



Tel: 416/363-5470 • Telex: 06-22014 • Fax No: 416/363-5477

FAX COVER SHEET

DATE: September 8, 1988

ATTENTION: J.S. McAlpine  
K. Morton  
S. ElAlfy

COMPANY: Giant Yellowknife Mines

FAX NO.: 1-403-873-2980

FROM: K. Blower

SUBJECT: WAROX PROJECT

NO. OF PAGES: 2  
(Including cover page)

MEMORANDUM

TO: D.J. Emery  
CC: J.S. McAlpine, S.E. ElAlfy, K. Morton  
FROM: K. Blower  
SUBJECT: WAROX PROJECT  
DATE: September 7, 1988

---

At the Directors' Meeting of October 1987, approval was provided for pilot plant testing the refining of arsenic trioxide by fluid bed roasting. It was desired to produce a premium quality "Warox" to overcome marketing resistance and to recover gold from the residues of the process.

Preliminary numbers indicate:

1. At 7,000 tons/year Warox, payback is 1½ years at a discount factor of 15% with a \$6M capital expenditure and a price of \$540C/oz. and \$0.45/lb Warox.
2. Without any Warox sales, gold revenue would payback the capital in 3 years.
3. Present inventory of arsenic crude would provide for a 20 year plant life.
4. Four crown pillars with an inventory of 27,000 oz. gold would be freed up for surface mining, representing a recovered value of \$10.9 M (at 75% recovery).
5. Future underground storage for crude arsenic would not be required.

OTHER COMMENTS

A premium product was produced at the pilot plant. More tests will be required to eliminate antimony from the low grade crude.

- Consumption of arsenic trioxide in the U.S. is 35,000-40,000 T.P.A. (we would be targeting on 15 - 20% of market)
- Giant possesses the largest inventory of  $As_2O_3$  known to us and represents an assured long term supply to customers.
- Followup with potential customers is to be completed as soon as the samples have been distributed.
- The project funding has now been spent or committed. A supplemental request for \$50,000 is being developed for work related to antimony removal.

  
\_\_\_\_\_  
Ken Blower