

Mr. J. D. Hite,  
Vice-President and General Manager,  
Specialty Wood Chemicals Division,  
Koppers Company Inc.,

PITTSBURGH, Pa., 15219,  
U. S. A.

Dear Mr. Hite:

This will acknowledge receipt of your letter of November 2, 1978, addressed to Mr. D. Emery, in which you outlined Koppers' proposal for an agreement covering the sale to Koppers of Giant Yellowknife arsenic trioxide. We have carefully reviewed your proposed terms, and while we are agreeable to some of them, we wish to provide you with what we consider to be a fair basis on which to conclude a sales contract.

We therefore suggest the following terms and conditions form the basis of the agreement between Giant Yellowknife Mines Limited ("Giant") and Koppers Company Incorporated ("Koppers").

Koppers shall buy and Giant shall sell arsenic trioxide contained in crude arsenic trioxide (the "product" as hereinafter defined) on the following terms and conditions:

1. DEFINITIONS

- (a) the term "ton" shall mean a ton of 2,000 pounds avoir-dupois dry basis;

(b) amounts of money stated in "Dollars" (\$) and "Cents" (¢) are stated in the lawful money of the United States of America.

2. MATERIAL

Products shall mean crude arsenic trioxide, assaying approximately 90% - 92%  $\text{As}_2\text{O}_3$ , produced by Giant as a by-product from roasting gold bearing concentrate.

3. DURATION

The term of this Agreement shall be for a period of two years commencing January 1, 1980 and ending December 31, 1981 and shall continue thereafter from year to year unless and until terminated by either party giving written notice to the other at least one calendar year in advance of the date of termination.

4. QUANTITY

(a) Annual Minimum Quantity

Koppers shall, during each year of the agreement periods, purchase volumes of 4500 tons: Koppers will endeavour to move all material available above the level of the minimum spec.

of arsenic trioxide contained in the product:

<u>Periods</u>	<u>Annual Minimum Quantity of Arsenic Trioxide</u>
Jan. 1/80 - Dec. 31/80	2500 tons
Jan. 1/81 - Dec. 31/81	3500 tons
Thereafter to be negotiated.	

(b) Additional Quantities

- (i) Koppers shall, in addition to purchasing the aforesaid minimum quantities of arsenic trioxide, endeavour to purchase during each year the balance (the "additional quantity") of arsenic trioxide contained in Giant's annual production of product being approximately 4500 tons per year of contained arsenic trioxide.

Kopper shall give Giant at least 90 days' notice, prior to January 1 of each year, of the additional quantity of arsenic trioxide it will purchase during such year. If Koppers fails to give such notice or to purchase the additional quantity of arsenic trioxide, Giant shall have the right to sell or otherwise dispose of such additional quantity elsewhere.

5. PRICE

- (a) The initial price for product, applicable to the first 12 months of the term of this Agreement, expressed in cents per pound of  $\text{As}_2\text{O}_3$  contained in the product shall be 7.0 cents per pound.

The price for the second period will be adjusted by adding or subtracting 50% of the change in price at Tacoma to the price agreed here to. Adjustments to the price for years 3 and subsequent will be based on the differential in the

selling price at Tacoma or other agreed to location with the differential being split 60% to Giant as an adjustment to the price.

(b) The amount payable by Koppers to Giant for product sold and purchased during a particular month shall be computed by multiplying the quantity of water soluable of  $As_2O_3$  contained in product received by Koppers at its Conley, Georgia plant (the "plant") during such month by the price, determined as aforesaid, applicable to such month and deducting from the result thereof the following:

- (i) any costs paid for by Koppers in connection with the disposal of the residue except for the preparation for shipping of the material back to Giant in suitable containers.
- (ii) The product may contain arsenic compounds which may not react with the chemicals used by Koppers in the treatment process. The insoluable arsenic resulting therefrom will remain in the process residue referred to in Art 15 as sludge.

6. SAMPLING, ASSAYING AND MOISTURE DETERMINATIONS

Samples and moisture determination of each lot of product shall be carried out by Giant at its mine at its own expense in accordance with standard practices and the samples and moisture determinations so obtained shall govern final settlement.

handling and transportation of the product with respect to minimizing handling and intransit losses.

10. QUOTATIONAL PERIOD

The quotational period shall be the month of arrival of product at Koppers' Conley Georgia plant.

11. All taxes or other duties which may be exigible on the product in Canada shall be for Giant's account and all such taxes or duties which may be exigible thereon in the U.S. shall be for Koppers' account.

12. PAYMENT

All accounting and payments hereunder shall be in United States funds.

Final determination of the Sales Price to be paid by Koppers to Giant for product delivered hereunder shall be made in accordance with the terms hereof as soon as all settlement weights, moisture determinations, assays and prices are known. Payment of the amount due to Giant under paragraph 5(b) hereof shall be made promptly by Koppers on receipt of Giant's invoices therefor.

