

812364

92H5 Giant Mascot.

2-1-55

original in Steamboat  
Mountain-SF

STEAMBOAT MOUNTAIN.

SUMMARY:

The following report presents an exploration project designed to find further lead deposits like those at the Giant Mascot Mine at Spillimacheen. The available data show that the large scale structures which probably influenced the location of the Giant Mascot orebody are repeated at Steamboat Mountain. This section of the Columbia valley was unsuccessfully prospected in the 1890's so that it can be assumed that no worthwhile mineralization is evident at surface. A program of geological mapping is recommended to determine whether favourable smaller scale structures occur in the favourable horizon. If warranted by the mapping results, a further programme of staking and geophysical and/or geochemical surveying is recommended. The mapping would cost \$800 - \$1300 in wages and expenses. Costs for other stages are not estimated since they would be contingent on the size of the favourable area.

INTRODUCTION:

Location

Jubilee Mountain, the site of the Giant Mascot Mine, and Steamboat Mountain, the site of the suggested exploration project, are both isolated mountains within the valley of the Columbia River, approximately midway between Golden and Radium Hot Springs. Both

are west and within 5 miles of the Columbia River. The Canadian Pacific Railway and the Golden-Radium Highway follow the east bank of the Columbia.

#### GENERAL GEOLOGY:

The Columbia River marks a division between the Precambrian Purcell Mountains on the west, and the Paleozoic Rock Mountains on the east. Jubilee and Steamboat Mountains lie within a plate of Paleozoic rocks caught between the major Purcell Thrust and a smaller thrust on the west. The synclinal structure within the plate seems to be a Rocky Mountain structure rather than a Purcell structure. (Figs. 1 & 2).

Mineralization in the Columbia valley is scant. Of the ten known occurrences in the section between Golden and Windermere, seven are primarily barite (4 barite with galena, 1 barite with chalcopyrite, 2 barite with pyrite). Two of the other occurrences are malachite-azurite, the third is an occurrence of galena-sphalerite. Four of these occurrences are in the Jubilee dolomite, three in the upper section; the remaining six occurrences are each in a different stratigraphic horizon. Three mineral occurrences are being mined - two are intermittently quarried for barite, and the third, the Giant Mascot Mine, is a lead producer.

#### GIANT MASCOT MINE

##### History:

The Giant Mascot Mine outcrop ore was staked before 1890. Various companies and individuals did exploration work prior to 1947.



Silver Giant Mines Ltd., which was organized to acquire the property in 1947 optioned the property to Sissee Gold Mines. The option was dropped upon completion of a drilling programme in 1949. Silver Giant Mines Ltd. merged with Hedley Mascot Gold Mines Ltd. to form Giant Mascot Mines - Silver Giant providing the property, Hedley Mascot providing a mill and some liquid capital. A bond issue was floated as a source of additional capital. Production began in 1951.

#### Geology:

The geology of Jubilee Mountain is shown on the geological maps in Figs. 1 and 2. Jubilee Mountain lies within a plate of Paleozoic rocks caught between two major thrust faults - the Parcell Thrust on the east, and an un-named thrust on the west. The plate is thin in the vicinity of Jubilee and Steamboat Mountains but widens to the north and south. The major structure on Jubilee Mountain is a syncline plunging gently north at the south end, and gently south at the north end.

The mineralization at the Giant Mascot Mine occurs at the top of the Jubilee formation, where the Jubilee-McKay contact on the west limb of the major syncline is cut off by the un-named westward dipping thrust (Fig. 3). The mine-controlling structure is a local anticlinal nose plunging south  $75^{\circ}$  West at  $45^{\circ}$  (Fig. 4). Ore is localized at a contact between the slate and limestone on the nose of the minor fold and along its northern limb. The ore is a replacement of shattered Jubilee limestone by barite with streaks and clusters of fine-grained galena and scattered pyrite and sphalerite. Locally small amounts of chalcopryite, bornite, tetrahedrite (?) malachite and azurite occur. Unreplaced

inclusions of country rock within the ore zone have been silicified and there is usually some silicification of the wall rocks on the borders of the barite zone.

The relationship of the mine fold to the major structures, i.e. (the thrust fault, and the major syncline) has not been determined. Apparently, the geology has not been mapped beyond the limits indicated in Fig. 4. However, the major fold in the vicinity of the mine plunges north-northwest at about  $15^{\circ}$ . If the mine structure was the usual dependent type of drag fold it would have to plunge gently to the north-northwest. Actually it plunges to the west. Occasionally drag folds related to major folds, are perpendicular rather than parallel to the major fold axis and in the plane of the fold limb. Near the mine, the west limb of the major syncline dips steeply to the east, so if the mine structure were related to the major fold in this fashion it should plunge steeply east-northeast. Since the mine fold plunges to the west it does not seem to be related in any understandable manner to the major fold. (See Fig. 5).

The mine fold plunges westerly underneath the northerly striking thrust fault on the west side of Jubilee Mountain. The plunge of the mine fold (accurately known) is parallel to the dip of the thrust fault (known approximately). Generally, the axis of a drag fold which is related to a fault, is perpendicular to the direction of movement on that fault. If the mine fold were produced by the fault then there probably was a strike-slip movement to the north or south. This is not in keeping with the major movement on the fault, a thrust movement towards



the east. One of the more reasonable recent hypotheses with respect to the Parcell Thrust suggests that it originated as a transcurrent fault with strike-slip movement and that subsequently major thrust movement took place on the older break. If the thrust on the west side of Steamboat Mountain was also initiated as a transcurrent fault the orientation of the Giant Mascot fold could be reasonably explained.

The mine fold must be related either to the major syncline or to the thrust fault. The evidence as presented above is not conclusive, but it seems probable that the mine fold is related to the faulting rather than the folding.

#### Development:

The mine is developed by 5 adit levels, the lowest of which, 6 Level, is 400 feet lower than the ore outcrop. An inclined shaft was sunk from 6 Level and 7 Level, established 150 feet below 6. The lowest level, 8, is now being developed.

Above 6 Level, the orebody averages 20 feet in width and is 200 feet long. On 7 Level, the orebody averages 30 feet in width and is 250 feet long. The incline length of the orebody from outcrop to 7 Level is 700 feet.

#### Ore Reserves:

Date	Tonnage	Grade			Remarks
		Pb.	Zn.	Ag.	
June 1949	113,700	7.83	-	-	positive ore
	54,500	7.36	-	-	probable
	34,700	6.16	-	-	possible
Apr. 1951	141,790	7.20	-	-	indicated to 200 below 6 Level.
Nov. 1951	577,243	6.1	-	-	probable and possible
July 1952	483,800	5.8	-	-	proven and indicated
Sept. 1952	412,135	5.8	0.8	1.0	to 300' below 6 level
Sept. 1953	404,000	5.6	1.2	1.0	proven and indicated

One general report refers to barite-lead-copper mineralization on "Jubilee and Steamboat Mountains." However, the Steamboat Mountain occurrences are not described in any of the Minister of Mines Annual Reports, so presumably they are unimportant. The area has been prospected so worthwhile lead mineralization if present, is either blind or covered with overburden. At the north end of Steamboat Mountain however, barite replaces brecciated dolomite (McKay formation?). This barite is accompanied by minor amounts of pyrite and by silicification. Brecciation in the dolomite is probably the result of movement along the thrust fault on the west side of Steamboat Mountain (See Figs. 1 and 3).

Fig. 6. is an uncontrolled photo-mosaic of the north half of Steamboat Mountain. Stereoscopic study of these and adjacent photos has provided the only available information concerning the smaller scale geological features.

The thrust fault on the west side of Steamboat Mountain is placed in different locations by the original authors of Figs. 1 and 2 as shown in Fig. 6 by Faults A and B. Fault position B is the more reasonable one.

The favourable horizon is the upper part of the Jubilee formation near its contact with the McKay formation. The Jubilee is a massive cliff-making member and the McKay is a thin-bedded member; consequently the two can be distinguished on the air photos. The photos show that the area of interest near the intersection of the Jubilee-McKay contact with the thrust fault is largely covered with overburden. However, there



The suggested program then consists of:

- (1) Geological mapping of the west limb of the fold on Steamboat Mountain (Cost \$800 - \$1300)
- (2) Stake favourable ground.
- (3) Test soil sampling and electromagnetic method over the Giant Mascot orebody.
- (4) Do geophysical and/or geochemical survey over favourable area in staked group.
- (5) Trenching and diamond drilling of anomalies.

The execution of Steps 2, 3 & 4 and 5, is contingent upon favourable results from the preceding stages. Costs are not presented since there is no basis for estimating them until the mapping has outlined the size of favourable area or areas.

C. D. A. Dahlstrom

Vancouver, B. C.  
February 1st, 1955

February 2, 1955

## Outlook Bright For Dividends At Giant Mascot

Shareholders of Giant Mascot Mines were told at the annual meeting in Vancouver that dividends in the not far distant future could be considered as being within the bounds of probability.

The company is free of all but current debts, said B. H. Gunning, managing director, expressing the belief that, if the price of lead (the company's main product) remains at current levels or better, and if the company makes as much progress in the next six months as it has in the past half year, the directors will be in a position to consider dividend payment.

"It should be pointed out, however," he added, "That the company's consulting engineer has recommended that depth and lateral work be accelerated with the object of substantially increasing our ore reserves. From the shareholders' point of view, this is most important, and we have every reason to look for gratifying results in this connection. At the present milling rate of over 500 tons per day, our proven and indicated ore reserves give us about 2½ years to prove up the larger ten-

tonnages which there are sound reasons to believe exist at depth, and so to ensure a long and profitable life for the mine. This program will call for heavy expenditures again this year; but, on the other hand, we have completely eliminated bonded and other indebtedness, and there is also a very considerable saving in operating costs to be made through hydroelectric power which will come into effect shortly. This saving will be somewhere in the neighborhood of \$90,000 per year."

### OUTLOOK ENCOURAGES

Henry L. Hill, consulting engineer, was optimistic concerning the future of the company. He said he did not anticipate any decline in lead prices and since this metal was the principal product of the company's operations, he anticipated as much or greater revenue in 1955. Furthermore, he reported that copper content, small to date, was rapidly increasing as depth was obtained. In the fiscal year ending Sept. 30 Giant Mascot produced

185,000 lbs. copper as a byproduct only of the lead concentrate. Recent drill cores from sections below present production indicated the copper concentration to increase about four times to 0.32%. Should this condition continue, he said it would justify the installation of a copper circuit in the mill, an investment he estimated at only \$5,000. He said it was particularly noticeable that as the copper content increased the zinc content declined.

Mr. Hill said that ore reserves were about the same in quantity but slightly lower in grade than a year ago. The reason for this was the inclusion of lenses occurring in the hangingwall which were definitely profitable to mine. He said that broken ore reserves were now up to 40,000 tons, a very safe figure indeed for an operation slightly in excess of 500 tons daily for a total of 363 days per year.

With the first 3,000 h.p. unit of the B.C. Power Commission's Spillimacheen development due to function in March a saving in operating cost is anticipated. It is doubtful, however, if this will mean much of a saving on the remarkably efficient \$3.76 per ton, inasmuch as the principal source of mill feed will be from deeper sources. The cost of sinking and opening a new low level is estimated at between \$75,000 and \$100,000, and the consulting engineer feels that this should be proceeded with at once.

Directors were re-elected, as follows: R. B. Buckenfield, P. A. Wootten, B. H. Gunning, G. L. Fraser, W. Clarke Gibson, T. S. Mackay, Hugh A. Martin, Joseph Oliver, and E. C. Thompson.

The annual report of Giant Mascot Mines for the year ended Sept. 30, 1954, shows a net profit of \$358,014 for the period, compared with \$351,283 for the 1953 fiscal year. Production totalled \$1,489,092, and operating expenses were \$1,072,525, leaving operating profit of \$416,567. Other income added \$3,834, while other deductions amounted to \$62,385.

#### Ore Reserves Maintained

Ore reserves at year end were estimated at 408,000 tons averaging 0.7 oz. silver, 4.19% lead, and 0.89% zinc. The total was approximately the same as at the end of the previous year. Ore reserves are calculated down to the 850 level only.

