

RAPIFAX

FALCONBRIDGE NICKEL MINES LIMITED

INTER-OFFICE MEMORANDUM

DATE July 16, 1981

TO: W.A. Moore - Giant

COPIES TO: D.J. Emery

FROM: J.O. Kachmar

SUBJECT: ARSENIC SALES

RG - 335

I was of the opinion that Giant does not have to share the arsenic sales revenues with Lolor and Supercrest.

Tony Seth, our legal counsel did the research and advised Dave Emery and the writer as follows:

1. The proceeds from the current arsenic production i.e. the 3,500 tons a year must be shared between Giant, Lolor and Supercrest.
2. The arsenic sales proceeds from the underground retrieval - if any are all for the account of Giant and therefore do not have to be prorated.

It is my understanding that the proration of current arsenic production is based on tons milled from Giant, Lolor and Supercrest respectively.

Dave Emery has suggested that perhaps rather than do the proration of arsenic revenues on a tons milled basis, that it should be done on a assay or arsenic content basis, as the arsenic content of the Lolor and Supercrest ores is much lower.

If you feel that this point is significant, then kindly follow up.

J.O. Kachmar

JOK/jl

