

DREDGE No. 6Gold @ \$20.67

YEAR	CUBIC YARDS		PRODUCTION	
	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
1950	673,809	727,206	\$145,735	\$133,083
1	693,453	708,199	96,438	69,955
2	778,676	840,074	186,467	103,253
3	640,108	700,069	115,463	94,329
4	809,216	900,768	148,736	142,297
5	407,182	484,805	48,816	55,089
6	731,772	789,122	179,275	152,322
7	1,049,203	1,139,803	245,909	155,433
8	997,481	1,100,585	181,410	141,896
9	1,005,732	1,019,644	147,066	161,209
TOTALS	7,786,632	8,410,275	\$1,495,315	\$1,208,866

AVERAGE VALUE

ESTIMATE 19.20¢

ACTUAL 14.37¢

DREDGE No. 8Gold @ \$20.67

YEAR	CUBIC YARDS		PRODUCTION	
	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
1950	853,937	821,630	\$198,758	\$266,697
1	725,884	738,509	176,066	260,488
2	537,547	565,162	184,936	199,915
3	730,179	724,706	215,735	216,438
4	692,225	731,082	310,132	274,662
5	730,179	724,706	215,735	216,438
6	641,553	677,145	146,766	172,881
7	946,329	947,278	316,667	231,240
8	689,219	749,377	203,122	203,033
9	720,913	789,578	261,691	179,057
TOTALS	7,267,965	7,469,173	\$2,229,608	\$2,220,849

AVERAGE VALUE

ESTIMATE 30.67¢

ACTUAL 29.73¢

DREDGE No. 9Gold @ \$20.67

YEAR	CUBIC YARDS		PRODUCTION	
	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
1950	570,941	561,191	\$ 73,099	\$151,995
1	485,560	550,873	94,469	131,533
2	563,420	612,044	131,138	157,559
3	577,184	581,223	173,851	125,194
4	543,217	552,056	98,307	96,579
5	547,960	565,986	82,617	106,085
6	500,226	522,320	123,913	197,341
7	387,753	546,864	79,339	157,412
8	473,772	559,506	141,003	108,000
9	370,379	430,418	101,670	100,226
TOTALS	5,020,412	5,482,481	\$1,099,406	\$1,331,924

AVERAGE VALUE

ESTIMATE 21.90¢

ACTUAL 24.29¢

DREDGE No. 10Gold @ \$20.67

YEAR	CUBIC YARDS		PRODUCTION	
	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
1950	757,793	743,704	\$150,610	\$178,766
1	666,673	806,054	150,005	179,391
2	692,639	843,802	181,918	215,595
3	610,093	688,122	92,396	113,259
4	626,064	649,601	75,042	119,334
5	511,869	558,125	98,075	110,069
6	373,682	383,587	51,507	65,621
7	815,476	887,980	99,650	138,311
8	652,328	772,014	173,057	156,204
9	674,571	745,244	253,207	202,707
TOTALS	6,381,188	7,078,233	\$1,325,467	\$1,479,257

AVERAGE VALUE

ESTIMATE 20.77¢

ACTUAL 20.90¢

YEAR	CUBIC YARDS		PRODUCTION	
	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
1950	724,423	790,295	\$154,362	\$227,239
1	708,243	813,331	185,822	240,311
2	704,893	824,169	115,579	249,930
3	499,489	527,282	162,826	199,723
4	660,969	716,016	201,637	233,317
5	699,881	777,225	242,435	248,303
6	668,202	741,148	139,814	209,643
7	745,173	860,721	158,662	228,238
8	858,951	910,764	177,642	234,001
9	622,304	769,810	160,890	287,168
TOTALS	6,892,528	7,730,761	\$1,699,669	\$2,357,873

AVERAGE VALUE

ESTIMATE 24.66¢

ACTUAL 30.50¢

ALL DREDGES - 1950-1959 incl.

