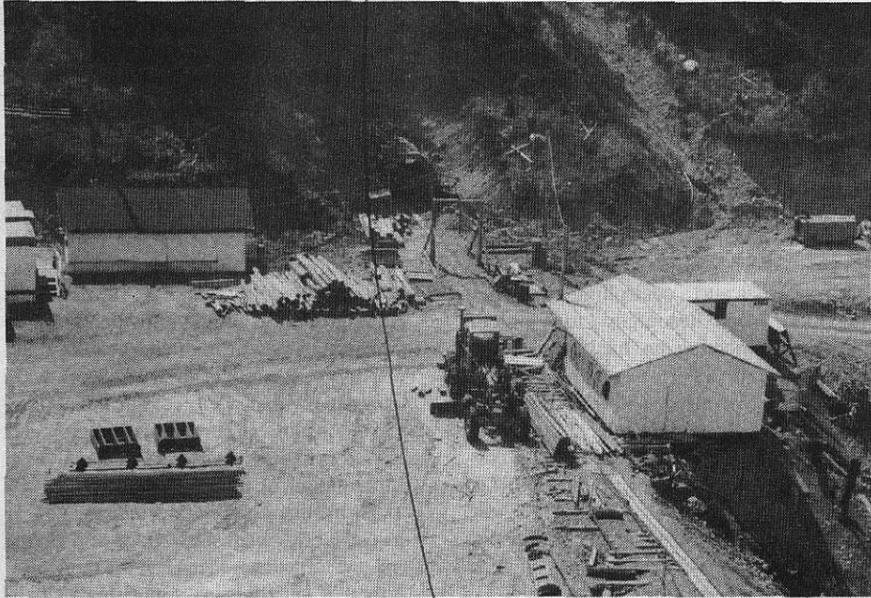


# Mascot — New Gold Mine Planned For Old Digging



Main Adit of old underground Mine

The decision by Mascot Gold Mines Ltd. to re-open an old mining property in the historic mining district near Hedley, British Columbia will mean jobs and an economic boost for the South Okanagan.....and in the process, the mine is expected to become B.C.'s largest primary gold producer.

Mascot's Nickel Plate gold project is a reworking of an old property which produced 1.5 million ounces of gold until it closed down in 1955. The property is located approximately 150 miles east of Vancouver. The 112 claims totalling 3744 acres, lie along the southern and western slopes of Nickel Plate Mountain, approximately two miles northeast of Hedley.

Mascot began an exploration program here in 1979, with a period of intense exploration taking place during 1984-1985. A total of \$16 million has been spent to date.

Company management presented its Board with a positive feasibility study in Mid-December for bringing into production its 'Mascot Gold Mine' at a rate of 1,800 tons per day on an open-pit basis.

The feasibility study was prepared by Mascot management and various consultants under the direction of Kilborn Engineering Ltd. Studies on geology and ore reserves was contributed by Deleen Consulting Geologists Ltd., of Vancouver and Mintec Inc. of Tucson, Arizona. The mining, metallurgy and process plant studies were conducted by Kilborn. Geotechnical-Pitslope stability studies were contributed by Hardy Associates Ltd. and C.O. Brawner Engineering Ltd., both from Vancouver. Geotechnical, hydrology and tailings disposal studies were done by Robinson Dames & Moore of Vancouver and environmental and socio-economic studies were contributed by Hatfield Consultants Limited, also of Vancouver.

Peter Steen, Chairman of the Board of Mascot Gold Mines Ltd. stated that implementation of the feasibility study requires only completion of arrangements for financing and fine tuning of capital cost estimates. Based on the feasibility study the capital cost of the open pit mine and mill facility would be in the order of C\$43 million and operating costs would be approximately \$125 US (C\$174) per ounce. The mine will produce about 75,000 ounces of gold per year and is expected to be a low cost producer.

Company president, H. G. Ewanchuk said that various methods of financing are being explored, including project funding with a consortium of banks, tax shelter financing and other sources of capital. The company is proposing to raise the money by debt financing rather than equity to avoid another share issue or stock dilution. In the past four months the share prices has risen over 50% with investment analysts predicting further gains as production nears. Projected capital payback is 2½ to 3½ years. This projection is based on proven open-pit reserves and does not include

underground reserves of 2.6 million tons, grading .16 ounces per ton.

The drilling program results to October 31, 1985 indicate open-pit reserves of 4.1 million tons at an average grade of 0.15 ounces per ton using a 0.05 oz/ton cutoff and a 9:1 stripping ratio.

