

WHITEHORSE: (Nancy Thomson) Jim McFall has spent 25 years looking for gold in the Yukon. He has just signed a deal with a Vancouver based mining company that will see this theory about the source of Klondike gold put to the test. He's my guest today on Time to Talk.

Thomson: "Now, we're going to get to this little motherlode you have up your sleeve but first I wonder if you could start off by telling me how you wound up coming here and prospecting in the Yukon."

McFall: "That's a long story from a way back when. I actually took a geology degree at the University of B.C. and finished in 1974. I'd worked a couple of summers in B.C. and actually thought I was going to spend my whole career working out of Vancouver but in '74 the NDP government passed some legislation that the B.C. mining industry didn't like very much and they emptied the province and everybody was shipped up here that year, including me, so I came here in '74 and never left."

Thomson: "And '74 also would be a time for the territory, from what I can recall, being quite young at the time, a lot of mineral exploration."

McFall: "It was huge. There were hundreds of companies working here at that time, so I liked it up here and I just kept coming back and the work was great so I stayed."

Thomson: "And what community did you go to?"

McFall: "I worked for United Keno Hill for about 15 of the last 30 years and I worked here in Whitehorse in our exploration department and I also worked up at Elsa at the mine there and did about 7 years there and then came back and worked here some more in Whitehorse, so I've been back and forth quite a bit."

Thomson: "And you've seen the climate change considerably in terms of exploration and development."

McFall: "Yes I have and unfortunately not for the better. It's been pretty lean for the last 15 years."

Thomson: "Yes and it has been a fairly long stretch where that has really - it's just been flat."

McFall: "Yes it has. I got laid off from Keno Hill in 1990 and since then I have not had steady work. It's been a long drought."

Thomson: "But it's not because - I'm thinking - it's not because the minerals aren't there because we know that they're there. You know that they're there."

McFall: "That's correct. It's regulatory. It always has been."

Thomson: "It's not world markets?"

McFall: "No. Look at now. World markets are actually booming. The metal prices are the highest they've been in 25 or 30 years. For some metals it's the highest they've ever been and yet nobody's coming back here. We should have hundreds and hundreds of companies working here like we did when I came here in the 70's. There used to be major companies had permanent offices here. Quite a few of them. Those are all gone and it's not because of a little swing in the market price. This was a much more serious problem. It was regulatory in nature and it still is."

Thomson: "And how would you define that?"

McFall: "That's a very long story too. How long have you got?"

Thomson: "We've got awhile."

McFall: "Okay, it's actually kind of a pet project of mine. I've done a lot of work on this. There's five things you need to have a healthy mining industry anywhere in the world. You need good geology and the Yukon certainly has that. You need a thing called legal security of tenure which is your mining legislation and you need reasonable regulations. You need political risk at a minimum and you need infrastructure like good road access and ports and electricity and that sort of thing. The Yukon used to have all five of those but starting about 30 years ago, due primarily to environmental regulations, but it wasn't necessarily because of environmentalism, that was the excuse that was used, to introduce some very serious changes to the legislation, and the primary change was using licenses, particularly the water license and now we also have land use licenses. Those things had serious repercussions for legal security of tenure and because of that most of the industry left."

Thomson: "But those land use and water use licenses would have been administered and delivered by the federal government, Indian and Northern Affairs, which is now - that's no longer the case."

McFall: "By and large that's no longer the case. That's now local but it was all done previously by the federal government, yes."

Thomson: "And was that a conscious decision do you think?"

McFall: "That's a good question. Who knows what goes on in the minds of bureaucrats 3,000 miles away but I have to assume that yes it was somewhere along the way a conscious decision on somebody's part and if you boil it right down to the bare bones it comes down to this - a license is a discretionary document from the minister and it's an absolute document for the minister. He has absolute power over the issuance of that license and whether that license is torn up later or not so it gives them absolute power over the miner. The Mining Act, the actual Quartz Mining Act, and the Placer Mining Act were the exact opposite. They were supposed to protect the miner from the bureaucracy and that was due to a big scam they had going on during the gold

rush actually.”

