

Yukon Update

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Activity grows in Wheaton - Skukum - Montana Mountain camp

— This exploration review will discuss first those properties either entirely or largely on the **Mt. Skukum Volcanic Complex** then, second, other significant properties in the **Wheaton**

Valley-Mt. Skukum-Montana Mountain camp.

Those not familiar with the distinction between these categories might read first the discussion under

SKUKUM DEPOSIT UNIQUE, also on this page.

The most significant property on the Skukum Volcanic Complex is, of course, the **AGIP Canada** discovery on **Mt. Skukum** being developed in a joint venture project by **Erickson Gold Mines Ltd** of Vancouver through its subsidiary, **Mt. Skukum Gold Mining Corporation.**

Measured reserves in the Cirque zone are given by **Erickson** as 165,000 tons grading 0.73 ounces per ton (opt) gold. Work continues in underground exploration and development with mill construction to begin shortly. The company's expressed priority is production as soon as possible in the new year.

Exploration will resume in earnest following start up in 1986 and both

Skukum deposit unique

— Three volcanic formations occur in the Wheaton Valley-Mt. Skukum-Montana Mountain district: **Mt. Skukum**, the **Bennett Cauldron** and **Montana Mountain.**

Until the discovery of the Skukum deposit there was no known mineralization in the Mt. Skukum Volcanic Complex. Also, this deposit is unique in the district in the absence of visible sulphides and any mineral other than gold (except for a trace of silver).

The absence of visual clues

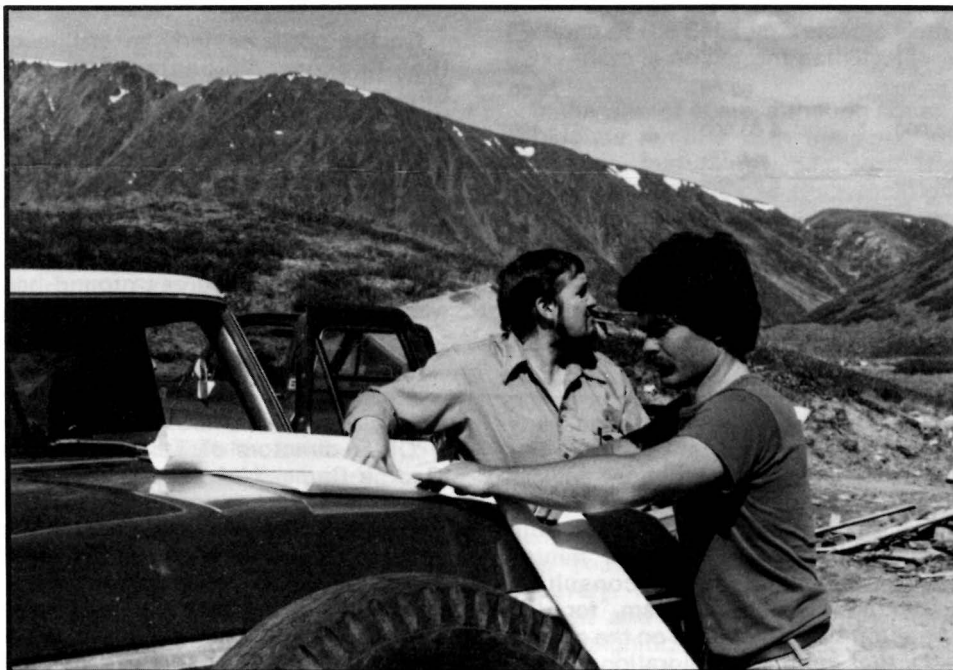
prevented countless prospectors and geologists who have walked over the area from recognizing what lay under their feet. One major company set up a reconnaissance camp within yards of the deposit yet missed it.

One view holds that such a deposit is more likely to occur again in the Skukum Volcanic Complex than outside it and that therefore all parts of the complex are premium targets for

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Tally-Ho Exploration: focus on precious metals



Geologists Ron Robertson and Graham Davidson plan the next phase of a primary exploration program on Tally-Ho Exploration's Gold Hill property.

— The Tally-Ho Exploration Company Limited of Whitehorse was incorporated in May of 1983 by Harry Johannes, a northern businessman, and geologist Glen Macdonald.

