

Gold Mania in the Yukon



Finlay MacKay for The New York Times

Shawn Ryan outside Whitehorse, Yukon Territory.

By GARY WOLF

Published: May 11, 2011

When I first met Shawn Ryan and Cathy Wood, in 2005, they were living with their two young children in a small cabin outside Dawson City, at the northernmost end of the paved road system in Canada's Yukon Territory. It was a beautiful site in the summertime, with clear water lapping the banks of the Klondike River and the sky still bright at midnight. But the sun hit their roof for the last time each year in early December and didn't show up again for six weeks. Temperatures in the dead of winter could reach 50 below zero. Wood sometimes feared that their children would freeze. Back then Ryan and Wood already knew they had found gold, but they didn't have proof.

Multimedia



[Graphic](#)

[Enlarge This Image](#)



Finlay MacKay for The New York Times

A rock sample from one of Shawn Ryan's first gold discoveries in the Yukon.

[Enlarge This Image](#)



Finlay MacKay for The New York Times

Gold Stars Shawn Ryan and Cathy Wood started by picking mushrooms together and now control vast mining claims in the Yukon.

[Enlarge This Image](#)



Photograph from Cathy Wood

End of the Road Cathy Wood and her daughter, Cheyenne, in 1999. The family lived in a tin shack without electricity for years.

Recently, I went to see them again in their new home in Whitehorse, the territorial capital, and I sat with Ryan one night as he talked business over the phone. His right arm was stretched around the back of his head, holding his BlackBerry to his left ear. “Those guys were at 6 cents a share last year, now they are over a buck, and they got nothing,” he said. “When you look at it, it’s like a hundred claims.” The shares Ryan was talking about belonged to a mineral-exploration company, one of his many competitors. The claims are mining claims, a government license to extract minerals from a 50-acre patch of wilderness. To Ryan, a hundred claims is pathetic. He and Wood own more than 35,000 claims. “We just passed Luxembourg, and over the summer we’ll be the size of Samoa,” he continued, describing just one of his projects. Credible estimates of the amount of gold still buried in his properties run to the billions of dollars.

Ryan is the king of a new Yukon gold rush, the biggest since the legendary Klondike stampede a century ago. Behind this stampede is the rising price of gold, and behind this price is fear. As the Federal Reserve keeps interest rates very low to stimulate the economy, gold bugs make nightmarish predictions that loose money and a huge federal deficit will crush the value of [the dollar](#) and bring ruinous inflation. Gold holds its value when national currencies collapse and is easily imported and universally traded. It feels like the perfect investment for the apocalypse. A few weeks ago, gold passed \$1,500 an ounce, an astonishing level. George Soros warned of a bubble back when gold was barely over \$1,000. Glenn Beck cried that the run was just beginning: just wait until the United States is bankrupt and the real trouble starts. Gold bulls talk of \$2,000 gold, \$5,000 gold, even \$10,000 gold. But 10 years ago, when Ryan made his first discoveries, nobody cared at all.

Ryan has been in the woods his whole life. At age 15, he was snaring foxes, martins and mink near Timmins, Ontario, where his father worked in a mine. Trapping in Canada is regulated through licenses called trap lines, and Ryan didn’t have a trap line of his own, he just went where he pleased. This is called poaching, and eventually he was caught. Instead of turning him in, the trapper he was poaching from put him to work. Ryan would skin animals until midnight, then go to school without bathing. Looking back, he understands why he was socially isolated. In his 20s, Ryan came west to work a trap line of his own in the sparsely populated expanse of the Yukon, but his plan changed when he learned about mushrooms.

Twenty years ago there was a kind of gold rush in mushrooms that enticed itinerant pickers to make a long circuit through British Columbia, Alaska and the Yukon, collecting chanterelles,

matsutakes and morels. The market was driven by demand in Paris and Tokyo, and brokers built a network of little buying stations wherever mushrooms were fruiting. It was cash on the ground, and the pickers taunted one another with stories of thousand-dollar days. Ryan eventually settled near Dawson, once the roaring center of the Klondike gold fields, now a community of about 2,000 people surrounded by wilderness and close to good morel-picking territory.

