

<b>DIRECTORS</b>	A. J. CHILCOTT - - - - -	<i>Vancouver</i>
	J. L. GIBSON - - - - -	<i>Vancouver</i>
	W. C. GIBSON - - - - -	<i>Vancouver</i>
	DR. W. A. McELMOYLE - - -	<i>Victoria</i>
	E. C. THOMPSON - - - - -	<i>Vancouver</i>
	P. A. WOOTTEN - - - - -	<i>Vancouver</i>

<b>OFFICERS</b>	W. CLARKE GIBSON - - - -	<i>President</i>
	PHILIP A. WOOTTEN - - - -	<i>Vice-President</i>
	ALLAN H. AINSWORTH - - -	<i>Secretary</i>
	STINSON CLARKE, F.C.I.S. - -	<i>Treasurer</i>

<b>GENERAL MANAGER</b>	L. P. STARCK, P.ENG. - - - -	<i>Vancouver</i>
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<b>RESIDENT MANAGER</b>	FRANK HOLLAND - - - - -	<i>Hope</i>
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# GIANT MASCOT

MINES LIMITED

*(Non-Personal Liability)*

**14<sup>TH</sup> ANNUAL  
REPORT**

*(Incorporated under the Laws of the Province of British Columbia)*

Listed on the Vancouver and Toronto Stock Exchanges.

<b>REGISTERED OFFICE</b>	1519 Marine Building, Vancouver
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<b>BUSINESS OFFICE</b>	1825 Marine Building, Vancouver
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<b>REGISTRAR AND TRANSFER AGENTS</b>	Canada Permanent Trust Company, Vancouver and Toronto
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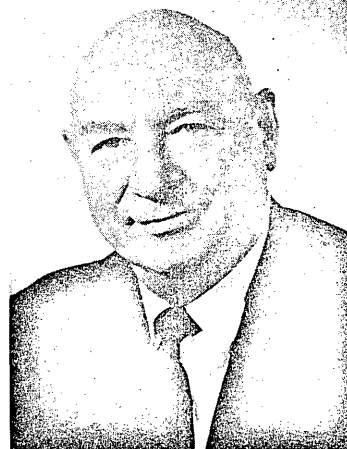
<b>GENERAL COUNSEL</b>	Jestley, Morrison, Eckardt, Ainsworth & Henson, Vancouver
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<b>AUDITOR</b>	R. M. Hoyland, C.A., Vancouver
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<b>ANNUAL GENERAL MEETING</b>	January 29, 1965, 3:00 p.m., Hotel Vancouver, Vancouver
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# GIANT MASCOT MINES LIMITED

*(Non-Personal Liability)*



## REPORT OF THE DIRECTORS

To the Shareholders of Giant Mascot Mines Limited (N.P.L.)

The Directors are pleased to submit herewith the 14th annual report of Giant Mascot Mines Limited (N.P.L.), together with a comprehensive operations report by our General Manager.

The net profit of the Company after providing \$91,091 for taxes and \$244,379 for depreciation, including new level access, amounted to \$303,652 and is a slight increase over last year. Working capital has increased by \$36,150 to \$814,227 and we have continued the practice of providing details of this in the attached statement of Source and Application of Funds. The dividend rate was continued during the year at 8c per share and this amounted to \$279,018.

Giant Explorations Limited (N.P.L.) was incorporated as a wholly owned subsidiary during the year for the purpose of carrying out development and exploration work. The exploration work at the Canam property is presently being conducted by this Company; therefore the balance sheet is consolidated. In anticipation of the Canam property being brought into production an operating company has been formed for this purpose called Mascot Minerals Limited (N.P.L.). Details of this operating company are given in note two of the balance sheet.

The Directors are of the opinion that the most important advance the Company has made since acquiring the nickel property at Hope is the acquisition of the Canam property on the Hope-Princeton Highway. Feasibility studies are still being carried out; the results so far are very encouraging and consequently we have entered into the second stage of our Canam program. Both tonnage and grade are standing up beyond our expectations, and indicate a greater operating profit for the Company than from our present operation. It is expected that this property will be put into production in late 1965.