There were some exciting developments for the company during December of 1985. On December 9th the company announced that recent drilling indicated the existence of ore bearing structure at depth and the presence of cobalt, a mineral of strategic importance in North America which will add significantly to the value of the underground reserves. Cobalt currently sells for \$11.25 per pound and the intersection indicates 4.4 lbs. of cobalt contained in the rock.

Another important development occurred on December 23rd when Mascot discovered a new gold zone located 300-metres west of the main pit. Drilling results include a 31 ft. intersection grading 0.393 ounces of gold per ton. Reserves have not yet been determined, but the company's 1986 exploration program has been redirected to focus on this discovery and several surrounding anomalous zones. Only 30% of the property has been explored and the recent good news leads Ewanchuk to state... "the potential here hasn't been scratched! The year," he says, "couldn't have ended on a better note."

## MINING OPERATIONS

Standard open pit mining methods will be used to break and move an average of 5,051,000 tons of rock per year. The material moved will be composed of 656,000 tons of ore and 4,395,000 tons of low grade and waste material. Mining operations will provide 1,800 tons of ore per day on a 365 day basis.

Extensive metallurgical test work at Lakefield Research on Nickel Plate ores indicates that a gold recovery of 89% can be obtained using proven cyanidation techniques. The test work has shown that a fine grind and pre-aeration are vital to the process.

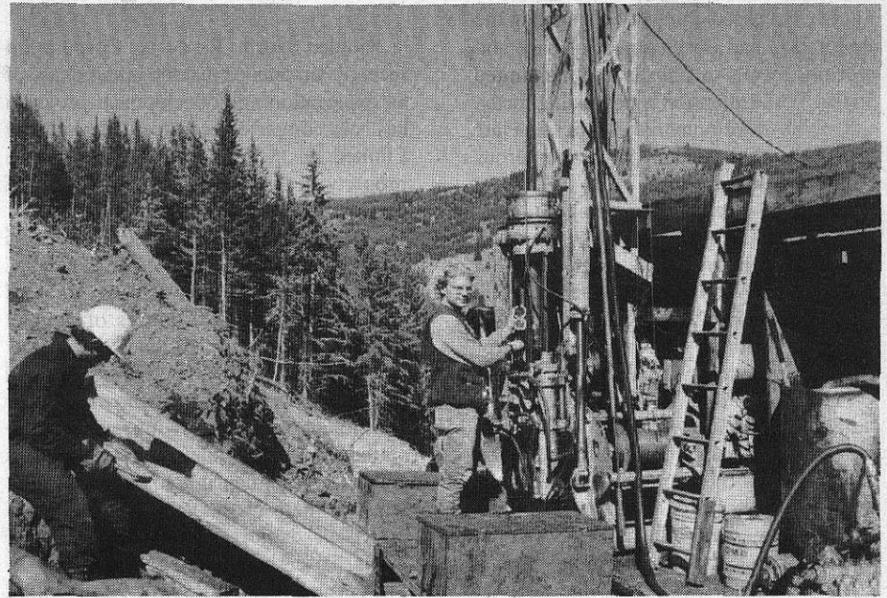
The "Merrill-Crowe" process will be used to precipitate the gold from pregnant solutions. This process yields a clear barren solution, which facilitates effluent treatment. Test work on the treatment of the clear effluent solutions shows that cyanide and arsenic amounts will be reduced to acceptable levels.

The flow sheet and associated process equipment are conventional and well proven in the mining industry.

The milling plant is designed to treat 1,800 tons of auriferous ore per day to recover 89% of the contained gold.

Run-of-mine ore will be reduced to minus 5/8 inch in the crushing plant. Pebbles required for the pebble mills will be obtained by selective screening during crushing.

Gold will be dissolved during two



Diamond drilling central open pit area of new discovery

stages of cyanidation and will subsequently be recovered from solution by precipitating with zinc powder.

Tailings will be piped to the tailings disposal area located 4,000 feet southeast of the plant site. Excess plant solutions will be treated to reduce cyanide and residual metal concentrations. Approximately 65% of the process water will be supplied by recycling water from the tailings disposal area.

The mill and tailings impoundment system is designed as a closed (recycled) system: thus solutions will not be discharged from the tailings pond. Plant design also provides for control of run-off and seepage from the mine and plant area. Because the Hedley area is relatively dry, water conservation policies are seen as extremely important.