Ryan met Wood in 1992 at the height of the mushroom season. He was down in Whitehorse shopping for supplies when he noticed a young woman standing outdoors in spangled tights selling bundles of sage. Wood, who was from New Brunswick, had been working for a Toronto bank, but she didn't like it. After she quit, she took her savings and rode across the continent on a motorcycle. By the time she got to Whitehorse, her cash was gone. When Ryan walked up, she was reorganizing the last of the sage into smaller packets so she wouldn't run out of stock before something else turned up. He was a striking person, compact and strong, with hair braided nearly to his waist. And he had a good thing going: the banks of the White River should be thick with morels. Did she want to come pick with him?

From then on they were a team. The mushroom market was extremely volatile, and they were both hard workers who liked to take risks. The biggest challenge for a picker is finding something to pick; but the second biggest problem is transport. There may be carpets of morels fruiting in the bush, but after you pick them you have to walk out again, with 70 or 80 pounds of fragile fungus on your back, through swamps foggy with mosquitoes and hillsides piled with downed trees. Ryan was known as a high roller, because he would use the accumulated cash from his latest bonanza to make bold bets on the next one: organizing a system of backwoods mushroom drying and river conveyance, for instance, or recruiting a crew to cut a trail for all-terrain vehicles. One season, he and Wood picked morels worth tens of thousands of dollars, but ended the year broke after crashing a used helicopter they purchased with all of the money they made.

It is tough to be penniless in Dawson in the winter. Wood cleaned some houses and served as court bailiff when the judge came to town, but in February 1993, they were down to their last \$5. At the employment center, Wood saw a notice for a job removing the snow from the roof of Diamond Tooth Gerties, the local casino, which opened for a brief winter season coinciding with a dog-sled race. The job was usually taken on by a team of local residents for thousands of dollars. Wood bid 500. Townspeople came out to see how the low bidders were going to do it. She and Ryan cleared the edges of the roof with shovels, then Ryan climbed to the top and jumped up and down like a monkey. Gravity did the rest. The expressions of surprise on the faces of the onlookers made Wood laugh. People in Dawson had to acknowledge that for people at the bottom of the status hierarchy — and there aren't many rungs beneath mushroom picker — they had some unmistakable gifts.

How could they not think about gold? Fortunes had been taken from the streams near Dawson City during the Klondike stampede. Little stretches of trickling water sometimes held millions of ounces of gold. What tormented the imagination was not just the breathtaking richness of the creeks but the decades of failure that followed. Generations of miners tried to find the mother lode, that hidden, hard-rock channel of mineral wealth whose eroding edges had supposedly poured its gold into the gravel. Nobody succeeded. In fact there is very little exposed rock

around Dawson. A layer of dirt many feet thick is piled on top of the bedrock, and most of the ground is frozen all year long. After years of picking, Ryan knew the challenges of the terrain as well as anybody. This struck him as an advantage; it meant less competition.

To minimize their cash outlay, Wood and Ryan moved into an abandoned miner's shack. Their new home was made of tin, and it had neither running water nor electricity. Ryan spent winter nights by the wood stove reading old mining journals. In the summer, he gathered rocks and drove them down to Whitehorse to show to Mike Burke, a government geologist. Burke enjoyed it when prospectors came by. They would stand in the parking lot, scratch at the rocks with their knives, talk. Burke asked questions about what Ryan was seeing, drew him out and set him off again full of optimism and clues.

