

W.A. No. ....

NAME ..... *PROSPECTUS* .....

SUBJECT .....

.....

.....

*ALTOONA*

PROPERTY FILE

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JUN 8 1972  
BRITISH COLUMBIA  
SECURITIES COMMISSION

B

HALLMAC MINES LTD. (N.P.L.)

AN OFFERING OF 250,000 COMMON SHARES

EXPLORATION OF THE COMPANY'S MINERAL PROPERTIES (DETAILS OF WHICH ARE SET OUT HEREIN) HAS NOT YET PROGRESSED SUFFICIENTLY TO ESTABLISH CONCLUSIVELY WHETHER OR NOT ANY COMMERCIAL ORE BODIES EXIST. CONSEQUENTLY A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION.

THE SHARES OF THE COMPANY ARE NOT AT PRESENT TRADED ON ANY STOCK EXCHANGE OR OTHER RECOGNIZED SECURITY MARKET.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREBY AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

REFERENCE MAY BE FOUND HEREIN TO THE NUMBER OF SHARES OWNED BY THE DIRECTORS, OFFICERS AND PROMOTERS OF THE COMPANY, IN COMPARISON TO THE NUMBER OF SHARES OUTSTANDING.

DISTRIBUTION SPREAD:

	<u>Price to Public</u>	<u>Commission</u>	<u>Net Proceeds to be Received by Issuer</u>
Per share	20¢	5¢	15¢
250,000	\$50,000	\$12,500	\$37,500

HEAD OFFICE:

35 - 539 West Pender Street, Vancouver, B. C.

REGISTERED OFFICE:

1710-1177 West Hastings Street, Vancouver, B. C.

REGISTRAR AND TRANSFER AGENT:

Guaranty Trust Company of Canada,  
580 Hornby Street,  
Vancouver, B. C.

PROPERTY FILE

82FNUW015-05

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AUDITORS:

Liverant, Yip & Company  
Chartered Accountants,  
845 West Pender Street,  
Vancouver, B. C.

DIRECTORS:

<u>Name and Address</u>	<u>Office Held</u>	<u>Principal Occupation during Past Five Years</u>
William M. Wheeler 13669 - 80th Avenue Surrey, B. C.	Director & President	Securities Salesman with various Security Issuers and Broker-Dealers in Vancouver, B. C.
John M. McEwen 995 Sherwood Lane West Vancouver, B.C.	Secretary- Treasurer & Director	Securities Salesman until 1967 and formally Managing Director of Grenmac Silver Mines Ltd. (NPL) now Buckeye Explorations Ltd. (NPL). Principal Imperial Management Ltd.
Arthur T. Anthony 15310 Victoria Ave. White Rock, B.C.	Director	Formerly Securities Salesman, Office Manager of Trans-World Securities Ltd. and now retired.
Francis W. Sheppard 1375 Palmerston Ave. West Vancouver, B. C.	Director	President of F.W. Sheppard Ltd. of North Vancouver, B.C.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid to the Directors and senior Officers of the Company during the seven months ended 31st of January, 1972, amounted to \$2,050.00, and for the year ended June 30, 1971, amounted to \$4,000.00. In addition to that Mr. William Wheeler received \$405.50 by way of a commission as a salesman for the Company on the sale of shares under the last Prospectus.

The Company does not now and will not in the future pay any pension, benefits or other indirect remuneration of any nature to its directors and senior officers as such. However, any directors or senior officers who become licensed salesmen for the company will be entitled to receive a commission on the



sale of shares under this Prospectus at the rate of 5¢ per share.

PROMOTERS:

Under the definition contained in the British Columbia Securities Act Mr. John M. McEwen may be considered to be the promoter of the Company. Mr. McEwen is the beneficial owner of one half of the issued shares of Galloway Investments Ltd., which owns 550,000 shares of the Company. These shares were issued to Galloway Investments Ltd. for transferring the mining claims to the Company referred to under the heading, "Description of Business and Property of Issuer." The cost to Galloway to acquire the option on the mineral claims was 50,000 shares of the Company.

INCORPORATION:

The Company was incorporated pursuant to the laws of the Province of British Columbia, by Memorandum of Association, on November 21, 1966, as a Private Company. The Company converted itself to a Public Company on October 22nd, 1969. Hallmac's original authorized capital was \$2,500,000.00 divided into 2,500,000 shares each with \$1.00 par value. By Resolution passed December 31st, 1968, the shares were subdivided into 5,000,000 shares each with a par value of 50¢.

SHARE CAPITAL:

All of the shares of the Company, including those offered hereby, are of one class known as "Common" shares. There are no special rights or restrictions of any nature attaching to any of the shares. All of the shares rank pari passu, one with the other, as to all benefits which might accrue to the holders of them.

(a)	Amount out- standing at date of last Share <u>Capitalization</u> Balance Sheet	Amount out- standing at May 1, 1972	Outstanding on completion of <u>sale of offering</u>
5,000,000 shares	1,392,604	1,392,604	1,642,604

(b)

All securities sold for cash by the Company since its incorporation have been common shares. Particulars are as follows:

(i)	4 shs.	at	50¢ per sh.
	254,500 "	"	10¢ " "
	102,000 "	"	20¢ " "
	229,011 "	"	30¢ " "
	12,450 "	"	40¢ " "

(ii) The total gross cash received for the securities sold was \$119,535.30.

