

The Yukon Consolidated Gold Corporation Limited

DAWSON, Y.T.

CANADA

February 8th, 1966.

The President & Board of Directors,
The Yukon Cons. Gold Corp., Ltd.,
410 Marine Building,
VANCOUVER 1, B. C.

Gentlemen:

Herewith is submitted my report on the operations of your Company for the year ending December 31st, 1965.

TITLES

The titles for all ground required for the operations were maintained in good standing. Besides the Boyle and Anderson Concessions, we held 706 placer claims and two Crown-granted mineral claims in good standing up to December 31st. Of the 706 placer claims we held 38 claims under lease and had leased out 189 claims to several small companies and individual miners.

WEATHER CONDITIONS

We experienced one of our colder winters during 1965, with January and February being very cold, with the temperatures remaining in the fifties and sixties below range for weeks at a time. There was practically no snowfall in January, and only a small amount in February and March, averaging about 18 inches altogether. One storm in February blocked all creek and power ditch roads. The mean temperature for January was -28.6° , for February -29.3° and for March $+8.4^{\circ}$. The total snowfall for the three months amounted to 18.7 inches.

The month of April brought on variable conditions, with some warm sunny days, changing to cloudy, cold and windy weather. The warm days, with the temperature in the fifties, started the snow melting and the creek water running, and at the month end there was sufficient water running in the Klondike to supply the power plant with plenty of power for the start up of the dredges. The mean temperature for the month was $+18.7^{\circ}$ and the snowfall amounted to 4.4 inches.

The weather for the month of May, although mostly clear and sunny in the daytime, was quite cold at nights, with heavy frosts occurring on twenty nights. This slowed down the thawing of the surface frost considerably. The mean temperature for the month was $+30.3^{\circ}$ and total precipitation amounted to 5.1 inches.

The weather for the month of June was mostly cloudy and cold, with many rain showers and several days of steady drizzle. Only on the last few days of the month did the daytime temperature rise into the seventies. The mean temperature for the month was $+41.6^{\circ}$ and the rainfall amounted to 2 inches.

For most of July the weather was warm and sunny, with a few days of heavy rain. There were a few nights of light frosts on the creeks, but none in the Dawson area, although we experienced several mornings of heavy fog. The mean temperature for the month was 47.9° and the rainfall 2.9 inches.

In August the weather was mostly wet, cloudy and cool, with only about one week of sunny and warm days. The rainfall amounted to 4.2 inches, and frosts occurred the last part of the month. The mean temperature was $+41.9^{\circ}$ for the month.

In September the weather for the most part was cloudy and cool, with many foggy mornings. There were quite a few wet drizzly days and some snow flurries towards the end of the month, and frost was occurring quite regularly. The mean temperature for the month was $+35.8^{\circ}$ and the precipitation amounted to 1.6 inches.

October, for the most part, was cold and windy, with several snow storms. The total snowfall amounted to 15.9 inches and the temperature dropped to -20° at Bear Creek, but was down to -30° on the creeks, during the month. The average temperature for the month was $+16^{\circ}$, as compared with $+27^{\circ}$ in October, 1964.

The first three weeks of November were very cold, with the temperature dropping into the thirty and forty below range, especially on the creeks, causing the close down of all dredges the first few days of the month. Some moderation occurred towards the end of the month. The mean temperature for the month was -8.9° , compared with -0.4° in 1964. The snowfall amounted to 12.2 inches for the month.

In December the weather was fairly mild up until a few days before Christmas, at which time the temperature dropped into the low fifties below and remained quite cold until the end of the month. The mean temperature for the month was -12.2° , compared with -38.8° in 1964. There was a considerable fall of snow during the milder weather, and the total for the month amounted to 21.8 inches, making a total of 49.9 inches since September.

STRIPPING OPERATIONS

There were no stripping operations this year.

THAWING OPERATIONS

Thawing plants were operated ahead of Dredge No. 6 and Dredge No. 8. Thawing conditions were unfavorable, due to cloudy, cool weather and to shortage of labor, especially in the area ahead of Dredge No. 8, where tight gravel conditions made for slower point driving, and the shortage of labor towards the end of the season cut down on the extra points required to accomplish a good thaw.

Schedule No. 2 gives details of these operations.

DREDGING OPERATIONS

Dredges Nos. 6, 8, 9 and 11 were operated throughout the season, with No. 12 Dredge completing its bench ground on September 30th.