This, coupled with new ore discoveries and development at our nickel property, provides a most encouraging background for continued growth and expansion in the years ahead.

The Directors are also very pleased to announce the appointment of Mr. L. P. Starck, P.Eng. as General Manager of Giant Mascot Mines Limited (N.P.L.) and its related companies.

Mr. Frank Holland has been promoted from General Superintendent of the Hope operations to Resident Manager.

The firm of H. Hill and Associates will continue as consultants.

The Directors wish to take this opportunity to thank the management and staff for their loyal support over the past years.

On behalf of the Board,

"W. C. GIBSON,"  
President.

Vancouver, B.C.  
December 22, 1964.

# GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

December 21, 1964.

The President and Directors,  
Giant Mascot Mines Limited (N.P.L.)  
1825 Marine Building,  
Vancouver 1, B.C.

Dear Sirs:

This report covers the operations for the fiscal year ended September 30, 1964.

## Production

The following figures show the production for 1964 and comparable figures for 1963 and 1962.

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Ore treated (tons) .....	324,635	313,836	282,159
Nickel — Copper concentrates produced (tons) .....	19,484	20,107	17,970
Nickel recovered (pounds) .....	3,958,393	4,203,866	3,781,746
Copper recovered (pounds) .....	1,945,145	2,049,622	1,653,568
Grade of Ore treated — % nickel .....	0.78	0.85	0.85
Grade of Ore treated — % copper .....	0.34	0.39	0.32

## Operating Costs

Operating costs, including development and exploration, as summarized below, totalled \$1,671,399 or \$5.14 per ton milled.

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Mining .....	\$ 2.31	\$ 2.42	\$ 3.04
Concentrating .....	1.34	1.34	1.35
Administration .....	0.45	0.47	0.45
Mine Development and Exploration .....	1.04	0.89	1.18
	<u>\$ 5.14</u>	<u>\$ 5.12</u>	<u>\$ 6.02</u>

The operating costs were held within comparable limits to last year. This was made possible by improved mining and milling techniques.

## Net Smelter Returns and Operating Profit (Before taxes and depreciation)

	Net Smelter Returns		Operating Profit	
	per year	per ton	per year	per ton
1964 .....	\$ 2,324,855	\$ 7.16	\$ 653,456	\$ 2.01
1963 .....	2,491,437	7.94	886,060	2.82
1962 .....	2,202,495	7.81	503,350	1.79

## Ore Reserves

Ore discovery has kept pace with ore extraction and the proven and indicated reserves are comparable to previous years.

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Tons .....	1,014,840	1,024,727	1,066,000
% Nickel .....	0.93	0.95	1.03
% Copper .....	0.38	0.35	0.35

The reserves as shown include an allowance of 10% for stope wall and mining dilution.

The major portion of the new ore that was added to the reserves was from the vertical and horizontal extensions of the Brunswick, Pride of Emory, 1400, 1500 and 1600 ore zones above 3250 level, as it was in these areas that most of the exploration work was concentrated.

In the latter part of the year the exploration diamond drilling was directed towards unexplored areas of the mine which recent geological work has indicated to be favorable to hosting new ore zones. Two new ore zones were indicated from this work, namely the 600 zone on 3250 level and the 2000 zone on 2600 level. Recent work in the 600 zone has outlined substantial tonnages of ore grading well above average.

### Mining

The following table shows the total footage of development and drilling for 3 years to date.

	1964	1963	1962
Raising .....	5,547	3,138	4,526
Drifting .....	3,192	4,259	3,067
Longholing .....	198,435	159,670	192,260
Diamond Drilling .....	43,386	54,101	39,375

Development work was largely concentrated on 3250 level to further develop the Pride of Emory and 1600 ore zones and to open up the 600, 1400, 1500, and 1900 ore zones.

On 3550 level the 1400, 1500, and 1600 ore zones were prepared for production and the 512 is currently being developed.