Thomson: “And both of those acts we should mention were quite antiquated.”

McFall: “Well, they were old. They’re not antiquated. Actually they’re very good pieces of legislation. They really are. A lot of people don’t like them because they gave very strong rights to the miner to protect his property. That was the whole point of those acts.”

Thomson: “And when were those acts written?”

McFall: “The Placer Act was written about 1898 and the last major revision of the Quartz Act was 1924. It’s been revised since then but it was a 1924 act and they were written, especially the Quartz Act, in 1924 was written specifically due to a big problem they had during the gold rush where the mining recorders were accused of taking bribes. This was a huge deal at the time. People were having their claims jumped right in the government office. You could walk in, bribe a recorder and he’s just put a pencil through the owner’s name and write the other guy’s name on top and this went on for 25 years. They were not happy about this. Actually the accusations went all the way to the minister of Ottawa was accused of taking bribes so in 1924 there was a federal election. George Black was elected as the MP from Dawson by the miners and they sent him to Ottawa with one mission and that was to rewrite the mining acts so that the protection for the miner was virtual absolute so that this sort of thing could not happen anymore and he did that. He was very successful, so much so that from 1924 until the mid 1980s nobody ever messed around with mining claims. You couldn’t but all of a sudden in the last 15 years mining claims are being virtually overrun by government’s interference if you want to call it that and it’s putting people out of business and as soon as the miners saw that they just said look we cannot invest money, especially huge amounts of money, under these licenses because there is no legal security of tenure. There’s none because all you have is the minister’s personal opinion as to whether you’re going to get this license or not. That’s all you have.”

Thomson: “But if this legislation and the Placer Act written in 1898 and the Quartz Act which governs hard rock mining was written in 1924, have not I guess the perspective and the practices really and I’m talking environmental factors, have they not changed to be reflected?”

McFall: “Oh absolutely, yes they have. And this is an interesting point. As I said previously, that was the reason that was used for doing this was environmental regulation but they could have done all the environmental regulation they needed to do within the existing act. The framework was there but if they had used the existing act, that would have left our legal security of tenure in place and the government still would have had no real control over what went on inside those claims because they’re issued as leases and a lease is private property and it has all the legal rights of property attached to it and they’re very strong. You can uphold them in court, etc., etc. A license has nothing and that gives the government the absolute power that they wanted to have over those claims. Unfortunately when you give them that power, then they use it.”

Thomson: "I guess that was then. This is now. In terms of who is administering those license, the Yukon government now has authority for that."

McFall: "Yes they do."

Thomson: "Do you think that's going to make much difference if only because the political masters - you mentioned one of your five things was political risk at a minimum. The cabinet ministers if you will, the government of the day, is here and has to answer to an electorate."

McFall: "That's true although theoretically they also did the same thing in Ottawa. They have to answer as well but they really didn't care."

Thomson: "When you consider how much sway Yukon voters have federally but territorially it's a whole different story."

McFall: "You're right. It's better to have local government in charge I think because they're closer to you but that being said, this situation remains the same. They still have virtual absolute control over your private property. In fact, I've talked to federal lawyers several years ago about this issue and they went so far as to say that they no longer considered our claims to be private property. They were just a license with no rights, period and that's a scary thing to tell a guy when he's investing hundreds of millions of dollars on a piece of ground, that he can be thrown off of at the arbitrary whim of one bureaucrat. You cannot invest large amounts of money like that. You just can't. The really interesting thing about this whole situation is that none of the original legislation was ever repealed. All of those legal rights, all the property rights and the fact that a claim is still a lease is still in the act. They've just thrown this license thing on top of it and told us that all this other stuff no longer operates."

Thomson: "So why hasn't anybody challenged it in court?"