It was part of Burke's job to keep Ryan looking. To govern a land, population is required, and in the Yukon, in which nearly 200,000 square miles are occupied by 35,000 residents, persuading the citizens not to leave takes cash. The territorial budget is over a billion Canadian dollars, and among the line items is a program to support prospectors. Ryan would develop his ideas, and Wood would fill out grant-application forms longhand. When spring came they would have a little money to spend walking the bush, turning over rocks, collecting plastic bags full of dirt to sample the soil. The money quickly spread around town: on hardware, on fuel, on air transport. How much faith was there that the ideas contained in those prospecting grants were going to lead to a gold mine? Nobody even pretended to have much. Even the prospectors were skeptical. They could talk with conviction only about their own schemes. In regard to their rivals their realism was severe.

Burke helped Ryan get a better view of how the exploration industry worked on a global scale. A handful of companies — “majors” — run the active mines and control the worldwide market. Majors are listed on the big stock exchanges, and they have nondescript names: BHP Billiton, Vale, Barrick, Rio Tinto. Meanwhile, thousands of smaller exploration companies — “juniors” — raise funds and chase ideas. Juniors are essential to the majors because they do much of the initial work in the exploration industry: sampling the soil, digging trenches, publicizing promising geological results. Publicity is key, because juniors raise money by selling their shares on penny-stock markets, like the TSX Venture Exchange in Toronto. Every hopeful glimmer can cause shares to rise, and when shares are under \$1, a jump of a few pennies is a handsome return. Juniors are free to have aggressive names: Monster Mining, Bling Capital, Northern Tiger. They are striving to be noticed.

At the very bottom of this opaque and volatile market are mining claims like the ones Ryan was staking when he walked around the bush near Dawson, pounding wooden four-by-fours into the earth, sometimes attached to a steel rod if the ground was too hard to penetrate. These stakes gave him an exclusive right to extract minerals. But if he didn't work on the claim, or pay an additional fee, his rights would expire over time. Typically, prospectors support themselves by optioning claims to juniors in exchange for yearly cash payments and thousands of shares of penny stock.

All through the 1990s, Wood and Ryan made more money picking mushrooms than optioning claims. They were still learning how to prospect, of course, but there was a bigger problem.

People weren't interested in gold. As long ago as 1924, the economist John Maynard Keynes called the gold standard "a barbarous relic," and by the turn of the millennium central bankers everywhere agreed with him. Gold still had value as jewelry, of course, but as an investment it was purely for rubes. Stocks went up; gold went nowhere. In the Yukon, the aviation companies were struggling, and with few big mining companies around, the government geologists had time to work with small-timers. "It got down to the core people," Burke recalls. "I have pictures of company presidents out there under a tarp, getting their hands dirty, just to keep their claims in good standing."

To Ryan, the notion that gold wasn't worth looking for was absurd. The market might profess disinterest, but this was cash in the ground. His closest friend, Antoine Deschenes, a rail-thin, 6-foot-4 Quebecois, had an idea. "In the winter the Yukon runs clear," he said.

The significance of his insight is hard to appreciate without a bit of background. The gold of the Klondike rush was placer gold, found at the bottom of creeks and streams. Deschenes imagined that some of this gold had, during tens of millions of years of erosion, traveled all the way down the Klondike into the Yukon River. At Dawson, the Yukon is opaque from mixing with the water of the silt-laden White River. But in the winter the White is frozen solid. Therefore, the Yukon runs clear, and a daring prospector could dive in and find the riches he sought just lying there, in plain sight.

Ryan knew that Deschenes's plan was madness. The Yukon is covered in winter by eight feet of ice, under which is another eight feet of slush. If the idea of placer gold in the Yukon had any merit, it could be investigated cautiously, through careful sampling of the gravel. But Deschenes had gold fever, a latter-day version of the disease afflicting the original Klondike stampedes, many of whom ruined themselves, or perished, on their thoughtless dash north. We remember the fortunes taken from the Klondike at the turn of the century, but for most people, the journey to Dawson earned them nothing but suffering.

Deschenes would not listen to reason. He took scuba lessons, bought a tank, a wet suit and a cheap face mask from Canadian Tire. He chopped a hole in the ice with an ax and a chain saw, inserted a cable to the river bottom to keep him from drifting downstream, tied a rope to his waist and jumped in.

