

# The Yukon Consolidated Gold Corporation, Limited

DAWSON, Y.T.

CANADA

FEBRUARY 18, 1963

TO:

The President and Board of Directors of  
The Yukon Consolidated Gold Corporation, Ltd.,  
1919 Marine Building,  
VANCOUVER 1, B. C.

Gentlemen:

Herewith is submitted my report on the operations of your Company for the year ending December 31, 1962.

## TITLES

The titles of all ground required for the operations were kept in good standing. Besides the Anderson and Boyle Concessions, there are 804 placer claims and 51 hard-rock claims in good standing at the end of the year.

## WEATHER CONDITIONS

The weather for the winter months of January, February, March and April was variable with the temperature varying from -64 degrees to +38 degrees. The snowfall was fairly heavy with a total of 35.9 inches. May was cold so that the run-off was slow and did not cause too much trouble to our pumping stations. June was backward and cold. Several lightning storms occurred during the month causing damage to one transformer substation, and several pump motors were burned out. July was mostly cloudy and cool with several rain storms. August was also cool and wet with 2.61 inches of rainfall, and several lightning storms damaging several pump motors. September weather improved with some fine sunny days and very little rain. Some snow fell towards the end of the month and frost occurred steadily the last half of the month. October was fairly mild throughout the month. There were 4 days of rain and 3 days of snow. The maximum temperature was +36 degrees and minimum +10 degrees. November was fairly mild for the greater part of the month with the temperature dropping rapidly towards the end of the month with the minimum -26 degrees on the 30th. December was fairly mild for the most part with a few days of very cold weather in the second week and the last three days of the month. The minimum temperature was -50 degrees on the 29th and maximum +23 degrees on the 14th. The snowfall for the month was 11.7 inches.

## STRIPPING OPERATIONS

Stripping plants were operated ahead of Dredge No. 9 and on Dominion Bench No. 17 for Dredge No. 12 and on Dominion Bench No. 16 for Bulldozer mining. The water supply was very good at all plants and the duty was exceptionally good on the benches. This gave a very low cost for the Bench Stripping. No. 9 costs were higher due to completing this area that contained a lot of moss sections.

Schedule No. 1 gives details of these operations.

THAWING OPERATIONS

Thawing plants were operated ahead of Dredges Nos. 6, 10 and 11, and on Bench No. 17 for Dredge No. 12. The weather conditions were unfavorable due to the cold wet summer and a shortage of manpower at times. The driving rates were fair except for No. 6 area where the gravel is more compact near bedrock. The yardage was smaller than estimated at No. 11 due to late start and shortage of labour. The spacing of points at 16 feet in this area instead of 24 feet also materially decreases the yardage.

Schedule No. 2 gives details of these operations.

DREDGING OPERATIONS

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

ALL DREDGES

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$1,267,591	31.3	\$1,247,670	27.9
Production	1,554,118	38.4	1,299,684	29.1
Operating Gain	286,527	7.1	52,014	1.2

DREDGE NO. 6

The digging conditions were good throughout the season. The Dredge started operating on May 1st and completed its season on November 15th due to the Upper Tumbler becoming loose on its shaft.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$270,063	27.4	\$266,920	25.1
Production	341,160	34.7	282,726	26.6
Operating Gain	71,097	7.3	15,806	1.5

DREDGE NO. 8

The digging conditions were very good all season and very good yardage was obtained. The yardage dug was 25% greater than the budget estimate, although area covered was only 5% greater than the estimate. This was due to stripping muck from above overflowing this area some years ago and leaving an average of 4 feet of extra muck on stripped area. The dredge started operating May 2nd and closed down for the season Nov. 22nd.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$289,693 *	31.4	\$233,213	23.1
Production	346,862	37.6	239,524	23.7
Operating Gain	57,169	6.2	6,311	0.6

\* This cost includes a new bucket line.

DREDGE NO. 9

The digging conditions were very tough all season with the Dredge encountering much frozen ground and high reefs on hard blocky rock. The yardage dug was only about 73% of budget estimate. The dredge did not start operating until May 10th due to heavy glacier ice in the pond and closed down November 17th due to low power.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$194,351	57.8	\$206,578	59.7
Production	219,560	65.3	188,822	54.6
Operating Gain or Loss	25,209	7.5	17,756	5.1

DREDGE NO. 10

The digging conditions were very good although a lot of extra mud had to be dug due to stripped muck from above entering the area during spring run-off. The dredge started operating May 2nd and closed down for the season on November 22nd.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$286,060	31.4	\$289,324	25.6
Production	257,680	28.3	196,257	17.4
Operating Gain or Loss	28,380	3.1	93,067	8.2

DREDGE NO. 11

The digging conditions were very good and the dredge made good yardage. The dredge was held up for water in the Spring, but got started on May 3rd and completed its season on November 26th.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$227,424	25.6	\$251,635	27.0
Production	388,856	43.8	392,354	42.2
Profit	161,432	18.2	140,719	15.2

Schedule No. 3 gives details of the Operations.

