

FALCONBRIDGE NICKEL MINES LIMITED

September 19, 1978

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

Attention: Mr. H. Giegerich
Manager of Projects

Dear Hank:

It was a pleasure to meet you again in your old home town of Yellowknife. I want to thank you and Jim Gowans for your hospitality during our recent visit to your mill and offices. We also wish to confirm our continuing interest in working toward a solution of your Arsenic Disposal problem. The information received during our discussions in July gives us a better understanding of what the problem actually constitutes.

We have initiated a Research Programme at Falconbridge Nickel Mines, Thornhill Laboratory which is designed to cover several possible systems for the separation of the arsenic diluent from the recoverable gold and silver in material in storage in the Yellowknife area. The test work has just got past the initial phase at this time.

Dave Emery has reported on your recent conversations and it is certainly in keeping with our thinking to consider a combined reprocessing facility, if and when, this ever becomes metallurgically and economically attractive. Giant's operating knowledge developed over the 20 years of roasting their arsenical ores leads us to be very cautious in projecting either gold recoveries, treatment process or operating costs for gold recovery from stored dusts without considerable laboratory work.

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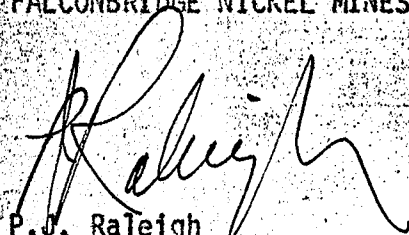
Disposal of the Arsenic Trioxide without treatment of the residue for gold and silver recovery is an area that is also under study. The recent test shipment of the current baghouse product from the Giant plant was part of our current attempt to get additional knowledge of the alternates available to us for Arsenic Disposal. We have been active in this area for about a year, and have determined that a great deal of additional work will be needed to provide an alternative to the present Giant method of disposal, particularly from the environmentalists stand point.

We plan to continue to work on the two major areas discussed in order to be in a better position to take advantage of any operating cost advantages that may be available from Secondary Gold recovery, or by reducing underground storage facility costs.

As some of our objectives appear to be of mutual interest, we would be available to explore these interests in greater depth after the next phase of our research has given us a clearer picture of the avenues open to us.

Yours very truly,

FALCONBRIDGE NICKEL MINES LIMITED



P.O. Raleigh
Chief Engineer

PJR/ft