

DATE January 15, 1981

TO W.G. Hainsworth

CC: E.R. Gayfer
M.D. Kierans
J. McKinney

FROM Frank Holland

SUBJECT ASSESSMENT REPORT -
GIANT COPPER PROPERTY

800610

Correspondence:
Re: Giant Copper
Hedley
Mascot Gold

Some of the information in your report differs from data that has been previously supplied to the Ministry of Mines.

I doubt that any problems will arise, but may, depending upon the alertness of the reader.

Ralph has indicated a couple of required corrections to Pages 7 and 9 which I understand you are looking after.

Page 4

The number of mineral claims is incorrect at 153 held by location plus 8 Crown Grants.

This should read 159 plus 8 Crown Grants. This data was forwarded to Calgary in early November 1980 by way of an updated claims list, which also details the then (October 31, 1980) expiry dates of all claims.

.....2

RECEIVED

JAN 22 1981

Per _____

W.G. Hainsworth

January 15, 1981

Introduction

All of the drilling was not BQ. However, the report of 7 holes BQ coincides with data provided by Jack McKinney except insofar as total length is concerned.

Table of Contents

Refers to Drill Logs GC-1 to GC-7 inclusive.

The drill logs themselves show G80-1, G80-2, G80-3; then 80-4, 80-5, 80-6, 80-7.

These latter four should at least be G80-4, G80-5, etc.

I think the intent was to designate them GC80-1 etc., but this got lost.

Our policy is to prefix the holes with a property designation
year
hole number.

Thus, Giant Copper - G80-1
Nickel Plate - MG80-1.

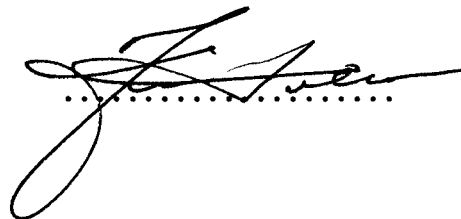
GC would be preferred for Giant Copper.

This may appear to be nit picking. However, anything that appears in your reports could have to be substantiated by ourselves, and in the case of drill holes, it could be very embarrassing to have potential joint venturers pointing out these inconsistencies to us.

I will discuss this with yourself and Martin, and our new geologist, when you are over here, and in the meantime will issue a memorandum to clarify the matter of drill hole designations.

You should also be aware that there has been an addition of 1 claim (15 units) at the Nickel Plate.

FH/mel



FROM

S. Stank

DEPARTMENT

DATE

February 26/80

SUBJECT

Bill Hamworth

SEND
TO

MESSAGE

The following are the differences that the TSE require in regard to your reports

Meikel Plate

1) The Meikel Plate map does not agree with the text in regards to the Crown Grants

2) The Meikel Plate map should show the surface outcrop of the Meikel Plate,

Morning and Lenningsville ore bodies

3) Legends are required for figure 3 and 6

Great Copper

The maps should be coloured

USE LOWER PORTION FOR REPLY

REPLY FROM

DATE

L13-RTM-8% GRAND & TOY LIMITED

FROM WG/H	DEPARTMENT
LPS	DATE MAR. 17/80 SUBJECT SPARROW RESOURCES

MESSAGE

Update.

On their operating property: Nov/79 - good month (?); Dec/79 - water problems; Jan/80 - slow month (?); Feb/80 - shipped 58 tons ore; Mar/80 - no water problem but first 6 days shipped 23½ tons. Having trouble meeting goal of 100 tons/month ore. Grades running 15-23% Ag; 40% Pb & .4 to .6% Au per ton ore. Metallurgist made visit and will be visiting on regular basis re mill consultations.

Other properties - approached but no concrete suggestions nor serious negotiations.

Directors aware of our visit and it was suggested we might be of assistance on Century.

Fay ~~person~~ coming up for their meeting on March 28th & will likely contact you a day or so prior.

We might be looking at something here.

B

INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK

DATE MARCH 20, 1980

FROM W.G. HAINSWORTH

COPIES TO

SUBJECT GOLDEN ZONE, APEX MOUNTAIN, HEDLEY

Four (4) Contiguous Crown-granted claims totalling approximately 175 acres have been offered the Company for \$56,000. The claims reportedly carry precious metal mineralization.

The property was staked in 1900. Following surface developments 2 shafts (A-115 feet and B-47 feet) were sunk on vein material. A mill was constructed in 1908, but operated for a very short period of time due, it is said, to shortage of water. The property remained inactive until 1930 at which time an adit was driven with the eventual intention of linking up with a lower level working of the deeper shaft. This was abandoned in 1932 without reaching its target.

In 1936, following the drilling of four diamond drill holes, the property was subjected to an extensive, and until now, final development program.

The mineralized deposits occur in argillite which are surrounded by offshoots of the Okanagan batholith. Mineralization often extends into the Okanagan granites. The deposits are quartz veins and replacements, the latter particularly at the contact of the sediments with the intrusives.

Vein structures are simple, fissure filling types carrying quartz with pyrite, sphalerite, chalcopryrite and minor arsenopyrite. Widths are commonly 2 to 4 feet, but the large number of faults in the region often distort the true widths in addition to complicating the geology.

The 1936 operation included deepening the A shaft to 215 feet, considerable lateral work on the 1st level and extensive drifting on the 2nd, or lower, level. Drifting was still in progress when the mine closed in 1937. There has been no work done since that time.

Sampling by a geologist of the B.C. Dept. of Mines in 1937, showed a decrease in precious metal content with depth. The vein structure is difficult to follow due to a great deal of fault action while metal values are very erratic.

I would recommend that GMR not accept the offer as put forward. Although precious metal values have been recorded on the property, inconsistency in this department plus complicated geology appears to be the factors prevailing against the claims.

As GMR will be operating in the area this summer, a proposal to do a \$20 - \$25,000 work program (2 surface holes plus prospecting) with a front end offer of \$2,000 might be in order. If the program is successful the option could be taken up with the \$56,000 spread over 5 years on a specific payment allotment.

Yours truly,

A handwritten signature in black ink, appearing to be 'W.G. Hainsworth', written over a horizontal line.

W.G. Hainsworth

WGH:cm

INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK

DATE APRIL 10, 1980.

FROM W.G. HAINSWORTH

COPIES TO

SUBJECT LITTLE GEM PROPERTY, BRIDGE RIVER AREA, B.C.

Giant Explorations Limited was approached by a local (Calgary) man, Bill Buzan who was acting as agent for Major Resources Ltd. of Vancouver which company has acquired a 70% interest in the Northern Gem (Little Gem) property.

The writer has researched all available data and without the benefit of a property examination presents the following report.

Historically, the Little Gem, a cobalt-gold-uranium prospect, was located in 1934 and brought to Crown-grant (4) in 1948. From 1938 to 1958, work by various mining companies consisted of 3 adits covering a vertical range of 165 feet (leaving 450 feet of backs) and underground diamond drilling of some 63 holes with an aggregate length of 4,004 feet. Since 1958 there has been little activity on the property.

Mineralogically, the values are related to fine free gold associated with various types of cobalt-bearing arsenopyrite and erratically disseminated uraninite crystals, all syngenetic in origin, contained within coarser-grained pegmatitic phases of the Bendor granodiorite batholith. The immediate ground has been well faulted with variable movements.

