

748

Julian Iron Ore Pellet Project

~~CONFIDENTIAL~~
PENSPY

IT MAY NOT BE SHOWN TO ANYONE
EMPLOYED IN MINES AND ENERGY
AUTHORIZED BY THE MINISTER.

Lab 716

SALE AND

PARTICIPATION PROPOSAL

TO

SELECTED EUROPEAN

STEEL COMPANIES

Canadian Javelin Limited

748
Lab (416) X

Julian Iron Pellet Project

SALES AND PARTICIPATION PROPOSAL TO SELECTED EUROPEAN STEEL COMPANIES

Index	Section
General Statement	A
History of Canadian Javelin Limited	B
Terms of Sale	C
Financing	D
Location and Description of Ore Deposit	E
Production Plans and Technical Information	F
Proposed Contract for Sale of Iron Ore Pellets	G

MAPS and ILLUSTRATIONS

MAPS

Property Location

Surface Plan - Orebody

Cross Section - Orebody

Area Map (Wabush to Julian)

General Orebody

Julian Townsite Layout

General Plant Arrangement

PHOTOGRAPHS

Julian Ore Deposit (Aerial View)

Julian Exploration Camp

Exploration Trench Excavation

Trenched Ore Zone



General
Statement

GENERAL STATEMENT

Canadian Javelin Limited, a Canadian natural resource company, with mineral deposits located in South America, Central and North America, owns, through a wholly owned subsidiary, an extensive deposit of concentrating type iron ore. Located at Julian Lake in the Labrador section of the Province of Newfoundland approximately 13 air miles north and east of Wabush Lake, this orebody is generally considered to have the highest grade of the three deposits in the Wabush Lake vicinity. It is also the most homogenous ore deposit in the area and was retained by Canadian Javelin for its own mining development because it is economically the most attractive of the Wabush area deposits.

In another section a proposal is contained which will provide for the development and placing in production of this deposit by Canadian Javelin Limited and a group of European steel producers whereby the producers, with Javelin, will be joint owners of this project; the participation of the owners varying with their undertakings to consume the pelletized product on a long term basis.

The intent of the proposal is to provide certain units of the European steel industry with a competitively priced source of iron ore pellets that can withstand all variations in competitive conditions that could arise over a long term. Results should also be to give greater

security to the steel industries concerned in that they will basically own a portion of this ore deposit which is located in a favorable geographical area so that the benefits of low cost transportation can be realized by the consuming companies. Most important, they have a soundly based industrial fabric to support the operation which, as a large mechanical unit, can thereby attain low cost production. The consuming entities will also be assured of non-interference in that Canada is an economically and politically stable country providing the utmost in reliability.

The Julian Lake project is economically sound for the European industry due to the fact that the deposit may be entirely mined by open cast methods, and being located next to other large open pit mines, the supply of parts and equipment necessary to maintain such an operation may be kept to the minimum, thereby saving substantial amounts of money.

In addition, Canadian Javelin Limited specified in the original contract with the present participants in the Wabush project, that it would have access and use of the railway system between the mines and the ports. This important point was further affirmed by making this contract a part and subject of a statute passed by the legislature of Newfoundland, thus enabling the development to proceed without the tremendous overhead costs of capital investment otherwise necessary for railroads. The same conditions apply to the port facilities from rail to vessel.

Canadian Javelin and the Schneider group of France have entered into preliminary understandings whereby Schneider will assist in the con-

struction and financing of the project, utilizing Kilborn Engineering of Toronto as Canadian consultants for Javelin and the proposed participants for the project as a whole. In addition the Allis-Chalmers system of pelletizing would be installed to produce the pellets.

All metallurgical tests have already been completed. Design of mining, milling and pelletizing is complete and available. It will be necessary now to implement these things in detail.

The feasibility studies are complete and, of course, the final element of design will have to be completed depending upon whether the initial plant is two, four, or six million tons per year. It is contemplated that Bicker & Co., Essen, Germany, and Minerais & Metaux et Cie are to act as agents and sub-agents respectively between the producing company and the consumers, with Canadian Javelin managing and being responsible for the financing of the project.

Basically, this proposal has been designed to give the European iron ore consuming companies a means of participating in a major iron ore project in Canada on a more than competitive basis with the American and Canadian producers of steel, using the position of Canadian Javelin as an owner of ore in the ground, its rights to the use of railway, dock and power facilities in existence to lower the capital cost and to eliminate royalties, thereby providing an extremely competitive situation to produce a premium product that may be delivered to the consumers' plants at a price approximately equal to that enjoyed by North American producers.

It is also proposed to use the ability of Canadian Javelin, and a related company such as this project would be, to qualify under the Export Guarantee Program of the Canadian Government for financing at a low cost and without the European producer finding it necessary to invest vast sums of capital such as has been necessary for the American producer of steel to provide in order to participate in comparable projects. In addition, the Government of Canada is prepared to assist with cash grants non-repayable which may run as high as \$10,000,000, depending on how the project is organized.

Canadian Javelin believes that this proposal will merit your immediate consideration. In order to qualify for available Government financing it is important that the steel companies to whom this proposal is directed, indicate their willingness to participate as soon as possible.



①
History of
Canadian Javelin
Limited

CANADIAN JAVELIN LIMITED

Canadian Javelin Limited, founded in 1951, is incorporated under the federal corporate law of Canada. It is a public company with approximately 20,000 shareholders.

The head office of the Company is at Javelin House, Water Street, St. John's, Newfoundland; the executive and engineering offices of the Company are at 100 Bronson Avenue, Ottawa 4, Ontario, Canada.

The Company is engaged principally in the holding, exploration, and development of natural resources in the Western Hemisphere. It owns or controls extensive iron ore properties and forest resources in the Province of Newfoundland and Labrador and, through subsidiaries and associated companies, owns or controls oil lands in Saskatchewan, exploration rights and mining properties in Labrador and Newfoundland, Quebec, Ontario, and Saskatchewan in Canada, and in Central and South America.

The principal Canadian iron ore mining properties of the Company are located near Wabush Lake in the Province of Newfoundland and are:

- (a) The Wabush Lake Deposit on which Wabush Iron Co. Limited, The Steel Company of Canada Limited, Dominion Foundries and Steel Limited, Mannesmann Canadian Iron Ores Ltd. and Hoesch Iron Ores Ltd. are operating a joint venture known as "Wabush Mines" with Pickands Mather & Co. acting as managing agent.

The Wabush iron ore deposit has been placed in production

for Wabush Mines (a joint venture of North American and European steel companies, managed by Pickands Mather & Co.) designed for an annual production of 6,000,000 tons of iron ore pellets under a lease-royalty agreement with Canadian Javelin.

(b) Julian Lake Iron Ore Deposit

The Julian iron ore deposit has been explored and developed and is now ready for plant construction and production. Production from this property forms the basis of Canadian Javelin's present proposal for supply of iron ore pellets to European iron ore consumers.

Through its subsidiary, Newfoundland and Labrador Corporation Limited, and Melville Pulp & Paper Limited, Canadian Javelin is developing its vast Labrador timber holdings. This development, as presently planned, will consist of a 1000 ton per day capacity pulp and paper mill at Stephenville, Newfoundland; timber harvesting and chip production facilities will be located on its 10,000,000 acre forest reserves in Labrador.

The Schneider-Creusot Group of France are participating with Canadian Javelin in the financing and construction of these facilities which are expected to cost over \$100,000,000.

