

Thus they did not receive the benefit of the major price reductions which were made later in the year. As an offset to such decrease in prices as was obtained on the 1921 purchases were increases in the Government sales tax and in the through freight rates from Vancouver and Seattle. The 1921 feed costs, as noted above, were only 2.6% below those of 1920. The 314,106 pounds of manganese steel dredge repair parts purchased in 1921 cost the Company 27.96 cents per pound landed at the Bear Creek Camp, a reduction of 1.5% from the 28.40 cents per pound cost for 314,697 pounds of corresponding parts purchased in 1920. These two items are fair examples of the price reductions which were actually obtained in 1921.

(1) Dredging:

The 1921 dredging operations were on the Klondike Valley portion of Hydraulic Lease No. 18 and were entirely in thawed ground.

There was no prospecting work in 1921, because none of the limited working capital could be spared for that purpose. The dredges were directed by guesswork based upon the results obtained in working adjacent ground and upon the probable effect on the gold deposits of gulches entering the sides of the valley.

Of the Company's three dredges, Canadian Nos. 2 and 4 were operated in 1921. Dredge Canadian No. 3 was idle, lacking buckets and various repair parts, as explained in the Canadian Klondike 1920 Report. And too, it is doubtful if the thawed ground ahead of this last dredge contains sufficient gold to pay the costs of dredging. It is generally

thought that there is a run of very good values originating from Jackson Gulch, not far from this dredge, but the ground is frozen and no feasible thawing method has yet been worked out. The cold water thawing processes now being developed by The New North West Corporation, Limited, on Dominion Creek, may show the way to the profitable working of this ground.

Before the beginning of the 1921 season new manganese steel screens were installed on both of the working dredges. During the summer worn out buckets were replaced by new manganese steel buckets as fast as they arrived, and by the end of the season both dredges were in better condition for efficient operation than they had been for several years. One hundred and fifty seven tons of manganese steel repair parts were purchased in 1921 at a landed cost of \$88,000.00.

Dredge Canadian No. 2 began the 1921 season on May 10th, at a point on the left limit of the thawed ground area of the Klondike Valley opposite the mouth of Quigley Gulch. It worked downstream 2700 feet, dug out an "island" that had been left by the dredges in former years, and returned upstream nearly to the point of beginning where it dredged to the line of frozen ground before closing down for the winter on November 30th. This dredge started with a weak bucket line which so limited the digging capacity that the daily average in June was only 5605 cubic yards. The July average was 7670 cubic yards per day. New buckets began to arrive late in July and by the 1st of August this dredge had a proper bucket line. The effect of this was shown by the daily averages which increased to 11,179 cubic yards in August and 10,594 cubic yards in

September. In October the usual troubles from ice and other winter conditions began and the daily average fell to 7262 cubic yards in October and 5936 cubic yards in November. As this dredge was digging practically the same sort of material all the season, the above comparison of the results of the summer months gives a fair idea of its relative digging efficiency.

During its 202 days of operation, Dredge Canadian No. 2 handled 1,539,795 cubic yards of material at a cost of 9.23 cents per cubic yard. It recovered 14,630.37 ounces of crude gold for which \$241,349.74 was received. The dredging profit was thus \$99,204.13, or 6.44 cents per cubic yard dredged.

Dredge Canadian No. 4 started up on May 12th, at a point near the right limit of the thawed ground area of the Klondike Valley opposite Quigley Gulch and worked upstream 5,250 feet, chiefly in the Klondike river-bed, before closing down for the winter. The bucket line of this dredge began to show some weakness during the 1920 season but the new buckets first arriving in 1921 were urgently needed for the other dredge and it was September before No. 4 received a supply. This lack did not appreciably interfere with the digging capacity until August when the average fell below 10,000 cubic yards per day. In September the average came up as new buckets were put in, but then the upper end of the screen began to show weakness and on September 28th the dredge had to close down, the upper screen having failed. Before repairs could be completed the winter shortage of power began and it was November 3rd before an increase in the power supply justified an attempt to operate this dredge. It ran

only 24 hours when the power supply again became short and after waiting a few days in the hope that the conditions would improve, this dredge was closed down for the winter on November 7th.

