

The Yukon Consolidated Gold Corporation, Limited

1919 MARINE BUILDING

VANCOUVER 1, B. C.

February 18, 1954.

To:

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

Gentlemen:

Herewith is submitted my report on the operations of your Company for the year ending December 31st, 1953.

TITLES

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

STRIPPING OPERATIONS

Stripping operations were carried on throughout the season ahead of Dredges Nos. 6, 8, 9, 10 and 11 and preparations were made to resume operations ahead of No. 12 in 1954.

The water supply was not as good as during 1952, but was still adequate for most of the season. However, the work was held back during the latter part of the summer due to lack of labor to move equipment as fast as required. This was particularly true at the No. 6 operation. Here, where there is a considerable reserve of stripped ground, men were taken away for other operations that were considered more urgent. This, coupled with the need to use labor and water to cut a much needed drain, was responsible for the very low yardage of overburden removed at this plant and the resulting high unit cost.

1,937,568 cubic yards of overburden were removed at a cost of \$243,005.47 or 12.54 cents per cubic yard. This compares with 1,982,404 cubic yards removed in 1952 at a cost of 12.85 cents per cubic yard.

At the end of the season stripping reserves were satisfactory at Nos. 6, 9 and 11.

Schedule No. 1 gives details of the various operations.

THAWING OPERATIONS

Thawing operations were carried on ahead of Dredges Nos. 8, 9, 10 and 11. None was required for Dredges Nos. 4 and 6.

The header pipes, for carrying water to the points, were again laid for the 24-foot spacing of points and this spacing was used wherever ground conditions were thought to warrant it. The larger spacing is the principal reason for being able to hold the cost of thawing to its present figure.

Although the early part of the summer was cold it was, on the whole, a good thawing season. 4,562,819 cubic yards of ground were thawed at a cost of \$237,211.29 or 5.20 cents per cubic yard. This compares with 4,249,900 cubic yards thawed in 1952 at a cost of 4.94 cents per cubic yard.

At the end of the season thawing reserves were satisfactory at all plants. At No. 10, where thawing is well ahead and where the stripping has not been satisfactory, there will be no operation during 1954 in order to give the stripping operations more time to improve the condition of the ground and to get further away from the thawing area.

Schedule No. 2 gives details of the various operations.

DREDGING OPERATIONS

Dredges Nos. 4, 6, 8, 9, 10 and 11 were operated throughout the season. A 2 $\frac{1}{2}$ cubic foot pontoon type dredge was purchased for use on the Dominion Bench area. It had been operating on Canyon Creek, in Alaska, about 70 miles from Dawson. It was dismantled, hauled to Dominion Creek and set up, with the exception of the gold saving machinery, ready for operation in 1954.

Dredge No. 4, on Bonanza Creek, commenced digging on May 7th and operated until November 10th. Her start was delayed by the cold Spring. There was, also, a heavy accumulation of winter frost to contend with. Her digging, generally, was not good. During the latter part of October a very cold spell caused an interruption to digging and even after digging was resumed conditions were bad. Only 1,278,699 cubic yards of material were mined at a cost of \$203,251.78 or 15.90 cents per cubic yard. Production amounted to \$170,691.94 or 13.35 cents per cubic yard resulting in an operating loss of \$32,559.84 or 2.55 cents per cubic yard. During the season the last of the deferred thawing charges were written off and there should be no more of these charges for several years to come. Now that the dredge is out of the area where artificial thawing was required, digging conditions are expected to be much improved with a consequent great increase in yardage and production at no extra cost.

Dredge No. 6, at Granville on Dominion Creek, did not start digging until May 21st. The late start was caused by the installation of steel gold saving tables which were not completed before that date. The test jig, which was purchased and landed in Dawson in 1952, was set up and tests run on the tail sluice material to determine the gold losses. No losses were found which would explain the low percentage of theoretical value recovered by the dredge. During 1952 and 1953 the dredge operated in an area where drilling was done with holes spaced at the corners of triangles with spacing of approximately 600 feet. The majority of holes were fairly low grade, but there were a few high grade holes. Following the practice which had worked out satisfactorily at all other areas, all holes were given equal weight in estimating the value. The conclusion has been reached that the favorable bedrock conditions which caused these high grade holes did not extend over any great area and that the high holes were given too much weight in estimating the value of the ground. A recalculation of the area dredged during 1952 and 1953, in which the high grade holes were given a weight of one quarter of the other holes, gave a value which checked very closely with the actual recovery. This is the basis which will be used to estimate the recovery for 1954 and for other years as long as the dredge remains in the area which was drilled in this manner. 700,069 cubic yards of material were mined at a cost of \$226,583.37 or 32.36 cents per cubic yard. Production amounted to \$159,783.14 or 22.82 cents per cubic yard resulting in an operating loss of \$66,800.23 or 9.54 cents per cubic yard. The dredge shut down on November 8th.