Named after an early day mine on Tally-Ho Mountain in the eastern reach of the Wheaton Valley, the initial objective of the company is to search for gold and silver in the fresh round of exploration triggered in the district by the Mt. Skukum discovery in 1981.

Properties held by the company include old prospects on Gold Hill and Mineral Hill north of the Wheaton River and on Mt. Wheaton and Tally-Ho Mountain to the south.

On the widely held principle that the

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Economic impact good, could get better page 3.

INDICATOR		LATEST MO/QTR	PREVIOUS MO/QTR	YEAR AGO MO/QTR
POPULATION				
TOTAL	m	25,008	24,802	----
WHITEHORSE	m	17,591	17,375	----
WATSON LAKE	m	1,537	1,532	----
DAWSON CITY	m	1,524	1,501	----
ALL OTHER	m	4,356	4,394	----
FULL TIME EMPLOYMENT				
TOTAL	q	8,896	8,656	9,137
GOVERNMENT	q	3,409	3,497	3,411
SERVICE	q	3,851	3,238	3,581
MINING	q	522	637	572
CONSTRUCTION	q	391	516	765
TRANSPORT	q	277	229	382
COMMUNITY & UTILITY	q	425	427	381
FORESTRY	q	23	42	45
UNEMPLOYMENT INSURANCE CLAIMS				
WHITEHORSE	m	1,603	1,816	1,455
YUKON TOTAL	m	2,148	2,489	1,890
CPI, PERCENT GROWTH OVER PRECEDING YEAR				
WHITEHORSE	m	4.5	4.0	4.0
VANCOUVER	m	3.6	3.3	3.9
EDMONTON	m	4.1	3.6	1.9
AVERAGE WEEKLY WAGE (INDUSTRIAL COMPOSITE)				
YUKON	m	\$ 474.29	\$ 475.50	\$ 457.77
B.C.	m	423.91	422.15	426.92
ALBERTA	m	429.26	430.00	426.92
PLACER GOLD				
CLAIMS LAPSED	m	234	125	96
CLAIM YEARS RENEWED	m	1452	1100	1352
CLAIMS STAKED	m	156	243	173
CLAIMS IN GOOD STANDING	m	14,972	15,085	15,040
HARDROCK				
CLAIMS LAPSED	m	461	490	293
CLAIM YEARS RENEWED	m	1,319	6252	1,350
CLAIMS STAKED	m	817	1275	804
CLAIMS IN GOOD STANDING	m	46,307	45,964	47,073
Note: Claim refusals, not shown, also contribute to the balance of claims in good standing.				
METAL PRICES (\$US)				
GOLD OZ.	m	\$ 326.50	\$ 317.00	\$ 338.50
SILVER OZ.	m	6.23	6.11	6.92
LEAD LB.	m	.19	.19	.30
ZINC LB.	m	.41	.44	.50
COPPER LB.	m	.68	.65	.64
TUNGSEN ORE TONNE UNIT	m	66.50	62.00	79.50
HOUSE PRICES WHITEHORSE				
APT. VAC. RATES WHITEHORSE	q	\$ 68,000	\$ 63,000	\$71,400
VALUE RETAIL TRADE Y.T. X 1000	q	5.9%	6.7%	8.6%
		\$ 22,149	\$ 32,488	\$ 22,331
VALUE OF BLDG. PERMITS WHS.				
INDUSTRIAL		LATEST MO	YEAR TO DATE	YEAR AGO TO DATE
COMMERCIAL		\$ ----	\$ 145,000	\$ 168,600
SINGLE FAMILY RESIDENTIAL		8,900	397,400	820,901
GOV'T AND INSTITUTIONAL		293,980	1,028,240	913,440
		61,325	11,630,450	3,474,046

Activity grows in Wheaton-Skukum- Montana Mountain

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company spokesmen and others familiar with the property are optimistic about the potential for further reserves.

Kerr Addison Mines Ltd has optioned four properties from **AGIP**, one immediately south of the Mt. Skukum discovery, a second in the north portion of the main AGIP claim block, a third to the west of Alligator Lake (not shown on the map included with this issue of UPDATE) and a fourth some distance south of Mt. Skukum and west of the West Arm of Bennett Lake.

