

The Yukon Consolidated Gold Corporation, Limited

1919 MARINE BUILDING

VANCOUVER, B. C.

February 7th, 1946.

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, 1945.

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. See Schedule attached.

GROUND PREPARATION

Shortage of labor again restricted the ground preparation program. Small stripping plants were operated throughout the season in the Middle Sulphur and Middle Dominion areas, ahead of Dredges Nos. 8 and 10 respectively. In addition a small stripping plant was operated for a good part of the season on Lower Quartz Creek, in the Dredge No. 7 area, and some stripping work was done in the thawing area at Middle Hunker, or Dredge No. 11 area, after the thawing work there was completed. The following tabulation shows the work accomplished.

Plant No.	Operating Dates		M.I.D. Water Used	Cu. Yds. Muck Removed	Djty of Water	Cost	Cents per Cu.yd.
	Water Started	Water Off					
6						\$ 610.75	
7	6/27/45	9/22/45	13,389	137,901	10.3	\$ 11,753.11	8.52
8	5/20/45	9/26/45	29,182	400,206	13.7	36,308.95	9.07
9						1,566.00	
10	5/26/45	9/29/45	32,884	407,595	12.4	40,818.84	10.01
11	8/27/45	9/24/45	5,793	92,408	15.9	5,512.24	5.97
Dragline						353.93	
Totals			81,248	1,038,110	12.8	\$ 96,923.82	9.33

The average number of men employed on the above work was 5 at No. 7, 12 at No. 8, 13 at No. 10 and 9 at No. 11, making 39 in all.

A good part of the water used at Nos. 7 and 8 was used on areas which had been opened up in former years but on which additional stripping was required to put the ground in proper condition for dredging. This

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meant that much heavy material had to be moved in order to get at the underlying muck. A good part of the area at No. 10 was covered with old drift and open-cut tailings which had to be moved by bulldozer before the underlying muck could be stripped off with water.

The unit costs of the stripping done during the season were high but the work accomplished greatly improved conditions in the respective areas.

A small thawing plant was operated in the Quartz Creek, or Dredge No. 7 area, during the first part of the season. Another small plant was operated at Middle Hunker, or Dredge No. 11 area, throughout the season. The following tabulation gives the results of this work:

Plant No.	Operating Dates		M.I.D. Water Used	Cu. Yds. Thawed	Duty of Water	Cost	Cents per Cu.yd.
	Water Started	Water Off					
5						\$ 454.47	
6						393.53	
7	5/20/45	6/22/45	6,473	109,550	16.9	6,005.30	5.48
8						1,107.78	
9						369.34	
10						945.08	
11	5/25/45	8/16/45	54,644	367,506	6.7	28,756.58	7.82
Totals			61,117	477,056	7.8	\$38,032.08	7.97

As in the case of the stripping work the unit cost of the thawing was high but the work accomplished will be a material aid in the earlier resumption of operation of dredges in those areas.

The following tabulation shows the inventory of thawing and stripping yardages in the various areas as of December 31st, 1945:

Dredge No.	Location	Cubic Yards	
		Stripping	Thawing
4	Lower Bonanza Creek		308,034
5	Lower Dominion Creek (Granville)	1,936,852	982,292
6	Lower Sulphur Creek	1,746,447	109,141
7	Quartz Creek	1,443,685	109,550
8	Middle Sulphur Creek	2,322,311	840,215
9	Upper Sulphur Creek	1,027,534	57,221
10	Middle Dominion Creek	2,228,556	155,223
11	Middle Hunker Creek	1,262,758	590,521
Dragline	Dominion Benches	229,180	
Totals		12,197,323	3,152,197

After taking into consideration the interruption to the work caused by the war the inventory of prepared ground shows a fairly satisfactory position. The amount of completely stripped ground, available for thawing, is satisfactory at dredging areas Nos. 5 and 7 and fairly so at Nos. 6, 8, 10 and 11. It is short at No. 9 and every effort will be made to improve the position. The same remarks apply to the Dragline

area. Here and at No. 9 the depth of muck is quite deep in relation to the depth of Dredging Section and the water supply is relatively limited.

There is sufficient thawed ground on hand at dredging areas Nos. 3, 4, 5, 8, 10 and 11 for dredging to start at the beginning of the season provided full crews are available to operate the respective thawing and stripping plants. At areas Nos. 6 and 7 thawing will have to start a full half season ahead of dredging. At No. 9 stripping should be started at least one full season ahead of thawing and dredging not until a year later.

DREDGE OPERATIONS

Dredges Nos. 3, 7 and 11 were operated during the season.

