

GIANT *yellowknife*

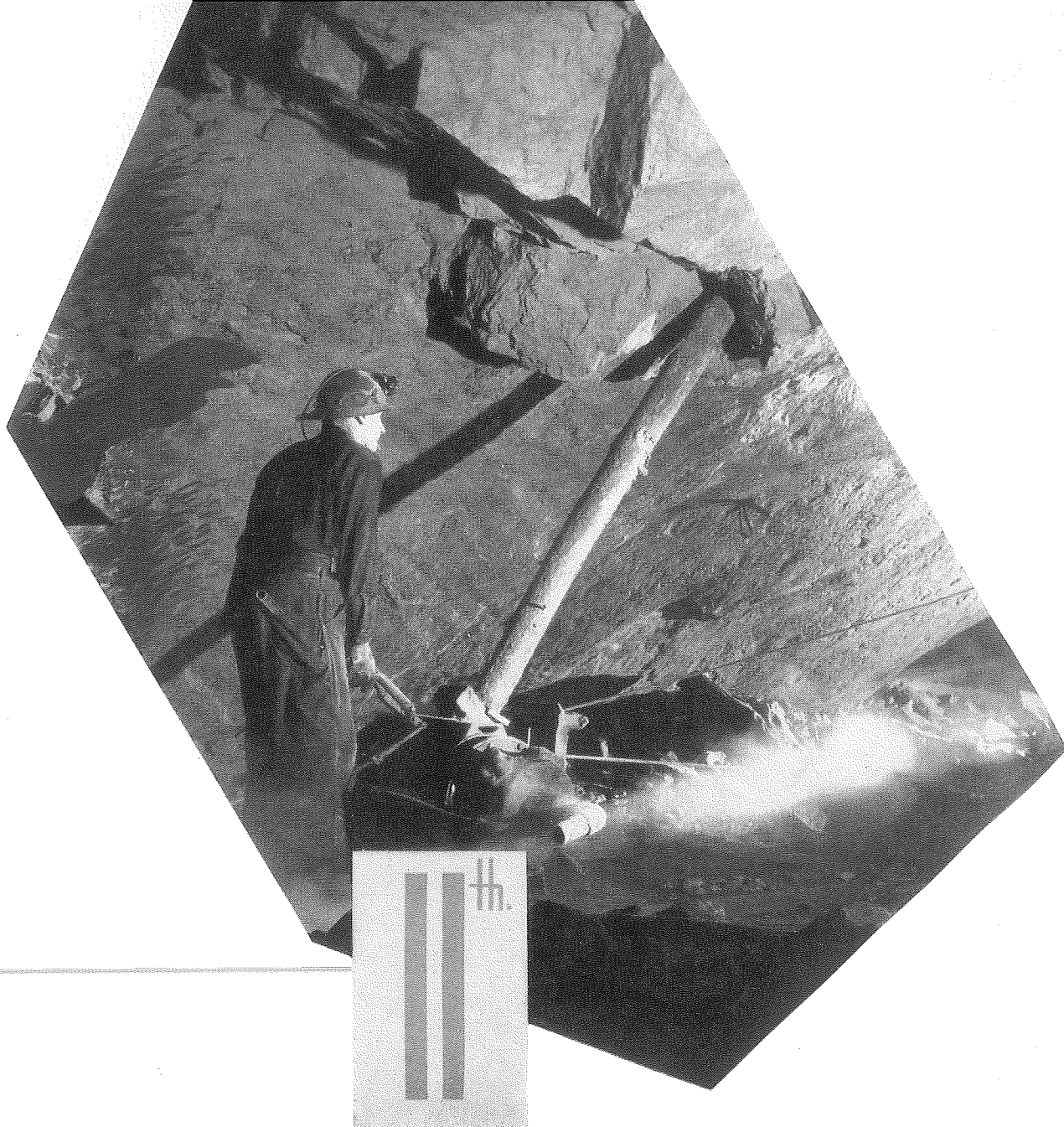
NO PERSONAL LIABILITY

GOLD
MINES
LIMITED

Annual Report

FOR YEAR ENDED

June 30th, 1953



annual report

ANNUAL MEETING OF SHAREHOLDERS

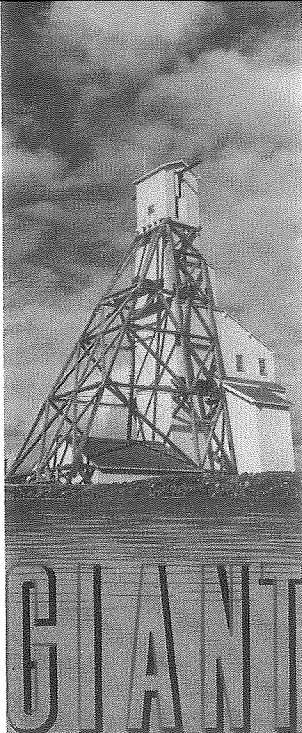
Wednesday, October 28th, 1953, at 10.00 a.m. (E.S.T.)

