

KLONDIKE LODGE GOLD MINES LTD. (N.P.L.)

617---837 W. Hastings St.,
Vancouver 1, B.C.
Mutual 2-1691

REPORT on OPERATIONS

My last general report to shareholders showed that we had indicated six major source areas for gold on our property. We were unable to trench bedrock on these by bulldozer because of deep and muddy overburden.

Following this report, two churn drills were employed for approximately a month in further delineating three of these areas, but it soon became evident that we could not pin-point the source by this method, although the work supplemented bulldozers in exploration and gave us much information.

A diamond drill was started in September and attempted three holes at the head of "Seven Pup" creek, Victoria gulch. Good core recoveries were obtained in one hole only, but this assayed low in gold values, although core sections were well mineralized. In the two other holes, core recoveries were very poor. This work was completely inclusive and insufficient for the area involved. When cold weather conditions set in, the additional expense of keeping the operation going and of winterizing our camp and equipment (especially with regard to water supply) seemed unwarranted. The drill was shut down early in October.

During the season many miles of bulldozer trenches were cut around the hills on our claims bordering Eldorado and Bonanza creeks. In fact, about 90% of the side-hills on our property have been tested. Previous to this work, there had been some question as to whether or not the placer gold had been derived from small occurrences of gold disseminated throughout the underlying rocks (Klondike schists). However, we have shown that most of the schist rocks are entirely barren and that placer gold has been derived only from limited localities. Evidence definitely points to sources being in not more than six well-defined places. Diamond drilling is the only practical means to explore these source areas.

The most likely areas for exploration are near Oro Grand creek, a tributary of Eldorado, and at the headwaters of "Seven Pup" creek, a tributary of Victoria gulch which drains into Bonanza creek. Each of these areas appear to be important sources and each could be tested by approximately 2,000 feet of diamond drilling. The drilling done on Seven Pup to date could not hope to be anywhere near conclusive.

Two other similar areas exist but the above mentioned are of the greatest importance and should be drilled first.

In addition to these four areas, which are well back in the hills from the major creeks, there is strong evidence that important sources of gold may lie close to Eldorado creek in the valley bottom between the bulldozer trenches and the placers, a distance varying from 200 to 1,000 feet. The Eldorado valley has proven to be a major fault zone. By plotting the richness of various claims from old production records, there appears to be at least two, and perhaps four points along Eldorado where placer gold occurred in greater richness than elsewhere in the valley. This should indicate a source nearby. Since the hills above these points proved barren by bulldozer trenching, the conclusion can easily be reached that there may be ore-bodies lying close into or along the fault at these points, a condition common in many gold-mining districts. As further evidence, some gold-bearing vein material was found in a placer operation this summer almost at one of these points.

I recommend that two of these locations along Eldorado creek be tested; each with 1,000 feet of diamond drilling.

The above recommendations total six thousand feet of diamond drilling, which at \$5.00 per foot, comes to \$30,000; this work is well warranted.

PLACER INDICATIONS

During our bulldozer and churn-drilling work, we indicated areas which appear to be economic placer deposits. These have been staked by the Company.

The first of these is below the indications of a lode source near Oro Grand creek and covers an extensive area. Workable values are indicated in the gravels on the side-hill. There is a placer miner working below on Eldorado creek itself and the question of dumping ground for worked gravels may arise should a placer operation be started before the one below is completed; this will be in about one more season. Assessment work has been done to hold these claims.

The second placer location is above French creek and indications are that there is a small rich placer there. In addition and connecting with it, the main bottom placers on French creek were worked only by hand methods in the early days. No equipment has stripped or dredged the creek bottom. In such cases where rich placers were hand-mined only, it can be assumed that bulldozer mining would be profitable. These creek-bottom placers leading up to side-hill placers should be workable. Claims have been staked for the company to cover these.

It must be borne in mind that placers of this type are limited and not immensely profitable, but some revenue should be obtainable from them in the future.

