

M E M O R A N D U M

DATE: OCTOBER 27, 1987
TO: DIRECTORS -
GIANT YELLOWKNIFE MINES LIMITED
FROM: D. J. EMERY
SUBJECT: ARSENIC TRIOXIDE FUMING TESTS

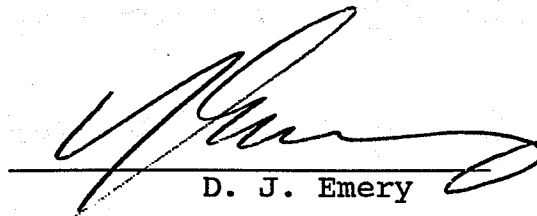
As part of the Strategic Five Year Plan, we have been looking at the possibility of recovering arsenic stored underground at Yellowknife for both the recovery of gold and sale of arsenic trioxide.

In order to proceed with this project, there is a need to do some pilot plant work on the possibility of recovering the material from underground and fuming it on surface to produce an up-graded arsenic trioxide product and at the same time recovering the gold from the residues.

There are about 200,000 tons of arsenic stored underground containing about 127,000 ounces of gold. Some initial estimates show cash flow after taxes of almost \$70 million and therefore the prize is great. There are some questions as to whether the arsenic can be marketed, however, recent indications are that the market is becoming more active.

RECOMMENDATION

In view of the possible large reward, it is recommended that \$360,000 be allocated for the arsenic trioxide fuming tests to be done in three stages, each stage to be successful before proceeding to the next. The three stages will be in the order of \$120,000 each.


D. J. Emery