

Notes of a meeting with Raleigh; Desanti, Zeraldo, Emery

March 27th, 1979.

We held a meeting prior to the meeting on the 28th with Koppers people to be sure we were all on the same wavelength.

Raleigh felt we should be going with hot water leach process as it will take too long to develop the amonia process and we have time constraints on us. I brought up the fact that we only have about a month to make up our minds, otherwise we have to start preparing a new underground arsenic storage silo.

With reference to transport of the material, Trimac will require a guarantee of some sort so that there is a liability facing us if we were not able to keep producing past a certain length of time. Raleigh feels this liability might be in the order of a \$100,000. Desanti felt this might be too high but could be used as an appropriate figure. Shipping costs are going to be in the order of 10¢ per lb. so with 6,000 tons a year this works out to about \$1.2 million. They will require ten trucks and ten trailers.

Capital for the hot water leach process is \$850,000. The cost of putting in a silo is roughly the same price.

It was noted that Hite sees an ample supply in North America and he is looking for the lowest quality arsenic for his use, therefore he is looking for the cheapest leach process. The copper and zinc impurities won't bother Koppers. They can't have any iron.

In discussion re markets, Desanti stated that the market is there and he is ready to deal Koppers right out of the picture. We talked about getting people to sign on the dotted line. Desanti feels we need to have a test product before we will be able to get that sort of commitment. All the people he has contact with have shown interest provided that we can be competitive price wise and also purity wise. He was concerned about the amonia leach process as not providing a product that would have a wide marketability.

There are significant silica and sulphate problems to handle in the amonia process, but if these can be solved there looks like a saving of 3¢ a lb. in energy.

We talked about a possibility royalty to Koppers. If we were to split the energy saving cost, this would work out to something like \$180,000 a year royalty to them.

We discussed a joint venture possibility. The general feeling was that we shouldn't go this route and have Koppers getting all our product. There seems to be too good a return to be giving it up to a partner especially as the market is good. We should move quickly to take advantage of the market that presently exists as it may weaken a couple of years down the road. We could help them develop the process and in

that way take off a little of the bite on the royalty. Desanti felt that the royalty should only be on what we ship to them.

There was some discussion as to the possibility of Koppers going to Anaconda and developing their stockpile. This would give him a source of some 50,000 tons of material. Raleigh cautioned against us loosing the market by having Koppers go to Anaconda. It was realized that Anaconda could undercut the market. Raleigh suggested that we maybe would want to consider a fixed price contract. Desanti disagreed as it could end up that one or other of the party may suffer in the long run.

With reference to the directors' approval for the arsenic process, it was pointed out that we would have to have some commitment for people to buy the product. Desanti said we have a chicken and egg situation in that we really have to have a product available that people could test and be sure of before they would commit to buy.

#### Summary

The position of Giant before the meeting with Koppers was agreed as follows:

1. There would be no joint venture.
2. Giant will supply Koppers domestic requirement.
3. Giant would not go for offshore sales through Koppers.
4. There would be a possibly royalty arrangement to Koppers for their development of the amonia technology.

There was some argument as to whether there should be an offshore consideration in order to make sure that the North American market won't be affected too much by our production of some 6,000 tons annually.

