

CEML

The Yukon Consolidated Gold Corporation Limited

INTER-DEPARTMENT CORRESPONDENCE

Dawson, Y. T.

August 21st, 1962.

From: B. W. HESTER

To: J. A. SADLER

RE: McCONNELL CREEK PLACER DEPOSIT

Thank you for your memorandum dated August 13th.

My figure of \$75,000 is for drilling the whole valley, in accordance with our practice here. This could, of course, be reduced by drilling only part of the area, but by doing so, we might miss some of the better material.

I did not realize that Holbrooke had treated the black sands from his panning by fire assay. This is the first time we have encountered such a procedure. I would regard it as of questionable value, as we do not know how much precious metal might be locked in the black sand constituent minerals. Any of the platinum group metals present in the deposit would presumably have been concentrated in the gold bead resulting from the fire assay. I am surprised that they did not have some platinum assays run, in order to determine the gold-platinum ratio. I have no idea of the marketability of platinum-gold alloys. In any case, I would imagine it would be desirable to know which of the platinum group were present.

As I remarked above, we have no assurance that values indicated by fire assaying would necessarily be obtained by sluicing, and it is a pity that the pit material was not treated in this manner, as this would have answered the question of the gold associated with boulders.

My feeling remains the same, that the indication of \$1.42 per cubic yard errs on the high side. At Dawson our operating costs are probably lower than those to be expected at McConnell Creek, where a 100-mile road would have to be maintained through rough country, yet we seldom tackle a bulldozer mining proposition which contains less than \$1.00 per cubic yard - this where we have an established system of camps, excellent machine shop facilities and very cheap hydro power. The indicated profit margin looks thin to us, and we feel we have better bets here at Dawson. For this reason, we would not recommend the property to Y.C.G.C.

B.W. Hester

B. W. Hester,
Assistant Manager.

BWH:W

cc: WAA; WWC; CEMcL; ELE; AGB

CEM-4

The Yukon Consolidated Gold Corporation Limited

INTER-DEPARTMENT CORRESPONDENCE

Dawson, Y. T.

August 6th, 1962.

From: B. W. HESTER
To: MR. J. A. SADLER

RE: McCONNELL CREEK PLACER SUBMISSION

This memorandum is based on a short visit which I made to the property on the 2nd August, 1962, the contents of a private report by G. L. Holbrooke, dated 27th June, 1962, and Bulletin No. 2, of 1932, of the B. C. Department of Mines, by Douglas Lay.

I question the values obtained in the 1961 work, which are quoted by Holbrooke, for two reasons.

(1) The effect of gold fineness has apparently been ignored. Gold dust recovered by panning has been converted to "dollars per cubic yard" on a basis of \$35.00 per fine troy ounce. Neither Lay nor Holbrooke give figures for the fineness of gold dust in Mc Connell Creek, but a reasonable estimate would lie between 600 and 800 fine. In appraising the property, the values quoted by Holbrooke should be reduced by 25% at least, to account for this omission.

(2) The values obtained from samples, sizes of which were less than one cubic yard, are not representative of the pits from which they were obtained, in that the volumes occupied by boulders have apparently not been considered. I would estimate the percentage of boulders in the alluvium over much of the valley to be in the order of 30%. The usual practice is to sluice all the material dug from any sample pit. In the 1961 investigation this was done in only a few instances.

The result of combining the reductions indicated in (1) and (2) is to reduce effectively the grade by half.

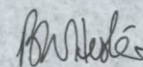
I was not able to substantiate Holbrooke's assertions on the climate from an independent source. If his report is true, the indications are that a dredge might operate in the area for a much longer season than the 200 days he suggests.

The section of only nine feet of gravel, which he indicates to be the thickness of the "pay" on the flats, is a minimum dredging section for all but the smallest bucket line dredge. In good ground such a dredge might dig about 700 cubic yards per day, at an operating cost of 40¢ per cubic yard. Inclusion of capital cost would probably bring the cost per cubic yard to at least 60¢, with 75¢ as a more likely figure. Such a dredge, however, would have great difficulty with the boulders.

The power cost is largely a matter of conjecture. I doubt that a hydro plant could be constructed on Snowslide Creek as a practical proposition, and certainly for the amount estimated by Holbrooke.

CONCLUSIONS AND RECOMMENDATIONS:

1. There is every justification for halving the indicated values given in Holbrooke's report.
2. Due to the numerous boulders and thin dredging section, the ground does not appear suitable for dredging.
3. A flexible mining method, such as a bulldozer-hydraulic combination, might be economic, but the ground would first have to be drilled by either churn or rotary machines, and the feasibility and cost of winter freighting to the site studied. Also, the physical properties of the false bedrock would have to be investigated. It might be possible to mine the ground by such a flexible method for about 70¢ per cubic yard, and to mine the area selectively to obtain a higher grade. A pre-production cost of at least \$75,000.00 for drilling would be involved.
4. The gold content of this ground does not warrant any great enthusiasm. No financial commitments should be considered without a free period of drilling and preliminary feasibility work having been obtained. Payments on a royalty basis might then be considered, but indications are that these would have to be very small. My feeling is that at best only a marginal operation could be expected.
5. I do not recommend any expenditure on this property.



B. W. Hester,
Assistant Manager.

BWH:w

cc: Exploration Committee

Mr. H. R. Buckles

Mr. W. A. Arbuckle



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