During the 138 days of digging, this dredge handled 1,245,900 cubic yards at a cost of 9.33 cents per cubic yard. The gold recovery amounted to 5,454.34 ounces which sold for \$89,851.08. Thus there was a dredging loss of \$26,428.30 in 1921 from the operation of this dredge which is being pushed upstream through low grade ground to reach expected better values opposite and above the Bear Creek Camp.

The two dredges handled 2,765,695 cubic yards in 1921 at a cost of 9.28 cents per cubic yard. The general Company expense not chargeable to dredging amounted to 0.044 cents per cubic yard making the total expense 9.72 cents per cubic yard. The gold recovered amounted to 20,084.71 ounces, valued at \$299,232.96 United States currency. On this a premium of \$31,967.86, or 10.68% was received, bringing the total dredge receipts up to \$331,200.82, or 11.89 cents per cubic yard dredged. The dredging profit was \$60,395.12, or 2.17 cents per cubic yard. The Statement of Operations, attached hereto as Schedule No. 2, gives the details of the costs.

Accompanying this Report is a blue print of "Plan of portion of Klondike Valley ahead of Dredges Canadian Nos. 2 and 4", as of 31st December, 1921, showing the areas dredged in 1920 and 1921.

(2) The Hunker Pumping Plant.

The Hunker Pumping Plant was started on the 10th of May.

Limited, in accordance with the Order of the Territorial Court. A meeting of the shareholders June 17th approved this action of the Directors. A bond covering this issue was executed on the 27th June and delivered to the local representative of The Granville Mining Company, Limited. On the 28th June foreclosure proceedings were begun by the holder of this bond and the matter was still pending at the end of the year.

- (2) The Dago Hill Mining Company, Limited.
The Deepvale Mining Company, Limited.

In compliance with judgments of the Yukon Territorial Court dated 3rd March, 1921, all of the shares of The Deepvale Mining Company, Limited, and 8,550 out of the total of 10,000 shares of The Dago Hill Mining Company, Limited, were transferred to Andrew Baird, Receiver of Canadian Klondyke Mining Company, Limited, and meetings of the shareholders were called. These resulted in the election of Boards of Directors made up of: Frederick P. Burrall, President; William J. Rendell, Vice-president; and Andrew Baird, Secretary-Treasurer. At the annual meetings of the shareholders held April 26th, these officers were re-elected.

The work on The Dago Hill Mining Company holdings in 1921 consisted of the cleaning up of the C. P. Dolan lay operations on Treasure Hill and the working of a few spots there that had been overlooked in earlier days. Together these yielded the Company 25.58 ounces of gold which was sold for \$440.80.

The only work on The Deepvale Mining Company ground in 1921

was made up of a search for workable ground on the left limit of Creek Claims Nos. 5-A and 6 on Eldorado Creek. This returned to the Company 2.27 ounces of gold, worth \$39.11.

The annual representation work required by the Yukon Placer Mining Act in connection with the mining claims of these two Companies was performed under the North West Corporation Grouping arrangement, as heretofore.

FINANCIAL.

The financial situation in 1921 was an improvement over that of 1920. The year began with the small working capital of \$69,000.00. The Gold Fields American Development Company, Limited, kindly extended to the Receiver a continuance of the \$40,000.00 guarantee which was granted in 1920. No funds were drawn against this guarantee, but because of it the major repair orders were placed early enough in the season to insure their arrival in Dawson before the close of the Yukon River navigation and much more favorable terms of payments were granted the Receiver. Without the guarantee it would have been very difficult, if not impossible, to have secured the credit that permitted the repair parts to reach Dawson in time.

The transfer of the assets and undertaking of Canadian Klondyke Mining Company, Limited, to Burrall and Baird, Limited, was made upon execution of an agreement whereby Burrall and Baird, Limited, undertook to recognize all charges, securities, and debts against Canadian Klondyke Mining Company, its assets and undertaking, held by The



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