

INTER-OFFICE CORRESPONDENCE

014350

FROM D.ALDuff CITY Toronto DATE Jan. 1st. 1959

TO P.W.Allen

SUBJECT Ketza River Area-Yukon Territory

Further to our conversation Monday afternoon with reference to the above, I am enclosing copies of reports included in our files and covering our efforts in the area during 1954-55. As you will note by my letter to Frank Hoey dated January 1957, I passed the claims back to the original staker after making enquiries at that time as to the wisdom of retaining them for company account.

Included is a copy of report by B.I.F. Braakey who at that time was with Conwest Exploration and have talked with him this week again. I have also been in touch with Paul Hammond who is now chief of Conwest operations. The result is that Conwest has apparently written off the lead-silver showings as uneconomic and would appear to have given the original vendors the green light to peddle them with Conwest probably retaining a vendor interest for work done etc. In the meantime they had made a discovery of a gold bearing lode in the course of their prospecting in the area and are still highly interested in this. Hammond indicates that they have partners with them on this gold showing and have carried out work each season with more planned for the 1959 season.

Conwest drove an adit into two of their lead-silver showings and carried out some drifting. My information is that they were narrow, hard to follow and rather in and out type of things. In places the silver values ran as high as 300 ounces.

As you may remember The Treadwell-Yukon Company carried on operations in the Mayo area of the Yukon for a number of years. The dates would be in the 1920's and operations ceased eventually when silver prices broke in the late twenties or early thirties. Their operations were of two types with one type on Keno Hill properties devoted to small high grade lenses where the lead-silver ore was mined and bagged for direct shipment to the smelters and a somewhat larger tonnage lower grade operation on the Galena Hill properties where a concentrator was operated. With no hydro and wood-fired steam power the only alternative, their operations were limited as to plant and especially to depth and pumping. In 1945-46 Fred Connell president of Conwest purchased the Treadwell-Yukon properties and after years of uphill sledding under the name of United Keno Hill Mines has an operation that is quite profitable and stable. This condition has been achieved with the provision of a highway from the mine to Whitehorse and a hydro-electric development near Mayo, both financed by the Federal Government. During this period no operation has been started on the Keno Hill side where the veins were limited and generally very high grade. The success was to date based on the Galena Hill properties where the silver-lead ratios were relatively lower but the tonnages much greater. The Mill was gradually expanded to 500 tons with a change to flotation and batch cyanidation from simple gravity separation. Their cut-off was about 25 oz. Ag which indicated about 10% Pb. and also about the same Zn. The cyanide process is connected

with the elimination of penalty values in either the lead or zinc concentrate or both.

The writer spent 14 months in the Mayo area from September 1950 to November 1951 establishing an operation on Galena Hill on a property adjoining United Keno Hill Mines producing property. I started two adit levels to explore and develop an orebody previously developed through a shallow inclined shaft. The company involved wished to build a mill on the property prematurely and as a result I resigned. This mill was then built and the company operated on a hand to mouth basis to last year, when they were forced to quit for continual lack of reserves. Conwest then purchased their property and plant.

The present suggested Ketz River exploration would suggest a situation somewhat similar to the Keno Hill portion of the Conwest holdings, where the expectation would be smaller high silver-lead lenses which could be operated on a leasing basis somewhat similar to the Treadwell-Yukon practice in the twenties. The cost of exploration, development and establishment of a plant would be extremely high. One could expect little assistance from Federal agencies until a worth while operation was guaranteed ~~for~~ as far as roads or hydro is concerned. The Alcan highway built to Norman Wells during the war has had no maintenance since the pipeline was removed and is gradually getting poorer.

It would certainly appear as if Conwest are not prepared to gamble further money on the lead-silver showings of the area and they are one of the more venturesome outfits in addition to which their experience in the Yukon is greater than most.

The above brief rundown together with the enclosed reports may be of some value in your consideration of the deal.

I was unable to reproduce the large claim map enclosed so am sending my only copy. You might wish to make a copy and return the original to me.

D.A.S.

P.S. When I receive your info. from
Kinwin, should there be any further
comments I can make, I will
do so -

INTER-OFFICE CORRESPONDENCE

FROM D.A.Duff

CITY Toronto

DATE Jan. 6th.1959

TO P.W.Allen

SUBJECT Ketza River Claims of Kirwin in Yukon

This will acknowledge receipt of yours of Dec. 30th. re the above, together with Rundle's memo and print. There is little that I can add to my previous comment at this time. It is apparent that the group of claims involved is the "Key" group on which Conwest had concentrated most of its work in 1955. From the data available the showings at that time were at approximately 6000 feet well above tree line and on the north side of the mountains and in a typical area of talus or as called locally "slide rock". The new showings on which Kirwin's boys have worked may be at lower elevation and may warrant a look. There is no doubt in my mind that there are numerous zones of silver-lead ore in a category rich enough to be economic in the Yukon and to be found and developed. The main problem is of course the accessibility of the areas involved as exposures are generally at high altitudes where frost erosion has left its mark. This combined with the lack of roads and lakes (where float planes can land) makes transportation and costs prohibitive. In effect one has to consider the initial expensive gamble of exploration and development prior to any possibility of assistance in obtaining the minimum in road. When production is established the transportation of incoming supplies and outgoing concentrates is again very high in view of truck haulage to railhead at Whitehorse, railroad to Skagway, boat to Vancouver and rail again to Trail or Tacoma. A new packaging system now in use, has helped the transfer costs at Skagway and Vancouver. Since World War II American interests have been extremely interested in building a railroad up the Rocky Mountain Trench from Prince George through Whitehorse and through to Fairbanks, however a matter of jurisdiction has bogged down any action. The survey for this railroad was completed in 1945. With Alaska now the 49th. state the proposal will be again active and should this road be built, I am sure the Yukon will open up rapidly from a standpoint of mining and metals reserve.

D.A.D.