

The Yukon Consolidated Gold Corporation Limited

1919 MARINE BUILDING

VANCOUVER 1, B. C.

February 27, 1959

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

Gentlemen:

Herewith is submitted my report on the operations of your company for the year ending December 31st, 1958.

TITLES

The titles to all ground required for the operations were maintained in good standing. Besides the Leases held by the company there were 801 mining claims renewed which were either owned or controlled.

WEATHER CONDITIONS

The months of January, February, March and April were warmer than normal. The early part of May was cloudy with temperatures slightly below normal. After the middle of the month there was a decided improvement so that temperatures were well above normal for the latter part of the month. The dry weather continued all through June. July was wet. A severe electrical storm on July 5th caused the loss of considerable electrical equipment. Other storms on July 8th and 9th caused the loss of additional equipment. The rainfall was less abundant in August. September weather was moderate but there was some permanent snow on the ground during the last few days of the month. The weather during October was variable with temperatures generally around 15 degrees above zero but during the period of October 22 - 24 the temperature fell to a minimum of 30 degrees below zero. Heavy snowfalls occurred during the latter half of the month. The temperatures during November ranged between 40 degrees above zero and 30 degrees below zero. The first half of December was cold with temperatures averaging 30 degrees below zero but the latter half was mild with temperatures averaging about zero.

STRIPPING OPERATIONS

Stripping plants were operated at Dredges Nos. 6, 9 and 10 and some work was performed on the Dominion Bench at Plant No. 14.

1,042,469 (1,242,555) cubic yards of overburden were removed at a cost of \$129,643.62 (\$164,384.59) or 12.4 (13.23) cents per cubic yard.

The water duty was very good at Plant No. 10 but was low at Plants Nos. 6, 9 and 14 due to the character of the material.

Schedule No. 1 gives details of the operations.

THAWING OPERATIONS

Thawing operations were carried on at Dredges Nos. 6 and 11. This season completed the thawing of the last of No. 11's Reserves.

Preparations were made at Dredges Nos. 8 and 10 for thawing operations to be conducted at those areas in 1959.

3,546,725 (2,376,147) cubic yards of material were thawed at a cost of \$170,681.54 (\$128,162.90) or 4.81 (5.39) cents per cubic yard.

Schedule No. 2 gives details of the operations.

DREDGING OPERATIONS

Dredges Nos. 4, 6, 8, 9, 10, 11 and 12 were operated throughout the season.

6,130,347 (6,283,046) cubic yards of material were mined at a cost of \$1,414,845.32 (\$1,426,830.62) or 23.1 (22.71) cents per cubic yard. Production amounted to \$1,671,801.57 (\$1,822,579.94) or 27.3 (29.01) cents per cubic yard resulting in an operating profit of \$256,956.26 (\$395,749.32) or 4.2 (6.30) cents per cubic yard.

Dredge No. 4

Preparatory work commenced on March 10th (March 25th). This early start was made so that the extension piece could be incorporated in the digging ladder well before the Spring run-off would start. Dredging started on May 2nd (May 4th) and continued until October 23rd (November 19th). The early shut-down was caused by the extremely low temperatures which shut off water from the pond. The dredge dug close to her maximum digging depth throughout the season.

1,878,535 (1,744,843) cubic yards of material were mined at a cost of \$204,086.83 (\$191,757.53) or 10.8 (10.99) cents per cubic yard. Production amounted to \$178,024.29 (\$220,733.89) or 9.5 (12.65) cents per cubic yard resulting in an operating loss of \$26,062.54 (\$28,976.36) or 1.3 (1.66) cents per cubic yard.

Dredge No. 6

Preparatory work commenced on April 6th (April 4th). Dredging started on April 25th (May 2nd) and continued until November 16th (November 25th). Spring frost conditions were favorable. Digging conditions were generally favorable throughout the season.

1,100,585 (1,139,803) cubic yards of material were mined at a cost of \$244,849.22 (\$194,820.05) or 22.2 (17.09) cents per cubic yard. Production amounted to \$239,595.37 (\$262,623.77) or 21.8 (23.04) cents per cubic yard resulting in an operating loss of \$5,253.85 (\$67,803.72) or 0.4 (5.95) cents per cubic yard.