The first two are on the main Skukum Volcanic Complex, the third on a detached occurrence of the complex while the fourth is on the **Bennett Cauldron**, a related volcanic structure about ten miles south of Mt. Skukum and west of Bennett Lake.

Kerr Addison has begun primary exploration including rock and soil sampling and mapping.

On the northerly limit of the AGIP claim block and adjoining the **Kerr Addison** option, **Rockridge Mining Corporation** of Vancouver owns a claim block covering the northern edge of the complex. Work planned this year includes rock and soil sampling with mapping, managed by **Archer Cathro & Associates (1981) Ltd.** of Whitehorse.

On the north easterly extension of the Skukum Volcanic Complex, **Shakwak Exploration Company Ltd** of Whitehorse holds, under option from AGIP, the **Bear** claims on **Vesuvius Hill**, north of the Mt. Skukum mill site. Soil and rock sampling with mapping are in process.

The **Hycroft Resources** ground between the Kerr Addison and Rockridge

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Tally-Ho Exploration

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best place to look for a new mineral occurrence is in the vicinity of one or more readily known, the company has been engaged since incorporation in primary exploration with the dual objective of extending known occurrences and discovering new ones.

Work to date has included soil and rock sampling, bulldozer trenching and sampling and geological mapping. By

doing exhaustive work in these early stages the company looks for a better rate of discovery through later drilling.

Mr. Macdonald has worked in northern exploration for many years, both in the employment of major mining companies and as a consulting geologist. His enthusiasm for the Wheaton Valley is based on the conviction that modern exploration techniques will identify the commercial volumes of mineralization which eluded the early day prospectors. The staking rush of the past two years suggests

that many others share this conviction.

Other directors of Tally-Ho include George Camsell of Vancouver, a long time northern exploration geologist and Robert Kilgour of Penticton, a professional engineer formerly with Discovery Mines Limited.

Shakwak Exploration Company Limited, an associate firm of which Mr. Macdonald is also president, likewise holds ground in the Wheaton Valley - Mt. Skukum - Montana Mountain camp as well as elsewhere in the Yukon.

Economic impact good, could get better

Continued exploration in the Wheaton Valley-Mt. Skukum-Montana Mountain camp is contributing now to the Whitehorse and Carcross area economy. Drill rigs and other heavy machines hired locally are at work, fuel and camp supplies are being purchased and people are employed. Those exploring in the camp expect an increase in activity next year, stimulated by production at Mt. Skukum and by trenching and drilling on properties presently being sampled and mapped.

The outlook for production at Mt. Skukum is straightforward. With financing in place the Mt. Skukum Gold Mining Corporation has begun mill construction and anticipates start up early next year. A work force of sixty is expected during production.

Stated reserves will assure production for about two years but those familiar with the property are optimistic that an active exploration program will add years to mine life.

The mine should be profitable. With the property within commuting range of Whitehorse and Carcross no townsite need be built or serviced. Good road access exists.

Also the ore is uniquely simple, requiring only crushing and cyanide leaching to separate the gold from the quartz. The cost will be much less than with a Venus type ore where sulphides and combined metals complicate extraction.

What is the outlook for production from other properties in the district?

While none of the other known mineralization enjoys the simplicity of the Skukum ore, these other properties have a good deal going for them.

Most are accessible by existing roads or reasonable extensions of existing roads. This reduces the cost of exploration and of production. All are similarly close to a workforce and to sources of equipment and supplies.

Most are now getting some level of exploration using modern techniques capable of discovering and delineating even the more puzzling deposits. The promising properties, of which there are several, have sufficient demonstrated mineralization that only a collapse of gold prices coupled with a prolonged depression in silver prices would turn the industry away before exhausting the possibility of proving up

commercial deposits.

Milling, of course, is a hurdle for the camp. The mill at Mt. Skukum, designed to handle Skukum ore, would need an added circuit to custom mill a complex ore.

The Venus mill may not be a solution for Wheaton Valley producers due to trucking costs. Mine to mill distance is hard on profit margins unless grades are exceptional.

On the other hand, if the accumulated reserves of several properties reach a sufficient volume the demand for milling will likely stimulate construction of a mill by one company wishing to augment its own ore with custom ore.