The Company, through its subsidiaries and associated companies, has additional projects such as development of the Jubilee iron deposits in Quebec, potash deposits in Saskatchewan, silver lodes in El Salvador, copper in Chile, and over 30,000 square miles of mineral concessions in the Province of Newfoundland and Labrador.



Terms
of Sale

TERMS OF SALE

Canadian Javelin Limited through its subsidiary, Julian Iron Corporation, has determined the Julian project for the production and sale of premium iron ore pellets must proceed on one of three bases:

- (a) 2,000,000 tons per year
- (b) 4,000,000 tons per year
- (c) 6,000,000 tons per year

The price for the first three years will be 21.4 U.S. cents per iron unit delivered c. & f. European ports, (such ports must be able to handle minimum 65,000 d. w. t. ships with prompt and efficient despatch). Price thereafter to vary in accordance with the world market price, such price to be fixed for each three-year period, using the formula based upon the price of iron ore pellets at Lower Lake Erie ports, Scandinavian ports, African and Brazilian prices. The price will be the average of these weighted as to production and bearing the same relationship to the original price.

The quality to be supplied:

Iron	65.0%	Manganese	.50%
Silica	5.0%	Alumina etc.	.50%
Phosphorus	.02%	Moisture	2.50%
Sulphur	.02%		

Shipment to be on an equal monthly basis.

Freight and insurance will be promptly payable on arrival at port of reception. The invoice price will be paid in ninety (90) days.

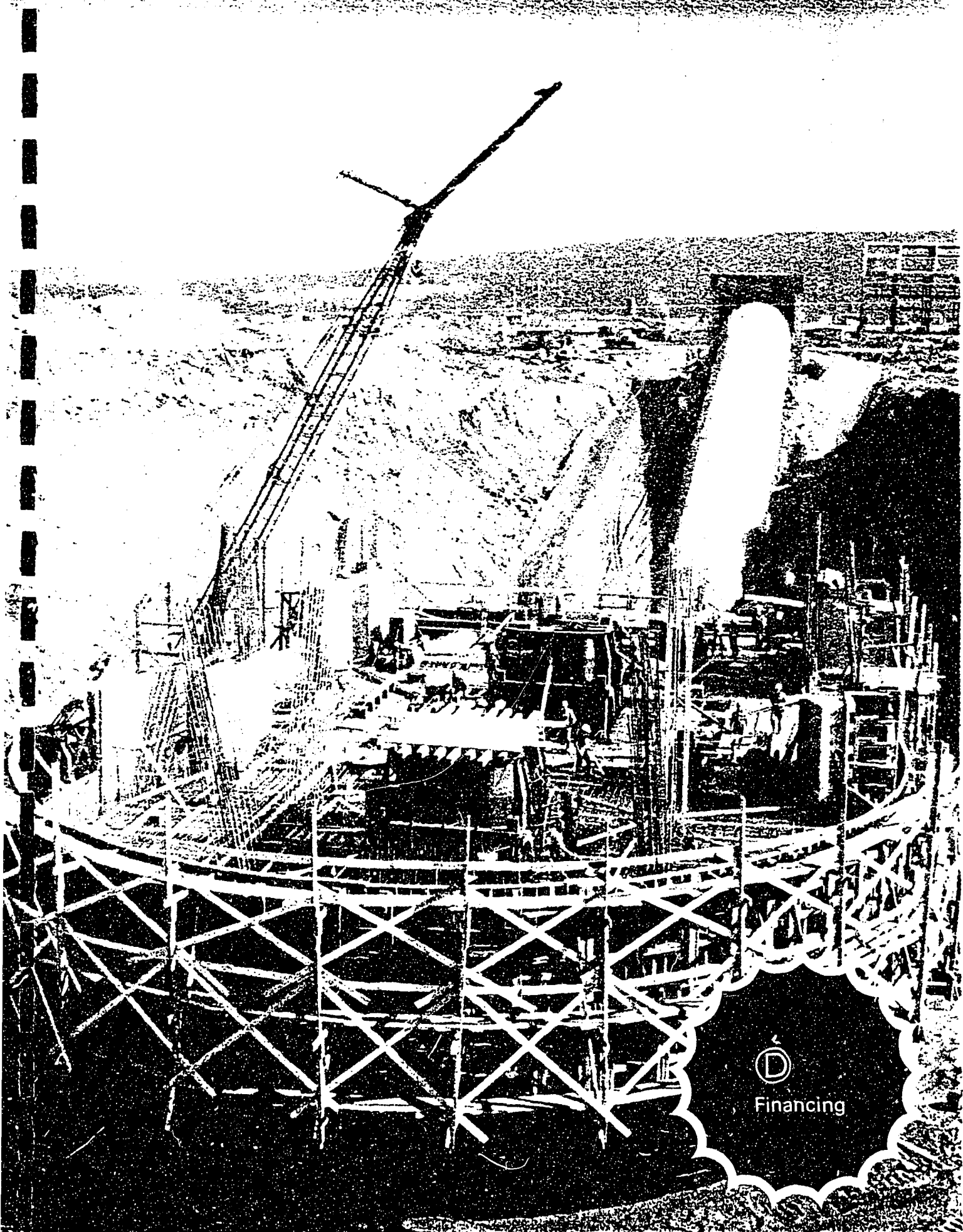
Premium grade pellets in excess of 65% iron would be available to the purchasers at prices to be negotiated.

Escalation will apply as to wages and materials, taxes, port fees, terminal charges, etc.

The consuming company will be entitled to receive an amount of fully participating shares to be determined by the size of its annual purchase of pellets. Javelin, will retain in consideration for its ore-body and financing, 60% of the project. For example, if a steel company purchased 2,000,000 tons per year on a long term basis, it would receive one third of 40% of the total shares of Julian Iron Corporation project.

It has also been agreed to by Javelin that a 13-man board of directors be set up to administer the Julian Iron Corporation, with Javelin retaining 7 directors and the consuming steel companies 6.

The profits realized on all shipments including spot and open market shipments of pellets, will materially reduce the iron unit cost to the steel company participants.



Financing

FINANCING

It is proposed to finance this project by insuring and obtaining a guarantee of the contracts of the participating steel companies from the federal Government of Canada. This guarantee would apply to convertability, the payout on the entire contract, and the shipping cost to the European port of reception. Against this guarantee which will, of course, have innumerable conditions not detailed here, it will be possible to obtain the financing through the sale of senior securities to institutional purchasers in North America and/or Europe. A guarantee of this nature may be given by the federal Cabinet of Canada under existing legislation, when the contract is considered by the Government to be in the national interest.

Two corporate entities will be used. Julian Iron Corporation will mine and concentrate the ore while a wholly owned subsidiary of Julian Iron Corporation will pelletize and ship the product. Each would qualify for separate cash gifts, non repayable of \$5,000,000 approximately or a total of \$10,000,000. This \$10,000,000 is approximately 10 percent of the entire capital outlay for the project, which based on 6,000,000 metric tons per year should cost approximately \$104,000,000.

The financing of the 11 mile railway line from the present Wabush right-of-way to the Julian mine has been provided for by Javelin through its contract with Wabush Iron and the joint venturers in Wabush

Mines to be built at their capital outlay with the cost being repaid to them on a nominal tonnage shipped basis.

