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PROPERTY FILE

GIANT MASCOT MINES LIMITED

SUPPLEMENT TO SEPT. 74

L.P. STARCK



A SUPPLEMENTARY REPORT ON  
GIANT MASCOT MINES LIMITED  
AND ITS SUBSIDIARIES TO SEPTEMBER 9, 1974,  
BEING AN UPDATING OF A REPORT THEREON  
AS OF FEBRUARY 28, 1974, WITH A SUMMARY  
OF EXPLORATION AT THE GIANT NICKEL  
MINE AND THE MOTHERLODE-GREYHOUND  
PROPERTY SINCE OCTOBER 1, 1973, BEING  
THE COMMENCEMENT OF THE PRESENT  
FISCAL YEAR.

by L. P. Starck, P. Eng.  
President and Managing Director

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Summary

On August 30, 1974, Giant Mascot Mines Limited ceased production at the Giant Nickel Mine, near Hope, B.C., which was the Company's only source of revenue. Known ore reserves had been depleted and not replaced by new discoveries. The property will be maintained on a shutdown basis pending a decision as to its future.

Exploration on the Big Missouri property near Stewart, B.C., which the Company holds under option, did not delineate mineralization of economic significance and the program was terminated on or about July 31, 1974.

The exploration program initiated in 1973 on the Motherlode-Greyhound property, Greenwood, B.C., owned by the Company's subsidiary, Mascot Mines & Petroleum Limited, was completed in August, 1974, and the information is now being correlated. No presently economic concentration of mineralization has been established on the property to date.

The mining group which had been negotiating to undertake an exploration program at the Giant Copper property, near Allison Pass, B.C., has advised the Company that although they continue to be very interested in its potential, they wished to defer proceeding with exploration of it pending clarification of mineral resource taxation.

No work has been carried out since October 1, 1973, on the other properties owned by the Company or its subsidiaries, including Giant Copper, Nickel Plate, Nickel Syndicate, Giant Soo, and Lead Mountain, except such work as was required to maintain them, which did not entail any material expenditures. No exploration work is planned in the immediate future on those or any other properties controlled by the Company save at the Giant Nickel Mine where, shortly after the closure of the Mine, a mineralized showing some 40 feet in length was uncovered during construction of a logging road across mineral claims owned by Giant Mascot which has commenced a limited program of work to assess its possible significance.

The Company has entered into the Fifth Financing Agreement with Panarctic Oils Ltd., which involves a commitment of \$906,875 in respect of which 72,550 additional shares of Panarctic have been issued to the Company.

Giant Nickel Mine

On August 30, 1974, production ceased at the Giant Nickel Mine and the services of staff and crew were terminated except for a limited number who were retained to clean up the plant, to remove major items of equipment from underground for surface storage and to prepare the establishment as a whole

for closure. The property will be maintained with three watchmen while plans for the future are considered. In view of the large area of favourable geologic host rock which has not been explored in detail, the number of mineralized showings and geophysical and geochemical anomalies which have not been tested in detail and the proven record of the mine for the discovery and development of new ore over the past fifteen years, it is generally considered that the property warrants further exploration. Some preliminary discussions have been initiated as to the possibility of other parties participating in the further exploration of the property but no definitive proposals have been formulated.

A detailed surface geologic survey supplemented by other exploration aids is being completed by two geologists on the northwestern portion of the property. This work is a continuation of the surface program which was undertaken in the 1973 season but could not then be completed due to snow conditions. Two geologists employed by the Provincial Government are also working at the property to gain a first-hand knowledge of it and to broaden their understanding of the ultrabasics in the area generally.

Since the beginning of the present fiscal year on October 1, 1973, a total of 47,327 feet of diamond drilling has been carried out at the Giant Nickel Mine, including some 29,787 feet related to the extended exploration program. The total cost of the extended exploration program from October 1, 1973 to July 31, 1974, has amounted to some \$320,000. This exploration comprised testing of certain of the areas of interest delineated by last summer's detailed geological, geochemical and geophysical surveys and previously known mineralized occurrences and anomalies, and geologically favourable areas extended from the mine workings, including several holes at depth below the main 2600 haulage level. Valuable information was obtained from this work for the further assessment of the exploration potential of the Giant Nickel property but no mineralization was intersected of sufficient grade or tonnage to be considered economic.

