

# GIANT *yellowknife*

NO PERSONAL LIABILITY

GOLD  
MINES  
LIMITED

*Annual Report*

COVERING THIRTEEN MONTHS ENDED JUNE 30th, 1952

# 10<sup>th</sup> ANNUAL REPORT



## *Annual Meeting of Shareholders*

Monday, October 27th, 1952, at 10.30 a.m. (E.S.T.)  
Private Dining Room No. 10  
Royal York Hotel  
100 Front Street West, Toronto, Canada



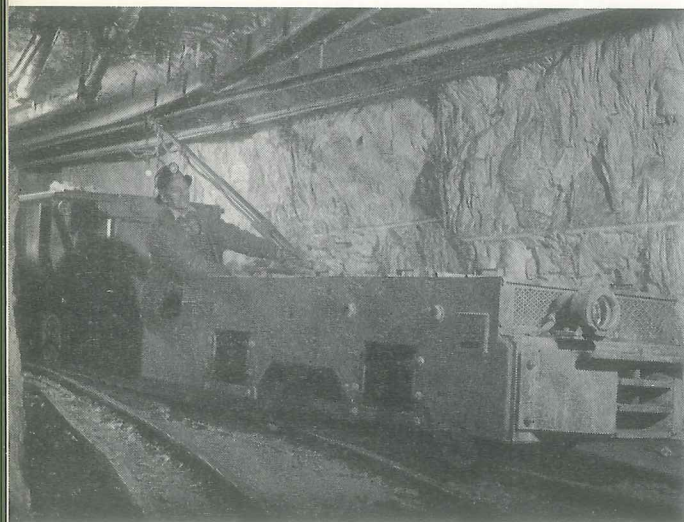


# AERIAL VIEW

Foreground A Shaft and No. 1 Camp  
Background B and C shafts and Treatment Plant



750 level station C shaft



Trolley 750 level haulageway



# *yellowknife gold mines* LIMITED

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## OFFICERS

President - - - - - T. LINDSLEY  
Vice-President - - - - - A. J. ANDERSON  
Secretary - - - - - A. C. CALLOW  
Treasurer - - - - - W. B. MALONE  
General Manager - - - - - P. N. PITCHER

## DIRECTORS

T. LINDSLEY  
R. PIELSTICKER  
A. J. ANDERSON  
A. K. ROBERTS, Q.C.  
E. V. JAEGER  
W. F. JAMES  
J. BRADLEY STREIT

## CONSULTANTS

A. S. DADSON - - - - - Consulting Geologist  
F. R. ARCHIBALD - - - - - Consulting Metallurgist  
E. V. NEELANDS - - - - - Consulting Engineer

## TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUST CORPORATION - 372 Bay Street, Toronto 1  
REGISTRAR AND TRANSFER COMPANY  
2 Rector Street, New York 6, N.Y.  
15 Exchange Place, Jersey City 2, N.J.

## BANKERS

THE CANADIAN BANK OF COMMERCE - - - Toronto, Ontario

## AUDITORS

GUNN, ROBERTS AND CO. - - - Toronto, Ontario

## SOLICITORS

ROBERTS, ARCHIBALD, SEAGRAM & COLE - - Toronto, Ontario



# GIANT *yellowknife gold mines* LIMITED

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## REPORT OF THE DIRECTORS

Toronto, Ontario,  
September 23, 1952.

To the Shareholders,  
Giant Yellowknife Gold Mines Limited.

Your Directors submit herewith the Tenth Annual Report of your Company, which includes a copy of the Balance Sheet as of June 30th, 1952, as audited and certified by the Company's auditors, and related Statements of Operations, Earned Surplus, and Source and Application of Funds, and the report of the General Manager.

Your Directors deemed it advisable to have the Company's fiscal year end June 30th instead of May 31st in each year and enacted a By-law to this effect. This Annual Report, therefore, covers a thirteen month period.

Operating profit for the period was \$1,810,567.49, compared with \$2,446,667.68 for the year ended May 31, 1951. Amounts provided for amortization of Preproduction and Deferred Development Expenditures and Depreciation were \$1,629,523.77 compared with \$1,214,322.03 in the preceding year, and Net Profit was \$186,992.25 compared with \$1,205,889.94.