During the 1954 year the mill treated 185,681 tons of ore averaging 0.7 oz. silver, 3.65% lead, and 0.67% zinc. Resulting production was 9,508 tons of concentrates containing 125,000 ozs. silver, 12,175,000 lbs. of lead, 1,376,000 lbs. of zinc, and 183,000 lbs. of copper. During the year the price of lead averaged 13.6¢ per lb., compared with the present price of 15¢ per lb. The mill operated 95.5% of the time, and averaged 509 tons per calendar day.

Giant Mascot's balance sheet at Sept. 30, 1954, showed current assets of \$223,118, compared with current liabilities of \$178,599, in addition to instalment liabilities of \$95,500.

At the annual meeting, as reported above, it was stated that working capital position has improved substantially since the fiscal year end. At Jan. 31, 1955, surplus of current assets above current liabilities was, in round figures, \$150,000.



## INCREASE PROFITS INCREASE PROFITS AT GIANT MASCOT AT GIANT MASCOT

### Lower Metal Prices Offset by Greater Production—Better Grade Indicated in Drilling

A profit of \$188,476 is reported by Giant Mascot Mines Ltd. from operations of the company's property at Spillimacheen, B.C. during the first six months of the 1953 fiscal year. Results obtained in the first drill core from the new 700 level indicate that Giant will be able to meet the challenge of falling metal prices. Costs are being held at a remarkably low level and earnings are adequate to meet capital expenditures required in the new development program.

B. H. Gunning, managing director, has advised The Northern Miner that excellent results have been obtained in the first drilling from the new 700 level station. This hole, at 131-159 ft. gave a core length of 28 ft. averaging 6.82% lead and 12.5% zinc. The reported intersection is estimated to be very close to true width at this point. Sections of the core gave high values in both lead and zinc, as follow: 5.0 ft. of 11.5% lead and 0.3% zinc; 5.0 ft. of 3.56% lead and 2.0% zinc; 5.0 ft. of 5.29% lead and 11.2% zinc; 5.0 ft. of 6.15% lead and 8.4% zinc; 4.0 ft. of 4.26% lead and 26.2% zinc; and 4.0 ft. of 10.15% lead and 33.7% zinc. Additional holes are being

(Continued from Page Seventeen)

drilled to test the orebody at this horizon. Concurrently, the shaft is being sunk to the 800 level, which should be reached in May. The shaft is well ahead of schedule.

H. L. Hill, consulting engineer, has reported to Giant Mascot directors that 6,000,000 lbs. lead were produced from 80,842 tons of ore milled during the first six months of the fiscal year. Operating costs during the period averaged only \$3.80 per ton. During Mar. 14, 220 tons were milled, for a new monthly record, averaging 3.75% lead. Operating profit was \$25,475.

#### Mill Rate Up; Costs Reduced

Efficiency of present Giant Mascot operation and potential significance of higher grade ore expected from the new lower levels is highlighted by a comparison of the current six-month report with that for the same period of 1952. Daily tonnage treated has been increased from 182 to 443. Operating profit for the first six months of 1952 fiscal year was \$154,500 as against \$188,476 in the face of a drop in lead price from 19¢ to 13.5¢. Operating costs were reduced from \$8.86 per ton to \$3.80. Grade of ore milled was down from 4.5% to 3.7% lead.

Capital expenditures in the 1953 period were \$148,800 as compared with \$152,000 in the first six months of the 1952 fiscal year.

The recently announced decision of the B.C. Power Commission to proceed immediately with the new hydroelectric project at Spillimacheen, B.C., offers added encouragement to Giant Mascot. Savings on power are expected to offset hoisting costs from the lower levels.

With promise of improved grade from the 700 and 800 levels, and with the entire plant geared to operate at maximum efficiency with lowest possible operating costs, present indications are that Giant Mascot will be able to weather the current low metal price period satisfactorily.

An interim report covering recent operations is being prepared for distribution and directors have asked that all shareholders have their stock registered in order to ensure that the report may be received.

## SETTING RECORDS GIANT MASCOT

New records continue to be set by Giant Mascot Mines, Ltd., silver-lead producer at Spillimacheen, B.C., one of the few to successfully combat lower metal prices with an aggressive program of expansion and development.

During September, 16,581 tons of ore were milled for a production of 917 tons of lead concentrate resulting in an operating profit of \$51,200, a new high for this operation. Previous record was set in July, 1952, when 457 tons of lead concentrate were produced from 7,500 tons of ore for an operating profit of \$48,284. At that time lead was selling for 19¢ per lb.

At the mine, B. H. Gunning, managing director, advises that the new low level crosscut at No. 7 horizon has been completed and is now in ore. This work gives an additional 125 ft. of vertical depth on the main orebody.

## GIANT MASCOT

### Financial Position Improved During the Past Year

The advances made by Giant Mascot Mines Ltd. in mine operations during the past year as detailed at the annual meeting reviewed in The Northern Miner issue of Dec. 24, 1953, are also reflected in the company's latest financial statement.

Current assets at Sept. 30, 1953, including \$133,875 stores and supplies, amounted to \$308,899. Current liabilities totalled \$280,230, leaving a net working capital of \$28,669. A year earlier current liabilities exceeded current assets by \$254,804.

During the past fiscal year the company issued \$200,000, 6% bonds, due Feb. 1, 1958, out of an authorized \$300,000. It was possible to make arrangements whereby half of the amount issued will be retired on Jan. 31, 1954. R. B. Buckersfield, president, states in the annual report. It is reasonable, he adds, to anticipate that the remaining \$100,000 par value bonds should be retired during the current fiscal year.

Litigation with respect to a claim made against the company and Silver Giant Mines Ltd. in liquidation is continuing and a liability may arise from this, the report notes.

#### Propose to Merge Interests

Referring to the company's interests in Cauty Gold Mines and Nighthawk Gold Mines Ltd. the president states that it is proposed that the full claim grouping now owned by the three separate companies (Cauty, Nighthawk, Giant Mascot), totalling 127 claims in the Hedley area, British Columbia, be transferred to one company, Nighthawk Gold Mines Ltd. If and when this action is taken, Giant Mascot will hold approximately 66⅔% of all the outstanding shares of Nighthawk Gold Mines. All other assets of Giant Mascot in the Hedley area, with the exception of some real estate in the town of Hedley have now either been transferred to the Spillimacheen operation or liquidated, thus eliminating annual shutdown expenses of some \$5,000.

Operating profit for the latest fiscal year was \$396,834, while other income amounting to \$4,165 and other expenses totalling \$49,715, brought the final figure to \$351,284, an equivalent of 12¢ per share. This compared with \$300,651 or 10¢ per share the previous year. The company's 3-year income tax exemption period ends Aug. 25, 1954, and no provision was made for depletion, depreciation or other write-offs.

Capital expenditures during the year totalled about \$250,000 of which \$180,000 was spent in the shaft, \$50,000 on plant and equipment and \$20,000 on the main haulage tunnel. Over 50% of the expenditure on shaft work was for equipment and excavation above the 600 level. When shaft sinking is resumed about next July, cost per future level is estimated at \$75,000 or 50¢ per ton of developed ore, it is stated in the report.

February 2, 1955

## Outlook Bright For Dividends At Giant Mascot

Shareholders of Giant Mascot Mines were told at the annual meeting in Vancouver that dividends in the not far distant future could be considered as being within the bounds of probability.

The company is free of all but current debts, said B. H. Gunning, managing director, expressing the belief that, if the price of lead (the company's main product) remains at current levels or better, and if the company makes as much progress in the next six months as it has in the past half year, the directors will be in a position to consider dividend payment.

"It should be pointed out, however," he added, "That the company's consulting engineer has recommended that depth and lateral work be accelerated with the object of substantially increasing our ore reserves. From the shareholders' point of view, this is most important, and we have every reason to look for gratifying results in this connection. At the present milling rate of over 500 tons per day, our proven and indicated ore reserves give us about 2½ years to prove up the larger ton-

tonnages which there are sound reasons to believe exist at depth, and so to ensure a long and profitable life for the mine. This program will call for heavy expenditures again this year; but, on the other hand, we have completely eliminated bonded and other indebtedness, and there is also a very considerable saving in operating costs to be made through hydroelectric power which will come into effect shortly. This saving will be somewhere in the neighborhood of \$90,000 per year."

### OUTLOOK ENCOURAGES

Henry L. Hill, consulting engineer, was optimistic concerning the future of the company. He said he did not anticipate any decline in lead prices and since this metal was the principal product of the company's operations, he anticipated as much or greater revenue in 1955. Furthermore, he reported that copper content, small to date, was rapidly increasing as depth was obtained. In the fiscal year ending Sept. 30 Giant Mascot produced

183,000 lbs. copper as a byproduct only of the lead concentrate. Recent drill cores from sections below present production indicated the copper concentration to increase about four times to 0.32%. Should this condition continue, he said it would justify the installation of a copper circuit in the mill, an investment he estimated at only \$5,000. He said it was particularly noticeable that as the copper content increased the zinc content declined.

Mr. Hill said that ore reserves were about the same in quantity but slightly lower in grade than a year ago. The reason for this was the inclusion of lenses occurring in the hangingwall which were definitely profitable to mine. He said that broken ore reserves were now up to 40,000 tons, a very safe figure indeed for an operation slightly in excess of 500 tons daily for a total of 363 days per year.

With the first 3,000 h.p. unit of the B.C. Power Commission's Spillimacheen development due to function in March a saving in operating cost is anticipated. It is doubtful, however, if this will mean much of a saving on the remarkably efficient \$3.76 per ton, inasmuch as the principal source of mill feed will be from deeper sources. The cost of sinking and opening a new low level is estimated at between \$75,000 and \$100,000, and the consulting engineer feels that this should be proceeded with at once.

Directors were re-elected, as follows: R. B. Buckenfield, P. A. Wooten, B. H. Gunning, G. L. Fraser, W. Clarke Gibson, T. S. Mackay, Hugh A. Martin, Joseph Oliver, and E. C. Thompson.

The annual report of Giant Mascot Mines for the year ended Sept. 30, 1954, shows a net profit of \$358,014 for the period, compared with \$351,283 for the 1953 fiscal year. Production totalled \$1,489,092, and operating expenses were \$1,072,525, leaving operating profit of \$416,567. Other income added \$3,834, while other deductions amounted to \$62,385.

#### Ore Reserves Maintained

Ore reserves at year end were estimated at 408,000 tons averaging 0.7 oz. silver, 4.19% lead, and 0.89% zinc. The total was approximately the same as at the end of the previous year. Ore reserves are calculated down to the 850 level only.

During the 1954 year the mill treated 185,681 tons of ore averaging 0.7 oz. silver, 3.65% lead, and 0.67% zinc. Resulting production was 9,508 tons of concentrates containing 125,000 ozs. silver, 12,175,000 lbs. of lead, 1,376,000 lbs. of zinc, and 183,000 lbs. of copper. During the year the price of lead averaged 13.6¢ per lb., compared with the present price of 15¢ per lb. The mill operated 95.5% of the time, and averaged 509 tons per calendar day.

Giant Mascot's balance sheet at Sept. 30, 1954, showed current assets of \$223,118, compared with current liabilities of \$178,599, in addition to instalment liabilities of \$95,500.

At the annual meeting, as reported above, it was stated that working capital position has improved substantially since the fiscal year end. At Jan. 31, 1955, surplus of current assets above current liabilities was, in round figures, \$150,000.



## INCREASE PROFITS AT GIANT MASCOT

### Lower Metal Prices Offset by Greater Production—Better Grade Indicated in Drilling

A profit of \$188,476 is reported by Giant Mascot Mines Ltd. from operations of the company's property at Spillimacheen, B.C. during the first six months of the 1953 fiscal year. Results obtained in the first drill core from the new 700 level indicate that Giant will be able to meet the challenge of falling metal prices. Costs are being held at a remarkably low level and earnings are adequate to meet capital expenditures required in the new development program.