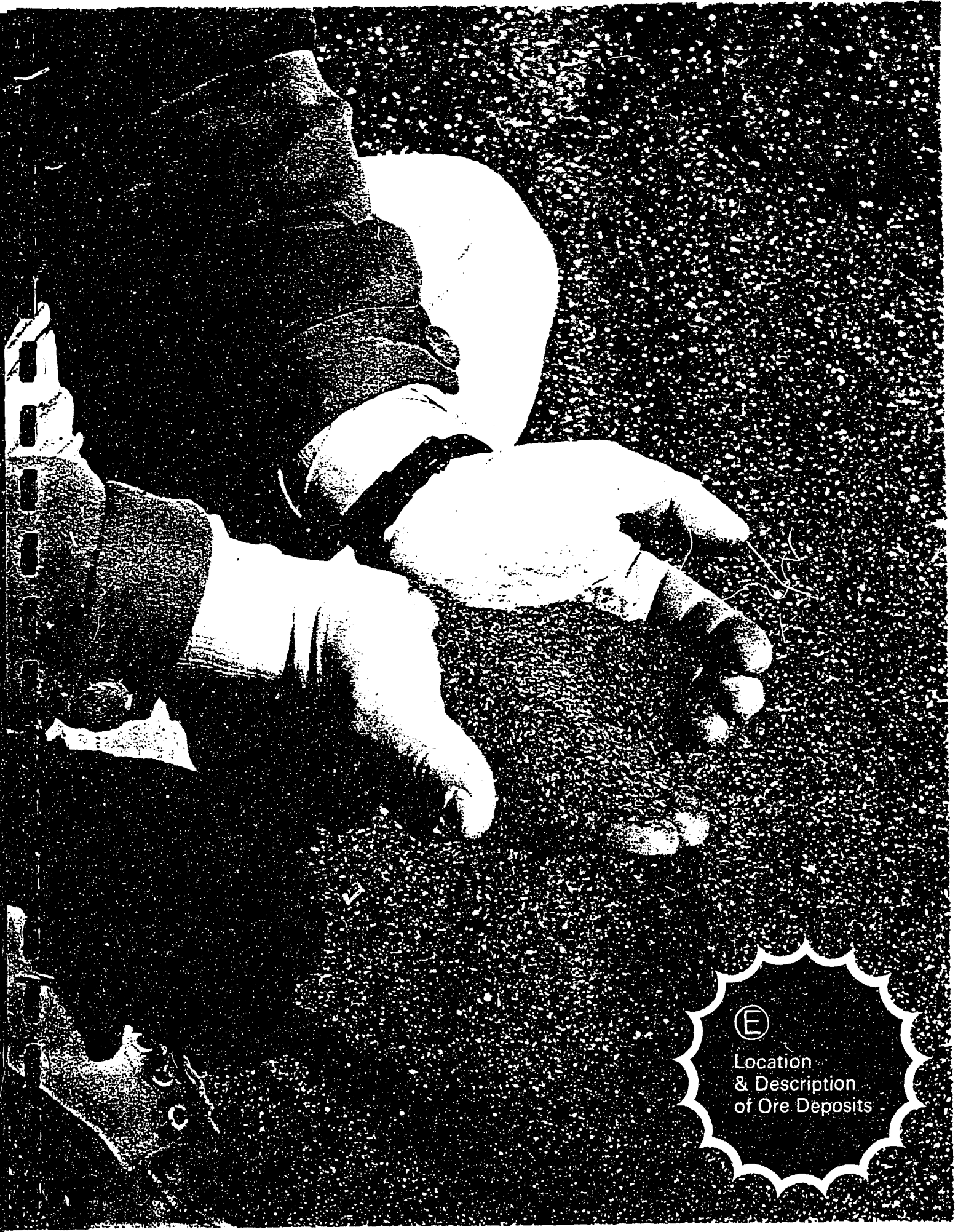
It is expected that the power supply which will entail approximately an 18 mile power line will be installed at the capital cost of the power company to be paid on a usage basis.

The railway transportation would utilize the Wabush Lake Railway and the Quebec North Shore and Labrador and the Arnaud Railway which are all common carriers. It could, however, be advantageous to own our own rail cars (wagons) in which case financing would be by equipment trust certificates based upon the Government's original guarantee of the entire contract including carriage. Rail to water transfer facilities had been provided by Javelin as part of its original contract with the Wabush Mines group whereby these facilities are available for loading the product at a competitive cost and no capital investment.

Housing would be provided using presently available financing plans of the Canadian and Provincial Governments, housing agencies.

Road facilities into the property extending a distance of 22 miles from the town of Wabush to the Julian Mine have already been constructed by Canadian Javelin in the form of an allweather road now maintained by the Government of Newfoundland.

The extensive sums of money necessary for the property investigation, metallurgical tests and feasibility studies have already been expended by Canadian Javelin Limited.



⑤
Location
& Description
of Ore Deposits

LOCATION AND DESCRIPTION OF JULIAN ORE DEPOSIT

The Julian iron deposit (see location map) owned by Canadian Javelin Limited is situated 220 miles north of Seven Islands.

This property is situated in Labrador-Newfoundland at the north end of Wabush Lake, or about 13 air miles north of the Wabush Carol area where large concentrating and pelletizing plants (16,000,000 tons per year) are in operation by the Iron Ore Company of Canada and Wabush Mines.

Present access to the property is by road from Wabush. Railway transportation and electric power with adequate capacity to serve the needs of the property are available through short extensions to existing facilities in the area. Schedule airline service from Montreal is in operation to Wabush and all other necessary facilities are readily available in the area. The property is approximately 268 rail miles from the modern iron ore loading facilities at Pointe Noire (Seven Islands) which are available for handling of products from the property.

The deposit consists of a large hill of concentrating type iron ore forming the body of a peninsula surrounded on three sides by the shallow waters of Wabush and Julian Lakes. The deposit trends northeasterly through this peninsula and extends into the lakes on either side. Within the peninsula it has a length of approximately 6000 feet and widths varying from 1800 to 3400 feet. The ore is essentially a uniform friable

