

The Yukon Consolidated Gold Corporation Limited

1919 MARINE BUILDING

VANCOUVER 1, B. C.

February 29, 1960

To:

The President and Board of Directors of
The Yukon Consolidated Gold Corporation Limited
1919 Marine Building
Vancouver 1, B.C.

Gentlemen:

Herewith is submitted my report on the operations of your company for the year ending December 31, 1959.

TITLES

The titles to all ground required for the operations were maintained in good standing.

WEATHER CONDITIONS

January weather was some of the most severe in Dawson's history averaging 41 degrees below zero. February was comparatively mild with an average of 11 degrees below zero. March and April were colder with an average, each month, of 15 degrees below zero. The cold continued into the early part of May when sudden thawing conditions set in with the creek channels still full of ice. This caused severe flood conditions with damage and delay to company operations. The greatest damage was the loss of the Paradise Hill Impounding Dam on Hunker Creek which made it necessary to postpone the No. 13 operation until 1960. All of the stripping and thawing operations were delayed to varying degrees. There was considerable rain in May but the nights were cold. June weather was favorable. July was wet and cold. August was favorable. September was normal with an average early morning temperature of 34 degrees. Snow fell on the 28. October was generally mild but there were a few very cold days in the middle of the month. Absence of snow allowed the frost to penetrate the ground quickly. With the exception of several very cold days in the middle of the month November was relatively moderate with a mean morning temperature of zero degrees. December was normal.

STRIPPING OPERATIONS

Stripping plants were operated at Dredges Nos. 6, 9 and 10 and at Dominion Bench operation No. 15. The water duty was good at Plant No. 10 but poor at Nos. 6 and 9 due to the character of the material handled.

Schedule No. 1 gives details of the operations.

THAWING OPERATIONS

Thawing plants were operated at Dredges Nos. 8 and 10. Preparatory work was done at Plants Nos. 6 and 9 for 1960 operations.

Schedule No. 2 gives details of the operations.

DREDGING OPERATIONS

Dredges Nos. 4, 6, 8, 9, 10, 11 and 12 were operated throughout the season.

	<u>1958</u>		<u>1959</u>	
	<u>Amount</u>	<u>Per Cu.Yd.</u>	<u>Amount</u>	<u>Per Cu.Yd.</u>
Operating Cost	\$ 1,414,845.32	23.1	\$ 1,541,870.28	26.1
Production	1,671,801.57	27.3	1,724,037.04	29.2
Operating Gain or Loss	256,956.25	4.2	182,166.76	3.1

DREDGE NO. 4

Bedrock was mined until July 14th. At that date, as no improvement in values had been found, it was decided to leave the bedrock and dig floatation only so as to advance the dredge as rapidly as possible through the hydraulic tailings. On September 6th a start was made to dig down to bedrock but this was not reached until October 29th. From then until the dredge was shut down bedrock was again mined but there was little improvement in values and the dredge was put on a shelf.

Operating cost	\$ 204,086.83	10.8	\$ 200,476.29	10.5
Production	178,024.29	9.5	42,461.30	2.2
Operating Gain or Loss	26,062.54	1.3	158,014.99	8.3

DREDGE NO. 6

Digging conditions were generally good throughout the season.

Operating cost	\$ 244,849.22	22.2	\$ 282,307.58	27.7
Production	239,595.37	21.8	271,787.05	26.7
Operating Gain or Loss	5,253.85	0.4	10,520.53	1.0

DREDGE NO. 8

Digging conditions were generally good throughout the season. At times excessive mud and sand slowed the progress of the dredge but this condition was never of long duration.

Operating Cost	\$ 235,087.60	31.3	\$ 258,065.13	32.7
Production	342,766.12	45.7	303,444.28	38.4
Operating Gain or Loss	107,678.52	14.4	45,379.15	5.7

DREDGE NO. 9

The dredge encountered more than the usual amount of muck frost and this condition was responsible for the relatively low yardage mined.

	<u>1958</u>		<u>1959</u>	
	<u>Amount</u>	<u>Per Cu.Yd.</u>	<u>Amount</u>	<u>Per Cu.Yd.</u>
Operating Cost	\$216,660.89	38.7	\$196,379.99	45.6
Production	182,069.17	32.5	169,394.41	39.3
Operating Gain or Loss	34,591.72	6.2	26,985.58	6.3

DREDGE NO. 10

Digging conditions were generally good except when high and hard bedrock was encountered. A small area on the Right Limit of the cut had to be by-passed because the dredge was unable to dig the hard rock.