For the period from October 1, 1973, to July 31, 1974, being the first 10 months of the 1974 fiscal period, unaudited financial statements of Giant Mascot show a loss of \$264,771 for Giant Mascot itself before consolidation. The indicated amount of that loss might increase subsequently as a result of the further decline since July, 1974, in the price of copper, inasmuch as the Company's inventories are valued on the basis of the estimated selling price. However, the effect of declining copper prices on inventory values may be offset, in whole or in part, by the improving nickel price. The loss in operating profit is due largely to the lower grade of ore and tonnage treated resulting from the erratic nature of the Chinaman and Climax orebodies and the attendant reduction in the number of working areas from which production could be drawn, coupled with rising costs of labour and supplies.

An interim labour agreement has been entered into with the United Steel Workers of America covering the period from June 30, 1974, when the last agreement terminated, to the cessation of production and the clean-up work thereafter.



There are no tonnages of mineralization at the Giant Nickel Mine which can be economically extracted at the present time.

On September 5, 1974, a new zone of mineralization was exposed in the bank of a new access road being constructed by a logging company across mineral claims owned by the Company. The mineralized section is exposed in a bank over a distance of some 40 feet under some 3 to 4 feet of overburden. Company personnel took seven chip samples along its length which were then assayed in the Company's laboratory and averaged 3.50% nickel and 0.80% copper. There is presently no indication of either the vertical or horizontal extent of this mineralization which lies some 2000 feet from the existing underground workings of the mine. To obtain further information in order to make some assessment of the possible significance of this discovery, a preliminary program of geochemical and magnetometer surveys is being carried out at close intervals in the immediate area of the discovery and the mineralized section itself will be diamond drilled with an X-Ray machine. An amount of \$25,000 has been budgeted for the initial stage of this program. If this work discloses a zone of mineralization having apparent economic potential, then further work would be recommended the cost of which, however, cannot presently be estimated as it would be entirely dependent on the scope of any such further program which, it may be assumed, would be a phased one in accordance with usual practice. This showing, although well within the Company's property, lies near the boundary, and therefore, a further 5 mineral claims have been located recently to protect the Company's interest.

#### Big Missouri Option

The diamond drilling sampling program of the base metal surface showings at the Big Missouri property near Stewart, B.C., was commenced in June of this year and completed by July 31. Eleven holes aggregating 822 feet were drilled on the Province claim. This drilling failed to disclose any economic concentrations of mineralization. A reconnaissance of the other claims comprised in the optioned property did not encounter any economic mineralization. However, on the Big Missouri claim a mineralized zone which showed intensive oxidation and pyrite over a large area was noted. As available records include reports indicating the existence of such a showing having minor values of gold, silver, lead, zinc and copper, a total of 87 chip samples were taken. Only a few, however, contained any base metal values and those were very low, and the precious metal assays of the selected samples which showed base metal values were only in the order of 0.08 ounces in gold. The program was terminated at the end of July. Expenditures on the property as recorded in the July financial statements were \$29,000. To allow for further investigation of the available information on the former operation and possibly to make an examination underground, it was decided, particularly in view of the present price of gold, to obtain an extension of the option for

another few months on the basis of a cash payment of \$1,000 but no other commitments. This arrangement has been agreed to by the representatives of the optionor but an agreement has not yet been formalized. Application has also been made by the optionor and the Company to lease from the Provincial Government certain adjoining claims which would serve to consolidate certain of the claims presently comprised in the property.

#### Motherlode-Greyhound Property

During the 1973-74 winter season the project geologist, on a full time basis, and two other of the Company's geologists and engineers, on a part-time basis, were employed in correlating the results from the work done during the 1973 season with previously available information and in carrying out geological and geophysical studies of the Motherlode-Greyhound property and adjacent properties held under option and other properties of interest in the immediate Greenwood area. The 1974 season's drilling, which consisted entirely of percussion drilling, was started in May and terminated in July. Since the commencement of the drilling program in September, 1973, a total of 6,949 feet of diamond drilling, 16,008 feet of percussion drilling and 1,035 feet of rotary drilling in 26, 87 and 10 holes, respectively, was carried out on the property and on optioned properties in the Greenwood area. The total costs relating to the property and the exploration carried out in respect of it totalled some \$62,000 in 1973 and some \$280,000 from October 1, 1973, to July 31, 1974.

To complete the acquisition of certain surface rights to which the Company was previously committed, a legal survey has now been completed and on its acceptance by the provincial authorities the final payment to the landowner will be made.

