

The Yukon Consolidated Gold Corporation, Limited

DAWSON, Y.T.

CANADA

PRELIMINARY REPORT ON LIARD AND HYLAND RIVER PROPERTIES

LOCATION

The general location of the property is southeast Yukon and Northeast British Columbia. More specifically, it is located on the Liard River, opposite and below the mouth of the Hyland River, and on the latter stream both in British Columbia and Yukon Territory.

PROPERTY AND TITLE

Within British Columbia: The portion of the property which lies within the Province of British Columbia consists of six parcels of ground on which application has been made to the Gold Commissioner at Victoria, B.C. for placer mining leases. All provisions for the granting of these leases have been fulfilled with the exception of financial responsibility to conduct a mining programme commensurate with the amount of ground applied for. Five of the blocks of ground on which applications are pending are on the Liard River and are contiguous, forming a solid block of ground approximately seventeen miles long and averaging about one and one-half miles wide. There is one isolated lease on the Hyland River that extends from the Yukon border southward a distance of approximately two miles, where it comes to the boundary of the Alaska Highway reserve. Its width is about two miles.

Within Yukon Territory: In Yukon Territory, four prospecting leases and two river leases have been granted covering ground from the Yukon border upstream a distance of ten miles following the sinuosity of the stream, and extending one thousand feet back from the river banks on either side. The river leases cover that portion of the stream that is included within the two leases and its lateral boundaries conform with the same flexures which form the interior boundaries of the prospecting leases, thus forming a solid block of ground approximately twenty-five hundred feet wide and ten miles long. Above this, on the Hyland River, applications have been made for an additional twenty miles covering a like width. As of this date, the grants had not been issued. The applications and the grants are in the name of Liard Black Sands. Those having interests in the association are H.E. Boyd, A.H. Braden, E.N. Butler, D. Porter, W. Stratton and H.J. Baker. Mr. Boyd is acting as spokesman and has authority to make any agreement for the property. He is the manager of the Automotive Department of the N.C. Company at Whitehorse. Mr. A.H. Braden acts as Secretary and is the senior partner in the accounting firm of Braden and Porter, who have among their clients many of the prominent business firms of the City of Whitehorse.

HISTORY

Gold has been known to exist in the gravels of that portion of the Liard River and its immediate tributaries for many years. In their report on Exploration in the Yukon District, Northwest Territories and Adjacent Northern Portion of British Columbia, which was made in 1887, G.M. Dawson and R.G. McConnell stated that miners had been working on the bars of the Liard River as early as 1872. In the Cassiar District, which is situated to the southwest and whose major stream, the Dease River, is tributary to the Liard, active mining operations have been carried on for many years and has been a substantial producer of gold. Although there are no Government reports presently available on the immediate Liard and Hyland Rivers Mr. McConnell, in the above mentioned report, stated that some prospecting had been done on the latter stream but with indifferent results. In the year 1924, when there was a rejuvenation of mining in the Cassiar District through the discovery of new creeks, many prospectors ascended the Liard River even as far as Francis Lake and some mining was done at the mouth of the Finlayson River. Dr. H. S. Bostock, in his memoir on Mining Industries of Yukon, 1935, states that in 1933 and 1934 there was considerable activity in placer prospecting on the tributaries of the Liard River. Two companies were formed and the exploration work carried on by them indicated that there were considerable areas of gold bearing gravel, but that the undeveloped state of the district made mining costs too high and the properties were abandoned. With the construction of the Alaska Highway, more people were brought in and when the construction activities were over and the influence of high wages had subsided, many of the men who had worked in that vicinity began prospecting for gold. In 1953, it was found that the black sands or the concentrate found in the gravels of the Liard and Hyland Rivers, contained rare minerals, and when this became publicly known, practically the entire length of the Liard River and its larger tributaries were staked.

