

Vancouver, 3rd November, 1958.

C. E. McLeod,

Dr. P. M. Kavanagh.

Paradise Hill Reserves.

Thanks for your memorandum of 30th October, which gives all the information required for the purpose of making an estimate of the reserves position in the 1958 Report to Shareholders. The simplest solution, as you say, is to eliminate 3,270,577 yards, the difference between 3,595,577 and the estimated 325,000 remaining workable yardage, showing the latter figure as representing the reserves with a value of \$130,000 averaging 40 cents. Similarly the value written off would be the difference between \$990,059 and \$130,000, or \$860,059 with average of 26.3 cents. Should it be found possible to work any of this ground in future, it would be taken back into the reserves.

cc-WAA, WHSM.

# The Yukon Consolidated Gold Corporation, Limited

DAWSON, Y.T.  
CANADA

MEMORANDUM

October 30, 1958.

From: P. M. Kavanagh

To: Mr. C. E. McLeod

## Paradise Hill - Reserves

The following is in answer to your memorandum of October 27.

The only reserve figures for the Paradise Hill operation which the Company has maintained are based on the Yukon Gold Company's figures for its reserves in the entire hill. In January 1938, Creamer was advised by Mr. McFarland to use the Yukon Gold Company's figures which were 5,060,000 cu. yds. with value of \$1,393,800, averaging 27.54 cents. Each year that the Company has mined on Paradise Hill, the yardage handled has been subtracted from a total based on that original yardage figure, and the product of the yardage handled multiplied by 27.54 cents has been subtracted from a total based on that original gross value figure. Thus, on January 1, 1958 the reserves were listed as 3,921,513 cu. yds. with value of \$1,079,822, averaging 27.54 cents.

The Company has apparently never kept a record of the yardage on Paradise Hill which it considered workable.

This year's yardage mined on Paradise Hill was 325,936 cu. yds. Based on the practice which has been followed, the reserves at January 1, 1959 would be 3,595,577 cu. yds. with value of \$990,059, averaging 27.54 cents. As stated in my October 23 memorandum, we consider that the remaining Paradise Hill reserve - minable in one season - safely comprises 325,000 cu. yds. with value of \$130,000, averaging 40¢ per cu. yd. The simplest solution is to eliminate 3,270,577 cu. yds. of the Yukon Gold Company's reserves as being unworkable, but it would be almost impossible now to assign a value to that yardage. It might be better to square up the picture in some way this time next year when we expect to have completed our operations on Paradise Hill.

When calculating this fall the remaining yardage which could be considered a workable reserve, we included all the ground which the drilling data of both the Yukon Gold Company and the Y.C.G.C. indicated to be workable.

*Paul M. Kavanagh*  
Paul M. Kavanagh,  
Assistant Manager.

PMK:jek

c.c. - Mr. McLeod (3)

# THE YUKON CONSOLIDATED GOLD CORPORATION, LIMITED

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*Paul M. Kavanagh*  
Paul M. Kavanagh,  
Assistant Manager.

PMK: jek

c.c. - Mr. McLeod (3)

# The Yukon Consolidated Gold Corporation, Limited

DAWSON, Y.T.  
CANADA

MEMORANDUM

October 23, 1958.

From: P. M. Kavanagh

To: Mr. C. E. McLeod

## OPERATION NO. 13 in 1959

As requested by you in Prince George, I am presenting the data in this memorandum which justify our continuing Operation 13 on Paradise Hill during the 1959 season.

The surface area of the Company's remaining reserve on Paradise Hill is 210,500 sq. ft. Drilling data provided by holes at 150 - 250 ft. centers within the area indicate that before the Company commenced mining, the present reserve area held 486,500 cu. yds. containing \$178,000. (\$35.00 Au.), ie. an average value of 36.5¢ per cu. yd.

Since the Company's operations commenced, we consider that at least 30% of the original yardage has been stripped off the upper section of the ground within the present reserve area, but that only a relatively small percentage of the gross gold content of the original yardage has been removed.

We therefore consider that the remaining reserve - minable in one season - safely comprises 325,000 cu. yds. containing \$130,000., ie. an average value of 40¢ per cu. yd. These figures compare favorably with this season's production figures of 325,936 cu. yds. containing \$115,011., ie. an average value of 35¢ per cu. yd.

