

# The Yukon Consolidated Gold Corporation, Limited

1919 MARINE BUILDING

VANCOUVER, B. C.  
21st March, 1950.

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 on the operations of  
your Company for the year ending December 31st, 1949.

## TITLES

The titles to all ground required for the operations  
of your Company were maintained in good standing. Timber Berths  
Nos. 25 and 26 were renewed.

At the end of the year a total of 351 placer mining  
claims were abandoned as having no economic value in the fore-  
seeable future. Two more were turned back to the owners after  
they were dredged out. This left a balance of 1,105 placer mining  
claims either owned, leased or optioned to be maintained at the be-  
ginning of 1950. In addition the following Leases were being kept  
in good standing:

Hydraulic Lease No. 1 (Anderson Concession)  
Hydraulic Lease No. 5 (Bronson and Rae Concession)  
Hydraulic Lease No. 18 (Boyle Concession).

## STRIPPING OPERATIONS

Full scale stripping plants were operated ahead of  
Dredges Nos. 8, 9, 10 and 11 throughout the season. A small plant  
was operated for a part of the season at No. 6 to strip muck from  
the area that dredge has to dig through in order to reach the  
Dredging Reserves on Dominion Creek which were left when No. 5 was  
destroyed by fire.

There was a good supply of water throughout the season.  
However, the weather was cold throughout most of the summer. This  
slowed down the thawing action of the sun with a consequent lower  
water duty.

2,487,131 cubic yards of muck were removed at a cost of

\$219,609.69 or 8.83 cents per cubic yard.

Schedule No. 1 gives details of the various operations.

#### THAWING OPERATIONS

Full scale thawing plants were operated ahead of Dredges Nos. 4, 6, 9, 10 and 11 throughout the season.

Water temperatures averaged nearly ten degrees colder than usual so that thawing progress was retarded.

24-foot spacing of points was tried out at Nos. 10 and 11 and was found to give satisfactory results except in the drifted areas where extra points had to be driven in order to remove all frost. The experiment, on the whole, was successful. At this spacing one setting of the equipment covered the entire season's work and no equipment had to be moved until after the completion of point driving. Further, point driving expense was greatly reduced. Further tests will be carried forward in 1930 in areas that are considered suitable.

All thawing that was considered essential ahead of No. 4 was completed during the season.

During the season 3,850,978 cubic yards of material were thawed at a cost of \$ 222,012.84 or 5.77 cents per cubic yard.

Schedule No. 2 gives details of the work accomplished.

#### DREDGING

Dredges Nos. 3, 4, 6, 7, 8, 9, 10 and 11 were operated throughout the season.

Dredge No. 3 encountered difficult digging conditions during the first part of the season when she was advancing upstream in an area along-side old dredge tailings where, at times, the width of thawed virgin ground was very narrow and it was necessary for a good portion of the dredge cut to be in the old tailings in order to get through. During all of this period the working area was flooded from high water in the river which made it difficult to move the working lines and to provide suitable anchorages for them. Even with these adverse conditions the dredge handled a good yardage. 2,469,678 cubic yards of material were mined at a cost of \$ 146,433.68 or 5.93 cents per cubic yard. Her recovery of \$ 222,123.62, or 8.99 cents per cubic yard, was equal to 120.8% of the estimated recovery. On the basis of value per cubic yard the recovery was equal to 87.3% of the estimated recovery which was based partly on drilling and partly on recoveries from adjacent areas. There was an operating profit of \$ 75,791.93, or 3.06 cents per cubic yard. Some barring was done ahead of the dredge and enough natural thaw was located to assure another season's dredging.

Dredge No. 4 continued operating on Bonanza Creek. She

encountered some spots of frozen tailings which were mined by the thinning crew and this condition, coupled with the hard and blocky bedrock which was found in many places, made for a reduced yardage. Conditions were much better during the latter half of the season. During the season 1,668,994 cubic yards of material were mined at a cost of \$ 167,934.07 or 10.06 cents per cubic yard. Production amounted to \$ 170,394.32 or 11.90 cents per cubic yard. There was an operating profit of \$ 30,662.25 or 1.84 cents per cubic yard. Recovery per cubic yard was 16.0% of the estimated value.

Dredge No. 6 continued operating on Lower Sulphur Creek. In general dredging conditions were good but, at times, much trouble was had with very high water which brought down an excess of mud and sand. During the season 845,751 cubic yards of material were mined at a cost of \$ 167,794.58 or 22.44 cents per cubic yard. Production amounted to \$ 222,304.54 or 26.29 cents per cubic yard. Recovery per cubic yard amounted to 80.4% of the value estimated in the Budget. There was an operating profit of \$ 32,511.96 or 3.85 cents per cubic yard. During the season the dredge reached the dividing line between her reserves and those of No. 8 and since then has been working back downstream towards her reserves on Dominion Creek where her future operations will be located.

Dredge No. 7 continued digging downstream on Quartz Creek below the mouth of Toronto Creek. Her cuts cross-fired the valley so that all dredgeable ground was mined as she advanced. Some very hard bedrock was encountered which, at times, made it difficult to dig a sufficient depth for safe flotation. This condition will exist for the balance of her life on Quartz Creek. During the season 569,808 cubic yards of material were mined at a cost of \$ 142,524.77 or 25.01 cents per cubic yard. Production amounted to \$ 164,753.16 or 32.77 cents per cubic yard. There was an operating profit of \$ 44,228.39 or 7.76 cents per cubic yard. Recovery per cubic yard amounted to 72.0% of the value estimated in the Budget.

