

Rb-1666.

June 25, 1986

HE
cc K. Moran
Jes K.G.T.

Rapifax to: D. J. Emery/K. Blower - Giant Yellowknife

cc: L. G. Bonar, P. J. Raleigh - FL Toronto.

Subject As₂O₃

1. We have investigated the shipment of As₂O₃ from Giant to Charlotte, N.C. by rail and truck; i.e. truck to Hay River and rail to Charlotte.
2. We are assuming that a rail car would be on hand at Hay River at all times so that no storage silo would be required. What would be necessary would be an environmentally sound rail car loading facility at Hay River. Rail cars would be leased.
3. Indications are that we could reduce the transportation cost on all truck movements from Giant to Koppers (about US 17 c/lb for 88% As₂O₃ shipped) to about US 11-12 c/lb using combined truck and rail when shipping to Blythe & Co. at Charlotte, N.C.
4. Koppers advise there is a surplus of technical grade As₂O₃; i.e. Asarco type As₂O₃ running minimum 95% As₂O₃ which can be used directly by Koppers without further refining. Both El Indio in Chile and Lepanto in the Philippines can now guarantee minimum 95% As₂O₃ with typical 97%. Prices now are in the high 20 c/lb - low 30 c/lb range for this material delivered in drums and Koppers estimate prices will remain under pressure because of the surplus.

5. Based upon the above mentioned transportation costs from Giant and an estimated delivered price of US 25 cents for Giant's average 88% As₂O₃, the netback at Giant would be US 13 - 14 c/lb (CDN 18 - 19 c/lb). The sale of a minimum of 2,000 STPY contained As₂O₃ to Blythe & Co. would therefore realize CDN \$720,000 - \$760,000.

Note: The 2,000 STPY assumes Blythe & Co. cannot get more than 40% of the As₂O₃ they require from Giant.

6. This analysis assumes Blythe & Co. will have an acceptable rail car discharge facility so that cars are not held at Charlotte for extended periods. The cost of residue return to Giant has not been taken into account here and we are assuming revenues and costs would essentially balance each other.
7. Giant should therefore make a deal with Blythe & Co. to supply current production delivered by rail to Charlotte at US 25 c/lb FOB railcars Charlotte, N.C.

Regards,

T. J. Desanti

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