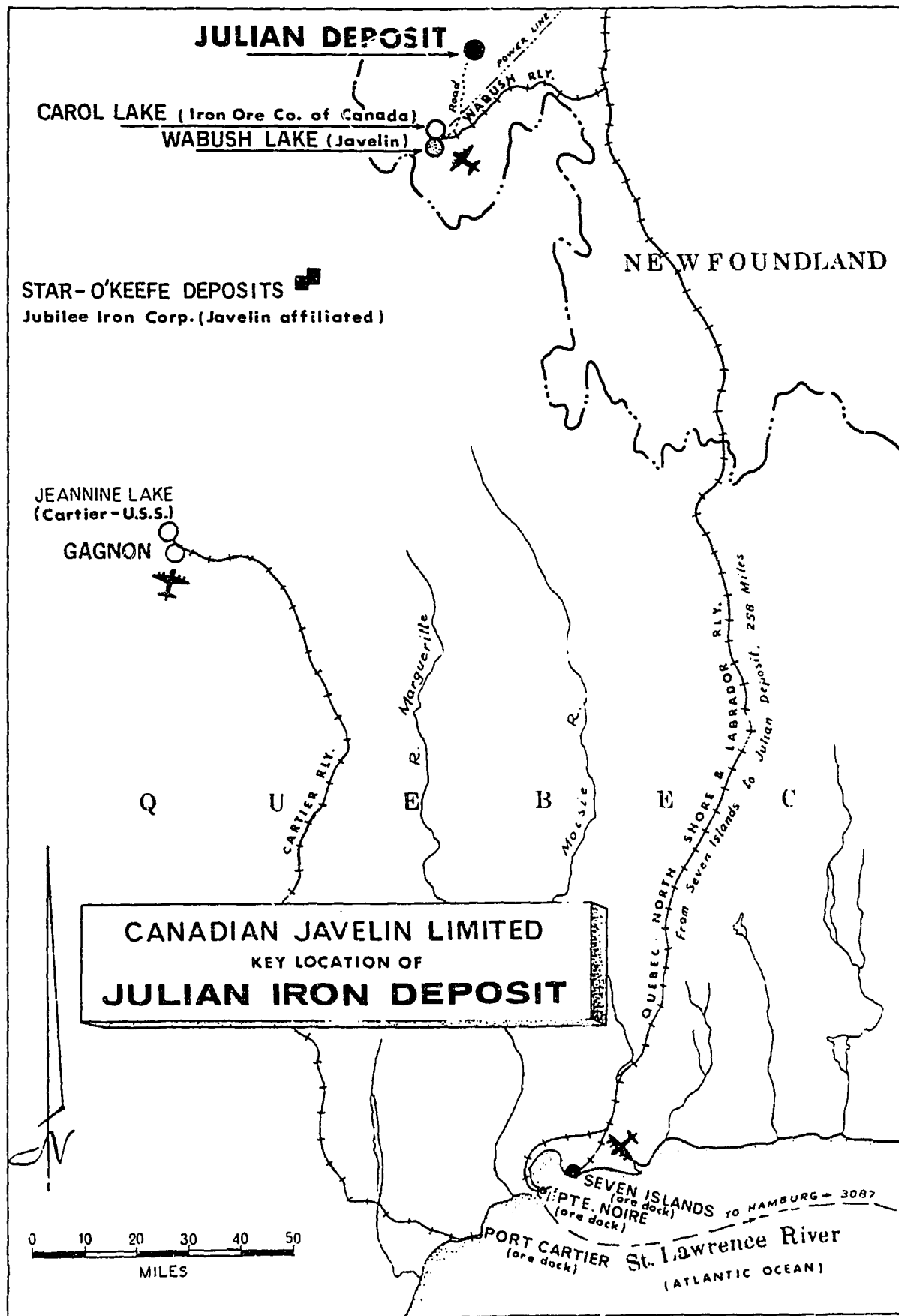
mass of a coarsely-crystalline mixture of quartz and iron oxide ore minerals. A surface plan and typical cross sections of the Julian ore body are shown on pages E4 and E5.

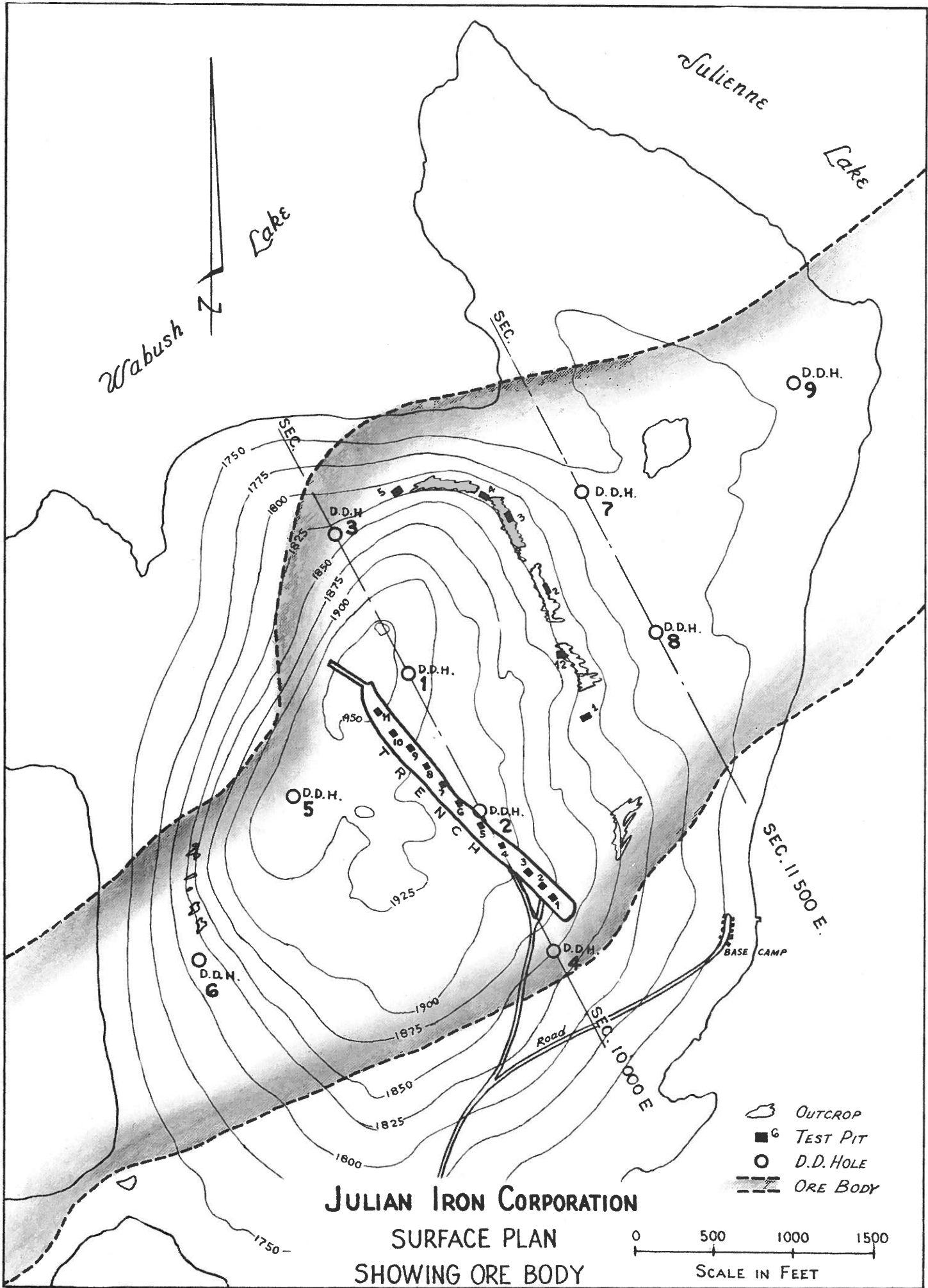
The deposit within the peninsula has been explored by trenching and diamond drilling to depths exceeding 800 feet and on the basis of this work, ore reserves have been calculated at 500,000,000 tons containing 34.2% iron with only traces of harmful impurities. Extensions of the deposit under the shallow waters of Wabush Lake to the west are 165,000,000 tons, and 239,000,000 tons to the east under Julian Lake; both to a depth of 530 feet. Metallurgical tests have shown that the ore minerals can be readily separated from the quartz through grinding and gravity concentration to give a recovery of 42% by weight as a high grade specular hematite iron ore concentrate with an average analysis in excess of 65.0% iron and less than 5% silica.

The availability of nearby existing services that can be extended to Julian greatly facilitates the development of the deposit.

While Labrador winters are considered severe, iron ore mines, concentrating, pelletizing, and railway shipping facilities are now being operated during all of the year in this area having a production in excess of 25,000,000 tons per year.

Technical reports from which the above summary was prepared are available from Canadian Government and Javelin files for examination and study.









Wabush Lake

Julienne Lake

SEC. 10000 E.

