

Yukon Update

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PERSISTENCE VITAL IN RANCHERIA DISTRICT SILVER PLAY

—The players involved in the Rancheria District, which straddles the Yukon-B.C. border and the Alaska Highway fifty miles west of Watson Lake, Yukon, are increasingly optimistic that a producing camp is in the making. Mineralization exists in combinations of lead, zinc and silver

with other metals incidentally in place. Both vein and replacement deposits are present.

Granites, limestones, shales and other host rocks occur. Extensive fracturing and faulting has taken place creating the opportunity for widespread precipitation of metals out of mineralized solutions moving into the rocks from depth.

Also, the contact between the granites and the other formations may have facilitated a greater penetration of mineralized solutions into the adjacent fault spaces.

For those of us dependent on lay explanations the important distinction in the district is between the limestones which have the potential to host large tonnage replacement deposits of moderate to good grade mineralization in lead-zinc-silver on the one hand and the remaining rocks which will host mainly the vein deposits of smaller tonnage on the other. These vein

EXPLORATION SUMMARY

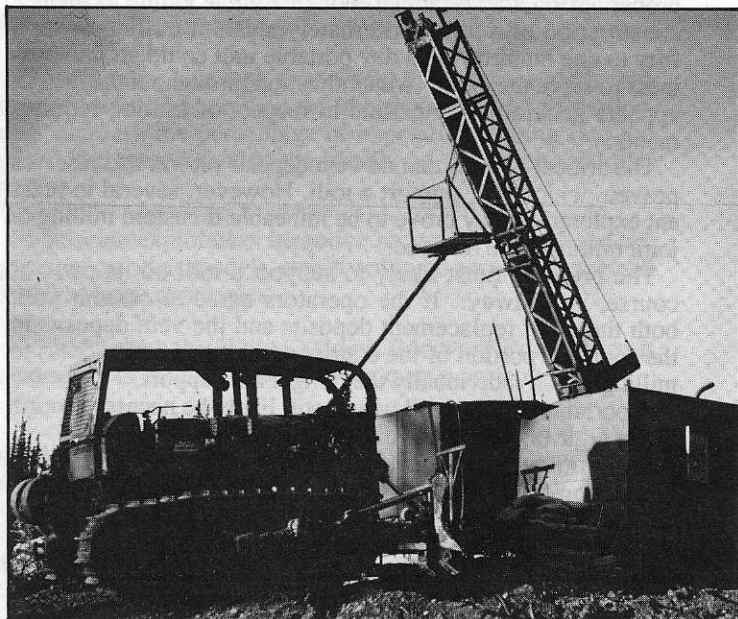
—The Regional Resources Ltd. Midway project, under the management of Cordilleran Engineering, continues in underground development.

Attention presently is on the Silver Creek zone where tentative reserves have been given as 2.5M tons grading 15

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E. CARON DIAMOND DRILLING LTD. nineteen years in northern exploration



This E. Caron Diamond Drilling Ltd. tractor and drill were at work near Cowley for Whitehorse Copper Ltd. in 1981. The company was exploring a copper-molybdenum prospect in hope of extending the life of the mine near Whitehorse. Collapse of the molybdenum market made the project impractical.

—Eugene Caron, an old hand exploration driller from northern Ontario, came to the Yukon in 1966 on a dual assignment from International Mine Services Ltd. That company required underground drilling on Tally-Ho Mountain in the Wheaton Valley district and below the Arctic Mine on Montana Mountain.

The family enterprise, including Mrs. Mary Caron and sons Tony and Ray, completed this initial assignment and soon were underground for the Arctic Gold Silver Company Ltd. at the Arctic Mine itself.

A surface drilling contract the following year triggered the decision to establish permanently in the territory.

From the basic Boyles Brothers underground air equipment trucked here in 1966, E. Caron Diamond Drilling has

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INDICATOR

MONTHLY STATISTICS

POPULATION	Latest	Previous	Year Ago
TOTAL	25,285	25,242	---
WHITEHORSE	17,948	17,893	---
WATSON LAKE	1,589	1,571	---
DAWSON CITY	1,543	1,536	---
ALL OTHER	4,205	4,242	---