Mr. Ernest N. Butler, who had been in the Watson Lake area for a number of years and had done some cursory prospecting on the Liard and Hyland River bars and banks, had saved some of the concentrate of his pannings. He sent a sample of it to Derby and Company Limited, London E.C. 4, England, where tests were made, and it developed that the material contained several of the more rare minerals. The report by Derby and Company was so encouraging that he staked a considerable block of ground himself and interested others to do so also.

EXPLORATION

Although a tremendous area of ground has been staked in the vicinity of the Liard and Hyland Rivers, very little exploration has been done and the knowledge of what the ground actually contains is meagre. Mr. Butler has been doing a small amount of surface prospecting

with pan and rocker and has not really compiled any definite information. Besides the sample of concentrate, he also sent a sample to G.S. Eldridge & Company, Vancouver, B.C. where the assay made, indicated extraordinary gold content. What degree of concentration was involved in producing these samples from insitu gravels is not known. Mr. Butler, who is presently at Lower Post, B.C. could, no doubt, give this information in a general way, as in ordinary prospecting practises, these refinements are given little thought. However, regardless of the degree of concentration, there is a positive indication of the presence of gold and rare metal.

Early in the spring of 1954, during what one might term the peak of promotional activity in the Whitehorse area, the Tecumseh Petroleum Company, of which I have no knowledge, and whose principal activities were in the acquiring of potential oil lands, became interested in the possibilities of the Liard River becoming a gold and rare earths producer. They apparently did a considerable amount of exploratory work and spent several weeks in the area. They also staked and acquired by lease a substantial amount of ground. A copy of the report by the Board of Directors to their shareholders is enclosed.

Mr. Alex Berry, the Territorial Councilor from Mayo, who is also the Field Exploration Representative for the Conwest Company Limited, became interested in the Liard field and spent several days there at the very peak of excitement and made a brief examination. He produced a sample of concentrate by panning material from the Bank of the Liard River near where it is crossed by the Alaska Highway. The ratio of concentrate according to his figures was twelve to fifteen pounds to a ton of raw gravel. The assay value of his concentrate was 0.54 ounces in gold per ton. He had no return on platinum or other rare metals. He reported his findings to Mr. Fred Connell, the president of his company, who stated that the Conwest Company was not interested in a placer project.

Also during the summer of 1954, Mr. Oliver Warren, who for many years has operated a dragline and washing plant in Northern California, was in the Burwash District looking for a possible site for a dragline operation in that vicinity. He immediately became interested in the possibilities of the Liard and acquired the right to prospect the lower five miles of the Hyland River from the Liard Black Sands, who had filed an application for a lease covering that ground. Mr. Warren sank six pits varying from six to twelve feet in depth on the banks of the river. He stated to Mr. Boyd and Mr. Braden that the results of this preliminary prospecting showed values from 52¢ to \$3.65 per cubic yard. Since then, Mr. Warren has interested Mr. Frank Crawford of Anderson, California and Mr. Sam Fortino, of Chico, California to become partners with him in a dragline operation on that part of the Hyland River. Mr. Crawford and Mr. Fortino are both interested in the lumbering business in Northern California, having lumber mills and lumber products plants of their own. They have taken a lease on the ground from the Liard Black Sands on the same

terms which were offered us, namely 5% of the gold produced and 15% on any other mineral. They have also paid \$1,000.00, or \$100.00 per square mile for a block five miles long and two miles wide. Mr. Warren and his associates plan to prospect the property next spring by drilling and have already arranged for the purchase of a dragline and washing plant that is on McDane Creek and owned by the Harms Larson Company, which operated there a few years ago.