B. H. Gunning, managing director, has advised The Northern Miner that excellent results have been obtained in the first drilling from the new 700 level station. This hole, at 131-159 ft. gave a core length of 28 ft. averaging 6.82% lead and 12.5% zinc. The reported intersection is estimated to be very close to true width at this point. Sections of the core gave high values in both lead and zinc, as follow: 5.0 ft. of 11.5% lead and 0.3% zinc; 5.0 ft. of 3.56% lead and 2.0% zinc; 5.0 ft. of 5.29% lead and 11.2% zinc; 5.0 ft. of 6.15% lead and 8.4% zinc; 4.0 ft. of 4.26% lead and 26.2% zinc; and 4.0 ft. of 10.15% lead and 33.7% zinc. Additional holes are being

## INCREASE PROFITS AT GIANT MASCOT

(Continued from Page Seventeen)

drilled to test the orebody at this horizon. Concurrently, the shaft is being sunk to the 800 level, which should be reached in May. The shaft is well ahead of schedule.

H. L. Hill, consulting engineer, has reported to Giant Mascot directors that 6,000,000 lbs. lead were produced from 80,842 tons of ore milled during the first six months of the fiscal year. Operating costs during the period averaged only \$3.80 per ton. During Mar. 14, 220 tons were milled, for a new monthly record, averaging 3.75% lead. Operating profit was \$25,475.

### Mill Rate Up; Costs Reduced

Efficiency of present Giant Mascot operation and potential significance of higher grade ore expected from the new lower levels is highlighted by a comparison of the current six-month report with that for the same period of 1952. Daily tonnage treated has been increased from 182 to 443. Operating profit for the first six months of 1952 fiscal year was \$154,500 as against \$188,476 in the face of a drop in lead price from 19¢ to 13.5¢. Operating costs were reduced from \$8.86 per ton to \$3.80. Grade of ore milled was down from 4.5% to 3.7% lead.

Capital expenditures in the 1953 period were \$148,800 as compared with \$152,000 in the first six months of the 1952 fiscal year.

The recently announced decision of the B.C. Power Commission to proceed immediately with the new hydroelectric project at Spillimacheen, B.C., offers added encouragement to Giant Mascot. Savings on power are expected to offset hoisting costs from the lower levels.

With promise of improved grade from the 700 and 800 levels, and with the entire plant geared to operate at maximum efficiency with lowest possible operating costs, present indications are that Giant Mascot will be able to weather the current low metal price period satisfactorily.

An interim report covering recent operations is being prepared for distribution and directors have asked that all shareholders have their stock registered in order to ensure that the report may be received.

## SETTING RECORDS GIANT MASCOT

New records continue to be set by Giant Mascot Mines, Ltd., silver-lead producer at Spillimacheen, B.C., one of the few to successfully combat lower metal prices with an aggressive program of expansion and development.

During September, 16,581 tons of ore were milled for a production of 917 tons of lead concentrate resulting in an operating profit of \$51,200, a new high for this operation. Previous record was set in July, 1952, when 457 tons of lead concentrate were produced from 7,500 tons of ore for an operating profit of \$48,284. At that time lead was selling for 19¢ per lb.

At the mine, B. H. Gunning, managing director, advises that the new low level crosscut at No. 7 horizon has been completed and is now in ore. This work gives an additional 125 ft. of vertical depth on the main orebody.

## GIANT MASCOT

### Financial Position Improved During the Past Year

The advances made by Giant Mascot Mines Ltd. in mine operations during the past year as detailed at the annual meeting reviewed in The Northern Miner issue of Dec. 24, 1953, are also reflected in the company's latest financial statement.

Current assets at Sept. 30, 1953, including \$133,875 stores and supplies, amounted to \$308,899. Current liabilities totalled \$280,230, leaving a net working capital of \$28,669. A year earlier current liabilities exceeded current assets by \$254,804.

During the past fiscal year the company issued \$200,000, 6% bonds, due Feb. 1, 1958, out of an authorized \$300,000. It was possible to make arrangements whereby half of the amount issued will be retired on Jan. 31, 1954. R. B. Buckersfield, president, states in the annual report. It is reasonable, he adds, to anticipate that the remaining \$100,000 par value bonds should be retired during the current fiscal year.

Litigation with respect to a claim made against the company and Silver Giant Mines Ltd. in liquidation is continuing and a liability may arise from this, the report notes.

### Propose to Merge Interests

Referring to the company's interests in Cauty Gold Mines and Nighthawk Gold Mines Ltd. the president states that it is proposed that the full claim grouping now owned by the three separate companies (Cauty, Nighthawk, Giant Mascot), totalling 127 claims in the Hedley area, British Columbia, be transferred to one company, Nighthawk Gold Mines Ltd. If and when this action is taken, Giant Mascot will hold approximately 66⅔% of all the outstanding shares of Nighthawk Gold Mines. All other assets of Giant Mascot in the Hedley area, with the exception of some real estate in the town of Hedley have now either been transferred to the Spillimacheen operation or liquidated, thus eliminating annual shutdown expenses of some \$5,000.

Operating profit for the latest fiscal year was \$396,834, while other income amounting to \$4,165 and other expenses totalling \$49,715, brought the final figure to \$351,284, an equivalent of 12¢ per share. This compared with \$300,651 or 10¢ per share the previous year. The company's 3-year income tax exemption period ends Aug. 25, 1954, and no provision was made for depletion, depreciation or other write-offs.

Capital expenditures during the year totalled about \$250,000 of which \$180,000 was spent in the shaft, \$50,000 on plant and equipment and \$20,000 on the main haulage tunnel. Over 50% of the expenditure on shaft work was for equipment and excavation above the 600 level. When shaft sinking is resumed about next July, cost per future level is estimated at \$75,000 or 50¢ per ton of developed ore, it is stated in the report.

HTM - ? To E.J.

(Looks OK to me)

It would depend on location, metallurgy and operating costs which could be anticipated



# INTER-OFFICE CORRESPONDENCE

JUN 18 1953  
Action Date

FROM: R. E. Legg

CITY: Vancouver, B.C.

TO: Evan Just

SUBJECT: Giant Mascot

A C		
E J	A	6-15
H K		DATE: 6/15/53
L W	1	6-24

A = Action C = Comment  
I = Information

Many thanks for your memo of June 4th on the above subject. You were quite right in assuming that I lacked enthusiasm for the deal proposed several months ago to Cyprus by the owners of the Giant Mascot mine. It was the deal that I felt was no good, not the mine. I always have felt that the mine had possibilities, but unless the present shareholders were willing to relinquish much of the stock which they got for little or nothing, then I could not see how they could be rescued with safety to the rescuer who was being asked to pay even 50¢ per share.

I know you appreciate that my position is a delicate one. We act as consultants and Henry has done a very good job in keeping the show alive. We got them their present manager, who has been responsible to a great extent for getting the operating costs down below \$4 per ton. I certainly do not go out of my way to decry the operation, but as for being a shareholder well that is a different matter.

I have read with much interest the latest report put out by Sunshine Lardeau Mines Ltd. It makes very gloomy reading. Operating costs proved to be very high. In the quarterly period covered by the report there was an operating loss of approximately \$50,000. I figured that the operating costs were roughly \$40 per ton. Jim Pike, who is in charge of the Vancouver office for Newmont told me today that development results were encouraging, but that they have had bad mechanical troubles, which they inherited. I asked him if he was going to change management and he smiled. I would say there is no excuse for such a poor showing, and I know I would make some quick changes.

I would like to know this. Are you sufficiently interested in a small lead-zinc property which has possibilities of producing 150 tons daily of ore averaging 5 to 7% lead, 4% zinc and 2 oz. silver? The property I refer to is closed, but it has a mill on it and is in shape to put in production after about three months of development work. It is not over capitalized and I know a reasonable deal could be worked out.

Kindest regards,

*R. E. Legg*  
R. E. Legg

Dear Evan :-

Am sending this  
as a matter of interest

REL

EF

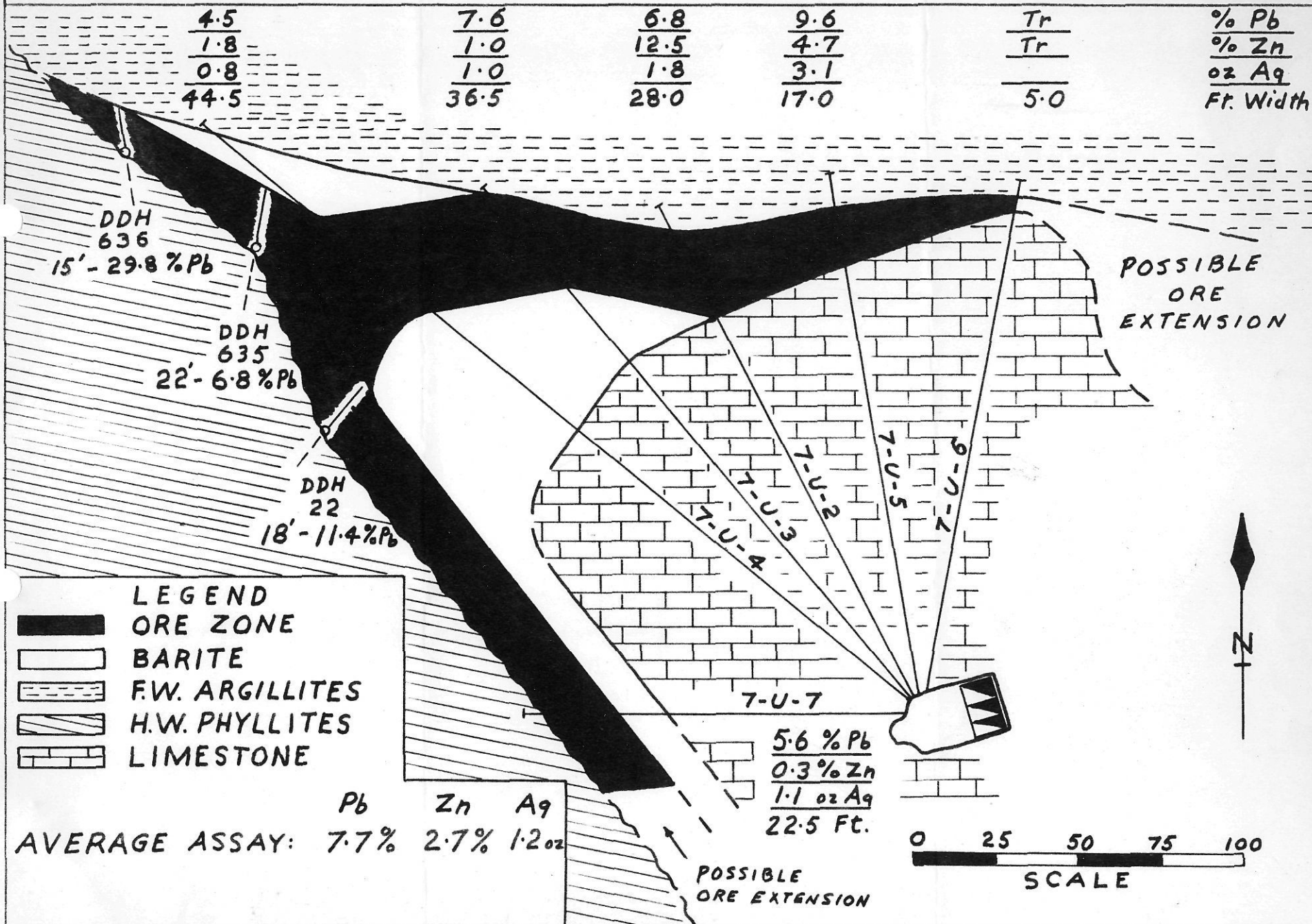
—



BC - Giant Mascot

# DIAMOND DRILLING - PLAN No. 7 LEVEL - GIANT MASCOT MINES

FORM E 6



Evan Just

New York

6/4/53

R. E. Legg

Giant Mascot

PERSONAL

Henry Hill has been kind enough to keep me informed as to developments at Giant Mascot. I notice that at lower levels the mine seems to be improving both the cross sectional area of ore and the grade.

