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# GIANT MASCOT MINES LIMITED

*(Non-Personal Liability)*

## *Ninth Annual Report*

Balance Sheet and Profit and Loss Account

as at December 31, 1959

844 West Hastings Street

Vancouver 1, B.C.

# GIANT MASCOT MINES LIMITED

*(Non-Personal Liability)*

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*Incorporated under the laws of the Province of British Columbia*

Authorized Capital, 3,500,000 Shares—Par Value, \$1.00

Issued: 3,487,731 Shares

Unissued: 12,269 Shares

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## DIRECTORS AND OFFICERS

W. Clarke Gibson - - - - - *President*  
Philip A. Wootten - - - - - *Vice-President*  
A. J. Chilcott - - - - - *Director*  
J. L. Gibson - - - - - *Director*  
E. C. Thompson - - - - - *Director*

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## SECRETARY

Allan H. Ainsworth

## TREASURER

S. Clarke, F.C.I.S.

## AUDITOR

R. M. Hoyland, C.A.  
Vancouver, B.C.

## SOLICITORS

Messrs. Jestley, Morrison, Eckardt,  
Ainsworth & Henson  
Vancouver, B.C.

## BANKERS

The Royal Bank of Canada  
Vancouver, B.C.

## BUSINESS OFFICE

844 West Hastings Street  
Vancouver 1, B.C.

## REGISTERED OFFICE

1519 Marine Building  
Vancouver 1, B.C.

## TRANSFER OFFICE AND REGISTRAR

The Toronto General Trusts Corporation  
590 West Pender Street  
Vancouver, B.C.

# GIANT MASCOT MINES LIMITED

*(Non-Personal Liability)*

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## Report of the Directors

### TO THE SHAREHOLDERS:

On behalf of the Directors of your Company, I wish to submit this Ninth Annual Report of your Company's operation, together with the Balance Sheet and Operating Statement to the end of December, 1959.

During the year your Directors were able to acquire a 51% controlling interest in the property and plant now known as Giant Nickel Mines Limited (NPL) at Hope, B.C. for a price of \$375,000.00, since paid in full. This step was an ambitious one in view of our limited liquid resources. However, because of the position of your Company at that time, your Directors felt we had little to lose and much to gain if this operation could be carried into a profitable position. To assist in effecting this purchase, the Company sold 500,000 shares of its capital stock to net the Treasury \$100,000.00 in June, 1959.

At this point your Directors would like to acknowledge the assistance given by Messrs. Hill, Starck and Associates in bringing this property to them, in the extensive investigation they carried out, and in the procedures they recommended to enable this property to be put into production.

While we had several trying months in our early operation of the Giant Nickel property and delays encountered through faulty underground equipment plus disappointing broken ore recovery, the mine is now on steady production of about 25,000 tons of ore per month and should have a profit in excess of \$100,000.00 per month.

We have been fortunate in having with us our key personnel from our Giant Mascot operation at Spillimacheen to take over the Giant Nickel property. Your Directors are very appreciative of the co-operation of these men and the outstanding job they have done in opening up at Hope, at times under very trying circumstances.

Before entering into the nickel operation, your Company acquired a 20% interest in a gold property known as Camp McKinney in the area of Rock Creek. This property came to us also recommended by Messrs. Hill and Starck, and all our work and investigations lead us to believe this will prove to be a profitable participation. You will note our financial investment in this property is approximately \$75,000.00.

During the year the Company granted an option to Mr. W. R. Wheeler to purchase the Company's interest in Nighthawk Gold Mines Limited (NPL) for a price of \$30,000.00. This option was exercised on February 15, 1960.

May I also draw your attention to Note 4 to the Balance Sheet which sets out particulars of an agreement entered into during 1959 between the Company and Baroid of Canada, Ltd., for a working lease and option of the Company's property at Spillimacheen, B.C.

On behalf of your Directors I wish to express our sincere thanks to the Management, Engineers and employees for their outstanding efforts on behalf of the Company.