DREDGE	CUBIC YARDS		PRODUCTION	
	ESTIMATED	ACTUAL	ESTIMATED	ACTUAL
6	7,786,632	8,410,275	\$1,495,315	\$1,208,866
8	7,267,965	7,469,173	2,229,608	2,220,849
9	5,020,412	5,482,481	1,099,406	1,331,924
10	6,381,188	7,078,233	1,325,467	1,479,257
11	6,892,528	7,730,761	1,699,669	2,357,873
TOTALS	33,348,725	36,170,923	\$7,849,465	\$8,598,769

AVERAGE VALUE

ACTUAL 23.77¢

ESTIMATE 23.54¢

DREDGE No. 6Gold @ \$20.67

YEAR	CUBIC YARDS		PRODUCTION	
	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
1950	673,809	727,206	\$145,735	\$133,083
1	693,453	708,199	96,438	69,955
2	778,676	840,074	186,467	103,253
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TOTALS	7,786,632	8,410,275	\$1,495,315	\$1,208,866

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1950	853,937	821,630	\$198,758	\$266,697
1	725,884	738,509	176,066	260,488
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6	500,226	522,320	123,913	197,341
7	387,753	546,864	79,339	157,412
8	473,772	559,506	141,003	108,000
9	370,379	430,418	101,670	100,226
TOTALS	5,020,412	5,482,481	\$1,099,406	\$1,331,924

AVERAGE VALUE

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ACTUAL 24.29¢

DREDGE No. 10Gold @ \$20.67

YEAR	CUBIC YARDS		PRODUCTION	
	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
1950	757,793	743,704	\$150,610	\$178,766
1	666,673	806,054	150,005	179,391
2	692,639	843,802	181,918	215,595
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7	815,476	887,980	99,650	138,311
8	652,328	772,014	173,057	156,204
9	674,571	745,244	253,207	202,707
TOTALS	6,381,188	7,078,233	\$1,325,467	\$1,479,257

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8	858,951	910,764	177,642	234,001
9	622,304	769,810	160,890	287,168
TOTALS	6,892,528	7,730,761	\$1,699,669	\$2,357,873

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TOTALS	33,348,725	36,170,923	\$7,849,465	\$8,598,769

AVERAGE VALUE

ACTUAL 23.77¢

ESTIMATE 23.54¢

The Yukon Consolidated Gold Corporation Limited

INTER-DEPARTMENT CORRESPONDENCE

April 29, 1960

From: W. Parker

To: Dr. P.M. Kavanagh

STEWART RIVER DRILLING PROGRAMME, 1960

Location:

The drilling consisted of a line of four holes trending north-south across the valley of the Stewart River at a point halfway between Scroggie and Barker Creeks.

Personnel:

The crew consisted of the following men: Slim Butchart, foreman; Roland Dubois, driller; Mike Miller, helper; Bill Olson, Cat driver; and John Puc, cook.

Equipment:

Equipment consisted of a 6" Kirk-Hillman gas driven churn drill, a D4 Cat, and a D8 Cat.

Travelling:

The drill and other equipment left Bear Creek on March 4, 1960. The first night was spent at Granville and the trip toward the Stewart River was resumed the following day.

The line of travel was down Indian River, up the divide between Eureka and Montana Creeks, and then down Black Hills Creek.

The D8 Cat broke through the ice while attempting to cross the Stewart River, near the mouth of Maisy May Creek, on March 13th. Ten days were spent removing the Cat from the river and putting it in shape again.

On March 23rd preparations were made to continue on down the right limit of the river to the drilling location.

The first hole was started on March 27th and the fourth and last hole was finished on April 17th.

During the drilling period, the crew was serviced periodically by ski-plane. The crew was also equipped with a two-way radio capable of contacting the Dawson Signal Station.

The return trip began on April 17th and concluded in Granville on April 20th.

Drilling:

Four holes were drilled on a line trending north-south across the valley of the Stewart River which at the drilling area was 1740 feet wide.

Hole No. 1 was drilled on the right limit about 340 feet from the edge of the present channel and 300 feet out from the right limit valley slope.

Drilling was very difficult in this hole mainly because the material drilled consisted mostly of compact river sand.

The Yukon Consolidated Gold Corporation Limited

INTER-DEPARTMENT CORRESPONDENCE

April 29, 1960.

From:

To:

STEWART RIVER DRILLING PROGRAMME, 1960.

Drilling: (Cont'd)

Bedrock was reached at 40.5 feet and the hole was bottomed at 43.5 feet. The hole was started on March 27th and finished on April 10th.

Hole No. 2 was drilled on the right limit at the edge of the present channel. It was started on April 10th and finished on April 12th. Bedrock was reached at 31.0 feet and the hole was bottomed at 32.5 feet.