During the period under review millheads of 0.755 ozs. per ton on an average daily tonnage of 418.8 for the thirteen months were lower than those for the previous year which were 0.842 ozs. per ton on approximately the same daily tonnage (415.9 tons). Operating costs were substantially higher, largely because of the intensified development program, increases in wage rates and cost of supplies, and the change-over to cut-and-fill methods of mining. Average price received for gold bullion was \$35.79 per oz. as compared with \$37.35 for the preceding year, reflecting the appreciation of the Canadian dollar in terms of U.S. funds. As a result there has been a considerable decline in revenue.

The Company has come through a difficult and expensive period. The large program of underground development, which was begun following the sinking of C Shaft, is well up to schedule, and the mine is in good shape with an excellent ore position. The plant is fully equipped to handle the projected increase to 700 tons per day which will be reached by November. It is gratifying that the large expenditures for construction, equipment and development, required for expansion, were paid for from current earnings. During the period under review, capital expenditures were in excess of \$1,800,000.

As the daily milling rate increases an appreciable decrease in the per ton operating costs can be anticipated. You will note, in the General Manager's Report, the very encouraging ore position that has been attained during the year. Even with the increase in the daily milling rate, from 400 to 700 tons, millheads can be maintained at a very satisfactory grade.

Until another major tonnage expansion is decided upon, capital expenditures will be kept at a minimum. With operations on a stable basis it should be possible to build up a healthy cash position.

Once again the aid afforded by the Canadian Government Emergency Gold Mining Assistance Act has been helpful to your Company, but the industry is still in a difficult position due to the price received for its product.

Mr. P. N. Pitcher, formerly General Superintendent, was appointed General Manager to replace the late Mr. A. K. Muir. Your Directors express their appreciation for the excellent services of Mr. Pitcher and for the loyalty and efforts of the staff and employees.

On behalf of the Board,

T. LINDSLEY,  
President.

# GIANT

## *yellowknife gold mines* LIMITED

NO PERSONAL LIABILITY

### STATEMENT OF EARNED SURPLUS

For the 13 months ended June 30, 1952

Balance at June 1, 1951 .....	\$ 1,806,535.87
Net profit for 13 months ended June 30, 1952 .....	186,992.25
Balance at June 30, 1952 .....	<u>\$ 1,993,528.12</u>

### STATEMENT OF SOURCES AND APPLICATION OF FUNDS

For the 13 months ended June 30, 1952

#### Funds were obtained from operations as follows:

Net profit as per statement of operations .....	\$ 186,992.25	
Add amortization, depreciation and loss on disposal of buildings, machinery and equipment which did not require current cash outlays .....	1,631,556.40	
Total of available funds .....		\$ 1,818,548.65

#### Funds were applied as follows:

Increase in construction supplies and mine stores .....	\$ 451,043.58	
Additions to buildings, machinery and equipment less pro- ceeds from disposals .....	1,319,718.40	
Purchase of land in Yellowknife Townsite .....	5,207.00	
Payment on option to purchase Lolor Group mining claims .....	25,000.00	
Shaft sinking and other deferred development expenditures .....	566,804.62	
Increase in sundry deferred charges, advances to contractor and prepaid expenses (net) .....	167,703.67	2,535,477.27

Decrease in working capital .....		<u>\$ 716,928.62</u>
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Working capital at May 31, 1951 .....	\$ 622,807.94
Deduct decrease as above .....	716,928.62
Working capital deficiency at June 30, 1952 .....	<u>\$ 94,120.68</u>



# STATEMENT OF OPERATIONS

For the 13 months ended June 30, 1952

## METAL PRODUCTION:

Gold	107,831.406 oz.	\$ 3,859,686.62
Silver	34,180.33 oz.	30,691.09
		<u>\$ 3,890,377.71</u>

## Deduct:

Marketing expenses	36,240.29	\$ 3,854,137.42
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## Add:

Estimated assistance under The Emergency Gold Mining Assistance Act	615,000.00
	<u>\$ 4,469,137.42</u>

## OPERATING EXPENSES:

Surface exploration	\$ 31,066.56	
Current mine development	281,171.75	
Mining	885,512.96	
Milling and roasting	784,013.22	
Undistributed cost of primary power used for secondary purposes	36,842.66	
Engineering, geological, warehousing supervision, and mine office expenses	245,484.28	
General expenses at the property	292,548.94	
Administrative and corporate expenses	93,472.26	
Government of Canada royalty	7,956.15	
Interest on bank loans	501.15	2,658,569.93
		<u>\$ 1,810,567.49</u>
Amortization of preproduction expenses	\$ 351,280.55	
Amortization of shaft sinking and other deferred development expenses	209,838.24	
Depreciation of buildings, machinery and equipment	1,068,404.98	
Loss on disposals of buildings, machinery and equipment	2,032.63	1,631,556.40
		<u>\$ 179,011.09</u>
Miscellaneous income		7,981.16
		<u>\$ 186,992.25</u>
NET PROFIT		



