



December 7, 1978

Cominco Limited
Northern Group Office
P.O. Box 1979
YELLOWKNIFE, N.W.T.
XOE 1H0

Attention: Mr. H. Giegerich

Dear Hank,

During our phone conversation yesterday, I attempted to cover the most recent developments in Giant's attempts to upgrade the arsenic bearing dusts and sludges stored in the Yellowknife area.

To-date we have been able to work on a sample of Con material taken from one of your storage areas last summer. The sample has been subjected to a series of test procedures which indicate that at least in the laboratory the following is true.

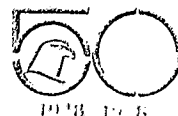
1. Arsenic can be separated from the gold bearing residue. The product can be produced in a form which has a good density and is not difficult to handle though it will dust with rough handling. The product is of high purity + 99% As_2O_3 and probably can be marketed.
2. The gold bearing residue has a high percentage of AsS and will need roasting to allow for high gold recoveries to be realized.

The precious metals recovery work is not complete at this date.

Laboratory work is proceeding on Giant samples which have distinctly different characteristics than the Con material.

It is expected that a preliminary flowsheet for arsenic separation and precious metals recovery from stored materials will be available in late January. At that time, it may be appropriate to discuss whether an alternate to your scheme for burying the arsenic storage ponds is worth discussing with the Territories officials.

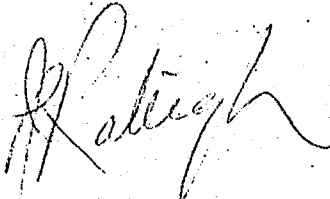
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We are confident that the processing steps currently being researched will provide an environmentally acceptable route to alleviating the concern that exists about stored arsenic in the Yellowknife area.

Yours very truly,

FALCONBRIDGE NICKEL MINES LIMITED

A handwritten signature in dark ink, appearing to read 'P.J. Raleigh', with a stylized, flowing script.

P.J. Raleigh
Chief Engineer

PJR/ft

cc: ✓ D.J. Emery
W.A. Moore
K. Morton