

The Yukon Consolidated Gold Corporation, Limited

VIA
AIR MAIL

1919 MARINE BUILDING

VANCOUVER, B. C.

February 24th, 1947.

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

Gentlemen:

Herewith is submitted my report of the operations of your company for the year ending December 31st, 1946.

TITLES

The titles to all ground covered by placer mining claims and leases were maintained in good standing. Timber Berths Nos. 25 and 26 were renewed.

GROUND PREPARATION

Shortage of labor again restricted the ground preparation program but greater progress was made than during 1945.

Stripping plants were started at Nos. 6, 7, 8, 9, 10 and 11 but work at No. 9 had to be shut down after a short run so the man could be shifted to more urgent work. All stripping at No. 7 was completed for the life of the dredge.

The duty of the water was low at Nos. 7 and 11 due to the fact that stripping depths were relatively shallow and much heavy material had to be shifted in order to get at the removable muck. The condition at No. 11 was complicated by the presence of sand from the old hydraulic operations on Paradise Hill.

Unit costs were high due to poor quality of labor and inability to realize full advantage of the initial costs of setting up the plants. The relatively short season was an added factor contributing to the high costs.

The following tabulation shows the stripping work accomplished:

Plant No.	Operating Dates		M.I.D. Water Used	Cu. Yds. Muck Removed	Duty of Water	Cost	Cents per Cu. yd.
	Water Started	Water Off					
6	May 28th	Sept. 24th	34,250	559,453	16.3	\$ 47,208.08	8.44
7	May 18th	Sept. 16th	15,281	131,945	8.6	17,623.04	13.36
8	June 9th	Sept. 24th	37,465	605,785	16.2	52,184.79	8.61
9	June 2nd	July 6th	6,217	161,567	26.0	13,047.36	8.08
10	May 19th	Sept. 26th	32,431	328,958	12.0	36,792.02	9.46
11	May 11th	Sept. 28th	35,640	290,946	8.2	37,232.76	12.80
Bragline						297.34	
Totals		May 11th Sept. 28th	161,284	2,138,654	13.3	\$ 204,385.39	9.56

Thawing plants were operated at Nos. 6, 7, 8, 10 and 11. Progress was not good due to poor labor and unit costs were high. However, sufficient ground was thawed so that all dredges which operated in 1946 will be able to resume operations in 1947. The lack of sufficient progress at No. 6 will prevent that dredge starting until 1948.

The following tabulation shows the thawing work accomplished:

Plant No.	Operating Dates		M.I.D. Water Used	Cubic Yards Thawed	Duty of Water	Cost	Cents per Cu. yd.	Point Driving Rate Ft/HR.
	Water Started	Water Off						
6	May 18th	Sept. 20th	113,503	501,372	4.4	\$ 37,473.36	7.47	8.3
7	May 12th	Sept. 24th	66,990	503,993	6.5	29,252.04	5.80	6.8
8	May 10th	Sept. 18th	132,987	563,731	4.2	38,560.35	6.84	10.3
10	May 10th	Sept. 18th	97,768	732,035	7.7	42,189.60	5.61	14.4
11	May 9th	Sept. 21st	100,881	547,411	5.4	37,780.93	6.90	11.5
Totals		May 9th Sept. 24th	512,131	2,848,542	5.6	\$185,256.27	6.46	

The following tabulation shows the inventory of stripping and thawing yardages as of December 31st, 1946:

Plant No.	Location	Cubic Yards		Cents/ Cu. yd.	
		Stripping	Thawing	Stripping	Thawing
4	Lower Bonanza		308,034		4.20
5	Greenville Flats	1,936,852	982,292	5.26	4.20
6	Lower Sulphur	2,305,900	610,513	6.83	6.82
7	Quartz	1,243,994	314,466	7.01	6.08
8	Middle Sulphur	2,237,522	673,333	7.31	6.43
9	Upper Sulphur	1,189,101	57,221	7.56	7.72
10	Middle Dominion	2,193,324	418,488	8.51	5.84
11	Bunker	1,167,740	470,506	9.12	6.93
Bragline Dominion Benches			227,180	13.83	
Totals		12,503,613	3,834,853	7.40	5.77

DREDGE OPERATIONS

Dredges Nos. 3, 4, 5, 10 and 11 operated throughout the season. Dredge No. 7 did not get started until July 2nd as some ground had to be thawed before she could commence digging.

Dredge No. 3 worked in an area covered by the toe of the Jackson Gulch hydraulic tailings. Values were about as good as expected but the production was less, due, primarily, to the low yardage dug by the dredge. This was caused, to a large extent, by the amount of sand and muck which the dredge had to handle. Spring repairs were started on March 20th. The dredge started digging on May 10th and was closed down for the season on November 17th.

Dredge No. 4 continued to work on Bonanza Creek at the mouth of Lovett Gulch. She had been expected to complete this area during the season but due to the great depth of the ground the frequent moves of the boat, required to spread the sand and tailings, reduced her yardage to such an extent that some ground remains to be completed in 1947. Values were disappointing as more "old works" were encountered than had been anticipated. Spring repairs were started on April 1st. The boat started digging on May 4th and was closed down for the season on October 25th. The early closing was caused by cold weather shutting off the water supply to the dredge pond. The dredge experienced a good deal of trouble in getting started. During her idle period the flood waters of Bonanza Creek had sluiced in a large amount of gravel and sand and it was very difficult to pick up the bedrock again due to the depth of the ground and the limited space in which to dispose of the extra gravel and sand.