The Brunswick No. 2 above 2800 sublevel produced 43.7% of the mill tonnage, the Pride of Emory above 3250 level 20.0% and the 1600 above 3250 level 17.3%. The remainder of the production came from the Brunswick No. 1, Brunswick No. 5, 2663, 1500, 1400, and Dolly ore zones.

In addition to normal stope dilution, 31,000 tons of development waste were added to the stope draw, which resulted in a 10% dilution of the calculated ore grade.

There are now 9 stopes and 15 loading points in operation, as compared with 8 stopes and 10 loading points last year.

### Concentrator

The concentrator tonnage was maintained at 1260 tons per operating day as compared with 1050 tons for 1963. The metallurgical recovery averaged 78.0% for nickel and 88.8% for copper. Metallurgical problems were encountered in the second quarter due to a high talc content in the 1600 ore zone but this condition was overcome by the addition of 6 - No. 21 cleaner cells and changes in the operating procedure.

### Capital Expenditures

Eighty-five thousand seven hundred and nineteen dollars (\$85,719) was spent on plant and equipment, principally on the purchase of 2 new concentrate trucks (\$55,197), mine cars (\$5,080), 2 diamond drills (\$4,188), automotive equipment (\$6,305), mill equipment (\$6,050) and various other items of equipment and building additions.

### Exploration

Following the Company's policy of looking for additional mining properties 24 properties were examined in Australia, 2 in the Yukon and 14 in British Columbia. Of these 4 were optioned of which 3 have been dropped and the 4th, Canam Copper, is currently being explored. Also two properties are being negotiated on. Thirty-six thousand, five hundred and ninety-one dollars (\$36,591) was spent on outside exploration excluding Canam.

## **Canam Copper Project**

The Canam Copper property near Hope, B.C., which includes the A.M. Group (copper and precious metals) and the Invermay Group (silver and zinc), was acquired under option on June 15, 1964. Since that date the major emphasis has been to prove the 2,000,000 tons of 1.44% copper, 0.026 oz. gold and 1 oz. silver indicated by the previous work on the A.M. Group and to indicate additional ore tonnage. To date the 15 level (6,650 ft. long) and the 10 level (3,820 ft. long) have been rehabilitated, 555 feet of exploration raise driven and 56 holes aggregating 10,706 feet drilled. The results to date are very encouraging as the tonnages and grades in recent work have exceeded initial expectations.

## **General**

A two year contract was negotiated with the Mine & Mill Workers' Union effective June 24, 1964, which recognized the 5 day work week and granted a wage increase of 12 cents per hour the first year and 10 cents the second year.

There were 148 full time employees on the payroll as of the year end. The number of hirings and separations during the year were 108 and 112 respectively as compared with 70 and 82 for last year.

## **Summary**

Ore reserves were maintained during the year after treating 324,635 tons of ore and two new ore zones were discovered in new areas of the mine.

Encouraging results are being obtained from the exploration program on the Canam Copper project which could bring this property into production in the near future.

On the basis of ore reserves, new ore discoveries and the encouraging results obtained on the Canam property, the future of Giant Mascot Mines Limited (N.P.L.) has been greatly enhanced.

The support of the President and Board of Directors and the effort and co-operation of the staff and the employees is gratefully acknowledged.

Yours very truly,

GIANT MASCOT MINES LIMITED (N.P.L.)

"L. P. STARCK, P.Eng."

General Manager

# GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

AND SUBSIDIARY

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 1964

### Funds provided by:

#### Operations:

Charges not requiring cash outlay:

Depreciation .....	\$ 104,753	
Amortization of assets sold .....	36,366	\$ 141,119

Profit for the year .....		303,652
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444,771

Proceeds from sale of fixed assets .....		27,830
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472,601

### Funds were applied to:

Purchase of fixed assets .....	85,719	
Exploration and development of Canam property .....	71,355	
Dividends paid .....	279,018	
Preliminary expenses .....	359	436,451

Increase in working capital .....		\$ 36,150
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Working capital September 30, 1963 .....	\$ 778,077	
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Increase as above .....		36,150
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Working capital — September 30, 1964 .....	\$ 814,227	
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# GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