He came back empty-handed and asked Ryan to help. Ryan didn't want Deschenes out there on his own. On the other hand, standing on the frozen surface of the Yukon and holding a rope attached to your best friend implies a willingness to go in after him. Their daughter Cheyenne was 4 years old; their son Callum was just 2. As Wood and Ryan discussed Deschenes's dangerous obsession, she asked Ryan a hard question: if something terrible happened, could he live knowing that he had been standing up there holding the rope? On Feb. 22, 2001, when Deschenes went out for his third dive, Ryan was in the bush far away.

Later he heard that the rescue divers from the Royal Canadian Mounted Police actually caught a glimpse of Deschenes's body stuck in the slush. But they couldn't reach him on the first try and had to give up when the search became too perilous. The Yukon appears calm at the surface, but

its flow is powerful, running more than 2,000 miles before emptying into the Bering Sea. Deschenes's body was never found.

By this time, Ryan and Wood no longer lived in their tin shack. Wood had had enough: all four of them sleeping in the same bed, only one table to sit at. A Dawson old-timer sold her two 20-by-24-foot cabins on credit, and one day he came by and helped her winch them together while Ryan was out in the woods. With the kids hanging around, banging hammers and pretending to help, Wood and some friends moved the possessions, and she scheduled a utility hook up. When Ryan came back, he was angry. Now they were on the grid. Now they would have bills. He threatened to quit prospecting. He promised to become a baker and get fat. "He was grumpy for a long time," Wood says, "but that move was the key." Ryan plugged a computer into one of the outlets, downloaded government maps and began exploring the territory the way real geologists did it: using data, from above.

A new aerial magnetic-resonance survey of the Yukon had just been released, which gave important clues about the composition of the rocks underground. Ryan, who is a fast learner, identified a promising spot about 30 miles from Dawson. He staked a few claims and told Wood he wanted to do a large soil-sampling project to see what they really had. After nine years of mushroom picking, their savings totaled 3,000 Canadian dollars. This was just about what the project would cost.

"Go ahead," Wood said.

This made Ryan pause. His wife had always played the role of the reasonable partner, the anchor, the person holding the rope. But when he reflected on what they had done together — running mushrooms down the rivers in a boat, living in a shack, crashing a helicopter, all the way back to jumping up and down on the roof at Gerties — he started to wonder. "You realize I'm going to spend all the money we have, right now," he said.

"Yes, I do."

Holy crow, Ryan thought, maybe she's no better than me.

He called his claims "the Lucky Joe." With Burke's help, Ryan optioned them to a junior mining company based in Vancouver, which turned around and offered them to Kennecott, owned by one of the biggest of the majors. The person Kennecott sent north to check out the claims struck everybody as unique. In a field in which the archetype is a large, taciturn white man, Ricardo Presnell was short, ebullient and black. He had a Ph.D. from the University of Utah, was the review editor of an important academic journal and had searched for minerals all over the world. A generous talker and an even more generous listener, he knew how to win the respect of prospectors. "Hardly taller than me, and looked up to by everybody," Wood said.

Presnell and Ryan camped out together for weeks at a time while doing research on the Lucky Joe. Ryan was already using soil samples to give him clues about where to find gold, but Presnell introduced him to advanced mapping software and showed him how to tell his stories on a grand scale. The goal, after all, was not to pack a few hundred ounces of gold out of the bush in a

satchel but to locate deposits big enough to support investment in a mine. That meant a billion-dollar deposit, minimum. The two of them talked endlessly about sampling methods, about “quality work,” about the Yukon’s unique geological history. A modern prospector is selling hope, backed up by some fancy colored maps. But it couldn’t be pure hocus-pocus. The game was one of statistical probabilities, backed by reliable data that geologists like Presnell could put a fair price on.