Surface trenching and stripping revealed patchy pegmatitic lenses in close association with an east-west shear structure. Underground developments did not substantiate this relationship. Fault actions appear to be post-mineral.

Economic ore deposits were exposed in the uppermost adit over a length of 120 feet. This zone was not encountered in the middle adit although two small lenses were. The lower or third adit apparently intersected two narrow lenses near the terminus of the drive.

In February of 1974 the property was examined by Giant Explorations who evidently did not carry on final discussions concerning it. Ralph Gayfer, having access to drill records, drew up 25 foot interval plans. I found these of merit, save for two points - the holes were not identified nor were the intersected values displayed. However from the standpoint of interpretation they were of value.

Preliminary interpretation would suggest a 35° - 40° south dipping mineralized zone which is cut by a fault structure somewhere between the 6150 and 6200 levels. Offsetting has moved the zone further into the footwall where it was contacted on the lowest level. To build a tonnage figure around this, I would give it an inclined length of 300 feet, a thickness of 10 feet and a width of 30 feet for a 9,000 ton mineralized zone. At present, due to lack of information, I can put no grade figures to this.

The capriciousness of pegmatite dykes would variably display massive sulphides dwindling to disseminated material to finally die out only to reappear in any further combination. Consistency is not normally part of their nature.

The presence of uranium even as a byproduct, would make for a sticky situation under the present uranium moratorium in British Columbia. A ruling would have to be obtained from the authorities as regards mining and milling the metal before discussions were seriously entered into with Major Resources Ltd.

I will be in Vancouver April 14th and will be in discussion with these people as regards further information and a more realistic deal.

Their present terms are:

1. Cash payment of \$100,000 per year for first three years - total \$300,000. (I told Buzan this was unrealistic and he said it is negotiable.)
2. One million dollars to be spent within three years on exploration and development to earn a 50% interest in Major's interest in the properties. (This would be 35% total interest for the funding partner. I prefer the working equity situation.)

As it stands I am not sold on the property due to its ungodly elevation, uncertainty as to final grade and tonnage figures, difficulty for mining due to geological problems and the presence of a radioactive mineral. However I reserve final judgement until I have talked with the principals.

Yours truly,

W.G. Hainsworth.

INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK

DATE APRIL 16, 1980

FROM W.G. HAINSWORTH

COPIES TO

SUBJECT TIDEWATER COPPER LTD. - ZEBALLOS, B.C.

I flew into Port Hardy on April 12th and was taken by Island Helicopters from here to Zeballos where we picked up R. Lonsdale and two others. We flew up to the property which is about 5 miles north of Zeballos at an elevation of 2,500 ft. to 3,200 ft. Snow covered the steep hillsides down to the 2,000 ft. level and did not permit us to land on any of the 3 old heliports to check out the surface trenches or drill sites.

This property covers the old central Zeballos Mine which operated from 1938 to 1942 and 1946 to 1947. During this period the mill (with an assist from some hand sorting) put through 41,655 tons and extracted 20,472 ounces of gold and 14,618 ounces of silver. Copper was known to exist in the skarn section on surface. Underground the workings apparently did not encounter any skarn or copper mineralization according to published reports.

Because of the snow and the still existing interest by myself in the property, arrangements have been made to go back for the examination sometime in early May.

The company is capitalized at 5 million shares with 300,000 presently out and with their prospectus another 300,000 at 50 cents is being taken down. 750,000 shares are in escrow as the vendor's share. The principals have a \$250,000 option to purchase on the property over a 4 year period. They have:

Paid \$ 2,000 (December 1979)
Due \$10,000 (May 1980)
Due \$10,000 (September 1980)

then, 2 similar payments in 1981 and 1982 with 2 payments each of \$20,000 in 1983 and the balance due in 1984.

They are willing to look at a 78% - 22% deal on the property and in order for them to participate would like to see GMR take some of their stock.

Yours truly,

W.G. Hainsworth

WGH:cm

FROM

DEPARTMENT

LPS

DATE

SUBJECT

July 3/80

MESSAGE

Re: Merle Clotter's Properties

Had a phone call this morning from Clotter, a half-armed prospector who sometimes falls into good luck. He has:

① Atlin - 51 units - pyritized shear zone along volcanic-granite contact. A seven foot sample across the 100 ft wide zone ran 0.03 gold.

② North of Hazelton - In the Altra Range a porphyry gold type - 18 units - only silver geochem run on it - a sample ran #3 at the old gold price.

③ Arizona - Gibson Mine - surrounded by Ray pit, Castle Dome, Miami Inspiration & the underground magma - secondary & primary copper - presently putting down a 5" hammer drill hole - in discussions with another group re financing.

Asked him to put all details (plus rough deals) on paper & forward

560.87 ✓
~~412.514~~ 17.56
137.71 ✓

Gibson - Ariz
Main block
2nd la Miral
& also primary
See with 5" down
hole former
Pop Pt. Costa
monidrop
yoga
b
long faulted

~~111.09~~
1116.14

Mud Colter

gypsum
pyritized thin zone
Volcanic & granite.

7' - .03 Au

51 units - Altai spms
heavy. - F W lineament

2 mile from Altai

Poplery gold type #3 in
old price

Star Range

65 m south of Hazelton

18 units.

Geochron for A₂, not A₁.

FROM <i>W. G. Harrison</i>	DEPARTMENT
<i>L.P.S.</i>	DATE <i>July 14</i>
	SUBJECT

MESSAGE

Grant for Assessment Work.

36 claims (#7200) due by September.

Recommended we utilize Jerry Mason (@ \$2000/month) for 1 1/2 months plus myself (the retainer time) plus drafting and assaying costs, to survey in (at mine site) the "Sullivan Horizon" (limestone bed) and run up sections relating this to past drilling at the

Estrella. A report prepared by the two of us would complete the assessment requirements for this year.

Your PAC credits would look after it from here on.

H

FROM

WJR

DEPARTMENT

DATE

SUBJECT

July 23/80

LP stocks

Possible Future Partner.

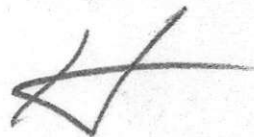
MESSAGE

Had lunch with J. S. Crewson, #2 man at Lockheed. I'm drawing up a private report for them on their Baker Lake uranium participation with Pan Ocean.

During the course of conversation it was suggested that they would consider participation with G.M. on mining properties regardless of location.

Lockheed is just getting its feet wet in mining. They've contributed \$350,000 in 2 years to the Baker Lake project.

It's something to keep in the back of the mind!



FROM

W. J. Hancock

DEPARTMENT

DATE

Aug 15/80

SUBJECT

L.P. Stank

MESSAGE

Giant Soo

Henry Mason informs me that identification by Sullivan of a VARVE argillite marker that we picked up on the ridge BELOW the diorite sill on August 5th places this location in the so-called "R" marker horizon some 5400' above the Sullivan Horizon. In effect what this means is the Estella horizon lies above the Kootenay King mine, but on a similar elevation to the Kootenay Selkirk some 3 miles away.

Our thinking is changing. The grey-green laminar argillite we examined on the ridge might be the northern extension of the Kootenay King. Option "B" - to push a road up to this area & do some stripping in the hope of now finding Kootenay King mineralization - might not be unreasonable. Mapping is proceeding.