To further prove the placers, an expenditure of \$10,000 is recommended in churn-drilling and bulldozing with the possibility of sufficiently proving this ground to warrant setting up a small placer operation, or of leasing out these claims to placer operators.

GENERAL

A large number of our claims can now be allowed to lapse and assessment work, which has been done, need be recorded only on a sufficient number of claims to cover and protect the worthwhile areas. Our claim group is very large and about half of the claims would fully protect our indicated sources.

My recommendations are that we commence work again in the spring with a program requiring a further \$50,000 expenditure as follows:

Diamond drilling 6,000 feet @ \$5.00	\$ 30,000.00
Testing placer areas	10,000.00
General expenses including surveys, equipment requirements, etc.	<u>10,000.00</u>
Total -	<u>\$ 50,000.00</u>

No actual worthwhile discoveries of ore in place have been made but information obtained from the work done to date shows that a source can probably be found by drilling, and that diamond drilling should be undertaken. Such a program is highly recommended and has good chances of success.

Yours truly,

(Sgd.) "F.C. Buckland" Ph.D.

President.

KLONDIKE LODE GOLD MINES LTD. (N.P.L.)

617--837 W. Hastings St.,
Vancouver 1, B.C.
Mutual 2-1691

REPORT on OPERATIONS

My last general report to shareholders showed that we had indicated six major source areas for gold on our property. We were unable to trench bedrock on these by bulldozer because of deep and muddy overburden.

Following this report, two churn drills were employed for approximately a month in further delineating three of these areas, but it soon became evident that we could not pin-point the source by this method, although the work supplemented bulldozers in exploration and gave us much information.

A diamond drill was started in September and attempted three holes at the head of "Seven Pup" creek, Victoria gulch. Good core recoveries were obtained in one hole only, but this assayed low in gold values, although core sections were well mineralized. In the two other holes, core recoveries were very poor. This work was completely inclusive and insufficient for the area involved. When cold weather conditions set in, the additional expense of keeping the operation going and of winterizing our camp and equipment (especially with regard to water supply) seemed unwarranted. The drill was shut down early in October.

During the season many miles of bulldozer trenches were cut around the hills on our claims bordering Eldorado and Bonanza creeks. In fact, about 90% of the side-hills on our property have been tested. Previous to this work, there had been some question as to whether or not the placer gold had been derived from small occurrences of gold disseminated throughout the underlying rocks (Klondike schists). However, we have shown that most of the schist rocks are entirely barren and that placer gold has been derived only from limited localities. Evidence definitely points to sources being in not more than six well-defined places. Diamond drilling is the only practical means to explore these source areas.

The most likely areas for exploration are near Oro Grand creek, a tributary of Eldorado, and at the headwaters of "Seven Pup" creek, a tributary of Victoria gulch which drains into Bonanza creek. Each of these areas appear to be important sources and each could be tested by approximately 2,000 feet of diamond drilling. The drilling done on Seven Pup to date could not hope to be anywhere near conclusive.

Two other similar areas exist but the above mentioned are of the greatest importance and should be drilled first.

In addition to these four areas, which are well back in the hills from the major creeks, there is strong evidence that important sources of gold may lie close to Eldorado creek in the valley bottom between the bulldozer trenches and the placers, a distance varying from 200 to 1,000 feet. The Eldorado valley has proven to be a major fault zone. By plotting the richness of various claims from old production records, there appears to be at least two, and perhaps four points along Eldorado where placer gold occurred in greater richness than elsewhere in the valley. This should indicate a source nearby. Since the hills above these points proved barren by bulldozer trenching, the conclusion can easily be reached that there may be ore-bodies lying close into or along the fault at these points, a condition common in many gold-mining districts. As further evidence, some gold-bearing vein material was found in a placer operation this summer almost at one of these points.

I recommend that two of these locations along Eldorado creek be tested; each with 1,000 feet of diamond drilling.