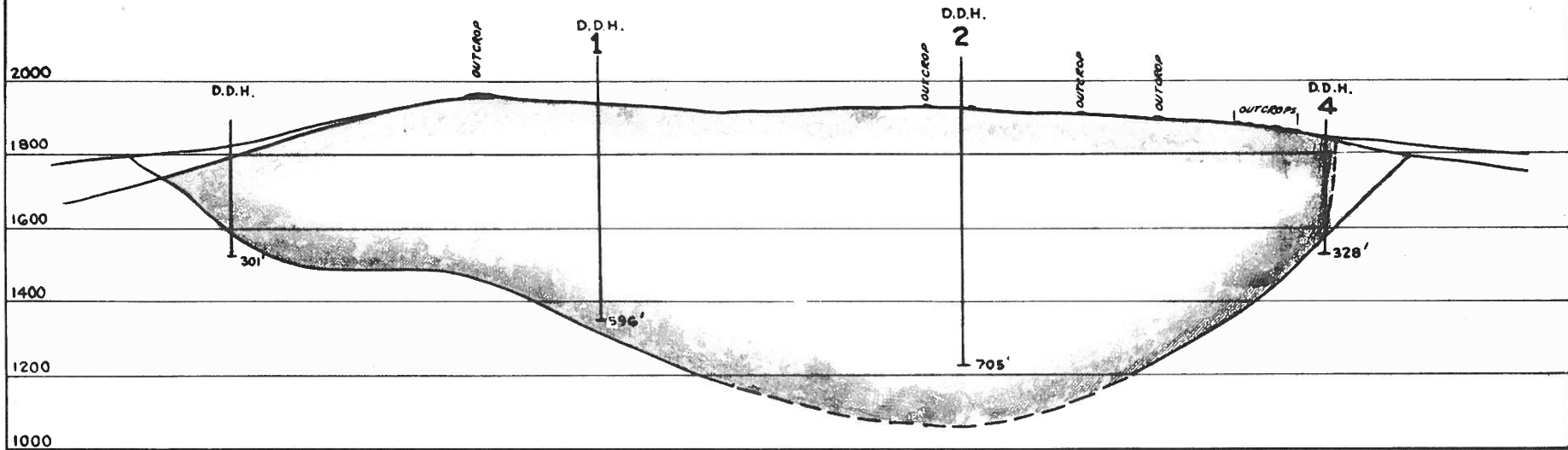
SEC. 11500 E.

JULIAN IRON CORPORATION
SURFACE PLAN
SHOWING ORE BODY

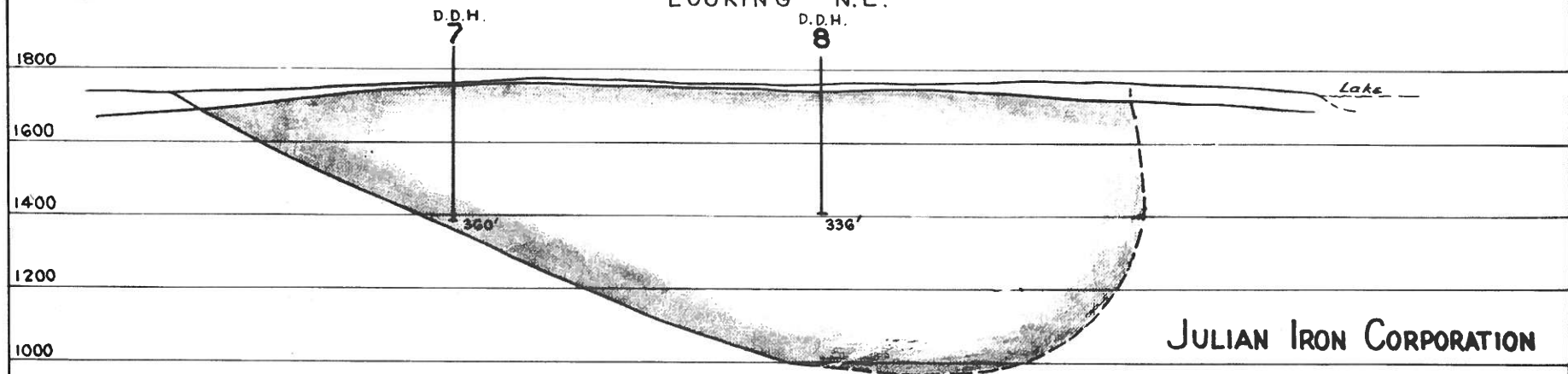
-  OUTCROP
-  TEST PIT
-  D.D. HOLE
-  ORE BODY

0 500 1000 1500
 SCALE IN FEET

SECTION 10 000 E.
LOOKING N.E.

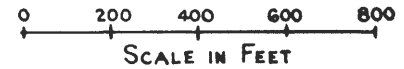


SECTION 11 500 E.
LOOKING N.E.



JULIAN IRON CORPORATION

TYPICAL CROSS-SECTION OF JULIAN ORE BODY LOOKING N.E.





F
Production Plans
& Technical
Information

PRODUCTION PLANS AND TECHNICAL INFORMATION

Production plans for the Julian deposit are related to the delivery schedules in this proposal, which outlines that pellet facilities be built as units of 2,000,000 metric tons per year capacity. While three years would be required for construction of power lines, roads, railways, townsite, mine, crushers, gravity concentrators, pellet plant, service and storage facilities for the first pellet unit, only one year would be required thereafter for each parallel production line of an additional 2,000,000 tons per year. A 6,000,000 metric ton per year capacity could, therefore, be attained in five years time.

Technical and feasibility studies for an immediate start on construction of all these components have been completed, and are available for reference through Canadian Javelin (See reference list).

There is but sparse overburden on the orebody and only one ton of waste need be removed for each 20 tons of ore mined. Mining of crude ore at a rate of 5-15,000,000 tons per year will employ rotary drills, 6-10 cubic yard electric shovels and trucks of near 75-100 ton capacity operating in a conventional benching type surface mine. After the top 225 feet of the orebody has been removed the mine will assume the form of a large open pit. The product will be delivered to primary crushers outside the final pit outlines, where it will be reduced to -12" size, and then conveyed by a 5000' long enclosed belt to the process plants (See plant layout map).

A simplified flow sheet for the concentration, pellet plant, and storage facilities is shown on the following page.