BULLDOZER MININGALL DOMINION BENCH MINING

Preparatory work was completed by the end of May and mining started on June 3rd and completed on September 30th due to freezing conditions in the Sluice Box.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$161,690	62.9	\$153,497	74.7
Production	351,254	136.6	212,827	103.5
Profit	189,564	73.7	59,330	28.8

NO. 15 DOMINION BENCH

Mining started on July 22nd and closed for the season on September 30th for a total of 69 mining days.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost	\$161,960	62.9	\$101,219	84.2
Production	351,254	136.6	185,196	154.0
Profit	189,564	73.7	83,977	69.8

NO. 16 DOMINION BENCH

Mining started in this old works area on June 3rd and was completed on July 22nd and equipment moved to No. 15 Bench. A total of 50 days was spent in mining.

	<u>1961</u>		<u>1962</u>	
	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>	<u>Amount</u>	<u>¢ Per Cu. Yd.</u>
Operating Cost			\$52,278	61.3
Production			27,631	32.4
Profit or Loss			24,847	28.9

Schedule No. 4 gives the details of operations.

POWER PLANT OPERATION

There were no serious interruptions to power during the season. Some lightning damage occurred during the season to one transformer station and several pumps motors were damaged. The power lines and substations were maintained in good condition.

The spring run-off was later than usual and power was short for the start of dredging operations the first 3 days of May. Slush ice started running about the middle of October, but gave no trouble until November 17th when water had to be shut off the South Fork Ditch. By November 19th, power was back to near normal.

During the summer months, the ditch banks were built up where required and repairs made to timber structures.

POWER PLANT OPERATION - Cont'd

On November 13th, what looked like a bad leak occurred under the ditch bank at Mile 17.5 of North Fork Ditch. Gravel was hauled and ditch ban reinforced. This work cut down the flow of water, but a close watch is maintained on it.

24,404,300 (24,243,000) Kilowatt hours of power was generated, of which 21,294,000 (21,116,440) were sold and distributed. The following tabulation shows how the costs were made up:

	<u>Costs</u>	<u>¢ Per K.W. Hour Sold &amp; Distributed</u>
Power Plant Operation	\$ 49,856	0.234
North Fork Ditch Operation	30,715	0.144
South Fork Ditch Operation	12,194	0.057
33,000 Volt Power Lines	11,980	0.056
Secondary Lines and Substations	12,217	0.057
<u>TOTALS:</u>	<u>\$116,962</u>	<u>0.548</u>

GRAVEL RESERVES

Schedule No. 5 gives details of changes made in gravel reserves during the year. The areas ahead of Dredges No. 6 and No. 8 were re-examined and enough yardage outlined to carry the dredges through until the end of 1966. At No. 11 dredge area, the Yukon gold tailings were added to extend the life of the dredge to end of 1966. The prospect drilling below No. 10 dredge and Lower Dominion did not prove up any further reserves.

COMPARATIVE PRODUCTION STATEMENT

Schedules No. 6 and No. 7 give comparisons between the actual and theoretical recoveries for the season of 1962 and for the seasons 1936 to 1962 inclusive.

CASH RECEIPTS AND EXPENDITURESRECEIPTS:

Dredge Production	\$1,299,684
Dominion Bench Mining - No. 15 & No. 16 Production	212,827
Miscellaneous Production	15,973
Premium on U.S. Dollar	116,317
Power Sales	41,102
Sundry Receipts	76,070
<u>TOTAL CASH RECEIPTS:</u>	<u>\$1,761,973</u>

EXPENDITURES:

Wages - Net	\$ 928,194
Operating Supplies Purchased	305,316
Capital Purchases	77,635
Dawson Services, etc.	75,428
Renewals and Recordings	9,592
Gold Charges	29,185
Territorial and City Taxes	33,914
Royalties (includes 1961 Royalties paid in 1962)	36,993
<u>TOTAL CASH EXPENDITURES:</u>	<u>\$1,496,257</u>
<u>GAIN IN DAWSON CASH POSITION:</u>	<u>\$ 265,716</u>



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