Private Dining Room No. 10

Royal York Hotel

100 Front Street West, Toronto, Canada





yellowknife gold mines LIMITED

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OFFICERS

President - - - - - T. LINDSLEY
 Vice-President - - - - - A. J. ANDERSON
 Secretary - - - - - A. C. CALLOW
 Treasurer - - - - - W. B. MALONE
 General Manager - - - - - P. N. PITCHER

DIRECTORS

T. LINDSLEY
 B. S. W. BUFFAM
 A. J. ANDERSON
 A. K. ROBERTS, Q.C.
 E. V. JAEGER
 W. F. JAMES

J. BRADLEY STREIT

CONSULTANTS

A. S. DADSON - - - - - Consulting Geologist
 F. R. ARCHIBALD - - - - - Consulting Metallurgist
 E. V. NEELANDS - - - - - Consulting Engineer
 A. J. ANDERSON - - - - - Mining Engineer
 W. F. JAMES - - - - - Geologist
 B. S. W. BUFFAM - - - - - Geologist

TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUST CORPORATION - 372 Bay Street, Toronto 1

REGISTRAR AND TRANSFER COMPANY

2 Rector Street, New York 6, N.Y.
 15 Exchange Place, Jersey City 2, N.J.

BANKERS

THE CANADIAN BANK OF COMMERCE - - - Toronto, Ontario

AUDITORS

GUNN, ROBERTS AND CO. - - - Toronto, Ontario

SOLICITORS

ROBERTS, ARCHIBALD, SEAGRAM & COLE - - - Toronto, Ontario

GIANT

yellowknife gold mines LIMITED

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REPORT OF THE DIRECTORS

Toronto, Ontario,
September 21, 1953.

To the Shareholders:

The eleventh annual report of your Company, which includes the report of the General Manager together with the Auditors' report on the financial statements for the year ended June 30, 1953 is respectfully submitted herewith.

The operating profit for the period was \$3,130,843.17 compared with \$1,810,567.49 for the thirteen months ended June 30, 1952 and net profit was \$1,503,216.24 as compared with \$186,992.25.

A notable development during the year was the defining of the 409 orebody which is the richest concentration of ore so far opened up in the Mine. This appears to belong to the system of north plunging shoots in the B shaft area.

The increase in the tonnage treated and the good ore from the 750 level development work contributed to the improved results of your Company's operations for the year. Millheads were 0.846 ozs., compared with 0.755 ozs. per ton and the average daily tonnage was 672.7 tons compared with 418.8 tons per day for the previous period. Operating costs per ton were lower being \$14.51 against \$16.03. Average price received for gold bullion was \$34.20 per oz., as compared with \$35.79, reflecting the differential between Canadian and U.S. funds.

An initial dividend of twenty cents per share was paid to shareholders of record June 15, 1953. As stated when announcing this dividend your Directors believe that a substantial working capital should be accumulated so that your Company can weather any storms that may arise and also be in a position in the event of a favourable change in the gold situation to effect a major increase in production, which, of course, would necessitate extensive capital expenditures. The policy for the time being will be to build up the Company's cash position as working capital and also to pay dividends.

The Directors wish to express their appreciation for the excellent conduct of the affairs of your Company by your General Manager, Mr. P. N. Pitcher and his loyal staff and employees.

On behalf of the Board,

T. LINDSLEY,
President.

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STATEMENT OF EARNED SURPLUS

For the year ended June 30, 1953

Balance at July 1, 1952	\$ 1,993,528.12
Net profit for the year ended June 30, 1953	1,503,216.24
	<u>\$ 3,496,744.36</u>
Deduct dividend No. 1 payable July 15, 1953 — 20¢ per share	800,000.00
Balance at June 30, 1953	<u>\$ 2,696,744.36</u>

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

For the year ended June 30, 1953

Funds were obtained from operations as follows:

Net profit as per statement of operations	\$ 1,503,216.24
Add amortization, depreciation and loss on disposals of buildings, machinery and equipment which did not require cash outlays	1,632,533.02
Total of available funds	<u>\$ 3,135,749.26</u>

Funds were applied as follows:

Increase in construction supplies and mine stores	\$ 97,460.57
Additions to buildings, machinery and equipment less proceeds from disposals	732,010.05
Investment in shares of associated company	71,090.00
Payment on option to purchase Lolor Group mining claims	40,000.00
Shaft sinking and other deferred development expenditures	312,122.87
Dividend payable July 15, 1953, 20¢ per share	800,000.00
Increase in sundry deferred charges, advances on lumber purchases, prepaid expenses, deposits and other assets (net)	157,536.12
	<u>2,210,219.61</u>

Increase in working capital	<u>\$ 925,529.65</u>
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Increase in working capital	\$ 925,529.65
Deduct working capital deficiency at June 30, 1952	94,120.68
Working capital at June 30, 1953	<u>\$ 831,408.97</u>

STATEMENT OF OPERATIONS

For the year ended June 30, 1953

METAL PRODUCTION:

Gold 176,539.195 oz.	\$ 6,038,481.43	
Silver 39,972.75 oz.	32,930.82	
	<u>\$ 6,071,412.25</u>	
Deduct marketing expenses	59,022.92	\$ 6,012,389.33
		<u>680,000.00</u>
Add estimated assistance under The Emergency Gold Mining Assistance Act		<u>\$ 6,692,389.33</u>

OPERATING EXPENSES:

Surface exploration	\$ 20,141.27	
Current mine development	286,929.25	
Mining	1,575,460.44	
Milling and roasting	941,861.92	
Engineering, geological, warehousing, supervision and mine office expenses	260,223.13	
General expenses at the property	321,171.22	
Administrative and corporate expenses	135,433.93	
Government of Canada royalty	20,325.00	3,561,546.16
		<u>\$ 3,130,843.17</u>
Amortization of preproduction expenses	\$ 324,258.98	
Amortization of shaft sinking and other deferred development expenses	244,435.06	
Depreciation of buildings, machinery and equipment	1,062,659.56	
Loss on disposals of buildings, machinery and equipment	1,179.42	1,632,533.02
		<u>\$ 1,498,310.15</u>
Interest earned		4,906.09
		<u>\$ 1,503,216.24</u>
NET PROFIT		

NOTE: No provision has been made for income tax as amounts previously written off may be deducted from 1953 income for income tax purposes.

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ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 1,278,795.88	
Bullion on hand and in transit	617,095.58	
Government bonds at cost (quoted market value \$490,000)	490,000.00	
Accounts and accrued interest receivable	35,207.02	
Estimated amount receivable under The Emergency Gold Mining Assistance Act	285,641.04	\$ 2,706,739.52

CONSTRUCTION SUPPLIES AND MINE STORES on hand and in transit at cost

1,845,081.31

FIXED ASSETS:

Mining claims acquired for 1,200,000 shares issued at par and \$500 cash	\$ 1,200,500.00	
Land in Yellowknife townsite at cost	5,207.00	
Buildings, machinery and equipment at cost	\$ 7,322,652.75	
Less accumulated depreciation	3,998,985.24	3,323,667.51
		4,529,374.51

OTHER ASSETS:

Investment in shares of associated company at cost	\$ 71,090.00	
Interest in mining claims contiguous to Company's properties	115,000.00	
Prepaid expenses	125,695.68	
Advances for lumber purchases	130,341.14	
Deposits and other assets	57,714.00	499,840.82

EXPENDITURES DEFERRED TO FUTURE OPERATIONS:

Preproduction expenses	\$ 2,161,726.50	
Less amortized to date	1,648,316.46	\$ 513,410.04
Deferred shaft sinking and other development expenditures	\$ 1,629,567.09	
Less amortized to date	630,449.83	999,117.26
Sundry deferred charges	115,787.55	1,628,314.85
		<u>\$ 11,209,351.01</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Giant Yellowknife Gold Mines Limited (No Personal Liability) and have obtained all the information and explanations we have required. Our examination included a general verification of the evidence as we considered necessary in the circumstances.

In our opinion the above balance sheet and related statements of operations and earned surplus of the company as at June 30, 1953, and the results of its operations for the year then ended, according to the books of the company, are correct.

Toronto, September 4, 1953.

BALANCE SHEET, JUNE 30, 1953

LIABILITIES

CURRENT LIABILITIES:

Payrolls payable	\$ 61,311.67	
Accounts payable and accrued liabilities	1,014,018.88	
Dividend payable	800,000.00	\$ 1,875,330.55
		<hr/>

CAPITAL AND SURPLUS:

Capital Stock:		
Authorized and issued — 4,000,000 shares of \$1.00 each	\$ 4,000,000.00	
Premium less discount on shares	2,637,276.10	
	<hr/>	
	\$ 6,637,276.10	
Earned surplus as per statement	2,696,744.36	9,334,020.46
	<hr/>	

\$ 11,209,351.01

TO THE SHAREHOLDERS

ability) as at June 30, 1953, and the statements of operations and earned surplus for the year then ended
ed a general review of the accounting procedures and such tests of accounting records and other supporting

surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the
the best of our information and the explanations given to us and as shown by the books of the company.

GUNN, ROBERTS and CO.,
Chartered Accountants.

GIANT *yellowknife gold mines* LIMITED

NO PERSONAL LIABILITY

REPORT OF THE GENERAL MANAGER

The President and Directors,
Giant Yellowknife Gold Mines Limited.

Dear Sirs:

The following report on operations at the property, for the fiscal year ended June 30, 1953, is submitted for your consideration.

Production for the year totalled 176,539.19 ounces of gold and 39,972.75 ounces of silver, from the milling of 245,559 tons of ore. The objective of a 700 tons daily milling rate was reached in September, and was established as "normal operation" in October, 1952. During March, 1953, draft conditions in the steel roaster stack, aggravated by severe corrosion, deteriorated to the point where it was necessary to reduce mill tonnage to approximately 400 tons per day. An induced draft fan was installed and normal tonnage was resumed by the middle of April. The average milling rate for the period under review was 672.7 tons per day.

