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MASCOT GOLD MINES

NEARING PRODUCTION AT NICKEL PLATE

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BRALORNE

Mascot Gold Brings Renewal To Hedley

NICKEL PLATE 92H5E062

Throughout the summer of 1986, the hills above the community of Hedley, British Columbia, have been ringing with the sounds of new construction as Mascot Gold Mines prepares its Nickel Plate Mine for production in mid-1987.

Eighty-four years ago, in 1902, mine development was similarly in progress on Nickel Plate Mountain, resulting in more than 50 years of production and employment in two periods of roughly 25 years each. The new mine development will bring economic renewal to the Similkameen and Okanagan regions and another period of employment.

Mascot Gold Mines was incorporated in 1971 to acquire the Nickel Plate Mine property. The company has its roots in the mines of Nickel Plate Mountain. Originally a subsidiary of Giant Mascot Mines, which in turn originated as Hedley Mascot Gold Mines. In 1984 the company was amalgamated with E and B Explorations Inc., the resulting company continues as Mascot Gold Mines Limited, conducting its operations from its Vancouver office.

Mascot acquired the Nickel Plate property in 1971 and conducted exploration as funds became available. In 1979 the pace of exploration picked up and using the funds from Flow-through exploration financing in 1984-1985 the widespread nature of the gold mineralization became apparent. At last count a reserve of 7.1 million short tons of surface mineable ore had been identified with an average mining grade of 0.15 ounces of gold per ton. An underground reserve of approximately 2 million short tons has also been identified. Recent drilling has established that all of the reserves are open to expansion.

With these results, Mascot sought and received approval to develop a surface mine to operate at a daily rate of 2,700 short dry tons in continuous year-round operation. The new mine is near the top of the mountain at elevations from 5,100 to 6,000 feet, on the easterly and southerly slopes some two and a half miles northeast of Hedley.

Funding for this new development is being provided through a \$70 million loan agreement with the Canadian Imperial Bank of Commerce. The loan will be repayed during the early years of the mine's operation.

When operating, the mine will employ up to 150 persons on a permanent basis, generating an annual payroll in excess of \$7 million, a needed boost for the surrounding communities.

Gold was discovered in the Hedley area by adventurers spreading north after the California Gold Rush. In the 1890's, a red, rusty outcrop high on Nickel Plate Mountain attracted the attention of two prospectors, Wollaston and Arundel. The red dirt from the outcrop panned off freely, a panful often showing numerous



Aerial shot of Mascots Nickel Plate Mine. Cleared flat area upper right will be site of maintenance facilities. Central area will hold pebble and fine ore stockpiles. Grinding and aeration facilities are lower left, with cleared area in background for tailings.

coarse colours and also a thick trail of fine gold. The first claims were staked in 1896.

In 1902, the claims were bonded by Marcus Daly of Butte Montana, upon the recommendation of his scout M.K. Rodgers.

In the early years of the mine, business was conducted through the Yale Mining Company, later it was found that the original company's charter was not sufficiently broad to allow for the building of waterworks, tramways or for the expropriation of rights of way. A second company, the Daly Reduction Company Limited, was formed to correct these deficiencies.

Around 1909, the mining and gold recovery operations were consolidated as the Hedley Gold Mining Company. Production continued under this banner until 1929 when the mining operations were shut down for lack of ore. The stamps were to remain silent until 1934.

After a period of detailed geological studies, under the guidance of consulting geologist Paul Billingsley, a revised geological concept resulted in new ore reserves being outlined. A new company, the Kelowna Exploration Company, was formed to resume operations.

Mining and milling resumed in 1934, and except for a strike through the winter of 1946-1947, continued without interruption until September 1955, when the stamps were dropped for the last time.



One of two P&H 1600 electric shovels being inspected by company directors. This mammoth equipment is used for loading ore in the pit area

Operations were stopped because of the fixed price of gold, increasing costs and declining reserves. All of the machinery and equipment was removed, sold and the mine abandoned. By 1955, production from the mines amounted to 3,967,350 short tons yielding 1,556,750 ounces of gold, more than 4 million pounds of copper and 188,750 ounces of silver. Gold values averaged 0.392 ounces a ton.

The open pit area covers the upper portions of the ore bed systems, which as currently known extend 4,500 feet southwest from the old Nickel plate workings. For safety and to ease pillar recovery, the old mine workings will be filled with lower grade material before the open pit breaks through. The low grade will then be recovered, along with the stope pillars and open pit ore, as benching proceeds downward through the old workings. The resulting blend will be processed as run of the mill ore.