TO

Bill Harwood

FROM

Allan

SUBJECT

DATE

Nov 9/80

 For Your Information Please O.K. and Return Please Discuss With Me Per Your Request For Your Signature Please Process Return With More Details Investigate and Report Please Answer For Your File

Frank was wondering when you were going to MGMT and GC. The GC job was pulled on Saturday because of snow. The 2nd hole was in about 160 ft. McKenney said there was 3 ft of excellent core.

They have 1/2 M I dual crews of 2 each and a 1/2 dual supervisor at MGMT



DATE OF REPLY

SIGNATURE

WRITE YOUR REPLY AND RETURN THIS SHEET.

INTER-OFFICE CORRESPONDENCE

TO L. P. STARCK

DATE NOVEMBER 25, 1980

FROM W. G. HAINSWORTH

COPIES TO F. W. HOLLAND

SUBJECT Little Joe Fraction (L391S)
Mascot Gold Mines Area

During discussions with Frank Holland last week, he asked my opinion on the above claim fraction.

After examining the data supplied and noting the proximity of the claim to the Mascot Gold Mines group, I suggested that it would be well worthwhile to acquire it on favourable terms as a protection basis.

I view "favourable terms" to be in the area of

\$5,000 - \$7,500 a year with a guaranteed 3 year period
(production decision period) and

Renewable 3 year option periods at a 10 to 15% escalation
rate

or

an outright sale of \$25,000.

W. G. HAINSWORTH

WGH:jc

John Memo from

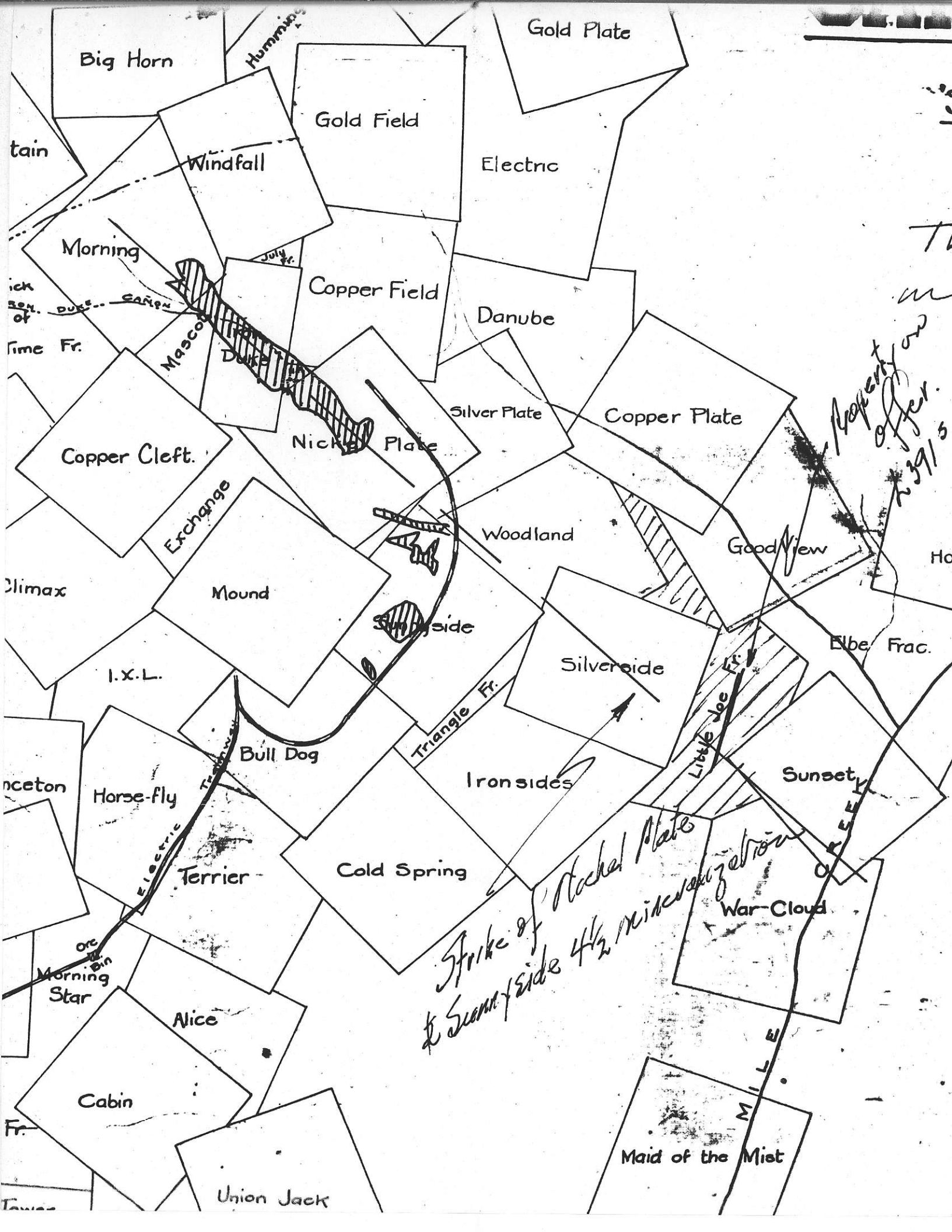
MEMORANDUM

TO : F.W. HOLLAND
FROM : M.D. KIERANS
SUBJECT : FLORENCE GROUP AND LITTLE JOE FRACTION
DATE : OCTOBER 9 1980

Some time ago Ralph Gayfer sent me some data and a sketch map on the above two groups of claims. The Florence Group is tied onto our claims on the north side of Windfall Canyon in very steep terrain. Elevations on the Florence Group range from about 3000' to 4800'. The Little Joe Fraction is tied onto the ~~windfall~~ Woodland, Silverside and Ironsides claims near the Nickel Plate camp. Unfortunately I cannot agree with Ralph's interpretation of the "strike" of N.P. & SS ore beds. I believe the "strike" or trend is much more nearly E-W. Also the Little Joe Fraction is below the marble line. But as a location and protection claim the Little Joe Fraction should be acquired if favorable terms are offered. The claim should be purchased outright especially if surface rights are involved. As for the Florence Group I will go through the files here to see if additional information is available. Our vault is almost ready and I will (other duties allowing) be able to study and arrange the data from Mascot files in the two cases. I may come up with additional data. Pending that work ^{or} only if very favorable terms are offered should we acquire the Florence. The geological and other data in Ralph's notes is most interesting. The Florence group, in my opinion is of definite interest - but we should seek more data from our files

Respectfully submitted

M. D. Kierans



~~one copy~~
MARTIN

April 10, 1980

On March 27th a search of publications at the G.S.C. library and the records in G.M. Resources Limited's office was made to gather information on the following claims:

- | | | |
|---------------------|-------|-------------|
| 1. Eagles Nest | L844 | 57.65 acres |
| 2. Little Pittsburg | L649S | 14.52 acres |
| 3. Bullion Beek | L652S | 17.71 acres |
| 4. Whale | L651S | 15.13 acres |
| 5. Florence | L653S | 22.69 acres |

These claims were first owned by a Thomas Bradshaw; in 1980 a Mr. G. Gilbert obtained an interest in the claims. The claims are presently owned by Agis Resources Corp.

Very little information resulted from the search indicating little work has been done on the claims other than the Florence. The following information was obtained from the B. C. Minister of Mines Annual Reports:

1907 - p. 127

A group of claims in the northern part of the Hedley sheet owned by T. Bradshaw and others gives promise of some valuable bodies of ore.