After Kennecott bought the Lucky Joe, Ryan grabbed his payout and spent it all chasing more gold. “Double-or-Nothing,” Burke called him. But Ryan was not just gambling. He was exploring systematically, doing thousands of soil samples a year. In the early 1900s, a government geologist reported a rumor of a high-grade specimen of gold-bearing quartz in hills near the White River. Something like this isn’t easily forgotten, but because nobody was able to find the rock again, the story was eventually relinquished as fantasy. Walking above the White, where his soil data looked good, Ryan caught sight of a low outcropping of quartz. Shortly after he got out of the bush, he called Burke, and they hiked back in together with a stick of dynamite. It was a clear fall day and 23 degrees. Fog had frozen on the branches, and the sound going through the woods was like breaking dishes. Ryan stuck the dynamite in a crack.

“That blowed up good,” Burke said.

Ryan took out his hand-lens and walked back through the snow.

“Mike, we got a hole in one,” Burke heard him say. In many deposits, even good ones, the gold is so crushed and intermixed with rock that it can’t be seen. Burke joined him at the rock face and took a look for himself. There, on the freshened face of the rock, were visible flecks of gold.

“Shawn, people have been looking for this for a hundred years,” he said.

In the two years following the discovery of gold on the White, Ryan and Wood sold a dozen options. The price of gold was rising steadily. Every few months there was a new high. In 2005, gold was more than \$400 an ounce. Within a year it would pass \$600. Now the juniors could raise more money. To supply them with claims, Ryan developed his own exploration technique. He knew the juniors had a rule of thumb: they wanted to see soil samples that contained gold at 50 parts per billion. This had always bothered him, because the standard was so arbitrary. What was important was not the soil, but the bedrock under the soil, and what ought to matter was not the absolute amount of gold in any particular sample, but the existence of an anomaly in relation to the background level. “It’s like Sasquatch tracks,” Ryan argued. Their mere existence should be interesting, even if the imprint is faint. Ryan’s proof was admirably simple: he just dug deeper. When soil samples taken at the conventional depth showed only a slight uptick, he enlarged the hole until he got numbers that looked good on a PowerPoint slide. This got the juniors interested.

Ryan and Wood were high rollers again. All day long young men in their employ came and went. They had 15 workers in the summer of 2005; some were line cutters, so called because they hacked their way through thickets and brambles; others were busy sampling the soil. Wood packed meals for them, chatted with them, collected the gossip. She didn’t allow shoes in the

house, and because none of the workers wanted to unlace their boots, they jostled and piled up around the front door of the cabin, giving the impression of a looming masculine thundercloud hovering just outside the domestic perimeter. Then they would take off in a helicopter that came and went from the staging area near their front door. Ryan loved being airborne. He knew what it was like to crawl along the ground.

I stayed with the family for a week in June 2005 while reporting a story about the Yukon mushroom trade, about which they knew everything. But their minds were on gold. One night I listened to them argue. A few hours earlier they finalized an option deal on some new claims that gave them a chunk of shares worth 130,000 Canadian dollars. Their little galley kitchen was a mess. Wood's desk was piled high with paperwork; Ryan's was littered with GPS receivers, technical manuals and unopened brochures. They were doing well, at least temporarily, but their expenses were high because Ryan kept staking. He found it hard to evaluate where they stood. Sometimes he felt very rich. After all, he flew in a helicopter almost every single day. "I got accounts all over town," he said. "I need a bag of chips, I just go to the store."

"Maybe you don't realize you have to pay these accounts," Wood said.

"A mine solves all the problems," Ryan answered.

Prospectors receive a royalty on the total amount of gold taken from a mine. But the path to a mine was hard to see from where they stood. They had optioned the White River gold claims to a Vancouver speculator named Donald Gee, who ran many small companies with prospects in gold, uranium and [oil](#). If these companies had little to show in terms of actual discoveries, at least the stocks ran up and down with minimal legal friction; there were no spectacular ascents or lawsuit-provoking crashes. Gee put together a colorful group of investors, including an English polo fanatic and a fellow trader who previously had been sanctioned by regulators, and created a company called Madalena Ventures, through which he optioned Ryan's claims. But over time his payments came more slowly and he seemed disengaged from the business of exploration.