UNEMPLOYMENT INSURANCE CLAIMS

WHITEHORSE	1,510	1,383	1,484
YUKON TOTAL	1,998	1,806	1,963

CPI % GROWTH OVER PRECEDING YEAR

WHITEHORSE	3.5	2.9	4.2
VANCOUVER	3.3	3.0	3.6
EDMONTON	2.8	2.7	2.3

AVERAGE WEEKLY WAGE INDUSTRIAL COMPOSITE

YUKON	\$479.05	\$479.25	\$458.20
B.C.	427.98	425.93	414.81
ALBERTA	434.77	435.87	429.22

PLACER GOLD

CLAIMS LAPSED	182	295	116
CLAIM YRS REN.	2,795	19,523	2,847
CLAIMS STAKED	110	117	234
CLAIMS GOOD STANDING	14,736	14,810	15,347

HARDROCK

CLAIMS LAPSED	574	499	512
CLAIM YRS REN.	5,366	3,254	17,129
CLAIMS STAKED	359	723	1,152
CLAIMS GOOD STANDING	46,848	47,063	47,003

METAL PRICES (US)

GOLD OZ	\$325.00	\$325.75	\$334.00
SILVER OZ	6.14	6.15	7.20
LEAD LB.	.19	.19	.24
ZINC LB.	.35	.38	.45
COPPER LB.	.66	.65	.65
TUNGSTEN ORE TONNE UNIT	65.00	69.50	82.00

QUARTERLY

FULL TIME EMPLOYMENT

TOTAL	10,374	8,896	10,929
GOVERNMENT	3,883	3,409	3,886
SERVICE	4,333	3,851	4,749
MINING	465	522	595
CONSTRUCTION	538	391	660
TRANSPORT	323	277	343
COMMUNICATION & UTILITY	520	423	412
FORESTRY	53	23	41

HOUSE PRICES, VACANCY RATES, RETAIL TRADE

HSE. PRCS. WHTSE.	\$63,900	\$68,00	\$72,300
APT. VAC. WHTSE.	3.2%	5.9%	7.7%
RE. TRDE. X 1000	\$31,812	\$22,149	\$30,348

VALUE OF BUILDING PERMITS, WHITEHORSE

	Latest Month	Year to date	Yr Ago To Date
INDUSTRIAL	\$50,000	\$460,200	\$183,600
COMMERCIAL	582,100	1,426,800	932,076
SINGLE FAMILY	176,533	2,359,748	1,710,725
GOVT & INSTIT.	-----	14,333,672	5,603,382

PERSISTENCE VITAL IN SILVER PLAY

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deposits, however, are often of much higher silver content.

There is disagreement as to how the limestone permits replacement of large volumes of host rock with mineralized material deriving from precipitation out of the penetrating solutions.

The economic significance however is that a replacement deposit in the limestones can be of very large tonnage and support larger volume mining and milling over a longer mine life than will be possible in the higher grade but lesser tonnage vein deposits. A replacement deposit also has the best chance of enjoying the tonnage necessary to finance construction of a mill. The Midway property, far and away the most significant of any prospect in the district, is a replacement deposit of good grades in very promising volumes.

This is not to say that the vein deposits cannot support economic mining but the exploration is in many respects more demanding.

The vein deposits are frequent but they tend to be intermittent while grade varies along length and in depth. Systematic, persistent exploration is essential to establish even modest volumes of potentially mineable material.

The most impressive of the vein deposits is the TM zone in the CMC claims presently under exploration by Silver Hart Mines Ltd. Exceptional grades are said to be present in good width and underground exploration has begun to determine the extent of the deposit and the feasibility of production. Some observers are sceptical, others optimistic. Time and exploration will provide the answers here.

In the overview, however, the economics of the vein deposits in the camp do not hinge solely on the TM zone.

The most likely scenario in which the vein deposits north of the Alaska Highway could produce is one in which several properties together establish enough volume jointly to finance construction of a mill. Alternately, custom milling using a fifty to one hundred ton a day portable mill could go into business to serve the camp. Mineralization throughout the district appears generally compatible in respect of milling requirements.

The critical point is that no vein deposit yet has had reserves proven which will support a mill. However, several in present exploration may prove to be mineable if custom milling or joint milling were on hand.

The property most likely to support a mill on its own, of course, is Midway. If the operators agree to custom mill, both the other replacement deposits and the vein deposits in the southern portion of the district would then have access to milling which individually they might not support.

A portable or joint mill would still likely be necessary north of the highway due to the distances involved.