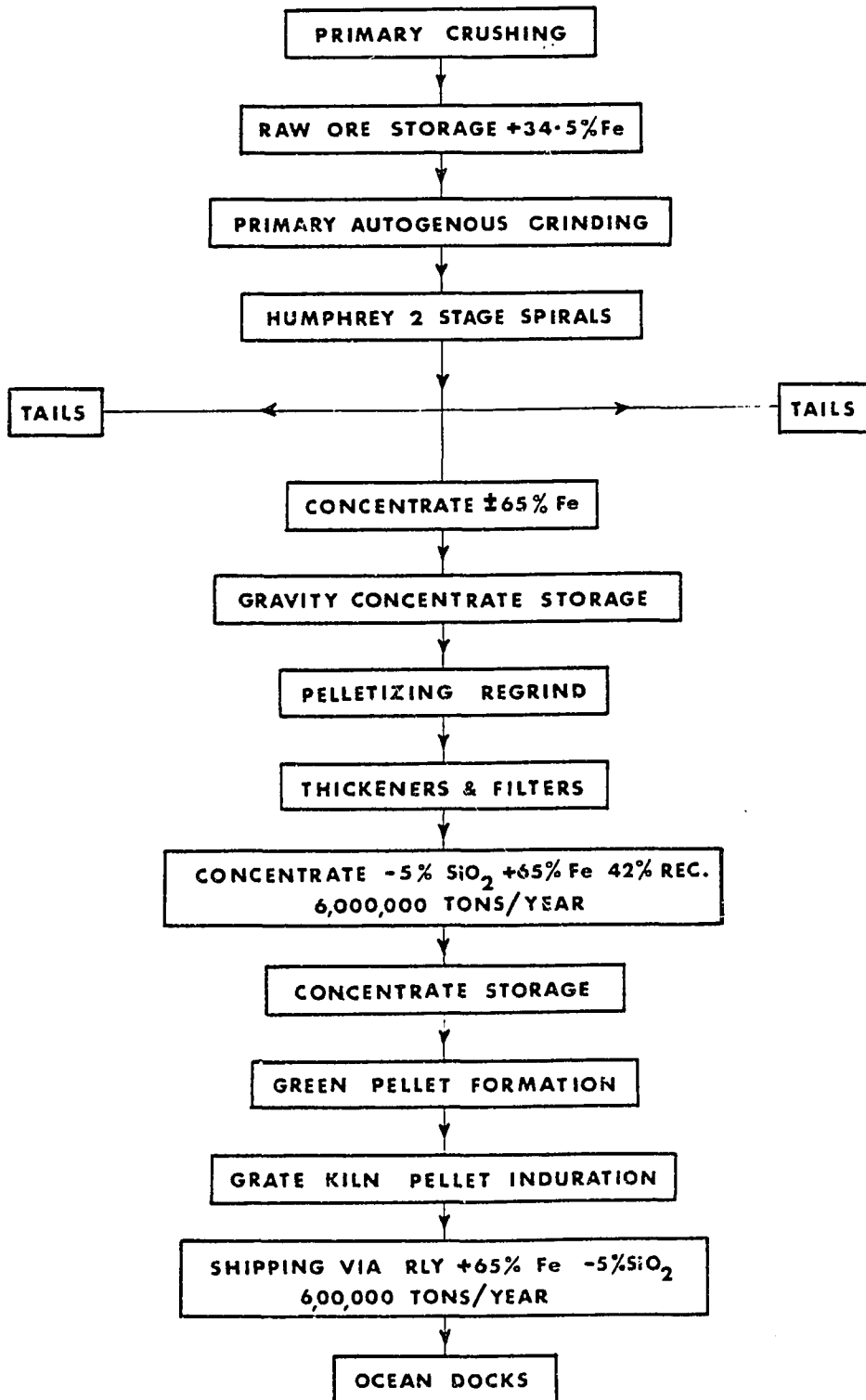
The coarse ore will be reduced to -20 mesh in wet autogenous grinding mills 22' x 7' in size. Two stages of Humphreys spirals will produce concentrates that are then reground to -325 mesh to become pellet feed material. Allis-Chalmers balling drums and grate kiln indurating equipment will process the dried concentrate into iron pellets having the specifications contained in this proposal. Each Allis-Chalmers pelletizing unit would have an annual capacity of 2,000,000 metric tons.

Shipments of pellets will be by specialized train lots over a new 11 mile long railroad connecting to the Wabush-Quebec North Shore & Labrador railway system to the ship loading dock at Seven Island or Pointe Noire. Year round Atlantic shipments on a regular tonnage per month basis can be made from Seven Islands and/or Pointe Noire.

Tests have proven that the quality of pellets produced from the Julian deposit for the European consumers will be amongst the highest quality iron ore blast furnace feed materials available over a long period and in large volumes.

The production facilities outlined will be one of the six largest iron ore plants operating in North America. Estimates of expenditure for the project vary from \$67,000,000 capital and construction costs for a plant of 2,000,000 tons per year to an ultimate cost of \$104,000,000 for a plant of 6,000,000 tons per year. Capital costs for the ultimate plant will be distributed as \$45,000,000 for mine and concentrators, \$52,000,000 for Allis-Chalmers pellet plant and \$7,000,000 for power and townsite.

Julian Production Plant Flowsheet



Canadian Javelin has carried out extensive engineering studies relating to the technical aspect of this proposal and has engaged and worked closely with the following consultants:-

Behre Dolbear & Company
Consulting Mining Engineers and Geologists
New York, N. Y.

Canadian Allis-Chalmers Limited
Lachine, Quebec

Dravo Corporation
Pittsburg, Pennsylvania

Elektrokemisk A/S
Oslo, Norway

Ford, Bacon & David, Incorporated
Engineers
New York, N. Y.

Hains Engineering Company Limited
Consulting Engineers
Toronto, Ontario
(Canadian representatives of the
Lurgi Companies, Frankfurt/Main)

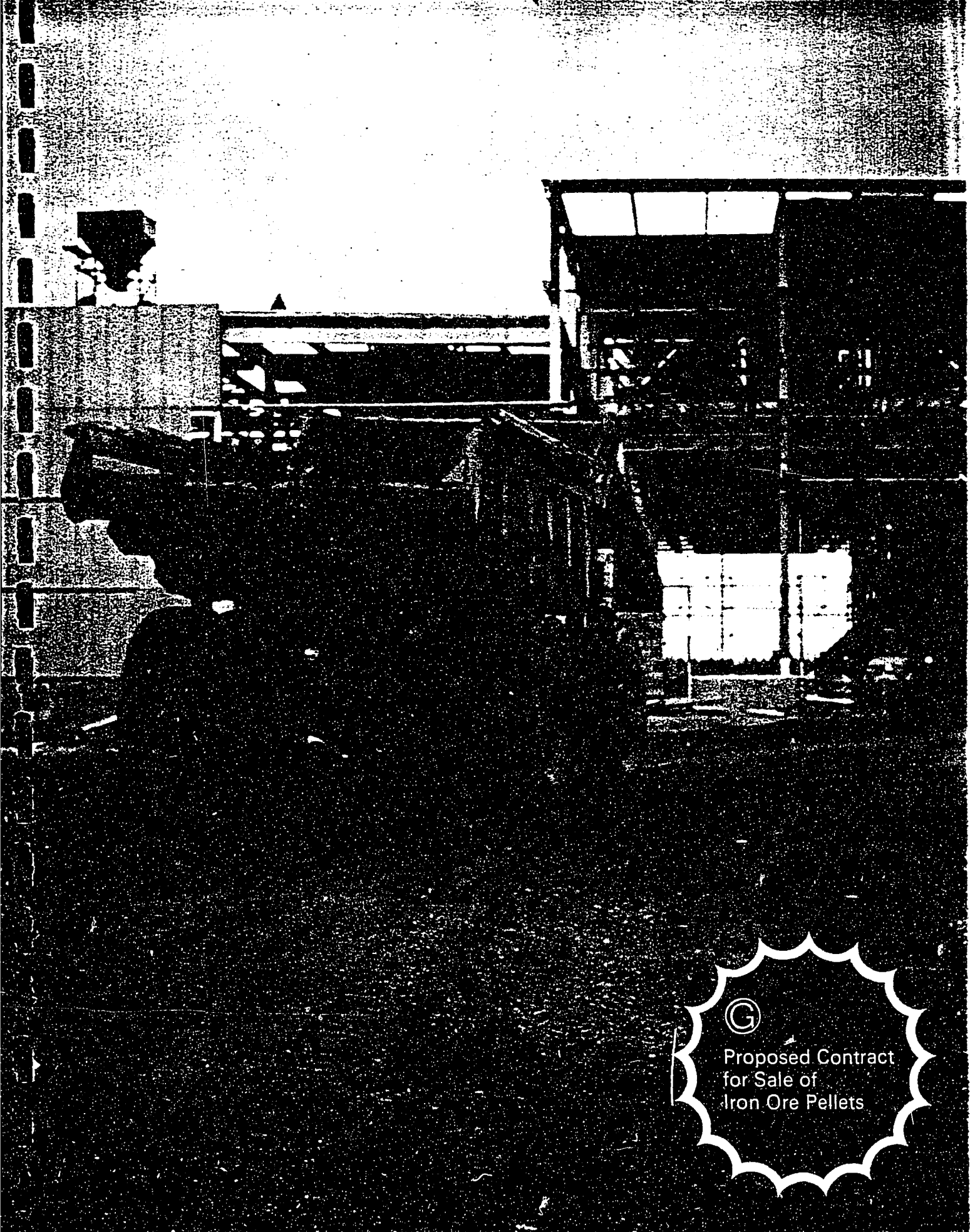
Humphreys Engineering Company
Denver, Colorado

