

**MEMORANDUM**

To ..... Directors .....

Date December 5, 1985 .....

Copies To .....

Ref. ....

From ..... D. J. Emery .....

Subject ..... ARSENIC PROJECT - PROGRESS REPORT .....

At the Directors' meeting of April 16, 1985, approval was given to spend up to \$50,000 in research at Lakefield to investigate the possibilities of producing copper arsenate (CA) for the wood preservative industry using a process developed by Applied Research of Charlotte, North Carolina.

Initial work, totalling \$15,000, has shown that the process has merit, although there may be some problems in separating and disposing of residues.

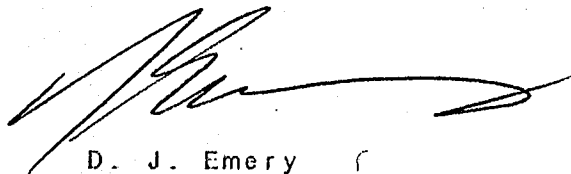
Since the Directors' meeting, William Blythe and Co. Ltd. of England (a member of the Hickson Group, with annual sales of 134 million Pounds) has acquired control of Applied Research. Blythe officials have met with us on two occasions to explore the possibility of joint venturing a pilot plant in England to prove up the technology at a proposed cost of US \$500,000.

They have suggested joint venture terms in which Giant would contribute 40% of the project money for the pilot plant and also for construction of a full scale plant if successful, for 40% of the net proceeds. Giant would provide  $As_2O_3$  at no cost to the joint venture. We are attempting to negotiate more favourable terms.

In the event that suitable terms can be achieved, Directors approval will be required for an expenditure of approximately US \$250,000 for the pilot plant work.

The attachments from P. J. Raleigh, Chief Engineer of Falconbridge Limited, and S. O. Fekete, Giant's Consulting Metallurgist, indicate the need to do this work before committing to a full scale plant. The assessment indicates that we may be able to improve on the revenues from the sale of arsenic over what we are presently obtaining by selling the crude product to Koppers. An increase in annual revenues in the order of \$1.5 million could be anticipated.

A meeting with Blythe is being scheduled for late January at which time a decision will have to be made on whether to enter into the joint venture pilot plant work. A vote of Directors will be taken by phone at that time (or at our next meeting February 12, 1986) to obtain approval for the necessary expenditure of approximately US \$250,000.



D. J. Emery

/kas

Attachments