(iii) Commissions have been paid on the sale of shares totalling \$15,481.95.

PLAN OF DISTRIBUTION

The Directors of the Company will be entitled to sell shares on behalf of the Company but no commission or other remuneration will be paid to them as trading directors. Shares may also be sold through persons or companies registered for trading in securities in British Columbia, in which case a commission will be paid or allowed not exceeding 5¢ per share. To the extent that any director may become licensed as a salesman for the Company he will be entitled to charge a commission of 5¢ per share on shares sold by him.

USE OF PROCEEDS:

The estimated net proceeds from the sale of shares offered hereby amounting to \$37,500.00 will be used for the purposes and in the priorities set out below:

Payment to Mr. Doney under the revised Option Agreement being \$1,500.00 by June 1, 1972.	\$ 1,500.00
Repayment of current liabilities	6,949.15
Recommendations of Mr. George L. Mill, P. Eng. in his Report attached hereto dated February 12, 1972.	15,000.00
Legal, Audit, administration expense and other contingencies, including payment to Mr. Doney due Dec.30/72 and payment to Mr. Hewitson due Dec.15/72.	<u>14,050.85</u>
	<u>\$37,500.00</u>

If the issue is not all sold, priority will be given to the payment of \$1500.00 to Mr. Doney due June 1, 1972, and to the payment of current liabilities as at the date hereof and which the Company is not able to postpone. Thereafter work will commence on the recommendations of the Engineer.

No part of the proceeds will be used to invest in, underwrite, or trade in securities other than those that qualify as investments in which Trust Funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may lawfully be sold.

Should the Company propose to use the proceeds to acquire non-trustee type securities after the initial distribution of the securities offered by this Prospectus, approval by the shareholders will be obtained and disclosure will be made to the securities regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

PRIOR SALES:

Shares issued by the Company during the past 12 months are as follows:

<u>Shares</u>	<u>Amount</u>	
40,861	\$12,578.30	for cash
10,639	\$ 5,891.70	for services rendered to the Company during the year

DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER:

The Company is a mining company and, since incorporation, has engaged in the business of acquiring, exploring and developing mineral claims.

The Company is the owner of an option to purchase two Crown-granted mineral claims covering approximately 65 acres situate in the Sandon area, Kootenay District, British Columbia, known as Altoona, Lot 1918 and Bowknot, Lot 1919. The claims are held under option from Ernest Doney, by an Agreement dated November 25th, 1968, originally granted to Arthur Hewitson, who assigned it to Galloway Investments Ltd., which assigned it, in turn, to the Company. The Company gave as full consideration for the assignment of the option to it by Galloway Investments Ltd.,

\$3,000.00 in cash and 750,000 shares in the capital stock of the Company, subject to escrow restrictions. Galloway Investments Ltd. has had to transfer 50,000 of the said shares to the said Arthur Hewitson of 954 Cardero Street, Vancouver, B. C.. The Company also took over all of the obligations to pay the total purchase price of \$50,000.00 required under the Agreements with Doney and Hewitson. Under a revised Agreement between the Company and Doney dated the 15th of December, 1970, Doney agreed to extend the time for exercise of the option until the 30th of June, 1971, in consideration of the payment of a further \$1,500.00. As at the date of this Agreement the unpaid balance was \$10,000.00 and \$5,000.00 of this was paid in July, 1971. By a further Agreement Mr. Doney agreed to extend the option until the 30th of December, 1972, provided a further \$1,500.00 was paid to him by June 1st, 1972. There is still the sum of \$2,000.00 owing to Mr. Hewitson under the terms of his Agreement, the time for the payment of which has been extended by agreement with Mr. Hewitson to the 15th of December, 1972.

In addition, a further \$45,000.00 must be paid to Arthur Hewitson by 10% Net Smelter returns realized from production from the claims.

Historically, it is known that exploration work has been carried on on the claims on an intermittent basis for approximately 60 years. The property contains underground working but the details of the work done prior to 1950 are not known. During two periods covering 1950-1951 small scale production was carried on from the claims and approximately 5,200 tons of material was sorted and shipped to nearby mills. The Company, itself, has cleaned out for a distance of approximately 400' an old drift. Tracks, an airline and a waterline were installed for drifting and a total of 141' of drifting, 5' x 7', was completed with two drilling stations established. The Company has done no work on the property during the past year due to lack of funds.

There is no underground or surface plant or equipment on the property.

Access to the claims is by a one mile public road from the old mining town of Sandon, which is approximately nine miles, by road, from New Denver, B. C..

For particulars of the exploration and development work on the claims see the Report of Mr. George L. Mill, P.Eng., dated the 12th of February, 1972, and attached hereto and forming part of this Prospectus.

ESCROW:

- (1) By an Agreement dated August, 1969, 750,000 common shares of the Company representing 53.80% of the issued shares are held in escrow by Guaranty Trust Company of Canada subject to the direction or determination of the British Columbia Securities Commission. The escrow restrictions provide that the shares may not be traded or dealt with in any manner whatsoever or released, nor may the Company, its transfer agent or escrow holder make any transfer or record any trading of the shares without the consent of the Commission.

In the event the Company loses or abandons or fails to obtain title to all or part of the property or assets for which it allotted all or part of the escrow shares, the Company will declare any such event to the Commission by way of Directors' resolution and the holders of such shares, the trustee thereof and the Company have agreed that such number of said shares, as the Commission determines shall have become subject to cancellation and shall be surrendered to the Company by way of gift for cancellation. The complete text of the Escrow Agreement is available for inspection at the office of the Trust Company.

