

# The Yukon Consolidated Gold Corporation, Limited

1919 MARINE BUILDING

VANCOUVER 1, B. C.

February 23rd, 1955.

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, 1954.

## TITLES

The titles to all ground required for the operations were maintained in good standing.

## STRIPPING OPERATIONS

The year 1954 was the driest on record and all stripping operations were adversely affected.

Plants were started ahead of Dredges Nos. 6, 8, 9, 10, 11 and 12. Lack of water soon made it necessary to curtail operations at No. 6 and eventually to close them down. Operations at No. 12 were set back when the Jensen Dam broke and the stored water was lost. To improve working conditions at No. 6 in 1955 plans have been made to divert the stripping run-off from Upper Dominion into the tailings of Dredges 5 and 6, settle out the mud and pump this water into the No. 6 plant when water is not available from the Sulphur-Australia Ditch.

1,728,937 cubic yards of overburden were removed at a cost of \$263,910.68 or 15.26 cents per cubic yard. This compares with 1,937,568 cubic yards removed in 1953 at a cost of 12.54 cents per cubic yard.

Schedule No. 1 gives details of the various operations.

### THAWING OPERATIONS

Thawing operations were carried on ahead of Dredges Nos. 8, 9 and 11. No thawing was done at No. 10 to allow more overburden to be removed from the area which will be covered by the next thawing plant. No thawing was required at Dredges Nos. 4, 6 and 12.

Although the early part of the season was cold it was, on the whole, a good thawing season. The 24-foot spacing of points was continued where ground conditions were thought suitable.

3,042,778 cubic yards of material were thawed at a cost of \$163,316.03 or 5.37 cents per cubic yard. This compares with 4,562,819 cubic yards thawed in 1953 at a cost of 5.20 cents per cubic yard.

Schedule No. 2 gives details of the various operations.

### DREDGING OPERATIONS

Dredges Nos. 4, 6, 8, 9, 10, 11 and 12 were operated throughout the season. A cold Spring delayed the start a few days and digging conditions, in respect to seasonal frost, were the worst ever experienced. There was little snow during the Winter and what little there was came late so frost penetrated ten and twelve feet into the ground. The effects of this were felt until well along in the Summer. However, a favorable Fall enabled the dredges to run longer than usual and the poor Spring run was largely compensated.

Dredge No. 4, on Bonanza Creek, commenced digging on May 11th and operated until December 2nd. During this period she dug 1,414,130 cubic yards of material at a cost of \$181,021.45 or 12.80 cents per cubic yard. Production amounted to \$249,513.96 or 17.64 cents per cubic yard resulting in an operating profit of \$68,492.51 or 4.84 cents per cubic yard. Considerable frost was encountered during the season but this condition is expected to be improved in 1955 and her yardage for that year is being estimated at 1,800,000 cubic yards.

Dredge No. 6, at Granville on Dominion Creek, commenced digging on May 6th and operated until December 1st. During this period she dug 900,768 cubic yards of material at a cost of \$191,167.56 or 21.22 cents per cubic yard. She recovered \$239,704.82 or 26.61 cents per cubic yard resulting in an operating profit of \$48,537.26 or 5.39 cents per cubic yard.

Dredge No. 8, on Lower Sulphur Creek, commenced digging on May 5th and operated until December 2nd. In this period she dug 731,082 cubic yards of material at a cost of \$239,703.91 or 32.79 cents per cubic yard. Recovery amounted to \$463,051.83 or 63.34 cents per cubic yard resulting in an operating profit of \$223,347.92 or

30.55 cents per cubic yard. In the relatively shallow ground dug by this dredge the heavy winter frost was a serious handicap.

Dredge No. 9, on Upper Sulphur Creek, commenced digging on May 1st and operated until November 10th. The usual conditions of muck frost and only small amounts of gravel in the formation were handicaps to the dredge. Cold weather and lack of water caused the early shutdown. 552,056 cubic yards of material were mined at a cost of \$198,262.55 or 35.91 cents per cubic yard. Production amounted to \$163,794.44 or 29.67 cents per cubic yard, resulting in an operating loss of \$34,468.11 or 6.24 cents per cubic yard.

Dredge No. 10, on Middle Dominion Creek, commenced digging on May 6th and operated until November 27th. The winter frost condition was more severe at this dredge than at any of the others. Heavy bedrock reefs in shallow ground were an added handicap. These conditions are reflected in the small yardage dug. During the season 649,601 cubic yards of material were mined at a cost of \$197,430.36 or 30.39 cents per cubic yard. Production amounted to \$201,194.75 or 30.97 cents per cubic yard resulting in an operating profit of \$3,764.39 or 0.58 cents per cubic yard.

Dredge No. 11, on Lower Hunker Creek, commenced digging on May 4th and operated until December 1st. Here, too, the heavy winter frost and bedrock reefs in shallow ground made for a small yardage. 716,016 cubic yards of material were mined at a cost of \$216,637.06 or 30.25 cents per cubic yard. Production amounted to \$393,120.72 or 54.90 cents per cubic yard resulting in an operating profit of \$176,483.66 or 24.65 cents per cubic yard.