Optimism prevails in the camp that other deposits will be proven and that the milling requirement will be met. Still a note of caution is in order with the optimism. The renewed exploration currently underway, promising though it is, is in too early a stage to justify confident predictions of production.

When targets identified by surface work are drilled the information gained about grade and volume will tell us if other mines will join Mt. Skukum.

Skukum deposit unique

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systematic and intensive exploration using techniques independent of visible clues to the presence of mineralization.

A different view holds that the host rock in which the mineralized vein occurs is not a determinant of the nature of the deposit and therefore another Skukum type vein could be found beyond the Skukum volcanics, a view which places no particular premium on ground within the volcanics.

Whichever of those views one leans to there is agreement on one lesson from the Skukum discovery: the absence of visible evidence of mineralization is no longer sufficient reason by itself to classify any ground as moose pasture.

YUKON CHAMBER OF MINES
Members and other interested persons are reminded that general meetings resume on Thursday, September 19th at 8 PM at the Chamber office at 412 Main Street in Whitehorse.

Activity grows in Wheaton -Skukum - Montana Mountain camp

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properties on one side and the Shakwak option on the other embraces portions of the Skukum Volcanic Complex. There is no current activity.

In the view of some, although not all, geologists familiar with the area, an important feature of each of the foregoing properties is their location entirely or in large measure within the Skukum Volcanic Complex. In this view, given the Mt. Skukum experience where an important gold deposit was discovered in the absence of visible evidence of mineralization, any property on this complex is an important exploration target.

Moving to properties lying outside the Skukum Volcanic Complex, **Omni Resources Inc** of Vancouver holds claims in the **Skukum Creek-Mt. Reid** area southeast of the Mt. Skukum discovery. The property embraces an old adit and at least one previously known significant vein structure with gold/silver mineralization. **Omni** has enlarged the holding through recent staking and has an aggressive exploration program underway including soil and rock sampling, mapping, trenching

and sampling and drilling. There are two drills on the property.

A recent company news release announces discovery of a new vein structure on the southeast face of Mt. Reid. Sampling of the vein indicates some very high grade mineralization. Sampling and mapping on the property have identified other anomalous zones and the drill program has been stepped up.

A small portion of the claim block extends onto the Skukum Volcanic Complex and drilling is underway to test a zone bearing similarities to structures associated with the Skukum deposit.

Information presently being released is highlighting some of the more exciting and selected exploration results. Geologists familiar with the property regard it as promising and expect that continued systematic exploration could define significant grades and volumes of gold/silver mineralization.

Omni is an **E.T. Bergvinson** company and two other companies of which he is president also have ground in the camp. **Berglynn Resources Inc** holds a claim block straddling the Wheaton River northeast of the **Omni** holding. **Island Mining & Exploration Co Ltd** has ground on the easterly extreme of the continuously staked ground. The company holds claims on **Mt. Stevens** on

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Activity grows in Wheaton -Skukum - Montana Mountain camp

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option from **Inco Ltd** in addition to ground obtained by staking. Both companies are engaged in rock and soil sampling and mapping. The work on the Island Mining ground is focused on the Inco option and adjoining Island Mining claims. There is known gold/silver mineralization on Mt. Stevens.

Noranda Exploration Co Ltd holds four claim blocks in the district. Three of these, the **Face**, to the west (and not shown on the map enclosed with this issue of UPDATE), the **Scar**, to the south of the Omni property and the **Grey Ridge** on the sharp bend of the Wheaton River, all have favourable geology and all are in primary exploration. The **Face**, in fact, is on an isolated westerly occurrence of the Skukum Volcanic Complex.

The fourth, south of the Wheaton in the central part of the camp, is the **Mt. Anderson** property held under option from **Sanfred Resources Ltd** of Vancouver. There are several old adits on the property with two still open and others caved.

There are at least two mineralized vein structures. The less defined structure has given good values from grab samples. The other, with gold-silver-lead mineralization, has been defined for at least 3,000 feet with width varying from three to nine feet and with mineralization extending into the wall rock.

Soil sampling and electro-magnetic, magnetic and induced polarization surveys have been done while trenching and drilling are planned this year to define grades and volumes.