Dredge No. 8

Preparatory work commenced on April 6th (March 25th). Dredging started on May 1st (May 2nd) and continued until October 25th (November 27th). The early shut-down was caused by the very low temperatures which occurred at that time. Spring repairs were ordinary repair work. The winter frost in the face of the cut was fairly hard digging for the first week of operation. Some trouble was had with leaks in the hull. Digging conditions were good throughout the season until the latter part of October when the dredge encountered considerable amounts of sticky mud which froze in the buckets. At this time the steam lines in the digging ladder burst. As the weather was very unfavorable it was decided to cease operations for the season.

749,377 (947,278) cubic yards of material were mined at a cost of \$235,087.60 (\$262,944.36) or 31.3 (27.76) cents per cubic yard. Production amounted to \$342,766.12 (\$390,924.53) or 45.7 (41.27) cents per cubic yard resulting in an operating profit of \$107,678.52 (\$127,980.15) or 14.4 (13.51) cents per cubic yard.

Dredge No. 9

Preparatory work commenced on April 6th (April 3rd). Dredging started on April 29th (May 1st) and continued until November 10th (November 21st). Digging conditions, because of frost in the muck and some hard bedrock along the right limit, were not good until the month of August when much better digging was encountered. Conditions were less favorable in September and October. The area worked by the dredge in 1958 had been heavily mined by individuals so that little gravel was encountered above bedrock. In some places the muck extended all the way to bedrock so that thawing conditions were difficult.

559,506 (546,864) cubic yards of material were mined at a cost of \$216,660.89 (\$222,072.67) or 38.7 (40.61) cents per cubic yard. Production amounted to \$182,069.17 (\$267,517.80) or 32.5 (48.92) cents per cubic yard resulting in operating loss of \$34,591.72 (\$45,445.13) or 6.2 (8.31) cents per cubic yard.

Dredge No. 10

Preparatory work commenced on April 7th (April 1st). Dredging started on April 26th (May 1st) and continued until November 13th (November 26th). At the start of the season winter frost was fairly heavy over about half of the cut but was shallow on the balance of the cut. The water flowing from the pond had no confined channel so there was no tendency for it to carry away the pond ice. This made it difficult to manoeuvre the dredge for a few days. Digging conditions during May and

June were, generally, good except where heavy reefs were encountered. They were not good during July but improved in August and September. They were not so good in October because of the need to dig some hard bedrock for flotation around the reef ground on the right limit of the valley.

772,014 (887,980) cubic yards of material were mined at a cost of \$236,867.95 (\$247,138.78) or 30.7 (27.83) cents per cubic yard. Production amounted to \$264,020.09 (\$232,348.99) or 34.2 (26.17) cents per cubic yard resulting in an operating profit of \$27,152.14 (\$14,789.79) or 3.5 (1.66) cents per cubic yard.

Dredge No. 11

Preparatory work commenced on April 8th (April 5th). Dredging started on April 28th (May 2nd) and continued until November 14th (November 27th). Digging conditions throughout the season were better than normal. When the dredge reached the mouth of Last Chance Creek it was decided to alter the course of the dredge in order to mine all the ground in that creek which it could safely and profitably handle. Provision had to be made to pump water from Hunker Creek into the dredge pond as the dredge advanced up Last Chance but the altered course proved to be a profitable venture. The creek was mined to the approximate middle of Claim No. 3 above the mouth. The dredge was back into the Hunker Creek area before the end of the season.

910,764 (860,721) cubic yards of material were mined at a cost of \$177,584.34 (\$215,884.11) or 19.5 (25.08) cents per cubic yard. Production amounted to \$395,674.31 (\$385,909.22) or 43.4 (44.83) cents per cubic yard resulting in an operating profit of \$218,089.97 (\$170,025.11) or 23.9 (19.75) cents per cubic yard.

Dredge No. 12

Preparatory work commenced on April 11th (May 10th). The early start was made so that the jigs could be removed and replaced by standard gold saving tables. Dredging started on May 20th (May 22nd) and continued until October 7th (October 31st). Digging conditions were very difficult for the first few days but improved as the weather warmed up. Digging conditions throughout the season were probably better than normal but they are always difficult for this dredge.

