

Vancouver, B. C.
10th February, 1943.

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 of the operations of
your Company for the year ending December 31st, 1942.

TITLES

The titles to all ground covered by Placer Mining
Claims and Leases were maintained in good standing and Timber
Berths Nos. 25 and 26 were renewed.

STRIPPING OPERATIONS

Stripping plants were operated at seven (7) locations
for the benefit of Dredges Nos. 5, 6, 7, 8, 9, 10 and 11. No
work was performed ahead of No. 4 or at the Jensen Creek Plant on
the Dominion Benches, because of labor shortage.

The season was very dry during the first half. There
was a good supply of water during the last half but much of the
benefit of this was lost due to lack of men to handle it.

During the season 2,501,681 cubic yards of muck were
removed at a cost of \$ 174,284.51 or 6.967¢ per cubic yard. The
loss in efficiency caused by the labor shortage was directly re-
sponsible for the high unit cost.

The following tabulation gives the position of each
dredge in respect of completely stripped ground at the end of the
season:

Dredge No. 3	-	none required
" No. 4	-	" "
" No. 5	-	6.87 years
" No. 6	-	2.76 "
" No. 7	-	5.35 "
" No. 8	-	1.72 "
" No. 9	-	1.42 "
" No. 10	-	2.75 "
" No. 11	-	4.98 "

The figure given for No. 11 includes 2.79 years in which she will be operating in dredge tailings.

THAWING OPERATIONS

Thawing Plants were operated at seven (7) locations ahead of Dredges Nos. 3, 4, 5, 7, 8, 10 and 11. They were all handicapped by a labor shortage and the full yardage covered by the lay-outs was not completed on that account.

During the season 4,529,117 cubic yards of ground were thawed at a cost of \$ 202,647.88 or 4.474¢ per cubic yard. While the unit cost achieved was fairly good it would have been much lower if normal operating crews had been available.

The following tabulation gives the position of each dredge, in respect of Thawing Reserves, at the end of 1942:

Dredge No.	3	-	0.71 years
"	No. 4	-	4.00 " natural thaw
"	No. 5	-	One (1) year
"	No. 6	-	Three (3) weeks
"	No. 7	-	Two (2) years artificial and natural thaw
"	No. 8	-	0.78 years
"	No. 9	-	Two (2) weeks
"	No. 10	-	1.33 years
"	No. 11	-	Two (2) years artificial thaw and naturally thawed tailings.

DREDGING OPERATIONS

Dredges Nos. 2, 3, 4, 5, 6, 7, 8, 10 and 11 operated for a full season. Dredge No. 9 had to be shut down before her thawed ground was completely mined out because members of her crew had to be used on other boats to keep their crews approximately up to requirements. Even so, the scanty crews of the ground preparation plants were drawn on repeatedly to keep the dredges going.

During the season 10,401,131 cubic yards of material were mined at a cost of \$1,478,142.29 or 14.21¢ per cubic yard. Production amounted to \$2,831,292.56 or 27.22¢ per cubic yard leaving a dredge operating profit of \$1,353,150.27 or 13.01¢ per cubic yard.

Of the yardage mined, Dredges Nos. 5, 6, 7, 8, 9, 10 and 11, operating in proved gravel reserves mined 5,019,183 cubic yards at a cost of \$1,031,057.56 or 20.54¢ per cubic yard. These dredges produced \$2,193,834.29 or 43.71¢ per cubic yard, leaving an operating profit of \$1,162,776.73 or 23.17¢ per cubic yard. Dredges

Nos. 2, 3 and 4 operating outside of the proved reserves mined 5,381,948 cubic yards of material at a cost of \$447,084.73 or 8.31¢ per cubic yard. They produced \$637,458.27 or 11.84¢ per cubic yard leaving an operating profit of \$190,373.54 or 3.53¢ per cubic yard.

Dredge No. 4 encountered very spotty digging until she had dug clear of the areas which required artificial thawing. Dredge No. 5 encountered very heavy seasonal frost for the first few weeks of operation but after that had disappeared her digging was excellent. Dredge No. 7 had some frost to contend with but her principal trouble was hard and shallow bedrock. Dredge No. 11 had good digging until late in the summer when she encountered an excessive amount of sand and mud in the old dredge tailings and, at the very last, a considerable amount of frost. On the whole, however, the digging was probably the best the dredges have ever averaged.

The recovery made by individual dredges during the year varied a great deal from the theoretical values but the recovery of all the seven dredges which operated in proved reserves averaged 114.8% of the theoretical. For the seasons of 1936 to date this figure is 100.7% of the theoretical. The following tabulation shows how the percentage recovery is running at the different dredge areas in "Proved Reserves":-

<u>Dredge No.</u>	<u>Percentage Recovery</u>	
	<u>1942</u>	<u>1936 - 1942 incl.</u>
1	-	116.5%
4	-	104.0%
5	75.7%	93.4%
6	103.0%	66.7%
7	115.4%	119.3%
8	114.4%	65.4%
9	89.4%	105.1%
10	197.0%	219.2%
11	109.7%	158.6%
Average	114.8%	100.7%

As the tabulation shows, Dredges Nos. 6 and 8 have the poorest showing, but their recovery is better this year, and over the life of their areas will, I believe, pretty well average up with the others.

