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Molycor's new magnesium resource

China may produce 87.5% of the world's magnesium as production of the metal has practically ceased in Canada and the United States, but don't rule out junior Canadian explorer **Molycor Gold** (MOR-V, MLYFF-O).

The Vancouver-based company stumbled across its Tami-Mosi magnesium deposit in Nevada while it was looking for gold. Now it has defined an inferred resource of 236.2 million tonnes grading an average of 10% magnesium. Of that amount, about 38 million tonnes graded an average of 12% magnesium. The resource estimate used an 8% magnesium cutoff grade.

"The grades didn't surprise us, but the size of it did," Larry Reaugh, Molycor's chairman and chief executive said in an interview.

The drill program involved 24 diamond-drill holes of which 12 were in the vicinity of the magnesium discovery and 12 were near the manganese discovery.

The deposit is open at depth and to the north, Reaugh says, noting that the next step will be more drilling, initial metallur-

gical test work and then a scoping study.

"Although the drill holes are widely spaced, we don't expect to see much difference in the grade although the tonnage will change," Reaugh anticipates of the next phase of drilling.

For the current inferred resource estimate, resource blocks were projected to a depth of 200 metres below surface — a depth that is considered to be practical for open-pit mining.

The local geology is made up of beds of Guilmette limestone, pilot shale, joanna limestone and chainman shales dipping moderately to the west with block faulting disrupting the beds so that dips may steepen or even dip to the east in some localities. Within the Guilmette are beds of dolomite altered from the limestone, which are referred to as the Simonson Dolomite unit.

Recovering magnesium from dolomite ores typically involves dissolving the dolomite with acids and precipitating a magnesium oxide or magnesium chloride for further processing.

Total world production of the widely used industrial metal is estimated at

about 800,000 tonnes.

The metal has enjoyed a favourable price for decades and peaked at US\$6,000 per tonne during 2007-08, Reaugh says. Since then, the price has sunk as low as US\$1.10 per lb. and is currently about US\$1.20 per lb.

"I don't believe it will go lower," Reaugh says. "Producers can't produce it at anything less than the current prices."

Reaugh notes that the Tami-Mosi deposit compares favourably with some of the best-known magnesium deposits in the world. One measure of that is the amount of silica content of the dolomite.

Higher silica content makes it harder to recover magnesium economically. Tami-Mosi has a silica-oxide content for example of 1.25, while the standard pure form of the dolomite is 1.15. The Sorford deposit in Norway by contrast has a silica oxide content of 1.3, while Addy in Washington has a silica oxide content of 1.5.

At presstime, Molycor shares traded at 6.5¢ apiece in a 52-week trading range of 1.5-16.5¢. The company has 64.5 million shares outstanding.