W. CLARKE GIBSON,  
President.

Vancouver, B.C.  
March 25, 1960.

# GIANT MASCOT MINES LIMITED

*(Non-Personal Liability)*

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The President and Directors,  
Giant Mascot Mines Limited,  
Vancouver, B.C.

Dear Sirs:     **Re: Giant Mascot Mines Limited (NPL)**

The following report covers the operation of Giant Mascot Mines Limited since September 30th, 1958.

## **BARITE**

On August 23rd, 1959, Baroid of Canada Ltd. were given an option to purchase the Giant Mascot Mill at Spillimacheen, together with the barite both in the tailings pond and in the mine.

During November and December 1,088 tons of barite were produced from the surface mining operations.

## **GIANT NICKEL MINE**

Giant Mascot Mines Limited (NPL) owns a 51% interest in Giant Nickel Mines Limited (NPL), a private company formed to operate the old B.C. Nickel Mine at Hope, B.C.

From July to December 31st, 1959, 124,493 tons of ore were milled averaging 0.77% nickel, which was below the anticipated grade. Operating profit during the period was \$43,355. Capital expenditures to reopen the mine and mill, and to develop the Pride of Emory ore body, amounted to \$133,287.

Ore from the Pride of Emory ore body is now being milled and, during the past month, mill heads have averaged 1.30% nickel.

The 8,000 ton contract with Sherritt Gordon Mines Limited was completed on February 29th, and a bulk copper-nickel concentrate is now being produced for shipment to Sumitomo Metal Mining Ltd. in Japan.

## **CAMP MCKINNEY GOLD MINE**

Giant Mascot acquired a 20% interest in Camp McKinney Gold Mines Limited (NPL), a gold property near Greenwood, B.C., which is now being prepared for production.

## **SUMMARY**

The controlling interest acquired in the producing Giant Nickel Mine at Hope, and the minority interest in the Camp McKinney Gold Mine have, in our opinion, put Giant Mascot Mines Limited in a strong position with the possibility of becoming a major company.

Yours very truly,  
HILL, STARCK & ASSOCIATES  
Henry L. Hill

(SEAL) H. L. Hill  
Mining Engineer  
Professional Engineer  
British Columbia

Vancouver, B.C.  
March 25, 1960.

# GIANT MASCOT MINES LIMITED

*(Non-Personal Liability)*

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Vancouver, B.C.  
January 29, 1960.

The Shareholders,  
Giant Mascot Mines Limited (N.P.L.):

I have examined the Balance Sheet of Giant Mascot Mines Limited (Non-Personal Liability) as at December 31, 1959, and the related Statements of Surplus and Profit and Loss for the fifteen months ended on that date and have obtained all the information and explanations I have required. My examination included such tests of the accounting records and other supporting evidence and such other procedures as I considered appropriate in the circumstances.

In accordance with the requirements of the "Companies Act" of the Province of British Columbia, I report that neither the profits nor losses of subsidiary companies, so far as they concern the holding company, have been dealt with in the accounts of the Company.

During the period ended December 31, 1959, no provision has been made for the following:

- (a) depletion of mineral claims,
- (b) depreciation of buildings, plant and equipment,
- (c) any loss that may be sustained in respect of the investment in and advances to subsidiary companies, and
- (d) write-off of pre-production expenses.

Subject to the remarks in the preceding paragraph and to the adequacy of the reserves for depletion and depreciation, I report that, in my opinion, the accompanying Balance Sheet and relative Statements of Surplus and Profit and Loss, supplemented by the notes thereto, present fairly the financial position of the Company as at December 31, 1959, and the results of its operations for the period ended on that date.