When Harvey Mudd was here recently I mentioned this to him and asked if he thought that we should possibly show more interest in this property, which he had dismissed at an earlier scrutiny by saying that a small 5% lead mine was not interesting. He indicated a willingness to maintain an interested watch.

I am marking this letter "personal" because I would like a sincere expression of views from yourself in regard to the property. As I recall our earlier discussions, you did not express an opinion. Possibly I was in error in assuming that you lacked enthusiasm but did not wish to express same out of loyalty to Henry.

---

Evan Just

EJ:CM



*Free Mollie Mac  
Tee Giant mascot*  
*JB*

May 8, 1953

Mr. Henry Hill  
315-850 West Hastings Street  
Vancouver 1, British Columbia  
Canada

Dear Henry:

Thank you for sending me the information on new work at the Giant Mascot. I am glad to see that the ore seems to be improving with depth.

In regard to the Mollie Mac, thank you for the information that they would alter the terms. However the response of the Los Angeles office displayed a lack of interest regardless of terms.

Cordial best wishes,

---

Evan Just  
Vice President

EJ:CM

HENRY L. HILL  
ROLAND E. LEGG  
FRED J. HEMSWORTH

*Giant Mascot* *BL*  
850 WEST HASTINGS STREET  
VANCOUVER 1, B.C.  
PHONE MARINE 0848

HILL, LEGG & HEMSWORTH  
CONSULTING MINING ENGINEERS

April 29, 1953

REC'D MAY 4 1953  
Action Date  
A C  
E J  
H K  
L W  
A = Action C = Comment  
I = Information

Mr. Evan Just  
Cyprus Mines Corporation  
161 East 42nd Street  
New York 17, N. Y.

*Handwritten: H. Hill*  
Dear Evan:

Re: Giant Mascot Mines Ltd.

I am enclosing herewith a George Cross News Release covering the recent results at Giant Mascot. Also enclosed is a sketch showing the results of the first two diamond drill holes. These results are considered encouraging especially as we have not yet tested our nose ore section on the 700 level.

This information is submitted to keep you up to date on the Giant operation as your company may be interested in the operation at some future date. We still owe the bank a fair sum of money and I envisage extra capital expenditures to fully develop the property at depth along the strike of the ore zone.

Yours very truly,

*Henry L. Hill*

Henry L. Hill

HLH:FE

Encl.



April 27, 1953

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

Dear Sirs:

The following memorandum presents information on the curtailed sinking programme and briefly summarizes recent diamond drilling results on the 700 level.

NEW PROGRAMME

Following instructions from the Board of Directors actual shaft sinking operations were discontinued on April 23rd, 1953 and only two men are on capital account picking up the bottom of 600 Drift East towards the location of the new hoistroom.

The working force now totals 84, a reduction of 30 men.

700 LEVEL DIAMOND DRILLING

Diamond drill hole 7U5, the second hole to intersect the ore zone, encountered 17 feet of ore 50 feet East of the 28 foot intersection which assayed 6.6% lead, 12.5% zinc and 1.8 oz. silver per ton. The following is Bill Plumb's log of diamond drill hole 7U5 - assays are not yet available.

132½-135½	-	White barite, lead and zinc
135½-136	-	Lost core
136-138½	-	Barite with lead and zinc
138½-141	-	Lost core
141-147	-	Barite with heavy lead and fair zinc.
147-149½	-	Breccia of black slate grey limestone and some white barite. Disseminated galena and pyrite at 148 feet. Six inches of heavy zinc at 149 feet.

Total width of intersections 17 feet.

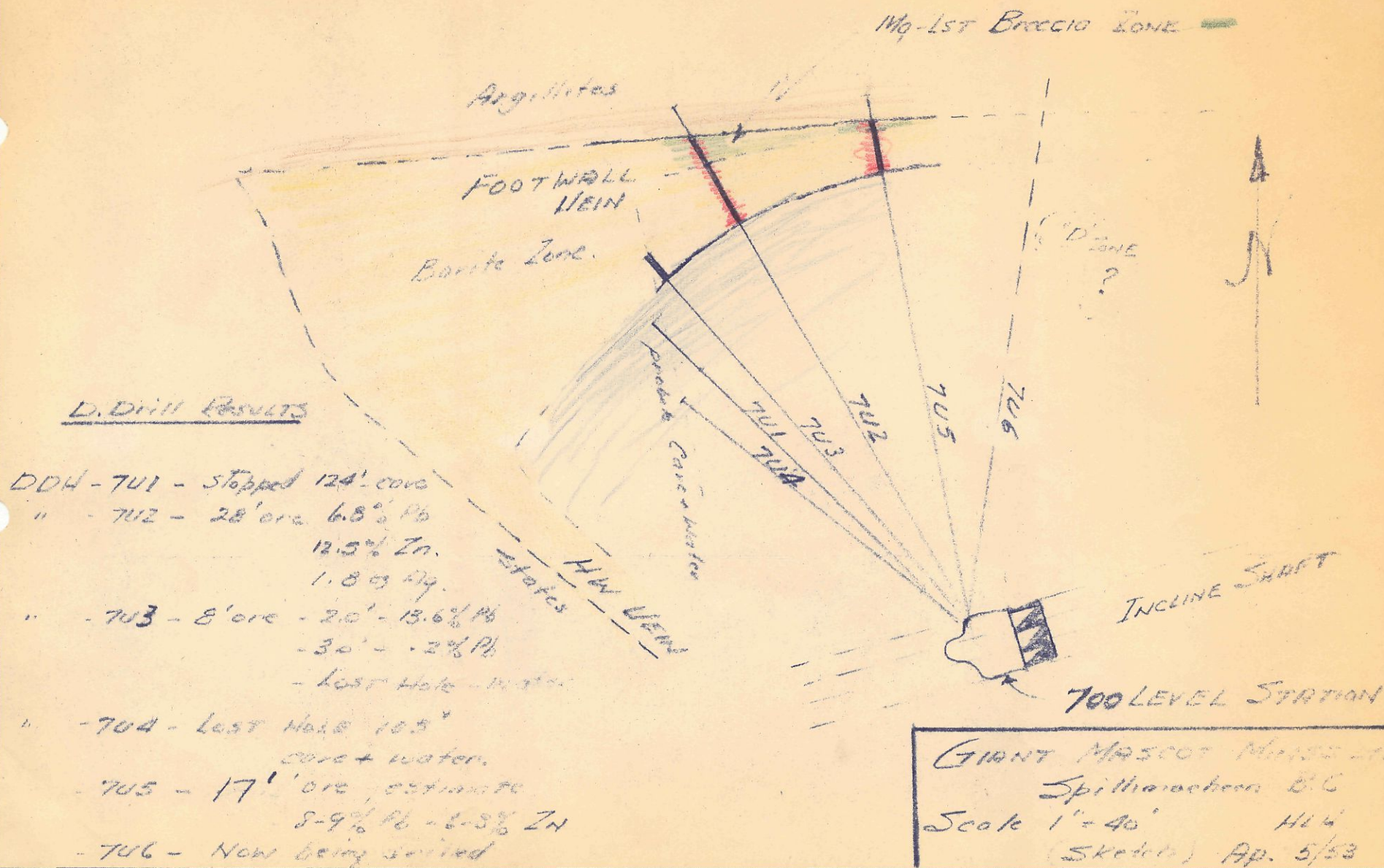
Yours very truly,

---

Henry L. Hill

HLH:FE







## George Cross News Letter

"Reliable Reporting"

WESTERN CANADIAN INVESTMENTS

NO. 81(1953)

APRIL 27, 1953

### GIANT MASCOT MINES LIMITED

RICH ORE AT NEW HORIZON OCCURS IN HOST ROCK - Minewise the position  
IDENTICAL WITH THAT OF B.C.'S GREATEST MINES and outlook of Giant  
Mascot Mines Ltd. have

never been better. The indications are that the turning point from a moderate-sized mine to a potentially very large operation is about to be reached.

This was the view expressed by Henry L. Hill, consulting engineer, to directors on receipt of checked assay returns from the first hole drilled through the ore body on 700 level.

Mr. Hill confirms it as a very significant development that the last eight feet of the 28 foot ore width at the new low horizon is a magnesian limestone breccia zone containing galena, sphalerite and pyrite as replacements, plus only a minor amount of barite.

Breccia, the host rock for the greatest lead-zinc deposits in B.C., occurs only in minor quantities on the upper level. The engineer points out that the definite widening with depth of the breccia is a very favorable indication.

EFFORTS WILL NOW BE CONCENTRATED ON PREPARING - The eight foot width  
NEW LOW LEVEL HIGH GRADE FOR MINING QUICKLY of ore in the breccia  
averaged 37.2% com-

bined lead and zinc compared with the average of 19.3% for the full core length of 28 feet at the new low 700 level horizon. The combined average of the ore above the 600 level is only 4.7%.

On basis of present tonnage and grade above the 600 level, Giant Mascot Mines Ltd. can break even with the price of lead as low as 10½¢ a pound. At 12¢ a pound, the reasonably assured operating profit is \$15,000 a month.

In view of the recent decline in the price of lead to 12¢ a pound, directors have acted on Mr. Hill's recommendation that work be concentrated for the present on preparing the attractive new ore source on 700 level for mining, deferring deepening of the shaft until the market outlook for lead is clearer.

This 700 level program will, at a cost of \$35,000 to \$40,000 over a period of three to four months, prepare for mining an estimated 100,000 tons of ore between the 700 and 600 levels.

Meantime, ore reserves above 600 level are estimated at 135,000 tons, grading 4.0% lead, sufficient for ten months' operation.

Broken ore reserves sufficient for two months will facilitate the amended program.

While regretting the necessity for restricting the carefully planned program, especially when the mine is operating at peak performance and efficiency, Mr. Hill emphasizes that the outlook mine-wise never looked brighter.

SPILLIMACHEEN HYDRO PROJECT - Important in the longer term future of  
ASSURES LOW COST POWER the Giant Mascot operation is the  
recently announced decision of the

British Columbia Power Commission to proceed forthwith with a hydro-electric development at Spillimacheen.

Savings in power are expected by the management to offset hoisting costs from the lower levels.

While the program of preparing for mining the new rich ore on 700 level proceeds it is expected that several more diamond drill holes will add to information regarding the dimensions and grade of the orebody at and below the new horizon.

Turning out approximately one million pounds of lead monthly, Giant Mascot is the second largest lead producer in British Columbia and the fourth largest in Canada. Installation of a zinc circuit last year permits the production of a zinc concentrate as well as a cleaner lead concentrate.

Excerpt from Henry L. Hill letter 4-22-53 to  
Evan Just. Original filed in-Mollie Mac Mines-SF

"You might be interested to know that ~~xxx~~ at  
Giant Mascot our first diamond drill hole on  
the 700 level from the incline shaft encountered  
28 feet of ore averaging 6.8% lead, 12.5% zinc  
and 1.8 oz. silver per ton. With lead at 12¢ a  
pound and by producing over one million pounds  
of lead a month, we are able to make only  
\$15,000.00 a month profit which is certainly a  
small return for all the effort."

## GIANT MASCOT NETS \$300,000

### Heavy Expenditures Increase Indebtedness but Relief Ex- pected from Bond Sales

Giant Mascot Mines recorded net profit of \$300,651 for the fiscal year ended Sept. 30, 1952, from \$1,090,195 gross value of concentrates sold. This compared with a net of \$21,489 in the nine-month period ended Sept. 30, 1951, when the mill was being tuned up at the Spillimacheen, B.C., property. Gross sales in this initial operating period were \$314,207, states R. B. Buckersfield, president, in the latest annual report.

Current assets at Sept. 30, 1952, totaled \$218,596, including \$108,819 cost of stores and supplies. Current liabilities were \$473,399, the principal items being a secured bank loan of \$150,000, sundry creditors \$135,589, another secured bank loan of \$87,500 and "others" \$53,506. The last two items are classified as instalment liabilities. Excluding stores and supplies, current liabilities exceeded current assets by \$363,622. This had been reduced to about \$255,620 by Dec. 31, 1952, as the first quarter of the current fiscal year ended, the company reports.

