

The Yukon Consolidated Gold Corporation, Limited

1919 MARINE BUILDING

VANCOUVER 1, B. C.

February 10, 1956.

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 31st, 1955.

TITLES

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

WEATHER CONDITIONS

The Spring was cold and backward. The water was late in
starting to run and when it did start was slow in warming up. This
condition delayed the starting of the dredges for several days and
made progress slow at the stripping and thawing plants. The Summer
was quite dry and warm until late August after which time rains gave
a plentiful water supply. The Fall was favorable for the dredging
operations and there was a minimum of lost time from power troubles.
When the cold did come it brought a sharp drop in temperatures which
made a short and favorable freeze-up of the power ditches.

STRIPPING OPERATIONS

The pumping plant, set up at No. 6 to utilize water from
Dominion Creek when none was available from the Sulphur-Australia
Ditch, worked out fairly well and made it possible to carry on the
stripping at this plant throughout the season.

The Jensen Dam, at No. 12, gave no trouble and made it
possible to carry on stripping at this plant throughout the season
although for a time it was on a single shift basis.

2,238,528 cubic yards of overburden were removed at a cost
of \$248,054.85 or 11.06 cents per cubic yard. This compares with
1,728,937 cubic yards removed in 1954 at a cost of 15.26 cents per
cubic yard.

Schedule No. 1 gives details of the various operations.

THAWING OPERATIONS

Thawing operations were carried on ahead of Dredges Nos. 8, 9 and 10.

The area at No. 6 was tested to determine the advance of the natural thaw. Some additional thaw was located but it was decided that artificial thawing would have to be resumed here in 1956.

Thawing will be resumed in 1956 at No. 11 and a pump station site was prepared.

3,171,720 cubic yards of material were thawed at a cost of \$162,946.78 or 5.14 cents per cubic yard. This compares with 3,042,778 cubic yards thawed in 1954 at a cost of 5.37 cents per cubic yard.

Schedule No. 2 gives the details of the various operations.

DREDGING OPERATIONS

Dredges Nos. 4, 8, 9, 10, 11 and 12 were operated throughout the season. Dredge No. 6 was started at the beginning of the season but was wrecked on the morning of August 27th and the balance of the season was lost.

5,319,022 cubic yards of material were mined at a cost of \$1,295,861.35 or 24.36 cents per cubic yard. This compares with 5,115,815 cubic yards mined in 1954 at a cost of 25.56 cents per cubic yard. Production amounted to \$1,521,058.08 or 28.65 cents per cubic yard resulting in an operating profit of \$225,196.73 or 4.29 cents per cubic yard.

Dredge No. 4

Preparatory work commenced on April 5th. Actual digging began on May 7th and continued until November 15th. Digging conditions were much better than they have been for the last few years and are reflected in the greater yardage handled.

2,064,302 cubic yards of material were mined at a cost of \$183,353.90 or 8.88 cents per cubic yard. Production amounted to \$189,419.05 or 9.17 cents per cubic yard resulting in an operating profit of \$6,065.15 or 0.29 cents per cubic yard.

Dredge No. 6

Preparatory work commenced on April 5th. Actual digging began on May 5th and continued until the morning of August 27th when the dredge was wrecked and the balance of the season lost. Reports have been issued in detail on this accident so it will not be covered here at length. Suffice to say it was capsized and went over more than sixty degrees. Steps were started at once to repair the damage and the dredge was back in an upright position before cold weather set in. All repairs are expected to be completed and the dredge back in operation before June 1st, 1956.

The dredge mined 434,805 cubic yards of material at a cost of \$171,978.01 or 35.47 cents per cubic yard. Production amounted to \$94,817.34 or 19.56 cents per cubic yard resulting in an operating loss of \$77,160.67 or 15.91 cents per cubic yard.

Dredge No. 8

Preparatory work commenced on April 4th. Actual digging began on May 4th and continued until November 11th. Digging conditions were about average. There was the usual winter frost to be dug in the first few weeks of operation but it was not as bad as it was in 1954.

724,706 cubic yards of material were mined at a cost of \$222,212.94 or 30.67 cents per cubic yard. Production amounted to \$366,456.87 or 50.57 cents per cubic yard resulting in an operating profit of \$144,243.93 or 19.90 cents per cubic yard.

Dredge No. 9

Preparatory work commenced on April 9th. Actual digging began on May 3rd and continued until November 11th. The area covered had been heavily mined in the early days. The formation contained very little gravel and most of this was on the surface. In consequence the material to be thawed was mostly sand and muck which is difficult to thaw so there is always considerable frozen material to be dug by the dredge. During 1955 these conditions were about average.

