



Last one to leave: turn off the lights

By JANE GAFFIN

Keno, the venerable old gentleman mine, refuses to die a natural death as long as a probable hundred million ounces of silver keep its heart beating. Yet, the federal government is bent on subjecting the mine to euthanasia.

I believe the mine deserves a dignified burial.

In a series of articles being published in the *Star* each Friday, I'm saying last rites and farewell to a great mine that served as the Yukon's lifeblood off and on for more than 80 years.

Here's part 9.

After the crash of '82, everybody lost their jobs.

United Keno Hill's exploration geologist, Jim McFaul, spent the winter driving a scoop tram for an underground placer operation in the Sixty-mile country near Dawson City.

Dennis Prince came to Whitehorse from Ontario to fill the head position left vacant when Dutch Van Tassell resigned from United Keno Hill Exploration.

Prince's alma mater was Newfoundland's Memorial University, where he had first studied geography, then geology. The 35-year-old Falconbridge geologist was widely recognized as one of Canada's most vocal mining advocates.

To his thinking, "balance" didn't mean one group could achieve its goals

by seizing everything from another group. Yet government was wantonly demonizing mining while it was down for the economic count.

Career and contract bureaucrats were starting the slow-motion process of dismantling industry piece-by-piece that would turn small communities into ghost towns.

It was getting hard to find a corporate giant or a junior company that would show spunk and spine and would stand up and argue with the government. Single-file, the mainstays pulled up stakes and left the Yukon: Falconbridge, Noranda, Kennecott.

Prince was the last of the Yukon lot speaking out against the illegal tampering with the mining act, insane regulations and bureaucratic abundance and interference.

During his five-year stay, Prince worked tirelessly with the Yukon Chamber of Mines, as had and did other United Keno Hill geologists.

Despite a nine-month labour strike at United Keno Hill, coupled with low metal prices that had forced closure of all the Yukon's major mines plus the White Pass and Yukon Route railway in 1982, the Elsa mines resumed operations in the fall of 1983.

McFaul was called back to the mine, this time as the senior geologist in charge of the exploration department.

The company had some fairly phenomenal budgets to expend due to flow-through shares. A hundred-per-

cent expenses, plus an additional 33-1/2 per cent to sweeten the pot, were tax incentives filtering through to individual shareholders.

The tax deductions inspired companies to explore and develop mineral deposits into producing mines that would generate revenues.

McFaul already had the Galkeno Open Pit to his credit. Six more of the many targets he had previously - prospected, developed and drilled went to production.

Millions of ounces of additional ore were produced from the new Silver King Underground, Ruby Offset, Hector 3 & 4 Vein Open Pit, Flame & Moth Open Pit, Black Cap Open Pit and Bellekeno Underground.

The two best properties were the Silver King and Bellekeno, which were not exhausted of material before the company went into a tailspin in 1989.

Silver prices continually slid while taxes continually rose. To avoid another premature shut down, UKHM's president and board of directors took a 25-percent reduction in pay before asking the employees to follow suit.

Their survival technique was reminiscent of Treadwell Yukon in the early 1930s. Livingstone Wernecke was desperate to keep his men eating during the Depression Years. The miners, knowing the company's abysmal financial situation, had accepted a dollar-a-day pay cut to keep their jobs to the bitter end.

When silver took another drastic dip in 1986, UKHM wages were tied in with the price fluctuations. By the summer of 1989, workers were back on full salaries for nine months. However, their pay was based on the 1986 scale.

It was a long drought. McFaul's last full-tilt paycheck was from 1981, when he was the underground mine geologist at Venus.

At least he had an enjoyable, worthwhile job, and the company had some good budgets to work with, McFaul noted in a 1993 interview.

"We got a lot of work done and had a fair bit of success due to the flow-through share program."

Then, 3 1/2 years of bunkhouse living took their toll. McFaul transferred back to the Whitehorse office in the spring of 1987. For the next three years, he managed the Dawson Lode project.

United Keno Hill staked roughly 1,200 quartz (hardrock) claims over-top Klondike placer workings. Finding the source of Klondike placer gold didn't meet with any luck for the several companies working on a similar concept.

While McFaul was chasing the Mother Lode, United Keno Hill employees learned of Dennis Prince's intention to return to Ontario. (As a note of memoriam, Prince died suddenly of a massive stroke on Jan. 4, 1999, at age 52 in Toronto.)

The post was bequeathed to Ken Watson in 1988. He and his wife, Pat,

were part of United Keno Hill's best and brightest. The academics had carried out many seasons of reconnaissance field work as a husband-wife team.

Dutch Van Tassell would send out husband-wife crews; two-women crews; two-men crews. But he circumvented the possibility of creating human problems by not putting two-person, mixed-gender crews into an intimate situation. Anyone who didn't like the boss' old-fashioned moral ethics could apply elsewhere.

The economic predicament bleakened. Watson served about a year as exploration manager, then he and his wife went to Ontario, too.

McFaul assumed the role of acting exploration manager in November 1989, around the time full curtains came down on the Elsa mines.

The only people with mine jobs were the watchman and a skeleton maintenance crew. The laid-off employees did not receive proper severance packages because of an agreement concluded between the labour union and the company.