Now Ryan was proposing to stop prospecting temporarily and send a crew to pick mushrooms instead. Morels were thick again along the banks of the White. He was so eager to apply himself to the old mushroom problems that Wood couldn't bring herself to stand in his way. She enjoyed picking, too. Still, the things he was saying about the profits they would earn from the mushrooms made no sense. The two of them fought like singers in an operetta, and at the start of every other sentence, Ryan placed his favorite exclamation, that antique northern "aye" that was his assertion of authority, his cry of negation, his tool of interruption, his warning.

"Cath, we just did the calculations."

"We? Who's we?"

"There's no way we're getting less than \$60,000."

"That's gross! You always take the gross figure!"

He searched around for his calculations but he couldn't put his hands on them.

"Oh, they've disappeared," Wood said. "They're gone! You could be the municipal government of Dawson, the way you handle your accounts."

He looked happy to be arguing with his wife.

"Aye, she's asking me how many jugs of gas I'm going to use for the boat when I'm here trying to figure out how many thousands of dollars we're going to make," he said.

Things often got to this point.

"What is wrong with you?" Wood would ask him. "Did you not get enough puzzles to solve as a child?"

But here was the real problem: How was he to profit when the puzzle was solved? He had already found miraculous amounts of gold, but that didn't mean he had won the game. Mushrooms and gold were strangely similar when it came to getting paid. A mushroom is the most perishable commodity, gold is the least, but the value of both is subject to uncertainty. The price you got for your mushrooms depended on the mood of the buyer under his tarp at the end of a dirt road and on the orders he got from his boss in Vancouver and on economic conditions in France. And as for gold; well, his claims so far had been good enough only for penny-stock operators like Donald Gee. Ryan was a hard man to depress, but that spring he had doubts. Were the gifts of nature real or were they speculators' props? Wood knew his scheme to turn line cutters into mushroom pickers was economically unsound. Still, she understood the need it served. Ryan wanted to live like a frontier hero; drying thousands of pounds of morels and carrying them down to Dawson in his boat was a raw, old-fashioned triumph. But Wood had another thought. Maybe some of the key pieces to their puzzle weren't in the Yukon at all.

Prospectors. They come into your office with the shiniest rock they can put their hands on and crow they've struck gold. Rob McLeod would laugh if it weren't so sad. But when McLeod, who ran a junior in Vancouver called Full Metal Minerals, took a call from a woman in Dawson City who wanted to set up a meeting, he knew quickly she wasn't true to type. Wood told him she had multiple claim blocks in the region, each with an extensive packet of geological data, and she wanted him to meet her husband. Every winter there is a giant mining convention in Toronto. There, in a quiet room away from the frenzied exhibit floor, the drunken parties and the aggressive lying, McLeod looked over the soil-sampling data from the White. The data was thorough and precise. It amazed him to see it just sitting there, as it had for a century: 5 miles by 2 miles of anomalous minerals, surrounded by creeks that had been full of placer gold. There was no way to be sure without further exploration, but McLeod wanted those claims.

"No," Wood said when they spoke by phone. "I'm looking for a tighter shell." For two years she had been training herself in the complexities of the junior market; buying and selling penny stocks, reading up on directors and executives; analyzing capital structures. Seeing beneath the surface of the exploration industry, with its deceptive brochures and corrupt stock analysts, became her job. She knew she didn't want another partner like Donald Gee. Madalena Ventures

had owned the right to all the gold on Ryan's claims on the White, but Gee let it slip from his hands when he reorganized the company, let go of the claims and moved on. (Gee did not respond to questions.)