Step up of mill capacity from 160 to 500 tons daily during the period reviewed contributed to capital expenditures of over \$428,000, Mr. Buckersfield states. This necessitated plowing back the entire \$300,000 profit and accumulating further indebtedness of over \$128,000. The recently announced underwriting of \$200,000 of Giant Mascot bonds is expected to materially improve working capital and enable the depth program to be proceeded with.

#### Ore Reserves

Indicated and proven ore reserves at Sept. 30 were estimated by Henry L. Hill, consulting engineer, at 412,135 tons averaging 1.0 oz. silver, 5.8% lead and 0.8% zinc. Included were 194,500 tons of 6.2% lead ore indicated by drilling which penetrated only 300 ft. below the 600, or main haulage level. Ore reserves above the 600 level are considered ample to supply the mill until next fall by which time shaft sinking and lower level development work are scheduled for completion, Mr. Hill states.

Actual sinking operations should start on a three-shift basis within the next 30 days, reports Mr. Hill. The shaft has already been sunk 30 ft. and work is nearly completed on the headframe raise. Shaft station and waste pocket are complete. The shaft is an underground opening, designed to get at the ore below the main haulage tunnel. It will be sunk on an incline to eliminate long crosscuts to the orebody on the various levels. When the 800-ft. level shaft station is established, horizontal drill holes will be driven to intersect hangingwall and footwall orebodies, the engineer states. Chances to the

east along the slate-limestone formation are considered good.

Increased milling capacity enables the company to take full advantage of its three year income tax-free period which doesn't expire until Aug. 25, 1954, Mr. Hill points out. The mill step up is also one of the factors which reduced operating costs from \$9.30 to \$4.22 during the fiscal year, a condition which Mr. Hill says neutralized the effect of decreased metal prices and allowed the mining of lower grade ore at a profit. In December, 1952, costs were under \$4 per ton. With prevailing metal prices, an operating profit of over \$30,000 per month should be possible during 1953, the engineer believes. Operating profit during the first quarter (Oct.-Dec., 1952) of the 1953 fiscal period was \$108,000.

## PICTURE BRIGHT GIANT MASCOT

With an operating profit averaging almost \$35,000 for each of the past five months, Giant Mascot Mines Ltd. reports excellent progress in the current development program at Spillimacheen, B.C. Earnings currently are more than sufficient to offset the capital expenditures on the new shaft sinking and low-level ore finding projects. H. L. Hill, consultant, has advised Giant directors that projection of the results obtained during the past five months through the full year could produce an operating profit of \$414,000.

The Giant Mascot picture was further improved at the end of March with the announcement by the provincial government that the proposed Spillimacheen hydroelectric project would be initiated without delay. With hydro power available from the B.C. Power Commission savings are anticipated which would offset any increase in production costs due to hoisting from the lower levels now being opened.

The shaft sinking program is well ahead of schedule. The 700-level station is now being cut and it is expected that sinking will be completed by June 1. Diamond drilling below the present main haulage level indicated substantial tonnages of better than mine average grade ore. This ore will be available well in advance of milling requirements which call for delivery next fall.

## GIANT MASCOT ANNUAL MEET

### Averaging 525 Tons Daily— Monthly Profit \$30,000 — Sinking Incline Shaft

Shareholders of Giant Mascot Mines, Ltd., were fortunate the capacity of the mill and mine plant had been doubled before the prices of metals declined in mid-1952. B. H. Gunning, managing director, told the annual meeting in Vancouver Feb. 16. The concentrator is now treating an average of 525 tons per working day. If this were not the case, Mr. Gunning felt the company would have been affected in the same manner as other base metal producers and forced to close. "With lead calculated at 13.5¢ per lb. and zinc at 11.5¢ per lb., we are earning a monthly profit of approxi-

During the past five months the Giant mill treated 66,622 tons of ore for a daily average of 440, tons. Operating costs during this period reached the remarkably low figure of \$3.67 per ton and operating profit was \$34,490 per month. For February, 1953, daily treatment rate was 492 tons. Net smelter return was \$6.15 per ton; operating costs including general overhead were \$3.57; and operating profit was \$2.58 per ton, or \$35,104 for the month.

In his most recent report to Giant the Mascot directors, Mr. Hill has advised that the following factors have made possible the low operating costs obtained at the property: (1) low development costs and resulting from easy access to the large orebodies and low mining costs because of large tonnages available for mining. (2) introduction of the most modern mechanized methods of mining and milling. (3) a high degree of efficiency in management, making it possible over a period of time to increase daily treatment rate from 150 to 600 tons without an accompanying increase in costs for supervision and administration.

With introduction of hydro power, and subject to confirmation of the orebodies indicated on the 700 and 800 levels, the management expects to maintain present at costs at their satisfactory low level.

Estimates place indicated ore well in excess of 150,000 tons. He said that in the late months of 1952 there had been a decline of 35% in gross revenue from each pound of lead produced. With lead at the present price the operation can earn a profit of about \$2.50 per ton of ore treated, but at 11¢ per pound, the managing director said, it was conceivable the position would be reconsidered by directors.

#### Cutting Costs

Henry L. Hill, consulting engineer, said an operating cost of \$4 per ton had been attained during the quarter ended



Giant Mascot Mines, Ltd. has contracted for the sale of its entire output of lead concentrate for the year commencing November 1st, 1952, on a basis regarded as satisfactory by the management of the company. Purchaser of the concentrate is Bunker Hill and Sullivan Mining and Concentrating Company which operates a smelter at Kellogg, Idaho. The first shipment under the new contract was made on Friday, October 31st, and amounted to four cars. During October, Giant Mascot marked up its highest monthly production performance when its concentrator treated 13,400 tons of ore for a recovery of 753 tons of concentrate. This follows increase in milling capacity to 500 tons daily, completed during the summer. *W.M. 11/1/52*

## PLAN BOND ISSUE GIANT MASCOT *11/1/52*

An issue of \$200 par value 6% convertible bonds has been entirely underwritten by Western City Co., Ltd., of Vancouver, according to a statement by B. H. Gunning, managing director of Giant Mascot Mines, Ltd. The bonds will provide capital to reduce the bank loan and finance the shaft sinking program. The increase in capitalization required for the conversion feature is subject to the approval of shareholders at the annual meeting to be held next month.

The bond issue is for \$300,000 of five-year 6% convertible sinking fund first mortgage bonds. Only \$200,000 of bonds will be issued at the present time. Conversion will be on the basis of 1,600 shares for each \$1,000 of bonds until Mar. 1, 1954; 1,300 shares for each \$1,000 until Mar. 1, 1955; 1,000 shares for each \$1,000 to Mar. 1, 1956; 800 shares for each \$1,000 to Mar. 1, 1957; and 500 shares for each \$1,000 to Jan. 31, 1958.

During December, 1952, Giant Mascot treated 13,930 tons of ore and produced 643 tons of lead concentrate and 140 tons of zinc concentrate. Both tonnage milled and concentrate produced constitute a record for the mine at Spillimacheen, B.C.

Operating costs, including general plant overhead, were under \$4 per ton and the December operating profit is estimated at \$40,000. During the last three months, or the first quarter of the 1953 fiscal year, operating profit amounted to \$108,000.

### Underground Shaft

Work is now well under way on the 49-degree underground inclined shaft which will develop for extraction the 200,000 tons below the main-haulage level, as indicated by diamond drilling to a depth of only 300 ft. The shaft station and the waste pocket have been completed. The shaft has been sunk an

initial 30 ft. and work is now nearly complete on the head frame raise. Actual sinking should start about Feb. 1.

The company is stockpiling its entire zinc production pending an improvement in marketing conditions.

The capacity of the mill has recently been increased from 450 to 600 tons daily by the installation of a new classifier and minor improvements in the crushing circuit. This increased capacity will make possible lower milling costs and also the profitable mining of lower grade sections of the property. Full advantage can thus be taken of the ore potential of the mine.

## MAKING PROFITS GIANT MASCOT *N.M.*

### Higher Operating Rate Gives Lower Unit Costs—Financial Position Improving *12/25/52*

Giant Mascot Mines Ltd., an important lead producer in B.C., is making an impressive comeback in spite of present difficult operating conditions. Directors will be able to give the shareholders an encouraging report covering the past three months, and will confirm that the company's financial position is improving rapidly. Daily treatment rate has been increased substantially to permit greatly reduced unit operating costs; metal production is up sharply; the operating profit picture is much better and should be maintained; ore reserves are satisfactory and new development should provide higher mill heads.

During the past three months, the Giant Mascot mill at Spillimacheen, B.C., has treated an average of 12,600 tons monthly. Net smelter returns have been \$7.20 per ton. With operating costs, including general

## MAKING PROFITS GIANT MASCOT

(Continued from Page One)

overhead, of \$4.40 per ton, operating profit has been \$2.80 per ton, or \$35,280 monthly. During the period Dec. 1-15, the mill treated 7,040 tons of ore having an average grade of 4.2% lead and 0.8% zinc. Monthly production of metals is approximately 1,000,000 lbs. lead, 100,000 lbs. zinc, and 10,000 ozs. silver, having a gross value at today's metal prices of more than \$150,000.

H. L. Hill of the consulting engineering firm of Hill, Legg & Hemsworth, has estimated current broken ore reserves at 25,000 tons, more than adequate to meet present requirements. He has also advised that there is sufficient proven ore above the main haulage level to maintain the present production rate until completion of the new shaft sinking program. While present mill capacity is 500 tons per day, treatment rate will be maintained at about 12,000 tons per month, permitting synchronized mine and mill operation on alternating five- and six-day weeks, allowing time for minor repairs and eliminating expensive overtime.

### Trim Operating Costs

The management has set an objective of \$4 per ton operating costs commencing with January, 1953, and expects a monthly operating profit of \$40,000. Satisfactory arrangement for smelting of lead concentrates at Kellogg, Idaho, have been completed and negotiations for sale of zinc concentrates are progressing favorably. Possibility of development of hydroelectric power on the Spillimacheen river is being studied. Cheap power would be an important factor in further improving the cost picture.

B. H. Gunning, Giant Mascot managing director, has announced that directors have approved an immediate start on the shaft sinking program to develop large tonnages of good ore below the present main haulage level. A great deal of preparatory work on the hoist room, pockets, and main haulage station has already been completed. It is expected that sinking will be under way by Feb. 1, and the job is scheduled for completion in August. The new shaft will be a three-compartment incline at 49 degrees to a depth of 410 ft., with levels established at 125-ft. vertical intervals. Pockets will feed to the recently completed 800-ft. main haulage crosscut.

### Indicated Ore

Extensive diamond drilling below the main haulage level has indicated an estimated 200,000 tons of ore which the management expects will prove to be of considerably higher grade than the mine average to date. Some representative core samples from this drilling showed the following results: At 20 ft. below the 600 level, 25 ft. of 7.6% lead; at 70 ft., 13 ft. of 5.6%; at 130 ft., 13 ft. of 4.0%; at 150 ft., 22 ft. of 6.7%; at 160 ft., 18 ft. of 29.8%; at 170 ft., 90 ft. (not true width) of 9.3%; and at 300 ft. below the 600 level, 14 ft. of 7.0% lead.

With the attainment of a satisfactory operating profit position, directors are adhering to a policy of rapid liquidation of all outstanding obligations. The expectation of increased grade with completion of the new shaft program and the always present possibility of a substantial increase in earnings through even a small rise in the price of lead are encouraging factors in the greatly improved Giant Mascot picture.

45  
LW

BC - Giant Mascot

## INTER-OFFICE CORRESPONDENCE

FROM: R. E. Legg

CITY: Vancouver

DATE: Dec. 9/52.

TO: EVAN JUST

SUBJECT: Giant Mascot

I was glad to get your frank opinion of the proposed deal for the above-named property as presented to you by Mr. B. H. Gunning in his letter of November 12, 1952. A copy of your letter was presented to Mr. Gunning.

