

The Yukon Consolidated Gold Corporation, Limited

DAWSON, Y.T.

CANADA

February 20th, 1962.

TO:

The President and Board of Directors of
The Yukon Consolidated Gold Corporation, Ltd.,
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, 1961:

TITLES

The titles to all ground required for the operations were maintained in good standing. Besides the Anderson and Boyle Concessions, there were 804 placer claims and 50 hard-rock claims in good standing at the end of the year.

WEATHER CONDITIONS

The weather for the winter months of January, February, March and April was classed as mild, with the lowest recorded temperature -44 degrees. May was cool and cloudy. June was fairly wet and cool. July was warm, but quite wet, with 2.23 inches of rainfall. August was wet and cloudy the first half of the month, with 3.31 inches of rainfall during the month. The last half of the month was mostly fair, with some clear, sunny days. September was mostly clear and sunny, with frosts occurring nearly every night the last half of the month. October was mostly cloudy and cold, with 10.8 inches of snowfall. The maximum temperature was +38 degrees and the minimum temperature +3. November started out very cold, with -30 degrees on the 1st, causing power trouble, and remained cold throughout the month. The minimum temperature was -41 degrees, and the mean for the month was -8.8 degrees, with snowfall of 10.3 inches. December was very cold all month, with a minimum of -68 degrees on the 29th, and a mean temperature for the month of -34.1 degrees. A break in the severe cold for four days brought 6.1 inches of snowfall.

STRIPPING OPERATIONS

Stripping plants were operated for No. 9 Dredge and for Dredge No. 12 on the No. 17 Dominion Bench. The stripping on No. 15 Dominion Bench for bulldozer mining was completed in August. Preparatory work was done on a section of No. 16 Dominion Bench, which is to be stripped in 1962. The water supply was very good and a very good duty was obtained, bringing the cost per cubic yard down considerably in comparison with previous years.

Schedule No. 1 gives details of the operations.

THAWING OPERATIONS

Thawing plants were operated at Dredges Nos. 6, 9 and 10 areas. Weather conditions were unfavorable, due to heavy rains causing damage to plants, and to mostly cold, cloudy weather. This all added to increase the cost per cubic yard.

Schedule No. 2 gives details of the operations.

DREDGING OPERATIONS

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

ALL DREDGES

	<u>1960</u>		<u>1961</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$1,443,021	31.9	\$1,267,591	31.3
Production	1,993,864	44.1	1,554,118	38.4
Operating Gain or Loss	550,843	12.2	286,527	7.1

DREDGE NO. 6

The digging conditions were very good until the middle of October, when excess sand caused some trouble in the movement of the dredge in the pond. This was corrected by turning the Dominion Creek water into the pond, which was carrying only a small amount of stripping muck by this time. There was one major mechanical breakdown of equipment, causing a shut-down of 33½ hours.

	<u>1960</u>		<u>1961</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$274,245	24.6	\$270,063	27.4
Production	331,741	29.7	341,160	34.7
Operating Gain or Loss	57,496	5.1	71,097	7.3

DREDGE NO. 8

The digging conditions were very good all season, and a very good yardage was obtained. The increase in operating cost is due to cost of new bucket line charged to operations.

	<u>1960</u>		<u>1961</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$276,163	30.9	\$289,693	31.4
Production	298,424	33.4	346,862	37.6
Operating Gain or Loss	22,261	2.5	57,169	6.2

DREDGE NO. 9

The digging conditions, on the whole, were very difficult all season, with only short periods of good digging. The remainder of the time the dredge was either digging frozen ground or hard, reefy bedrock.

	<u>1960</u>		<u>1961</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$210,510	47.4	\$194,351	57.8
Production	172,393	38.8	219,560	65.3
Operating Gain or Loss	38,117	8.6	25,209	7.5

DREDGE NO. 10

The digging conditions were mostly very good, although the higher bedrock along the left limit slowed the advance at times, as more bedrock had to be dug for flotation. Eighteen hours lost time occurred in July, due to a broken main drive shaft, and 154 hours digging time was lost in August, due to a broken ladder hoist shaft, and the pond filling with mud during the time required to replace the shaft. A total of 30 hours digging time was also lost on two other occasions, due to flood stage water breaking the dykes holding up the dredge pond water.

	<u>1960</u>		<u>1961</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$287,596	31.4	\$286,060	31.4
Production	443,938	48.5	257,680	28.3
Operating Gain or Loss	156,342	17.1	28,380	3.1

DREDGE NO. 11

The digging conditions were very good throughout the season, and there was very little digging lost time. The yardage dug for the season was very good. The dredge was the first to shut down, on November 4th, due to power shortage and ice conditions in the pond. The higher operating cost in 1961 was due to a new bucket line charged to the operations.

	<u>1960</u>		<u>1961</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$282,928	31.0	\$227,424	25.6
Production	634,650	69.6	388,856	43.8
Operating Gain or Loss	351,722	38.6	161,432	18.2

Schedule No. 3 gives details of the operations.