- (2) 356,500 Common shares representing 25.6% of the issued shares are held in a Pool by the Guaranty Trust Company of Canada under the direction of the British Columbia Securities Commission subject to release 30 days after the completion of the sale of the shares offered by this Prospectus.

PRINCIPAL HOLDERS OF SECURITIES:

The only shareholder holding more than ten percent of the issued shares of the Company is Galloway Investments Ltd., which now holds 550,000 shares, being approximately 39.5% of the issued shares.

The Directors, Officers and Promoter of the Company hold between them approximately 50.9% of the present total issued share capital. After the completion of this offering, the shares held by the Directors, Officers and Promoters will be approximately 43.2% of the then total issued share capital.

MATERIAL CONTRACTS AND OTHER MATERIAL FACTS:

There are no material contracts or other material facts relating to the securities offered hereby that are not disclosed elsewhere in this Prospectus. However, the Company does have an

arrangement with Imperial Management Company by which Imperial Management Company will provide management and other services for the Company as and when requested by the Company at a fee not to exceed \$700.00 per month. These services, administration of the Company's affairs, maintenance of the Company's records, postage and telephone services and provision of the part-time services of a professional consulting engineer. Imperial Management Company is owned and controlled by John E. McEwen.

STATUTORY RIGHTS OF RECISSION AND WITHDRAWAL:

Sections 61 and 62 of the "Securities Act" 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of such notice.
  
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Prospectus or any amended Prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Prospectus or amended Prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for a complex text of the provisions under which the foregoing rights are conferred.

CERTIFICATE:

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered

by this Prospectus as required by Part VII of the "Securities Act", 1967, and the Regulations thereunder.

DATED the *9th* day of *May*, 1972.

*R. M. Wheeler*  
Director

*J. Stepp*  
Director

*William A. Anthony*  
Director

*J. M. McEwen*  
Director and Promoter

HALLMAC MINES LTD. (N.P.L.)

THE ALTOONA MINE

(49° 117° NE)

SLOCAN MINING DIVISION

B.C.

February 12, 1972

George L. Mill, P.Eng.



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## INTRODUCTION

This report, prepared at the request of officials of Hallmac Mines Ltd. (N.P.L.), 35 - 539 West Pender Street, Vancouver 2, B.C., has reference to a mining property located in the Slocan Mining Division of British Columbia and comprising a total of 65.85 acres. Its purpose is to advance recommendations for an exploration program, moderate in cost, but yet adequate to provide preliminary information as to the economic potential of an ore shoot on which a substantial amount of underground work has been done in the past by former, as well as present, owners. To date inadequate financing has forced the suspension of initiated programs in their preliminary stages and none has yet reached a point at which pertinent information has been made available.

## SUMMARY

This report advances recommendations for the implementation of the initial stage of an exploration program directed to the study of the potential of the Altoona property as an economic producer of a lead, zinc and silver ore at current operating costs and metal prices. This initial stage calls for a ground survey and underground drilling from a drill station already available on No. 2 level. Results from this stage, which will require an estimated capital outlay of \$15,000.00, will serve to determine the economic advisability of proceeding with further stages presently under consideration.

PROPERTY

The subject property, held by Hallmac Mines Ltd. under an option-purchase agreement, comprises two contiguous Crown-Granted mineral claims, namely:

Altoona Claim - Lot 1918 - 46.35 acres.

Bow Knot Claim - Lot 1919 - 19.5 acres.

While the acreage covered by the two claims is not large available maps indicate that the locations of the existing workings, together with the easterly strike and the southerly dip of the zone of mineralization, provide an area of sufficient size for operating purposes, assuming favourable lode continuity conditions.

The writer has recommended that the exact location of the property boundaries be determined on the ground as part of the first stage of the exploration program.

LOCATION AND ACCESSIBILITY

No. 2 Portal of the Altoona Mine is located alongside the presently abandoned right-of-way of the Kaslo & Slocan Railway and is readily accessible by car over this route from Sandon -- a distance of a mile and a half. The main road between Sandon and New Denver (9 miles) passes 200 feet west of No. 4 Portal.

### PHYSICAL FEATURES

The Altoona workings lie between 3324 and 3677 feet above sea level. There is a limited amount of suitable timber on the property for underground use but an adequate supply is readily available from communities in the general area. Local creeks and springs supply ample water to meet exploration requirements. Snow conditions vary greatly from year to year but mining can generally be carried on continuously. The Silmonac property across the valley from the Altoona is now operating its concentrator in Sandon and continuous transportation facilities will be available between that community and New Denver throughout the year.

### HISTORY OF THE PROPERTY

The Altoona Mine was worked intermittently throughout the first half of the present century but there are no production figures on record prior to the acquisition of the property by the Kootenay Belle Mining Company in 1950. During the next two year period 4228 tons were recorded as shipped to the Whitewater concentrator at Retallack. The concentrates are reported as having carried 5,027 ounces of silver, 46,555 pounds of lead and 319,377 pounds of zinc. As such factors as the terms of the beneficiation agreement, the efficiency of the Whitewater concentrator on that particular ore, etc. are unknown it is not possible to calculate the grade of the raw ore shipped.