Evidently, a new exploration budget was expected to come through like clockwork in the spring. Everybody expected to go back to work. It never happened.

Federal finance minister Michael Wilson cancelled the flow-through program that was the motor driving explo-

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The great company had fallen into bankruptcy

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ration companies to find and develop mineral properties into revenue generating mines.

As soon as United Keno Hill Exploration lost its funding, the acting manager, geologists, draftsman, expeditor were laid off the next day.

Silver prices had dropped below the profitable \$8 U.S. per ounce mark.

The closure resembled the tough experiences of Livingstone Wernecke, who creatively kept Treadwell Yukon afloat up to 1941.

The company had succumbed to bankruptcy due to a bad marketing position, ore exhaustion and insufficient working capital. Treadwell president Phil Bradley and his board were negligent because they were tired of mining in the central Yukon.

McFaul, like Wernecke, had gleaned an encyclopedic knowledge about geology at the mines and in the field. He had been groomed for his managerial role for years. His name was freshly inked into the **Canadian Mines Handbook** as exploration manager along with Chris Cowan, UKHM's president and CEO, and the names of the Toronto board members.

"I never got to do anything as the manager except shut the place down," explained McFaul. Saying good-bye to more than 14 years with the company, he turned off the lights and locked the door.

Soon, the Sudbury, Ontario-based Bharti Laamanen Mining Inc., an engineering and contracting firm servicing the mining industry, struck a deal with Falconbridge Ltd.

Stan Bharti was familiar with the company. For a number of years, he was employed as an underground ventilation engineer for Falconbridge. Besides, their home turf of Sudbury was big Falconbridge territory.

Somewhere along the line, Falconbridge Nickel and Falconbridge Cop-



JIM MCFULL

per merged into Falconbridge Ltd.

Falconbridge, the owner of United Keno Hill Mines, was owned 50 per cent by each Noranda and Trelleborg AB, a Swedish industrial company. Both companies had acquired Falconbridge's outstanding shares in October, 1989.

A multinational interested in daily millfeeds of tens of thousands of tons would not be enraptured with a 500-ton operation in the Yukon, any more than was Phil Bradley and his Treadwell board.

Noranda conceivably told Falconbridge to dump United Keno Hill Mines. The deal floated was a private transaction not subject to making an offer to all shareholders.

A June 1990, press release, bearing a New York dateline, implied Falconbridge would pay to off-load the assets. If there was any Swedish money involved, as rumoured, than it may have come from the Trelleborg interest, although doubtful.

BLM Mines Inc., a Toronto-based unit of Bharti Laamanen Mining, agreed to acquire the 44.9 per cent of

United Keno Hill Mines' common shares held by Falconbridge.

In return, Falconbridge agreed to provide up to \$2.4 million for the United Keno Hill operations over 30 months in exchange for royalty interest in United Keno's properties. It would retain a minority ownership of the DEF copper deposit, 80 kilometres northwest of Carmacks in the Dawson Range. However, Bharti Laamanen only lasted about six months in the Yukon.

There was another snag. The DEF deposit, found on Dutch Van Tassell's watch in 1971, had been funded by United Keno Hill Mines, Falconbridge Nickel and Canadian Superior Exploration.

The other 60 per cent of the eight-million-ton copper silver-gold deposit was called Minto. It was owned by the Silver Standard/ASARCO syndicate.

American Smelting and Refining Company (ASARCO) had Keno Hill connections dating back to the 1920s through the Guggenheims of New York.

The Guggies had formed the original Keno Hill Mining Company, a spin off from the Yukon Gold Company's dredging operations in the Klondike.

The financial gurus would have to untangle the complexities in the boardroom.

Around July 1990, Jim McFaul handed over the keys to Stan Bharti and Risto Laamanen of Sudbury.

Jane Gaffin is author of *Cashing In*, a definitive history of the Yukon's hardrock mining industry, 1898 to 1977. You can e-mail her at janegaffin@canada.com or visit her at www.diArmani.com.

Next week: some old Keno Hill sites pronounced "dead" prematurely are resurrected to a healthy state through the initiative of a locally owned junior outfit.



Star photo by VINCE FEDOROFF

FREE TREE - Rod Snooks (left), manager of the local Home Hardware store, and employees Robert Gray-Nicol (kneeling) and Terry Skingle mark the 40th anniversary of Home Hardware on Wednesday with the donation of 40 trees to landscape the area around the aquatic centre. The facility opened two years ago.

Roadhouse Inn back in business

A Second Avenue fixture that's been collecting dust as of late is set to re-open this month.

The Roadhouse Inn, Saloon and off-sales isn't for sale but is reopening under a new manager, said Janice Lattin, who has managed the bar for her father, the owner, in the past.

Con Lattin had bought the hotel and bar back in the 1970s. The family closed the facility in early May.

"We've just found someone who we think would be a good manager," Lattin told the *Star* Tuesday.

The new manager, who she isn't naming yet, is likely aiming for a re-opening early this month, she said.

From last November until the end of April, Vicki Durrant, the previous executive director with the Youth of Today Society that runs the Blue Feather Youth Centre on the Roadhouse lot, managed the hotel with 18 of the youth involved with the society living and working there.

That youth residence was closed after Durrant was unable to secure the \$1.7 million needed for a down payment.

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