

404 Federal Building,
325 Granville Street,
Vancouver, B.C.
August 7th, 1950.

G.H. Cheney, Esquire,
Director,
Cost Inspection & Audit Division,
OTTAWA, Canada.

RE: Yukon Consolidated Gold Corporation, Ltd.,
Emergency Gold Mining Assistance Act,
Claim #2 - 1949 Final.

An audit of the above mentioned claim has been conducted in accordance with the provisions contained in the Emergency Gold Mining Assistance Act and Regulations for the designated year ending December 31, 1949.

The results of the same are as follows:-

	Costs as per Claim.	Adjustments.	Costs as per Audit.
Total Mine Costs	1,490,481.62	18,781.46	1,471,700.16
Head Office Expense	59,013.97	4,152.55	54,861.42
Total Operating Costs	1,549,495.59	22,934.01	1,526,561.58
Depreciation	217,069.14	1,643.75	218,712.89
Amortization	15,311.58		15,311.58
Deferred Development	45,793.31		45,793.31
Total Costs	1,736,083.00	21,290.26	1,714,792.74
Less: Value of By-Products Produced	41,546.05	192.53	41,738.58
Net Costs Gold Production	<u>1,694,536.95</u>	<u>21,482.79</u>	<u>1,673,054.16</u>
 Total Troy Ounces Fine Gold Produced	 <u>58,544.826</u>		 <u>59,445.329</u>
Cost of Production per ounce of Gold	<u>28.94</u>		<u>28.14</u>
Base Year Production - Fine Ounces	<u>41,428.023</u>		<u>41,428.023</u>

The credit shown above for "Deferred Development" represents the adjustment for over-absorbed "Stripping", "Thawing" and "Drilling" costs charged into "Total Mine Costs" in excess of the actual expenditures, which amounted to \$517,593.56.

From the "Net Costs" of \$1,694,536.95 as shown on the claim, an amount of \$21,482.79 has been excluded for the following reasons:

	14,301.45 - representing items that should be capitalized or deferred.
	9,513.29 - representing items not applicable to gold production.
	1,779.70 - representing items charged to operations but still in inventory.
	192.53 - silver not credited to costs.
	<u>25,786.97</u>
Less	2,159.25 - accrued liabilities.
	1,643.75 - depreciation on capital items disallowed from expense.
	<u>501.18</u> - mint charges on 1949 production.
	<u>21,482.79</u> Net adjustment as per audit.

The company is in agreement with the total costs as developed by the audit.

I have examined the records and accounts of the Yukon Consolidated Gold Corporation Ltd., and have received all the information and explanations required. I have reviewed the accounting system of the company and have examined and tested the methods used to the extent I deemed necessary.

Subject to the extent of my examination, I report that \$1,673,054.16 is the cost of producing 59,445.329 troy ounces of fine gold, in accordance with the terms of the Emergency Gold Mining Assistance Act and Regulations according to the information and explanations obtained and as shown by the accounts and records examined.

Thornton Taylor.

THORNTON TAYLOR,
Treasury Auditor.

TT/DK

Approved

[Signature]
J. G. COBURN
Regional Administrator
West Coast Region

the fact to the effect of my examination, I report that \$1,000,000.00 is
the amount of Treasury 29,125,000 may have been paid, in accordance with the
terms of the agreement. This sum is not subject to the Treasury's
information and is subject to the Treasury's records.

THOMAS T. TAYLOR
TREASURY DEPARTMENT

Approved
[Signature]
[Stamp]
[Text]

Cost Inspector
AUG 10 1950
Office of Comptroller of the Treasury



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