The river channel is about 500 feet wide at this point.

Hole No. 3 was drilled on the left limit at the edge of the present channel. It was started on April 12th and finished on April 14th. Bedrock was reached at 31.0 feet and the hole was bottomed at 32.2 feet.

Hole No. 4 was drilled on the left limit at a distance of 400 feet from the present channel and 200 feet from the left limit valley slope. It was started on April 14th and finished on April 17th. Bedrock was reached at a depth of 39.5 feet and the hole was bottomed at 40.3 feet.

Results:

Each of the four holes contained a trace of gold. This was in the form of several flyspeck colors which were just large enough to be visible to the naked eye.

Summary:

The ground was found to be thawed and the material was mostly sand with some river wash; no boulders were encountered. The level of bedrock was found to be fairly constant at about 31 feet below the present channel. The flyspeck colors were found at random and at scattered intervals but none were found on bedrock.

Recommendation:

No further drilling is warranted in this area.

Wilfred M. Parker
Wilfred M. Parker,
Exploration Geologist.

THE YUKON CONSOLIDATED GOLD CORPORATION, LIMITED

DAWSON, Y. T.
CANADA

April 24, 1960

MEMORANDUM

From: P.M. Kavanagh
To : Mr. C.E. McLeod

Earnings Estimates Re Company Operations

Attached are earnings estimates which have been prepared at the request of Mr. Arbuckle relating to a programme of placer operations terminating at the end of the 1965 season. These estimates supersede the 1966 life estimates attached to my memorandum of February 6th, 1960 which took into account the effects of the wage increases and included correction of certain errors contained in a first set of estimates prepared in January. It is encouraging to note that the present estimates indicate an additional \$150,000 of cash earnings and in one year's less time.

In the notes concerning the seven year life outlined in the earlier estimates it was stated that Dredges Nos. 6, 8, and 10 would only have reserves left for a small part of the seventh year. In the present estimates the annual yardage production estimates of the three dredges have been slightly increased, with considerable assurance, in order that their reserves would be completely mined by the end of the 1965 season. It has not been considered necessary to estimate increased dredging costs with respect to the increased yardage production. It is considered impossible for Dredge No. 9 to have favorable enough digging to mine its entire reserve by the end of the 1965 season, and therefore the present estimates do not allow for any stripping and thawing of the one season's reserve which the dredge would not be able to dig. Similarly it presently has not been considered safe to estimate that the Dominion bench reserves could be completely mined in six rather than seven seasons, and the estimates do not allow for any stripping of the low-grade portions estimated not to be mined.

It is worthy to note here that the mining of the Dominion bench reserves is the biggest operational problem presently facing the Company. The large water requirements, tailings disposal, and the location of Dredge No. 10 as it moves downstream are major considerations. There is the hope that Dredge No. 12, which was very successfully operated last year and which will finish its reserve this season, could be moved to the No. 17 Dominion bench which has a gentle enough bedrock gradient to accommodate the dredge. If such a plan could be carried out it would probably result in more of the Dominion bench reserves being mined by the end of the 1965 season and at a greater profit than solely bulldozer

THE YUKON CONSOLIDATED GOLD CORPORATION, LIMITED

DAWSON, Y. T.

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operations would yield. In any event, a successful solution to the Dominion bench mining problems is a very important means of increasing the cash earnings beyond the figures included in the present estimates.

Other considerations involved in the estimates are as follows:

1. The estimates are based on \$35.00 gold with the Canadian dollar at parity with the U.S. dollar.
2. The gold production estimates are based on 100% of drill hole values. Being so, the 1960 section, for mainly this reason, differs from the 1960 Budget figures which were calculated after various percentage increases and decreases were applied to the gold production figures obtained from using 100% of drill hole values.
3. The EGMA regulations presently in effect are assumed to continue through 1965.
4. Whereas the earlier sets of estimates allowed for the capital purchase of a \$50,000 bulldozer tractor in each of 1960, 1961, and 1962 for use in mining the Dominion bench reserves, the present estimates are based on the leasing of three such tractors and annual leasing costs of \$12,000 per mining operation have been applied as direct costs of the appropriate operations.