In order to continue Operation 13 next season, the Paradise Hill dam will have to be raised and strengthened, the pump given a major overhaul, and the sluice boxes extended. It is estimated that the total cost of those work items will not exceed \$15,000.

*Paul M. Kavanagh*  
Paul M. Kavanagh,  
Assistant Manager.

PMK:jek

c.c. - Mr. McLeod (3)

# The Yukon Consolidated Gold Corporation, Limited

DAWSON, Y.T.

CANADA

July 11th, 1958.

Mr. C. E. McLeod,  
Managing Director,  
The Yukon Consolidated Gold  
Corporation, Limited,  
1919 Marine Building,  
VANCOUVER 1, B.C.

Dear Sir:

## Dredge No. 8 Upper Reserves

During Mr. Arbuckle's recent visit to the Yukon the possibility of working No. 8's Upper Reserves, by some dredge other than No. 8, was discussed and I said I would prepare figures which would show the outcome if our Dredge No. 12 was shut down at her present location and moved to Sulphur Creek. My figures clearly show that no profitable operation could be had with such a small dredge so I extended the figures to show the results if a 5-3/4 cubic foot dredge or a 7 cubic foot dredge was used. In neither case was a profitable operation indicated unless the life of No. 8 was extended to include this ground. The following figures show how these conclusions were arrived at. These have been submitted to Messrs. Nordale, Gloslie, Kavanagh and Barrett and they all agree they present a fair picture.

Cubic yards of muck	4,089,000
Cubic yards of Dredging Section - no extra B.R.	1,304,000
Cubic yards of muck to be stripped off	2,726,000
Cubic yards of muck to be dredged	1,363,000
Total cubic yards to be thawed and dredged	2,667,000
Average depth of muck to be dredged (feet)	7.7
Average depth of Dredging Section (feet)	16.9
Total	24.6
Value of Dredging Section - Gold at \$35	\$1,320,000
Average value per cubic yard dredged (cents)	49.5

Dredge No. 12 is designed to dig a maximum of 15.5 feet below water so, in order to handle ground of this depth, she would need a new digging ladder.

To estimate the possible digging rate of No. 12 in No. 8's Reserves I figured she would handle the top 20 feet at a rate of 2200 cubic yards

July 11th, 1958.

per day and the bottom 4.6 feet at a rate of 550 cubic yards per day or an average over all rate of 1400 cubic yards per day. I estimated she could dig from May 11th to October 22nd inclusive or 160 dredging days. Allowing for some difficult digging conditions I figured that an annual capacity of 200,000 cubic yards would be a fair estimate.

Cost of stripping per cubic yard dredged

Stripping 2,726,000 cubic yards at 13¢      \$ 354,400  
 Cost per cubic yard dredged (cents)      13.29

