

for production, it became evident that the gap between requirements and supply was narrowing. By 1955 the immensity of the Elliot Lake deposits was beginning to be assessed and it was recognized that Canada's potential production could be very large. Therefore it was decided that clarification should be obtained with respect to the total amount of uranium the United States Atomic Energy Commission was prepared to purchase from Canada. Discussions to this end took place in June and July of 1955 between officials of Eldorado and officials of the United States Atomic Energy Commission. During those discussions, Eldorado submitted its estimates of the production which could be obtained over the period up to March 31, 1962. This estimate was based on the information then available as to the ore reserves and production capacity of the producers holding contracts and forecasts of the probable potential of properties then under development. It was assumed at the time that negotiations covering the then outstanding applications for special price contracts could be completed on or before March 31, 1956. On the basis of the estimates submitted by Eldorado, the United States Atomic Energy Commission agreed to purchase any uranium for which Eldorado might be able to negotiate special price contracts up to March 31, 1956. The government made an announcement on August 3, 1955, the full text of which is attached as appendix H. The limitation on purchases under the special price formula was stated as follows:

Eldorado will not be able to negotiate special price contracts after March 31, 1956. Moreover, it is not expected that Eldorado will be able to negotiate contracts unless there is satisfactory evidence that production will commence not later than April 1, 1957. All contracts will require that deliveries must be completed by March 31, 1962.

59. In February 1956 it became evident that certain of the companies which had obtained letters of intent would be unable to meet the production deadline of April 1, 1957. Moreover, the same companies would have difficulty in completing contract negotiations on or before March 31, 1956, inasmuch as complete data as to ore reserves, production capacity and estimated operating and capital costs could not be made available by March 31, 1956. Accordingly, on March 2, 1956, the government announced a modification of the special price formula, as follows:

Eldorado will continue to receive applications for special price contracts up to and including March 31, 1956. On or shortly after that date Eldorado will notify those applicants which are considered to be eligible for the negotiations of contracts. In making the selection of eligible applicants, the following criteria will be used. First, there must be satisfactory evidence that the applicant has an economic orebody, and second, there must be definite assurance that the property can be brought into production not later than September 30, 1957. There will be no change in the present provision regarding deliveries. Deliveries under all contracts must be completed by March 31, 1962, . . . . . it is not anticipated that the total quantity of uranium which will be produced under the special price arrangement by reason of the extension of the production deadline from April 1, 1957, to September 30, 1957, would be greatly in excess of the quantity which it was estimated might be purchased when the original production deadline of April 1, 1957, was established.

The full text of this announcement is attached as appendix I.

60. In August of 1956 it became apparent that certain of the producers holding letters of intent were experiencing considerable difficulty in arranging their financing. These producers had already made substantial commitments