

Ottawa, August 20, 1956.

Yukon Consolidated Gold Corporation Ltd.,
1919 Marine Building,
Vancouver 1, B.C.

Attention: Mr. C.E. McLeod
Secretary-Treasurer and
Managing Director.

Dear Sir,-

A review has been completed of the request made in your letters of May 14 and June 29 that your applications for cost aid under the Emergency Gold Mining Assistance Act should be re-opened to include certain expenditures applicable to prior years. The changes from the expenditures originally claimed in your applications were described in items II and III, note G, attached to your application made on May 14, 1956, for the designated year 1955.

Item II described sums totalling \$57,360.40 which were expended on prospect drilling on Gold Run and Bureka Creeks in the years 1940, 1941, 1946 and 1947. In the company records these cost were entered in a deferred expense account with the intention of charging them to the operation when the ground was mined. These reserves were in fact not mined, and the company wrote them off in 1955 as being too low grade to mine at present day costs. The writing off of these costs in 1955 for company record purposes is purely an internal affair. However, for purposes of computing assistance payable under E.G.M.A.A. these costs are not considered deferrable but as current development for inclusion with the costs of production during the year in which it was done. The drilling costs claimed under item II are, therefore, inadmissible for E.G.M.A.A. purposes.

Item III described sums totalling \$34,459.56 which during the years 1949-1952, inclusive, were erroneously entered in your deferred expense accounts which had the effect of reducing the expenditures claimed by you as costs during those years for E.G.M.A.A. purposes. Permission was granted to re-open the applications made by your company for cost aid for the years 1949-1952 so that the

errors in your submissions could be corrected. The additional amounts credited to your applications and the resulting adjustment in cost aid payments for each year affected are tabulated below:-

<u>Designated Year</u>	<u>Adjustment to Cost Originally Claimed</u>	<u>Adjustment to Assistance Payable</u>
1949	\$ 8,614.90	\$2,312.85
1950	8,614.90	2,518.58
1951	8,614.90	2,322.61
1952	8,614.38	2,498.34
Total	\$34,459.58	\$9,652.38

I have approved payment of the adjusted assistance payable in respect of your corrected applications for the designated years 1949, 1950, 1951 and 1952 under the Emergency Gold Mining Assistance Act to the above amount, and a cheque is being mailed by our Chief Treasury Officer.

Attached herewith is a copy of a letter received from the Cost Inspection and Audit Division, Office of the Comptroller of the Treasury, regarding the result of the audit made on the books and records of the company in verification of the data submitted in your claim for adjustment of assistance payments for the designated years noted above, which is self-explanatory.

Yours very truly,

G.S. Hume,
Director-General,
Scientific Services.

ECH/vgb



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