CONCLUSION

Since the information available is so scant, and what Mr. Boyd and Mr. Braden were able to give us was nothing more than what might be termed secondary, it is difficult to form a fixed opinion. There is a vast discrepancy between the values of the sands as found by Derby & Co., the Tecumseh Petroleums and Mr. Warren, compared to the value found by Mr. Berry. It can be presumed that the former values greatly exaggerate the true value, and that the value found by Mr. Berry might be ultra-conservative, but probably most realistic. Using Mr. Berry's results, and assuming a concentrate of twelve pounds per ton, gold valued at \$30.00 per ounce and one cubic yard equal to one and three-quarters tons of gravel, we have:

$$\frac{12 \times 54 \times 30 \times 1.75}{2000} = 17.0\%$$

This gives a value of 17.0% per cubic yard. The value of \$30.00 per ounce was taken as the information was based on assay instead of native fineness of the gold. The value of 17.0% per cubic yard is, of course, marginal. However, if there are other minerals present in economic quantities, it may add to the attractiveness. All of the prospecting or sampling from which the foregoing information was derived, was surface. There is no knowledge whatsoever as to the depth of the ground or the penetration of values into it. The sampling was all done near the river bank which was the most accessible place and also the easiest to obtain a concentrate sample. Mr. Boyd and Mr. Braden said the general level of the ground for some distance on either side of the river was about eight feet above mean water level and this, no doubt, was the reason why Mr. Warren's test pits did not extend deeper than twelve feet. They also said there was a topsoil about two to four feet thick which supported vegetation and fairly good tree growth. Below this there is sand and gravel to water level. As far as they know, the black sands are uniformly distributed through the sand and gravel to the bottom depth of the test pits. They believe that the depth to bedrock would be forty to fifty feet but their information is based only on outcrops of bedrock at distant places and may not be anywhere near the actual. That part of British Columbia and Yukon Territory has been glaciated and the surface gravels may be underlaid with a depth of glacial till, as was demonstrated in our drilling on the Fraser River. However, if the values are sufficient and penetrate to a depth of ten to twenty feet, there is no need of reaching bedrock. In the largest dredging fields of California, bedrock has never been reached.

LEASE OF PROPERTY

Mr. Boyd and Mr. Braden propose that the Yukon Consolidated Gold Corporation lease all of the property now held by grant and all that applied for either for dredging leases in British Columbia or prospecting leases in Yukon Territory. The terms would be 5% royalty on all gold produced and 15% on rare earths. They also ask a payment of \$100.00 per square mile, which is to partly reimburse them for the money they have already expended toward the acquiring of the leases, knowing that it will be possibly two or three years before they would receive any substantial returns through ordinary royalties. Mr. Boyd and Mr. Braden are conscientious men and firmly believe that the ground is what they report it to be. They are both prominent men in the business and social life of Whitehorse.

Enclosed:

Map showing the various pieces of ground for which dredging leases have been applied and the ground in Yukon Territory for which grants have been issued and on which applications for prospecting leases have been made.

A copy of the regulations covering placer mining leases as granted in British Columbia by the Lieutenant-Governor in Council as provided for in Clause 127 of the Placer Mining Act of the regulations of the Province of British Columbia.

A copy of the report to Mr. E.N. Butler by Derby & Co. showing the analysis of a black sand concentrate.

A copy of the report to the shareholders of Tecumseh Petroleums.

Copy of letter to Mr. E.N. Butler from G.S. Eldridge & Co. Ltd. together with Certificate of Assay on sample of black sand.

Copy of letter from H.E. Boyd to Yukon Consolidated Gold Corporation, making agreement not to commit the ground presently controlled by them to any other party until January 31st, 1955.

On Page 52 of Memoir 247 titled, "Physiography of the Canadian Cordillera" by Dr. H.S. Bostock, you will find a good picture of the Hyland River at its junction with the Liard. Unfortunately, I am unable to furnish you with a copy of this publication. It may be available in Vancouver at the Chamber of Mines or at the Public Library. Before venturing on an extensive prospecting programme, it would be well to consult Mr. Butler to get what further information he may have regarding the ground and also to acquaint ourselves better with the general physiography. However, a small drilling programme would not be costly, and a few holes would probably provide data to make a final decision in the matter. The greatest cost would be the transportation of the drill which, due to property being so accessible, to the Alaska Highway, would be no great undertaking.



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