The property then remained inactive until Sven Hallgren rehabilitated a portion of the workings in 1965 and shipped 961 tons to local concentrators for treatment. Of this tonnage the records of the Carnegie Mill at Sandon show receipts totalling 270 tons grading 3.0 ozs./ton silver, 2.8% lead and 6.6% zinc.

The property has been developed over the years along four major horizons. At date of writing two of the four levels are readily accessible. No. 1 Level (elevation 3,580) has 1,050 feet of drifts and cross-cuts and No. 2 Level (elevation 3,500) 900 feet of workings together with two raises to the 3,580 foot horizon. Both No. 3 Level (elevation 3,404) and No. 4 Level (elevation 3,324) are caved at their portal and the extent of their workings is unknown.

#### GEOLOGY AND MINERALIZATION

The country rocks in the mine area are essentially steeply-bedded argillites and limestones of the Slocan Series, striking northwesterly, and cut by numerous dykes and sills of quartz-feldspar porphyries which are apparently tongues extending from a porphyry mass lying to the south.

The Altoona lode follows a shear zone which strikes eastward and varies in dip from 30 to 60 degrees southerly. All stoping operations carried out to date have been along this easterly-trending shear zone. Lamb classes the mineralization as two types, namely, a vein type on the lode and a replacement type occurring as irregular swellings from the lode into the limestone. He estimates that two-thirds of the ore mined to date was the replacement type.

While mining to date appears to show that the ore is associated with the shearing and the intruding dykes and sills, Lamb considers that the ore control picture at the Altoona is not too clear. In the case of the replacement type ore he states that: "It is obvious that a limestone or limey argillite, where crossed by the lode, may well form the locus of such mineralization. The role of the porphyry sills is suspected, from the evidence of other Slocan mines, to be that of a ground stiffener, which could

maintain better openings for mineralizing fluids. It is probably no coincidence that fairly large sills cross the lode at the present stope locations."

Mineralization consists of pyrite, sphalerite, galena and silver. Because of its relatively high pyrite content and limey characteristics, the latter chiefly with regard to the replacement ore, this ore may present difficult, but not necessarily insurmountable, beneficiation problems.

#### CONCLUSIONS AND RECOMMENDATIONS

At the present state of its development the prime target in the Altoona Mine appears to be the main shoot which has been stoped above both the No. 1 and No. 2 levels. As seen on the enclosed map the relative position of these two stopes indicates that this shoot rakes easterly. They are connected by an ore pass but their backs are not accessible and it is not known whether the ore terminated at these points in either or both cases. Indications point, however, to the probability that further ore exists below No. 2 level. A new cross-cut was driven in 1970 in order to establish a drilling station to explore the downward rake of this main shoot but the actual drilling was not done.

The recommendations and cost estimates appearing in this report are directed primarily to this drilling program. Should results indicate that the deposit has down-dip potential then consideration will have to be given to the implementation of additional exploration stages to investigate:

1. The possible eastward extension of the Altoona lode on No. 2 level. Several diamond drill holes are located close to the eastern face of

the drift. According to information obtained locally these were drilled by the Kootenay Belle Mining Company about 1951. Results were said to have justified the advance of the face but the project was not undertaken. This area would best be tested by extending the cross-cut from the drill station back to the lode then advancing eastward along the lode. This procedure will prove more economical than re-opening the present drift eastward from its junction with the cross-cut as it is narrow, partially filled with waste rock, has two open stopes above it and appears to have been driven on a steep grade.

2. The extent and direction of the workings at the Nos. 3 and 4 Level horizons. In both cases the portals are caved and would have to be rehabilitated at least to an extent sufficient to provide safe access for geological mapping. There is no information available relative to the workings at either of these horizons and it is noted that no lode material may be seen on their respective dumps.

It is recommended, therefore, that immediate consideration be given to the implementation of an initial exploratory stage limited to a ground survey and underground drilling and that any decision pertaining to further stages be held in abeyance pending receipt of the results obtained in the initial stage.

In detail this initial stage will call for:

1 - A survey to determine the exact location of the mine workings with respect to the claim boundaries.

2 - A minimum of six holes drilled from the station at the face of the No. 2 level cross-cut driven in 1970 to test for the down-dip

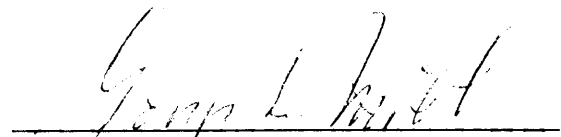
projection and the rake of the main ore shoot. A tabulation showing the direction, inclination and minimum length of each of these holes follows:

<u>Hole No.</u>	<u>Direction</u>	<u>Inclination</u>	<u>Length</u>
1	N25W	- 14°	90 ft.
2	N 8W	- 57°	70 ft.
3	N49E	- 72°	90 ft.
4	-	- 90°	110 ft.
5	S80E	- 62°	150 ft.
6	S22E	- 75°	<u>170 ft.</u>
		TOTAL	680 ft.

An allowance of 1000 feet has been provided in the accompanying estimates to allow for additional holes and/or the deepening of the above if such is indicated.

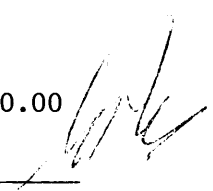
As appearing in the attached costs it is estimated that the initial stage as outlined will call for a capital outlay of \$15,000.00.

Respectfully submitted

  
George L. Mill P. Eng.