Dredge No. 8, at Middle Sulphur Creek, started digging on May 3rd. The cold weather and heavy winter frost made bad digging conditions until well into June. The ground, throughout the season, was hard to dig and this is reflected in the small yardage mined. 565,162 cubic yards of material were mined at a cost of \$213,252.68 or 37.73 cents per cubic yard. Production amounted to \$338,643.00 or 59.92 cents per cubic yard resulting in an operating profit of \$125,390.32 or 22.19 cents per cubic yard. The dredge shut down on November 8th.

Dredge No. 9, at Upper Sulphur Creek, started digging on April 29th and ran until the morning of November 8th. As usual this dredge had a considerable amount of mud and frozen muck to contend with. During the season 581,223 cubic yards of material were mined at a cost of \$202,069.03 or 34.77 cents per cubic yard. Production amounted to \$212,209.30 or 36.51 cents per cubic yard resulting in an operating profit of \$10,140.27 or 1.74 cents per cubic yard.

Dredge No. 10, in the Middle Dominion Creek area, started digging on April 25th, but due to cold weather and heavy winter frost, very little progress was made for the first couple of weeks. The dredge was shut down on November 11th. During the season 688,122 cubic yards of material were mined at a cost of \$227,098.23 or 33.00 cents per cubic yard. Production amounted to \$192,909.30 or 28.03 cents per cubic yard resulting in an operating loss of \$34,188.93 or 4.97 cents per cubic yard.

Dredge No. 11, on Hunker Creek, started digging on April 25th. Heavy winter frost and cold weather made starting difficult, but less so than at some of the other dredges. However, throughout the season hard bedrock and several high reefs were encountered which were hard to dig and resulted in the low season's yardage. 527,282 cubic yards of material were mined at a cost of \$184,241.36 or 34.94 cents per cubic yard. Production amounted to \$338,205.62 or 64.14 cents per cubic yard resulting in an operating profit of \$153,964.26 or 29.20 cents per cubic yard. The dredge shut down on November 10th.

Schedule No. 3 gives details of the various operations.

HYDRAULIC OPERATION - No. 13

Preparatory work on Paradise Hill commenced on May 1st. The first water was used on May 21st. While the water supply was not nearly as good as in 1952 it was still fairly adequate for much of the season. No bedrock cuts were made. The heavy material was pushed up to the sluice with "bulldozer". Most of this was done with a small D2 tractor, but the bedrock was cleaned with a large D8 tractor. The last sluicing was done on September 22nd and the final cleanup made on September 23rd. During the season 127,445 cubic yards of material were mined at a cost of \$52,523.41 or 41.21 cents per cubic yard. Production amounted to \$106,013.75 or 83.18 cents per cubic yard resulting in operating profit of \$53,490.34 or 41.97 cents per cubic yard. To get a better idea of costs and production this should be combined with the results obtained during 1952. Over the 2-year period 239,096 cubic yards of material were mined at a cost of \$90,624.06 or 37.90 cents per cubic yard. Production amounted to \$122,861.06 or 51.38 cents per cubic yard resulting in an operating profit of \$32,237.00 or 13.48 cents per cubic yard. Post operating work was completed during the week ending October 15th and preparatory work for 1954 commenced. A new pump station is being set up at a location below the dumping area so that the water can be recirculated. The pump to be used was taken from the old Hunker Pumping Plant and reconditioned in the Bear Creek shops. It will deliver approximately twice the amount of water supplied with the old setup and there will be only one unit to attend instead of the four previously required.

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 Fork and South Fork ditches were built up where required. Heavy Fall rains caused the road on the ditch banks to be badly cut up so the road power grader was used to give it a new surface.



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