The company also conducted meetings with local residents in the Hedley area to

answer concerns including the environmental impact of the project. The project-related effects upon wildlife and its habitat are considered minimal as no threatened or endangered species have been observed in the vicinity of the project. An open meeting was also held in Pentiction, which will serve as a base of operations.

"The response from the public has been excellent," says Ewanchuk. "We've tried to be good corporate citizens. We've also tried to use the best people possible to work on our feasibility study to ensure we can respond positively to local and environmental concerns."

The 130 permanent jobs will go primarily to local residents. The MLA for Similkameen-Boundary, Consumer and Corporate Affairs Minister, Jim Hewitt recently stated... "I am particularly pleased by the prospect of many new jobs in the

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## Hawke Resources Inc.

(VSE-HWK)

200-675 W. Hastings St. Van. B.C., V6B 4Z1 685-0167

### Developing 3 Gold Properties

#### •Hedley Camp

consisting of 40 units - 2000 acres

#### •Timmins - Ontario

(Porcupine Mining District)

20 contiguous claims

Stage I - Geophysics, Geochem, overburden, drilling

Stage II - Diamond Drilling

#### •Cranbrook

(Fort Steele Mining Division)

Exploration work completed in 1985

Diamond drilling planned for mid-1986

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Mascot Gold Mines, listed on both the TSE and VSE (trading symbol MSG) is a Vancouver-based company engaged in the exploration and development of base and precious metals in Canada and the United States. While attention is now being focused on the developments at Nickle Plate Mountain, the company holds numerous other properties.

The 1984 exploration program conducted on its Bralorne property was successful in identifying new reserves with a grade of 0.41 ounces of gold per ton. The work to date indicates the potential for a new mine with an increased gold price. Further exploration is planned in 1986.

Through Mascot's wholly owned subsidiary, E&B Explorations Inc., Mascot has interests in numerous other exploration ventures and during the past year has significantly increased its interests in some of these properties. In addition, Mascot is now managing exploration projects on a contract basis for Royex and International Corona as well as others.

As series of complex transactions in the past year, resulted in International Corona effectively becoming the controlling shareholder of Royex Gold Mining Corporation, with Royex holding 52% of Mascot's outstanding shares.

The next several years should be rewarding ones for Mascot. Results to date, particularly at the Nickel Plate property, must be credited to a strong team effort.

"We've all worked hard together on this," says Ewanchuk, "and we see no road blocks ahead."

With the completion of satisfactory financing, construction would begin in April and production would start by mid-1987...and an old mining property from B.C.'s 'golden' past will begin a 'golden' future.

## Golden North and Good Hope In Hedley British Columbia

Golden North Resource Corporation recently announced that the initial phase of an exploration and development program has been completed by Placer Development Limited on their Nickel Plate Mountain property in the historic mining district of Hedley in British Columbia.

The property covers 16 mineral claims immediately northeast of Hedley and contains the French Mine which has produced approximately 52,000 ounces of gold in previous years of operation.

In July of 1985 Golden North entered into an exploration agreement with Placer Development Limited, with regard to the optioned mining claims. The agreement grants to Placer the right to earn a 75% interest in these claims and to conduct and direct all exploration and development work. To earn its interest in the claims, Placer must make cash payments totalling \$400,000 to Golden North, expend \$750,000 in exploration and development and complete a feasibility report by May 31, 1990.

The work recently completed consisted of 27 line km of grid construction, including 2.2 line km of baseline. Lines were set at 100 m intervals and stations were established at 20 m intervals. Geochemical soil samples were collected at 40 m intervals along the lines for a total of approximately 670 samples. All samples were, or are, being assayed for Au, As, Cu Ag and W. Magnetometer and VLF-EM surveys were conducted over all lines.

Data from the above work program is currently being assembled and evaluated by Placer. The intent of the program is to define targets which may be further investigated.

Golden North Resource Corporation, based in Vancouver, B.C. recently completed its first full year of operation since the amalgamation of its predecessor companies...Grove Explorations Ltd., Rosmac Resources Ltd. and N.W.P. Resources Ltd.

With the agreement with Placer to explore the French Mine, a strong cash position of over \$1.5 million, producing oil and gas properties and a controlling investment in Good Hope Resources Ltd., Golden North is expecting an exciting year of growth ahead.

Golden North owns 860,000 shares of Good Hope Resources which represents 34% of the outstanding capital and thus constitutes effective control of the Board of Good Hope.