# GIANT *yellowknife gold mines* LIMITED

NO PERSONAL LIABILITY

## ASSETS

### CURRENT ASSETS:

Cash on hand and in bank .....	\$ 122,611.72	
Bullion on hand and in transit .....	214,434.28	
Government bonds on deposit with Northwest Territories Power Commission at cost (market value \$45,875.00) .....	49,875.00	
Accounts and accrued interest receivable .....	39,080.17	
Estimated amount receivable under The Emergency Gold Mining Assistance Act .....	252,204.43	\$ 678,205.60

### CONSTRUCTION SUPPLIES AND MINE STORES on hand and in transit at cost .....

1,747,620.74

### FIXED ASSETS:

Mining claims acquired for 1,200,000 shares issued at par and \$500.00 cash .....	\$ 1,200,500.00	
Land in Yellowknife townsite at cost .....	5,207.00	
Buildings, machinery and equipment at cost .....	\$ 6,598,701.74	
Less depreciation provided to date .....	2,943,205.30	3,655,496.44
		4,861,203.44

### OTHER ASSETS:

Option to purchase mining claims contiguous to Company's properties .....	\$ 75,000.00	
Prepaid expenses .....	138,649.97	
Deposits and other assets .....	6,429.00	220,078.97

### EXPENDITURES DEFERRED TO FUTURE OPERATIONS:

Preproduction expenses .....	\$ 2,161,726.50	
Less amortized to date .....	1,324,057.48	\$ 837,669.02
Deferred shaft sinking and other development expenditures .....	\$ 1,317,444.22	
Less amortized to date .....	386,014.77	931,429.45
Sundry deferred charges .....	126,923.28	1,896,021.75
		<u>\$ 9,403,130.50</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Giant Yellowknife Gold Mines Limited (No Personal Liability) as at June 30, 1952, and the results of its operations for the thirteen months then ended, in conformity with such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the above balance sheet and related statements of operations and earned surplus are correct in all material respects as at June 30, 1952, and the results of its operations for the thirteen months then ended, in conformity with the accounting principles generally accepted in Canada according to the best of our information and the explanations given to us and as shown by the books of the company.

Toronto, August 20, 1952.

## BALANCE SHEET, JUNE 30, 1952

### LIABILITIES

#### CURRENT LIABILITIES:

Payrolls payable .....	\$ 55,459.00	
Accounts payable and accrued liabilities .....	716,867.28	\$ 772,326.28

#### CAPITAL AND SURPLUS:

Capital Stock:		
Authorized—4,000,000 shares of \$1.00 each		
Issued —4,000,000 shares .....	\$ 4,000,000.00	
Premium less discount .....	2,637,276.10	
	<u>\$ 6,637,276.10</u>	
Earned surplus as per statement .....	1,993,528.12	8,630,804.22

#### CONTINGENT LIABILITY:

The company has guaranteed bank loans to Resdelta Timber Ltd., an associated company, to the extent of \$100,000.

\$ 9,403,130.50

#### THE SHAREHOLDERS

ality) as at June 30, 1952, and the related statements of operations and earned surplus for the thirteen  
mination was made in accordance with generally accepted auditing standards, and accordingly included  
circumstances.

re properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company  
with generally accepted accounting principles applied on a basis consistent with that of the preceding year,  
the company.

GUNN, ROBERTS and CO.,  
Chartered Accountants.



# GIANT *yellowknife gold mines* LIMITED

NO PERSONAL LIABILITY

## REPORT OF THE GENERAL MANAGER

The President and Directors,  
Giant Yellowknife Gold Mines Limited.

Dear Sirs:

The following report on operations at the property covering the 13-month period ended June 30th, 1952, is submitted for your consideration.

Progress toward the objective of a milling rate of 700 tons per day has been very satisfactory. This has involved additions to the treatment plant, large-scale underground development, and additional plant and camp facilities.

Tune in of the new fluid-bed roaster and new mill equipment was started in April. Although many problems of operation have arisen, particularly in the operation at the new roaster, these are gradually being overcome, and improved metallurgical recovery is anticipated. The milling rate was increased to 600 tons per day during June and it is expected that a rate of 700 tons per day will be reached during the last quarter of 1952.

