being the 25% Fe factor, which would require detailed field work to substantiate.

Therefore, based on the foregoing, ore to product would be in a ratio of 3 to 1, and this would produce a pellet with a minimum 70% Fe.

	CANADIAN FUNDS	
	Cost/Sh. T. Mined	Cost/Sh. T. Pellets
Exploration & Development	0.06	0.18
Stripping & Mining	1.00	3.00
Crushing (Min. 3 stages)	0.25	0.75
Milling (Flotation & Mag. wet sep.)	1.25	3.75
Pelletization	1.00	3.00
Amortization of Capital (Exclusive of R.R. & Port facilities)	1.60	4.80



	Cost/Sh. T. Mined	Cost/Sh. T. Pellets.
Supervision & operating expense	0.02	0.06
Head Office & Marketing	0.005	0.015
Rail transport ( <sup>470</sup> 570 miles, assume 20¢ cwt. min. 140,000 lb. cars & unit trains)	1.33	4.00
Loading at Port	0.50	1.50
	\$7.015	\$21.055
or	\$7.02	\$21.06

Some of these figures are purposely high, as for example the allowance of \$6,000,000 for development and exploration, also the stripping and mining may actually be carried out for half this figure based on a minimum 40,000 tons/day.

Conservative estimates of cost at this stage are considered advisable due to the numerous variables.

A pellet containing minimum 70% Fe should command a price F.O.B. vessel Pacific coast well in excess of \$21.06/T. For example, a Mesabi Range pellet is quoted at \$0.25.2 USF per ton, or approximately Can. \$24.20/ short ton.

The Shell Creek iron has been traced by float, outcrop and aerial magnetometer survey for a strike length of 5 miles, and therefore tonnages in excess of 100 million tons may be possible. The two most important variables viz. grade and tonnage, could considerably change the economics of this prospect one way or the other. Of particular concern, if larger tonnages of 25% plus Fe were present, is limestone and a low ash, relatively high B.T.U. lignite located in the immediate vicinity of the iron. The manufacture of pig iron, subject to testing of all required raw materials, should therefore be considered prior to the purchase of pelletizing plants. The manufacture of pig iron would considerably decrease the unit shipping and loading cost, based on a ton of ore mined.

Pig iron manufactured in Japan is currently reported to cost USF \$52.00/ short ton delivered to consumer's plant, although Yawata Iron are believed to be receiving pig from South Africa at a lower price on a 10 year contract. The ingredients to manufacture pig iron are present in the immediate vicinity of

\$17.64/ton  
U.S.  
15.75  
17.01

2250  
2430



Dr. P. Sevensma.

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January 22, 1968.

Shell Creek, and studies should be carried out with this idea in mind.

No allowance has been made for rail or port loading facilities, as we feel that private industry would provide these if production was slated. At any rate, the Canadian Government looks with favour on any viable proposal to open up the north of Canada and would probably render all possible assistance in this venture.

Yours truly,

GORDON P.E. WHITE & ASSOCIATES LTD.

*G. White*  
Gordon P.E. White, P. Eng.

c.c. ✓ Mr. W. P. Kaufman,  
Vice President,  
VANCOUVER, B.C.