The above recommendations total six thousand feet of diamond drilling, which at \$5.00 per foot, comes to \$30,000; this work is well warranted.

PLACER INDICATIONS

During our bulldozer and churn-drilling work, we indicated areas which appear to be economic placer deposits. These have been staked by the Company.

The first of these is below the indications of a lode source near Oro Grand creek and covers an extensive area. Workable values are indicated in the gravels on the side-hill. There is a placer miner working below on Eldorado creek itself and the question of dumping ground for worked gravels may arise should a placer operation be started before the one below is completed; this will be in about one more season. Assessment work has been done to hold these claims.

The second placer location is above French creek and indications are that there is a small rich placer there. In addition and connecting with it, the main bottom placers on French creek were worked only by hand methods in the early days. No equipment has stripped or dredged the creek bottom. In such cases where rich placers were hand-mined only, it can be assumed that bulldozer mining would be profitable. These creek-bottom placers leading up to side-hill placers should be workable. Claims have been staked for the company to cover these.

It must be borne in mind that placers of this type are limited and not immensely profitable, but some revenue should be obtainable from them in the future.

To further prove the placers, an expenditure of \$10,000 is recommended in churn-drilling and bulldozing with the possibility of sufficiently proving this ground to warrant setting up a small placer operation, or of leasing out these claims to placer operators.

GENERAL

A large number of our claims can now be allowed to lapse and assessment work, which has been done, need be recorded only on a sufficient number of claims to cover and protect the worthwhile areas. Our claim group is very large and about half of the claims would fully protect our indicated sources.

My recommendations are that we commence work again in the spring with a program requiring a further \$50,000 expenditure as follows:

Diamond drilling 6,000 feet @ \$5.00	\$ 30,000.00
Testing placer areas	10,000.00
General expenses including surveys, equipment requirements, etc.	<u>10,000.00</u>
Total -	<u>\$ 50,000.00</u>

No actual worthwhile discoveries of ore in place have been made but information obtained from the work done to date shows that a source can probably be found by drilling, and that diamond drilling should be undertaken. Such a program is highly recommended and has good chances of success.

Yours truly,

(Sgd.) "F.C. Buckland" Ph.D.

President.

Vancouver, 7th November, 1961.

C. E. McLeod,

W. A. Arbuckle.

Klondike Lode Gold Mines Ltd.

Mr. W. G. Stevenson of Asbestos Corporation Explorations was kind enough to procure for me a copy of the enclosed letter just issued under the signature of F. C. Buckland. It comprises a report on the operations and contains some features that are of interest to us. We shall have a comment on the report from Mr. Hester.

Encl.

cc-WAA (2), AGB. BWH. HFK.

The Yukon Consolidated Gold Corporation, Limited

INTER-DEPARTMENT CORRESPONDENCE

Dawson, Y. T.

November 13th, 1961.

From: B. W. HESTER

To: C. E. McLEOD

RE: KLONDIKE LOPE GOLD MINES, LTD.

The report by F. C. Buckland to the shareholders of the above company, which you sent me on 7th November, presents a summary of that company's operations during the exploration season of 1961. I would refer you to my report of a visit to these operations, dated 22nd August.

A number of difficulties have contributed to the delay in obtaining conclusive results. Among these are overburden, which is much deeper than anticipated, and badly broken bedrock which has hindered good core recovery in diamond drilling. Some of the "major sources of gold mineralization" were found in 1960, but have still to be delineated precisely on the ground. The one on Oro Grand Gulch is indicated by a streak of samples which are higher than normal over a width of about 400 feet. This does not indicate a possible ore body of major proportions.

