



*Worth 90,000 per  
year to have US  
Springer*

To: File

Subject: Giant Yellowknife - Arsenic Trioxide

Date: March 3, 1980

From: T. J. Desanti

Copies to: D. Emery, P. J. Raleigh, DNZ, WGP.

## INTER-OFFICE MEMORANDUM

H.O. 331-4-79

A short telephone discussion was held with John Hite of Koppers on Friday, February 29 to discuss Giant As<sub>2</sub>O<sub>3</sub>. The discussion is summarized below:

1. Koppers is waiting for us to make a contractual commitment (Hite wants a contract in hand) before they can move to put up a proper building to refine our material. Koppers can accept As<sub>2</sub>O<sub>3</sub> as low as 85% As<sub>2</sub>O<sub>3</sub> but have based all calculations on 90% As<sub>2</sub>O<sub>3</sub>. Hite is not concerned about operating costs for the minus 90% grade but he said he would want a credit for freight on material below 90%. Material running 85% As<sub>2</sub>O<sub>3</sub> would result in a 1.0¢/lb penalty. *accept*
2. Koppers probably will use Trimac Trucking and will install a vacuum system to discharge trucks from the top. Hite expects to have his plant up and operating in July assuming a decision to go by Friday, March 7. He asked for a firm decision from us by that date and we advised him we would do our best. He was told we would not have our loading station ready until late July/early August (assume August) so the first crude As<sub>2</sub>O<sub>3</sub> probably would not be delivered until September. Hite said it was critical that our loading facility fill the truck in 2 hours because that is the free time allowed for loading. Hite pays a high demurrage rate thereafter and undoubtedly would want the demurrage deducted from his price. PJR please note. *we want 24  
hour notice of  
truck arrival  
check with mine?  
to 24 hours  
lead out*
3. Hite confirmed the price of 7¢/lb contained As<sub>2</sub>O<sub>3</sub> f.o.b. trucks at the mine and indicated a trucking cost of 14¢-15¢/lb to his plant. In light of the major freight cost, Hite was not keen on compensating Giant should the price of refined As<sub>2</sub>O<sub>3</sub> increase unless the increase in price exceeded his increased freight cost. This was not discussed in detail and some compromise has to be worked out. It is likely freight rate increases would take a large portion of any price increase. *PJR will  
check out  
150 ton nominal  
100 ton  
recoverable*
4. Hite is agreeable to returning the residual material containing gold but said he had not agreed on who would pay drum costs. Giant would pay freight costs back to the mine. *100 - 4,5000*

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- not be in  
contaminated  
material and  
blended -  
to improve  
quality*
5. Koppers will take 3,000-4,000 STPY of crude As<sub>2</sub>O<sub>3</sub> from us but Hite wants a 3 year minimum contract and not the 2 years suggested. He said he wants to make a deal with Giant although he was unhappy with the delays on our part to date. However, he did say he was talking to others but he is not as far along with them as with Giant.

Summary

A visit to Asarco last week on another matter provided us with the opportunity to discuss As<sub>2</sub>O<sub>3</sub> with them. They are currently purchasing some crude As<sub>2</sub>O<sub>3</sub> from Anaconda in drums (no bulk unloading facilities at Tacoma). Asarco produce both refined As<sub>2</sub>O<sub>3</sub> using a fuming process and arsenic metal. As a matter of interest, Asarco recommended we use a hot water process if we build a plant. Pyro-metallurgical processes inherently involve high arsenic levels in the workplace which will be increasingly difficult to operate within limits set by environmentalists. Interest was expressed in the Giant material if mercury free. This is being checked but appears certain. Asarco has a significant freight advantage over Koppers but the lack of bulk unloading facilities is a major potential problem. In addition, Asarco cannot return any contained gold although this revenue after all costs probably is in the range of 2.0¢-2.5¢ per pound of contained As<sub>2</sub>O<sub>3</sub>. Hopefully the Asarco situation can be evaluated quickly so that we can confirm our position with Koppers by March 7. The major stumbling block could be a 3 year agreement and this will be checked with all concerned.

TJD:d1r



T. J. Desanti