

The Yukon Consolidated Gold Corporation Limited

1919 MARINE BUILDING

VANCOUVER 1, B. C.

2271 Westmont Way,
Seattle 99, Washington,
September 7th, 1960.

C. E. McLeod, Esq.,
1919 Marine Building,
Vancouver 1, B. C., Canada.

Dear Charlie,

Lightning Creek Placers

Mr. Earl K. Nixon's reports of 1941 and 1948 give an account of the attempts made to mine the "Deep Lead" of the Lightning Creek Placers and summarizes the exploration and other activities to date.

Some drilling was done to locate the "Deep Lead" but no data was given as to values found by the drilling. Sampling of the "Deep Lead", which was reported to average about 30 feet in width, gave values ranging from \$10.93 per cubic yard to \$33.40 per cubic yard. Very little actual mining was accomplished, due to the difficulty of holding the ground, but recovery from 2,871.6 cubic yards amounted to \$33,143.05 or \$11.54 per cubic yard. Nixon thought an average of \$15.00 per cubic yard would be fair.

Besides the attempt to mine in the "Deep Lead" considerable mining was done in the so-called "Terrace Gravels" where the paystreak was reported to be from 300 feet to 400 feet wide. This was also a drifting operation. 121,296.6 cubic yards were mined during 1936, 1937 and 1938 and gave a production of \$537,782.16 or \$4.43 per cubic yard. Accurate costs were hard to determine as some work was common with the "Deep Lead" operation. According to Nixon test drilling in the "Terrace Gravels" showed the depth of pay to range from 12 feet to 38 feet. In mining a slice only $7\frac{1}{2}$ feet was mined but I think this depth would get the greater proportion of the gold.

The mining operation in the "Terrace Gravels" showed the presence of many boulders. Boulders the size of wash tubs were common and, in one instance, one 22 feet long was encountered. The same condition is presumed to exist in the "Deep Lead".

Depths to bedrock in the "Deep Lead" were reported to range from 160 feet to 170 feet and in the "Terrace Gravels" from 100 feet to 120 feet. A vertical section, derived from test drilling, gave a few feet of soil, sand and alluvium at the surface then a series of thick, alternating beds of sand, gravel, bouldery gravel and slum. Bottom gravels were heavy and bouldery.

Conclusions

Boulders preclude the possibility of dredging.

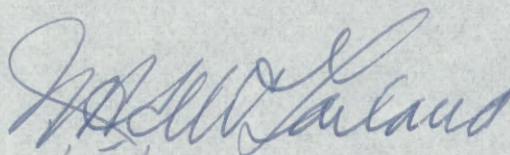
The difficulty of draining and holding the ground rules out drift mining at present day costs.

The small width of the "Deep Lead" paystreak makes stripping off of the overburden impracticable. There is some chance of such a scheme being worked out for the "Terrace Gravel" if they have sufficient extent.

Drilling of this formation would be costly. Nixon gave a figure of \$2.00 per foot but my idea is that it would run \$8.00 per foot or higher.

My opinion, after reviewing all the difficulties encountered by former operators, is that our company would be well advised to give no further consideration to this property.

Yours very truly,

A handwritten signature in blue ink, appearing to read "W. H. S. McFarland". The signature is fluid and cursive, with the first name being the most prominent.

W. H. S. McFarland



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