The exploration program was discontinued in August, and the information derived from the work is now being correlated. Subject only to the completion of engineering studies, no commercial mineralization is known on the property and no further exploration is planned at this time. The options on adjoining or nearby properties have been allowed to lapse and the property and plant is being maintained with one watchman.

Preliminary calculations of the mineral potential of the Motherlode-Greyhound property on the basis of recent work are as follows:



	<u>Proven and Probable</u>		<u>Possible</u>
	<u>Tons</u>	<u>% Copper</u>	<u>Tons</u>
Sunset	88,000	0.55	35,000
Sulphide	35,000	0.55	100,000
Motherlode	-	-	100,000
Greyhound	<u>218,000</u>	<u>0.65</u>	<u>65,000</u>
Total:	341,000	0.61	300,000

In addition, there could be inferred tonnages of 180,000 tons in the Sulphide-Sunset areas and 750,000 tons in the Motherlode pit of comparable grades but in both instances the waste to ore ratio is considered excessive.

The Motherlode and Greyhound pits and the Sulphide and Sunset areas are all considered to warrant further exploration to delineate the tonnages indicated, provided, of course, that the presently indicated grades are determined to be economic, which is somewhat doubtful in view of the current price for copper, which has declined from \$0.87 per pound in July, 1973, to \$0.66 on September 9, 1974.

Further exploration would also be warranted in other areas of the property which have only been investigated in a cursory way and to test geologic hypotheses which are evolving as the available information is correlated.

#### Panarctic Oils Ltd.

Panarctic Oils Ltd. has reported the completion of another stepout well in the Drake Point gas field on Sabine Peninsula, Melville Island, which has extended the field a substantial distance to the north and increased its indicated reserves. The Drake Point field now has the largest areal extent of any natural gas field in the Canadian Arctic Islands. This stepout hole, Panarctic POR Homestead Drake E-78, was drilled down flank from the crest of the structure along which three wells had previously been completed over a distance of 12 miles in an east-west direction. The deepest well in the Arctic Islands, the Drake Point D-68 well completed in March to depth of 17,766 feet, intercepted two commercially productive gas zones: one in the Bjerne sand at 4,585 feet and the other in the main Drake Point sand at 3,685 feet. In addition, two lower quality zones in the main Drake sand not previously tested were drill-stem tested.

Crude oil from the lower Paleozoic formation in the Panarctic Tenneco et al Bent Horn N-72 well on Cameron Island flowed at 500 barrels per day of 43 degree A.P.I. crude oil.

The westward extension of the Hecla gas field has recently been confirmed by the Panarctic Tenneco et al W. Hecla N-52 well, which was drilled off the coast of the Sabine Peninsula, Melville Island, about eight miles west of the original discovery. Hecla N-52, collared 425 feet above the ocean floor, is the first well ever to be drilled from a floating ice platform and has demonstrated the practicability of using such platforms for exploratory drilling. On testing, it flowed 7.1 million cubic feet of natural gas per day on a restricted choke from the Borden Island formation.

The Fifth Expansion Financing of Panarctic Oils Ltd. to raise \$25,000,000 for the 1975 exploration program by the issue of 2,000,000 common shares at \$12.50 per share was fully committed by the industry participants and the Federal Government. Pursuant to an agreement made in 1966 with certain of the farmors to Panarctic of petroleum and natural gas rights, however, 25 percent of these shares were then offered to the farmors, thereby affording them an opportunity to participate as Panarctic shareholders in its overall holdings.

After the offering by Panarctic Oils Ltd. of 25% of its Fifth Expansion Financing to the farmors was completed, the residual shares not taken up by the farmors were allocated amongst the Federal Government and those shareholders of Panarctic who had previously committed to subscribe for them. In the result, the Company acquired pursuant to the Fifth Expansion Financing, a total of 72,550 common shares of Panarctic at the price of \$12.50 per share for a total commitment of \$906,875, which it is expected will be payable by the Company to Panarctic in quarterly instalments. The Company now owns a total of 1,658,172 common shares of Panarctic, being a 4.44 percent interest.

By December 31, 1973, Panarctic's land holdings had been increased to 82,033,120 gross permit acres representing a net position of 47,113,518 permit acres (subject to net profits interest), which includes 185,000 permit acres under application to lease. This increase takes into consideration acquisitions and relinquishments to December 31, 1973.

Since December 31, 1973, however, Panarctic has relinquished its right to earn an interest in 6,454,433 gross acres under the Elfex Agreement.