Hilchey has told me several times about the fault under the Eldorado-Bonanza valley. Our mapping this summer extended along the entire length of this valley, but we were unable to find conclusive proof of any such structure; also, we found no evidence of it in our examination of aerial photographs. There is excellent evidence that the courses of both the present and the White Channel valleys were controlled by dykes of Tertiary volcanic material. An association between dykes and gold mineralization is very doubtful. A similar control is found in Quartz Creek. Gold bearing vein material has long been known in the Klondike placer deposits, and cannot be attributed to the directly underlying bedrock any more than a good yield from a placer claim can. The existence of placers in the first place is ipso facto evidence for transportation of the material involved.

The placer possibilities which Buckland mentions undoubtedly exist, but they cannot be large. There is a definite problem of water shortage to consider.

We should ensure that we receive every report to the shareholders of this company as a matter of course, in order to keep abreast of developments and intentions. Should they wish to rent any of our camps

again, we might consider asking for stock options in lieu of cash. The company is clearly not in too sound a financial position, or they would not be contemplating the placer work, which can only delay them in their objective. Any cash derived from rentals forms an insignificant part of our income, while the options on stock would, in the unlikely event of a major discovery being made by Klondike Lode Gold Mines, Ltd., be a useful asset.

B. W. Hester

B. W. Hester,
Assistant Manager.

BWH:w

cc: CENCL-6
AGB
DO

The Yukon Consolidated Gold Corporation, Limited

INTER-DEPARTMENT CORRESPONDENCE

Dawson, Y. T.

November 13th, 1961.

From: B. W. HESTER

To: C. E. McLEOD

RE: KLONDIKE LODE GOLD MINES, LTD.

The report by F. C. Buckland to the shareholders of the above company, which you sent me on 7th November, presents a summary of that company's operations during the exploration season of 1961. I would refer you to my report of a visit to these operations, dated 22nd August.

A number of difficulties have contributed to the delay in obtaining conclusive results. Among these are overburden, which is much deeper than anticipated, and badly broken bedrock which has hindered good core recovery in diamond drilling. Some of the "major sources of gold mineralization" were found in 1960, but have still to be delineated precisely on the ground. The one on Oro Grand Gulch is indicated by a streak of samples which are higher than normal over a width of about 400 feet. This does not indicate a possible ore body of major proportions.

Hilchey has told me several times about the fault under the Eldorado-Bonanza valley. Our mapping this summer extended along the entire length of this valley, but we were unable to find conclusive proof of any such structure; also, we found no evidence of it in our examination of aerial photographs. There is excellent evidence that the courses of both the present and the White Channel valleys were controlled by dykes of Tertiary volcanic material. An association between dykes and gold mineralization is very doubtful. A similar control is found in Quartz Creek. Gold bearing vein material has long been known in the Klondike placer deposits, and cannot be attributed to the directly underlying bedrock any more than a good yield from a placer claim can. The existence of placers in the first place is ipso facto evidence for transportation of the material involved.

The placer possibilities which Buckland mentions undoubtedly exist, but they cannot be large. There is a definite problem of water shortage to consider.

We should ensure that we receive every report to the shareholders of this company as a matter of course, in order to keep abreast of developments and intentions. Should they wish to rent any of our camps

again, we might consider asking for stock options in lieu of cash. The company is clearly not in too sound a financial position, or they would not be contemplating the placer work, which can only delay them in their objective. Any cash derived from rentals forms an insignificant part of our income, while the options on stock would, in the unlikely event of a major discovery being made by Klondike Lode Gold Mines, Ltd., be a useful asset.

B. W. Hester

B. W. Hester,
Assistant Manager.

BWH:w

cc: CEMcL-6
AGB
DO

Vancouver, 15th November, 1961.

C. E. McLeod,

W. A. Arbuckle.

Klondike Lode Gold Mines Ltd.

Enclosed is copy of Brian Hester's memorandum of 13th November giving his comments on F. C. Buckland's report. You will note his suggestion as to taking stock options by way of consideration for use of camps, etc., instead of the cash rental. Although this proposition seems to be a very long shot, I think Hester's idea is a good one for the reasons he states. Any deal of that nature made at Dawson would require the approval of a Board resolution - which perhaps might be passed at the forthcoming meeting.

cc-WWC. HFK.

