



To: D.J. Emery ()

Subject: Osmose Letter Offer to Purchase
Crude Arsenic Trioxide.

Date: April 3, 1981

From: D.N. Zeraldo

Copies to: TJD, PJR, JOK, W.A. Moore.

APR - 6 1981

INTER-OFFICE MEMORANDUM

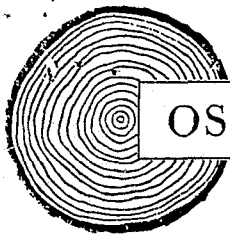
During the March 19, 1981 meeting at Yellowknife, you requested a letter offer to purchase Giant crude arsenic trioxide from the Osmose people namely Bill O'Brien and Tom McGill. Since all of Giant's current baghouse production is under contract to Koppers company until August 1984, any additional sales will have to come from the underground storage. In order to justify the expenditure for sampling the stopes and performing a recovery test you indicated that the Giant Board of Directors would require strong evidence that the material would be saleable, hence your request to Osmose for an offer to purchase.

Bill O'Brien has provided such a letter a copy of which is attached. It is clear that a strong long term market exists for an arsenic trioxide from Giant and Osmose is prepared to enter into a 5 year contract for 4000 tons/year of contained As_2O_3 . As explained by O'Brien during the March 19th meeting, Osmose is prepared to give Giant 3 months to determine its ability to recover its underground material and has set an April 15th/81 deadline for Giant's acceptance of its offer.

J.O. Kachmar has recently rerun after tax net present value calculations for a variety of production scenarios (crude vs: refined) all of which are extremely profitable. We are all available after your arrival in Toronto on April 6th to go over any details on this matter.

D.N. Zeraldo

DNZ:ac



OSMOSE

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(716) 882-5905 Telex 91328 Osmosewood Buf

March 26, 1981

Mr. Dan N. Zeraldo
Supervisor, Minerals Marketing
Falconbridge Canada
Box 40 Commerce Court West
Toronto, Ont. M5L 1B4

Dear Dan:

Please accept this as our firm offer to purchase the equivalent of 4,000 short tons per year 99+% arsenic trioxide. Material to be Giant Yellowknife crude containing a minimum 85% As_2O_3 . Total purchase to be 20,000 tons 99+% equivalent over a five year period with an option to renew for a second five year period.

We understand that tests to determine feasibility and methods to be used for removal of the crude arsenic trioxide from underground deposits must be conducted and that it is estimated that these tests might take up to three months. We further understand that your ability to supply material suitable for our use cannot be determined until after the conclusion of these tests and, therefore, agree that your acceptance of this offer shall be conditioned upon completion of successful testing by July 15, 1981.

We do ask, however, that you notify us of your acceptance or rejection of this offer in principal by April 15, 1981.

Pricing of the crude arsenic trioxide is to be the Metals Week published price for ASARCO'S crude As_2O_3 at Tacoma, freight equalized with Tacoma, carload basis.

We hope this meets with your approval, Dan, and that we can enter a more formal agreement at an appropriate time.

Sincerely,

William P. O'Brien
Vice President
Manufacturing

WPO:c