R. M. HOYLAND,  
Chartered Accountant.

## GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

## BALANCE SHEET AS AT DECEMBER 31, 1959

Assets			
<b>CURRENT ASSETS:</b>			
Cash on hand .....	\$	2.69	
Cash at bank .....		5,532.66	
Sundry debtors .....		7,304.11	
Barite on hand .....		10,745.00	
Stores and supplies (valued at average laid down cost) .....		35,224.11	
Prepaid insurance .....	\$	3,052.01	61,860.58
<b>AMOUNT DUE BY MR. JAMES E. TAYLOR for costs re Taylor vs. Silver Giant Mines Limited (N.P.L.) .....</b>			
			9,546.47
<b>DEFERRED CHARGES:</b>			
Pre-production expenses .....			151,028.91
<b>INVESTMENT IN AND ADVANCES TO CAMP MCKINNEY GOLD MINES LIMITED (N.P.L.):</b>			
Investment at cost (represented by 415,000 shares at one cent each) .....		4,150.00	
Notes receivable .....		69,166.67	
Accrued interest .....		1,145.89	
Other .....		2,018.92	76,481.48
<b>INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANIES:</b>			
Nighthawk Gold Mines Limited (N.P.L.):			
Investment at cost (represented by 1,699,039 shares of \$1.00 each) .....	\$	1,097,020.47	
Advances .....		71,229.20	1,168,249.67
Giant Nickel Mines Limited (N.P.L.):			
Investment at cost (represented by 5,100 shares of no par value) .....		100.00	
Notes receivable .....		575,000.00	
Accrued interest .....		16,794.51	
Other .....		9,859.47	601,753.98
			1,770,003.65
<b>CAPITAL ASSETS:</b>			
Mineral claims at Spillimacheen .....		1,371,775.08	
Mineral claims at Camp McKinney .....		980.00	
Plant, buildings and equipment .....		1,944,004.86	
Less, accumulated depreciation .....		1,239,062.88	704,941.98
			2,077,697.06
			<u>\$ 4,146,618.15</u>

## ON BEHALF OF THE BOARD:

W. C. GIBSON, Director  
P. A. WOOTTEN, Director

## BALANCE SHEET NOTES

- The Company has guaranteed advances by the Royal Bank of Canada to Giant Nickel Mines Limited (N.P.L.) to the extent of \$200,000.00.
- The Company has granted an option, expiring January 31, 1960, to Mr. W. R. Wheeler to purchase its total interest in Nighthawk Gold Mines Limited (N.P.L.) for the sum of \$30,000.00.
- Notes receivable of \$560,000.00 issued by Giant Nickel Mines Limited (N.P.L.) are being purchased by the Company from Western Nickel Limited for \$375,000.00, of which \$50,000.00 remains to be paid on January 31, 1960. Pending such payment by the Company to Western Nickel Limited the Company has guaranteed the said notes issued by Giant Nickel Mines Limited (N.P.L.) to Western Nickel Limited in the sum of \$560,000.00. The Company has also guaranteed the payment by Giant Nickel Mines Limited (N.P.L.) to Western Nickel Limited of the sum of \$33,350.00 for certain stores and supplies, of which \$6,670.00 remained to be paid at December 31, 1959.
- In consideration of the sum of \$5,000.00 in prepaid royalties the Company has granted the right to Baroid of Canada Limited to work the Company's property at Spillimacheen, B.C. for a period of ten years from August 21, 1959, and to pay \$2.00 per ton of barite produced with a minimum royalty of \$20,000.00 per annum. Baroid of Canada Limited is to keep the property in good