Dredge No. 3 started up in old dredge tailings in which some frozen sand was encountered. An attempt was made to remove the frost with steam but it was only partially successful and the progress of the dredge was retarded for several days on this account. The dredge had a late start as her position on the left limit of the valley was far from the river channel and this, coupled with a cold Spring, made it difficult to get water into her pond. The area in which the boat operated was in the toe of the Jackson Gulch hydraulic tailings pile. This meant that the dredge was continually hampered by an excess of sand. She also encountered some very hard bottom. All these factors, coupled with the extreme age of the boat, made for a low seasonal yardage. However, much better values were encountered than had been anticipated and the final result was satisfactory.

Dredge No. 7 had to pass over an area of very high bedrock where she had to dig deep into bedrock in order to get flotation and considerable trouble had been contemplated in getting off this area. However, dams were built ahead of the dredge by bulldozer and heavy rains, at the right time, helped to keep her pond level up so that the operation was not too difficult. More naturally thawed ground was encountered than had been anticipated and the boat was able to continue operating until October 14th when frozen bedrock forced her shut-down.

Dredge No. 11 had good operating conditions throughout the summer. She completed the digging of all ground at the upper end of her area and is now working downstream. She ended up the season in old Yukon Gold Company dredge tailings. During the summer an interesting check was made of the values lost over the stacker. A sluice was installed at the upper end of the stacker which took all stacker tailings. A test of over a month showed that the losses were very small and the sluice was removed.

The following tabulation shows the results of the season's dredging:

Dredge No.	Cu. Yds. Dredged	Cost of Operation	Cents per Cu. Yd.	Production Gold at \$38.50	Cents per Cu. yd.	Operating Profit Cents per cu. yd.
3	1,452,709	\$226,070.14	15.56	\$380,819.84	26.21	10.65
4		34,681.86		2,041.46		
6		4,065.95				
7	379,703	128,558.16	33.86	162,274.41	42.74	8.88
8		2,969.51				
9		2,445.77				
10		4,698.09				
11	850,331	181,269.23	21.32	370,827.20	43.61	22.29
Totals	2,682,743	\$584,758.71	21.79	\$915,962.91	34.14	12.35

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11	750,331	181,269.23	21.32	370,827.20	43.61	22.29
Totals	2,582,743	\$584,758.71	22.64	\$915,962.91	35.46	12.82

Dredge No. 3 started digging on May 12th and shut down for the season on November 16th. She employed an average of 19 men. Dredge No. 4 did not operate but it was necessary to rebuild the large dam in the tailings to maintain her pond level while she is digging in the area at the mouth of Lovett Gulch. The original dam was not sufficiently well built and washed out in the Spring floods. An average of four men were employed on this work. Dredges 6, 8, 9 and 10 did not operate. Dredge No. 7 started digging on May 11th and shut down on October 14th. She employed an average crew of 13. Dredge No. 11 started digging on May 10th and shut down on November 12th. She had an average crew of 17.

The high unit cost of dredging during 1945 is not to be taken as an indication of what future costs will be. The small yardage handled had to absorb all of the usual General Expense, most of the high power cost and the higher cost of Machine Shop operation, etc.

Attached to this report are two schedules giving the recoveries of the dredges and the percentages of drill values recovered for the season and for the period 1936 to 1945 inclusive. As in former years the values recovered by individual dredges varied a great deal from the theoretical but the over-all recovery for the season from dredges operating in Proved Reserves was 134.7% and was 103.1% for the period of 1936 to 1945 inclusive.

POWER PLANT OPERATION

There were no serious interruptions to power throughout the year. Maintenance of power lines was again handicapped by shortage of labor but the essential work was taken care of. Railroad rails are being used for stubbing the power poles and it is thought this will reduce stubbing expense in future years.

Very little improvement work was done on the North Fork Ditch. On the South Fork Ditch the dragline continued the work of widening and cleaning out the ditch for a few days but the need for the men on more important work made it necessary to shut it down. Two to three trucks hauled gravel on the bank of the ditch for a good part of the season. One man operated the shovel for loading the trucks and also drove one truck.

17,586,800 kilowatt hours of power were generated, of which amount 14,711,400 were sold and distributed. The cost amounted to \$82,256.99 or 0.55914¢ per kilowatt hour sold and distributed. The revenue from the power sold was treated as an earning.

The following tabulation shows how the cost was made up:

	Cost	Cents per K.W.H. sold and distributed
Power Plant Operation	\$ 36,511.10	0.24818
Maintenance of High Tension Lines	5,512.92	0.03747
Maint'ce Secondary Lines and Sub-stations	9,537.08	0.06483
North Fork Ditch operation and Maintenance	12,317.33	0.08373
South Fork Ditch operation and Maintenance	18,378.56	0.12493
Total Expense	\$ 82,256.99	0.55914



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