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August 7, 1986

~~Mr. Mel Smith, Chief,
Pollution Control Division,
Dept. of Renewable Resources,
Government of the N.W.T.,
P.O. Box 1320,
Yellowknife, NWT X1A 2L9~~

Dear Mr. Smith:

Re: Arsenic Trioxide Shipments

Giant Yellowknife Mines Limited has been shipping arsenic trioxide to U.S. markets for a number of years now and expects to continue as long as it is economically feasible to do so.

Obviously transportation of the product is a major factor in the cost of marketing and it is in our interest to ensure that we examine all shipping alternatives with a view to minimizing costs consistent with safe handling of the product,

We have initiated studies to evaluate a truck/rail combination that, at first pass, seems to offer some cost savings though not enough to justify a large capital expenditure. Bearing in mind that we are still at the conceptual stage, we propose to build a modest transfer facility at Enterprise designed to handle up to 3,000 s.t.p.y. of arsenic trioxide. We expect to truck 20 tons every 3 days from Giant to Enterprise and transfer the product to 80 ton rail cars, which will be shipped on the basis of 1 car every 2 weeks to the U.S. market.

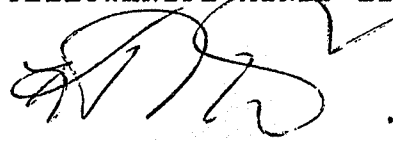
The plant will consist of a pneumatic conveying system, a protective building and a rail siding. State of the art cleaning equipment will be built into the system to ensure environmentally acceptable exhaust air emissions. A vacuum system will be available to cleanup any small arsenic trioxide spills in the building or on the rolling stock. There will be no spills outside the building and no large volume of arsenic stored on site except in the rail cars.

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We have discussed our proposals with Mr. E. Paquin of your department and have agreed to provide him with detailed plans when they become available. In the meantime we will advise the appropriate regulatory agencies of our intentions and provide further information as required.

Yours truly,

GIANT YELLOWKNIFE MINES LIMITED



K. Morton
Technical Project
Supervisor

KM:kis

cc: K. Blower
B. Wilson, E.P.S.
A. Cullen, N.A.P.