

The Yukon Consolidated Gold Corporation, Limited

1919 MARINE BUILDING

VANCOUVER, B. C.

28th March, 1951.

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 on the operations of your
Company for the year ending December 31st, 1950.

TITLES

The titles to all ground required for the operations were
maintained in good standing, and Timber Berths Nos. 25 and 26 were
renewed.

There were 1,109 placer mining claims either owned, leased
or optioned to be maintained in good standing on January 1st, 1951.
This compares with 1,105 as of January 1st, 1950. Changes were made
during the year as follows:

Number of claims being maintained on January 1st, 1950	-	1,105
Number of claims added during the year	-	4
Number of claims being maintained on January 1st, 1951	-	<u>1,109</u>

The following leases were being kept in good standing:

Hydraulic Lease No. 1 (Anderson Concession)
Hydraulic Lease No. 5 (Bronson and Rae Concession)
Hydraulic Lease No. 18 (Boyle Concession)

STRIPPING OPERATIONS

Full scale stripping plants were operated ahead of Dredges
Nos. 8, 9, 10 and 11.

The season was one of the driest on record and at no time,
after the first Spring run-off, was there any high water to clear out
the drains. However, the weather was warm and sunny, and good thawing
action took place so that a satisfactory duty was obtained for the
available water. A good deal of grade was lost in the drains but this
was serious at No. 10 alone. Here a new drain was being put in, and
the dirty water would not cut down to the required depth so that the
drain could not be used effectively. A large part of the area opened up
during the season at this plant will have to be worked over again in 1951.

2,037,891 cubic yards of muck were removed at a cost of \$223,906.15, or 10.99 cents per cubic yard.

Schedule No. 1 gives details of the various operations.

THAWING OPERATIONS

Full scale thawing plants were operated ahead of Dredges Nos. 6, 8, 9, 10 and 11.

Due to the warm and dry season, the water temperatures were favorable and a good thawing duty was obtained for the water.

Experiments with the 24-foot spacing of points were continued at Nos. 8, 10 and 11. At Nos. 10 and 11 the entire plant was set up for this spacing and, as was found in 1949, good results were obtained except in the heavily drifted areas where extra points had to be driven in some places to remove all frost. At No. 8 only a portion of the plant was set up for the 24-foot spacing. At this location the ground is much tighter than on Hunker and Dominion and does not take the water as readily, but the results obtained from the greater spacing warrant continued experiment. The normal 16-foot spacing was held to at No. 6 because of the need for speed and certainty in thawing required at that plant in 1950. Closer spacing than 16-foot is still required at No. 9 due to the deep muck and shallow gravel encountered in the formation to be thawed.

4,155,557 cubic yards of material were thawed at a cost of \$247,855.45, or 5.96 cents per cubic yard.

Schedule No. 2 gives details of the work accomplished.

DREDGING

Dredges Nos. 3, 4, 6, 7, 8, 9, 10 and 11 were operated throughout the season.

Dredge No. 3 encountered some deep ground which made it difficult for her to reach bedrock at times but, in general, digging conditions were favorable. 1,937,726 cubic yards of material were mined at a cost of \$154,205.26, or 7.96 cents per cubic yard. Production amounted to \$229,574.17, or 11.85 cents per cubic yard. This was equal to 122.2% of the estimated recovery. On the basis of value per cubic yard, recovery amounted to 112.7% of the estimate which was based partly on drilling, and partly from recoveries in adjacent areas. There was an operating profit of \$75,368.91, or 3.89 cents per cubic yard.

Dredge No. 4 continued operating on Bonanza Creek advancing in a general upstream direction. Digging conditions were very difficult throughout the season. A good deal of frost has returned at the level of the surface water in the old dredge tailings, since they were thawed, and this condition caused some decrease in the rate of

digging but most of the trouble was caused by the very hard bedrock encountered. However, where this hard bedrock was encountered, the values were very good and recoveries better than expected. 906,359 cubic yards of material were mined at a cost of \$211,925.61, or 23.38 cents per cubic yard. Production amounted to \$452,669.96, or 49.94 cents per cubic yard. This was equal to 189.8% of the estimated production, and 357.0% of the estimated value per cubic yard. There was an operating profit of \$240,744.35, or 26.56 cents per cubic yard.

Dredge No. 6 continued operating on Lower Sulphur Creek, and by the end of the season had cleaned up the remainder of her reserves on that creek and was advancing downstream in the narrow strip along the right limit side of her tailings towards the area of her future operations in the Granville Flats of Lower Dominion Creek. In general, she encountered good digging conditions throughout the season. 727,206 cubic yards of material were mined at a cost of \$213,311.33, or 29.33 cents per cubic yard. Production amounted to \$245,633.61, or 33.78 cents per cubic yard. This was equal to 114.0% of the estimated production, and 128.0% of the estimated value per cubic yard. There was an operating profit of \$32,322.28, or 4.45 cents per cubic yard.

Dredge No. 7 continued operating on Lower Quartz Creek, and by the end of the season had completed mining of all ground which it was feasible for her to handle. She encountered much hard bedrock throughout the season. Some of it was too hard for her to dig, and these areas were skipped. After dredging was completed, she was dug on to a shelf where she will be left until a new location has been found for her. 347,853 cubic yards of material were mined at a cost of \$104,132.22, or 29.94 cents per cubic yard. Production amounted to \$109,419.30, or 31.46 cents per cubic yard. This was equal to 91.0% of the estimated production and 122.0% of the estimated value per cubic yard. There was an operating profit of \$5,287.08, or 1.52 cents per cubic yard after writing off the balance of all deferred charges.