159,600 (155,557) cubic yards of material were mined at a cost of \$99,708.49 (\$92,213.10) or 62.5 (59.28) cents per cubic yard. Production amounted to \$69,652.22 (\$62,521.74) or 43.7 (40.19) cents per cubic yard resulting in an operating loss of \$30,056.27 (\$29,691.36) or 18.8 (41.71) cents per cubic yard.

Schedule No. 3 gives details of the operations.

HYDRAULIC OPERATIONSNo. 13 - Paradise Hill

Preparatory work commenced on April 14th (April 16th). Sluicing started on May 8th (May 11th) and continued until September 26th (September 23rd). During the early part of the season the use of the water was largely confined to sluicing of the clay material above the "White Channel" gravels. Operations were carried forward in two pits. It was necessary to use a bulldozer to push the heavy material into the sluices. The settling basin above the pumping plant was quite full of tailings by the end of the season so that the circulated water was muddy and caused wear on the pump runners.

325,936 (371,570) cubic yards of material were put through the sluices at a cost of \$86,393.09 (\$105,519.63) or 26.5 (28.40) cents per cubic yard. Production amounted to \$115,960.69 (\$111,738.40) or 35.6 (30.07) cents per cubic yard resulting in an operating profit of \$29,567.60 (\$6,218.72) or 9.1 (1.67) cents per cubic yard.

No. 14 - Dominion Bench

Preparatory work commenced on April 13th (April 22nd). Mining started on June 1st and continued until September 30th (September 15th). The work at this plant during 1957 was confined to stripping off the overburden but during 1958 it was largely a bulldozer operation to recover the gold. Progress was not good in the first part of the season because of untrained personnel but improved as experience was gained.

153,907 cubic yards of material were put through the sluices at a cost of \$105,729.36 or 68.7 cents per cubic yard. Production amounted to \$104,963.19 or 68.1 cents per cubic yard resulting in an operating loss of \$761.17 or 0.6 cents per cubic yard.

Schedule No. 4 gives details of the operations.

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 power ditches were built up where required. During July an electric shovel, converted to a dragline, removed riffles in the ditch at the North Fork Point and increased its width. During the latter part of August a start was made on a diversion to channel the waters of the North Fork River away from the slide at the North Fork Point. This was completed in September. During the freeze-up period the diversion pond worked very efficiently. By November 11th the power ditches were in good enough condition to be maintained by the regular crew for the winter.

28,553,500 (27,776,400) kilowatt hours of power were generated of which 24,922,280 (24,679,750) were sold and distributed. The following tabulation shows how the costs were made up:

	<u>Cost</u>	<u>Cents per K.W. Hour sold and distributed</u>
Power Plant Operation	\$49,188.92	0.1973
North Fork Ditch Operation	28,800.08	0.1155
South Fork Ditch Operation	13,807.55	0.0554
33,000 Volt Power Lines	9,515.42	0.0382
Secondary Lines and Substations	17,428.31	0.0700
Totals	\$118,740.28	0.4764

The power generated was distributed as follows:

	<u>K. W. Hours</u>	<u>Percent</u>
Company Operations	18,276,580	63.9
Dawson Utilities	6,645,700	23.3
Power Plant Services	1,340,500	4.7
Line Losses	2,295,720	8.1
Totals	28,558,500	100.0

GRAVEL RESERVES

There were no additions made to Gravel Reserves during the season. A small Prospect Drilling campaign was carried on in the Dawson District during the summer and the possibilities of Last Chance Creek were tested. This drilling showed some values that may be of interest as a final area in which to work No. 11, if there is some increase in the price of gold, and the course of the dredge has been laid out with this end in view. A 7-man geological field party was organized in April to explore the region adjacent to the Dawson Mining District. This party was serviced by helicopter. The work did not show anything of value. Separate reports were made on these operations.

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

COMPARATIVE PRODUCTION STATEMENT

Schedules Nos. 6 and 7 give comparisons between the actual and theoretical recoveries for the season of 1958 and for the seasons of 1936 to 1958 inclusive.

CASH RECEIPTS AND EXPENDITURES

RECEIPTS

Dredge Production	\$1,671,801.57
Paradise Hill Production	115,960.69
Dominion Bench Production	104,968.19
Lays Production	2,004.28
Total Gold Production - carried forward	\$1,894,734.73



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