

Notes of a Phone Call
To P.J. Raleigh
Re Letter to Koppers
December 11, 1978

*File
in Sales*

I phoned P.J. Raleigh to discuss the memo of W. A. Moore to DJE dated December 8. The points covered were as follows:

1. Deliveries

Raleigh stated that deliveries would be as equal as possible over the 12 months. There would be some gaps during break-up and freeze-up and for this reason he had kept the tonnage low. At any time during which material could not be delivered, it would have to be sent underground as at present. He feels we should start off as simply as possible in the same manner as Campbell Red Lake has done ie. straight truck delivery with minimal storage. He felt that eventually we may want to establish something like three days storage to give us a little flexibility.

2. Analysis of Sales Product

This aspect of the contract will be covered in the details. Cost of upgrading material will have to be calculated on a truck-by-truck basis.

3. Sales Price/Pound

There has been no operating cost allowance for Giant but this was taken into account in arriving at the price that Giant gets for the product. He doesn't feel we have to change the letter because of this. The formula was worked out so that we would get a reasonable rate of return and cover our operating costs. In no case will we get less than 0¢ per pound.

4. Residual Sludge

Koppers still have not come back re the samples. They have the large samples settling in a tank. The small sample was sent to Lakefield for analysis and returned 9% arsenic. There have been no gold values determined yet. Raleigh will make sure that the samples come back to us and we will check further on this with Koppers.

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5. Table 3

Re the capital investment, PJR feels that we should not get into a large silo--just enough for one truck as the bag-house will provide a certain amount of storage. We are not looking at a big capital outlay, as the only other equipment needed is a screw conveyor.

He noted that Beattie Mines operated an upgrading facility some years ago and that he would be looking into that to see what application it might have at Giant.

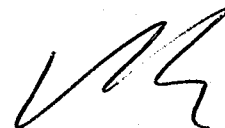
6. Starting Date, Responsibilities

PJR feels that Koppers has taken on the responsibility for trucking the product out of Yellowknife and they will probably be using Trimac. Giant has the responsibility of supplying the product.

The starting date will have to be determined by availability of trucks and availability of Giant to load trucks. He does not feel we should be covering this aspect in a letter right now but something to the effect that efforts will be coordinated to get a reasonable start-up date might be incorporated.

He noted that if Koppers does rent trucks that Giant may want to have some say as to what goes into that agreement to make sure that there is some flexibility with regard to our ability to supply and also our possible future desires to take over the trucking ourselves.

I told Pat that I would get in touch with W. A. Moore to let him know of our conversation also asked that he call Bill to talk to him direct about the memos to ensure that whatever we did write to Koppers was agreeable to all concerned.



D. J. Emery

/vb