The depreciation figures used are the same as in the earlier estimates but they should more properly have been changed in view of the leasing rather than capital purchase of the tractors. Changed they would have resulted in the estimated payment of an additional \$25,000 in income tax. It should be pointed out that the estimated leasing rather than buying of the tractors has resulted in increased EGMA benefits, and that although the net cash advantage in leasing rather than buying the equipment is not relatively as great when the Company is in a taxable position, even then there still is some advantage.

A successful accounting check has been applied to the estimates in that the value of the Company's present combined stripping and thawing reserves - approximately \$1,670,000 at December 31, 1959 - plus other presently deferred small values less the estimated minor capital purchases less the Company's estimated total overall loss approximately equals the Company's estimated total overall cash earnings. The accounting check disclosed that approximately \$3,500 of estimated thawing expense has not been written off, and also that the estimated total of \$62,000 income tax to be paid mainly in 1965 should be shown as an addition to the Company's estimated losses.

Also attached to this memorandum is a graphical representation of stripping and thawing inventory estimates over the six year period. The graphs illustrate that although a further expenditure in stripping and thawing of approximately \$1,187,000 is estimated over the period, each

THE YUKON CONSOLIDATED GOLD CORPORATION, LIMITED

DAWSON, Y. T.
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year the combined stripping and thawing write-offs are estimated to exceed the expenditures, and by the end of 1965 the inventories would be reduced to zero.

Paul M. Kavanagh
Paul M. Kavanagh
General Manager

PMK/aa

COPY OF LETTER

Krypton Extra Strong



RAG CONTENTS

The Yukon Consolidated Gold Corporation, Limited

DAWSON, Y. T.
CANADA

MEMORANDUM:

December 30th, 1959.

From: P.M. Kavanagh

To: Mr. C.E. McLeod

Dredge No. 4

The following is an estimate and discussion of the results which would ensue if we were to operate Dredge No. 4 in the 1960 season.

We have reliable data on the dredge's performance during the period October 22nd to October 31st of this year, ie. during the last ten days it operated before starting to dig its shelf. During those ten days the dredge dug more than a 3 foot depth of bedrock over its entire cut width of 275 feet. Its production for the ten day period was \$2,370 recovered from 66,800 cu. yds. dug, or 3.5¢ per cu. yd. dug. The bedrock dug in the old Yukon Gold Company dredge cut was an unusual type of hard black schist and yielded very little gold; only minor values were found in the virgin ground dug along the right limit. The 3.5¢ figure is the only safe estimate we can make of the values per cu. yd. which the dredge would produce next season if it were to operate.

Estimated yardage	1,750,000 cu. yds.
Estimated value per cu. yd.	3.5 cents
Estimated gross production	\$61,000
Estimated total operating costs	\$200,000
Estimated gross loss	\$139,000
Estimated absorbed overhead and power expense	\$ 75,000
Estimated net loss not including effects of EGMA and Income Tax considerations	\$ 64,000

EGMA consideration:

On the basis of the 1960 Draft Budget which we have prepared, and which does not include a Dredge No. 4 operation, and assuming a Head Office expense of \$80,000, a depreciation allowance of \$70,000, and a deferred expense disadvantage of \$162,000 because we will be writing off more stripping and thawing expense than we will actually be spending next season, we estimate an EGMA payment of \$182,500. Applying the effects of operating Dredge No. 4 to the 1960 Budget and the above assumptions we estimate an EGMA payment of \$214,000, or a plus difference of \$31,500.

We have also applied the effects of operating Dredge No. 4 to the two hypothetical situations in which we would produce 50,000 ozs. at an allowable cost of \$1,700,000, and 60,000 ozs. at an allowable cost of \$1,800,000, and the increased EGMA payment from operating the dredge was \$33,000 in the first case and \$32,000 in the latter.

We therefore consider it safe to estimate that if the dredge were to operate it would mean an increased EGMA payment of at least \$30,000.

Income Tax consideration:

If Dredge No. 4 were operated we would incur the \$64,000 net operating loss but would receive the \$30,000 increased EGMA payment and would have an added depletion allowance for Income Tax purposes of \$10,000 based on the \$4.00 per oz. payment on a 2,440 oz. production by the dredge.

If the dredge were not operated we would save the \$64,000, would not receive the \$30,000 increased EGMA payment, and would not have the \$10,000 depletion allowance - the depletion allowance being an advantage which we would lose if the dredge were not operated. We would therefore have a resulting taxable income difference of \$64,000 - \$30,000 - (- \$10,000) or \$44,000 taxable at 47%, ie. a \$21,000 tax. That is, if the dredge were not operated we would have a tax \$21,000 greater than the one we would have if the dredge were operated.