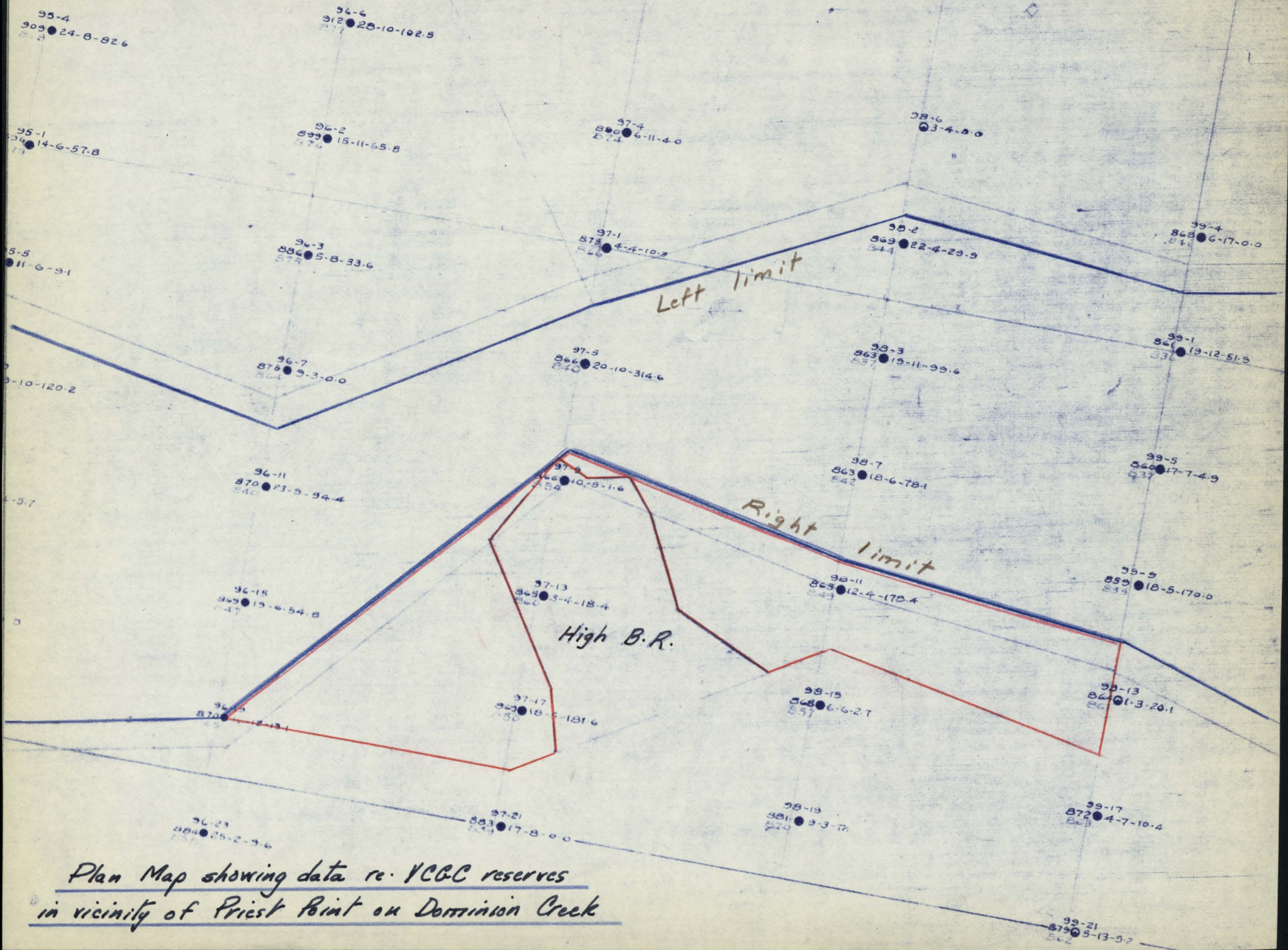
The following tabulation gives estimated operating costs of the different size dredges:

Size of dredge - cu. ft.	2-1/2		5-3/4		7	
Annual capacity	200,000		550,000		750,000	
Years to dredge	13.3		4.8		3.6	
	¢ per cu. yd.		¢ per cu. yd.		¢ per cu. yd.	
	Cost		Cost		Cost	
Operating Cost	\$ 40,000	20.1	\$ 66,200	12.0	\$ 74,500	9.9
Repair Cost	7,700	3.8	22,700	4.1	27,500	3.7
Supervision	1,500	0.7	1,500	0.3	1,500	0.2
Engineering	1,300	0.6	1,300	0.2	1,300	0.2
General Expense	18,700	9.3	37,400	6.9	37,400	5.0
Bullion Expense	3,100	1.6	5,700	1.0	7,800	1.0
Total Dredging Expense	\$ 72,300	36.1	\$ 134,800	24.5	\$ 150,000	20.0
Stripping at 13.29¢	26,600	13.3	73,100	13.3	99,700	13.3
Thawing at 5¢	10,000	5.0	27,500	5.0	37,500	5.0
Total Annual Cost	\$ 108,900	54.4	\$ 235,400	42.8	\$ 287,200	38.3
Annual Production	99,000	49.5	270,300	49.5	371,300	49.5
Profit or (Loss)	(\$ 9,900)	(4.9)	\$ 34,900	6.7	\$ 84,100	11.2
Total Profit or (Loss)	(\$ 130,000)		\$ 178,700		\$ 298,700	

Capital Expenditure Required

2-1/2 cubic foot dredge - No.12 with new ladder      \$ 100,000  
 5-3/4 cubic foot dredge - No. 7 on steel pontoon hull      300,000  
 7 cubic foot dredge - second hand from California      750,000

With the water now available on Sulphur Creek it is estimated to take about 10 years to complete stripping.





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