At the moment Henry Hill is away, but on his return I am going to ask him to send you a copy of a recent report by W. N. Plumb, geologist at the mine, which covers the diamond drilling results below the main haulage level. This report is supported by cross sections. Plumb states that there is no reason to expect any significant change in the geological structure for at least 1,000 feet below the 3250 level (main haulage level). He gives as a reasonable assumption of possible ore to a vertical depth of 300 feet below the 3250 level a total of 195,000 tons averaging 6.0% lead. It seems to me that any deal should be made on the basis of this report.

Yours very truly,

*R. E. Legg*

R. E. Legg

REL:FE



Even Just

New York

12/2/52

R. E. Legg

Giant Mascot, Wagner Prospect and Jackson Basin

Giant Mascot

I don't see anything to do in this situation except await developments. Mr. Harvey Mudd was not intrigued when I told him that it was a 5% lead mine. Our time together was rather brief, and I felt that we brushed the matter off somewhat too quickly because the property does have the following advantages:

1. It is a going enterprise.
2. It makes an operating profit and can be expected to do so at any price of lead which seems likely to prevail for very long.
3. Such information as there is as to ore below the present working levels indicates an improvement in grade.
4. The cross sectional area is at least holding its own.
5. From what Mr. Hill states, there appears to be a chance of finding more ore along the strike.

Thus, if the terms impressed me as attractive, I would be quite willing to seek a reopening of consideration in Los Angeles. However, referring to Mr. Gunning's letter of November 12, his proposal of a cost of \$1,500,000 for a half interest in a property which the market only values at \$1,500,000 en toto impresses me as decidedly unrealistic.

Any proposal, to be realistic, would have to be much closer to our originally suggested basis for consideration than this one (a loan at ordinary interest to cover the company's needs and an option on 50% at a total cost of \$630,000). Also, I would much prefer a loan and option arrangement to a straight option schedule.

Both Mr. Gunning and Mr. Hill seem to cherish the idea of getting this property to a thousand tons per day. Personally I believe that the ore reserve picture would have to be revolutionized before any such capacity would be warranted. The only justification for such a rate of over-milling as currently prevails is because of the special income tax exemption, which would have virtually no time left to run on whatever

Evan Just

New York

12/2/52

R. E. Legg

PAGE 2

capacity the management might decide, say a year from now, to add.

I am returning the material lent us by Mr. Hill, as I presume that it is not in duplicate.

Wagner Prospect

I am disappointed to hear that the prospect does not show up anything more encouraging than the item mentioned in your memo of November 28. I agree with you that 7% combined lead and zinc is not very attractive at this location, but this fact alone probably does not do justice to the prospect. In other words, the chances of finding ore I presume must bear on other factors beyond what is involved in the present drift. At this distance I do not even know if the vein involved is considered to be the main vein on the property or not, or what additional chances there appear to be.

Therefore I suggest that you give us a more complete picture of the present status of the property, which will give us a basis for judgment. If we simply leave the matter in abeyance for the next six months, I presume that they will probably go elsewhere, unless you and Mr. Jukes agree that this is the logical course.

Jackson Basin Property

Your report on this property certainly does not inspire optimism. I presume that the low tonnage you mention indicates a very small orebody, not simply a lack of drilling or underground exploration.

I will leave it up to you as to whether it is worth taking a look at the showings at your convenience.

Kind regards,

---

Evan Just

EJ:CV  
ENC.

# INTER-OFFICE CORRESPONDENCE

NOV 17 1952	
Date	
A C	
4	12-1
H K	
G V	11-17

A = Action C = Comment

H = Information

FROM: R. E. Legg

CITY: Vancouver, B.C.

DATE: Nov. 13/52.

To: Evan Just

SUBJECT: Giant Mascot Mines Limited

Dear Evan:

Attached hereto is a letter dated November 12th, 1952 from B. H. Gunning, Manager-Director of Giant Mascot Mines Limited, in which he has outlined a deal which he felt would be satisfactory to his company. I gave you a rough outline of this letter when I talked to you on the telephone today. However, I feel it is a matter which should bear studying and it is possible that you may have some counter proposal which would bring Giant and Cyprus more in line with one another.

I am mailing a copy of this report to Henry T. Mudd at Los Angeles.

Yours very truly,

*R. E. Legg*

R. E. Legg

REL:FE

c.c. H. T. Mudd

on HTM's copy in JLB's handwriting:  
 "Their proposal looks quite unattractive  
 on basis of our sketchy information  
 about property" JLB

Agree  
 BWS



# Giant Mascot Mines Limited

(NON-PERSONAL LIABILITY)

908 ROYAL BANK BLDG.

VANCOUVER 2  
CANADA

Confidential

November 12th, 1952.

Mr. R.E. Legg,  
c/o Messrs. Hill, Legg & Hemsworth,  
850 West Hastings Street,  
Vancouver, B.C.

Dear Mr. Legg:-

re: Cypress Mines

The writer very much appreciated the conversations which we had with Mr. Just, but thought that it would be advisable at this time to get something down in writing regarding the various proposals, in order that there may be no misunderstanding.

Following our first discussion, Mr. Just requested full information, which your Mr. Hill forwarded to him in California. Upon his return, and after a further discussion, he telephoned me and asked me to consider whether or not I would be prepared to recommend to our Directors the following proposition, namely:-

That Cypress would loan us \$300,000 at 5% interest, for the purpose of liquidating our present bank loan and accounts payable. This loan would be repayable at \$10,000 per month plus interest on the unpaid balance, such retirement to commence three months after date on which the loan was made. Cypress would require the right to control the management of the company, if and when they thought this might be necessary, during the duration of the loan. In addition, the shareholders of Giant Mascot would be required to vote favorably on the following proposition, namely:-

That the authorized and issued share capital be increased from 3,000,000 shares to 6,000,000 shares; and that the additional 3,000,000 shares be optioned to Cypress at the following prices:-

	500,000 shares at .15¢	for the first	6 months.
an additional	500,000 shares at .17½¢	" "	next 6 months.
" "	500,000 shares at .20¢	" "	next 6 months.
" "	500,000 shares at .22½¢	" "	next 6 months.
" "	500,000 shares at .25¢	" "	next 6 months.
" "	500,000 shares at .30¢	" "	next 6 months.

These options would cover a three year period and, if exercised, would net the Treasury of the company \$630,000 cash. The outstanding capital of the company would then be 6,000,000 shares instead of the present 3,000,000 or thereabouts.

Mr. R.E. Legg.....2

November 12th, 1952.

I have given this proposal serious consideration and do not feel that I could recommend it to the Directors. I do feel, however, that it would be in the best interests of our shareholders to have the support and active interest of a substantial and successful mining company such as Cypress, in our company. My feelings are somewhat as follows:-

There is no real need or urgency for any 5% loan of \$300,000, to be repayable at the rate of \$10,000 monthly, with interest at 5%. At the present time we have very satisfactory banking arrangements at 4 $\frac{1}{2}$ %, and, while it is true that we have somewhere in the neighbourhood of \$100,000 of accounts payable, with the recent improvement in the price of lead, together with the recent improvement in the price of U.S. funds, we are not too concerned about our ability to liquidate these obligations. As you know, we have just negotiated a satisfactory one year contract with the Bunkder Hill Smelter, and the picture is beginning to look a little brighter.

The only thing that we are concerned with is the additional capital required for the purpose of aggressively proceeding with our shaft sinking, underground development, and exploration work. Henry Hill states that, in his opinion, there is a good chance that we might prove up a large body of ore, which, in turn, might require a further doubling of our milling capacity up to say 1000 tons per day. In order to aggressively proceed with this program, we should probably plan on having available, if required, somewhere in the neighbourhood of \$1,000,000, and I, personally, therefore would be prepared to recommend to our Directors, for presentation to our shareholders, the following proposition:-

That, in order to get the interest and support of Cypress, the shareholders would agree to increase the authorized capital by 2,000,000 shares, from the present 3,000,000 to a total of 5,000,000; and that the additional 2,000,000 shares be optioned to Cypress, if they are interested, on the following basis:-

	500,000 shares for immediate acceptance, at .25¢ per share.
An additional	500,000 shares for 6 months, at .50¢ per share.
" "	500,000 shares for a further 6 months, at .75¢ per share.
and a final	500,000 shares for a further 6 months, at \$1.00 per share.

This would net the company an average of <sup>62 1/2 %</sup> .50¢ per share, or \$1,000,000 for 2,000,000 shares, if all the funds were required and all the options exercised. Another point which Mr. Just brought up was that Cypress might like to have the opportunity to acquire a controlling interest in the company at a later date. To satisfy them in this regard, I believe that we could arrange a further option covering a total of 500,000 shares, from certain of the large shareholders. This, of course, would be 500,000 of the presently outstanding 3,000,000 shares. This option would be at \$1.00 per share and would be exercisable if and when the market value of our shares reached \$1.00, at which time Cypress

Mr. R.E. Legg.....3

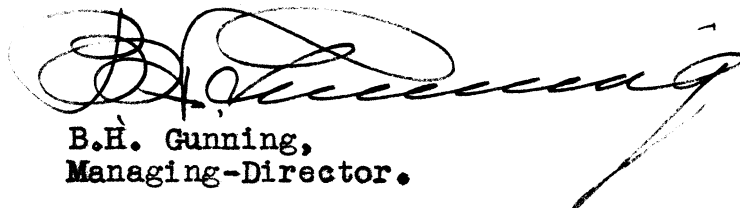
November 12th, 1952.

would be called upon to either exercise the option at once or reject it. If all their options were exercised they would then own 2,500,000 shares out of the proposed 5,000,000 capitalization. If they wished to have a few additional shares over the 2,500,000, these of course could easily be picked up on the market.

If Cypress were to consider this proposal they would of course be required to retain their holdings and not to merely take advantage of the low option figures, in order to take a nice capital gain on the stock market - in other words, we are accepting Mr. Just's statement that Cypress is not interested in making a market profit, but rather in making a successful mine and retaining a controlling interest in it.

This letter is being written in order that both you and Mr. Hill may have the writer's ideas before you in the event of further discussions with Mr. Just regarding our property.

Yours very truly,

  
B.H. Gunning,  
Managing-Director.

BHG/M



## INTER-OFFICE CORRESPONDENCE

FROM: Lendall P. Warriner

CITY: New York

DATE: 11/10/52

TO: Henry T. Mudd

SUBJECT: Giant Mascot Mines Limited

Herewith data on the Giant Mascot Mine in accordance with wire from Evan from Vancouver.

*Lendall P. Warriner*

Lendall P. Warriner

LPW:CV

CC: Mr. Evan Just  
Hotel Vancouver  
Vancouver, B. C., Canada

- Enclosures:
1. Copy of letter from Henry L. Hill to President and Directors, Giant Mascot Mines Ltd., dated July 24, 1952, with map attached.
  2. Letter from Henry L. Hill to Evan Just, dated October 11, 1952, with following attachments:
    - (a) Copy of letter from Henry L. Hill to President and Directors, Giant Mascot Mines Ltd., dated October 11, 1952.
    - (b) Map.
    - (c) Report on Giant Mascot Mine by Hill, Legg, & Hemswort, dated March, 1952.
  3. Letter from Henry L. Hill to Evan Just, dated October 30, 1952.

RECD.		NOV 12 1952	
ANSD.		BY	
RETURN TO		PLEASE REPLY	
HSM	RWM	SQM	
✓ HTM	BWS	LCD	
✓ LBL	KKW	LWW	
✓ GDD	LP	LCA	
CWS	SAS	ALO	

CLASS OF SERVICE

1952 NOV 10  
This is a full-rate  
Telegram or Cable-  
gram unless its de-  
ferred character is in-  
dicated by a suitable  
symbol above or pre-  
ceding the address.

