

STEVE  
KENT.

ZERALDO MINERALS  
(a division of 151331 Canada Inc.)  
186 Heathwood Heights Drive  
Aurora, Ontario, Canada.  
L4G 4X4

February 18th, 1988

Mr. Ken Blower,  
Vice President Operations,  
Giant Yellowknife Mines Limited,  
Suite 1900  
95 Wellington Street West,  
Toronto, Ontario  
M5J 2N7

Dear Ken:

Re: Arsenic Trioxide Project

As a result of our meeting of February 16, 1988 it is my understanding that Giant Yellowknife Mines Limited ("Giant") is in the process of assessing the economic feasibility of producing and marketing refined arsenic trioxide at its Yellowknife operations and utilizing as feedstock both the ongoing crude arsenic trioxide generated from its roaster plant as well as its underground inventory of high gold content crude arsenic trioxide.

You indicated during our meeting that although recovery of gold from the crude  $As_2O_3$  feedstocks was an interesting feature of this project, the primary consideration was the potentially significant revenues that could be generated from producing and selling refined arsenic trioxide.

On the basis of the foregoing it is my understanding that you are interested in retaining Zeraldo Minerals to develop and execute a program comprised of a comprehensive investigation, analysis and assessment of the markets for:

- a) crude arsenic trioxide, and
- b) refined arsenic trioxide

and to produce a final written report which will include such information as:

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- a) List of producers and capacities
- b) List of major consumers and consumption quantities
- c) Price history in U.S.A. and 5 year forecast for feasibility purposes.
- d) Delivered customer works price analysis
- e) Market specifications
- f) Transportation methodologies and costing
- g) F.O.B. Giant price determinations
- h) North American consumption history and 5 year projection of Giant's sales volumes for feasibility purposes.

It is my understanding that the data generated from this market research should be analysed and assessed from Giant's perspective and any conclusions about the market should, if possible, be translated into recommendations which will assist Giant in determining the optimum commercial scale arsenic trioxide production facility and sales strategy.

As agreed during our meeting the terms for completion of this initial market research assignment by Zeraldo Minerals will be as follows:

1. A fee of \$500.00 per day spent on this project plus reimbursement of all business travel costs (air-fare, taxi, car rental, hotel, meals, etc.). A monthly invoice will be submitted to Giant for prompt payment showing:
  - (a) a breakdown of time spent and total amount due for services rendered plus
  - (b) documented business expenses.
2. Giant will provide telex and Fax services when required at no charge. Giant will also provide when possible, typing services at no charge, otherwise typing costs will be considered as a re-imbursable expense as well as long distance telephone charges.
3. Meetings will be held every three weeks with Mr. K. Blower to review progress made during the prior period. A written progress summary will be prepared for discussion at each meeting.


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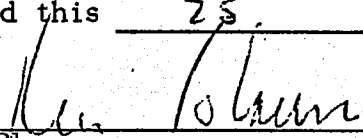
Ken, if the foregoing meets with your acceptance, please sign both copies of this letter in the space provided below and return one copy to me for my files. Upon receipt of your confirmation of the terms of this assignment I will prepare a preliminary market research program outline for review with you before continuing with this assignment.

Yours very truly,

  
Daniel N. Zeraldo  
Zeraldo Minerals Co.

Date: OUR FIRST REVIEW SHOULD TAKE PLACE AFTER 2 WEEKS  
IN AN EFFORT TO DETERMINE THE TIME FRAME OF THE PROJECT.  
Say Mar. 10 

Confirmed this 25 day of February, 1988

  
Mr. K. Blower,  
Vice President  
Giant Yellowknife Mines Limited