We therefore estimate that the overall net loss, after applying the effects of the EGMA and Income Tax considerations, which would result from operating Dredge No. 4 next season would be \$64,000 - \$30,000 - \$21,000 = \$13,000.

Relevant Considerations:

There are a number of ways to consider the \$13,000 estimated overall net loss. First of all, the chances of the dredge averaging less than 3.5 cents per cu. yd. over the entire season are very slight and therefore it is quite safe to assume that the \$13,000 loss is the greatest which the dredge could be expected to incur. On the other hand, based on the dredge's overall past record on Bonanza Creek there is some likelihood that the dredge would produce more than 3.5 cents per cu. yd. over the entire season. The following table gives a summary of estimated net effects of recoveries increasingly greater than 3.5 cents per cu. yd.:

<u>Cents per Cu. Yd.</u>	<u>Percentage Over-run</u>	<u>Net Operating Effect</u>	<u>Net EGMA Effect</u>	<u>Net Income Tax Advantage</u>	<u>Overall Net Effect</u>
3.5	norm	\$ 64,000 loss	\$30,000 gain	\$21,000	\$13,000 loss
4.5	28.5%	46,500 loss	21,500 gain	17,500	7,500 loss
5.5	57%	29,000 loss	11,500 gain	15,000	2,500 loss
6.0	71.5%	20,000 loss	7,500 gain	13,500	1,000 profit
7.0	100.0%	2,500 loss	6,500 loss	13,500	4,500 profit
10.0	180.5%	50,000 gain	32,500 loss	5,000	22,500 profit
10.5	200.0%	59,000 gain	38,500 loss	4,000	24,500 profit

The above effects are disappointing in as much as they indicate that only modest profits could be expected even for large percentage over-runs, for example a 100% over-run over the estimated 3.5 cents per cu. yd. production would only yield a \$4,500 profit. Even though the last ten days of last October *which* only averaged 7 cents per sq. ft. (3.5 cents per cu. yd.) was not the first time the dredge dug such poor ground - production for May, 1955 was also only 7 cents per sq. ft. - and therefore it is reasonable to expect that the dredge would produce better than 3.5 cents per cu. yd., it is not very safe to predict that the dredge would over-run that figure by 100% or more over the entire season.

Conclusions:

Even though the estimated loss from operating the dredge is not a very major one, the above figures indicate that the profits which could be expected if the dredge were to greatly over-run the safest estimated production we can predict for it are not large enough to justify the risk of operating the dredge.

The optimistic view of having five seasons' further life for the dredge until it would reach Grand Forks is offset by the fact that to have that life would require some thawing expenditure in the ground between Adams Gulch and the Forks, and the dredge's operation could not be expected to absorb very much if any thawing expense.

Recommendations:

I recommend that this analysis of the Dredge No. 4 position be reviewed by Mr. McFarland, and by Price Waterhouse who would for their study also require a copy of our 1960 Draft Budget. I trust not, but this analysis may contain major fallacies for better or worse.

If Mr. McFarland's and Price Waterhouse's studies would show that the position is not brighter than presented herein, I would recommend that we do not operate the dredge next season.

Paul M. Kavanagh
Paul M. Kavanagh
General Manager.

Dear Creek, Y.T.
January 26, 1960

Mr. P.M. Kavanagh,
General Manager,

Dear Sir:

The following are estimates of possible increases in our dredging and hydraulic mining Reserves if the price of gold increases.

DREDGE NO 6

(a) Area eliminated by Mr. McFarlands revised Reserves of 1955 that could be made available and especially so if the price of gold increased by the end of 1961.

(b) Area from the end of our present reserves downstream to near the mouth of Wounded Moose Creek.

Yardage and Values (a) 3,617,080 cu. yds. at 16.28¢ = \$ 589,022 Au. at \$20.67
(b) 1,228,084 cu. yds. at 15.56¢ = \$ 191,121 " " \$20.67

TOTALS - Yardage = 4,845,164 cu. yds. = 6 years dredging at 800,00 cu. yds./ yr.

