

To D.J. Emery ✓

Date December 8, 1978

Copies To K.S. Morton

Ref.

From W.A. Moore

Subject Draft Letter to Koppers re As₂O₃1. Deliveries

The only stipulation about deliveries is that a certain tonnage will be delivered in a 12 month period. What happens if we deliver more, or if we deliver less? There is no daily rate specified. I am thinking about truck haulage. It will be difficult to schedule trucks.

2. Analysis of Sales Product

I presume both Koppers and Giant will sample the product shipped by Giant and received by Koppers in order that we know the As₂O₃ content, as there is a deduction for Koppers cost to upgrade it to plus 98%. Sometimes our grade is 92 - 94% As₂O₃. Sometimes only 88 - 90%.

Surely the grade will have a bearing on the cost to upgrade to 98%.

3. Sales Price/Pound

The calculation in 5(b) page 4, does not reflect any cost on Giant's part of operating the truck loading facility. In order to have a steady flow of As₂O₃ to the trucks, and to compensate for interruptions to the roaster and/or the baghouse, there will have to be a storage silo. In addition, in order to take care of trucks not showing, we must be able to discharge to underground, if the silo is full. There will be costs involved to operate this system.

4. Residual Sludge

Koppers had two samples of our As₂O₃, one small one and one very large one. We asked them to send us a sample of the residue after upgrading, but to date have received nothing. We would like to try our hand at removing the gold.

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5. Table 3

Item 3 shows Giant Investment of \$120,000 over life of project. I would suggest that the cost of a silo and truck loading arrangement will exceed this considerably.

Also, there is no charge in there for our operating costs.

There would also be a savings of approximately 2.0 cents/lb. due to the fact that whatever we ship, we don't have to store underground.

6. Starting Date, Responsibilities

Nowhere in the letter is there any mention of a target for initiating this whole project, nor is there any mention of who will be responsible for what.

Bill.

W. A. Moore

WAM:jc