AND SUBSIDIARY

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED SEPTEMBER 30, 1964

### Mineral production:

Value of concentrates produced .....	\$ 2,301,168	
Premium on exchange .....	180,360	\$ 2,481,528
		<hr/>
Less, marketing charges .....		156,673
		<hr/>
		2,324,855

### Deduct:

Mining costs .....	749,238	
Concentrating costs .....	434,338	
Mine development .....	338,340	1,521,916
		<hr/>
Income from production .....		802,939

General and administrative expenses .....	147,083	
Directors' fees .....	2,400	149,483
		<hr/>
		653,456

### Add:

Rents .....	2,863	
Interest .....	19,394	22,257
		<hr/>
		675,713

### Deduct:

New level access .....	103,260	
Depreciation .....	104,753	
Amortization of assets sold .....	36,366	
Examination and investigation of other properties .....	36,591	
Mining tax .....	17,955	298,925
		<hr/>

Profit before provision for income taxes .....		376,788
Provision for income taxes .....		73,136
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Profit for the year ended September 30, 1964 (Exhibit "A") .....		\$ 303,652
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# GIANT MASCOT M

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## CONSOLIDATED BALANCE SHEET A

### ASSETS

CURRENT ASSETS:	1964	1963
Cash on hand and in banks .....	\$ 62,543	\$ 55,089
Funds on deposit .....	278,208	—
Term deposit .....	200,000	460,110
Accounts receivable .....	5,596	45,795
Concentrate settlements receivable .....	75,815	23,930
Concentrates on hand at estimated realizable value .....	284,578	402,283
Supplies on hand, at cost .....	120,485	118,460
Prepaid expenses .....	30,577	26,025
Total current assets .....	<u>1,057,802</u>	<u>1,131,692</u>
Investments:		
Chattel mortgage .....	11,500	11,500
Exploration and development expenditures on the Canam property	71,355	—
Buildings, plant and equipment at cost .....	\$ 1,209,609	
Less, accumulated depreciation .....	485,884	771,251
	<u>723,725</u>	
Mining properties, at cost .....	265,918	263,256
Unamortized portion of assets sold .....	84,854	121,220
Preliminary expenses .....	359	—
	<u>\$ 2,215,513</u>	<u>\$ 2,300,919</u>

APPROVED ON BEHALF OF THE BOARD

“W. C. GIBSON”, Director

“P. A. WOOTTEN”, Director



# MINES LIMITED

Exhibit "A"

(Liability)  
SUBSIDIARY

AS AT SEPTEMBER 30, 1964

## LIABILITIES

CURRENT LIABILITIES:	1964	1963
Accrued wages .....	\$ 59,010	\$ 59,812
Accounts payable and accrued liabilities .....	146,290	189,126
Provision for mining tax .....	7,139	21,632
Provision for income taxes .....	31,136	83,045
Total current liabilities .....	243,575	353,615
Capital, Deficit and Earned Surplus:		
Capital:		
Authorized —		
5,000,000 shares of \$1.00 each .....	\$ 5,000,000	
Issued —		
546,750 shares for cash .....	546,750	
1,759 shares for services .....	1,759	
2,939,222 shares in exchange for shares of Hedley Mascot Gold Mines Limited (N.P.L.) and Silver Giant Mines Limited (N.P.L.) .....	2,939,222	
3,487,731	3,487,731	
Less, share discount .....	400,000	
	3,087,731	
Deduct, capital deficit .....	1,981,421	
	1,106,310	
Earned Surplus:		
Balance at October 1, 1963 .....	\$ 840,994	
Add, profit for the year ended September 30, 1964 (Exhibit "B") .....	303,652	
	1,144,646	
Less, dividends paid .....	279,018	
	865,628	
	1,971,938	1,947,304
	\$ 2,215,513	\$ 2,300,919

I have examined the Consolidated Balance Sheet of Giant Mascot Mines Limited (Non-Personal Liability) and its subsidiary company as at September 30, 1964, and the related Statement of Profit and Loss for the year ended on that date, and have obtained all the information and explanations I have required. My examination included such tests of accounting records and such other auditing procedures as I considered necessary in the circumstances. Subject to the adequacy of the provision for depreciation of buildings, plant and equipment, in my opinion, the above Consolidated Balance Sheet, and the relative Statement of Profit and Loss, supplemented by the notes thereto, are properly drawn up in conformity with generally accepted accounting principles so as to exhibit a true and correct view of the state of the affairs of the Company and its subsidiary company as at September 30, 1964, and the results of the parent company's operations for the year then ended, according to the best of my information and the explanations given to me and as shown by the books of the Company and its subsidiary company.