As for drilling activity, Panarctic has reported as follows:

"To December 31, 1973, 58 wells had been completed on Panarctic lands and seven wells were drilling at year end. Industry efforts off Panarctic lands resulted in the drilling of 13 wells during the same period and one well was drilling at year end. The estimates of drilling for 1974 show that there will be a decrease in both number of wells and footage drilled."





General

No exploration is presently being carried out or is planned in the immediate future by the Company on other properties held by it or its subsidiaries, including the Giant Copper, Nickel Plate, Nickel Syndicate, Lead Mountain and Giant Soo, except such work as is necessary to maintain them which it is anticipated will involve only minor expenditures. The Nickel Syndicate is selectively dropping a number of claims which work done to date has shown to be of little interest. Possible opportunities for utilizing the plants and equipment of the Company in other ventures are being investigated. Arrangements are also being made for the sale of land, equipment and supplies considered surplus to the Company's requirements. Economies in administrative expenditures have been effected.

L.P. Starck, P. Eng.  
President and Managing Director



## CERTIFICATE

I, L. P. Starck, of 3958 Bayridge Court, West Vancouver, P.Eng. (Mining), certify as follows:

1. That I graduated from the University of British Columbia in 1947 with the degree of Bachelor of Applied Science in Mining, and in 1948 completed, at that University, the required courses of study (other than the thesis) for the degree of Master of Applied Science in Metallurgy.
2. That I have been a member of the Association of Professional Engineers of British Columbia, Mining, since November 3, 1954.
3. That I am a member of the Canadian Institute of Mining and Metallurgy and of the American Institute of Mining and Metallurgy and a Fellow of the Institute of Mining and Metallurgy.
4. That I was employed successively as Metallurgist, Assistant Concentrator Superintendent (lead-zinc) and Concentrating Superintendent (Tungsten) at Canadian Exploration Ltd., Salmo, B.C., from April, 1948 to June, 1951.
5. That from July, 1951 to July, 1952, I was employed as Project Manager for the Tungsten Syndicate, Swakum Mountain, Merritt, B.C.
6. That from August, 1952, to October, 1952, I was Concentrator Superintendent at the operation of Giant Mascot Mines Limited near Spillimacheen, B.C.
7. That from November, 1952 to March, 1956, I was Resident Manager at the Spillimacheen operation of Giant Mascot Mines Limited.
8. That from April, 1956 to November, 1964, I was a partner in the mining, metallurgical and geological consulting firm of H. L. Hill & Associates (latterly known as H. Hill & L. Starck & Associates Ltd.), Vancouver, B.C., who were management consultants for various mining companies including Giant Mascot Mines Limited.
9. That from December, 1964, to December, 1968, I was the Vice-President and General Manager of Giant Mascot Mines Limited.
10. That from January, 1969 to May, 1970, I was Vice-President and Managing Director of Giant Mascot Mines Limited.
11. That since May, 1970, I have been the President and Managing Director of Giant Mascot Mines Limited.

12. That during the past twenty-seven years I have been involved either as a Consulting Engineer or in a managerial capacity with seven operating mines under various ownerships, and have investigated and reported on mining ventures or industrial mineral operations throughout British Columbia, the Yukon and the Northwest Territories, as well as in Ontario, Quebec, Saskatchewan, Alberta, Washington, Oregon, Nevada, Utah, Arizona, Alaska, Australia, Phillipines, and Guatamala.
13. That I have made numerous detailed personal examinations of all of the properties owned by Giant Mascot Mines Limited or its subsidiaries, and since October 1, 1973, have examined all such properties on which exploration was being carried out, in particular, the Giant Nickel Mine, the Motherlode-Greyhound property, and the Nickel Plate, and examined the Big Missouri property in October, 1973, and in June, 1974, prior to the commencement of work on it.
14. That I have no interest either directly or indirectly, and expect to receive no interest directly or indirectly, in the properties or securities of Giant Mascot Mines Limited, or any of its subsidiaries, or its affiliate, Giant Explorations Limited (N.P.L.), or Panarctic Oils Ltd., other than for the 29,300 shares of Giant Mascot Mines Limited and the 8,000 shares of Giant Explorations Limited (N.P.L.) to which I am beneficially entitled and the fact that as President and Managing Director of Giant Mascot Mines Limited I receive remuneration in the usual course.

Dated at the City of Vancouver, in the Province of British Columbia, this 18th day of September, 1974.

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L. P. Starck, P.Eng.