1907 - p. 166

T. Bradshaw spent \$1,500 in development work on the Florence group. Total amount expended amounts to \$8,000 - principally tunneling.

1908

Mr. G. Gilbert obtained an interest in the property (See Camsall's report).

1909 - p. 206

A fair amount of development work done on the Florence group; other claims were added.

1916 - p. 206

Other orebodies whose dimensions and values have not yet been thoroughly proven are known to occur on the Mound, Warhorse, Kingston, Metropolitan and Florence claims. The orebodies are of roughly tabular form without any defined walls, lying in metamorphosed limestone beds either in direct contact with an intrusive igneous orebody or within its sphere of influence.

1937

Hedley Mascot Gold Mines Ltd. Annual Report

Important mineralization was found in the Eagle Nests claim by a 1936 survey. One picked sample from the Eagle Nest assayed 1.46 oz. gold per ton and a second sample chipped from 6 square feet in the same locality assayed 0.14 ounces of gold per ton.

1939

Annual Report - Hedley Mascot Gold Mines by V. Dolmage

Eight deep holes were drilled giving two 4' mineralized bands running 0.32 and 0.26 ounces per ton of gold. These bands were cut at a depth of 1000' by one of these holes and also a short distance to the south a hole deflected from this one. A third hole aimed to cut them at a distance of 50' east but did not do so.

1941 - B. C. Minister of Mines Report

A raise has been driven to connect the 4300 level with the 4800 level. From the raise exploratory development work has been done at intermediate levels.

1946 - B. C. Minister of Mines Report

The 3700 level was advanced 923' and 13000' of drilling was done from this level to try and find a downward extension of the Nickel Plate orebody.

1950 - President's Report to Shareholders

The Bradshaw option was renewed for 5 years covering Florence, Little Pittsburg, Whale, Bullion Beek and Eagles Nest #2 claims.

FROM

MWH

DEPARTMENT

DATE

Nov. 27/80

SUBJECT

L P Stack

MESSAGE

HIRD GOLD

Contacted Murray Pike just after lunch today and enquired the status of the Hird diamond drill core assays. He was advised results would be available Nov 28th or Dec 1st.

Von Hessant will be arriving in Calgary re final report on 9th or 10th December.

Wadeley Muri received good assay results in their bulk sampling program this past summer. Evidently, from Murrays report, they also have free gold.

TO W. G. Hainsworth

DATE April 2, 1981

CC: M.D. Kierans

RECEIVED
APR 7 - 1981

FROM Frank Holland

SUBJECT NICKEL PLATE GEOLOGICAL SECTIONS
AND PLAN OF SS350 DRILLING

I have forwarded under separate cover a copy of the Plan and Section of the SS350 drilling, as they were exhibited at the Annual General Meeting of Mascot Gold Mines Limited on March 30, 1981.

Values are only shown for holes that are included with the President's remarks and Press Releases.

There appears to be a definite indication of a bedded structure showing up, of mineable thickness, and that seems to be open to the East and North and is probably not cut off to the West, which indicates further drilling in the area and probably closing in to SS375 and SS4.

Average grades that are turning up appear to be well below the necessary cut-off for open pit mining, as a primary ore source.

However, the "beds" would seem to give indications of ore grades with potential mineability by underground methods, with possibly small pit potentials in local areas of the surface and near surface.

There is some other potentially important data turning up in our drilling that seems to warrant serious consideration and is the subject of a further memo.

I will anticipate discussing these geological concepts with you at an early date as we are now well into Phase 3 of Stage I, and I wish to evolve the geological program for the balance of 1981 as soon as possible.

.mel

INTER-OFFICE CORRESPONDENCE

TO W.G. HAINSWORTH
W. WILKINSON

DATE APRIL 2, 1982

FROM F. HOLLAND

COPIES TO L.P. STARCK

SUBJECT ASSAYS COMPOSITE SAMPLE
P.O. #1288

The following are the results of Assays on the Composite Sample as phoned in by Min-En.

Cu - .008
Co - .016
Ag - 0.18 oz/ton
As - 0.079
Au - 0.945 oz/ton

Yours truly,

A handwritten signature in black ink, appearing to be 'Frank Holland', written in a cursive style with a large loop at the end.

Frank Holland

/aa

MASCOT GOLD MINES LIMITED

REPORT OF THE PRESIDENT ON BEHALF OF THE BOARD OF DIRECTORS

Since February 27, 1981, the date of the last Annual Report, the Company has increased the diamond drill indicated reserves at its Nickel Plate property to 376,600 tons grading 0.283 ounces of gold per ton and completed a private placement for \$3 million to fund the ongoing exploration of this former gold producer in south-central British Columbia.

The Nickel Plate property, which was in near continuous production from 1904 to 1955 and produced 3,273,807 tons of ore yielding 1,448,460 ounces of gold has three main ore systems: the Nickel Plate, Sunnyside and Morning. It is the objective of the Company's current exploration program to establish reserves of commercial gold mineralization in the Nickel Plate and Sunnyside ore systems above the 450 main haulage level (elevation 5,450 feet). The Company is deferring the exploration of these two systems below that horizon and of the Morning ore system, which has been mined down to elevation 3,750 feet, for future programs.

This program, on the recommendation of W.G. Hainsworth, P. Eng., the Company's engineering consultant, is being done in two stages, Stage I was completed in July and as a result of its success in establishing the potential for the discovery of mineable reserves the Company implemented Stage II on the assurance of the Company's principal shareholder, G M Resources Limited ("GMR"), that it would provide bridge financing as required pending completion of additional public financing. Stage I was financed in October, 1980, by way of a public underwriting that netted the treasury \$1.4 million before financing expenses. The Company planned to finance Stage II by a rights offering to the shareholders. However, because of prevailing stock market conditions in the latter half of the 1981 calendar year, the Board of Directors concluded that it would not be prudent to carry through with the rights offering. Therefore in December, 1981, the Company entered into a private placement agreement with GMR whereby GMR purchased 1,086,956 treasury shares for \$1.5 million and agreed to expend by December 31, 1983, an additional \$1.5 million on the exploration of the Nickel Plate property in consideration for additional shares of the Company at the rate of one share for each \$1.38 expended. GMR presently holds 3,164,956 of the 4,468,182 issued shares of the Company or a 70.8% interest and by expending the additional \$1.5 million will increase its interest to 76.5%.

Since October 1, 1980, the commencement of the 1981 fiscal year, a total of 28,261 feet of diamond drilling has been completed on the Nickel Plate property of which 15,113 feet was underground and 13,148 feet on the surface. Concurrently with this drilling, the Dickson shaft that served the former producing areas of the Nickel Plate and Morning ore systems was made accessible for diamond drilling and geologic investigation. The Bulldog adit level, that was the haulageway for the Sunnyside mining areas, was retimbered and retracked for some 1,500 feet from the portal. The 2501 drift which is being driven from the Bulldog level to explore the new 250 Sunnyside zone has been advanced 140 feet. Also during this period

the surface establishment was expanded with the installation of additional bunkhouse, cookhouse and office facilities, a changehouse, a recreation complex, a third compressor and a water system including a deep well.

