

REC'D MAY 4 1961.

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KERR-ADDISON GOLD MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

*File with previous  
correspondence*

To..... P. M. KAVANAGH ..... From..... WILLIAM M. SIROLA.....

Subject..... BOSS MOUNTAIN MOLYBDENITE PROPERTY - CARIBOO ..... Date..... May 2nd, 1961.....

MINING DIVISION, BOSS MOUNTAIN, B.C. - 93-A2

Tom Elliott holds the belief that Noranda will, in all probability, put the Boss Mountain property into production. I had, at one stage, intimated that in the course of their negotiations with the Japanese for the sale of their Kennedy Lake iron concentrates, Noranda might also negotiate a contract for the sale of molybdenite. This view is now shared by Mr. Elliott who states that some of the Japanese firms can only get 70% of their requirements from American sources. This information comes to him through a Mr. Hishimoto-Nissho, or perhaps that is the name of a Japanese firm. Apparently the Japanese are having to buy molybdenite at premium prices and are looking for another source of supply.

A		N
✓	W.S.R.	✓
	P.M.K.	✓
	G.H.M.	
	E.O.C.	
	H.A.P.	
	R.D.S.	
	B.C.B.	
	D.W.P.	
	G.P.R.	
	E.L.D.	
	J.I.B.	
	<u>E.C.J.</u>	

*Bill*

WILLIAM M. SIROLA.

WMS:rl

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To.....P. M. KAVANAGH.....From.....WILLIAM SIROLA.....  
Subject.....BOSS MOUNTAIN MOLYBDENITE.....Date.....March 7th, 1961.....

A	N
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	P.M.K. ✓
	G.H.M.
	E.C.C.
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	R.D.S.
	D.C.B.
	D.W.P.
	G.P.R.
	E.L.D.
	J.I.B.
	ECJ.

Pursuant to our telephone conversation of this morning, please read Paragraph 5 of my February 13th memorandum on this subject.

Paragraph 5 reads 'The owners would grant an option to July 1st for the sum of \$10,000.00, but if the option were exercised they would want \$50,000.00 in cash and \$40,000.00 per year for five years.'

*Regards,*

WILLIAM SIROLA

WS:r1

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J.I.B.	
E.C.J.	

To... W. M. Sirola ..... From... P. M. Kavanagh .....  
Subject... Boss Mountain Molybdenite Property, Caribou Mining Date... March 3, 1961.....  
Division, B. C.

Many thanks for your report on this property.

Your recommendation that further interest in the property should be considered if the present cash terms of the vendors are modified is approved.

From Climax's viewpoint it may well be that the indicated tonnage and grade are not substantial enough to interest such a large company. Do you know however whether or not Climax was up against a substantial cash payment at the time when it decided to drop its option? Or was there possibly some other particular reason which was a deciding factor which caused Climax to drop the option?

I would point out that on Page 3 of your report the total estimated pounds of molybdenite figure should be 4,725,000 rather than 472,500.

Paul M. Kavanagh  
Chief Geologist - Exploration

PMK:ry



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	J.I.B.	
	E.C.I.	

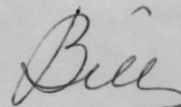
To.....P. M. KAVANAGH.....From.....WILLIAM SIROLA.....

Subject.....BOSS MOUNTAIN MOLYBDENITE PROPERTY.....Date.....February 16th, 1961.....

I think the operating costs I have shown in the Boss Mountain Report are reasonably accurate but capital costs are probably high. Capital costs could probably be reduced by 30% if the more accessible portions of the ore-body were first mined by open-pit methods.

As mentioned in a previous memo, there does not appear to be a Japanese market, and this fact greatly complicates the situation. There is a current rumour to the effect that Huestis & Associates will try to operate the property themselves and will raise the funds by forming a public company. Mining markets in Vancouver have become quite active and it is often easier to mine the public than it is to extract profits from the ground.

The property is not without merit. In the experience of most mining companies, however, the vendors are not the easiest group with whom to negotiate.

  
WILLIAM SIROLA

WS:rl



REC'D FEB 15 1961

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J.I.B.	<input type="checkbox"/>
<u>E.C.J.</u>	<input type="checkbox"/>

To..... DR. PAUL M. KAVANAGH ..... From..... WILLIAM SIROLA .....

Subject..... BOSS MT. MOLYBDENITE ..... Date..... 13th February 1961 .....

I have completed a report on Boss Mt. Molybdenite but some factors have come to light to-day which necessitate changing portions of the report. However I can give you the vital statistics very briefly.

1. The "A" zone contains an estimated 1,500,000 tons of ore grading 0.75% MoS<sub>2</sub>.
2. The "B", "C" and "D" zones contain no mineable mineralization but there are short discontinuous sections grading 0.30%-0.40% MoS<sub>2</sub>.
3. The major problem would appear to be that of marketing the concentrates. Concentrates sold in the U. S. A. are subject to a duty of 30¢/lb of Molybdenum or 18¢ per lb of MoS<sub>2</sub>. Assuming a 90% recovery, the tariff on the Boss Mt. ore would be \$2.43 per ton of ore.

I am not aware of any existing Japanese Market. Presumably some agreement exists between American Metal Climax and the Japanese. I doubt that the Japanese would jeopardize existing sources of supply for the volume of concentrates available from Boss Mt. However, it should be borne in mind that the Japanese do purchase nickel here in the face of existing monopolies and the same situation could apply in the case of molybdenum ores.

4. If a foreign market could be established, from the operation a total Net Profit of up to \$2,000,000 might be possible. This assumes a production of 1,000 tons/day for 4.5 years.

5. The owners would grant an option to July 1st for the sum of \$10,000 but if the option were exercised, they would want \$50,000 in cash and \$40,000/yr for 5 years. In addition they would expect a royalty of 15¢ per ton for the first three years and 20¢ per ton thereafter.

6. Further study is not recommended because of the combination of a short option period, uncertainty of markets, limited tonnage and high annual payments.

*Bill*  
WILLIAM SIROLA