Millheads were maintained at a relatively high grade, averaging 0.846 ounces of gold per ton. This was possible because of the increased percentage of ore from cut-and-fill stoping, with close control of dilution, and in part because of the exceptionally rich ore from the 750 level development of the 409 orebody.

The major proportion of the ore hoisted from the mine came from the B Shaft workings above the 575 level. Stopes in the C Shaft area produced their quota, and mining was started on a modest scale in the East Zone in the A Shaft area.

Following the interconnection of A, B, and C Shafts, on the 750 level, during the 1951-2 fiscal year, primary development work was curtailed. Work during the past year has been concentrated on preparation for mining of the 409 and Lower orebodies from the 750 level at the north end of the B Shaft area, and on the opening up of the A Shaft workings for production. However, ore reserves have been maintained as to tonnage and have shown a considerable increase in grade.

Preliminary diamond drilling below the 750 level has given encouraging results in the South and Central ASD Zone, C Shaft Area, and in the North ASD Zone in the B Shaft Area.

Overall operating costs decreased by \$1.52 per ton during the year. Due to the larger percentage of ore coming from cut-and-fill stoping, mining costs showed an increase of 53 cents per ton. Though this more selective system has increased the stoping costs, it has resulted in a higher grade of mill feed, and a considerably higher operating profit per ton.

TREATMENT PLANT

The following is a summary of Treatment Plant data for the fiscal year. During this period the average price received for gold was \$34.20 per ounce and the price of silver averaged 82 cents per ounce.

Dry Tons Milled: Year	245,559	
Average per day	672.7	
Calculated mill heads per ton	0.846	\$ 28.93

Recoveries

(a) by Amalgamation	22,209.8	ozs.	
(b) in Flotation Concentrates			
Tons concentrate produced ..	30,026		
Average grade per ton	5.766	ozs.	197.20
Ratio of concentration	8.2 to 1		
Flotation tailings per ton	0.057	ozs.	1.95
Combined extraction by Amalgamation and in Flotation Concentrates	94.0%		
(c) By Roasting and Cyanidation			
Tons treated	30,026		
Gold recovered	154,329.4	ozs.	
Extraction	89.1%		
Cyanide residues per ton of calcine	0.732	ozs.	25.03
Indicated Overall Extraction	85.0%		

Summary of Recoveries

Gold: by Amalgamation	22,209.83		
by Cyanidation	154,329.36	176,539.19	\$ 6,038,481.43
Silver: Total Recovered	39,972.75		32,930.82
Gross Value of Production			\$ 6,071,412.25

Metallurgical research is continuing, in the effort to increase overall extraction, and results to date indicate that improvements are possible.

A new acid resisting brick roaster stack is being erected this year to replace the old steel stack.

UNDERGROUND OPERATIONS

A Shaft Area

At A Shaft the ore and waste pass system was completed from the 750 level to the 200. In the East Zone the old workings were enlarged to handle present equipment, and a limited amount of lateral development work was carried out on the 200 and 325 levels. A combination fill and ventilation raise was driven from the 200 level to surface and a fill distribution sub-drift was started 90 feet above the 200 level.

Most of the production was obtained from one stope in the East Zone on the 200 level. A minor amount of stope preparation was done from the 325 level. Ore boundaries below

GIANT *yellowknife gold mines* LIMITED

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REPORT OF THE GENERAL MANAGER CONTINUED

the 200 level appear to be extremely irregular and further drilling is required for definition of the shoots.

In the North Extension of the East Zone exploratory raises were started from A-204 N drift at two locations. Although the ore structure is not yet clear, the grade is excellent and results to date have exceeded expectations.

A-209 W crosscut was driven to the West Zone on the 200 level, and A-212 N drift was extended northwards under the orebody. Additional definition drilling and development will be done from the latter heading in the near future.

During the year A Shaft workings produced a total of 5,128 tons of ore, averaging 0.59 oz./ton in car sampling.

B Shaft Area

A total of 190,871 tons of ore averaging 0.95 oz./ton in car sampling was trammed from the B Shaft area during the year. Production was obtained from nineteen active stopes, of which seven were in the course of preparation, and two were being converted from shrinkage to cut-and-fill mining.

Minor lateral development was done on the 100 and 250 levels, and the main ore pass system was extended from the 250 level to the 100. On the 750 level the main haulage was advanced to a point 2,400 feet north of B Shaft. B-728 crosscut, 2,000 feet north of B Shaft, was driven easterly from the main haulage a distance of 650 feet, as a diamond drilling base for testing the ore extensions below the 750 horizon. Important amounts of new ore have been found above the 750 level to the north and east of the 409 orebody in this crosscut area.

