

George Cross News Letter

"Reliable Reporting"

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MASCOT GOLD MINES LIMITED(MSG-V,T)

NEW GOLD MINE/MILL PRODUCTION IS - Gold dore bars are PROGRESSING WELL AT HEDLEY, B.C. being shipped on a regular weekly basis from the Mascot Gold Mines' Nickel Plate gold mine, located at Hedley, 150 miles east of Vancouver, B.C. Tune-up started at the mine in May and is steadily approaching the design capacity of 2,700 tons per day and the anticipated recoveries.

Construction of the \$68,000,000 surface open pit and gold recovery plant was completed May 1,1987, ahead of schedule and some 10% under budget. The tune-up period during May and June included the normal mechanical adjustments to the major equipment items including the crusher, grinding mills and thickener. The grinding circuit is performing above expectations and on a routine basis is now producing above the 2,700 ton per day rate. Both the crushing and grinding circuits have demonstrated surplus capacity. Following some tune-up adjustments, the crushing plant has operated at 4,000 tons per day and now is producing at 100 to 115 tons per hour on a routine basis. The primary thickener has been carefully adjusted to provide good clarity in return water. The filter was increased in size and is providing good quality, smooth recovery.

H.G.Ewanchuck, president stated that the mill staff and crew have done an excellent job to achieve solution balances and flow rates in the milling circuit which holds in excess of 4,000,000 gallons of gold bearing solutions and 8,000 tons of ore. Improvements in operations both in daily throughput and gold recovery are anticipated as the operation proceeds through the break-in period of full production by mid-summer. The open pit mining operation is producing smoothly. Also, during the tune-up period, forecast mine and mill operating costs have been achieved. Indications are that June will have generated a modest positive cash flow.

The first phase of the 1987 exploration drilling program, surface and underground, was completed by June 15, and 81 drill holes for a total of 55,292 feet of drilling were completed during this period. This exploration has extended the gold bearing zones in the Bulldog South Pit area.

Planning is well advanced for the start of a 1,500 foot exploration heading to explore the deep gold bearing zones located in the Bulldog area.