COST ESTIMATES

Mobilization	\$ 500.00
Surveying	\$ 500.00
Rehabilitation Allowance (Road and No. 2 Level Portal)	\$ 500.00
Diamond Drilling 1000 feet @ \$10.00/ft.)	\$10,000.00
Engineering & Administration	\$ 1,500.00
Contingencies	<u>\$ 2,000.00</u>
Total:	<u>\$15,000.00</u> 

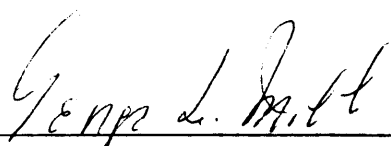


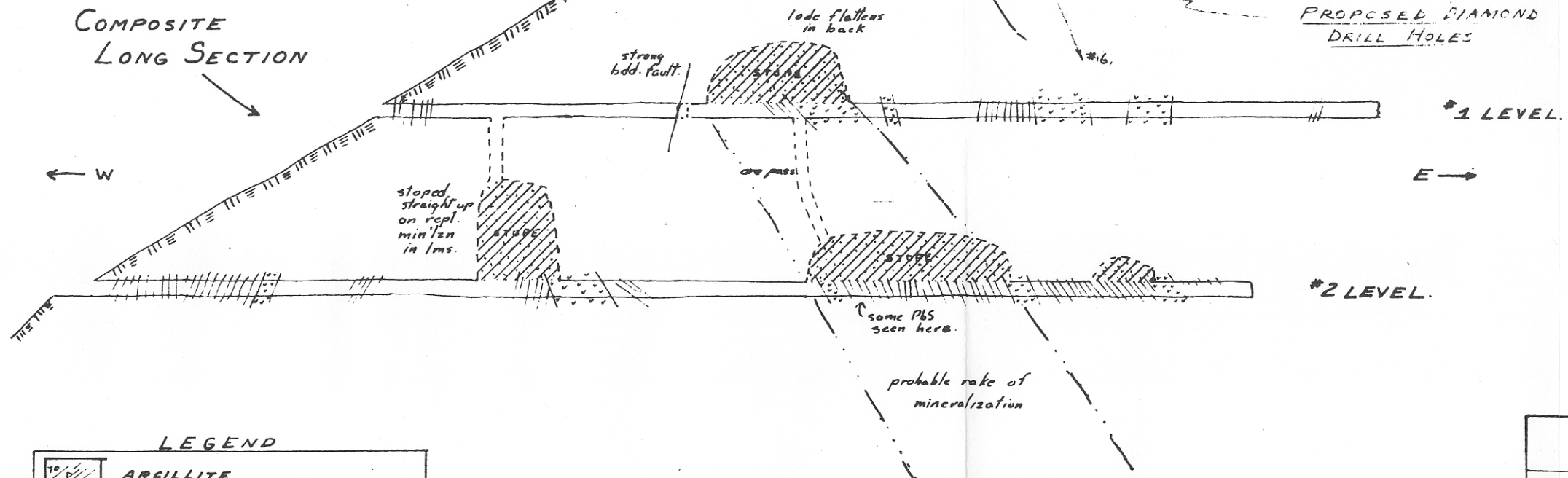
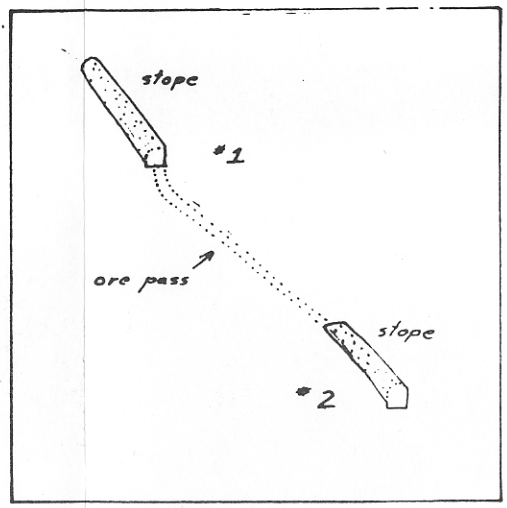
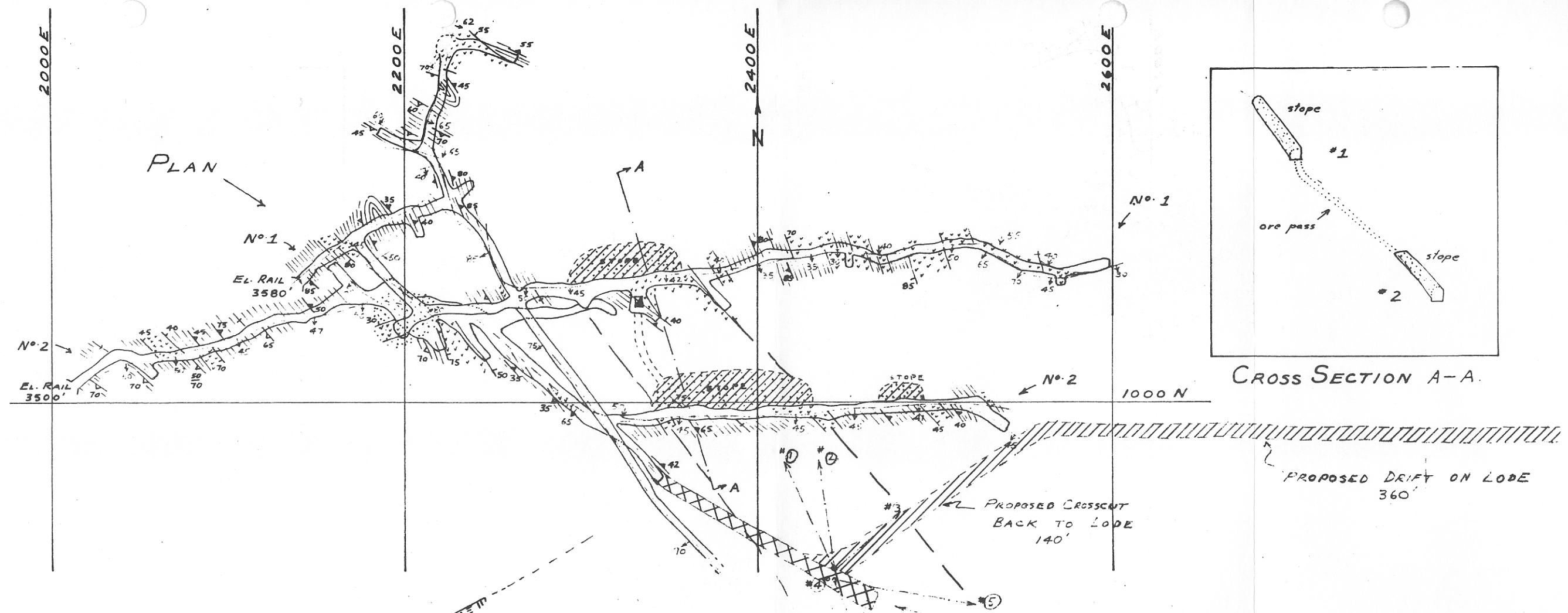
CERTIFICATION

