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April 19, 1985

Mr. Fred M. Gallagher
Executive Vice President
THE APPLIED RESEARCH GROUP, INC.
P.O. Box 5471
Charlotte, North Carolina
U.S.A. 28225

Dear Fred:

Thank you for your letter of April 11, 1985 outlining your thoughts about a possible Joint Venture between Applied Research and Giant.

As a result of the visit by Messrs. Raleigh, Fekete and Blower, we are allocating some funds to do some lab scale work here on the solid-liquid separation, a point that is bothering our engineers. They feel the process has merit but will require considerable technical input to prove it out on a commercial scale.

Our Company, as yours, has been involved in research and pilot plant work over the years for the upgrading of arsenic trioxide. We feel our people, both at Giant and at the Head Office, have the expertise and practical technical skills that will be required to successfully establish a workable plant. We also can bring to the Venture, a reliable source of supply.

As to the negotiation of a possible agreement, I would like to see both Giant and Applied Research providing the risk capital with some recognition of Applied Research's process concept by way of a paid up earned interest. If our present lab work on the process gives encouragement, we would want to talk to you further along these lines.

With kind regards,

Yours very truly
GIANT YELLOWKNIFE MINES LIMITED

A handwritten signature in dark ink, appearing to read "D. J. Emery". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

D.J. Emery
President

DJE:sc

bcc: P.J. Raleigh
S.O. Fekete
K. Blower