Stage II of the exploration program is well underway and at present three diamond drills are working underground on two shifts in the North Rib and Piece of Pie areas of the Nickel Plate ore system to test the purple, orange, red and yellow beds and in the Sunnyside system to explore the Sunnyside 450 Flipper Sill area. Drilling of the new Sunnyside 250 zone, which was discovered last summer, has been tested by drilling six holes that in the aggregate intersected 149.5 feet of mineralization having an average grade of 0.419 ounces per ton, will be commenced as soon as the 200 foot exploration drift from the Bulldog level has intersected and crosscut the zone. Following the completion of Stage II, it should be possible to analyze the economic factors including the price of gold, costs and reserve grades that have a direct bearing on the advisability of production. Mr. W.G. Hainsworth, P. Eng., has recently calculated the drill indicated reserves above the 450 level at 376,593 tons grading 0.281 ounces of gold per ton before applying mining and dilution factors. This is an increase from 48,388 tons grading 0.317 ounces of gold per ton established as at October 1, 1980.

The audited financial statements including the Balance Sheet and Statements of Deferred Exploration and Development and Changes in Financial Position for the 1981 fiscal year ended September 30, 1981, form part of this report. These statements have been reviewed by the Audit Committee and, as with management's report, have been approved by the Board of Directors. In the 1981 fiscal year total salaries paid by the Company amounted to \$438,417 and as at September 30, 1981, the Company had 19 employees. The comparative figures for 1980 were \$127,691 and 20 respectively.

During the 1981 fiscal year Mr. F.P. Cundill was appointed a Director and Secretary of the Company to fill the casual vacancy resulting from the resignation of Mr. A.H. Ainsworth who had been a director and Secretary since November, 1981. The Company regrets to inform the members of the death of Mr. Ainsworth in October, 1981. In September, 1981, the Honourable Jack Austin was appointed to the Federal Cabinet and accordingly resigned as a Director of the Company. At a recent meeting of the Board of Directors, Mr. J.L. Gibson was appointed a Director to fill that casual vacancy.

In December, the Company entered into an agreement with L.P. Starck & Associates Ltd. to provide the management services to the Company that were previously provided by G M Resources Limited ("GMR"). Mr. Starck who recently resigned as president of GMR to become president of L.P. Starck & Associates Ltd. performs the same services for GMR. Also the administrative office of the Company has been moved from Calgary to Vancouver, B.C.

In order for the Company to take advantage of situations that may arise in the future the members will be asked at the Annual General Meeting to approve an increase in the authorized capital of the Company from 10 million to 20 million shares. The Company has no plans at this time to issue any additional shares other than those that have been committed in respect to the private placement with G M Resources Limited and options to employees.

ON BEHALF OF THE BOARD,



L.P. Starck
President

February 5, 1982.

FROM

WGH

DEPARTMENT

DATE

March 1 1982

SUBJECT

Assaying Priority

S
E
N
D
T
OF. Holland
W. Wilkinson

MESSAGE

Concerning sample priorities, the mine has been sending 2501 Xc' drill core samples to Min-En. Samples from other drill sites are forwarded to GTH. To date only the 2501 drilling has created a priority assaying. Min-En gets all the assays to us within 3 days of receiving the bags. Should other holes require priority from GTH we would list them on the PO.

The system appears to be working well with both Min-En and GTH, and I am reluctant to change it at this time. Assay results from both labs are coming in within a workable time frame.

H

To: Mr. Hainsworth

May 10/82

Subject: Sample Nos. 56427-56438

Sample nos. were transferred incorrectly from the sample books to other records.

These have been corrected. There is no duplication of sample numbers, and the extra sampler ⁽⁵⁶⁴³⁸⁾ is the last of the displaced sequence. Correct location of the samples is as follows:

56427 : M.D. 2741, 42'-50'
56428 - 56438 : M.D. 2680, 2'-66'

There would seem to be no need to quarter and re-sample any of the sequence, as our sample book record is ~~not~~ clearly correct.

Bill W.

INTER-OFFICE CORRESPONDENCE

TO Wm. WILKINSON

DATE MAY 21, 1982.

FROM W.G. HAINSWORTH

COPIES TO L.P. STARCK
F.W. HOLLAND

SUBJECT SAMPLING

As per our conversation of May 19th, the following areas should be carefully sampled:

- 1) Bulldog Haulageway (initially 20' centers, later 10' centers)
- 2) SS #2 Xcut - 6' centers
- 3) 2 - 7 stope
- 4) 4 - 7 stope
- 5) A 7 L stope
- 6) 2 - 8 north stope - 5' centers between drill holes 2827 and 2830

In view of some of the interesting assays resulting from the 2 - 5 stope wall sampling you may also wish to detail specific areas in this stope.

Please ensure that following the assay results Vancouver receives a copy of the sampling layout.

W. G. Hainsworth

WGH:dk

INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK

DATE JUNE 4, 1982.

FROM W.G. HAINSWORTH

COPIES TO F. HOLLAND

SUBJECT MASCOT SUMMER PROGRAM

With the completion today of the 1981-1982 underground drilling program, the geology department at the property is gearing for the summer surface operation.

While underground drilling results are being tabulated and evaluated, the surface program will be primarily directed towards the detection of Sunnyside 250 type mineralization.

To this end the program will be contained between the South Dyke area of the Nickel Plate beds (north perimeter) and what is loosely termed the northern boundary of the South Rim area (south perimeter). It will originate between the Sunnyside 2 and 3 open stope areas and progress westward up the hill. The west edge will be determined by the geology and claim boundaries.

Two base lines will be established which will be tied into the mine co-ordinate system and anchored on our underground survey points. So called picket lines will be run between the base lines by means of brunton and hip chain. The surveys - soil sampling, mapping, rock sampling EM16 - will be run over these lines with specific areas or points being surveyed in.

All trenches within this area will be cleaned out, or blasted open, then mapped and sampled.

It is intended that as a finale to this program when all target areas are delineated that some 1,500 feet of diamond drilling will be organized for the areas of prominence. It is intended that this be distributed in 10 to 15 holes. Consideration will also be given at that time to the replacement of the diamond drill by a percussion machine with a resulting greater footage program.

Underground stope and drift sampling will proceed during the surface program.

It is estimated that the surface program will extend into late September with October and November being occupied by surface drilling and additional sampling.

W.G. Hainsworth

WGH.

INTER-OFFICE CORRESPONDENCE

TO W. WILKINSON

DATE JUNE 18, 1982

FROM W.G. HAINSWORTH

COPIES TO F. HOLLAND
L.P. STARCK
R. FOISY

SUBJECT FURTHER INVESTIGATIVE AREAS

As a follow-up to our discussion during my visit of June 15th - 16th, the following areas were deemed worthy of investigative study and/or sampling:

- 1) On the IXL 800 level, an area on the possible downward extension of the Sunnyside 250 zone, for sampling.
- 2) On the IXL 800 level, an area vertically below the Sunnyside north 450 zone. This includes the 809 and 816 drifts for sampling.
- 3) On the main IXL 800 drive, a geological investigation to locate the Sunnyside South dyke and the Flipper Sill.
- 4) A review of the logs of 3 flat Kelowna holes drilled to the east on the IXL 800 level, under the 250 zone.
- 5) Geological and, possibly, sampling investigation of the Climax Fault zone in the IXL drive.
- 6) Surface investigation of the pit areas related to the Climax Fault.
- 7) A review of the log of surface hole #518 drilled in close proximity to the Climax Fault.
- 8) Continued trenching on the slope between Sunnyside 2 and Sunnyside 3 zones. Back ~~hole~~^{HOE} operations can be usefully located in certain areas.