Broken ore in the pit will be loaded by two P&H 1600 electric shovels and a "Cat" 992 diesel loader into Wabco 65 ton diesel trucks



Mascot President and C.E.O. H.G. Ewanchuk and Chairman of the Board Peter Steen stand beside a Wabco 65 ton truck during a pause in mine site inspection



Oxidation of sulphide minerals provides colourful evidence of polymetallic mineral deposit.

for the short haul to the crushing plant and stockpiles. Waste rock will be transported to the dump by the same equipment.

At the crushing plant, the mine run ore will be reduced in two stages of crushing to minus 5/8 inch particles for transfer to the fine ore stockpile adjacent to the mill. Also during its passage through the crushing plant 2 inch to 4 inch pebbles will be screened out and stockpiled for use in the following grinding circuit. The ore is hard and savings will result by using pebbles for grinding media.

The particles of gold in the ore at Nickel Plate are very small and fine grinding will be necessary to free them for optimum gold recovery. Grinding to minus 400 mesh is indicated.

Test work has shown that optimum gold recovery will be obtained by the use of well-proven cyanidation techniques. Dissolved gold

will be precipitated from solution by the use of the zinc dust in the Merrill-Crowe process. The barren solution will be returned to the process. Tailings from the plant will be piped to the storage impoundment approximately one mile downslope from the mill. Process water will be obtained from wells, recycling from the tailings pond and mine drainage.

Though Mascot is concentrating on the Nickel Plate it also has other significant interests in Canada and the United States. ^{QRJNE001} Mascot's other principal Canadian target is the Bralorne property in the Bridge River Gold Camp, 100 miles north of Vancouver. Under the terms of a 1980 agreement, Mascot, together with joint venture partners, spent approximately \$6.83 million to the end of 1983 to earn Mascot a 21% interest. Completion of a 1984 program and further expenditures in 1985 and 1986 have increased Mascot's interest

to over 36%.

The 1984 program defined additional reserves at near historic grades and indicated important extensions of major vein systems all above the surface main haulage level. This will reduce production costs as hoisting will not be required.

The two mines making up this property are responsible for more than 90% of the lode gold produced from this historic gold region. Proven and possible reserves at Bralorne currently total 1,037,538 tons averaging 0.27 ounces of gold per ton diluted, this includes 142,853 tons of new ore grading 0.41 ounce per ton above the adit level. Resumption of exploration will further increase the gold inventory.

Mascot's main interests in the United States are the Sterling Mine in Nevada and the El Plomo property in Colorado.

The Sterling Mine, 90 miles northwest of Las Vegas started production in 1980 as a heap leach operation, mining 200 tons a day at a grade of 0.19 ounces of gold per short ton. Production which had been curtailed due to the price of gold has now been resumed with a crew of 25 adding to the leach piles. Mascot's interest in the Sterling is 10.4%.

The El Plomo property, 175 miles south of Denver has 1.35 million tons of open pit reserves grading 0.053 ounces of gold per ton, amenable to heap leaching. Mascot's interest is currently 28.25%.

Principal exploration targets in Canada are the Cariboo Bell, a copper-gold property 36 miles northeast of Williams Lake, British Columbia, where reserves of 128 million tons of 0.31% copper with 0.012 ounces of gold per ton have been identified. Further exploration is being carried out on this joint venture in which Mascot has a 38.41% interest and acts as operator. The Cariboo Property, 43 miles north-northeast of Williams Lake is adjacent to the QR Deposit of Dome Mines. The property contains an attractive geochemical anomaly that is coincident with significant EM, VLF and I.P. results. Mascot holds a 90% interest in this property and is planning a drill program for the 1987 season.

The formerly producing Giant Nickel property is wholly owned by Mascot. The property is being evaluated for its poly-strategic and platinum group metals potential. During the period 1958 to 1974, 4.75 million tons were mined for its nickel, copper and cobalt content. The mine was closed in 1974 because of the lack of a continuing market for the concentrates. Substantial low grade reserves are indicated along with exploration potential.

At the Mica property, 57 miles north of Revelstoke, B.C., a large lead-zinc anomaly was identified and confirmed by diamond drilling in 1985. More drilling will be required to establish reserves. Mascot's interest is 82%.

The company has also carried out recent programs on some of its other 25 properties. These are being reviewed in an ongoing process. Mascot also participates in the management of key exploration programs across Canada and the western United States for International Corona Resources Ltd., Royex Gold Mining Corporation and associated companies.

MASCOT GOLD MINES LIMITED

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