Liabilities			
<b>CURRENT LIABILITIES:</b>			
Sundry creditors .....	\$	15,695.21	
Note—Western Nickel Limited (N.P.L.) .....		50,000.00	\$ 65,695.21
<b>NOTES PAYABLE DUE ON DEMAND</b>			
after June 30, 1960 .....		210,000.00	
<b>ACCRUED INTEREST .....</b>			
		1,035.60	211,035.60
<b>PAYMENT RECEIVED FROM MR. W. R. WHEELER re option on the Company's interest in Nighthawk Gold Mines Limited (N.P.L.) .....</b>			
			5,000.00
<b>DEFERRED INCOME:</b>			
Balance of payment on option by Baroid of Canada Ltd. ....			2,824.30
<b>SHARE CAPITAL AND SURPLUS:</b>			
Share Capital:			
Authorized:			
3,500,000 shares of \$1.00 each .....	\$	3,500,000.00	
Issued:			
546,750 shares for cash .....		546,750.00	
1,759 shares for services .....		1,759.00	
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.) .....		2,939,222.00	
			3,487,731.00
Less, share discount .....		400,000.00	
			3,087,731.00
<b>SURPLUS:</b>			
Balance at December 31, 1959 (Exhibit "B") .....		774,332.04	3,862,063.04
			<u>\$ 4,146,618.15</u>

December 31, 1959

standing and pay the Company 10% of net smelter returns from any recoveries other than barite. On or before August 21, 1962, Baroid of Canada Limited may purchase the major portion of the Company's holdings at Spillimacheen, B.C. for the sum of \$300,000.00. Baroid of Canada Limited may terminate the agreement on or before August 21, 1960, without further liability save for any royalties on barite produced payable in excess of the sum of \$5,000.00 already prepaid; if Baroid of Canada Limited elects to continue the agreement after August 21, 1960, it must pay the minimum annual royalty of \$20,000.00 for the year to August 21, 1960, and for each year of the term thereafter, unless its option to purchase the property is exercised.

- Under an agreement dated October 29, 1959, Pacific Nickel Mines Limited (N.P.L.), Gibson Bros. Industries Ltd. and Credit Acceptance Corporation Ltd., agreed to advance the sum of \$200,000.00 to the Company in four instalments of \$50,000.00 each, payable October 29, 1959, November 30, 1959, December 30, 1959, and January 30, 1960. The Company has agreed to issue promissory notes to the lenders totalling \$280,000.00 bearing interest at 6% from the date of issuance. The notes are due and payable on demand after June 30, 1960. All the interest and obligation of Gibson Bros. Industries Ltd. in and under the agreement has been assigned to Messrs. A. E. Gibson, J. G. Gibson, J. L. Gibson and W. C. Gibson.

Exhibit "B"

## GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

### Surplus

Balance at September 30, 1958.....		\$698,982.56
Add:		
Discount on notes of Giant Nickel Mines Limited (N.P.L.)	\$185,000.00	
Discount on notes of Camp McKinney Gold Mines Limited (N.P.L.).....	4,150.00	189,150.00
		<u>\$888,132.56</u>
Deduct:		
Adjustment of Barite inventory.....	\$ 1,000.00	
Premium on notes covering loans to the Company.....	60,000.00	
Loss for the fifteen months ended December 31, 1959 (Exhibit "C").....	52,800.52	113,800.52
Balance at December 31, 1959 (Exhibit "A").....		<u>\$774,332.04</u>

Exhibit "C"

## GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

### Statement of Profit and Loss for the Fifteen Months Ended

December 31, 1959

<b>REVENUE:</b>		
Barite production (estimated).....		\$ 8,465.00
<b>EXPENSES:</b>		
Mining.....	\$ 3,217.47	
Concentrator operating.....	29,353.89	
Administrative expenses.....	30,655.94	63,227.30
Operating loss.....		<u>54,762.30</u>
<b>OTHER INCOME:</b>		
Rentals.....	3,261.61	
Interest.....	21,127.50	
Royalty.....	1,819.55	
Miscellaneous.....	62.18	26,270.84
		<u>28,491.46</u>
<b>OTHER CHARGES:</b>		
Shutdown expenses.....	4,863.24	
Loss on stores.....	16,798.84	
Exploration — other properties.....	1,611.38	
Interest.....	1,035.60	24,309.06
Loss for the fifteen months ended December 31, 1959 (Exhibit "B").....		<u>\$ 52,800.52</u>