Value = \$ 780,143 Au. at \$ 20.67 = 16.10 ¢ per cu. yd.
1,318,369 " " 35.00 = 27.21 ¢ per cu. yd.
1,887,676 " " 50.00 = 38.96 ¢ per cu. yd.
2,642,068 " " 70.00 = 54.53 ¢ per cu. yd.

DREDGE NO 8

Area from 49 below Discovery on Sulphur up to 26 below Discovery which is area from where No 8 started downstream up to where Dredge No 9 started up stream.

Total cu. yds. as per original Reserves - 5,968,283
Total cu. yds. to strip - 2/3 of Muck - 5,548,557

Total Value at \$20.67 - \$1,308,094 or 21.93 ¢ per cu. yd.
" " " 35.00 - 2,210,652 or 37.04 ¢ per cu. yd.
" " " 50.00 - 3,166,174 or 53.05 ¢ per cu. yd.
" " " 70.00 - 4,430,853 or 74.24 ¢ per cu. yd.

Increased life to No 8 Dredge - 8 years at 775,000 cu. yds. per season.

One to two years extra dredging may also be had in redigging the area dug by No 8 in the first two years of its operation when only part of bedrock was dug.

DREDGE NO 9

The area above the end of our present Reserve was drilled for a distance of 2,500 feet to just above the mouth of Green Gulch. These drill holes were mostly in old works and showed little or no values. The creek is narrow above

Green Gulch with fairly deep muck in places but was worked by individual miners for about a mile or so. There are several years dredging for No 9 in this area but it would have to be drilled and the estimates governed by No 9 Dredge recoveries in the upper section of its present Reserves. Stripping would be more expensive due to the shortage of water and would probably have to be combined with the thawing above Green Gulch.

At the present time no additional life can be given to No 9 due to low values from the end of present Reserves to Green Gulch.

DREDGE NO 10

Total increase in the Reserves from the end of present revised Reserves to the end of the prospect drilling.

1,351,488 cu. yds.	Value - \$ 258,081 Au.	at \$35.00 or 19.10 ¢ per cu. yd.
	369,520 " "	50.00 or 27.34 ¢ " " "
	517,147 " "	70.00 or 38.27 ¢ " " "

Total muck to strip - 941,058 cu. yds.

If the price of gold was increased before the end of 1960 the stripping in present area could be extended to the original reserve limits which would increase available reserves by -

1,277,361 cu. yds.	Value - \$ 267,144 Au.	at \$35.00 or 18.8 ¢ per cu. yd.
	382,244 " "	50.00 or 26.9 ¢ " " "
	535,710 " "	70.00 or 37.7 ¢ " " "

Total yardage - 2,628,849 cu. yds. - 3 to 3 1/2 years dredging.

There is a possibility of further reserves being made available by doing further prospect drilling below the end of our present drilling especially if the price of gold increased to \$70.00. There is between four and five miles of wide creek valley between the end of drilling and the Gold Run drilling and a narrow paystreak might be discovered.

DREDGE NO 11

As the present dredge course is laid out the dredge will finish its Reserves on Hunker Creek at the end of 1963 and will end up at the mouth of Last Chance Creek. To extend the life of the dredge it is intended to dig up Last Chance Creek and will have to dig floatation to reach an area where it can reach bedrock. This is figured to be claim No 9 above the mouth of L.C. Floatation yardage to dig to reach Claim No 9 - 250,000 cu yds or about 50 days digging.

From No 9 claim above mouth of L.C. up to and including Discovery Claim on Last Chance.

Yardage - 1,043,312 cu. yds. 1/3 frozen. Value - \$345,541 Au. at \$35.00.

From Discovery Claim to 3 above or 2,000 feet to end of present drilling which is all thawed ground.

Yardage - 344,614 cu. yds. Value - \$ 70,292 Au. at \$35.00.

Total Yardage -	250,000 cu. yds. at no value		
	1,043,312 cu. yds. Au. at \$ 35.00 -	\$ 345,541	
	344,614 cu. yds. " " 35.00 -	70,292	
Totals	1,637,926 cu. yds. Au. at \$ 35.00 -	\$415,833	or 25.4 ¢ per cu yd
	Au. at \$ 50.00 -	595,453	or 36.4 ¢ " " "
	Au. at \$ 70.00 -	833,388	or 50.9 ¢ " " "

This amounts to about two years dredging but if thawed ground continued it is possible that a further 2,000,000 cu. yds could be made available. This would prolong the life of the dredge by about 3 years making a total of 5 years dredging on Last Chance Creek.