Kilborn Engineering Limited
Consulting Engineers
Toronto, Ontario

Lakefield Research of Canada Limited
Lakefield, Ontario

Pickands, Mather & Company
Management Engineers
Cleveland, Ohio

Ramseyer & Miller, Inc.
Consultants to the Iron and Steel Industry
New York, N. Y.



©
Proposed Contract
for Sale of
Iron Ore Pellets

PROPOSED CONTRACT FOR SALE OF IRON ORE PELLETS TO
EUROPEAN CONSUMERS

IRON ORE PELLET SALES CONTRACT

BETWEEN:

JAVELIN EXPORT COMPANY LIMITED, a Corporation incorporated under the Laws of Nassau, in the Bahamas and having an office in Nassau in the Bahamas, herein after called "the Seller"

THE PARTY OF THE FIRST PART

- and -

hereinafter called "the Purchasers"

THE PARTIES OF THE SECOND PART

- and -

CANADIAN JAVELIN LIMITED, a Corporation incorporated under the Laws of Canada and having its head office in the City of St. John's in the Province of Newfoundland on behalf of itself and acting as Managing Agent and Lessor on behalf of its wholly owned subsidiary Julian Iron Corporation, for its iron ore properties, hereinafter called the "Owner"

THE PARTY OF THE THIRD PART

WHEREAS the Seller is the Sales Agent for the Owner who owns iron ore deposits in the Province of Newfoundland and Labrador, Canada.

AND WHEREAS the Purchasers are engaged in the production of iron and steel in Europe.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the Seller agrees to sell to the Purchasers and the Purchasers agree to purchase from the Seller iron ore pellets (hereinafter called "the Product") of the specifications, in the quantities, at the price, and subject to the terms, conditions, and covenants by the parties hereto hereinafter set forth:-

1. SPECIFICATIONS

(a) Chemical Analysis (natural)

Iron	65.00% average
Silica	5.00%
Phosphorus	0.02% maximum
Sulphur	0.02% maximum
Manganese	0.50% maximum
Alumina + Lime +Magnesia	0.50% maximum

Only traces of other harmful elements with a guaranteed minimum of 64.5% Iron and maximum of 5.5% Silica.

Average moisture content - 2.5% maximum.

(b) Physical Characteristics

The iron ore pellets will have the following physical characteristics:-

(i) Size on discharge - 80% in the 3/8" x 5/8" size range - 15% maximum fines under 1/8" in size;

(ii) Strength - Minimum average compression strength of pellets in 3/8" x 5/8" size range - 500 pounds per pellet;

(iii) ASTM Coke Tumble Test - 7% maximum fines under 1/8" in a 25 pound sample of the 3/8" x 5/8" size pellets after 200 revolutions.

(c) Should the quality of the product regarding chemical composition or physical properties not correspond to the above description or should the product not have the properties agreed as to stability and smelting characteristics, the Purchasers are not obliged to pay the contract price but an agreement shall be arrived at on a new price which will be in accordance with the actual quality of the product delivered.

2. SAMPLING AND ANALYSIS

(a) Sampling and analysis shall be effected at the port of discharge by one of the following methods:-

(i) Independent - Seller and Purchasers shall mutually agree upon a representative who shall act for both parties and at the joint expense of both parties;

(ii) Joint - The product shall be sampled by representatives of the Seller and the Purchasers conjointly during the discharge of vessels. Analysis for iron to be exchanged on an agreed date in the usual manner and each party shall pay the cost of his representative. Differences of up to half per cent in iron to be equally divided and in the event the difference in iron exceeds the agreed percentage, reserved sealed samples shall be sent by Seller and Purchasers to a mutually agreed referee chemist whose analysis shall be final and binding on the parties hereto. The cost of the referee's analysis shall be borne by the party whose result is least in accord with the result of the referee chemist.

3. SHIPMENTS

(a) The Seller shall deliver to the Purchasers the product on the following schedule subject always to a variation of 10% and to such further variations as are normal in an industry of the nature of that carried on by the Seller:-

(i) Delivery of iron ore pellets to commence three years from the effective date of this contract and to continue thereafter as follows:

(ii) In the first year thereafter 2,000,000 metric tons of iron ore pellets;

(iii) In the second year thereafter 4,000,000 metric tons of iron ore pellets;

(iv) In the third year thereafter and each following year to and including the twentieth year thereafter 6,000,000 metric tons of iron ore pellets.

- (b) The above delivery schedule shall be subject to such modifications as may become necessary due to delivery of equipment for the production and other facilities of the Seller.
- (c) Delivery shall be made by Seller C.&F. European Ports by vessels with a maximum capacity of 65,000 tons in approximately equal monthly shipments subject to seasonal adjustments. Port of delivery to be named by Purchaser at least 14 days prior to departure of vessel.
- (d) The Seller will advise the Purchasers by cable of the departure of each vessel stating in such cable the quality and quantity loaded and the total price of the shipment F.O.B. port of loading. Vessels shall be consigned to Purchasers' agent at sea port of discharge.

4. LOADING AND UNLOADING

- (a) It is agreed that the vessels will be discharged at a rate of 3,000 tons per hour. Provided that it is further agreed as port facilities are improved and the rate of capacity of discharge is increased, the said rate of 3,000 tons per hour will be increased proportionately to the rate of capacity.
- (b) Vessels demurrage to be _____ per
day and dispatch to be _____ per day.
- (c) The Purchasers undertake to use their best efforts to ensure that the three respective Governments shall accord the vessels transporting the product the same treatment as if they were under that countries registry as to all port and terminal charges. Terminal charges shall, for the purpose of this paragraph, include any charges incurred by the vessels in lightening, in discharging into lighters, barges, etc. as well as any demurrage on any lighters, barges, etc. and any dockage fees at discharging points. Port charges are normal expenses incurred and include all charges normally incurred by a vessel on arriving at a destination i.e. pilots, tugs, etc.