McFall: "That's a very good question. I wish I knew. Actually I do not. It's because corporate guys will never challenge a government, ever. In my history I've never seen it done. The only guys I've ever seen actually do that were the two placer miners that took a run at the water board there a couple of years ago over the 50 Mile River and they won. They really did. They won. It was amazing and it should be an inspiration to the whole industry but unfortunately corporate - and the bigger the corporation the worse they are. When they're confronted with this stuff they just pack up and go somewhere else, and again I've attempted in the past to get corporations to stand up and fight this stuff. They won't do it. They just tell you just go along to get along."

Thomson: "Getting to your specific situation, you yourself have been searching for the motherlode and I should hasten to add and you and every other geologist, prospector and miner that's ever stumbled across the territory, but you're actually quite confident, are you?"

McFall: "Yes I am. I have a very long background on this target. I've been at it for 25 years off and on. I started in 1981 working for Keno Hill looking at the Klondike. In

1984 we went in there and staked 1200 quartz claims and we did a lot of work, spent several million dollars in there looking and it was just starting to get interesting in 1988 when metal prices took a bad slump. They cut our budget in 1989 so I wasn't able to actually pursue that target and in 1990 they shut the office down and laid us all off and that was it so after that I went to work for several other companies that were working in the Klondike and I tried to get them interested in this but they had their own theories and their own targets and didn't really want to pursue that particularly so in the end I was forced to do it on my own and that cost me a lot."

Thomson: "How much?"

McFall: "Every dollar I had. Every dollar I earned. Every dollar I inherited. I've probably gone through my own bank account \$250,000 plus I threw away my career for 15 years and that cost me a million bucks in wages."

Thomson: "You have a lot invested in this?"

McFall: "Yes I do, a lot."

Thomson: "A lot emotionally too."

McFall: "Well, it's been very hard. The last 15 years I've been virtually living in poverty just taking odd jobs to keep ahead and I always had the option to go somewhere else and get a good job. I could have got a geology job anywhere in the world except here but I did not really want to work in Third World countries or overseas. I wanted to work here."

Thomson: "And you want the motherlode."

McFall: "I do actually. I want that a lot. It's a bit of an obsession and guys in our business they're kind of like that. You get your pet targets and you hate to walk away from a good target. You really do."

Thomson: "You've managed to get a Vancouver company interested. Tell us about that."

McFall: "Again that was a bit of serendipity. A good friend of mine here in Whitehorse knew the geologist that worked for that company. He'd known him for quite awhile and starting about a year ago they were talking back and forth on the phone about what I'd been doing in the Klondike and the geologist in Vancouver got interested in it and called me up and said we should talk. We did and he was working for this company Dasher Exploration, and he took the property idea to Dasher and said this guy's got these claims in the Klondike and he thinks he's got a good target there. Let's do something with it and eventually we were able to work out a deal and hopefully we'll be able to start working this spring when the snow's gone."

Thomson: "What makes you so certain? How candid can you be with us?"

McFall: "Well, that's a tricky one because we're trying to keep the actual target model proprietary for a little longer. We'll let it out eventually but we're still working on

picking up claims up there and we don't want to spill the beans too early."

Thomson: "Although maybe no one's listening to us."

McFall: "They're always listening. I'm confident in that I've done an enormous amount of research on this over many years and out of all that research this fits what I conceive to be sort of the ideal target, the ultimate theoretical target that I thought it should look like from way back when. This has all the attributes and because it's a place that has a lot of work done on it by other people previously and that work is now available through the government, I've been able to see what was done there and there is a lot of information that actually physically supports my model so it's not just a theoretical target anymore. It's got geological, geo-chemical and geo-physical confirmation of that."

Thomson: "And when did you start sensing that you did have that actual evidence?"

McFall: "About 18 months ago."

Thomson: "And how did you feel?"

