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March 5, 1979.

Mr. G. Warner, Chairman,
N.W.T. Water Board,
P.O. Box 1500,
YELLOWKNIFE, Northwest Territories.

Gentlemen:

Re: Arsenic Trioxide at Giant

For some time the Company has been aware of the public concern with the fact that our Mill or concentrator produces as a by-product arsenic trioxide, which has been stored underground in government approved storage chambers. In spite of the fact that the CPHA Task Force on Arsenic recommended that this method continue to be used during the life of the mine, the public and certainly some environmentalists, continue to have some qualms about the safety of all this potentially dangerous material.

Accordingly this Company for the past year has been in contact with firms in the United States which use arsenic trioxide to manufacture certain products. Recently, it has been apparent that in order to market Giant's arsenic trioxide, it would be necessary to upgrade our product and remove any impurities. Lab work has confirmed a process, and a flow sheet has been designed. Studies are underway to finalize equipment costs, operating costs and markets.

The size of the proposed plant is being designed to treat more than Giant's current production and could be used to treat Con's arsenic storage pond material. Lab tests on this material have shown that it is also amenable to treatment by the same process.

The overall considerations for this project include a dust free storage and truck loading facility to be constructed at Giant and an emergency truck mounted vacuum system and tank to be available in case of a highway accident to one of the carriers vehicles, carrying arsenic trioxide to market.

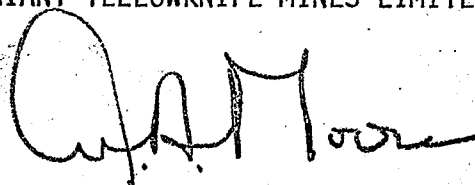
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It must be stressed that, at this time, the project is in the feasibility stage only. And that whether it will proceed or not depends upon the results of the study. The Company wants to alert the Water Board to this possibility and will continue to keep them informed of our progress in this matter.

Yours very truly,

GIANT YELLOWKNIFE MINES LIMITED

A handwritten signature in dark ink, appearing to read 'W. A. Moore', written in a cursive style.

W. A. Moore
General Manager

WAM:jc

c.c. D. Billing
D.J. Emery ✓
L.S. Price
P.J. Raleigh
D. MacPhail