5. PRICE

- (a) The price shall be the Canadian dollar equivalent of \$13.91 U.S. funds per metric ton c.&.f. Rotterdam on delivery in vessels of 65,000 metric tons capacity, with price adjustment for delivery to other European ports or delivery at Purchasers' request, in vessels of lesser capacity.
- (b) The aforementioned price shall be subject to the following adjustments:-

(i) The price of the iron ore pellets at c.&.f. Rotterdam as quoted in (a) and (b) above shall be subject to escalation downwards and upwards at the date of commencement of delivery of iron ore pellets and each third year thereafter based on an average weighted market price for iron ore pellets. The average market price is defined as the arithmetic mean of:-

The price of iron ore pellets of similar quality delivered c.&.f. Rotterdam from other sources including, but limited to, Brazil, Scandinavia and Africa, calculated in U.S. Dollar equivalent.

and

The standard "Lake Erie" price in the United States for iron ore pellets of similar quality.

(ii) The vessel freight included in the above price of \$ U.S. per metric ton shall be subject to adjustment for increases and decreases from the date hereof in the cost of operation of vessels including, but not limited to, changes in cost of fuel, wages, taxes, canal tolls, duties, port and terminal charges.

(iii) The delivery price c.&.f. Rotterdam to be received by the Seller shall at no time be reduced below the Seller's cost of production and delivery, including allowances for repayment of capital investment and interest charges thereon

6. PAYMENT

(a) c.&.f. European Port.

(b) Purchasers shall pay sea freight included in the purchase price upon the arrival of vessels at sea port of discharge.

(c) Purchasers shall pay product value less sea freight charges, by promissory notes in favor of the Seller at the times and on the terms hereinafter set forth:-

(i) A note shall be issued by the Purchasers within 2 days of receipt of notice by them pursuant to clause 3 (d) hereof with respect to each shipment and such note shall be delivered to the Owners or their nominees as advised in the said notice.

(ii) Each of such notes shall be dated as at the date of departure of the respective shipment from the loading port as advised by the Seller pursuant to clause 3 (d) hereof and shall be in an amount based on the bill of lading weight and in accordance with the invoice relevant to the shipment and shall become due and payable after date with interest from date at the current Canadian bank interest rate at date.

(iii) Each of such notes shall be payable in U.S. Dollars or Canadian Dollar equivalent.

(iv) Such notes shall be subject to adjustment on account of variations from specifications in weight and quantity 30 days after arrival of the respective shipment at the port of discharge or as may be agreed between the parties hereto.

7. WEIGHING

Weight to be ascertained at port of discharge unless otherwise agreed and the Seller to have the option to appoint a checkweigher and in the event cargoes are not weighed the Purchasers shall make payment based on the bill of lading weight.

8. INSURANCE

Insurance to be effected by the Seller for the account of the Purchasers with premiums at competitive rates to be billed by the Insurer or its agent directly to the Purchasers. Such insurance shall be applicable at the time of completion of loading of each shipment and in the event of loss of cargo the Purchasers undertake to pay the Seller on the basis of the bill of lading weight and invoiced quality.

9. TAX

In the event that any additional duty or tax or increase in any existing duty or tax in the country of destination shall be imposed during the term of this contract resulting in an increase in the cost of the ore to be delivered under the contract, the same shall be paid by the Purchasers.

10. ARBITRATION

- (a) Any dispute or difference of opinion between the parties hereto as to the quality of the product under this contract shall be dealt with pursuant to clause 2 of this contract.
- (b) If at any time during the continuance of the contract any dispute, difference or question arises between the parties hereto with reference to this contract, other than with reference to the quality of this product, and upon which the parties cannot agree then every such dispute, difference or question shall be referred to three arbitrators, one to be appointed by the Seller, one to be appointed by the Purchasers and the two arbitrators so appointed shall appoint the third arbitrator. The arbitrators shall have the power to decide the dispute, difference or

question referred to them and their decision or the decision of the majority of them shall be final and binding upon the parties hereto, their executors, administrators, successors and assigns.

11. FORCE MAJEURE

The parties hereto shall not be liable for any loss, damage or delay caused by an Act of God, the Queen's or public enemies, the authority of law, quarantine, riots, strikes, perils of navigation, defect or inherent vice or for conditions beyond their control including war or the anticipated imminence thereof between any nations and in the event of any such occurrence preventing or delaying the performance of this contract, delivery or receipt may be suspended during the continuance of any such event or occurrence and the contract period of delivery be correspondingly extended. Provided that shipments already on the way and vessels already loading or immediately ready to load will still be accepted by the Purchasers if they have been given notice thereof in accordance with the terms hereof by the Seller and if the Seller did not have knowledge of such event or occurrence.

12. SPECIAL PROVISIONS

The owner undertakes as a condition to this contract, to cause its wholly owned subsidiary Julian Iron Corporation or its successor as owner and operator of the mine and facilities required for production of the pellets sold hereunder, to enter into an agreement of even date herewith under the terms of which the Purchaser(s) will receive a share in the dividends paid by Julian Iron Corporation or its successor, such share to be in proportion to the tonnages of iron ore pellets purchased under this contract.

13. LICENCES

The Purchaser(s) undertake and guarantee to obtain such licences as may be required at the port of discharge and in the country of final destination of the iron ore pellets.

14. GUARANTEE

The Owner in consideration of the covenants and commitments herein set forth on behalf of

the Purchasers, hereby guarantees the performance of all the covenants and commitments imposed by this contract on the Seller during the term hereof.

15. GOVERNING LAW

This contract shall be governed by the Laws of the Province of Newfoundland, Canada.

16. NOTICES

Any notice required to be given by either party to the other under the terms hereof shall be in writing and may be delivered personally or mailed by registered post in a properly stamped envelope addressed to the party to be notified at the address hereinafter set forth:-

Javelin Export Company Limited	- Address - Box 5273 M.S. Nassau, Bahamas.
--------------------------------	---

Purchaser(s)	- Address -
--------------	-------------

Canadian Javelin Limited	- Address - Javelin House Water Street St. John's, Newfoundland.
--------------------------	--

17. CONDITIONS PRECEDENT

- (a) It is agreed between the parties hereto that this contract when executed shall constitute a binding agreement of purchase and sale of the product subject only to the Seller or the Owner completing the necessary construction-operating financing arrangements to carry out the terms of this contract, and they shall have six (6) months from the date of execution hereof to make such arrangements and shall notify the Purchasers in writing when the same have been made.

(b) It is further agreed that the construction-operating and financing of the plant shall be effected in such a manner and upon terms and conditions acceptable to the Government of Canada and other regulatory agencies having jurisdiction over the affairs of the Seller or the Owner, and that the Seller or Owner will have six (6) months to complete these arrangements.

Provided always that the Seller or the Owner shall use their best efforts to complete such arrangements as soon as possible and in the event that such notice is not given within six (6) months from the date hereof this contract shall be void and of no force or effect. The effective date of this contract shall be the date of the signing of the aforesaid notice.

18. This agreement shall be binding upon the respective heirs, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals under the hands of their officers duly authorized in that behalf this day of _____, 1967.

CANADIAN JAVELIN LIMITED

JAVELIN EXPORT COMPANY LIMITED

per _____

per _____

per _____

per _____

PURCHASER(S)

per _____

per _____

THE JULIAN PENINSULA, ENCIRCLED
BY AN OLD ELEVATED GLACIAL BEACH,
WAS INITIALLY EXPLORED BY
CANADIAN JAVELIN LIMITED IN 1956.
THE BASE LINES FROM THIS PROGRAM
APPEAR IN THIS AERIAL PHOTO
OF JULY 1957





Julian Exploration Camp - Winter 1962



Julian Ore Body Exposed by Trenching
Nov. 1962



Julian Ore Body – Stripped for Geological & Metallurgical Studies
Nov. 1962

