

2225 OUT OF 100 TO BE FILED
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FOR THE ATTENTION OF MR PAT RALEIGH

COPPER ARSENATE PRODUCTION FROM GIANT YELLOWKNIFE ARSENIC TRIOXIDE

OUR PROPOSAL IS AS FOLLOWS:-

1. JOINT VENTURE BETWEEN GIANT MINING AND HICKSON INTERNATIONAL INC SUBSIDIARY APPLIED RESEARCH (ARGI) TO DEVELOP AND EXPLOIT ARGI COPPER ARSENATE TECHNOLOGY IN N. AMERICA.

2. SHAREHOLDING IN THE JOINT VENTURE COMPANY WILL BE DIVIDED -

400 GIANT MINING
600 ARGI

INITIAL EQUITY CAPITALISATION WILL BE U.S. 2500,000 WHICH WILL BE SUBSCRIBED BY THE PARTNERS IN RELATION TO THEIR PERCENTAGE SHAREHOLDINGS,

I.E. GIANT U.S. 2200,000
ARGI U.S. 2300,000

ALL ADDITIONAL FINANCING IN THE FORM OF EQUITY OR LOAN WOULD BE IN THE SAME PROPORTION. OUR OBJECTIVE WOULD BE TO MAXIMISE LOAN FINANCING SUBJECT TO U.S. FEDERAL LAW.

3. IT IS ANTICIPATED THAT THE ARSENIC TRIOXIDE PROCESSING PLANT WILL BE ESTABLISHED IN OR NEAR NORTH CAROLINA AND THAT IT WILL BE MANAGED BY ARGI.

4. ARSENIC TRIOXIDE RAW MATERIAL WILL BE SUPPLIED TO THE JOINT COMPANY ON AN EXCLUSIVE BASIS BY GIANT, I.E. THE JOINT COMPANY WILL NOT PROCESS ARSENIC TRIOXIDE FROM ANY OTHER SOURCE AND GIANT WILL NOT SUPPLY ARSENIC TRIOXIDE TO ANY OTHER CUSTOMER OR PROCESSOR. GIANT AGREE TO SUPPLY A QUANTITY OF ARSENIC TRIOXIDE PER ANNUM WHICH MATCHES THE PLANT CAPACITY REQUIREMENTS. THE ARSENIC TRIOXIDE WILL BE SUPPLIED ON A FREE EX NINE YELLOWKNIFE BASIS WITH BULK VEHICLES ARRANGED BY THE JOINT VENTURE.

*WE SHOULD (W)
AGREE TO THIS! ONCE WE
REALISE THE MARKET
WE WILL DETERMINE.
NEED ENOUGH TO
COVER COSTS IN NEXT
NO DISTRIBUTION OF PROFITS
TAKES PLACE.*

5. THE GOLD BEARING RESIDUE WILL REMAIN AT ALL TIMES THE PROPERTY OF GIANT AND THE JOINT VENTURE COMPANY WILL UNDERTAKE TO RETURN IT FREE OF CHARGE TO YELLOWKNIFE IN BULK TRANSFER VEHICLES. THE EXPECTED QUALITY OF RESIDUE WILL BE DETERMINED AND AGREED FOLLOWING PILOT PLANT WORK.

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6. THE SALES VALUE OF THE COPPER ARSENATE PRODUCT WILL BE DETERMINED EITHER ON THE BASIS OF COST PLUS OR IN RELATION TO THE LOWEST PRODUCTION COSTS OF AN EQUIVALENT PRODUCT MADE BY THE BEST TECHNOLOGY KNOWN TO THE PARTNERS. A REALISTIC APPROACH TO THIS WILL BE POSSIBLE FOLLOWING THE PILOT PLANT WORK.

7. THE DEVELOPMENT COSTS INCURRED FROM SEPTEMBER 1ST 1985 IN RELATION TO THE PROJECT WILL BE FINANCED BY THE JOINT

VENTURE EQUITY CAPITAL REFERRED TO UNDER 2. ABOVE.

YOU WILL NOTE THAT FOLLOWING OUR DISCUSSION, OUR PROPOSALS ARE DIFFERENT TO THOSE PUT FORWARD IN TORONTO IN REGARD TO SHAREHOLDING AND FINANCING.

WE HAVE RECEIVED A SMALL SAMPLE OF MATERIAL FROM GIANT AND WE EXPECT 9 TONNES TO BE DELIVERED IN A CONTAINER DURING THE LAST WEEK IN OCTOBER. AS A RESULT, THE START OF OUR MAIN PILOT WORK HAS BEEN DELAYED BUT JEFF AND HIS TEAM ARE KEEN TO GET STARTED ON YOUR MATERIAL.

REGARDS

TOM ROBSON

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