Work was concentrated on the development and preparation of the 409 and Lower orebodies for production, and at year end this was well advanced. These two orebodies will be notable producers. Current estimates on 409 orebody show 279,000 tons of 1.50 oz./ton. B-727 drift, in the 409 orebody on the 750 level, disclosed a length of 416 feet of ore averaging 3.37 oz./ton (uncut) in face sampling, and slashing showed a width of 25 feet at the level horizon. Development and definition drilling of the 409 orebody are illustrated by the sketches appended to this report. The Lower orebody is estimated at 270,000 tons of 0.72 oz./ton.

C Shaft Area

In the C Shaft area development was limited to 540 feet of drifting on the 250 level and the completion of shaft station cutting on the 100, 250, and 425 levels.

Ore was produced from five active shrinkage stopes between the 750 and 425 levels, two of which were still in the course of preparation at the end of the year.

In the C shaft area a total of 85,131 tons of ore was broken in all operations, of which 54,676 tons averaging 0.47 oz./ton in car sampling were trammed to the ore pass.

Summary of Underground Development for the Year (all shaft areas):

	During Fiscal Year Ended June 30, 1953	Total to June 30, 1953
Shaft Sinking(ft.).....	Nil	2,602
Station Cutting(cu. ft.).....	54,484	314,322
Sumps(cu. ft.).....	Nil	59,411
Loading Pockets(cu. ft.).....	Nil	19,428
Ore & Waste Passes—Raising(ft.).....	736	5,190
Slashing(cu. ft.).....	16,644	54,352
Raising—Development(ft.).....	138	1,945
Fill(ft.).....	286	1,442
Drifting and Crosscutting(ft.).....	4,743	40,122
Slashing(cu. ft.).....	68,604	368,298
Stope Preparation		
Drifting and Crosscutting(ft.).....	1,430	2,238
Sub-Drifting(ft.).....	1,641	2,803
Raising(ft.).....	2,627	5,092
Box Holes(ft.).....	2,873	13,671
Arsenic Disposal Chambers		
Drifting and Crosscutting(ft.).....	Nil	225
Raising(ft.).....	153	394
Box Holes(ft.).....	Nil	274
Stoping(tons).....	257	34,087
Underground Diamond Drilling(ft.).....	64,961	262,934

ORE POSITION ABOVE 750 LEVEL

Ore Reserves, June 30, 1953 (developed and available for mining)

	Tons	Au Oz./Ton
A Shaft Area above 325 level	460,000	0.52
B Shaft Area above 750 level	930,000	0.95
C Shaft Area — ASD Zone north of		
C Shaft above 750 level	248,500	0.55
	<u>1,638,500</u>	<u>0.77</u>

EXPLORATION

Considerable encouragement has been given by preliminary diamond drilling below the 750 level in the South and Central ASD Zone, C Shaft area, and in the northern part of the B Shaft area. The 705 orebody in the South ASD Zone, has been traced by a series of intersections down the plunge, to a vertical depth of 145 feet below the 750 level, the ore being of consistently good grade. A drill hole in the Central ASD Zone, 700 feet north of C Shaft, intersected high-grade ore at a vertical depth of 400 feet below the level, or 1,150 feet below surface datum. In the northern part of the B Shaft area, and presumably mostly in the plunge extensions of the North ASD Zone, numerous good grade intersections have been obtained over a distance of 500 feet and to a depth of 300 feet below the level. It is evident that the intersections represent important tonnages of ore which are by no means delimited.

Eleven diamond drill holes, totalling 5,380 feet, were put down from surface during the year, chiefly for structural information relative to the Muir and Akaitcho zones, and to the southern extension of the B-221 structure. One hole cut good grade material in the Muir Zone, on section 3,000 N at a vertical depth of 490 feet below surface datum. This is 200 feet south of the previous most southerly ore intersection in this zone.

OPERATING COSTS AND CAPITAL EXPENDITURES

Operating Expenses

The Total Operating Costs before depreciation and write-offs of preproduction and deferred development expenditures were \$3,561,546.16 or \$14.51 per ton milled. The principal items of which are:

Surface Exploration and Current Development	\$ 307,070.52 or \$1.25 per ton milled
Mining	\$1,575,460.44 or \$6.41 per ton milled
Treatment Plant	\$ 941,861.92 or \$3.83 per ton milled

Capital Expenditures

Deferred development expenditures amounted to \$312,000.00.

Expenditures on Buildings, Machinery and Equipment were approximately \$730,000.00.

GENERAL

The particular items of construction were as follows:

The Dorrco roaster building was insulated with 'limpet' asbestos. The new mill laboratory was completed inside the mill building. An induced draft fan together with the necessary duct work was installed between the Cottrell building and the roaster stack. Excavation and foundation for the new brick roaster stack were completed. A 24 foot addition was put on the C Shaft dry-house. A dust collection system was installed in the crusher plant and a building erected to house the necessary equipment. A new warehouse 40' x 100' was built in the C Shaft area to accommodate additional operating supplies required by the increase in mill tonnage. The diesel unit at B Shaft which has been out of service for four years was moved to the diesel plant at A Shaft to provide additional stand-by power. Ten residences were constructed in the Yellowknife townsite for the use of Company employees.