Wood told McLeod that she wanted to work with a new junior, one that hadn't yet made any other investments and was therefore exclusively devoted to Ryan's new discoveries. Did he know of anybody else who might be interested? He did: an Australian geologist named Adrian Fleming had just started Underworld Resources on the TSX Venture Exchange. McLeod was a director. Their plan was to pursue mineral exploration in New Zealand and Australia, but when Fleming saw the White, he changed his mind. Wood obtained a high price: in the first year of the deal, she took 500,000 shares of Underworld's stock, a 4 percent royalty and 150,000 Canadian dollars as a cash advance. In 2008, they started to drill. At the first site they were disappointed. They moved the drill and tried again. The hollow steel tube, whose cutting edge was lined with diamond teeth, chewed through the earth. When it came up, the rocks in the tube were specked with gold. They drilled 21 holes that year and a hundred in 2009, trying to pin down exactly how big the strike was. Rumors of what was happening up north started to bounce around certain online bulletin boards, where penny-stock gamblers noticed that new companies were staking claims all around the Underworld discovery, hoping to capitalize on the excitement.

At Wood and Ryan's cabin in Dawson, the roar of air transport was constant. Ryan was flying over a growing empire with confidence. Yet his latest assertion was so hard to believe that even Fleming, who had spent more than \$10 million proving the deposits on the White, found it hard to credit. Ryan told him there was more than one mother lode.

The holes Underworld was drilling on the White showed a thick, concentrated deposit: a million and a half ounces in one small zone. This was not a long quartz vein, as in the California gold fields, but a well-defined pocket, a bubble of gold. Had it been closer to a creek, it would have all washed down and left nothing behind. Ryan was building evidence of a second huge deposit on a ridge only 20 miles away, but when Fleming looked at the data, he waved it off.

On some level, Ryan understood why he had little credibility. "By any statistical measure, I'm not supposed to find even one," he admitted. "So what are the chances I'm going to find two?" Ryan optioned the claims to a different junior, and when they started drilling, they struck gold, too. Ryan couldn't help rubbing it in: "Aye, now they're saying: 'What do these guys have in common? Wait a second, maybe it's *Shawn*.'" "

Fleming came to realize that Ryan had something special. This was not about luck. If Ryan's highly personal mix of craft, science and logistical expertise found two big deposits, there was no reason there couldn't be more. Of course, a mining company whose stock is traded in the public markets can't rely entirely on a prospector with only a high-school education to explain its exploration technique. Fleming wanted a scientist on the team, so that summer he called Ricardo Presnell back to the territory.

It was a happy reunion. Presnell's goal was to be the chief geologist of a worldwide exploration company, and in late 2009, with gold at more than \$1,000 an ounce, it looked as if Underworld might turn out to be more than the typical mining junior. "You're either creating a staking rush

or chasing one,” Ryan said. With Presnell’s science, Wood’s realism, Fleming’s worldliness and Ryan’s methodological genius, not to mention a billion dollars of gold in the ground, perhaps they could build something strong enough to hold its shape in the swell of the market.

They didn’t get the chance. In December, Fleming received a call from Kinross Gold — a Toronto-based major — informing him that Kinross intended to buy Underworld. Fleming managed to stall, but not for long. Underworld’s stock had risen from 15 Canadian cents to 2 Canadian dollars a share on the TSX Venture Exchange. But it was still a minnow; Kinross was a \$10 billion corporation and could easily manage a takeover.

For a little while Fleming tried to keep their idea alive. We’ll just do another company, he thought. The others were eager to discuss it. “See you in a week,” Presnell said. Skiing a few days later in Big Cottonwood Canyon, near Salt Lake City, Presnell was making his classic big-stance telemark turns when a giant slab of snow broke loose and swept him into a grove of trees. He was dead when the rescuers found him.

Gold is what people turn to when the world looks as if it’s falling apart. It is pitched as an indestructible physical asset, a form of currency invulnerable to destruction or government manipulation. But a moment’s thought establishes the impracticality of physical gold as a store of personal wealth: even small pieces of it are too valuable for many purposes, it’s vulnerable to theft and requires weighing to prove its value. Even at the height of its monetary use in the 19th century, gold was used mainly to secure the credit of governments and banks.