AM 12 44

TERMINAL

6/4221

# WESTERN UNION

1201

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

W. P. MARSHALL, PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

NA012 8=CPR FD VANCOUVER BC NOV 9 746P=

1952 NOV 10 AM 12 37

CYPRUS MINES CORPN=

161 EAST 42ND ST NEW YORK 17 NY=

PLEASE AIRMAIL GIANT MASCOT REPORT TO LOS ANGELES=

EVAN JUST=

GIANT MASCOT EVAN JUST=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

RECD NOV 3 1952

# INTER-OFFICE CORRESPONDENCE

RETURN TO		PLEASE REPLY	
<input checked="" type="checkbox"/> HSM	<input checked="" type="checkbox"/> RWM	<input checked="" type="checkbox"/> ISGM	
<input checked="" type="checkbox"/> HTM	<input checked="" type="checkbox"/> IBWS	<input checked="" type="checkbox"/> ILCD	
<input checked="" type="checkbox"/> JLB	<input checked="" type="checkbox"/> KKW	<input checked="" type="checkbox"/> LWI	
<input checked="" type="checkbox"/> GDD	<input checked="" type="checkbox"/> LP	<input checked="" type="checkbox"/> LC	
<input checked="" type="checkbox"/> CWS	<input checked="" type="checkbox"/> SAS	<input checked="" type="checkbox"/> ALD	

FROM: Evan Just

City: New York

DATE: 10/31/52

To: Henry T. Mudd

SUBJECT: Giant Mascot Mine, Golden, B. C.

Legg's consulting firm, essentially his partner Henry Hill in this case, is directing the management of this lead property. The firm's estimate of presently established ore reserves as of July 24 is 484,000 tons of 5.8% lead ore after allowing for dilution and unreclaimable ore in pillars. Hill believes that the property would be greatly benefited by the investment of \$500,000 more capital, to be expended for cost-lowering facilities, exploration and debt retirement. Hill, Legg and I talked with the Managing Director, Mr. Gunning, and the latter was receptive toward an arrangement whereby this sum could be advanced as a loan for which approximately one-quarter of the equity would be granted as a bonus. It also appeared that a total of from 51 to 60% could be obtained under options. Management control would be accorded for the period of loan amortization, even though control might not be purchased. Mention was made also of the possibility of putting together a gold venture which they considered promising. I suggested that for joint study Hill should give his best estimate of the benefits that would obtain from this loan. He stated verbally that he believed the present operating costs of \$5.50 per ton could be reduced to \$4.00 with the contemplated improvements. Also, at a 14¢ lead price, he anticipates that the property would earn \$2,280,000 in 10 years at its present capacity of approximately 12,000 tons per month but that the development of enough ore to warrant a 25,000 tons-per-month output would yield a profit of \$9,000,000 in 10 years.

1440000Tons

3000000T

Because the property is on a going basis with rather low operating costs at approximately 12,000 tons per month, it seems to me that it warrants some study of the possibilities of finding new ore. The orebodies, which have been developed by drilling and drifting over a vertical range of approximately 1,000 feet, are holding their cross sectional area at depth and the grade is somewhat improved. Mr. Hill is optimistic about the chances of finding new ore, both on strike and at depth. However, it should be clearly recognized that neither this nor the Whitewater property have probabilities as to grade that would warrant the interest of Cyprus if they were undeveloped. Under our policy, the only thing that would justify interest is the circumstance that these properties are already equipped and on a going basis. They would also have some value as listening posts for further opportunities.

## Location

The property is close to Golden, B. C., which is on the C.P.R. just west of the Rockies approximately 40 miles west of Lake Louise.

*Get maps, assay maps, geologic maps, description of mill, power supply, tailings disposal, cost statements etc*  
JB



## INTER-OFFICE CORRESPONDENCE

FROM: Evan Just

CITY:

DATE: 10/31/52

TO: Henry T. Mudd

SUBJECT: Page 2

### Orebody

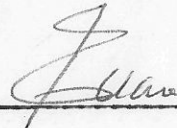
A 5 to 6% lead deposit in limestone at the intersection with a major fault. Three orebodies are recognized, the nose orebody is at the intersection and although relatively small, is considerably higher in grade than the others. The footwall orebody is the largest and occurs along the contact of the limestone with underlying shale. The hanging wall orebody is along the fault. The footwall orebody strikes east-west and dips south at approximately 60°. The fault strikes northwest and dips southward at about 80°. The drilling results indicated in the attached letter suggest that the grade is likely to improve below the 700 level. The footwall orebody is up to 150 feet long and averages about 25 feet in thickness. The nose orebody averages about 25 feet in diameter. The hanging wall orebody averages about 12 feet thick and 110 feet in length.

### Development

The mine is developed on four levels over a vertical distance of 500 feet. Level number six has an elevation of approximately 3250 feet. Virtually all the mining has been done in the footwall orebody from number five and six levels. A little has been done on number four and five levels in the nose orebody and apparently none at all in the hanging wall orebody. The mill is presently capable of handling approximately 450 tons per day.

---

I will report further after attempting to get more data on possibilities of developing ore beyond the present limits, both horizontally and vertically.

  
Evan Just

EJ:CV  
ENC.

HENRY L. HILL  
R. E. LEGG  
F. J. HEMSWORTH  
G. H. GRIMWOOD

850 WEST HASTINGS STREET  
VANCOUVER 1, B.C.  
PHONE MARINE 0848

# HILL, LEGG, HEMSWORTH & GRIMWOOD

CONSULTING MINING  
AND METALLURGICAL ENGINEERS

REC'D NOV 3 1952  
Action Date

October 30, 1952

Mr. Evan Just  
Cyprus Mines Corporation  
161 E. 42nd Street  
New York, N. Y.

A C		
E J	1	
H K		
L W	1	11-3

A = Action C = Comment  
I = Information

Dear Sir:

Re: Giant Mascot Mines Limited

Mr. Legg has advised that you would like some additional information on the potential of Giant Mascot Mines eastward along the slate limestone contact.

My information is frankly very sketchy. One day was spent examining surface outcrops and trying to evaluate the possible ore potential. The ore outcrops and more particularly the amount of float on the surface indicate in my opinion the very good possibility of discovering important ore bodies along the contact. Due to the fairly heavy over burden it was impossible to accurately follow the contact. I feel that ore bodies would occur in some irregularity in the formations to the east. A lot of barite containing lead float was found at the location of a possible bay in the contact.

Drifting to the east on 600 level intersected one ore body which is indicative of the possibilities towards the east. Although this ore body might be relatively smaller there is no reason in my opinion why larger ones could not be developed.

Favourable geological conditions in my opinion exist along the limestone-slate contact towards the east. Sufficient "room" is also present to develop an extremely large tonnage of ore. Lead zinc mineralization occurs on the surface intermittently over a distance of two miles. An expenditure of at least \$100,000 drifting and diamond drilling is considered justified in view of the reward at stake.

Best regards,

Yours very truly,

HILL, LEGG & HEMSWORTH

*HLH*  
Henry L. Hill

HLH:fe

RECD. OCT 2 1952		
ANSD.		BY
RETURN TO		
PLEASE REPLY		
HSM	RWM	SGM
HTM	BWS	LCD
JLB	KKW	LWW
GDD	LP	LCA
CWS	SAS	ALD

1206-File ✓  
1206-Book  
BWS

October 29, 1952

Mr. Evan Just  
Cyprus Mines Corporation  
161 East 42nd Street  
New York 17, N. Y.

Re: Whitewater and Giant Mascot  
Properties, British Columbia

Dear Evan:

I have not been able to find anything definite which you probably do not already have on the Whitewater and Giant Mascot properties. My information stems largely from reports in the Northern Miner. From these reports however I think, like you, that the property probably should be investigated more fully, provided some sort of a deal can be worked out. Now is an excellent time to approach the owners due to the drop in metal prices and the future outlook of the market in general. It is probably too late to do anything this year; if not, I think it would be well for Legg or the new man to visit the properties.

If I can be of any help to you in anything else, or in this, please let me know and I will be glad to do so.

Kindest regards,

Sincerely yours,

Blair W. Stewart  
CYPRUS MINES CORPORATION

BWS/a



C O P Y

October 28, 1952

President & Directors,  
Giant Mascot Mines Ltd.,  
675 West Hastings St.,  
Vancouver 1, B. C.

Dear Sirs:-

The following briefly summarizes recent developments at your property.

GENERAL

After a study of our ore position above 600 Level to maintain 12,000 tons per month of 4 to 4½% lead at a total mining cost of \$6.00 I feel certain of our operation until July 1953. At this date we will have to remove important pillars to maintain production. Therefore there is an urgency for the continuation of our shaft sinking program.

MINE

The following work is now in progress at the mine.

Open Cut

Glory Hole mining has been started around the two raises broken through to the surface.

Hanging Wall Vein

Drifting and stope development work is now in progress on the 2, 3, 5 Sub, and 6 Sub Levels. The object of this program is to develop sufficient stopes to mine 100 tons or better per day.

Shaft

The shaft station is now being cut out on the 6 level on a 2 shift basis.

### Main Crosscut

On October 15th the tunnel had 313 feet to go before breaking through and should be completed before the end of November.

### Mill

Jim Blaney has now replaced Mr. D. Campbell as mill superintendent and last reports indicate our circuit is normal.

A total of about 12,000 tons of ore averaging 4.4% lead has been milled from October 1st to 28th, 1952 which is a record for production.

### Construction Program

The construction crew, consisting of 5 carpenters and 5 laborers will be reduced on November 1st to 2 carpenters and 2 laborers.

### ECONOMICS

Our present objective is 1200 tons of 4.0 to 4.5% lead monthly which will produce 700 tons of concentrates. Assuming the present metal prices and shipping to Bunker Hill, concentrates are worth \$130 per ton assuming we obtain a favorable freight rate. The 700 tons of concentrates will be worth \$91,000 which should give us an operating profit of \$30,000 per month and thus provide funds for retiring the bank loan (\$12,500), shaft sinking (\$10,000) and miscellaneous expenditures (\$3,000) leaving \$4,500 to pay off our bills.

A profit of about \$3,000 will be obtained from our zinc concentrates which has not been included in the above figures.

It is obvious financing is required to sink the shaft.

### SUMMARY

The writer feels satisfied that your operation at the mine is running efficiently under Mr. Starck's supervision.

Attached herewith a summary of production and costs for the fiscal year of 1952.

Yours very truly,

HILL, LEGG & HEMSWORTH

Per \_\_\_\_\_  
H. Hill



## GIANT MASCOT MINES

## SUMMARY

## PRODUCTION &amp; COSTS

1952 FISCAL YEAR

1. Quoted Price of Lead
2. Smelter Deductions & Exchange
3. Recoverable Price of Lead
4. Recoverable Price of Lead  
plus Silver and Zinc value

Month	Mill Tonnage		Grade % Pb.	Production		Costs per ton					Cost Lb. Pb.	Value per Ton	Profit		Capital Exp.	Lead Price			
	Monthly	Daily		Tons Conc.	Lbs. Pb.	Mining	Milling	General	Marketing	Total Cost			per Ton	per Month		1.	2.	3.	4.
Oct. 1951	4,925	158	4.9	328	450,000	4.80	2.00	1.19	2.07	10.06	10.2¢	18.81	8.75	43,272	14,689	19¢	1.2¢	17.8	18.5
Nov. 1951	4,836	160	5.9	380	520,000	4.83	2.40	2.01	1.99	11.23	9.4¢	17.13	5.90	28,480	22,543	19¢	1.2¢	17.8	18.5
Dec. 1951	3,663	118	4.9	242	328,000	5.44	3.00	2.17	1.91	12.52	11.8¢	16.14	3.66	13,420	12,356	19¢	1.2¢	17.8	18.5
Jan. 1952	5,090	170	3.9	264	360,000	5.39	2.95	1.71	1.22	11.27	14.4¢	11.33	.06	320	32,515	19¢	1.2¢	17.8	18.5
Feb. 1952	7,085	243	4.5	416	570,000	5.24	2.03	1.05	1.45	9.76	10.8¢	12.79	2.93	20,734	14,249	19¢	3.2¢	15.8	16.5
Mar. 1952	7,527	242	4.6	457	620,000	4.18	1.62	1.52	1.82	9.14	10.0¢	15.56	6.42	48,284	54,973	19¢	3.2¢	15.8	16.5
Apr. 1952	6,097	200	4.0	318	436,000	3.84	2.41	1.92	2.04	10.22	13.0¢	17.23	7.01	42,715	43,277	19¢	3.2¢	15.8	16.5
May, 1952	8,233	265	5.0	551	750,000	3.04	2.31	1.36	1.72	8.43	8.4¢	12.21	3.69	30,375	51,898	17¢	2.6¢	14.4	15.1
June 1952	8,706	292	4.3	495	688,000	2.70	1.81	1.17	1.63	7.31	8.5¢	9.40	2.09	18,203	16,040	15¢	3.2¢	11.8	12.5
July 1952	7,756	250	) 4.5	369	508,000	3.12	1.97	1.05	1.67	7.81	) 7.5¢	11.30	3.49	27,069	17,125	16¢	3.8¢	12.2	12.9
Aug. 1952	10,333	334	)	802	1,110,000	2.26	1.48	.66	1.60	6.00	)	10.50	4.50	46,143	17,550	16¢	3.8¢	12.2	12.9
Sept 1952	12,048	400	3.4	536	761,000	2.85	1.35	.50	1.30	6.00	8.4¢	8.45	2.45	33,000 <i>Estimate</i>	17,000	16¢	3.8¢	12.2	13.2
TOTAL	86,299	230												352,015	314,215				
Oct. 1-15	6,850	455	4.37	381	521,000					6.00	7.5¢	8.75	2.75	15,000 <i>Estimate</i>	17,000	15¢	4.4¢	10.6	11.6
Objective	12,000	400	4.25	680	920,000	2.45	1.40	.75	1.44	6.00	7.7¢	8.30	2.30	27,600 <i>Estimate</i>	13,000	14¢	4.3¢	9.7	10.7



2/19/52  
Evan Just

New York

10/16/52

Blair Stewart

Whitewater and Giant Mascot Properties, B. C.

