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June 12, 1975

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

MEMO TO: Mr. J.J.L. Davies cc: Mr. M.D. Rowswell

FROM: N.F. McLean

RE: KERR ADDISON'S GRUM DEPOSIT

Bud Rowswell advised me June 12, 1975 that Dowa have made much more promising progress in solving the metallurgy for production of concentrates from the Grum deposit than has Noranda. Where Noranda has indicated a 50% grade for both zinc and lead concentrate with an 80% recovery for each, Dowa indicates 56% zinc grade in concentrate and 61% lead grade with zinc recovery of 87% and lead recovery of 80%. The copper concentrate, however, poses a problem in that work to date indicates grades as follows: copper 19%, lead 6% and zinc 5%. Bud believes that it may be necessary to package the copper concentrate for sale with the lead and zinc in order to dispose of the copper concentrate and at the same time to receive some value for it.

Bud is concerned about a report he hears from Dowa that you intend to visit Japan later this year with the sole purpose of talking to Toho smelter through Mitsui Trading for the placement of the Grum concentrate. Bud doesn't want anyone to be under the impression that only one particular receiver is being approached for placement of the concentrate. I assured Bud that I believe you intend to contact a number of smelters but on a selective basis and he agreed that the impression of an exclusive Noranda/Toho deal may have been raised as a ploy by the Japanese.

I attach a preliminary forecast of lead and zinc concentrate production calculated from data received by phone from Bud Rowswell June 11, 1975.

NFM
NFM:mk
Att/1

JUN 13 1975

M.D. Rowswell

PRELIMINARY FORECAST OF ZINC AND LEAD CONCENTRATE
PRODUCTION FOR KERR ADDISON'S GRUM DEPOSIT

(By telephone from M.D. Rowswell June 11/75)

First year of production: 1979.

Zinc Concentrate: Consider milling rates of 3,000 tpd and 5,000 tpd.

$$\frac{365 \text{ days} \times 3,000 \text{ tpd} \times 0.08 \text{ grade} \times 0.82 \text{ recovery}}{0.56 \text{ concentrate grade}} = 128,270$$

SAY 125,000 SDT/YR

$$\frac{365 \times 5,000 \times 0.08 \times 0.82}{0.56} = 213,785$$

SAY 210,000 SDT/YR

Lead Concentrate: milling rates 3,000 and 5,000 tpd.

$$\frac{365 \times 3,000 \times 0.045 \times 0.82}{0.61} = 66,240$$

SAY 65,000 SDT/YR

$$\frac{365 \times 5,000 \times 0.045 \times 0.82}{0.61} = 110,400$$

SAY 110,000 SDT/YR

Silver content in lead concentrate estimated to be 2 troy ounces per ton of ore processed or approximately 2 million ounces per year at a milling rate of 3,000 tpd and approximately 3.5 million ounces per year at 5,000 tpd.