

Capital Hotel  
Whitehorse, Y.T.  
9th May 1954

019314

PROGRESS REPORT NUMBER 1.

C. L. Coleman  
Managing Director,  
Prospectors Airways Co. Ltd.,  
1616 - 44 King St. W. Toronto, Ont.

Dear Charlie:

I visited the property this week and have the following to report.

Magnetometer Survey: An Askania survey of the main mineralized zone has been completed by Doal and the anomalies obtained are shown on the accompanying map at 200 feet to the inch. Recommendations regarding the drilling based on the results of the survey will be found in an enclosed letter from Ron Baker. I agree with Baker's suggestions but they raise the point of how closely we should follow the somewhat rigid pattern of proposed holes we laid out in Toronto before this survey was made.

I suggest that we conform to the pattern as closely as topography will permit at present but where poor indications are present (such as Hole 17) that we drill alternative holes within the anomaly.

The anomalies obtained are well defined and have sharp outlines in the order of 200 gammas above the surrounding values. The centres of the anomalies go as high as 500 gammas. Anomalies 1 to 3 are probably due to zones of pyrrhotite mineralization at the borders of the deposit. This may be due to zoning as we discussed previously.

You will note that no definite anomaly is present over the discovery zone at the creek, although the drilling has indicated our highest grade material is in this area. The mineralization here is mostly non-magnetic sulphides and it would appear that the lack of an anomaly is not significant but that a well defined anomaly (in this area) is due to a high pyrrhotite content. We do not know enough about Number 4 anomaly yet to predict its cause, but it is possible that it is due to pyrrhotite zoning on the other side of the deposit. However I do not intend to be unduly influenced by the results of the geophysical work, but will follow along with it if it agrees with our geological picture. There is considerable detailed work to do in this zone with the magnetometer yet before we can define the extent of the anomalies. We are pushing this end of the work, but the soft snow in the bush hampers our progress at this time.

Personnel: The physical condition of Bill Hamilton is such that I have found it necessary to give him a months notice. He cannot carry out the job of expediting in addition to the accounting and it has been necessary to have an additional man in from the property to help him. I believe I have been fortunate in locating a man to replace him, in the person of Jack Grasser, Hudson Bay Mining and Smelting Company's Whitehorse agent. He is well trained in this phase of the work and lives here with his family. Due to some internal politics with his own company he desires to make a change. I have tentatively offered him the job at the same rate of pay and living allowance as Hamilton and he appeared quite satisfied. If you have no objections I will take him on at the end of the month. You will possibly recall meeting Grasser here last year at election time.

Prospecting: Kulan and Green and three Indians have started investigating reported sulphide occurrences within a range of 10 miles of the camp but have been hampered with the soft snow. Green and Kulan want me to discuss a change in the contract with you. They wish to alter Clause 5 of the contract (enclosed) to provide for a payment on the option of \$5,000. at the end of the 1st year; \$15,000. at the end of the second year; and \$80,000. at the end of the 3rd year instead of a lump sum of \$100,000. at the end of three years. If this is agreeable please have a new contract drawn up and forward it as soon as possible.

I have casually discussed with Kulan the matter of renegotiating the Pelly property option for a quick settlement as suggested, but drew no positive response. Kulan indicated however that they would be willing to give us more time on the option if results came slowly. At any rate I have set them thinking along the lines you suggested.

Transportation: The Yukon River broke up this week but the Pelly will not break up for at least ten days. The barge has been pulled above high water and is being caulked for service when the river opens. All the fuel on it has been salvaged.

The Canol Road is in its worst condition at present with soft drifts and bare patches along its length. It is not expected that it will be in any condition for transport until June 1st although this is a preliminary estimate. Hyde appears to be waiting for us to make some sort of move to arrange for maintainance of the road and I am being very cautious not to indicate our position. I am pretty sure he still has lots of equipment to bring out and will be forced to maintain the bad parts.

The drills and equipment are to arrive from Vancouver this week and Ashley from Boyles Bros. will be here at the same time. We will get together on the fuel requirements and transport to Ross. From this range it looks like the best plan would be to take the fuel and machines down in one convoy and employ a D6 tractor to shepherd the movement and fill in any washouts etc. This would take place about the first of June and would coincide with the arrival of the river boat at Ross Post. We could then take the D6 down to the property on the barge and haul the shipment up to the camp and fix up the property road at the same time. This will be necessary due to the late season and the wet condition of the road.

I am rounding up bids on the use of a D6 for a month to carry out this work and have been offered one at a rental of \$1,000. so far. I may be able to do better and will not close on anything until I obtain more information on the road condition and our responsibility in maintaining it.

The D4 at the property is in poor shape and cannot be used for any heavy blade work. It is being employed solely for drill moves and moving supplies up from the lake. I have not heard from Boyles on the TD6 but no doubt Ashley will advise me.

Recording Office: Bill Emery advises that in future all assessment work filed under the headings of Geological, Geophysical, or Geochemical Survey will have to be submitted to his office in triplicate with an accompanying report and breakdown of costs. Work filed under the schedule will be the same as usual. Ottawa bureaucracy rears its ugly head;

Enclosed for Gus Ehrlich are certificates of work addressed to Andre Baranowski which I intercepted at this end. They should have been addressed to us as these claims have been transferred. I will take the matter up with Emery.

Proposed changes in the Mining Act apparently got a chilly reception in Ottawa this winter and we are stuck with the same old deal.

Whitehorse Office: The new space procured at Campbell's storage will be ready tomorrow. Our former office has been vacated and the accounts branch may stop the rent as of May 1st.

Yours very truly,

E. O. Chisholm  
Chief Geologist.