The IXL surface ~~mark~~^{WORK} is tending towards the South Rim area. However, if economic ore sections can be located here they will be welcome additions to the reserves.

W.G. Hainsworth

WGH:dk

F Holland

F Holland

CC W.G. Hamsworth
ER GAYFER

SUBJECT

DATE

July 22/82

- For Your Information
- Please O.K. and Return
- Please Discuss With Me
- Per Your Request
- For Your Signature
- Please Process
- Return With More Details
- Investigate and Report
- Please Answer
- For Your File

GM claims held in trust
by GMR for bond and
MMP (1/2)

As discussed we should proceed with a small amount of cut work and on inspection by W.G. Hamsworth of these claims so the work can be filed as assessment work this fall, however, with total including your time, car expense etc, and Bell's time and the cut work we should not spend more than 2 years assessment work. If it results in a negative conclusion then prior to filing further assessment work we should take the claims over to bond & if the work is positive then we should finalize the work as discussed last year.

DATE OF REPLY

RETAIN THIS COPY UNTIL REPLY RECEIVED THEN DESTROY

SIGNATURE

EVERGREEN PRESS LIMITED
VANCOUVER • VICTORIA

MEMOGRAM

REMOVE THIS SHEET AND FORWARD BALANCE OF SET (INTACT).

INTER-OFFICE CORRESPONDENCE

TO W. WILKINSON

DATE JULY 29, 1982

FROM F. HOLLAND

COPIES TO J.R. FOISY
→ W.G. HAINSWORTH

SUBJECT RE: DIAMOND DRILLING

At the present we are planning to drill in two locations for specific data: there is no authorization to drill beyond the obtaining of this data, and at present this only extends to two holes, one in the Bulldog to check mineralization noted in old Hole 405 and in the Sunnyside No. 1 to check the length of gold carrying mineralization in a -17° hole which shows gold values for 120 feet.

The Bulldog hole should be drilled as close to the projected location of Hole 405 as practicable. No other considerations should influence this siting. The Sunnyside one hole should be drilled very close to the old -17° hole location as a similar dip, to verify the values reported in the old hole. Any further drilling that might occur will derive from assessing the information obtained from these drill cores.

Yours truly,


F. Holland


FH/sb

INTER-OFFICE CORRESPONDENCE

TO EVAN CAMERON

DATE AUGUST 6, 1982

FROM F. HOLLAND

COPIES TO  W.G. HAINSWORTH
L.P. STARCK

SUBJECT

As discussed last evening, I am forwarding via Bill Hainsworth a copy of the paper "The Ore Deposits of Nickel Plate Mountain" Hedley, B.C. by Paul Billingsley and C.B. Hume.

This is still the fundamental concept of the geology of the Nickel Plate ore beds. However, for a more general sense of the area, I can recommend Camsell 1908 - 1910, and Bostock.

Also enclosed is a claim map, showing the principal areas of mineral claims owned by and adjacent to the Nickel Plate Mine.

Possibly the cat work you referred to was done by Good Hope Resources in 1980 - 1982, on, as I understand it the Horsefly, and Terror. Also the "American" Engstrom did some cat work on the Cold Spring.

Good Hope may also have done some work on the Fairy Queen, recently.

We have not been able to spare anyone of recent date, to verify this.

I think Bill will also be bringing you a good piece of Nickel Plate skarn, from the upper Nickel Plate workings.

Regards,



F. Holland

FH/sb
encl.

ATTENTION:

FROM:

Bill Wilkinson

DEPARTMENT

DATE

Aug 13/82

SUBJECT

CC - F. Hallard
 - L. P. Struck
 - R. Fahey.

MESSAGE

Bill:

In view of the assays received today I would advise a closer geological and assay look at the Sunnyside #3 Sub level.

Also please forward a better assay plan of the Sunnyside #1 Adit.

Regarding our discussion on the 11th August, keep in mind eventual sampling of the trenches north of the N.P. Glory Hole.

The trenches you pointed out to me above the Bulldog #1 adit should be cleared out and sampled.

The dewatering and sampling of the merge in the Bulldog haulage level should have immediate priority.

The Bulldog drill core is disappointing. I don't know what footage the sample represent.

I will not be up the coming week.

Regards
 Bill

INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK
F. HOLLAND

DATE AUGUST 23, 1982

FROM W.G. HAINSWORTH

COPIES TO

SUBJECT RE: SUNNYSIDE #1 ADIT SAMPLING

The attached map shows the assay results of the sampling of this particular adit. A total of 114 samples were cut.

In the immediate winze area 10 samples gave a weighted average of 0.249 oz./t. gold.

Forty-five samples cut from the area lying south of the east-west trending black dyke gave an average of 0.217 oz./t. gold. The remaining sixty-nine samples were cut north of this dyke and produced very weak results.

The fault structure produces values to the south of itself and north between it and the dyke. Drill concentration at the present time is south of the fault in the strong sulphide zone.

Yours truly,

W.G. Hainsworth

WGH:sb

INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK

DATE AUGUST 30, 1982

FROM W.G. HAINSWORTH

COPIES TO F. HOLLAND

SUBJECT RE: MOSQUITO CREEK GOLD MINES IMPRESSIONS

In lieu of a report at this time, I herewith submit my impression of our visit of August 25th through August 27th, 1982. I refer in general to the geological aspects at the Mine.

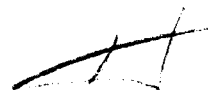
- 1) Geological direction is following the established criteria as advanced by Island Mountain Mines i.e. follow the Baker - Rainbow contact.
- 2) No reserves are apparent due to the haste to achieve production. From the present level design it would be difficult to build reserves as no targets are outlined to direct development. Development would be, at the present stage, exploration.
- 3) To build targets for underground development, surface drilling would be a requirement.
- 4) No map of the surface drilling was forthcoming when requested. In '72, 4 diamond drill holes were put down on IP anomalies and in '73 some 38 percussion holes totalling in excess of 10,000 feet were drilled. I am sure there was more surface drilling particularly by Home.
- 5) In '81, Mosquito Creek, in its annual report, states that 15,131 feet was drilled. At the shaft site there are 132 boxes (3,300 ft) of 1981 underground core. Un accounted for 12,000 feet which could be surface drilling. More core was said to be located at another site.
- 6) When asked if there were targets in advance of present level faces the geologist stated he did not know. It appears that the early surface drilling was not studied.
- 7) Cross sections are well behind and appear to be at the same stage as when Fakrni examined the property in May '82.
- 8) Both types of mineralized stopes - tabular and pencil - show enough continuity in length to present targets for close surface grid drilling. However, an underground level should be pushed out as an exploration heading with ring drilling carried out from it in conjunction with surface drilling.

- 9) Core sampling has been at the discretion of the geologist. All cores should be split for analysis.
- 10) Underground sampling is only from the drill holes and muck samples; no faces or breast samples are taken. The assay lab does not appear to be overworked in this respect.
- 11) In desperation for muck, pillars are being pulled from the stopes upon retreat making immediate area exploration dangerous.
- 12) There does not appear to be good co-operation between the manager and the geologist.
- 13) The surface exploration at this advanced stages appears to be a gamble to maintain production. I do not condemn the surface operations but wish it could proceed without almost immediate production.
- 14) The driving of the 3rd or 4th level as an exploration heading (eventual production haulage level) to break out to surface is preferred to a decline. A decline requires trackless equipment purchase or letting a contract and may not offer the best opportunity for underground drilling.