Tally-Ho Exploration Ltd of Whitehorse is active in the camp both on its own account and on behalf of the **Tally-Ho/Euro-Petroleum/Permian Resources Ltd** joint venture (also known as the Wheaton Valley joint venture).

The **Tally-Ho** claim block immediately south of the Wheaton River embraces the old Tally-Ho mine from which one shipment of 14.5 tons of hand sorted ore shipped to a smelter in 1917 graded 0.34 opt gold, 5.1 opt silver and 6.9% lead.

The central portion of this claim block is subject to primary exploration by **Tally-Ho** to extend known vein structures. On **Tally-Ho Mountain**, prospecting in 1983 located a chalcedony brec-

cia zone which provided some promising very high grade samples of silver mineralization. No work was done in 1984 but this zone is now subject to trenching and sampling to further define the zone.

Trenching in 1984 near the old Tally-Ho mine located two new parallel vein systems. Some very high grade gold/silver assays were obtained from some of the samples taken and further work is being done to get a better definition of the grade and extent of mineralization.

Three portions of this claim block are subject to the **Tally-Ho/Euro-Petroleum/Permian** joint venture. Two of the three embrace old adits and vein structures of known mineralization which will be further explored by the joint venture partners.

North of the Wheaton River the **Tally-Ho/Euro-Petroleum/Permian** joint venture is active on one of the largest claim blocks in the camp, known generally as the **Gold Hill** property and embracing a number of old prospects, including old adits. Good grades of gold/silver mineralization were obtained in earlier exploration.

Prospecting and trenching on Gold Hill during 1984 revealed a series of stockwork-type mineralized zones close to a rhyolite-limestone contact over a strike length of better than 1300 feet. Preliminary results suggest zoning from silver rich areas to areas carrying mainly gold values. This area is regarded as a particularly significant target with bulk tonnage gold/silver potential.

Rock and soil sampling and mapping are underway in this area now to establish targets for more advanced exploration.

Shakwak Exploration, under option from AGIP, holds claims on **Dickson Hill**, immediately south of the Tally-Ho claim block embracing the Tally-Ho mine. **Shakwak** drilled four shallow holes in 1984 producing one intersection of 4.5 feet grading 1.35 opt gold. Work continues to further define mineralized zones with a view to further drilling at a later date.

Avid Gold Resources of Whitehorse holds claim blocks north of the Wheaton River and east of the Tally-Ho/Euro-Petroleum/Permian Resources Gold Hill property. These embrace the old **Union Mines** ground including several known prospects. Frequent vein structures yield occasional high grade samples of silver/lead mineralization. **Doug Baird**, company spokesman, advises that a modest amount of drilling will be done this

year to test one target.

Moving to **Montana Mountain**, between **Bennett Lake** and **Windy Arm**, there is no further exploration on **United Keno Hill Mines Ltd's Venus property**. On completion of extensive work last year the company issued a revised in situ mineral inventory estimate of 68,000 tons grading 0.32 opt gold, 8.9 opt silver, 2.5% lead and 1.5% zinc, taken to a five foot mining width. A further 13,400 tons grading 0.17 opt gold, 4.3 opt silver, 1.3% lead and 0.7% zinc are stockpiled at the mill.

The Venus project was put on hold when precious metal prices fell sharply in 1981. Further work is being done to tailor the mill, a 100 ton per day flotation plant with a cyanide circuit, to Venus mineralization. Both gold and silver values must be recovered. Production is not anticipated until metal prices recover substantially.

The **Arctic Mine** on Montana Mountain is now held by **Rex Silver Mines Ltd** of Calgary. This mine produced at 200 tons per day for ten months in 1968-69. A consultant report estimates proven and probable reserves of 55,550 tons grading 0.39 opt gold and 10.2 opt silver plus less easily accessible reserves of 26,600 tons of similar grade. There has been a change of ownership of the company and at this writing there are no announced plans for the property.

Annooraq Resources holds twenty-two claims and three mineral leases southeast of the Arctic Mine. **Univex Mining Corp Ltd** has taken an option through which it could acquire a 60% interest by spending \$700,000 on exploration. Work is underway this season to ship some hand sorted ore from surface and from old underground workings as well as further explore the property. Some grab samples and vein material gathered in 1984 returned very high values of both gold and silver.



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