Dredge No. 7 continued to work downstream along the right limit of Quartz Creek cleaning up all ground as she went along. She encountered good digging throughout the season, but values were disappointing. Spring repairs were started on April 1st at which time the boat was cut loose from the pond ice. Later the dredge crew was used on the thawing plant to assist in driving points. Due to lack of prepared ground the dredge did not get started digging until July 2nd. She was closed down for the season by cold weather on October 25th.

Spring repairs were started on Dredge No. 5 on April 24th. Digging started on May 14th and stopped on November 15th. During her idle period a great deal of sand and mud had come into the pond and much difficulty was experienced in cleaning this out and re-establishing her out so that poor progress was made for the first month. The recovered values were up to expectation and the low yardage dug for the season was responsible for the reduced production.

Shortage of men delayed the starting of Spring repairs on Dredge No. 10 until May 1st and the dredge did not commence digging until May 15th. She was shut down for the season on November 15th. She started on an area of high bedrock but as there was an ample supply of water at the time she did not experience any particular difficulty in getting away. Later she encountered some very hard bedrock which reduced her

yardage for a while. She also had a good deal of gumbo bedrock but, on the whole, values held up well.

Spring repairs were started on Dredge No. 11 on April 8th. Digging commenced on May 1st and ended on November 3rd. Values recovered were below those expected due, largely, to the presence of more "old Works" than had been anticipated. A good part of the digging was in an area which had been dredged by the Yukon Gold Company. While the values in these tailings were fairly low they were sufficient to warrant redredging and the time consumed in digging them gave the stripping and thawing operations more time to advance.

The following tabulation shows the results of the season's dredging:

Dredge No.	Cu. Yds. Dredged	Operating Costs		Production		Profit	
		Total	\$ per Cu. yd.	Total	\$ per Cu. yd.	Total	\$ per Cu. yd.
3	1,508,752	\$ 172,047.21	11.40	\$ 200,421.98	13.28	\$ 28,374.77	1.88
4	1,426,433	134,075.73	9.40	139,137.31	9.76	5,061.58	0.36
6		5,731.75				5,731.75	
7	375,608	119,127.57	31.72	86,051.88	22.91	33,075.69	8.81
8	689,755	188,193.22	27.28	327,847.20	47.53	139,653.98	20.25
9		2,672.39				2,672.39	
10	713,599	170,708.99	23.92	283,991.60	39.80	113,282.61	15.88
11	900,553	191,180.90	21.23	323,247.66	36.12	134,066.76	14.89
Totals	5,614,700	983,737.76	17.52	1,362,697.63	24.27	378,959.87	6.75

POWER PLANT - Operation

There were no serious interruptions to power throughout the year. Maintenance of power lines was again handicapped by shortage of labor but the essential work was taken care of. The use of old rails for the stubbing of power and telephone poles was continued.

Very little improvement work was done on the North Fork Ditch. There was some erosion at the Intake during the high water period. This was back-filled with heavy rock brought down from the South Fork Ditch Intake. The wooden apron below the regulating gates at the intake is nearly worn out and needs replacement. An attempt was made to shut off the water so that a careful inspection could be made but it was not successful as too much water came through the gates even when they were in the closed position. During the early Spring of 1947 some sort of a temporary dam will be placed above the gates so that repairs can be made.

Lack of manpower prevented further use of the dragline on the South Fork Ditch but two trucks hauled gravel to the lower bank of the ditch during a good part of the summer.

28,768,400 kilowatt hours of power were generated of which amount 24,782,300 kilowatt hours were sold and distributed. The cost amounted to \$97,956.53 or 0.39527 cents per kilowatt hour. The revenue from

the power sold was treated as an earning. The following tabulation shows how the cost was made up:

	Cost	¢ per K.W. Hr. sold & distributed
Power Plant operation	\$ 43,927.97	0.1772
North Fork Ditch operation	15,312.85	0.0618
South Fork Ditch operation	20,564.16	0.0830
High Tension Power Lines	3,606.78	0.0146
Secondary Lines and Substations	14,541.17	0.0587
Totals	\$ 97,956.53	0.3953

The power generated was distributed as follows:

Company operations	18,415,600	64.0%
Dawson Utilities	6,366,700	22.1
Power Plant Services	1,317,900	4.6
Line Losses	2,668,200	9.3
Total	28,768,400	100.0%

GRAVEL RESERVE

No additions were made to Gravel Reserves during the year. A schedule is attached to this report which gives the status of the Reserves at the end of the year.

COMPARATIVE PRODUCTION STATEMENT

Attached to this report is a schedule showing a comparison between actual and theoretical recoveries for the season of 1946 and for the seasons 1936 to 1946 inclusive.

CAPITAL EXPENDITURES

The following tabulation shows the expenditures for Capital Account:

<u>Machinery</u>	
Welding machines	\$ 852.53
Lathe motors	994.00
<u>Buildings</u>	
Converting pickup garage to warm storage garage	742.31
Additions to Bear Creek residences	2,331.47
<u>Livestock and Vehicles</u>	
Pickups and car	4,333.34
Caterpillar Tractors	25,859.75
<u>Furniture</u>	
Calculator	494.56
Share Ledger Card Index	210.75
<u>Mining Claims</u>	2,489.00
Total	\$ 38,330.51



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