

HYDE PARK 8161

THIRTY-SEVEN DOVER STREET
LONDON, W.1.

3rd March, 1961

Memorandum to : C.E.McLEOD, ESQ.

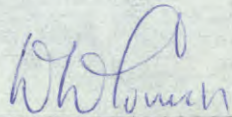
from : W.Watson Connor

BULLION FINENESS

Thank you for your memorandum of the 14th February sending me Mr. McFarland's memorandum of the 13th February commenting on Mr. Hester's report of the 27th January on the above subject. I note that Mr. Hester in his report made the point that he could not estimate the extent to which variations ⁱⁿ ~~and~~ fineness of the order indicated by his preliminary study would influence the statistical investigation we have in mind. I also note from Mr. King's letter to you of the 15th February that he does not think that differences of the order indicated would affect this investigation at least in its present stages. In the light of Mr. King's opinion I think Mr. Hester would agree that his idea of making a series of fineness determinations on the dredge products need not be taken further at this stage.

I was interested to learn from Mr. McFarland's memorandum to you that this question of bullion fineness had been the subject of study in the early days of the dredging operations. I also note from Mr. McFarland's memorandum the reasons why this study was stopped. I think it would be helpful, subject to your views, if Mr. McFarland let Mr. Hester have the benefit of his experience of the work done in the past, and the conclusions reached on the results of this work. A particular point in this respect which I have in mind is the last remark in Mr. McFarland's memorandum which I take to mean that the fineness variations even from week to week on any particular dredge area are such that any attempt to predict an average figure for even small areas of ground could be highly misleading.

I share your aversion to expenditure on projects lacking in the remotest chance of putting money into our cash box. On the other hand my experience of research projects, and Hester's assignment is virtually a research project, makes me exceedingly cautious about committing myself in the early stage of any project to an opinion as to whether or not any particular aspect of it will in the long run pay off.


W.W. Connor

The Yukon Consolidated Gold Corporation Limited

INTER-OFFICE CORRESPONDENCE

Seattle, February 13th, 1961.

From: W. H. S. McFarland

To: C. E. McLeod

Re: Bullion Fineness

I have read Mr. Hesters report on "The Effect of Variations in Bullion Fineness on the Evaluation of Gravels". It does not bring forth any point which was not given due consideration when the various areas in the Yukon were tested.

It is common knowledge that gold fineness varies from creek to creek and from one part of a given creek to another part of the same creek.. The importance of this fact was not overlooked when figuring the value of the drill hole recoveries. Precise figures on the fineness were not available but information on this factor was obtained from the Bank at Dawson and from our Accounting Office. The actual figure finally adopted was, necessarily, an average one but close enough for all practical purposes.

When dredging operations were commenced the gold from each operation was melted into separate bars and the fineness from each was determined from the Mint Assay Office returns. Melting the production of each dredge into separate bars meant pouring bars of various sizes and often meant holding some production until a sufficient amount of gold had accumulated to make a melt worth while. It also meant inefficient use of the melting furnace and crucibles. For these reasons it was finally decided to melt only Lease Production in separate bars and combine all Company gold in a common melt making a distribution of the value of the melt on the basis of ounces of dust from each operation going into the melt. These ounces were to have a weighted value to be determined by the information then available. This "Value Factor" was determined by the Accounting Office. It was fully realized that this was only an approximation but close enough for Company purposes since all operations were treated as a unit for tax purposes.

Mr. Hester is suggesting that a series of fineness determinations be made. I do not see where the expenditure of money for this purpose is justified. It would not alter the program of work in any way, make any money for the company. Further, any determination of fineness of gold produced today would not, as a usual thing, apply to gold produced a week from today.

W. H. S. McFarland



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