In summary, production at Midway looks very promising. Production from other prospects, based on joint or custom milling, may become possible with a strong note of caution about the persistent exploration necessary to find, define and develop tonnage in the vein deposits which characterise much of the district. Higher grades must be sought, coupled with adequate mining width. These won't come easily but the TM zone on the CMC claims and early results from some of the other properties suggest that continued persistent exploration could define economic vein deposits.

NORTHERN MINERAL DEVELOPMENT AT BOTTOM OF CROMBIE'S LIST

For those concerned with developing Canada's northern mineral resources, the Honourable David Crombie is developing into a major disappointment.

One brief meeting with industry representatives following his appointment over a year ago and a spate of attention to the Cyprus Anvil crisis are the visible sum of his attention to mineral development in the Yukon.

The Yukon Chamber of Mines has waited several months on occasion for a response to letters on important issues. Even then, the replies have failed to address the issues in any substance.

If the Minister has addressed the critical question of water use in placer mining, he has done so behind closed doors, without visible results and with no consultation with the industry.

The Minister has neglected to visit the Yukon to speak to mineral development. The Thirteenth Whitehorse Geoscience Forum, to be held December 2nd to 4th, presents an excellent opportunity but Crombie declined an earnest invitation.

practical measures for industry support

The mineral industry in the Yukon has seen hard times. Still, with supportive policies from governments, disciplined management and a workforce committed to productivity without pricing itself out of the international market, this industry has more potential than other primary sectors to produce year around jobs.

There are practical measures which any government committed to job creation through this industry should consider. Some of these follow:

- accelerate the 1:50,000 geological mapping program, a proven aid to exploration
- build more low cost, four wheel drive access roads into areas of known mineralization to reduce the cost of exploration, increase the percentage of expenditure going into the ground and therefore also the likelihood of commercial discoveries
- provide exploration incentive programs through the tax system or on other models, structured to be accessible to small as well as large companies
- restructure the Yukon Mining Recovery Program so it could apply to smaller scale precious metals projects
- reduce taxation which adds to the cost of exploration, development and production; shift taxation to the new wealth created by production
- identify and reduce industry costs imposed by regulatory regimes such as land use
- ensure provision of power at affordable industrial rates
- stop reducing the industry land base through single use dedication to non-economic uses

He did address the Northern Development Conference in Edmonton at the end of October. Yukon delegates to that conference were impressed with the extent to which the conference itself ignored the Yukon. Crombie stayed in step. His reference to mining consisted of one motherhood line which any Liberal minister could as easily have delivered, followed by an observation on the re-opening of the Cyprus Anvil mine which he contrived to link with national reconciliation. Given the tenuousness of the connection, the observation was trivial.

But David Crombie's inattention to northern mineral development was predictable. So long as the primarily southern issue of Indian affairs is linked with the northern issue of northern development, northern development is assured of a place at the end of the line.

It was longstanding recognition of this fact which led the Yukon Chamber of Mines, the Whitehorse Chamber of Commerce and the Canadian Chamber of Commerce to again recommend, in the fall of 1984, separation of these portfolios. With all the talk of jobs, jobs, jobs in the political air northerners concerned with development actually believed that this time around the illogical alliance which makes up the department might at last be broken.

David Crombie dismissed the recommendation out of hand.

So much for the views of northerners.

E. CARON DIAMOND DRILLING

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expanded the line to include electric and diesel powered equipment with capacity in core drilling, reverse circulation utilizing down hole hammer and standard percussion. Two Schram rigs have been added in the last two years. Rigs are truck mounted, skid mounted and heli-portable.

The company is equipped to drill to 5,000 feet and is geared exclusively to exploration. The equipment line also includes crawler tractors employed in exploration road construction and exploration trenching.

E. Caron Diamond Drilling has worked for most exploration companies active in the Yukon. Current juniors include Permian, Shawkak, Tally-Ho and Omni while the big names over the years have included, among many others, Hudson Bay Mining and Smelting, United Keno Hill, Amax, Noranda Placer Development and Cominco. The widely known northern oriented geological consulting firms of Archer Cathro & Associates and Cordilleran Engineering have been served as well.

The company's rigs have been on site at every significant location including Mac Pass, Howard's Pass, Cantung, Cassiar, Midway, Mt. Skukum, the Whitehorse Copper Belt, Faro, Bonnet Plume and Keno Hill. Drill targets have included all precious and base metals known to occur in the territory and coal as well.

Working from the headquarters and shop at 7 Roundel Road in Whitehorse, the company employs a permanent staff of 10 with from 75 to 150 people on strength through the drilling season. Surface drilling creates a peak season of six months while underground drilling can keep some crews working throughout the year. Crews and equipment have been at work on up to fourteen locations at a time.