Dredge No. 8 continued operating in the Middle Sulphur Creek area in a general downstream direction. Her cuts cross-fired the valley, cleaning up all dredgeable ground as she advanced except for a strip 125 feet wide along the right limit. This strip is being left for her return cut after she has reached the upper end of No. 6's reserves. Digging conditions, in general, were good. During the season 786,189 cubic yards of material were mined at a cost of \$ 211,934.09 or 26.76 cents per cubic yard. Production amounted to \$ 445,482.70 or 56.65 cents per cubic yard. There was an operating profit of \$ 233,468.61 or 29.67 cents per cubic yard. Recovery per cubic yard amounted to 101.7% of the value estimated in the Budget.

Dredge No. 9 resumed operations on Upper Sulphur Creek for the first time since being closed down on account of the war. Digging conditions were only fair. In this area there is only a thin layer of gravel and, as the ground has been heavily drifted, much of this gravel is on the surface and, in consequence, the smuck extends to bedrock so that there is always an excess of mud and sand.

During the season 579,375 cubic yards of material were mined at a cost of \$ 221,543.18 or 38.24 cents per cubic yard. Production amounted to \$ 258,465.73 or 44.61 cents per cubic yard. There was an operating profit of \$ 36,922.55 or 6.37 cents per cubic yard. Recovery per cubic yard amounted to 84.3% of the value estimated in the Budget.

Dredge No. 10 continued operating in the Middle Dominion Creek area in a general downstream course. She was delayed at various times by very high water, hard bedrock and an excess of mud and sand. During the season 668,240 cubic yards of material were mined at a cost of \$ 187,442.34 or 28.05 cents per cubic yard. Production amounted to \$ 272,029.47 or 40.41 cents per cubic yard. There was an operating profit of \$ 84,587.13 or 12.36 cents per cubic yard. Recovery per cubic yard amounted to 160.3% of the value estimated in the Budget.

Dredge No. 11 continued operating in the Middle Hunter Creek area. Here, too, much trouble was had at times with very high water and an excess of mud and sand. During the season 962,265 cubic yards of material were mined at a cost of \$ 189,777.41 or 19.52 cents per cubic yard. Production amounted to \$368,167.77 or 38.02 cents per cubic yard. There was an operating profit of \$ 178,390.36 or 18.30 cents per cubic yard. Recovery per cubic yard was 71.5% of the value estimated in the Budget. There were two very high-grade drill holes within the season's dredging area and the influence of these did not extend as far as was estimated.

UNUSUAL GENERAL. Due to a late, cold Spring, water in the various creeks was late in beginning to run so that the starting date of several dredges was delayed well beyond the usual time. The late start was largely responsible for the decreased production in the early part of the season. This was partly offset by the favorable weather and longer run in November.

Schedule No. 3 gives details of the work.

#### POWER PLANT OPERATION

There were no serious interruptions to power during the year. The essential maintenance work on power lines and substations was taken care of.

The lower bank of the South Fork Ditch was built up where required with gravel hauled by truck from convenient pits. Widening and re-grading of this ditch was continued. This part of the work was completed by the end of the season and the dragline, which was used on it, will be left at the South Fork Ditch intake where it will later be required when the gate structure at the intake is rebuilt.

35,996,700 kilowatt hours of power were generated, of which amount 29,760,000 were sold and distributed. The cost amounted

to \$ 111,772.10 or 0.57537 cents per kilowatt hour sold and distributed. The total cost of generating power was charged to the Company's operations and the revenue received from power sold was treated as an earning. The following tabulation shows how the cost was made up:

	<u>Cost</u>	<u>Cents per K.W. Hour sold and distributed</u>
Power Plant Operation	\$ 41,734.95	0.14024
North Fork Ditch Operation	24,490.22	0.08296
South Fork Ditch Operation	21,638.34	0.07271
33,000 Volt Lines	5,169.56	0.01737
Secondary Lines and Substations	18,559.03	0.06227
<b>Totals</b>	<b>\$ 111,772.10</b>	<b>0.57537</b>

The power generated was distributed as follows:

	<u>K. W. Hours</u>	<u>Percent</u>
Company Operations	23,477,700	69.06
Season Utilities	6,203,100	18.48
Power Plant Services	1,455,800	4.28
Line Loss	2,789,700	8.18
<b>Totals</b>	<b>33,926,300</b>	<b>100.00</b>

#### GRAVEL RESERVES

During the 1949 season Dredge No. 3 Reserves were increased by 2,500,000 cubic yards, with an estimated value of \$247,715 with gold at \$35.00 per fine ounce. The yardage is in an area of natural thar immediately ahead of the dredge, proved up by barring.

Schedule No. 4 shows details of changes made in the Reserves during the year and their status at the end of the year:

#### COMPARATIVE PRODUCTION STATEMENT

Schedule No. 5 shows a comparison between actual and theoretical recoveries for the season of 1949 and for the seasons of 1936 to 1949 inclusive.

#### CAPITAL EXPENDITURES

The following tabulation shows the expenditure for Capital Account during 1949:

Automotive Equipment	\$ 2,016.52
Real Estate (Land)	25.00
Plant and Machinery	11,268.14
Buildings	43,367.52
<b>Total</b>	<b>\$ 56,677.26</b>

Schedule No. 6 shows details of these expenditures.



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