DREDGE NO 7

The following yardage and values were proved by prospect drilling at the mouth of Quartz Creek on Indian River.

1,011,087 cu. yds. Value -	\$ 262,478 Au at \$ 35.00 or 25.96 ¢ per cu. yd.
	375,821 " " 50.00 or 37.17 ¢ " " "
	525,967 " " 70.00 or 52.02 ¢ " " "

Stripping required - 396,375 cu. yds.

This yardage would amount to 2 years dredging for No 7 dredge which is available at the mouth of Quartz Creek. However the bucket line, pumps, and transformer would have to be replaced and power line rebuilt. Further ground might be made available as drilling still showed some fair hole values but it would likely be a narrow paystreak and yardages would not be large. On the upper part of Quartz Creek there is about 3 miles of possible dredging ground which has not been drilled but was worked in places by individual miners. There are also considerable bench gravels some of which were partly worked but these were not drilled. Five drill holes were put down in the deep gravel bench on the right limit of Canyon Creek but only two showed any promise.

UPPER GOLD RUN CREEK

From Claim No 49 downstream to Claim No 14 This area has been prospect drilled and is carried in our Reserves.

Virgin ground -	4,448,179 cu. yds. Value -	\$1,886,089 Au. at \$35.00
Thawed tailings-	3,260,761 cu. yds. Value -	815,190 Au. at 35.00
Total yardage -	7,708,940 cu. yds.	
Total value -	\$2,701,279 Au. at \$35.00 or 35.0¢ per cu. yd.	
	3,868,101 " " 50.00 or 50.2¢ " " "	
	5,413,744 " " 70.00 or 70.2¢ " " "	

The above yardage gives a life of about 15 years for a 5 3/4 cu. ft. dredge.

Lower Dominion and Lower Gold Run Creeks. This area has been prospected except for a narrow strip between Dredge No 6 and the mouth of Gold Run Creek, following Dredge No 5 cut, amounting to 5,555,000 cu yds including muck, valued at 16.6 ¢ per cu yd. Also at the mouth of Gold Run between two blocks of ground carried in our Reserves is 5,486,561 cu yds valued at 11.2 ¢ per cu yd which has been prospect drilled. From Claim No 8 to Claim No 14 on Gold Run Creek the yardage carried in our Reserves amounted to

1,606,261 cu yds at a value of 48.2 ¢ Au. at \$35.00. Blocks J/K & L amount to 18,140,449 cu yds valued at 19.95 ¢ per cu yd.

Total yardages -	5,555,000 cu. yds	Value Au. at \$35.00 -	\$ 919,414
	5,486,561 " " "	" " " 35.00 -	612,265
	1,606,261 " " "	" " " 35.00 -	774,025
	18,140,449 " " "	" " " 35.00 -	3,619,813
Tailings	788,700 " " "	" " " 35.00 -	197,175
Total yardage -	31,576,971 Cu Yds		
Total value -	\$ 6,122,692 or 19.4 ¢ per cu yd	Au. at \$35.00	
	8,767,403 or 27.8 ¢ " " " "	" " " 50.00	
	12,270,742 or 38.85 ¢ " " " "	" " " 70.00	

The above yardage would give a life of from 17 to 18 years for a 16 cu ft dredge. All muck has been included in above yardages as no stripping would be carried out as the muck would be thawed with the gravel.

MIDDLE KLONDYKE AREA

Using Estimates made up by Mr Nordale and Mr Daily in 1939 for a Report of this area and reducing these estimates by the yardages dug by No 2 and No 3 Dredges in these Blocks the following yardages and values remain.