NO. 15 DOMINION BENCH

Preparatory work started on April 15th, with a small crew, and mining started on June 1st. The mining was completed on September 29th, due to icing conditions in the sluice box.

	<u>1960</u>		<u>1961</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$150,845	108.7	\$161,690	62.9
Production	79,734	57.5	351,254	136.6
Operating Gain or Loss	71,111	51.2	189,564	73.7

Schedule No. 4 gives the details of operation.

POWER PLANT OPERATION

There were no serious interruptions to power service during the season, except for a period of low power of four days, from November 1st to 4th, due to heavy slush ice conditions. The power lines and substations were maintained in good condition.

Repairs were made to cribbing protecting the cable tower at the Company's ferry crossing, and to the apron of the dam at North Fork Intake. Several low places in the banks of the ditches were built up with gravel.

Slush ice started running about the middle of October, but gave no trouble until the temperature fell to 30 degrees below zero on the 1st of November, at which time the heavy run of slush ice jammed both the North Fork and South Fork ditch intakes. The last seasonal employee was laid off on November 14th.

On November 17th No. 2 turbine was shut down, as the pipe line had sprung a leak. The pipe was drained and a welder from Bear Creek Shop made repairs.

On December 1st the Ditch Foreman's cabin burned down, with the cause unknown.

24,243,000 (26,691,000) kilowatt hours of power were generated, of which 21,116,440 (23,446,400) were sold and distributed. The following tabulation shows how the costs were made up:

	<u>Costs</u>	<u>¢ Per K.W. Hour Sold & Distributed</u>
Power Plant Operation	\$ 50,363	0.208
North Fork Ditch Operation	28,959	0.119
South Fork Ditch Operation	11,850	0.049
33,000 Volt Power Lines	11,980	0.049
Secondary Lines and Substations	<u>10,638</u>	<u>0.044</u>
<u>TOTALS:</u>	<u>\$113,790</u>	<u>0.469</u>

GRAVEL RESERVES

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

COMPARATIVE PRODUCTION STATEMENT

Schedules Nos. 6 and 7 give comparisons between the actual and theoretical recoveries for the season of 1961 and for the seasons 1936 to 1961, inclusive.

CASH RECEIPTS AND EXPENDITURESRECEIPTS:

Dredge Production	\$1,554,118
No. 15 - Dominion Bench Production	351,254
Miscellaneous Production	20,180
Dawson Utilities	55,162
Sundry Receipts	61,946
TOTAL CASH RECEIPTS:	\$2,042,660

EXPENDITURES:

Wages - Net	\$ 854,118
Vancouver Purchases	284,629
Vancouver Freight	36,900
Local Purchases	46,177
Dawson Services, etc.	68,735
Employees' Fares Advanced	9,165
Renewals and Recordings	10,110
Gold Charges	35,835
Territorial and City Taxes	34,043
Royalties	471

TOTAL CASH EXPENDITURE:	\$1,380,183
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GAIN IN DAWSON CASH POSITION:	\$ 662,477
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SUMMARY:

Cash on Hand - January 1, 1961:	\$ 253,585
Operating Gain:	<u>662,477</u>
	\$ 916,062
Less - Transfer to Head Office:	<u>725,000</u>
December 31, 1961 - Dawson Cash in Bank:	<u>\$ 191,062</u>

LABOR

The quality of labor was better than usual, and the operations had a sufficient supply of men at all times.

STAFF

Your Manager takes this opportunity to acknowledge the continued loyalty and interest of the staff in carrying forward the work of the Company.

WORK FOR 1962

The following is a summary of the work planned for this year, and on which our 1962 budget estimates have been made:

1. Full scale stripping ahead of Dredge No. 9 and on No. 16 and No. 17 Dominion benches.
2. Full scale thawing ahead of Dredges Nos. 6 and 10 and on No. 17 Dominion Bench for No. 12 Dredge, and preparatory work ahead of No. 9 Dredge for thawing in 1963.
3. Full scale bulldozer mining on Dominion Benches, first part of season mining old works area on No. 16 Bench and remainder of season on No. 15 Bench.
4. Operation of Dredges No. 6, No. 8, No. 9, No. 10 and No. 11.
5. Preparation of No. 12 Dredge for moving to No. 17 Bench.
6. Exploration to cover examination of properties brought to the Company's attention in B. C. and the Yukon; an examination, in conjunction with Asbestos Corporation, of claims staked in the fall of 1960 on Stand-To Mountain, north of Keno Hill; a drilling programme to include the investigation of the right limit bench ground on Sulphur Creek, Dominion Flat above the mouth of Gold Run Creek, and deep hole in lower Eldorado Creek; a geochemical study and mapping in the area of Silver City, on the Yukon River below Dawson, and at the head of Spotted Fawn Creek, on the Twelve-mile River.

Yours very truly,

A. G. Barrett

A. G. Barrett,
Manager.



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