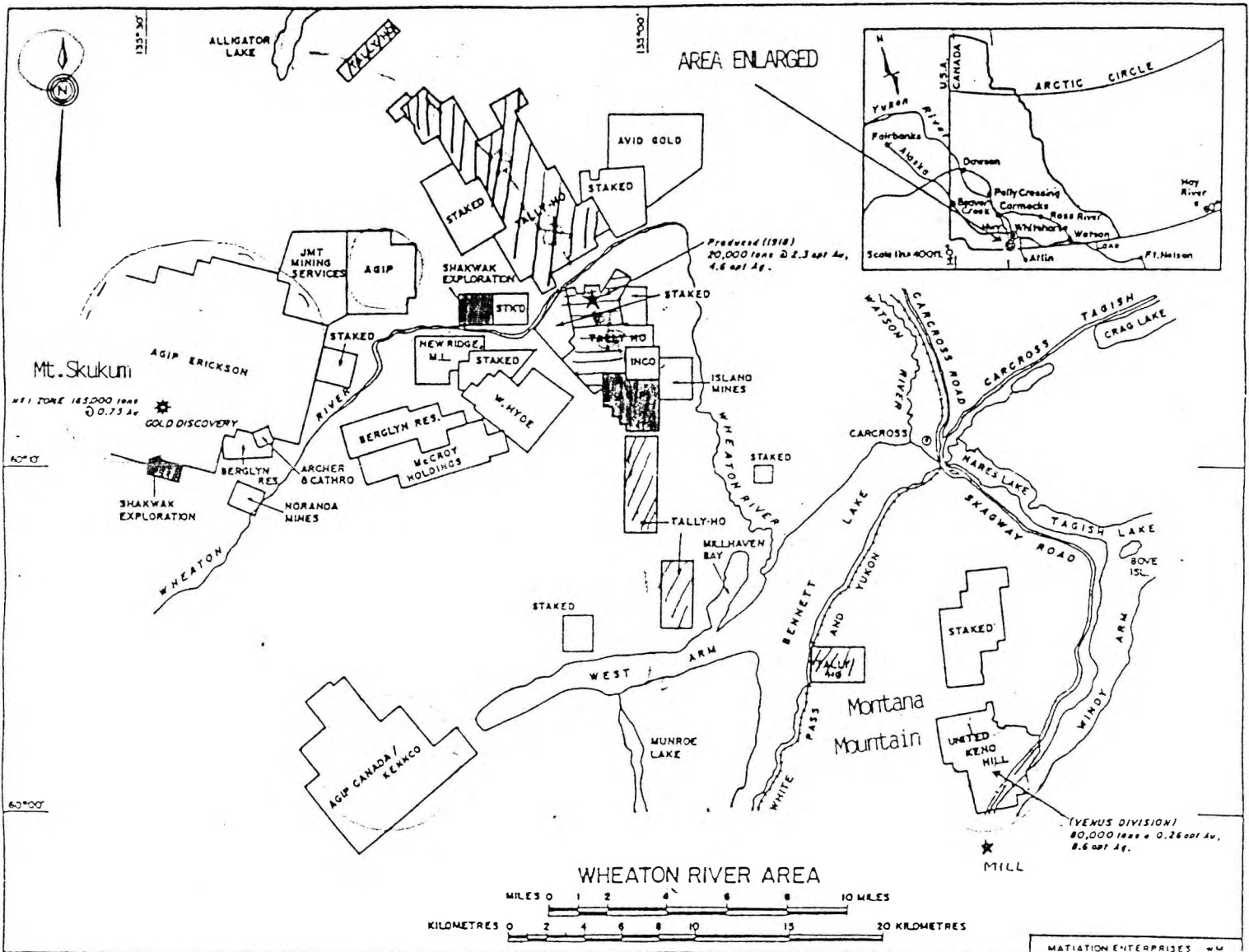


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FORMER PRODUCING DISTRICT MAY BE ON THRESHOLD OF NEW LIFE

Current exploration and development work suggests a major gold camp may be taking shape in the Montana Mountain-Wheaton River-Mt. Skukumi district in south-central Yukon near Carcross, on the highway and rail route between Whitehorse, Yukon and Skagway, Alaska.