McFall: "I felt pretty good and eventually that's why - I had actually left the territory about 3.5 years ago. I just gave up. I got really depressed and I was broke and I sold everything I had and I left and went to Toronto and moved in with my brother there for a bit and looked for some work down there but very rapidly found the only work there was overseas and finally after six months down there I was really fed up and said if I'm going to go broke I'll go back to the Yukon and I'll go broke up there taking one last shot at this thing so I came back up here with the last of my money and I went back to Dawson and I went out on that piece of ground because I'd always figured that was the key area and started prospecting and started finding actual pieces of rock on the ground that fit the target model I was pursuing and after that I just kept going. I staked the claims, kept looking, finding more stuff and after that everything just sort of clicked but I almost walked away from this. It was that close. I actually gave up and left this territory so it's a hard business. You really got to believe at all costs. You can never give up in this business or you might as well just never start."

Thomson: "You have to be tenacious."

McFall: "Yes you do. That's a prime consideration for prospecting."

Thomson: "And you're optimistic. Are you certain?"

McFall: "There's no certainty in this business. No. I found that out at Keno Hill when I worked at the mine there. That's another place very similar in that respect and you can get fooled. Mother Nature is a very cruel mistress when it comes to that sort of thing."

Thomson: "And you have to be able to outwit her?"

McFall: "Either outwit her or you just roll with the punches and keep going back."

Thomson: "Be a good sleuth."

McFall: "That's a lot of it. It's a detective story. It really is and a big three dimensional jig saw puzzle with a lot of pieces and the pieces I had you wouldn't believe the amount of information I had to compile to do this. I did about 4 years of going through every single state or provincial or university archives from Fairbanks all the way to San Francisco and I found stuff on that area all the way down to San Francisco, Seattle, Tacoma, some good stuff actually right here in the territorial archive. I spent 6 months going through all the stuff on the Klondike that they've got up there. There's about 1400 listings in our archives and I went through every single piece just to see what it was and I found one book that they had in there that had a very key piece of information geologically. That one really lit me up and that book was published in 1899 in the states and I think there's only two copies left. There's one there and I've got the other one. I bought it off the Internet."

Thomson: "No way."

McFall: "Yes."

Thomson: "You're determined and you know what you're looking for and you leave no stone unturned."

McFall: "We're going to drill that place every which way but straight up in the air this summer hopefully and if something doesn't come out of there I'm going to be awfully disappointed."

Thomson: "Well, you can't say you haven't given it the good old college try."

McFall: "Mostly I have to know. I've got so much invested and so much time in this I really have to know. That was one of the hardest things when I left here 3 years ago was I was giving up on that target after all that time and it was very difficult to do that. I really felt bad about that."

Thomson: "What made you - you must have been feeling pretty despondent to walk away, but when you got back, how did you feel knowing that you were going to resume your hunt?"

McFall: "I was glad to be back. I love it here. I can't live anywhere else really. I've got to be here and I really was happy to be back on that target especially when it started to pan out. That's always a good feeling when you start to see the stuff come together, when it's actually there on the ground. That's like hitting the jackpot."

Thomson: "What has been - you've been at this so long and as you say, invested all your money. The opportunity cost a lot of your career opportunities, you know, that you have ...?.. here. I'm just wondering what the absolute lowest, the lowest point you ever reach because there must have been several."

McFall: "Oh yes, actually there have been several and most of them are financial. Even in the last two years since I got back, I've been down to my last \$200 four times

and every single time I was saved at the very last minute by somebody coming up with a job for me and the last time I went to my brother and he said you owe me enough money to keep billing until now. I told him even if I borrowed one more dollar off of him I was going to have to make him a partner. But, yes, I mean, that's desperate. In this town when you're down to \$200 you're at the end of the road and I've been really fortunate with some good friends to throw me a job when I needed one and keep me alive until I got this thing done and hopefully there's going to be some payback down the road."

Thomson: "Were you ever reduced to tears over it?"

McFall: "Not quite. I'm not the crying kind. I mean, prospectors can't do that."

Thomson: "Oh, really? I would."

McFall: "No, you can't. You just can't do that. We're too hard core for that."

Thomson: "But you were in doldrums certainly."

McFall: "Oh yes, that's not hard to do."