Vancouver, B.C.  
December 28, 1964.

"R. M. HOYLAND"  
Chartered Accountant.

# GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

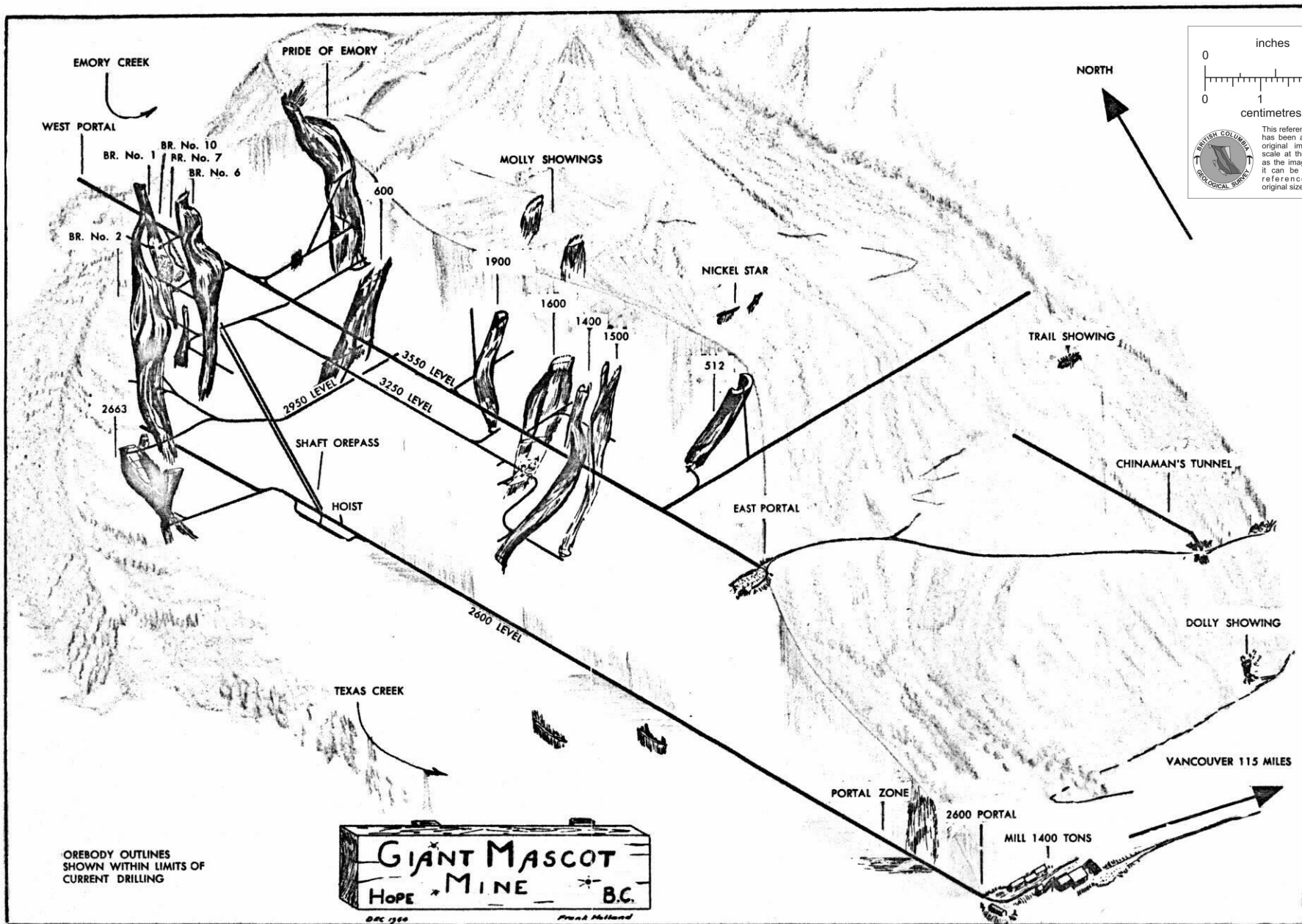
AND SUBSIDIARY

## NOTES

1. By several agreements dated April 1, 1964, the Company has granted stock options at a price of eighty cents per share, on the basis of one-fifth of such option per annum for five years, to certain senior personnel as follows:

W. C. Gibson	Managing Director	50,000 shares
L. P. Starck	General Manager	30,000 shares
F. W. Holland	Resident Manager	15,000 shares
C. W. Coffey	Mill Superintendent	10,000 shares
O. C. Gilroy	Surface Superintendent	10,000 shares
K. Dalke	Mine Superintendent	10,000 shares

