

Notes of a Phone Call
From P. J. Raleigh
Re Arsenic Sales
January 10, 1979

Copy to WAM

He phoned to report that they have reworked the Koppers agreement and will be sending it off to Hite, W. A. Moore and myself for perusal. He had received a call from Hite yesterday to see where we were with the proposal. He briefly went over the proposed agreement and stated that it would be for a three year term guaranteeing delivery of 88 to 92% As_2O_3 , with 1500 tons in the first year and 2000 tons in the second and third. There would also be a clause indicating that Koppers would endeavour to take anything in excess of these amounts if available. The price would be based on the Tacoma price, less costs involved by Koppers in transportation, filtering, sludge removal and so on.

It looks like on the basis of the calculations that we would get up to 5¢ a pound in the first year and up to 11¢ a pound in the third year. In no case would we have to pay for the removal of the arsenic from our plant. There would be an allowance of 50% rate of return on the net capital invested by Koppers to handle the product.

Sampling would be done at the trucks but weighing at their plant. Delivery would be spread over twelve months except for the freeze-up and break-up periods which are indicated as November and April. Koppers would take possession of the material as soon as we loaded it into the trucks.

Payment would be due on receipt of invoices from Giant and title of the residual sludges would remain with Giant.

There would be a force majeure clause and an economic clause letting us off the hook if we had to close the mine for economic reasons.

Raleigh felt that this was the best agreement they could come up with taking into account the comments that have been previously made by W. A. Moore, D. J. Emery and the legal people in Toronto. He asked that we let him know if we want to delay any talking to Koppers on the basis of the draft agreement that he'll be sending to us.

He reported that FMC had called yesterday. These are the people that are buying the Campbell Red Lake material. They were looking for a quotation on 2500 tons of low-grade material. Raleigh replied that he wasn't able to give them a quote at this particular time.

With reference to the lab results on the up-grading, he said that contrary to what Larry Connell might have thought there would be no acid required. They are making up a flow-sheet for the up-grading and a capital cost estimate. He hopes to have this ready for us by the time of the Director's meeting in February. He feels operating costs would be in the area of 3 to 5¢ per pound and capital about \$500,000.

He also stated that Lynn Price will be up towards the end of the month, (I assume on the Keno Hill affair) and will want to talk about shipping of arsenic with government officials. He should be able to bring up a draft of the up-grading proposal with him.

A handwritten signature in dark ink, appearing to be 'D. J. Emery', written in a cursive style.

D. J. Emery

/vb