EXPLORATION SUMMARY

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ounces per ton (opt) silver and 20% combined zinc-lead.

Combined reserves of the discovery and Silver Creek zones are estimated to reach 6M tons grading 11.5 opt silver and 18% combined zinc-lead.

Continuing exploration of the known deposits at Midway is expected to further expand these reserves and most observers agree that eventual production appears highly likely.

A further factor to bear in mind is that Regional holds a large claim block surrounding the Midway site. Exploration will undoubtedly move to this ground, which embraces additional limestone formations, when the reserves presently identified have been defined.

Reg Resources Corporation is exploring a lead-zinc-silver-tin prospect immediately west of the Midway ground. One main zone, 5 metres thick, is identified with parallel structures above and below. The deposit appears as a replacement type controlled by a fault.

Only a two hundred foot section of a two thousand foot anomaly has been tested to date. Some local geologists believe this may be the next most significant deposit to the Midway although further work will be necessary to define economic volumes.

The company has budgetted \$.2M for a second phase drill program.

Butler Mountain Minerals Corporation holds ground some distance north of the Midway discovery and have some zinc with minor silver in a replacement deposit. The company is still in basic exploration with a number of untested geophysical and geochemical anomalies. The property is believed to have potential for lead-zinc-silver replacement deposits.

Teryl Resources Ltd. is now drilling on the former **Marbaco/AMY** ground. Previous work outlined 76,000 tons grading 12 opt silver, 2% lead and 6% zinc in vein and replacement structures. Results are not available from current work.

Packard Resources Ltd. holds ground between the **Reg Resources** and **Teryl Resources** properties. Exploration is in an early stage with some significant geochemical anomalies. Some high grade float has been located. The property is within the limestones.

Reg Resources has an option through which **Reg** can earn a 51% interest by spending \$.25M in exploration over three years. The first year of the program is complete.

The foregoing properties have in common their proximity on the west to the major **Midway** discovery and that they are on associated limestones. Extensive further exploration will be needed to determine to what extent any one of them may

share the economic potential of **Midway** itself.

Among the vein deposit prospects in the **Rancheria** district the **TM** zone on the **CMC** claims, on which **Silver Hart Mines Ltd.** is the operator, stands head and shoulders above the rest.

No tonnage calculations have been published but preliminary estimates according to a company spokesman are at least 100,000 tons grading better than 50 opt silver.

The company has decided to go underground and work has begun on the adit.

Keno Hill Mines Ltd. now has the former **Klondike Silver** property. There are known vein occurrences on the claim block which warrant exploration. Preliminary geochemical and geophysical surveys and basic prospecting on the **LUCKY** vein this year followed by drilling provided encouraging but not conclusive results. Boulder samples from earlier work provided assays as high as 250 opt silver. Further systematic exploration work is planned.

Goldex Resources Ltd. holds a claim block north of the highway embracing the former **LUCK (A & B)** claims. This property is within a limestone formation and previous work has indicated some replacement deposit potential. A modest drill program is currently underway.

Pak-Man Resources Ltd. in a joint venture with **2001 Resource Industries Ltd.** is exploring the **WOLF** claims on option from **McCrorry Holdings** of Whitehorse.

There are six known zones on the claim block with silver vein mineralization.

The original discovery zone has been trench sampled and partially drilled. One structure, the **BP** vein, has been traced for 800 feet and blast trenching has given samples assaying from 30 to 47 opt silver. Further work, including drilling, is planned for next year.

Claymore Resources Ltd. holds the former **Fierro** property, also known as the **JACK** claims. The option is from **Jack Trace, Bill Preston** and **Terry McCrorry**. Preliminary exploration has identified one geochemical anomaly. Trenching this season located several mineralized vein structures with samples from one trench assaying as high as 115 opt silver.

Trenching will continue early next season. Drilling is not planned until the trenching program is completed.

Shakwak Exploration Company Ltd. of Whitehorse is in early exploration on the **Silver Creek** property held under option from **Nordac Mining Corporation**. The company reports encouraging results from trenching this year and will continue the program next season.

Tally-Ho Exploration Ltd. has secured an option on the former **BINGY** claims to the southeast of the **Silver Creek** ground. There are old trenches on the property and previous assays yielded values as high as 136 opt silver. The company has staked additional ground and will be in active exploration next year.