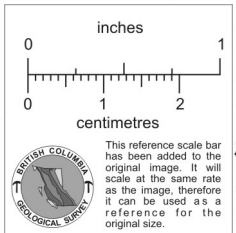
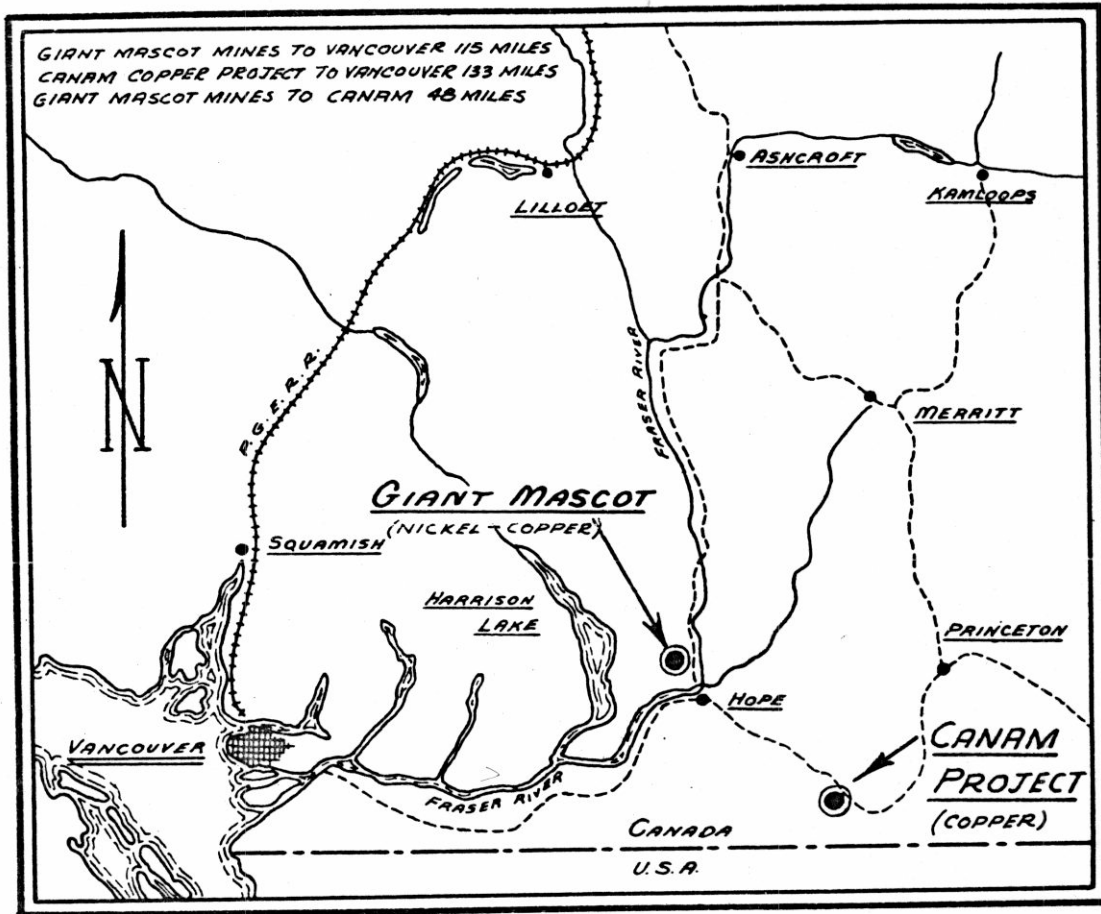
2. The Company has entered into an agreement dated April 17, 1964, with Canam Copper Company, Ltd. (Canam), Consolidated Mogul Mines Ltd. (Mogul) and Lorado Uranium Mines Limited (Lorado) whereby it is given the right to explore and develop certain mineral claims on Silver Daisy Mountain near Hope, B.C. and has agreed to expend \$100,000.00 on the property by December 31, 1964. The agreement provides that the Company may continue exploration and development of the property if it commits to expend a further \$125,000.00 by December 31, 1965. At any time prior to April 30, 1966, the Company may give notice that it intends to place the property in commercial production. If such notice is given prior to December 31, 1965, the Company is not then required to complete the expenditure of any sum for which it was previously committed. Upon making such election, the Company will be committed to the installation of a mill with a daily rated capacity of not less than 1,000 tons, and to furnishing the necessary plant and equipment, and supplying or causing to be supplied the necessary working capital. Upon the Company making such election, Canam will transfer all the mineral claims which it held at the date of the agreement and the buildings and equipment at the property to an operating company for shares. The number of shares which Canam will receive will depend on the extent to which Canam's indebtedness to Mogul and Lorado, in the aggregate sum of \$217,700.00 at the date of the agreement, has been settled or repaid prior to the Company's election. In settlement of this debt Mogul and Lorado have agreed to accept 6% income debentures of the operating company secured by a floating charge and issued on the basis of \$1.00 in principal amount of such debentures for every 96c of the indebtedness, and payable within three years from the date of issue. Payment thereon out of 50% of the distributable profits of the operating company (as defined in the agreement) is to start within four months after the commencement of commercial production and to continue at regular intervals thereafter and the Company has unconditionally