Operating cost	\$236,867.95	30.7	\$267,329.81	35.9
Production	264,020.09	34.2	341,313.58	45.8
Operating Gain or Loss	27,152.14	3.5	73,983.77	9.9

DREDGE NO. 11

Digging conditions were generally good throughout the season. A bad flood in early May filled the dredge pond with sand and gravel. A week's operating time was lost before this condition could be remedied.

Operating Cost	\$177,584.34	19.5	\$209,922.38	27.3
Production	395,674.31	43.4	484,007.44	62.9
Operating Gain or Loss	218,089.97	23.9	274,085.06	35.6

DREDGE NO. 12

Although some hard bedrock was encountered digging conditions generally were better than in former years.

Operating Cost	\$ 99,708.49	62.5	\$127,389.10	51.9
Production	69,652.22	43.7	111,628.98	45.5
Operating Gain or Loss	30,056.27	18.8	15,760.12	6.4

Schedule No. 3 gives details of the operations.

HYDRAULIC OPERATIONS

No. 13 - Paradise Hill

A small crew was started on April 11th to get the plant ready for operation. Snow was cleared from the main pipe line right-of-way, from work roads and storage piles. The main pipe line was driven and anchored. Lateral pipe lines were driven and giants set. Half of the sluice boxes were placed when, on May 15th, the tailing retaining dam on Hunker Creek was washed out and the decision was then made to defer operations until 1960.

No. 14 - Dominion Bench

A small crew was started on April 11th to get the plant ready for operation. The Spring flood caused some delay but stripping was commenced on May 20. Mining commenced on June 1st. Bedrock was slow to thaw in some places. Tractor breakdowns also delayed the operation. Adverse conditions made it advisable to end operation on September 9th.

120,650 cubic yards of material were mined at a cost of \$ 101,633.85 or 84.2 cents per cubic yard. Production amounted to \$ 70,011.41 or 58.0 cents per cubic yard, leaving an operating loss of \$ 31,622.44 or 26.2 cents per cubic yard.

Schedule No. 4 gives details of the operations.

POWER PLANT OPERATION

There were no serious interruptions to power during the season. Power lines and substations were maintained in good condition. The banks of the North and South Fork Ditches were built up where required. Two leaks which developed in the penstocks were quickly repaired without loss of operating time. A concrete wing wall on the downstream side of the pressure boxes at the head of the penstocks was removed and replaced with steel sheet piling. This concrete wall was heaving and crushing in the side of the box. Steel plates were fastened to the apron above the gates at the North Fork Intake to cover gaps left when some of the planks washed away. It is considered that this repair will prevent corrosion under the gates.

25,213,000 (28,558,500) kilowatt hours of power were generated of which 22,000,300 (24,922,280) were sold and distributed. The following tabulation shows how the costs were made up:

	<u>Cost</u>	<u>Cents per K.W. Hour sold and distributed</u>
Power Plant operation	\$ 47,672.73	0.217
North Fork Ditch operation	32,278.21	0.147
South Fork Ditch operation	9,914.57	0.045
33,000 Volt Power Lines	9,048.25	0.041
Secondary Lines and Substations	16,073.03	0.073
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Totals	\$114,986.79	0.523

GRAVEL RESERVES

The Gravel Reserves at Nos. 9 and 10 were increased by bringing back some small areas which had been excluded.

Schedule No. 5 gives details of changes made in the Reserves during the year.

COMPARATIVE PRODUCTION STATEMENT

Schedules No. 6 and 7 give comparisons between the actual and the theoretical recoveries for the season of 1959 and for the seasons of 1936 to 1959 inclusive.

CASH RECEIPTS AND EXPENDITURES

RECEIPTS

Dredge Production	1,724,037.04
No 13 Paradise Hill Production	977.72
No 14 Dominion Bench Production	70,011.41
Miscellaneous Production	9,422.54
Dawson Utilities	54,768.11
Sundry Receipts	40,601.91
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TOTAL CASH RECEIPTS	\$ 1,899,818.73

EXPENDITURES

Wages	\$ 899,343.97
Vancouver Purchases	265,747.91
Vancouver Freight	50,824.33
Local Purchases	143,541.27
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Expenditures - carried forward	1,359,457.48



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