Dredge No. 8 continued operating in a general downstream direction in the Middle Sulphur Creek area cleaning up all dredgeable ground as she advanced except for the 125-foot wide strip along the right limit required for her return cut. In general, good digging conditions were encountered throughout the season. 821,630 cubic yards of material were mined at a cost of \$220,842.03, or 26.88 cents per cubic yard. Production amounted to \$491,489.74, or 59.82 cents per cubic yard. This was equal to 152.0% of the estimated production, and 144.4% of the estimated value per cubic yard. There was an operating profit of \$270,647.71, or 32.94 cents per cubic yard.

Dredge No. 9 continued operating on Upper Sulphur Creek. In general, digging conditions were fair. In this area there is a shallow depth of gravel and, as the area has been heavily drift mined, much of the gravel is on the surface and the muck extends to bedrock so there is usually an excess of mud and sand to be handled. 561,191 cubic yards of material were mined at a cost of \$236,409.03, or 42.13 cents per cubic yard. Production amounted to \$263,738.82, or 47.00 cents per cubic yard. This was equal to 189.4% of the estimated production, and 168.4% of the estimated value per cubic yard. There was an operating profit of \$27,329.79, or 4.87 cents per cubic yard.

Dredge No. 10 continued operating in the Middle Dominion Creek area in a general downstream course. Some delay in digging progress was caused, at times, by hard bedrock and an excess of sand and mud but, in general, digging conditions were good. 743,704 cubic yards of material were mined at a cost of \$183,626.53, or 24.69 cents per cubic yard. Production amounted to \$329,217.37, or 44.27 cents per cubic yard. This was equal to 111.1% of the estimated production, and 112.3% of the estimated value per cubic yard. There was an operating profit of \$145,590.84, or 19.58 cents per cubic yard.

Dredge No. 11 continued operating in the Middle Hunker Creek area. While working in the Yukon Gold Company's dredge tailings and along the left limit of the valley, where the presence of tailings from the hydraulic workings on Paradise Hill prevented proper removal of muck, the dredge was bothered with an excess of sand, mud and dirty pond water. There will be some of this condition remaining for 1951 operations, but the re-dredging of the Yukon Gold tailings has been practically completed and the worst of the condition along the left limit of the area is past. 790,295 cubic yards of material were mined at a cost of \$142,385.92, or 18.02 cents per cubic yard. Production amounted to \$419,098.41, or 53.03 cents per cubic yard. This was equal to 129.7% of the estimated production, and 136.1% of the estimated value per cubic yard. There was an operating profit of \$276,712.49, or 35.01 cents per cubic yard.

DREDGING GENERAL. Some of the dredges were delayed beyond the estimated starting date due to lack of water in some cases, and delay in completing repairs in others. The depth of the winter frost was greater than usual and this, too, reduced the yardage of the dredges in the first month of operation. Severe cold weather in the latter part of October and the early part of November shut all dredges down at an early date in the latter month.

Schedule No. 3 gives details of the work.

POWER PLANT OPERATION

There were no serious interruptions to power during the year. The essential maintenance work on power lines and substations was taken care of.

The gate structure at the intake of the South Fork ditch was rebuilt. The timbers in the old structure were in very bad condition. The new structure was built at a site closer to the river with the idea of reducing the size of the area between the gate and the river where slush ice can accumulate.

The ditch tender's cabin at Shovel Creek was moved to the North Fork Ditch Intake camp. The ditch tender for the lower section of the South Fork ditch is now located at the North Fork Ditch Intake camp where he will be available to assist the North Fork Intake ditch tender in time of need.

The lower banks of both the North and South Fork ditches were built up with gravel where required. The greatest amount of this work was done at the North Fork Point on the South Fork ditch where a considerable section of the bank is sliding down the hill.

33,444,400 kilowatt hours of power were generated, of which amount 29,001,400 were sold and distributed. The cost amounted to \$116,158.33, or 0.40053 cents per kilowatt hour, sold and distributed. The total cost of generating power was charged to the company's operations and the revenue received from power sold was treated as an earning. The following tabulation shows how the cost was made up:

	<u>Cost</u>	<u>Cents per K.W. Hour sold and distributed</u>
Power Plant operation	\$ 42,772.60	0.14749
North Fork Ditch operation	21,651.98	0.07466
South Fork Ditch operation	17,669.77	0.06093
33,000 Volt Lines	8,814.27	0.03039
Secondary Lines and Substations	17,022.85	0.05870
Rebuilding South Fork Ditch Gate Structure	8,226.86	0.02836
<u>Totals</u>	<u>\$ 116,158.33</u>	<u>0.40053</u>

The power generated was distributed as follows:

	<u>K.W. Hours</u>	<u>Percent</u>
Company Operations	22,980,500	68.8
Dawson Utilities	6,020,900	18.0
Power Plant Services	1,280,400	3.8
Line Losses	3,162,600	9.4
<u>Totals</u>	<u>33,444,400</u>	<u>100.0</u>

GRAVEL RESERVES

During the 1950 season the Reserves of Dredge No. 3 were increased by 1,225,000 cubic yards with an estimated value of \$113,925.00 with gold at \$35.00 per fine ounce. The yardage is in an area of natural thaw immediately ahead of the dredge, proved up by barring.

Schedule No. 4 shows details of changes made in the reserves during the year, and their status at the end of the year.

COMPARATIVE PRODUCTION STATEMENT

Schedule No. 5 shows a comparison between the actual and theoretical recoveries for the season of 1950, and for the seasons of 1936 to 1950 inclusive.



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