The Giant mine has now been in production for five years. In that time wage rates have increased by 45% and the cost of operating supplies and equipment have risen substantially. Some items of equipment have shown as much as a 100% increase in cost. Transportation is a major item of operating cost and the following breakdown shows its effect:

	Total	Per Ton Milled
Rail Freight	\$ 125,100	\$.51
Freight other than rail	261,300	1.06
Air Fares and Air Express	82,100	.34
	<hr/> \$ 468,500	<hr/> \$ 1.91

Labour turnover continued at a very high rate, but shows an improvement over the previous year. To maintain a total payroll of approximately 400 employees it was necessary to hire 495 during the year.

I wish to acknowledge with appreciation the support and assistance of the President, Directors and Consultants and to express my thanks to the staff and to the employees for their loyal co-operation.

P. N. PITCHER,

General Manager.

September 15, 1953.

Yellowknife, N.W.T.

GIANT

yellowknife gold mines LIMITED

NO PERSONAL LIABILITY

Statement of Production & Earnings by Years

Fiscal Year	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M. Assistance	Net Value of metals Recovered	Average Price Per Ounce of Gold	Operating Costs	Operating Profit Per Ton	Operating Profit before Write-offs	Operating Profit Per Ton	Amount Written Off & Disposals	Net Operating Profit	Non-Operating Income	Net Profit
1949	84,886	0.815	\$511,019.77	\$1,962,340.49 ¹	\$35.00	\$1,467,133.53	\$17.28	\$1,006,226.73	\$11.85	\$ 845,464.90	\$ 160,761.83	\$6,790.34	\$ 167,552.17
1950	126,214	0.708	354,325.88	2,986,457.14	37.46	1,826,453.05 ²	14.47	1,514,329.97	12.00	1,018,886.17	495,443.80	5,237.22	500,681.02
1951	151,814	0.842	267,873.99	4,158,037.64	37.35	1,997,072.44 ²	13.15	2,428,839.19	16.00	1,229,282.90	1,199,556.29	6,333.65	1,205,889.94
1952 ³	165,846	0.755	615,000.00	3,854,137.42	35.79	2,658,569.93	16.03	1,810,567.49	10.92	1,631,556.40	179,011.09	7,981.16	186,992.25
1953	245,559	0.846	680,000.00	6,012,389.33	34.20	3,561,546.16	14.51	3,130,843.17	12.75	1,632,533.02	1,498,310.15	4,906.09	1,503,216.24

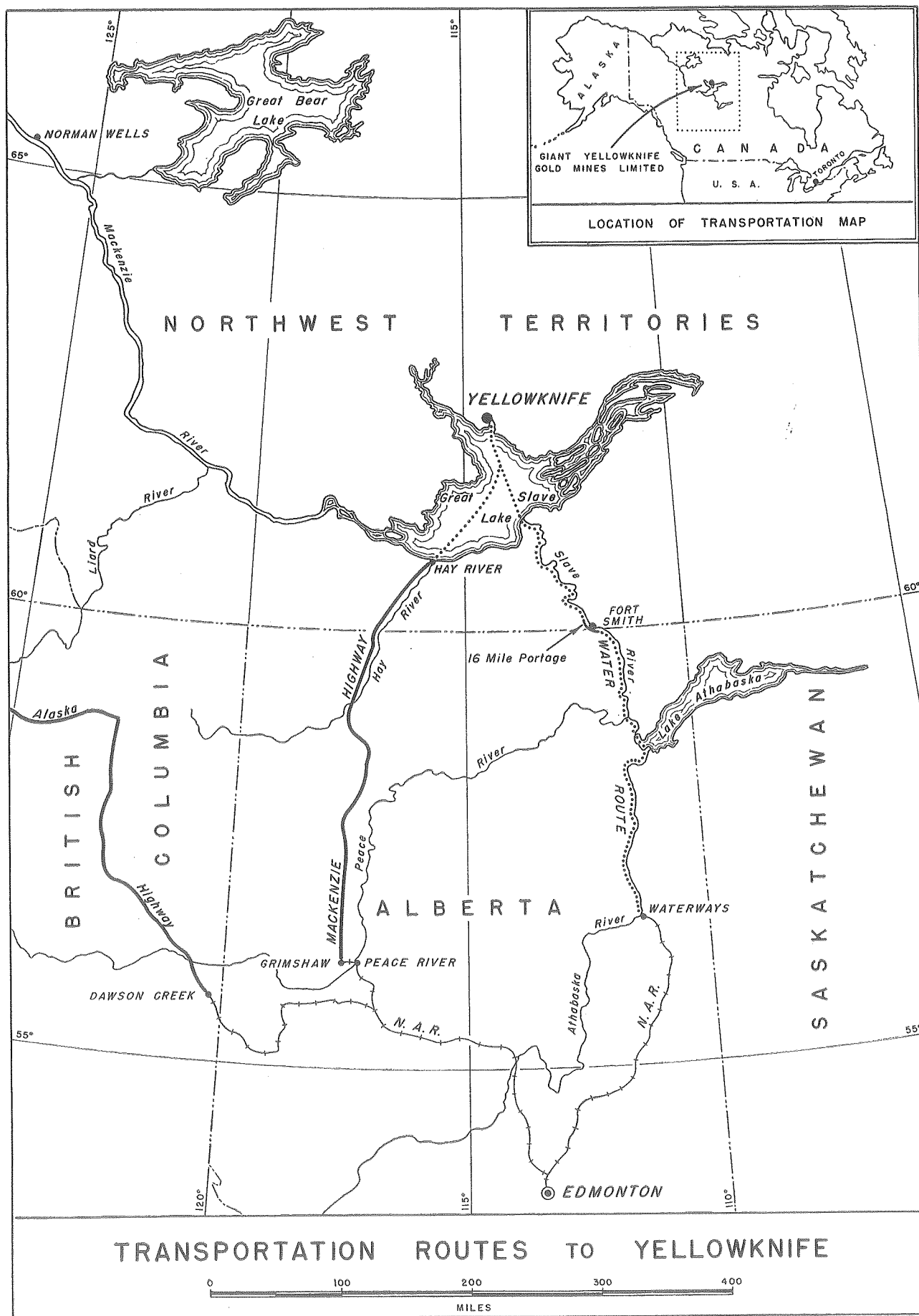
(1) Include concentrates valued at \$525,000.