Most people who turn to gold don’t store ingots in a vault, but trade stocks whose price is linked to gold: exchange-traded gold funds or the shares of mining companies. This makes them players in the market and vulnerable to mania.

With the well-publicized Kinross takeover of Underworld — worth nearly 140 million Canadian dollars, with Ryan and Wood taking about \$6 million for themselves — the great staking rush in the Yukon started in earnest. The slightest hint of a mineral anomaly within 300 miles of Ryan’s discoveries on the White River was now exciting enough to float a junior. Ryan and Wood were still staking, chasing new ideas, and it was easy for Wood to unload options, but it took a lot of patience to work with some of the juniors who optioned them. Doing the next stage of exploration demanded expertise. Sometimes they didn’t even have a geologist on the payroll and could barely handle what they had bought.

In late April of this year, Ryan and Wood combined all the Yukon claims that weren’t under contract already, a total of more than 1,300 square miles, and put them into a new partnership that included Ned Goodman, a legendary investor in Toronto. In exchange they received more than 20 million Canadian dollars in cash and stock and as much exploration backing as they could handle. The new company is called Ryan Gold. Ryan wants access to as much money as possible this summer, because capital for gold prospecting will never again in his lifetime be so readily available and, besides, within a few years the territory will be crowded with claims. “It’s a land-grab game now,” he said, as we sat and talked in Mike Burke’s living room in Whitehorse. Burke recently quit his government job. He now works for a junior called Golden Predator. He has joined the gold rush, too.

Ryan guesses that there will be more than 140 exploration companies coming north this summer, but he has the jump on them. He has been staking all winter, running elaborate logistical operations with a fixed-wing aircraft on skis, remote fuel depots and crews in winter camps for a week at a time. This is just a preview of what is coming when the weather improves. His goal is to complete 150,000 samples. That's a ton of earth every day in small paper bags. The limiting factor, as always, is air transport. "Here's how I'd like to do it," he says. "A blimp."

Eventually gold will crash again. In the back of his mind, Ryan is already thinking about other problems to solve. Mines can acidify the water around them; in one poorly managed mine in the Yukon, the cost of dealing with toxic contamination might prove greater than the value of all the minerals that ever came out of it. But there are places in Canada where acidic soils have healthy plants growing on them. This is due, Ryan surmises, to the evolutionary adaptation of the fungus they live among. "You have to go and look for these mushrooms," he says. "You have to go mushroom hunting!"

In the meantime, Wood wonders where their people are going to sleep. Waves of exploration workers are about to pour into town, and nobody is quite prepared for them. The rent on a dismal room in Dawson, with a bathroom down the hall, has already gone up to 600 Canadian dollars a month, and the season hasn't started. Dawson was living largely off government handouts and a trickle of tourism left over from the celebration of the 100th anniversary of the Klondike stampede. Now even the remnant nonconformists who hung on during the lean years are making bank.

Wood often thinks back on that anniversary celebration, in 1998. There were so many residents in Dawson that there was a tent city by the river. The U.S. dollar was strong, making it easy for American tourists, and there were no passport checks at the border. She was pregnant with Callum, and at midnight on Canada Day she danced with friends in the shadow of the Dome, a little mountain against which Dawson rises. The mushroom scene was still booming. Then things changed. Terrorists attacked the World Trade Center, and as the borders got tighter and fuel prices rose, the mushroom-picking circuit collapsed. Late that winter, Ryan staked the Lucky Joe. His timing could not have been better. Gold is countercyclical to happiness. Outside the territory, fear was making a comeback, and the price had already started to rise.

Gary Wolf (gw@aether.com) is a contributing editor for Wired. His last article for the magazine was about [self-measurement](#). Editor: Vera Titunik (v.titunik-maggroup@nytimes.com).

A version of this article appeared in print on May 15, 2011, on page MM42 of the Sunday Magazine with the headline: 'People Have Been Looking For This For 100 Years'.