I, George L. Mill, hereby certify:

1. That I am a Mining and Metallurgical Engineer residing at Ste. 1  
7187 Ash Crescent, Vancouver 14, B.C.
2. That I am a graduate of Queen's University, B.Sc., and a regis-  
tered member of the Association of Professional Engineers of the  
Province of British Columbia.
3. That I have practised my profession for 40 years.
4. That I have no financial interest, direct or indirect, in the sub-  
ject property, in the securities of Hallmac Mines Ltd. (N.P.L.),  
nor in that of any of its affiliates, and that I do not expect to  
obtain any such interest.
5. That the information contained in this report is based on my  
personal examination in the course of four separate visits to  
the property during the years 1969 and 1970 and from sources  
noted in the attached references. All geological mapping was  
done on the ground, by John Lamb, P.Eng., Mining Geologist, at  
the request of the writer, in the month of May, 1969. Consequently  
the attached map bears his signature and seal.

To accompany report on Altoona  
Property, Hallmac Mines Ltd.  
(N.P.L.), February 12, 1972.

  
\_\_\_\_\_  
George L. Mill, P.Eng.



**LEGEND**

	ARGILLITE
	LIMESTONE
	QUARTZITE
	QUARTZ-F'SPAR PORPHYRY
	ORE-TYPE MINERALIZATION STOPE
	FAULT, SHEAR OR LOBE ZONE

**MAP 2.**

**ALTOONA MINE**  
SANDON B.C.

**Nos. 1 & 2 LEVELS**  
**UNDERGROUND GEOLOGY**

Surveyed with a chain and Brunton compass  
MAY 1969 J. LAMB P. ENG.

# LIVERANT, YIP & CO.

Chartered Accountants

ROBERT LIVERANT, B.A.  
WEI W. YIP, B.S.A.

SUITE 202 INSURANCE EXCHANGE BLDG.  
845 WEST PENDER STREET  
VANCOUVER 1, B.C.

TELEPHONE 682-7141

## AUDITORS' REPORT

To the Shareholders,  
Hallmac Mines Ltd. (N.P.L.)

We have examined the Balance Sheet of Hallmac Mines Ltd. (N.P.L.) as at June 30, 1971 and January 31, 1972 and the Statements of Exploration and Administrative Expenses and Source and Application of Funds for the periods then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these Financial Statements present fairly the financial position of the Company as at June 30, 1971 and January 31, 1972 and the results of its operations and the source and application of its funds for the periods then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

*Liverant, Yip + Co.*  
Chartered Accountants.

Vancouver, B.C.  
March 7, 1972.

HALLMAC MINES LTD. (N.P.L.)

BALANCE SHEET

AS AT JUNE 30, 1971 AND JANUARY 31, 1972  
(with comparative figures for 1970)

	<u>June 30/70</u>	<u>June 30/71</u>	<u>Jan. 31/72</u>
<u>Current Assets</u>			
Bank (Overdraft)	\$ 118.03	\$ 82.88	\$ (1,317.86)
<u>Fixed Assets (Note 1)</u>			
Equipment	\$ 730.50	\$ 730.50	\$ 730.50
<u>Payments on Option on Mining Properties (Note 2)</u>	\$ 110,800.00	\$ 114,500.00	\$ 119,500.00
<u>Deferred Charges</u>			
Exploration and Administrative Expenses	\$ 50,002.20	\$ 70,196.37	\$ 78,606.56
Commission Expense	7,773.75	15,481.95	15,481.95
	\$ 57,775.95	\$ 85,678.32	\$ 94,088.51
	\$ 169,424.48	\$ 200,991.70	\$ 213,001.15

HALLMAC MINES LTD. (N.P.L.)