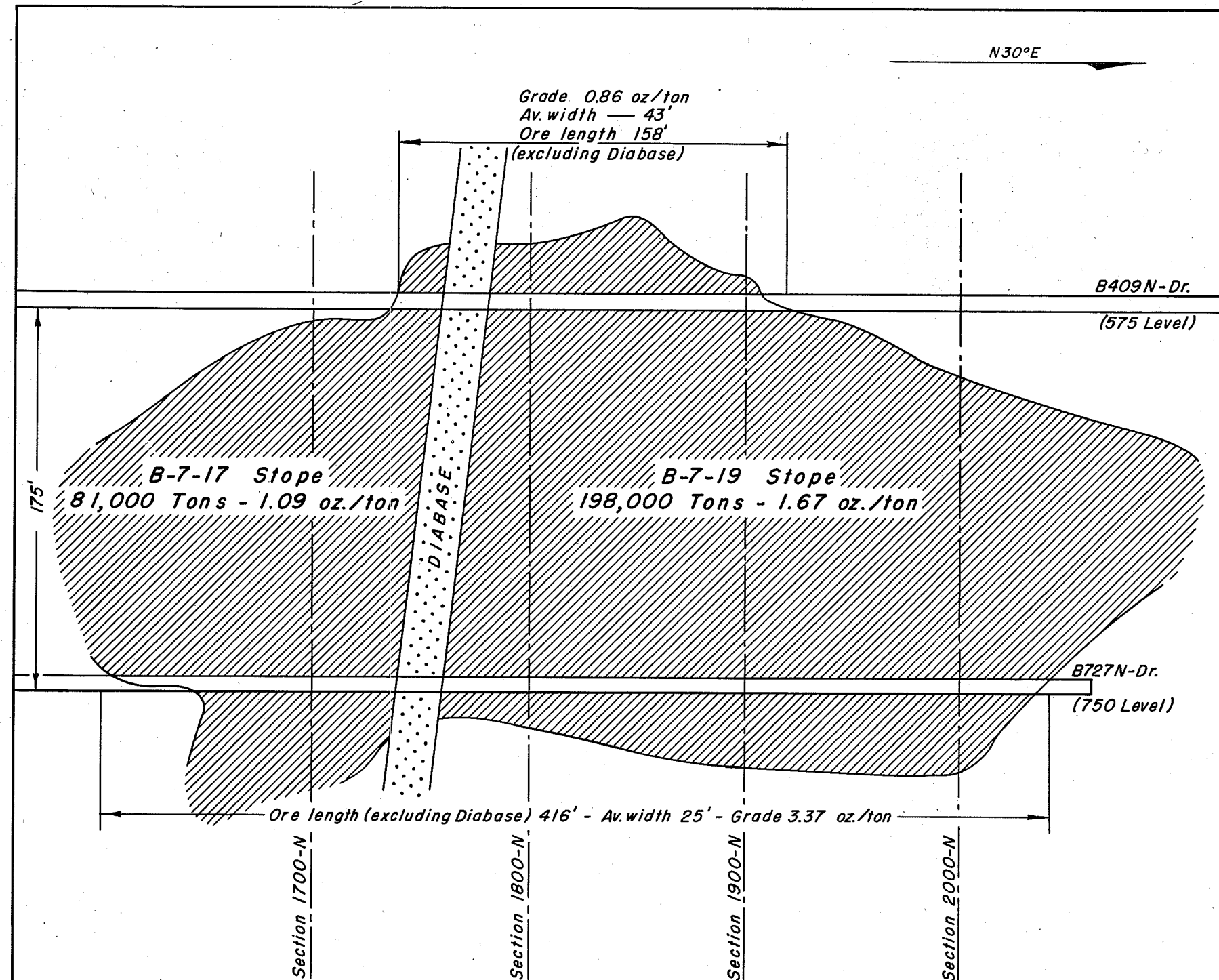
(2) Adjusted to include Royalty Taxes.