The Yukon Consolidated Gold Corporation Limited

INTER - OFFICE CORRESPONDENCE

Dawson, Y. T.

November 13th, 1961.

From: B. W. HESTER

To: C. E. McLEOD

RE: KLONDIKE LODGE GOLD MINES, LTD.

The report by F. C. Buckland to the shareholders of the above company, which you sent me on 7th November, presents a summary of that company's operations during the exploration season of 1961. I would refer you to my report of a visit to these operations, dated 22nd August.

A number of difficulties have contributed to the delay in obtaining conclusive results. Among these are overburden, which is much deeper than anticipated, and badly broken bedrock which has hindered good core recovery in diamond drilling. Some of the "major sources of gold mineralization" were found in 1960, but have still to be delineated precisely on the ground. The one on Oro Grand Gulch is indicated by a streak of samples which are higher than normal over a width of about 400 feet. This does not indicate a possible ore body of major proportions.

Hilchey has told me several times about the fault under the Eldorado-Bonanza valley. Our mapping this summer extended along the entire length of this valley, but we were unable to find conclusive proof of any such structure; also, we found no evidence of it in our examination of aerial photographs. There is excellent evidence that the courses of both the present and the White Channel valleys were controlled by dykes of Tertiary volcanic material. An association between dykes and gold mineralization is very doubtful. A similar control is found in Quartz Creek. Gold bearing vein material has long been known in the Klondike placer deposits, and cannot be attributed to the directly underlying bedrock any more than a good yield from a placer claim can. The existence of placers in the first place is ipso facto evidence for transportation of the material involved.

The placer possibilities which Buckland mentions undoubtedly exist, but they cannot be large. There is a definite problem of water shortage to consider.

We should ensure that we receive every report to the shareholders of this company as a matter of course, in order to keep abreast of developments and intentions. Should they wish to rent any of our camps

again, we might consider asking for stock options in lieu of cash. The company is clearly not in too sound a financial position, or they would not be contemplating the placer work, which can only delay them in their objective. Any cash derived from rentals forms an insignificant part of our income, while the options on stock would, in the unlikely event of a major discovery being made by Klondike Lode Gold Mines, Ltd., be a useful asset.

B. W. Hester

B. W. Hester,
Assistant Manager.

BWH:w

cc: CEMcL-6
AGB
DO



Library and Archives
Canada

395 Wellington Street
Ottawa, ON K1A 0N4

Bibliothèque et Archives
Canada

395, rue Wellington
Ottawa, ON K1A 0N4

For material still subject to legislative, contractual or institutional obligations, users warrant that they will respect those obligations and not use LAC collections in a manner that would infringe the rights of others. Liability that may arise in the use of a copy is assumed in full by the user. LAC accepts no responsibility for unauthorized use of collection material by users.

To ensure proper citation and to facilitate relocation of an item, the source of the material and its reference number should always accompany the copy.

Pour les documents faisant encore l'objet d'obligations législatives, contractuelles ou institutionnelles, les usagers s'engagent à respecter ces obligations et à ne pas utiliser les documents des collections de BAC de façon à nuire aux droits d'autrui. Ils doivent assumer entièrement toute responsabilité qui pourrait découler de l'utilisation d'une reproduction de document. BAC décline toute responsabilité quant à l'utilisation non autorisée de documents provenant de ses collections.

Afin de citer un document avec exactitude et d'en faciliter le repérage, sa source et son numéro de référence doivent toujours accompagner la reproduction.

TITLE/TITRE _____
RG _____ MG 28 R- _____ SERIES/SÉRIE III-43
ACCESSION _____ VOL 42 PAGE(S) 12
BOX/BOÎTE _____ REEL/BOBINE _____
FILE/DOSSIER 10 Properties Klondike lode gold mines 1960-1961
DATE February 2016