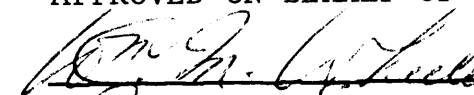
BALANCE SHEET

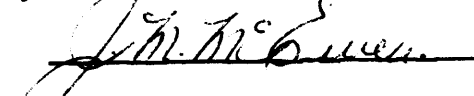
AS AT JUNE 30, 1971 AND JANUARY 31, 1972  
(with comparative figures for 1970)

LIABILITIES AND SHAREHOLDERS' EQUITY


	<u>June 30/70</u>	<u>June 30/71</u>	<u>Jan. 31/72</u>
<u>Current Liabilities</u>			
Accounts Payable	\$ 9,055.26	\$ 9,109.70	\$ 4,593.28
Commissions Payable	1,489.55	-	-
Salary Payable	500.00	3,500.00	-
Due to a Director	<u>807.67</u>	<u>-</u>	<u>2,355.87</u>
	\$ 11,852.48	\$ 12,609.70	\$ 6,949.15
<u>Shareholders' Equity</u>			
Share Capital (Note 3)			
Authorized:			
5,000,000 Shares of \$.50 each			
Issued:			
1,392,604 Shares			
(1970 - 1,235,154)	\$ 157,572.00	\$ 188,382.00	\$ 206,052.00
(1971 - 1,334,104)	<u>                    </u>	<u>                    </u>	<u>                    </u>
	\$ 169,424.48	\$ 200,991.70	\$ 213,001.15
	<u>                    </u>	<u>                    </u>	<u>                    </u>

APPROVED ON BEHALF OF THE BOARD:

 DIRECTOR

 DIRECTOR

This is the Balance Sheet referred to in  
our Report dated March 7, 1972.



HALLMAC MINES LTD. (N.P.L.)

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED JUNE 30, 1971 AND PERIOD ENDED JANUARY 31, 1972

	<u>To</u>	<u>July 1, 1970</u> <u>to</u>	<u>July 1, 1971</u> <u>to</u>	<u>Total</u>
	<u>June 30/70</u>	<u>June 30/71</u>	<u>Jan. 31/72</u>	
<u>Exploration</u>				
Engineering Fees	\$ 2,104.90	\$ 683.13	\$ 66.00	\$ 2,854.03
Drifting and Drilling	17,900.00	-	716.70	18,616.70
Geological Mapping and Sundry	1,896.58	-	-	1,896.58
Travelling	2,754.26	936.43	418.36	4,109.05
Assays	28.50	-	-	28.50
	<u>\$ 24,684.24</u>	<u>\$ 1,619.56</u>	<u>\$ 1,201.06</u>	<u>\$ 27,504.86</u>
<u>Administrative</u>				
Accounting and Legal	\$ 2,787.50	\$ 3,265.30	\$ 500.00	\$ 6,552.80
Advertising	17.65	694.35	-	712.00
Office, Telephone and Sundry	6,036.90	5,112.23	517.68	11,666.1
Office, Secretarial and Administrative				
Services	7,131.13	4,440.75	3,982.87	15,554.75
Salaries and Assessments	8,681.15	4,000.00	2,050.00	14,731.15
Transfer Fees	663.63	1,061.98	158.58	1,884.19
	<u>\$ 25,317.96</u>	<u>\$ 18,574.61</u>	<u>\$ 7,209.13</u>	<u>\$ 51,101.70</u>
<u>Total</u>	<u>\$ 50,002.20</u>	<u>\$ 20,194.17</u>	<u>\$ 8,410.19</u>	<u>\$ 78,606.56</u>



HALLMAC MINES LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED JUNE 30, 1971 AND PERIOD ENDED JANUARY 31, 1972

	<u>Year Ended</u> <u>June 30/70</u>	<u>Year Ended</u> <u>June 30/71</u>	<u>7 Months</u> <u>Ended</u> <u>Jan. 31/72</u>
<u>Source of Funds</u>			
Proceeds from Sale of Shares	\$ 31,095.00	\$ 30,810.00	\$ 11,778.30
Shares Issued for Services	<u>5,625.00</u>	<u>-</u>	<u>5,891.70</u>
	\$ <u>36,720.00</u>	\$ <u>30,810.00</u>	\$ <u>17,670.00</u>
<u>Application of Funds</u>			
Option Payments on Property	\$ 9,800.00	\$ 3,700.00	\$ 5,000.00
Commission on Sale of Shares	7,773.75	7,708.20	-
Exploration and Administrative Expenses	<u>38,249.66</u>	<u>20,194.17</u>	<u>8,410.19</u>
	\$ <u>55,823.41</u>	\$ <u>31,602.37</u>	\$ <u>13,410.19</u>
<u>Increase (Decrease) in Working Capital</u>	\$(19,103.41)	\$ (792.37)	\$ 4,259.81
Working Capital (Deficiency) - Beginning of Period	<u>7,368.96</u>	<u>(11,734.45)</u>	<u>(12,526.82)</u>
<u>Working Capital (Deficiency) - End of Period</u>	\$ <u>(11,734.45)</u>	\$ <u>(12,526.82)</u>	\$ <u>(8,267.01)</u>

HALLMAC MINES LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1971 AND JANUARY 31, 1972

1. Fixed Assets

No depreciation has been provided to January 31, 1972 as the Company is not yet in commercial production.