Dredge No. 2 reached the end of her life and was dismantled at the end of the season. Her hull and superstructure have been in very bad condition for a number of years and it was

deemed too dangerous to attempt any further operation. There is no ground available which would justify her reconstruction at this time and her machinery will be used as spares for Dredges Nos. 3 and 4 as required.

POWER PLANT OPERATIONS

There were no serious interruptions to power throughout the season. The balance of the cost of the new generator and the cost of the spare bank of transformers was written into Power Expense for the year. Power was charged to operations at 1/2¢ per K.W.Hr. to absorb these items and there was a small credit balance at the end of the year. The power generated was distributed as follows:

Company operations	24,624,400	72.71%
Dawson Utilities	4,169,616	12.31%
Power Plant Service	1,368,900	4.04%
Line Loss	<u>3,704,484</u>	<u>10.94%</u>
Total	33,867,400	100.00%

The pole line crew was short-handed all year, being below 50% of the required strength for most of the time. There were no failures of power from this cause but maintenance of the high tension lines is falling behind.

Repairs were made to the lower banks of the North Fork and South Fork ditches and the drag line which was operated to clean out and widen the South Fork ditch. The bank work was started very late due to inability to secure men for the work and the men finally secured were poor quality.

GRAVEL RESERVES

There were no prospect drilling operations carried on during the year and the Proved Reserves at December 31st, 1942 were as follows:

<u>Dredge</u>	<u>Area</u>	<u>Cu. Yds.</u>	<u>Value</u>	<u>Value-Gold @ \$38.50.</u> <u>¢ per</u> <u>cu. yd.</u>
<u>Dredge Operating Areas</u>				
No. 3	Lower Klondike (Boyle Concession)	7,349,336	\$1,017,033	13.84
5	Granville and Indian River to Claim 299 Below Disc.	17,056,189	6,403,496 -	37.54
6	Lower Sulphur Creek	11,238,005	5,322,569 -	47.36
7	Quartz Creek	5,160,535	1,736,941 -	33.66

			Value - Gold @ \$38.50		
<u>Dredge</u>	<u>Area</u>	<u>Cu. Yds.</u>	<u>Value</u>	<u>¢ per cu.yd.</u>	
<u>Dredge Operating Areas - continued</u>					
No. 8	Middle Sulphur Creek	12,482,921	\$ 4,815,774 -	38.58	
9	Upper Sulphur Creek	10,184,048	3,698,069 -	36.31	
10	Middle Dominion Ck.	11,326,832	4,053,306 -	35.78	
11	Middle Hunker Creek	13,326,750	6,536,726 -	49.05	
<u>Total Dredge Operating Areas</u>			<u>88,124,616</u>	<u>\$ 33,583,914</u>	<u>38.11</u>
<u>Non-Operating Areas</u>					
	Eureka Creek (dredging)	8,420,149	2,009,343 -	23.86	
	Henderson Ck. "	4,365,080	2,094,816 -	47.99	
	Dominion Creek Benches (Dragline)	3,920,960	3,799,625 -	96.91	
	Paradise Hill (Hydraulics)	5,060,000	1,533,399	30.30	
	Dago Hill (Hydraulics)	6,350,522	2,024,175 -	31.88	
<u>Total Non-Operating areas</u>			<u>28,116,711</u>	<u>\$ 11,461,358</u>	<u>40.76</u>
<u>Total Dredge Operating Areas</u>			<u>88,124,616</u>	<u>33,583,914</u>	<u>38.11</u>
<u>Total Non-Operating Areas</u>			<u>28,116,711</u>	<u>11,461,358</u>	<u>40.76</u>
<u>Total Proved Reserves</u>			<u>116,241,327</u>	<u>\$ 45,045,272</u>	<u>38.75</u>
<u>Partially Proved Gravel Reserve</u>					
No. 4	Bonanza Creek	38,857,632	5,439,961	14.00	
<u>Grand Total</u>			<u>155,098,959</u>	<u>\$ 50,485,233</u>	<u>32.55</u>

CAPITAL EXPENDITURE

The expenditures for capital account during the year were small and the only one which involved any work was the completion of the Upper Sulphur extension of the Sulphur-Australia ditch. The work was greatly delayed, on account of labor shortage but, when finally completed and put into operation, proved the solution to the stripping problems at the No. 9 plant. The expenditures are listed below:

Reconstruction Dredge No. 4	\$ 2,618.84
Thawing and Stripping Equipment	1,767.68
Sub-stations	4,566.30
Upper Sulphur ditch extension	5,302.01
Office Equipment	665.70



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