Thomson: "And now that things are looking a lot brighter for you and you do have this company that signed with you. When have you felt most elated? And I mean, maybe even before - maybe it was when, as you say, you got this three things in this three dimensional jigsaw puzzle."

McFall: "Well, actually that was just pointing to stuff and actually seeing it in the ground, knowing that it was actually there, it's real. That was a big highpoint. There's no doubt about it but it was also very satisfying moment to find a company who was actually willing to believe. In this business that's a very soul destroying thing to talk to company after company and I did and most of them don't even return your phone calls. The ones that do they sort of go, oh, yes, you know, it's the Klondike. We've heard that story a thousand times before. We're working in Mexico and we don't really care, you know, and that wears you down considerably, it really does. So when you finally find people that are enthusiastic and believe that you've got something worth talking about and also who have access to capital, that they've actually got money in hand."

Thomson: "That you need to keep going, right."

McFall: "And I've talked to quite a few guys who said great idea but, you know, we have no money. So okay you move on and find another one. So when you get that all together - you know, there's a saying in this business when I went to school, and I'm sure it's still out there, they said, that a mine is never found it's made. When I was first told that I never really understood what they mean by that but now I do. I mean finding it is a hard thing. That's a 50,000 to 1 long shot to find an ore body."

Thomson: "A fluke, yes - no, not a fluke-."

McFall: "No, not a fluke but a very long shot deal and to actually make a mine is

even harder because you've got to get all these other outside factors put together with other people and that's a really difficult thing to do at the best of times and there hasn't been the best of times. It's been actually almost the worst of times although things are picking up a little bit and I hope they keep picking up."

Thomson: "So you're going out this summer. When do you start your drilling program?"

McFall: "Well, more or less as soon as the snow is off the ground but we're going to have get all the paperwork and permits and so in line before that happens."

Thomson: "And you're going to be there while all this work is taking place."

McFall: "Yes. Yes."

Thomson: "This is your baby isn't it."

McFall: "It is and I've got so much experience. I mean they would be foolish not to use me. So they'll have their own people on the ground as well but I'll be there as a consultant."

Thomson: "Hovering. Like an expectant father."

McFall: "Yes, more or less."

Thomson: "Now if it doesn't turn out to be - I hate to be a wet blanket just say, you know, as you say, you know, you've said there's nothing certain in this business."

McFall: "Absolutely not."

Thomson: "What are you going to do?"

McFall: "Keep looking and if I can't look there I'll go somewhere else. I've got other claims in other areas so I'll just keep looking and it's kind of like what they said about the farmer, you know, when the farmer won the lottery and got a million dollars, they said what are you going to do with the million dollars, he said I'll just keep farming until it's gone. The same with prospecting. I'll just keep prospecting until it's all gone."

Thomson: "And when do you think you'll have that certainty?"

McFall: "Well, it's a three year deal that we've struck up. Basically three years worth of financing to sort this out but I'm hoping by the end of this summer we'll have enough to know that we're at least in the right ballpark here. You know, if we don't see something by the end of the first year it's conceivable that they'll just walk away and I wouldn't blame for that. They have to see some encouragement for their money but we've got a half a million dollar budget for this year and that's a pretty good budget. Certainly with what I think it is there that's more than enough to find some indication of what we're looking for. So I'm fairly confident that we'll get into something by the end of this summer."

Thomson: “Well, you know what, we want to know, as soon as you know, we want to know.”

McFall: “If I find it you’ll know because you’ll hear the cheering all the way from Dawson.”

Thomson: “Say this is the best thing that ever happens and it is the motherlode and your wildest expectations, you know, do you think you’ll still have to be out there looking then. You’re the type that needs to keep out there?”

McFall: “Well, I’ve told a lot of people this in the last 15 years when I haven’t been working. I said that was my retirement. I’ve already had my retirement. Now I’ve got to work until I die.”

Thomson: “Well, thank you so much for coming in and I just - that’s about all the detail we’re going to get on this motherlode of yours.”

McFall: “For the moment, for the moment but there’s more to come.”

Thomson: “More to come. Thank you so much and good luck.”