In general, the geological outlook for the property is good. Island Mountain - Aurum Mines operated for 33 years primarily on the sulphide replacement deposits similar to Mosquito Creek. The necessary structures have been demonstrated to be present at the property. Production grades are good.

Should GMR continue their interest in the property, it is recommended that deeper investigation of past surface drilling (including the drawing up of a map if necessary) be organized and a "fire be lit" to hasten the cross section drafting. If investigation continues a step further, then underground operations should be tied into a full surface drill program.

Yours truly,



W.G. Hainsworth

WGH/sb

INTER-OFFICE CORRESPONDENCE

TO BILL WILKINSON

DATE OCTOBER 14, 1982.

FROM L.P. STARCK

COPIES TO R. FOISY
F. HOLLAND
L. STARCK

SUBJECT

This memo will condense our discussions of several weeks ago during my visit.

Chip sampling is to be carried out in the following locations:

- 1) 2-6 Raise (Orange) A sketch is enclosed.
- 2) 2-2S Stope (Yellow) A sketch is enclosed.

Sampling of the above two locations is related to mineral reserve estimates.

- 3) 820 Stope As discussed during our examination of the stope.
- 4) Sunnyside 450 Winze I suspect that Glen has already completed this sampling. I advise against allowing the winze to become a water reservoir until all assays are returned and we are fully satisfied that we are finished with the location.
- 5) 2-2N Raise I had planned on our revisiting this raise (sub-drift?). However, this location should be closely sampled as the Kelowna drill results from here are very good.

Enclosed with the Nickel Plate Mail are my mineral reserve sections on the Yellow-Orange-Red ore beds (1"=15'). Would you please have Stewart run these up on 1"=30' scale. He can omit the rough statistics and concentrate only on the drill holes, drifts and proven and possible ore outlines. In addition, please have him send down at first opportunity his copies of my sections on the SS250 and Bulldog 3 zones.

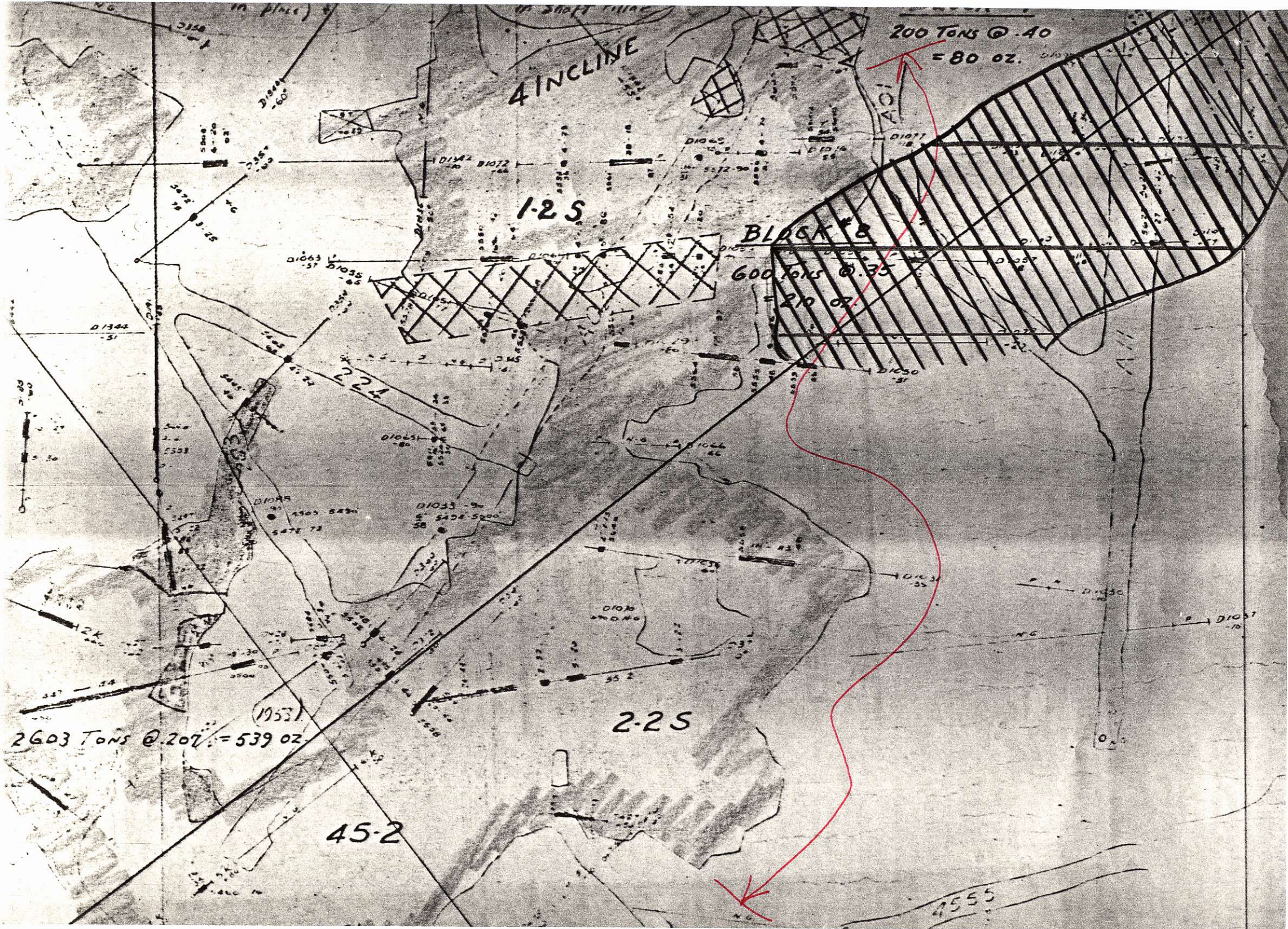
Concerning the surface drilling, I repeat my suggestion of yesterday that it would be prudent and professional to move out from ore on a shorter incremental basis.