Mineralization in the area has drawn attention since early in the century with occasional small mines in intermittent production, including the Venus mine now held by United Keno Hill Mines.

Recent work by Erickson Gold Mines and AGIP Canada of Calgary in a joint venture has defined up to 240,000 tons at .73 oz pt gold on Mt. Skukumi while UKHM acknowledges 80,000 tons at .26 oz pt gold and 8.6 oz pt silver on Montana Mountain.

A number of companies have staked in the area, among them Tally-Ho Exploration Ltd. of Whitehorse. Glen MacDonald, president of Tally-Ho, describes the primary host rocks for gold-silver mineralized veins at the Mt. Skukumi, Tally-Ho and Venus properties as andesitic flow rocks intruded by tertiary rhyolite porphyry dyke swarms and stocks. Veins are structurally controlled with mineralization evenly distributed in ore shoots.

In lay terms this means consistent mineralization in vein deposits within stable rock formations favourable to underground development and extraction.

This year's work by AGIP indicates a larger deposit may exist near the presently defined zone. Tally-Ho, Island Mines, Shawkw and Berglyn are all working this season in preliminary exploration: trenching and mapping with drilling likely by some of these this fall. UKHM is in active exploration on Montana Mountain.

One scenario suggests tonnages sufficient for a mill will be defined by year end. With that threshold reached the possibility occurs of two mines in operation next year, subject to the state of the precious metals markets, employing up to 200 workers.

With custom milling available a number of smaller deposits could come into production. A best case scenario suggests two larger mines and several smaller ones offering throughout the camp up to 400 jobs.

# Gold deposits are promising

Wheaton River area gold deposits could turn out to be a modern-day Klondike, says the president of a mining exploration firm working in the area.

"Unless they come up with a new discovery in B.C, it would be the most spectacular discovery in Western Canada for some time," says Glen MacDonald, president of Tally-Ho Exploration Company, Ltd.

Two 25-mile-long belts of ore — joined at one end — are now being explored by several companies and two mines (each employing about 100 people) could be operating in the area next summer," MacDonald says.

There are also several "small, mineable deposits" in the area, about 40 miles south of Whitehorse, he adds.

Mount Skukum Gold Mines Ltd., working in the area, says it has identified about 200,000 tons of ore containing about .7 ounces of gold a ton — considered extremely high — and the company believes reserves could be more than double that.

MacDonald says United Keno Hill's Venus Mine may have up to 200,000 tons of gold and silver-containing ore and preliminary exploration on his firm's properties has yielded promising results. Tally-Ho properties have "similar host rock" and a "similar style of mineralization" as is found on Mount Skukum's properties, he

says.

"The surface indications are good. From our point of view, there's no reason why there shouldn't be (large gold deposits on Tally-Ho properties)."

The amount of activity in the area is also encouraging, he adds.

"If you're lonely out in the bush, you kind of wonder if you're in the wrong place."

Most of Tally-Ho's activity in the area has been surface work — including geological mapping and surveying and geo-chemical work — and the company intends to drill this fall, MacDonald says. A decision on production will probably be made next year.

MacDonald says his firm, active in the area for a little over a year, has now spent about \$200,000 on exploration in the area and has budgeted another \$300,000 for the rest of the year.

A "good infrastructure" makes the area attractive to mining firms, MacDonald says, noting the area is already accessible by road:

He can't see any "visible problems" and the current price of gold, about \$460 Canadian a troy ounce, should make mining the deposits worthwhile.

Although gold and several deposits were found in the area in the early 1890's, until recently the area remained unattractive to large mining firms and too expensive for small ones, he said.

"It was pretty well worked out and there hasn't been much ex-

ploration since that time," he says.

"But with all the techniques and technology we now have we can look forward to finding some additional reserves.

"It has sort of been the forgotten little area."

The area is now drawing worldwide enquiries, MacDonald says.

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