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April 13, 1981

Memorandum to: The Directors of Giant Yellowknife Mines Limited

From: D.J. Emery

Subject: PROJECT TO INVESTIGATE THE FEASIBILITY OF PRODUCING REFINED ARSENIC TRIOXIDE AT GIANT

Opportunity exists for Giant to increase earnings through the production and sale of refined arsenic trioxide. Appended are submissions from the Engineering, Financial, and Marketing people supporting the persual of a project to investigate the feasibility of:

1. Recovering material from underground stopes to be combined with current baghouse production as feed to a fuming process, OR
2. Refining only current baghouse production by the fuming process.

The projection of a steady market and firm price for refined arsenic trioxide coupled with a reasonably low cost fuming process with initial production in 1984; provides after tax Net Present Values discounted at 17% for cases (1) and (2) above of \$CDN 7.2 million and \$CDN 2.9 million respectively.

A program to sample and determine the feasibility of recovering underground material by a "dry method" is included in the attached report from the Engineering Department along with a letter from Geocon, the firm nominated to carry out this work beginning in May.

The Directors are requested to approve the appropriation of \$120,000 for this program and an additional \$30,000 for the design of a fuming pilot plant, which would not commence until confirmation of our ability to recover underground material by the "dry" method.

An additional \$195,000 will be required to carry out the full pilot plant program and request for these funds will be left until the next Board meeting at which time the results of our underground recovery program will be available.

D.J. Emery / s.d.

D.J. Emery

DJE:sh
attch.

LCK
cc: AJA, CRA, DJE, ~~EH~~, WFJ, JDK, GPM, PLM, JDS, PJR, DZ