Tonnage milled during the year was 165,846 tons for an average of 418.8 tons per day. Production amounted to 107,831.4 ounces of gold and 34,180.3 ounces of silver.

All three shafts were connected on the 750 foot level and at the year end the 750 haulage way reached a total length of 7,600 feet.

Higher wage rates and cost of supplies, extra expenditures involved in the change-over from shrinkage to cut-and-fill mining, and the necessity of doing a disproportionate amount of stope preparation to take care of the projected tonnage, caused a substantial increase in operating costs during the period. Expenditures for arsenic recovery and disposal were included in the operating costs for the first time. An appreciable reduction in the per ton costs is anticipated with the expanded milling rate.

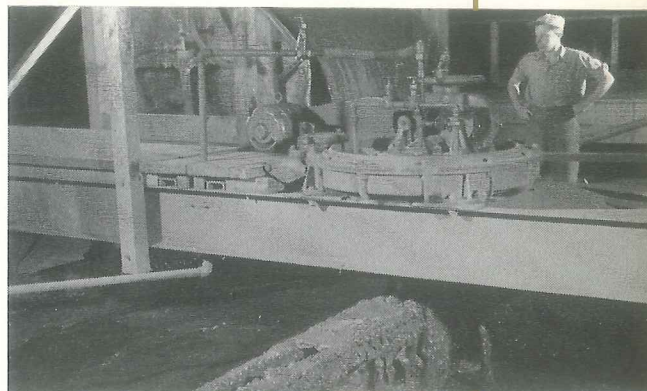
### TREATMENT PLANT

The following is a summary of Treatment Plant data for the 13 months ended June 30th, 1952. During this period the average price received for gold was \$35.79 per ounce and the price of silver averaged 89.8 cents per ounce.

Dry Tons Milled: Year .....	165,846		
Average per day .....	418.8		
Calculated millheads per ton .....	0.755 ozs.	\$	27.02
<b>Recoveries</b>			
(a) by Amalgamation .....	20,243.56 ozs.		
(b) in Flotation Concentrates			
Tons concentrate produced .....	20,419		
Average grade per ton .....	4.808 ozs.	\$	172.08
Ratio of concentration .....	8.1 to 1		
Flotation tailings per ton .....	0.046 ozs.	\$	1.65

Combined extraction by Amalgamation and in Flotation			
Concentrates .....	94.60	%	
(c) by Roasting and Cyanidation			
Tons treated .....	20,326		
Gold recovered .....	87,587.84	ozs.	
Extraction .....	89.1%		
Cyanide residues, per ton of calcine .....	0.684	ozs.	\$ 24.48
Indicated Overall Extraction .....	86.1%		
<b>Summary of Recoveries</b>			
Gold: by Amalgamation	20,243.56		
by Cyanidation	87,587.84	107,831.40	\$ 3,859,686.62
Silver: Total Recovered	34,180.33		30,691.09
Gross Value of Production .....			\$ 3,890,377.71

As shown in the above tabulation, the milling rate averaged 418.8 tons per day during the year with average millheads of 0.755 ounces per ton. During June the milling rate was increased to 600 tons per day. Millheads were lower during the latter part of the year than during the first seven months due to the inclusion of a larger percentage of development and stope preparation ore from the C Shaft ore bodies. Some sections of the C Shaft ore bodies carry a higher-than-average antimony content, and this ore has proved to be very refractory in the present milling process. An intensive campaign of metallurgical research work has been started and it is hoped that an improvement in overall extraction will be obtained. The new roasting plant was ready for operations early in April, but, due to mechanical troubles, it was not possible to get this into steady operation until May 23rd. Initial metallurgical results from this unit are promising.



## UNDERGROUND OPERATIONS

The large scale development programme which was begun in January, 1951, following the sinking of C Shaft, is well up to schedule. During the year the highlights were the deepening of A Shaft to the 750 level horizon, interconnection of all three shafts on the 750 foot level, development of the ASD Zone in the C Shaft area on the 750, 575, and 425 levels north of the shaft, and the driving of the 750 haulage way north of B Shaft for the development of the 409 and Lower Ore bodies between the 750 and 575 levels.



### A Shaft Area

A Shaft was deepened by 271 feet to a point 43 feet below the 750 level. Stations were cut at the 450, 590, and 750 horizons. It was necessary to do a considerable amount of drifting and cross-cutting on all levels to join with the projected ore and waste pass system. The ore and waste pass system from the 750 level to the 200 level was started, and at the end of June this work was seventy-five percent completed.