Legg is inclined toward our putting exploration money into Kootenay Belle's Whitewater Mine in the Slocan district. He believes that lateral exploration along the levels at which limestone replacements have been found will be worthwhile. Probably a deal could be made whereby this money could be advanced as a loan with an equity share to become available as a bonus. This could probably be supplemented by sufficient options on stock to afford control. The replacement orebodies have averaged approximately 7% zinc after dilution.

His partner, Hill, has a management contract on the Giant Mascot Mine, not far from Lake Louise. This is a 5% lead property that needs some added capital, partly for equipment to increase efficiency, and partly for exploration. The orebody is at the intersection of a limestone shale contact and an important fault, mineralization appearing to favor both features. A similar deal would probably be available. The orebody has maintained its cross section for the 600 feet penetrated so far vertically, and Hill has some hopes for lateral extensions as well.

Based on present information, these appear to be fairly marginal situations where the reward for participation would be about as much in the direction of obtaining a foothold in the areas as in profit from finding new ore.

Any information or comments you have would be greatly appreciated.

Kindest regards.

---

Evan Just

EJ:CV  
ENC.

REC'D OCT 20 1952  
Action Date

# INTER-OFFICE CORRESPONDENCE

A C		
H K		
L W		

A = Action C = Comment

FROM: R. E. Legg

CITY: Vancouver, B.C. = Information 10/16/52

To: Evan Just

SUBJECT: Giant Mascot Mines Ltd.

Dear Evan:

Thank you for your Personal and Confidential memo of October 7th relative to an investment in the shares of Giant Mascot Mines Ltd. When I sent you my report dated September 13th, I then knew that Giant Mascot was looking for additional capital, but my feeling was that their idea of terms was out of line with the merits of the property. In other words they put too great a valuation on the shares. I have nothing to do with the operation of the property, but I do know what is going on all the time. In my opinion Giant Mascot Mines Ltd. is a case, so common in British Columbia, where various parties acquire large share interests in a company for small considerations. For instance, the promoters of the property took a big share interest for turning over the property to Giant Mascot Mines Ltd., which company was formed to operate the mine. Although a great deal of money had been spent in the past on the property, the promoters in question spent very little. They acquired the mine for a very small sum. Then the Hedley Mascot company came into the picture and took a very large share interest, chiefly on the strength of much used mine and mill equipment from their gold property which was worked out. So they end up with 3 million shares issued and insufficient money in the treasury. A company can get away with this sort of thing if they had rich ore to enable large operating profits being made, which in turn would provide the necessary money for needed capital expenditures. Giant Mascot had to borrow from the bank for certain capital expenditures, and this is being paid back monthly. As you know, they need further funds for a hydro-electric plant and for shaft sinking. With ore averaging only 5% lead plus low silver and zinc values, it is not possible to make large operating profits, and while I think well of the mine possibilities, there is little evidence that a better average grade may be expected in the future. However, it is possible that a better grade of ore may be found, as a few holes at depth show quite good values, but not enough drilling has been done to establish any large tonnage of such higher grade ore.

Any Personal and Confidential letters which you may send me will be kept on my personal files at my home.

*A. E. Legg.*

## INTER-OFFICE CORRESPONDENCE

FROM: R. E. Legg

CITY: Vancouver, B.C.

DATE: 10/16/52

TO: Evan Just

SUBJECT: Giant Mascot Mines Ltd.

Dear Evan:

Thank you for your Personal and Confidential memo of October 7th relative to an investment in the shares of Giant Mascot Mines Ltd. When I sent you my report dated September 13th, I then knew that Giant Mascot was looking for additional capital, but my feeling was that their idea of terms was out of line with the merits of the property. In other words they put too great a valuation on the shares. I have nothing to do with the operation of the property, but I do know what is going on all the time. In my opinion Giant Mascot Mines Ltd. is a case, so common in British Columbia, where various parties acquire large share interests in a company for small considerations. For instance, the promoters of the property took a big share interest for turning over the property to Giant Mascot Mines Ltd., which company was formed to operate the mine. Although a great deal of money had been spent in the past on the property, the promoters in question spent very little. They acquired the mine for a very small sum. Then the Hedley Mascot company came into the picture and took a very large share interest, chiefly on the strength of much used mine and mill equipment from their gold property which was worked out. So they end up with 3 million shares issued and insufficient money in the treasury. A company can get away with this sort of thing if they had rich ore to enable large operating profits being made, which in turn would provide the necessary money for needed capital expenditures. Giant Mascot had to borrow from the bank for certain capital expenditures, and this is being paid back monthly. As you know, they need further funds for a hydro-electric plant and for shaft sinking. With ore averaging only 5% lead plus low silver and zinc values, it is not possible to make large operating profits, and while I think well of the mine possibilities, there is little evidence that a better average grade may be expected in the future. However, it is possible that a better grade of ore may be found, as a few holes at depth show quite good values, but not enough drilling has been done to establish any large tonnage of such higher grade ore.

Any Personal and Confidential letters which you may send me will be kept on my personal files at my home.

*R. E. Legg*



HENRY L. HILL  
R. E. LEGG  
F. J. HEMSWORTH  
G. H. GRIMWOOD

850 WEST HASTINGS STREET  
VANCOUVER 1, B.C.  
PHONE MARINE 0848

**HILL, LEGG, HEMSWORTH & GRIMWOOD**  
CONSULTING MINING  
AND METALLURGICAL ENGINEERS

October 11, 1952

	REC'D	OCT 15 1952	Action	Date
A C				
E J				
H K				
L W				

A = Action C = Comment  
I = Information

Mr. Evan Just,  
Cyprus Mines Corporation,  
161 East 42nd Street,  
New York 17, N. Y.

Dear Mr. Just:-

I am enclosing herewith copies of ore reserves report dated March 1952, an ore reserves letter of July 24th, a sketch map showing the general geology of Giant Mascot Mines and also my letter of October 11th showing the possible reward with a larger operation.

The recent drop of one cent in the price of lead might make this an opportune time to negotiate a deal with the Directors.

Personally, I am very anxious to have sufficient money available to thoroughly test the property. The ore potential and the resultant reward are considered sufficiently promising to justify an expanded development program.

Mr. Gunning and I thoroughly enjoyed our meeting with you when you were in Vancouver.

Yours very truly,

HILL, LEGG, HEMSWORTH & GRIMWOOD

Per: Henry L. Hill

Henry L. Hill

HLH/pd

October 11, 1952

President & Directors,  
Giant Mascot Mines Ltd.,  
675 West Hastings St.,  
Vancouver, B. C.

Dear Sirs:-

The following comparison of possible results to be obtained at the Giant Mascot Mines may be of assistance to you in determining what your immediate plans and policies should be. It is pointed out that these comparisons assume a much larger body of ore than is at present proved. Starting with your present production the comparisons step-up to the possibility of a 1,000 ton per day operation for a 10 year period. This, of course, calls for 3,000,000 tons of commercial ore to be developed progressively over a period of time. You will note that the calculations are made with lead at 12¢, 14¢ and 16¢ with a 4.0% money discount and the C.M. & S. deductions - paying for 92½% of the lead with a 3¢ per pound deduction, treatment charges of \$12.00 per ton and freight of \$13.20 per ton -- 4½% Head -- 95% Recovery.

<u>12,000 Tons/Month</u>	<u>12¢</u>	<u>Lead Prices</u>	
		<u>14¢</u>	<u>16¢</u>
1 year	\$43,000	\$ 288,000	\$ 520,000
10 years	430,000	2,880,000	5,200,000
<u>25,000 Tons/Month</u>			
1 year	\$ 390,000	\$ 900,000	1,380,000
10 years	3,900,000	9,000,000	13,800,000

The above comparisons indicate possible rewards for an aggressive development program.

It appeals to the writer that an effort should be made to interest some substantial group in such a program.

Yours very truly,

HILL, LEGG, HEMSWORTH & GRIMWOOD

Per Henry L. Hill  
Henry L. Hill

HLH/pd

C O P Y

July 24, 1952

President and Directors,  
Giant Mascot Mines Ltd.,  
675 West Hastings Street,  
Vancouver, B. C.

RE: ORE RESERVES

Dear Sirs:-

On my last trip to the property during the middle of July, 1952, a re-calculation of the ore reserves was made at your mine.

Ore blocks were re-valued by using average assays from recent mining and development headings. The primary purpose of this re-calculation was to determine the ore potential above 600 Level and thus ascertain the date preparation should start for shaft sinking.

As a result of this recent survey we consider the ore reserves above 600 Level are sufficient to feed the mill at the rate of 450 tons per day for a period of 14 to 16 months. Therefore, preparations for shaft sinking need not be started for another 2 to 4 months.

Development work, drifting and raising, on the hanging wall vein on 3, 5, and 6 Levels has been very encouraging in regard to both widths and values. We now feel fairly safe in classifying all the ore on the hanging wall vein as proven ore above the 600 Level.

The limited amount of work on the new "D" and "E" Zones indicates they might each contain about 10,000 tons of ore. However indications are present that ore zones of this type might be very numerous as they occur as replacement deposits about 75 feet away from the slate contact and thus drifting and drilling to the east in this favorable bed of lime could be very productive.

On the attached map, which shows the various ore blocks on the footwall, nose and hanging wall ore zones, assay results of drill holes have been plotted below the 600 Level. These results are tabulated as follows:



<u>Location</u>	<u>Width</u>	<u>% Lead</u>
20' below 600 Level	25'	7.6
70' " "	13'	5.6
130' " "	13'	4.0
150' " "	22'	6.7
160' " "	18'	29.8
170' " "	90' (Not true width)	9.3
300' " "	14'	23.7 (Sludge)
300' " "	14'	7.0 (Core)

Although we have only taken our indicated ore zones down to 300 feet below 600 Level, we feel confident, in view of the above drilling results, that ore bodies will be found to far greater depths.

The Giant Mascot ore zone has been developed by drifting and diamond drilling over a vertical range of 1000 feet and there is no geological reason why ore should not be found down another 1000 feet, which gives us an additional 500,000 tons of possible ore on the Giant zone.

We consider our estimate of 483,800 tons, grading 5.8% lead of proven and indicated ore, a conservative figure as the ore blocks have only been taken down to the deepest diamond drill holes.

Yours very truly,

HILL, LEGG, HEMSWORTH & GRIMWOOD

Per: \_\_\_\_\_  
Henry L. Hill

HLH/pd