

**FAX/MEMORANDUM**

**TO:** Mr. Sadek El-Alfy - Vice President  
Mr. Larry Connell - Env. Manager

KIRKLAND  
Fax # 206-822-3552

**DATE:** Dec. 27/95

5 pages

**FROM:** Erik Madsen  
Superintendent Environmental Services  
NWT Division  
Royal Oak Mines Inc.  
ph # (403) -873-6301 Ext. 136  
fax # (403) -669-9424

**RE:** Sadek/Larry;

I have given this Pete Hall both your  
names to discuss this further. I told Pete  
that at this point in time we have no plans  
in recovering but that it would be best  
to talk to you people.

Ek.

**HULL & CO.**5 OAK STREET, P. O. BOX 4250,  
GREENWICH, CT. 06830PHONE: 203-622-9120  
FAX: 203 622-0424

TECHNICAL BUSINESS RESEARCH CORP.

<b>ATTENTION:</b>  Mr. Eric Madsen Royal Oaks Mines, Inc.  Fax#: 403-669-9424	<b>FROM:</b>  R. M. (Pete) Hull
<b>TOTAL PAGES INCLUDING COVER:</b>	<b>DATE:</b> December 27, 1995
<b>RE: Economical Recovery of Flue Dust Values</b>	

Dear Eric:

As we have discussed over the past several weeks, my company is in a position to provide processing and market outlets for your flue dust production and stockpiles. This operation could benefit your company by providing the following:

1. Employment in the local area.
2. Recovery of gold values in flue dust and stockpile.
3. Eliminate additional accumulation of flue dust .
4. Begin removal of flue dust stockpile with the same benefits of employment, gold recovery, and flue dust stockpile reduction.
5. Purchase of process equipment in North America.
6. Utilization of Canadian transportation facilities.
7. Shares in a profit-making enterprise.

Enclosed is a pro forma feasibility document expressing our preliminary views concerning the economics of our process at Royal Oaks Mines.

Contributions that your company can make are one or more of the following:

1. Raw material supply from flue dust and/or stockpile.

Mr. Eric Madsen  
December 27, 1995  
Page Two

2. Environmental and regulatory coordination with Canadian government.
3. Negotiation of transportation or environmental subsidies where appropriate.
4. Cooperative plant site manpower, housing, and the like.

I would appreciate your taking a look at the feasibility document attached to this fax. With your experience in similar programs that have been suggested in the past, you may be able to give us a quick assessment of the likelihood for creating a successful venture and your interest in participating in this venture.

I look forward to talking further with you.

Sincerely,

HULL & CO.



R. M. (Pete) Hull

RMH:bl  
Attachment



LUXEMBOURG

## TELEFAX MESSAGE

TO: HULL & CO  
ATTN: Mr. R.M. HULL

FAX NO.

DATE: December 24, 1995

NO. OF PAGES: 1/2

FROM: Yoav Luxembourg  
LUXEMBOURG INDUSTRIES (PAMOL) LTD.

OUR REF.:

DEAR PETE,

RE: GOLD MINE-CANADA.

I send you the first figure for the Arsenic Trioxide refining and Gold recovery.  
I chose a capacity of treatment of 3 MT/h (as input of flue dust).  
Of course, this value can be adapted to need or optimal profit.

Provided the "flue dust" has a "0" value, the cost price of refining As<sub>2</sub>O<sub>3</sub> should be around \$160/MT, not included the drums or other packaging materials, transportation and if product can be shipped with "big bags" to be drumming later on (according to local laws).

The Gold value in the calcine would be:  $3\text{m}^3/\text{h} \times 6000\text{h} \times 4\text{g}/\text{mt} = 72\text{ kg/ year}$ .  
Recovering value:  $72\text{kg} \times \$12000/\text{kg} \times 0.75 = \$648000/\text{year}$ .  
This Gold value could be used to pay back the initial investment.

The mine company should invest and will get in exchange the Gold containing Calcine (which can be treated by the actual facility of the mine company).

The profit for us can be, either by selling the As<sub>2</sub>O<sub>3</sub>, or that the recovery/refining factory will be a sheer partnership company which make it forfeit from:

- 1) Gold recovery- and sell it to the "Mining company" as a customer.
- 2) Getting the negative price - as an alternative to disposal of "waste"
- 3) Arsenic Trioxide refining- to be sold to customer who are currently buy it from abroad. (in such a case or even as a Principe, the local government must influence and use it power to "imposed" or encourage the customer to

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buy local Arsenic Trioxide from "us").  
Please advise, what shall be the best way to start the negotiations.

### FEASIBILITY STUDY

- 1) Research + engineering : \$ 500,000
- 2) Furnace : \$ 800,000
- 3) Gas cleaning /Filtering : \$ 800,000
- 4) Infrastructure/Building : \$ 500,000
- 5) Handling/Construction : \$ 600,000
- SUB TOTAL : \$ 3,200,000
- 6) Not foreseen : \$ 300,000
- Total Budget investment : \$ 3,500,000

### Production Capacity

3mt/ hour x 6000 hours x 0.8= 14,400mt/year of refined Arsenic Trioxide.

### COST PRICE ( Arsenic Trioxide 99-99.5%)

- 1. Employees + Maintenance : \$ 1,500,000
- 2. Energy /Sub contracting/rentals : \$ 320,000
- 3. Safety cloth /food/stationary : \$ 100,000
- 4. Unforeseen ( 20%) : \$ 385,000
- TOTAL : \$ 2,304,000 /Year of production.

### COST OF 1 MT ( Arsenic Trioxide)

\$ 2,304,000 / 14,400mt = \$ 160/MT

Best regards.

Yoav LUXEMBOURG.

## TRANSMIT CONFIRMATION REPORT

NO.	:	011	
RECEIVER	:	KIRKLAND	
TRANSMITTER	:	ADMIN.	
DATE	:	DEC 27'95	11:19
DURATION	:	02'39	
MODE	:	STD	
PAGES	:	05	
RESULT	:	OK	