NO PERSONAL LIABILITY

	During Fiscal Year Ended June 30, 1952	Total to June 30, 1952
Shaft Sinking -----(ft.)-----	271	2,602
Station Cutting -----(cu. ft.)-----	66,764	259,838
Sumps -----(cu. ft.)-----	-----	59,411
Loading Pockets -----(cu. ft.)-----	-----	19,428
Ore & Waste Passes—Raising -----(ft.)-----	2,198	4,454
Slashing -----(cu. ft.)-----	21,988	37,708
Raising—Development -----(ft.)-----	36	1,807
Fill -----(ft.)-----	61	1,156
Drifting and Crosscutting -----(ft.)-----	13,036	35,379
Slashing -----(cu. ft.)-----	92,471	299,694
Stope Preparation		
Drifting and Crosscutting -----(ft.)-----	808	808
Sub-Drifting -----(ft.)-----	1,162	1,162
Raising -----(ft.)-----	1,285	2,465
Box Holes -----(ft.)-----	1,507	10,798

Arsenic Disposal Chambers		
Drifting and Crosscutting .....	(ft.).....	225                      225
Raising .....	(ft.).....	241                      241
Box Holes .....	(ft.).....	274                      274
Stoping .....	(tons).....	33,830                  33,830
Underground Diamond Drilling .....	(ft.).....	54,875                  197,973

#### SURFACE DIAMOND DRILLING

During the period 11,484 feet of diamond drilling from surface was completed. Twelve holes totalling 7,921 feet were put down between the A and C Shaft areas to assist in guiding the 750 haulage way. Fifteen holes totalling 3,563 feet were drilled for further definition of the West Zone orebody, preparatory to proposed development on the 200 level.

#### ORE POSITION ABOVE 750 LEVEL

Ore Reserves June 1952 (developed and available for mining)	Tons	Oz./Ton
A Shaft above 325 level .....	124,000	.48
B Shaft Area above 575 Level .....	432,000	.83
B Shaft Area 750-575 Levels .....	229,000	.73
C Shaft Area—ASD Zone north of Shaft .....	221,000	.51
	<hr/> 1,006,000	<hr/> .70
Preliminary Estimates of Partly Developed Ore (to be made available for mining during current fiscal year)		
A Shaft above 325 Level .....	186,000	.48
B Shaft Area 750-575 Levels .....	344,000	.73
C Shaft Area .....	105,000	.59
	<hr/> 635,000	<hr/> .64

As the development programme is continued other known ore occurrences will become accessible and these will be opened up as conditions warrant.

In the C Shaft area there is a block of ore to the north of the shaft, in the ASD Zone above the 250 level, which will be developed in the immediate future.

In the ASD Zone to the south of C Shaft work to date consists of the 705 south haulage drift, supplemented by horizontal and up holes from this heading. Drilling results were erratic, as compared to those north of the shaft, and much detailed work is needed in order to outline concentrations of better grade material. However, what appears to represent an important ore shoot was exposed by the drift from 1,040 to 1,350 feet south of the shaft. Supplementary horizontal drilling indicated a length of close to 500 feet, horizontal widths up to 85 feet and averaging nearly 50 feet, and a grade of  $\frac{1}{2}$  ounce or a little better.



In the A Shaft area, the southerly continuation of the East Zone, the South and DWC Zones, the Creek Zone, and the West Zone, are in position for investigation and development from present level horizons.



## CONSTRUCTION

A major construction program was completed during the year involving an expenditure of \$1,474,000.

### Treatment Plant Area

The mill building was extended to double its original size. Additional ore storage facilities, flotation cells, and precipitation equipment were installed in this addition. These consisted of a 500 ton fine ore bin with necessary feeders, 24, No. 24 Denver flotation cells, and an additional Merrill-Crowe precipitation unit.

The Cottrell Electrical-precipitation Plant for the recovery of arsenic trioxide from roaster fumes was erected and put into operation. The performance of this unit has been very satisfactory.

The new Roasting Plant was erected and put into operation during the year.

A test station was erected on the Roaster stack for the sampling of flue gases.

To take care of additional power requirements, a 600 K.V.A. three phase transformer was installed at the Roaster Sub-station.

A 1,000 K.W. Electric Boiler was installed in the Treatment Plant area. This unit required the installation of an additional 1,500 K.V.A. Transformer.

A gravity tank for the operation of the automatic sprinkling system was installed. Sprinklers were installed in the mill addition.