ALL DREDGES

	<u>1 9 6 4</u>		<u>1 9 6 5</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$1,292,513	31.5	\$1,152,604	42.6
Production	1,371,941	34.3	1,078,758	39.9
Operating Gain or Loss	79,428	2.0	73,846	2.7

DREDGE NO. 6

Extra pontoons were attached to the bow during spring repairs to increase the flotation, and the dredge started operating on May 3rd and closed down for the season on November 3rd, due to extreme cold and icing conditions on the hull and heavy ice in the pond. The digging conditions in May and early June were poor, due to deep surface frost. Conditions improved and a good advance was made up until power shortage occurred from October 16th to October 22nd, when the dredge had to shut down. The digging conditions from then on until shutdown on November 3rd were very tough and little advance was made.

	<u>1 9 6 4</u>		<u>1 9 6 5</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$265,832	32.4	\$312,832	40.5
Production	293,749	35.8	249,590	32.3
Operating Gain or Loss	27,917	3.4	63,242	8.2

DREDGE NO. 8

The dredge started operating on May 3rd and closed down for the season on November 4th. The digging conditions were very poor all during May, due to deep surface frost and spots of bedrock frost. For the remainder of the summer the conditions were rather erratic, with sections of good and sections of poor digging conditions, which delayed the advance to a great extent. The dredge also dug much deeper than estimated, due to finding good values deep in the bedrock. The dredge also lost a week's digging, due to power shortage from October 16th to the 22nd, and with the delay in starting up again in the heavy ice, the yardage dug up until closedown in November was small.

	<u>1964</u>		<u>1965</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$243,372	30.4	\$230,180	35.0
Production	204,320	25.5	242,177	36.8
Operating Gain or Loss	39,052	4.9	11,997	1.8

DREDGE NO. 9

The dredge started operating on May 3rd, but it took several days maneuvering the dredge to the face. This was due to the very thick ice in the pond, caused by the glacier overflowing the ice in the pond during the winter months. The digging conditions were tough, due to frozen muck and bedrock, up until August, when conditions improved. The dredge closed down for the season on November 3rd, after being shut down for a week, due to the power trouble at the North Fork Intake.

	<u>1964</u>		<u>1965</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$194,509	58.3	\$264,596	69.6
Production	195,835	58.7	184,208	48.4
Operating Gain or Loss	1,326	0.4	80,388	21.2

DREDGE NO. 11

The dredge started operating on May 1st and, although the surface frost was deep, it had cleared up by the middle of the month and digging conditions were good up until the middle of August, at which time the dredge encountered intermediate and bedrock frost. From then on the digging conditions remained poor, but started to improve a week before shut-down. The dredge lost a week's digging in October, due to the power interruption, and then had difficulty with the ice conditions in the pond, so the yardage dug up to November 4th was small.

	<u>1964</u>		<u>1965</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Cost	\$193,905	19.8	\$226,838	32.7
Production	229,346	23.4	233,341	33.7
Operating Gain	35,441	3.6	6,503	1.0

DREDGE NO. 12

The dredge started operating on June 2nd and completed its bench ground on September 30th. The digging conditions were tough for the first six weeks, due partly to surface frost, but mostly to hard, blocky bedrock, which slowed the advance. After mid-July the digging conditions were good, and the dredge made good yardage.

	<u>1 9 6 4</u>		<u>1 9 6 5</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$153,868	59.3	\$117,587	58.2
Production	199,492	76.8	165,939	82.0
Operating Gain	45,624	17.5	48,352	23.8

Schedule No. 3 gives details of the dredging operations.

BULLDOZER MINING

Mining was started on No. 16 Bench on June 1st, but considerable frozen gravel and black muck was encountered, delaying the operation. The area was cleaned to the frozen material, and crew moved to No. 18, Gold Run, where tests were made for frost conditions and a sand pump set up in an attempt to work a small section at the lower end of the area to bedrock. This failed, and crew moved to No. 17 to work the gravel that No. 12 Dredge would be leaving. The No. 16 area was completed and a small amount of ground left at No. 17. The operation had to close down on October 15th, due to the cold weather. No. 18 costs of \$51,780 are included in summary, with no production.

	<u>1 9 6 4</u>		<u>1 9 6 5</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$175,325	78.0	\$163,284	118.8
Production	168,626	75.0	92,072	67.0
Operating Loss	6,699	3.0	71,212	51.8

Schedule No. 4 gives details of these operations.

POWER PLANT OPERATION

The Power Plant, for the first time in about thirty years, was completely closed down for lack of water. This occurred on the 19th of October, due to a complete plug of the North Fork ditch Intake. The power was off for about 15 hours. Low power, due to the heavy slush ice, caused partly by a heavy snowfall and the colder weather, started on the 16th of October and lasted until the 22nd, at which time there was plenty for Dawson and all dredges. The Government diesel generator supplied Dawson during this period, although for most of this period the pumps were supplied with power from the North Fork Plant.

STRIPPING AND THAWING OPERATIONS

There were no stripping or thawing operations this year.