13. TITLE AND RISK

Title to product and risk of loss thereof shall pass from Giant to Koppers at the moment product is loaded into trucks at the mine.

The samples from each truck load shall be divided into three portions; one for Giant, one for Koppers and one for reserve. The Koppers and reserve portions shall be carefully sealed and retained by Giant.

Koppers shall have the right to be represented at the sampling and moisture determinations at its own expense.

Giant's assays for water soluble  $\text{As}_2\text{O}_3$  shall be deemed the final settlement assays, however, Koppers shall have the right to check any or all of Giant's assays at its own expense.

7. WEIGHING

Final weighing of each lot of product delivered hereunder shall be carried out by Koppers at its Conley Georgia plant at its own expense according to standard practices. Giant shall have the right to be represented at the weighing at its own expense. Koppers' weights shall be used for final settlement.

8. DELIVERY

Product to be supplied hereunder during each year shall, except during freeze-up/break-up periods (usually November and April), be delivered in approximately equal monthly quantities f.o.b. trucks at the mine.

9. SHIPMENT

Koppers shall make all arrangements for shipment of product to its plant at Conley Georgia and shall comply with all federal, provincial or other laws and regulations with respect to the

14. DATE OF ARRIVAL

Product delivered hereunder shall be deemed to have arrived at Koppers' plant on the date such material is weighted at Koppers' Conley Georgia plant.

15. TITLE TO RESIDUAL SLUDGE

Title to the residual sludge derived from the product and produced by Koppers from its purification process, will remain with Giant. Giant shall, at its option, either:

- (a) direct Koppers to dispose of such sludge or
- (b) take delivery of such sludge suitably packaged f.o.b. trucks at Koppers' Conley Georgia plant.

16. ARBITRATION

In case of disputes or differences arising under this Agreement which are not settled within a reasonable time and not exceeding three (3) months, the parties hereto shall refer such disputes and differences to arbitration under the Arbitration Act of Ontario.

17. JURISDICTION

This Agreement shall be governed by and interpreted according to the laws of the Province of Ontario, Canada.

18. FORCE MAJEURE

If at any time (s) either party is delayed in or prevented from exercising its rights or performing its obligations under this

Agreement, which delays or preventions are caused by a cause beyond the reasonable control of such party (including, without limiting the generality of the foregoing, Acts of God, strikes, lockouts or other labour or industrial disturbances, interruptions by government or court orders, future orders of any regulatory body having jurisdiction, acts of the public enemy, wars, riots, sabotage, blockages, embargoes, failure or inability to secure fuel, power, materials, contractors or labour, failure of machinery and equipment, snowslides, landslides, lightning, weather conditions materially preventing or impairing work, fires, storms, floods, washouts and explosions), the period of all such delays resulting from such causes or any of them shall be excluded in computing and shall extend the time within which such party may exercise its rights or perform its obligations hereunder, provided that such affected party shall promptly advise the other party of the occurrence and cessation of such cause in writing, and provided further that if the delay or prevention extends or is reasonably anticipated to extend beyond 60 days, the party not affected may cancel the tonnage so delayed, or if beyond 120 days, either party may cancel the tonnage so delayed, without any liability for payment of penalty or damages. This clause shall not affect Koppers' liability to pay for products in which title has already passed to Koppers.



19. ECONOMIC CLAUSE

In the event that Giant decides to cease operations at the mine because of either:

- (a) the depletion of its ore reserves; or
- (b) metal prices which, in Giant's opinion, render mining operations at the mine uneconomic,

Giant may, notwithstanding anything herein contained to the contrary, terminate this Agreement upon giving Koppers at least six months' written notice thereof. In the event of such termination, Giant shall not be liable in any manner whatsoever to Koppers.

20. NOTICES

Any notice to be given to Giant pursuant to or concerning this Agreement shall be in writing and may be given by prepaid registered mail addressed to:

Giant Yellowknife Mines Limited  
P. O. Box 40  
Commerce Court West  
Toronto, Ontario

or by delivering the same to it at said address, and any such notice to Koppers shall be in writing and may be given by prepaid registered mail addressed to :

Koppers Company Incorporated  
Pittsburgh, Pennsylvania

or by delivering the same to it at said address. If mailed, such notice shall be deemed to have been received not later than the tenth day after the mailing thereof.

If the foregoing represents your understanding of the Agreement between us and is satisfactory to you, please so signify by signing and returning the enclosed copy of this letter.

Yours very truly,

GIANT YELLOWKNIFE MINES LIMITED

by: \_\_\_\_\_

AGREED TO AND ACCEPTED

this        day of        , 1980.

KOPPERS COMPANY INCORPORATED

by: \_\_\_\_\_

by: \_\_\_\_\_