### C Shaft Area

A new carpenter shop and planer shed were erected during the year.

A 600 K.V.A. transformer was installed at the C Shaft Sub-station.

### A Shaft Area

A sinking bin was erected at A Shaft and the headframe enclosed and winterized. Additions were made to the Dry Building and Hoist House. A 1,000 c.f.m. compressor was installed in the Diesel Plant Building.

In the camp area additional living accommodation was erected, consisting of two 34-man bunkhouses and three residences.

## GENERAL

Operating costs per ton were \$2.82 higher than those during the previous year. Increases in wage rates and cost of operating supplies, a large programme of current development and stope preparation, the change-over of most stopes from shrinkage to cut-and-fill mining, and arsenic disposal costs, were largely responsible.

The average number of employees on the Company Payroll was 361 for the year.

Labour turnover was at an extremely high rate. To maintain an average working force of 361 employees and to increase this by 22, it was necessary to hire 604 employees during the year. Without question, the high labour turnover is the most serious problem faced in attempting to reduce operating costs.

I wish to acknowledge with appreciation the support and assistance of the President and Directors and to express my thanks to the staff and all employees for their loyal co-operation.

P. N. PITCHER,

General Manager.

Yellowknife, N.W.T.,  
September 10th, 1952.





Aerial View C and B shafts and Treatment Plant



FLOTATION



REFINING

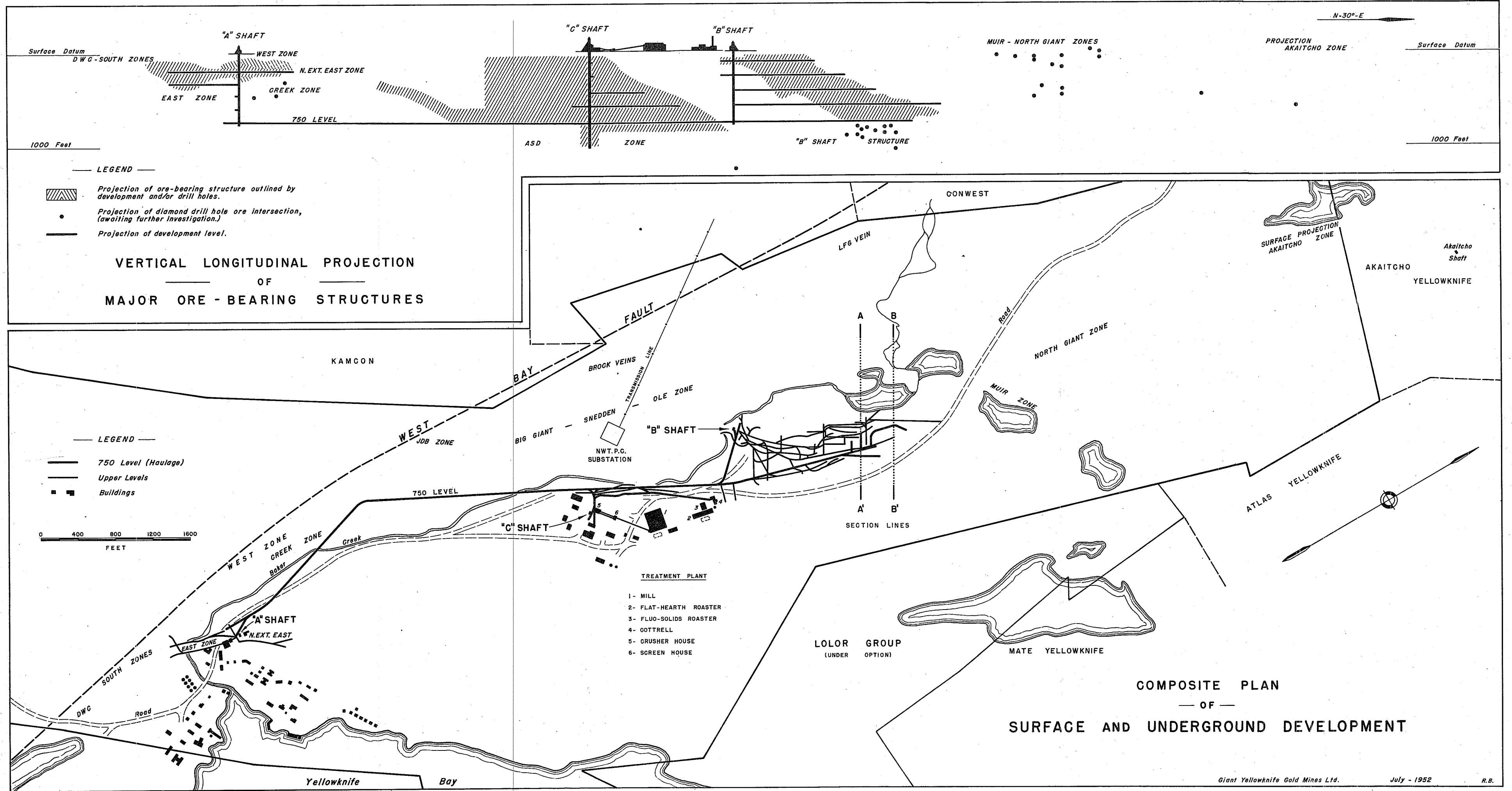


Giant Cafeteria

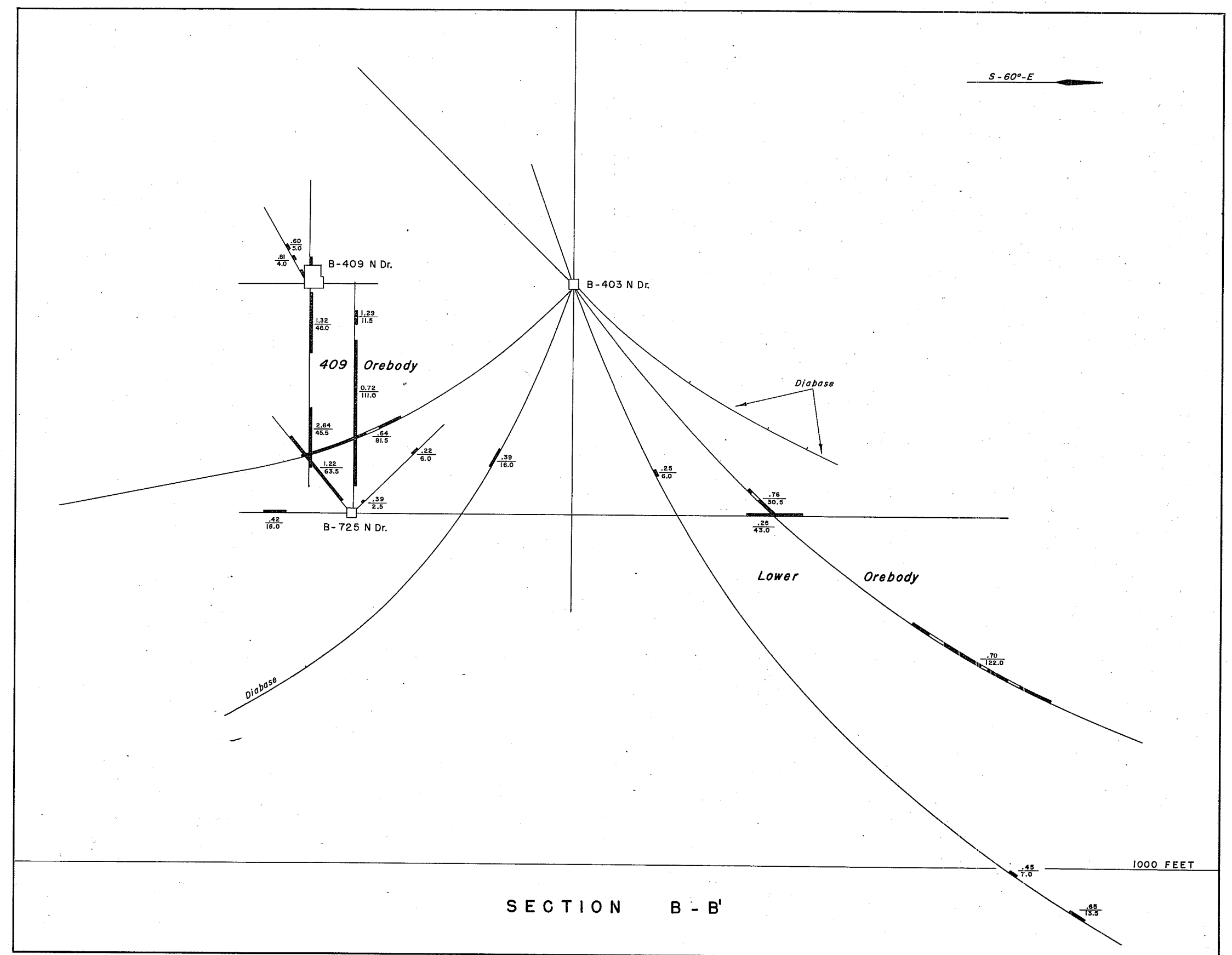
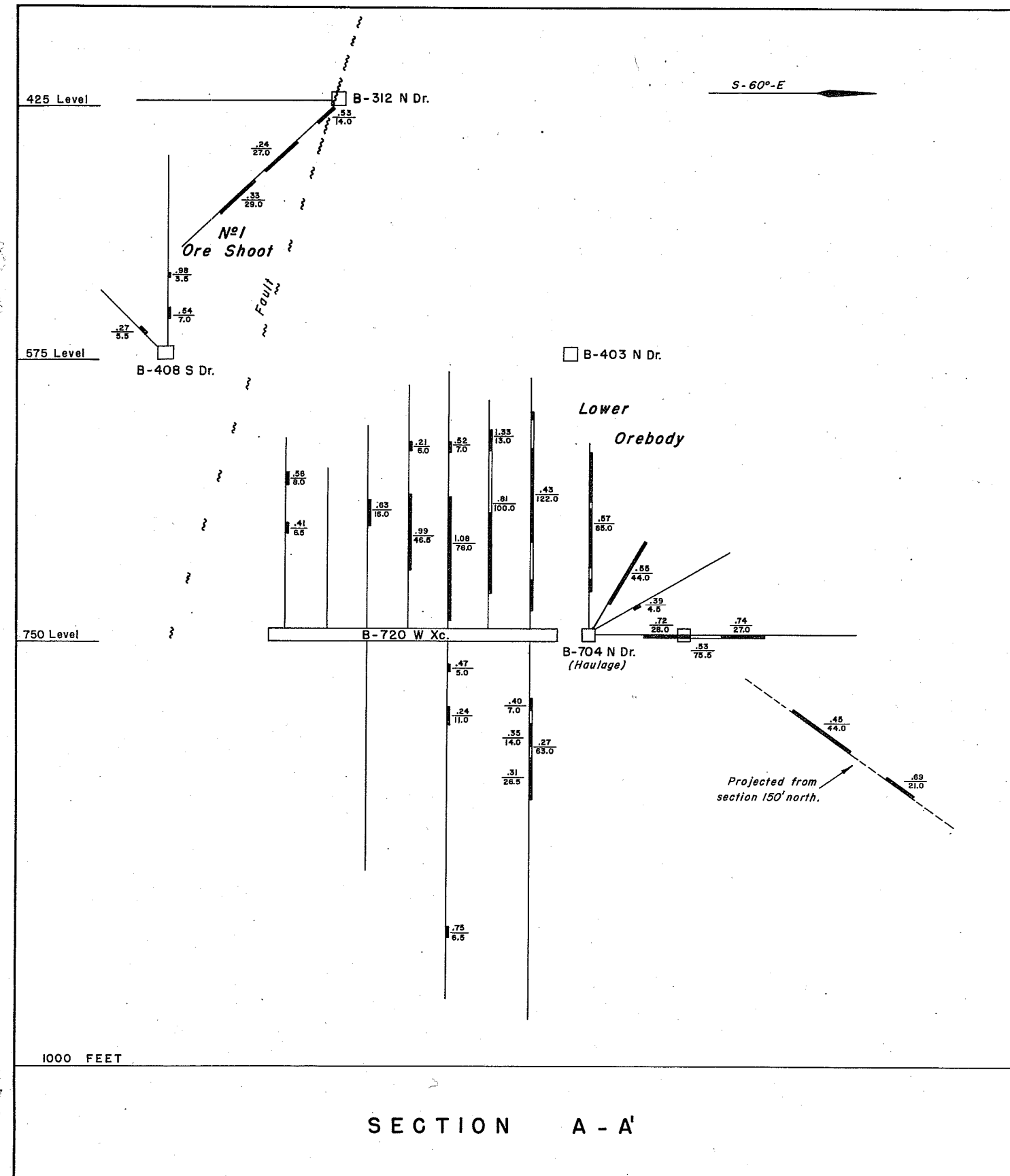


New Townsite Yellowknife, Company housing project in foreground









0 40 80 120 160 200  
FEET

.43 GOLD OZ./TON  
122.0 CORE LENGTH IN FEET

VERTICAL CROSS SECTIONS — "B" SHAFT AREA  
EXPLORATORY AND DEFINITION DIAMOND DRILL HOLES