guaranteed the payment of these income debentures in full on or before the maturity date. If Canam's indebtedness to Mogul and Lorado has not been reduced by the date of the Company's election, Canam will receive 35% of the common shares of the operating company and the Company will receive 65%, provided that for every \$43,554.00 of Canam's indebtedness which it has repaid to Mogul and Lorado prior to the election, Canam will be entitled to an additional 1% interest in excess of 35% up to an additional 5% in the event that the whole indebtedness were fully paid at the date of election, in which case Canam would receive 40% of the common shares of the operating company and the Company would receive 60%. The operating company will be authorized to issue not less than 10,000,000 common shares and, in addition, 6% cumulative redeemable preferred shares for acquisition by the Company in consideration of its expenditures in placing the property in commercial production. These preferred shares are to be issued on the basis of one share for every 96c of such expenditures, and are to be redeemed at par within ten years from the date on which the first of such shares are issued. The preferred shares are to rank both for dividend and redemption, in priority to the common shares of the operating company, and 50% of the distributable profits of the operating company (as defined in the agreement) are to be applied in payment of the cumulative dividend and in redemption of the preferred shares until the income debentures issued to Mogul and Lorado have been fully discharged, whereupon 100% of such distributable profits are to be so applied until the preferred shares have been fully redeemed. The operating company is to be a private company initially but is to be converted into a public company within three months after Canam requests such conversion.
3. Depreciation of \$100,000.00 in excess of that shown in the Statement of Profit and Loss has been claimed for income tax purposes. Expenditures on the Canam property have also been claimed for income tax purposes.



GIANT MASCOT MINES LTD (N.R.L.)

1825-355 BURRARD STREET

VANCOUVER B. C.



MAP SHOWING LOCATION  
OF  
GIANT MASCOT MINES  
AND  
CANAM PROJECT