Block A -	500,000 cu yds at 9.3 ¢ -	\$ 46,500 Au at \$35.00
Cut Area		
Block A -	2,726,000 cu yds at 9.3 ¢ -	253,518 " " 35.00
Block B -	8,019,000 " " at 9.3 ¢ -	745,767 " " 35.00
Block E -	2,000,000 " " at 12.4 ¢ -	248,000 " " 35.00
Block F -	11,880,000 " " at 7.1 ¢ -	843,480 " " 35.00
Block G -	11,500,000 " " at 8.8 ¢ -	1,012,000 " " 35.00
Arlington	3,900,000 " " at 8.6 ¢ -	335,400 " " 35.00
Lower Klondyke		
	7,500,000 " " at 15.0 ¢ -	1,125,000 " " 35.00
Totals	48,025,000 cu yds at 9.6 ¢ -	4,609,665 " " 35.00
		13.7 ¢ - 6,600,821 " " 50.00
		19.2 ¢ - 9,238,422 " " 70.00

Most of these blocks are now separated by old dredge tailings and this would make it expensive to move from one group to another. Block A, Block A out area, which is now thawed by the river and Block G which is partly thawed by the river forms one group that are connected and have 11,245,000 cu. yds. of gravel. This is about 6 years dredging for one of our large dredges. The other large group joined together is Blocks B, F and E amounting to 21,899,000 cu. yds. This would give a large dredge about 13 years life. The Lower Klondyke Area is the best valued ground and if the dredge was allowed to dredge into the Yukon River and along in front of Dawson another 10,000,000 cu yds might be made available giving about 10 years life for a large dredge of 16 cu ft bucket capacity. The first group mentioned might be enlarged by prospecting upstream from Foster Gulch following the river. There is a large area between Bear Creek and the Arlington but the few drill holes in this area are very low grade and as the ground would have to be thawed it is unlikely that this area would be economic to dredge. Blocks B, F, and E would also have to be thawed artificially as it would be difficult to get the river over to the left limit where these blocks are.

ELDORADO CREEK

The possibilities of developing enough ground in this area is small as the creek is narrow and fairly shallow. The creek was drilled from the end of the Yukon Gold Co. Dredge cut at Claim No 26 up stream a distance of about 9,000 feet and the total yardage developed after allowing 1/3 of muck to be left on was only 648,487 cu yds at a value of \$249,741 with gold at \$35.00. This amounts to 38.5 ¢ a cu yd and would amount to 77.2 ¢ a cu yd at \$70.00 gold. There is about another 3,000 feet or more ground above this that is adversely held, part of which was worked by individuals. This might add another 200,000 cu yds but this would still be too low even for our No 12 dredge. The Yukon Gold Co dredged from the mouth of the creek to claim No 26 and had a yardage of 3,300,000 cu yds and had a recovery of \$1,983,397 or at the present price of gold of \$35.00 a recovery of 101.7 ¢ per cu yd. If these tailings were thawed and could be dredged at a small profit the combined yardage would be only enough for a 5 3/4 cu ft bucket dredge for 8 years.

DAGO HILL

This hill property is about 85% adversely held and an agreement would have to be made to mine it. The yardage stated below has been proved by drilling.

The total yardage available to mine - 6,602,701 cu yds
Total value at \$35.00 gold - \$ 1,865,000 - 28.2 ¢ per cu yd
50.00 " - 2,670,591 - 40.4 ¢ " " "
70.00 " - 3,737,238 - 56.6 ¢ " " "

To mine this area the Rock Creek ditch could be rehabilitated and the pump at present being used at No 13 operation placed in the pump house at the mouth of Hunker Creek and the water delivered to Dago Hill by pipe line. A good duty should be obtained as the gravel is all the white channel variety and not too heavy. The pump should deliver about 50,000 M.I.Ds. and with a probably duty of 8 this would mean a mining of 400000 cu yds per season of from 135 to 140 days. The life of the operation would therefore be from 16 to 17 years.

LOVETT / JACKSON HILL GRAVELS

This Hill has not been drilled and an estimate of 15 ¢ per cu yd has been given it, judged by the recoveries obtained on both the Lovett and Jackson sides and from tunnel sampling.

Total yardage estimated - 33,000,000 cu yds
Total value Au. at \$35.00 - \$ 4,950,000 - 15¢ per cu yd
" " " " 50.00 - 7,088,165 - 21.5¢ per cu yd
" " " " 70.00 - 9,920,503 - 30.1¢ per cu yd

By using water from Bonanza and from the Klondyke River and working both sides and with help from earth moving equipment it is probable that 1,000,000 cu yds could be mined per season. This would give the life of the operation of 33 years.

There is a considerable quantity of hill gravels remaining on Bonanza and Hunker Creeks which might be worth investigating if the price of gold increased to \$70.00 per ounce.
A.G. Barrett



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