Dredge No. 12, the 2½ cubic foot boat on the Dominion Benches at Jensen Creek, commenced digging on May 26th and operated until October 25th. The bedrock was heavy for this little boat and she was not able to dig normal yardage. Also, much time was lost in testing for gold losses and in making changes to the gold saving equipment. Her performance is expected to be better in 1955. During the season 152,162 cubic yards of material were mined at a cost of \$83,439.62 or 54.84 cents per cubic yard. Production amounted to \$69,499.08 or 45.68 cents per cubic yard resulting in an operating loss of \$13,940.54 or 9.16 cents per cubic yard. At the end of the season the dredge pond was pumped dry so that the dredge rests on the bottom and the frost, which will come in to the ground during the winter, will be dry and not icy. Before the dredge starts digging in 1955 additional gold saving tables are to be put in. These will then be the primary gold saver and the jigs secondary.

Schedule No. 3 gives details of the various operations.

HYDRAULIC OPERATION - No. 13

Sluicing commenced on May 19th using the old pumps and pipe lines. The new re-circulating pump and pipe line was not brought into service until June 18th. There were a few adjustments to be made in the pump and some leaks in the pipe line to be repaired but these were all taken care of in the first few days and the setup operated very well after that. Once the circulation was established there was always enough water available to take care of leakage and the pump could be operated at full capacity. Sluicing continued until September 30th. Again it was not necessary to have any bedrock cuts and the bottom gravels were pushed in to the sluice by bulldozer. Bedrock was also cleaned by bulldozer. The "cut" was extended too far in to the hill and the back gravels did not produce as well as expected but there is still some of the bedrock in this area which must be cleaned up in 1955. The 1955 main cut will be in shallower and higher grade ground.

Schedule No. 4 gives details of this operation.

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.

31,230,800 kilowatt hours of power were generated of which 27,385,300 were sold and distributed. The total cost of generation and distribution of power was charged to the Company's operations and the revenue derived from the sale of power was treated as an earning. 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	\$ 44,411.31	0.16218
North Fork Ditch Operation	27,535.03	0.10055
South Fork Ditch Operation	12,176.12	0.04446
33,000 Volt Power Lines	6,052.77	0.02210
Secondary Lines and Substations	14,663.17	0.05354
<b>Totals</b>	<b>\$ 104,838.40</b>	<b>0.38283</b>

The power generated was distributed as follows:

	<u>K. W. Hours</u>	<u>Percent</u>
Company Operations	20,993,900	67.2
Dawson Utilities	6,391,400	20.5
Power Plant Service	1,407,800	4.5
Line Loss	2,437,700	7.8
<b>Totals</b>	<b>31,230,800</b>	<b>100.0</b>

#### GRAVEL RESERVES

There were no additions to Gravel Reserves during the year. An area on the Right Limit of the Yukon River, about six miles below the City of Dawson, was tested by drilling for possible workable values but it proved to be barren or nearly so. The drill was then moved further downstream to the "Fifteen Mile" River. The few holes drilled here showed some gold but not enough to warrant extensive prospecting. Drilling was then done on the "12-Mile" River with similar results. Some drilling was then carried out at the head of "80-Pup", between Paradise Hill and Last Chance Creek to locate the extension of the high level channel in this vicinity and see if it contained good values. No such values were obtained. At the end of the season one hole was put down on the Right Limit of the Stewart River, below the mouth of the McQuesten River. A small amount of fine gold was recovered but nothing approaching the amount required for workable value. In recovering the casing the pulling spears were lost and the work was closed down for the season.

Schedule No. 5 shows details of changes made in the Reserves during the year and their status at the end of the year.

#### COMPARATIVE PRODUCTION STATEMENT

Schedules Nos. 6 and 7 give comparisons between the actual and theoretical recoveries for the season of 1954 and for the seasons of 1936 to 1954 inclusive.

#### CAPITAL EXPENDITURES

The following tabulation shows the expenditure for Capital Account during 1954:

Dredge No. 12	\$ 50,461.62
Automotive Equipment - Pickups	4,432.72
Truck	4,410.00
Sedan	3,043.46
Building	10,704.02
Office Supplies - Vancouver	800.14
<b>Total</b>	<b>\$ 73,851.96</b>



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RG \_\_\_\_\_ MG <sup>28</sup> \_\_\_\_\_ R- \_\_\_\_\_ SERIES/SÉRIE <sup>III-43</sup> \_\_\_\_\_  
ACCESSION \_\_\_\_\_ VOL <sup>3</sup> \_\_\_\_\_ PAGE(S) <sup>5</sup> \_\_\_\_\_  
BOX/BOÎTE \_\_\_\_\_ REEL/BOBINÉ \_\_\_\_\_  
FILE/DOSSIER Y.C.G.C. Annual Report 1954  
DATE March 2014