Good Hope is also in good financial shape being completely debt free with over \$1,100,000 in working capital.

The main area of concentration for Good Hope Resources is the over 100 claims covering 1,600 hectares on Nickel Plate Mountain adjoining the property of Golden North Resource Corporation.

These claims contain three gold mines which produced 257,796 ounces of gold from 694,408 tons of ore at an average grade of 0.37 ounces of gold per ton in the years from 1935 to 1950. The Hedley Mascot was the major producer with the Canty and Good Hope Mines shipped to the Hedley Mascot Mill.

During the 1985 field season, Placer Development Limited carried out an exploration program on the properties of Good Hope which comprised geological mapping, detailed geochemical sampling, an Induced Polarization survey, diamond drilling and trenching.

The surface exploration work completed a two year program of baseline surveys which sought to identify new areas of mineral potential within the properties.

Geological studies have led to the recognition of two environments in which gold mineralization may be expected on the Good Hope Ground. They are (a) siliceous and sulphide (pyrite and pyrrhotite) bearing calc-silicate skarns as found at the Mascot and Canty mines and (b) disseminated sulphides in siliceous tuffs and sediments present on the York grid.

Some 39 line km of Induced Polarization survey were completed on the Good Hope ground in July 1985 which outlined numerous areas of high chargeability and resistivity. Results of the 1985 work were integrated with earlier geological mapping, soil geochemical surveys, magnetometer and VLF-EM surveys to provide an overall appreciation of the properties.

From this compilation, eleven widely spaced targets were selected for drill testing and one target area identified for trenching. A total of 11 drill holes comprising 1373.10 meters were completed together with four trenches totalling 260 meters in length.

Drilling and trenching were carried out in three broad geographical areas, the Canty grid, the Horsefly-Terrier grid and the York grid.

CANTY - Favourable alteration (silicification and calc-silicate skarn) was found in the seven drill holes put into targets on the Canty grid. The highest gold values obtained were from hole 85-5, located approximately 700 meters south of the Canty shaft, where a 3 meter sample (98-101 m) assayed 2.86 ppm Au.

Geochemically anomalous concentrations of gold were found in four of the remaining holes. Recent drilling on the Canty property has indicated proven plus probable reserves in the order of 750,000 tons of ore

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Hedley *continued from page 22*

with a contained gold value of \$50,000 per ton at present gold prices.

HORSEFLY-TERRIER - Mascot Gold has now established open pit reserves in the Nickel Plate/Sunnyside/Bulldog zone which lies immediately north of the Horsefly-Terrier claim group of Good Hope. Four drill holes (85-9, 85-10, 85-11, 85-12) were drilled on Induced Polarization and soil geochemical anomaly targets near the north boundary of the claim group. Hole 85-9, close to the Horsefly workings, did show considerable silicification and intersected minor skarn. Only trace quantities of gold were encountered, however, which occur erratically in the hole with a maximum value of 0.11 ppm Au over 3 meters (1.9-5.0m). The remaining three holes, 85-10, 85-11, 85-12 intersected minor silicification with scattered intersections carrying detectable gold. Hole 85-10 returned a maximum of 0.08 ppm Au over 3 meters, hole 85-11 returned a maximum of 0.08 ppm Au over 3 meters while hole 85-12 returned 0.05 ppm Au on 3 meters.

YORK - The four trenches were excavated to investigate two soil geochemical anomaly complexes on the York grid. The best development of gold mineralization is present in Trench 3 where bedrock samples of sulphide bearing siliceous sediments and felsic intrusive rock average 0.65 ppm Au over 45 meters including 6 meters of 1.32 ppm Au. Trench 1, placed on the second soil anomaly intersected similar rocks containing lesser quantities of gold including an 18 meter section which averaged 0.16 ppm Au. Trench 2, located 60 meters southwest of Trench 1, on the same soil anomaly complex, intersected similar rocks and returned anomalous concentrations of Au (0.03 ppm Au) in four separate 3 meter intervals. Trench 4, located 200 meters northeast of Trench 1, on the same soil anomaly, and excavated in siliceous sediments, returned a 12 m interval averaging 0.11 ppm Au.

Placer Development announced that a continued program of surface trenching and diamond drilling is being planned for the 1986 season.

Good Hope Resources also has a 5% working interest in the Carstairs Elkon producing natural gas well in Alberta and is looking forward to further developments in 1986 at Nickel Plate Mountain.