565,986 cubic yards of material were mined at a cost of \$197,981.73 or 34.98 cents per cubic yard. Production amounted to \$179,053.07 or 31.64 cents per cubic yard resulting in an operating loss of \$18,928.66 or 3.34 cents per cubic yard.

Dredge No. 10

Preparatory work commenced on April 4th. Actual digging began on May 10th and continued until November 10th. Digging conditions were not good. The dredge was hampered by surface frost which remained in the ground all season. This condition is reflected in the small yardage mined.

558,125 cubic yards of material were mined at a cost of \$184,833.18 or 33.12 cents per cubic yard. Production amounted to \$186,236.66 or 33.37 cents per cubic yard resulting in an operating profit of \$1,403.48 or 0.25 cents per cubic yard.

Dredge No. 11

Preparatory work commenced on April 7th. Actual digging began on May 3rd and continued until November 14th. Digging conditions were fairly good for most of the season although there were times when the dredge was crowded with mud and sand.

777,225 cubic yards of material were mined at a cost of \$229,077.73 or 29.47 cents per cubic yard. Production amounted to \$419,615.26 or 53.99 cents per cubic yard resulting in an operating profit of \$190,537.53 or 24.52 cents per cubic yard.

Dredge No. 12

Preparatory work was commenced on April 11th. Actual digging began on May 14th. The dredge pond was empty all winter and this allowed the winter frost to penetrate deeply into the material in front of the dredge which made starting difficult. The bedrock was generally hard and in addition there were several reefs of harder rock which had to be dug through. It was necessary, on several occasions during the summer, to throw up embankments with a bulldozer so as to raise the pond water level and allow the dredge to get over with less digging.

143,873 cubic yards of material were mined at a cost of \$106,423.86 or 73.97 cents per cubic yard. Production amounted to \$88,459.83 or 61.48 cents per cubic yard resulting in an operating loss of \$17,964.03 or 12.49 cents per cubic yard.

Schedule No. 3 gives details of the various operations.

HYDRAULIC OPERATION - No. 13

Preliminary work commenced on April 11th. Sluicing began on May 12th and continued until September 24th. Bedrock grade conditions were not so favorable in 1955 and considerable bulldozing was required to get the heavier gravels into the sluice boxes.

164,587 cubic yards of material were mined with 41,052 M.I.D.'s of water which gave a duty of 4.01 cubic yards of material moved per M.I.D. of water. The cost amounted to \$111,295.45 or 67.62 cents per cubic yard. Production amounted to \$175,010.38 or 106.33 cents per cubic yard resulting in an operating profit of \$63,714.93 or 38.71 cents per cubic yard.

Schedule No. 4 gives details of the operation.

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 power ditches were built up where required. The very high water in the North Fork River in the Spring brought down an unusual amount of gravel to the ditch intake and it took most of the summer to remove this by scraper. In an attempt to remedy this condition and also to help slush ice conditions in the Fall of the year a start was made to divert the lower part of the North Fork River into a big bend above the ditch intake with the idea of reducing the grade of that part of the river and to provide a settling basin for slush ice during the freeze-up. After the dredges were closed down repairs were made to the filling boxes at the heads of the Power plant pipe lines. A new outdoor substation was built to receive the transformers for generating set No. 3 which are now indoors.

32,668,200 kilowatt hours of power were generated of which 28,548,100 were sold and distributed. As in former years the total cost of power generation and distribution was charged to the Company's operations and the revenue derived from the sale of power was treated as an earning. 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	\$ 50,935.04	0.17841
North Fork Ditch Operation	36,180.80	0.12673
South Fork Ditch Operation	10,181.25	0.03566
33,000 Volt Power Lines	10,427.36	0.03653
Secondary Lines and Substations	12,051.05	0.04225
Totals	\$119,783.50	0.41958

The power generated was distributed as follows:

	<u>K.W. Hours</u>	<u>Percent</u>
Company Operations	21,959,500	67.2
Dawson Utilities	6,588,600	20.2
Power Plant Services	1,336,200	4.1
Line Losses	2,783,900	8.5
Totals	32,668,200	100.0

GRAVEL RESERVES

There were no additions to the Gravel Reserves during the year. An area on Squaw Creek, in northern British Columbia, was tested enough to prove that it did not have any value. The ground had many boulders and very little gold.

During the summer a study was made of the Gravel Reserves in the operating areas, beyond the place where stripping would be completed in 1955, with the idea of eliminating, as far as possible, those parts of the reserves which are uneconomical under present costs and price of gold.

Schedule No. 5 shows the details of the changes made in the Reserves during the year and their status at the end of the year.

COMPARATIVE PRODUCTION STATEMENT

Schedules Nos. 6 and 7 give comparisons between the actual and theoretical recoveries for the season of 1955 and for the seasons 1936 to 1955 inclusive.



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