DREDGING OPERATIONS

Dredges Nos. 6, 8, 9 and 11 were operated during the season, with No. 9 closing down the 14th of October in order to supply the necessary labor during the slush ice period at the intakes of the power ditches.

ALL DREDGES

	<u>1 9 6 5</u>		<u>1 9 6 6</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$1,152,604	42.6	\$1,268,914	45.7
Production	1,078,758	39.9	1,092,690	39.3
Operating Gain or Loss	73,846	2.7	176,224	6.4

DREDGE NO. 6

The dredge started operating on May 3rd, and had poor digging conditions for the first twenty days, due to heavy face and surface frost, but for the remainder of the season the digging conditions were very good and the dredge advanced about three weeks beyond its estimated position for the season.

The production was poor and well below the budget estimates for the first three months, but for the remainder of the season it was running over the estimates, and if the final clean-up could have been made, would have been very close to equalling the budget estimate for the season.

On November 13th the dredge started to dig a shelf to be laid up on, but the morning of the 14th it sprang a bad leak at the back of the well-hole, and although the crew did their best to stop the leak, even with a four-inch and three inch pump working, the dredge gradually sank, with the bow deck under two feet of water and the stern deck under five feet of water. There was no chance to make a final clean-up, as the temperature was -46° and all the tables froze up within an hour.

	<u>1 9 6 5</u>		<u>1 9 6 6</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$312,832	40.5	\$407,553	42.2
Production	249,590	32.3	301,257	31.2
Operating Gain or Loss	63,242	8.2	106,296	11.0

DREDGE NO. 8

The dredge started operating on May 3rd, and completed its season and was laid away on a shelf on November 15th. The dredge had a very poor season, with a few days of good digging conditions and then several days of digging in deep frozen ground, and it remained this way up until it came into the 1965 thawed area the last week of October. The budget estimate called for the dredge to reach the 1965 thawed area the first of September, so the dredge lost about two months, due to the frozen condition of the ground.

The production was very poor, not only due to flotation being dug in the frozen sections, but the bedrock when dug was a gumbo that would not wash.

	<u>1 9 6 5</u>		<u>1 9 6 6</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$230,180	35.0	\$274,049	54.8
Production	242,177	36.8	104,101	20.8
Operating Gain or Loss	11,997	1.8	169,948	34.0

DREDGE NO. 9

The dredge started operating on May 7th and completed its operations on October 14th, as the men were required for slush ice at the intakes of the power ditches. The dredge had difficulty with the heavy pond ice in getting digging in May, as the ice in the pond was up to nine feet thick. Very little yardage was dug during May, due to the time it took to get a good swing in the pond ice and the deep surface frost. In June the digging conditions improved and up to close-down were quite good for most of the time.

The production was very good and was well above the budget estimates up until close-down. The yardage dug was well below the budget estimate, due to the poor start in May and the early close-down.

	<u>1 9 6 5</u>		<u>1 9 6 6</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$264,596	69.6	\$260,198	83.4
Production	184,208	48.4	159,698	51.2
Operating Gain or Loss	80,388	21.2	100,500	32.2

DREDGE NO. 11

The dredge started operating on May 1st and was shut down on November 13th, due to the failure of the ladder hoist motor and its replacement, with only one more day of operation left. The digging conditions were very good all season, with the exception of about ten days in October when a high reef was encountered at the mouth of Last Chance Creek. The dredge lost approximately eleven days' dredging in July when it sprang a leak and sank.

The production was very good all season, and the dredge dug a wider cut than was laid out in the estimate, due to the good values recovered. The yardage dug over-ran the season's estimate by about 15%, and the production by about 41%.

	<u>1 9 6 5</u>		<u>1 9 6 6</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Cost	\$226,838	32.7	\$327,066	32.6
Production	233,341	33.7	525,910	52.5
Operating Gain	6,503	1.0	198,844	19.9

Schedule No. 3 gives details of dredging operations.

BULLDOZER MINING

The bulldozer mining was started on June 1st on the lower section of the No. 17 area, and this ground was worked until the 17th, when the equipment was moved to the upper section. This area was worked, except for one week in August, until September 20th, at which time the equipment moved back to the lower end, where work continued until September 27th, when the final clean-up was made. In August a small section of the lower end that was left due to frost conditions in June was cleaned up. Some frozen sections in the upper end were encountered, but the area was large enough that they could be left until thawed, and were mined when thawed out.

	<u>1 9 6 5</u>		<u>1 9 6 6</u>	
	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>	<u>AMOUNT</u>	<u>¢ PER CU. YD.</u>
Operating Costs	\$163,284	118.8	\$122,565	76.3
Production	92,072	67.0	106,545	66.4
Operating Gain or Loss	71,212	51.8	16,020	9.9

Schedule No. 4 gives details of these operations.



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