(3) Thirteen months.

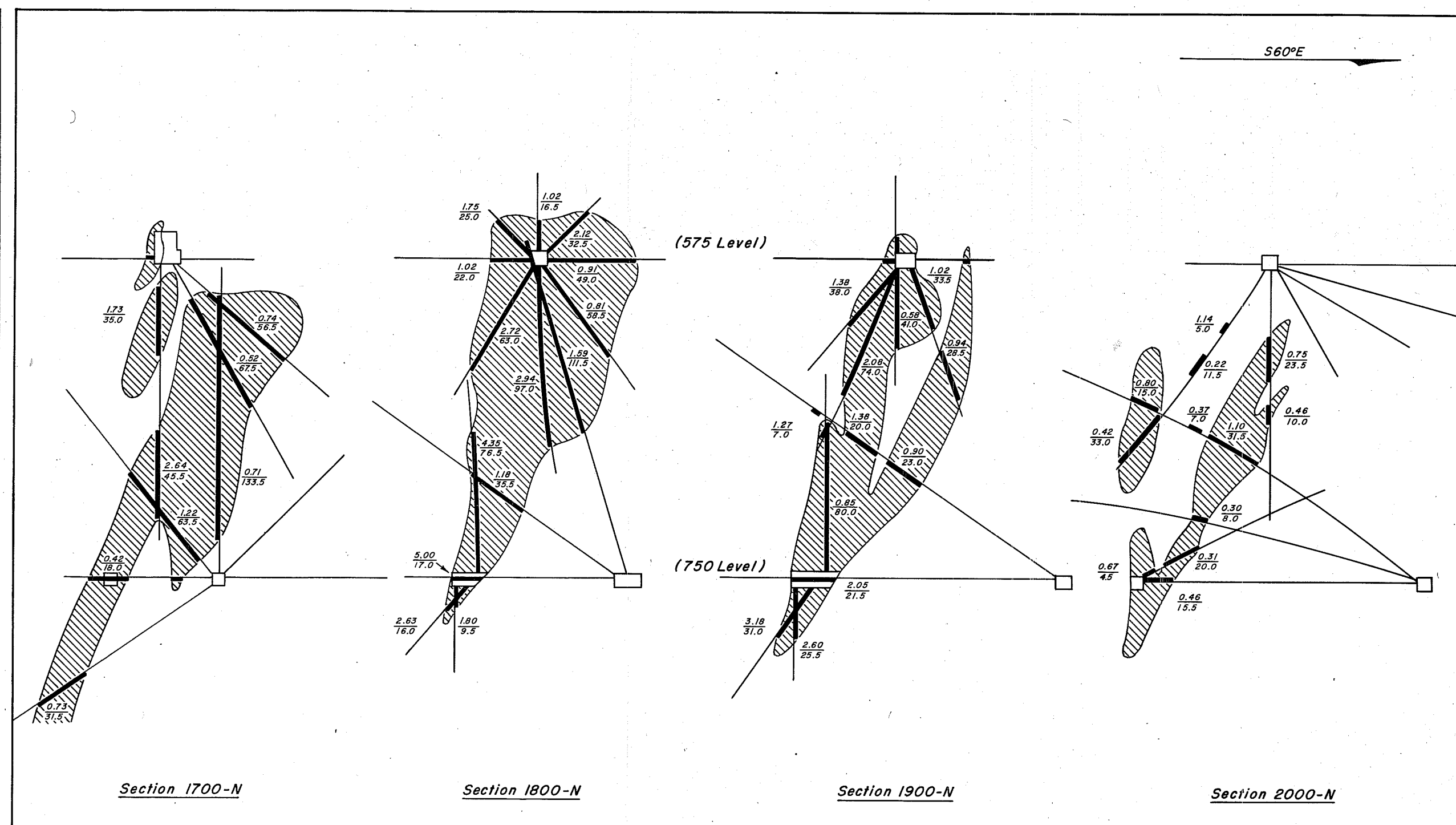
DIVIDENDS PAID

July 15, 1953 20 cents per share \$800,000





VERTICAL LONGITUDINAL PROJECTION



VERTICAL CROSS SECTIONS

$$\frac{1.27}{7.0} = \frac{\text{Oz./ton Au}}{\text{Core length in feet.}}$$

GIANT YELLOWKNIFE GOLD MINES LIMITED

— B-7-17 & B-7-19 STOPES — 409 OREBODY — VERTICAL LONGITUDINAL PROJECTION & VERTICAL CROSS SECTIONS —