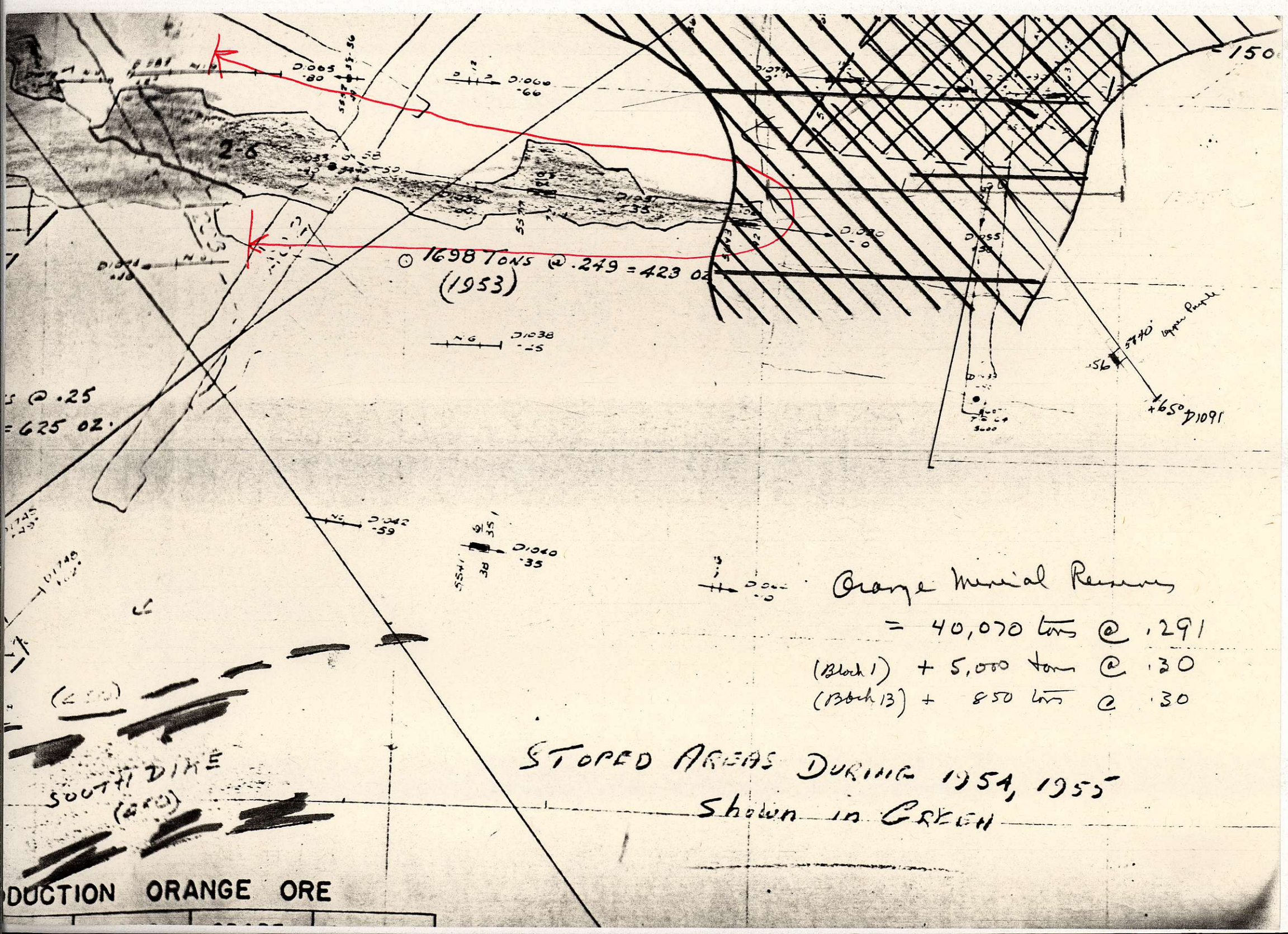
I am hoping to see you sometime during the week of October 25th.

Best regards,

W.G. Hainsworth

WGH:dk
encl.





1698 TONS @ .249 = 423 OZ (1953)

625 OZ @ .25

Orange Mineral Reserve
 = 40,070 tons @ .291
 (Block 1) + 5,000 tons @ .30
 (Block 13) + 850 tons @ .30

STOPPED AREAS DURING 1954, 1955
 Shown in GREEN

SOUTH DIKE

DUCTION ORANGE ORE

From the Desk of

W. G. HAINSWORTH

Nov 5/82

Additions have been made to the SS 450 surface sampling on the attached sketch. Also it has been relocated as per the latest survey.

There is 80 feet of rock above the Silver Plate. Sampling open at both ends at present.

WJ

To: LPS
FH

Nov. 4/82

Orange Stone Sampling

The portion of the raise out of the Orange stone on the 2nd level ran .354 up to 75 feet. This blends in nicely with the Orange ore reserves which have been taken as far as the raise face.

The yellow stone sampling, unfortunately, did not run as good. It was very sporadic in values.

To: L. P. S.
F. H.

Nov. 4/82

Surfan 450 Sampling

The accompanying sketch shows the relationships of the sampling to the North and South 450 Dykes. These dykes are converging in this particular area which allows an excellent locus for mineralization.

Underground drilling could eventually be conducted from the benchside of Sub drift which is roughly 80'-100' below the sampling.

Samples for 28' north of those shown have weak to nil mineralization. Another round of samples have been taken from a lower bench on this same portion of the road

H

INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK

DATE DECEMBER 2, 1982

FROM W.G. HAINSWORTH

COPIES TO

SUBJECT RE: SURFACE SS450 SAMPLING

Of interest are the final results from the 3 benches of chip sampling on the surface exposure of the SS 450 zone. (Silversides).

Original Bench - 1.092 along a 40' length
2nd Deeper Bench - .593 along a 15' length
3rd Bench (Squaring off of original) - .556 along a 45' length

This makes for a 100' of lineal length sampling grading .717 oz/t gold over the three benches.

Yours truly,

W.G. Hainsworth

WGH/sb

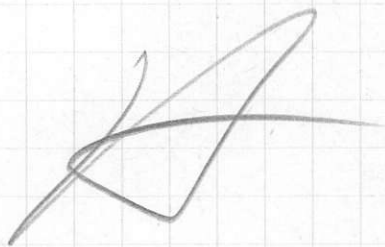
To: L. P. S
F. H

Surface 450 Sampling.

Of interest, the 10 samples (50826-835) represent 6 vertical cuts over a length of 31 feet. They are situated midway between the North and South dykes.

Weighted average =

0.911 over 31 feet.



INTER-OFFICE CORRESPONDENCE

TO L.P. STARCK
F. HOLLAND

DATE MARCH 3, 1983

FROM  W.G. HAINSWORTH

COPIES TO

SUBJECT MASCOT SAMPLING RESULTS

My recently completed report - February 14, 1983 - on the Mineral Reserves of the Nickel Plate Mine of Mascot Gold Mines Ltd. was done in the accepted weighted arithmetic average manner.

I have recently received a copy of the Sichel "t" method in the statistical evaluation of mine sampling data. This method has been in standard use in African gold mines for the last 20-25 years. In this particular application the result is said to have a reliability higher than the arithmetic mean. In addition it is less sensitive to the occasional high assay (thereby eliminating cutting assays) and is said to lie closer to the true mean grade in the majority of cases, particularly for areas of few samples.

Wilkinson recently sent down a copy of wall and face sampling of the Sunnyside No. 2½ zone. It included an additional 147.3 feet of rib sampling than was forwarded to me by him on May 20th, 1982. His weighted average on that date was 387.3 feet of 0.575 ounces gold per ton. Averaging out of the weighted 534.6 feet of sampling as shown on the recent copy comes to 0.497 ounces gold per ton.

I applied the Sichel t method to the Sunnyside No. 2½ zone including all the rib samples, muck samples, face samples and drill intercepts. The results are as follows:

125 samples aggregating 1420.9 feet
Weighted arithmetic = 0.532
Sichel's t = 0.581

My weighted grade in the February 14, 1983 report is:

SS No. 2½ zone = 0.559

It utilized all drill intercepts, all muck samples and the aforesaid 387.3 feet of face and rib samples.

With your permission I shall apply the above method to checking all the reserve figures in the report thereby establishing more credibility for the figures.

Yours truly,



W.G. Hainsworth

WGH/sb