2. Option to Purchase Mining Properties

By agreement dated January 15, 1969 and revised agreements dated December 15, 1970 and November 15, 1971, the Company acquired an option to purchase two Crown Granted mineral claims in the Nelson Mining Division for 750,000 shares at 10¢ per share. The option agreements provide for total cash payments of \$53,000.00 of which \$44,500.00 has been paid to January 31, 1972. Balance of payments are as follows:

June 1, 1972	\$ 1,500.00
December 30, 1972	5,000.00
December 30, 1972	<u>2,000.00</u>
	<u>\$ 8,500.00</u>

In addition, a further \$45,000.00 must be paid by ten percent net smelter returns realized from production from the claims.

The amount shown for properties represents costs to date and is not intended to reflect present or future values.

3. Share Capital

During the seven months ended January 31, 1972, the Company issued 38,861 shares for \$11,778.30 and during the year ended June 30, 1971 issued 98,950 for \$30,810.00. The Company also issued 19,639 shares for \$5,891.70 for services during the period ended January 31, 1972.

Since incorporation shares have been issued as follows:

	<u>Shares</u>	<u>Par Value</u>	<u>Discount</u>	<u>Total</u>
For Cash	597,965	\$ 298,982.50	\$ 179,447.20	\$ 119,535.30
For Services	44,639	22,319.50	10,802.80	11,516.70
For Properties	<u>750,000</u>	<u>375,000.00</u>	<u>300,000.00</u>	<u>75,000.00</u>
	<u>1,392,604</u>	<u>\$ 696,302.00</u>	<u>\$ 490,250.00</u>	<u>\$ 206,052.00</u>

4. Remuneration of Officers and Directors

Remuneration paid to officers during the seven months ended January 31, 1972 amounted to \$2,050.00 and for the year ended June 30, 1971 amounted to \$4,000.00.

**RECEIVED**  
FEB 16 1971  
BRITISH COLUMBIA  
SECURITIES COMMISSION

# PROSPECTUS

82FNU015-05  
PROPERTY FILE

# Hallmac Mines Ltd.

## (N.P.L.)

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HALLMAC MINES LTD. (N.P.L.)

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HALLM MINES LTD. (N.P.L.)

AN OFFERING OF 350,000 COMMON SHARES

EXPLORATION OF THE COMPANY'S MINERAL PROPERTIES  
(DETAILS OF WHICH ARE SET OUT HEREIN) HAS NOT YET PROGRESSED  
SUFFICIENTLY TO ESTABLISH CONCLUSIVELY WHETHER OR NOT ANY  
COMMERCIAL ORE BODIES EXIST. CONSEQUENTLY A PURCHASE OF THE  
SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A  
SPECULATION.

THE SHARES OF THE COMPANY ARE NOT AT PRESENT TRADED  
ON ANY STOCK EXCHANGE OR OTHER RECOGNIZED SECURITY MARKET, AND  
THEY HAVE NOT FORMERLY BEEN OFFERED TO THE PUBLIC.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN  
CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES  
OFFERED HEREBY AND ANY REPRESENTATION TO THE CONTRARY IS AN  
OFFENCE.

REFERENCE MAY BE FOUND HEREIN TO THE NUMBER OF SHARES  
OWNED BY THE DIRECTORS, OFFICERS AND PROMOTERS OF THE COMPANY,  
IN COMPARISON TO THE NUMBER OF SHARES OUTSTANDING.

DISTRIBUTION SPREAD:

	<u>Price to Public</u>	<u>Commission</u>	<u>Net Proceeds to be Received by Issuer</u>
Per share	40¢	10¢	30¢
350,000 shares	\$140,000	\$35,000	\$105,000

HEAD OFFICE:

35 - 539 West Pender Street, Vancouver, B. C.

REGISTERED OFFICE:

1710-1177 West Hastings Street, Vancouver, B. C.

REGISTRAR AND TRANSFER AGENT:

Guaranty Trust Company of Canada,  
580 Hornby Street, Vancouver, B. C.

AUDITORS:

Liverant, Yip & Company,  
Chartered Accountants, 845 West Pender Street,  
Vancouver, B. C.

DATED:

January 18th, 1971

DIRECTORS AND OFFICERS:

<u>Name and Address</u>	<u>Office Held</u>	<u>Principal Occupation during Past Five Years</u>
William M. Wheeler, 13669 - 80th Avenue, SURREY, B.C.	Director & President	Securities Salesman with various Security Issuers and Broker-Dealers in Vancouver, B.C.
John M. McEwen, 995 Sherwood Lane, West Vancouver, B.C.	Secretary- Treasurer & Director	Securities Salesman until 1967. Now Managing Director of Grenmac Silver Mines Ltd. (N.P.L.) and Copper Lake Explorations Ltd. (N.P.L.)
Arthur T. Anthony, 15310 Victoria Avenue, WHITE ROCK, B.C.	Director	Office Manager Trans-World Securities Ltd. of Vancouver, B.C. since May of 1968. Previously securities salesman with various Broker-Dealers and Security Issuers
Francis W. Sheppard, 1375 Palmerston Avenue, WEST VANCOUVER, B.C.	Director	President of F.W. Sheppard Ltd. of North Vancouver, B.C.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

For the last financial year the sum of \$3,900 has been paid to William M. Wheeler, Director and President of the Company, by way of salary at the rate of \$500 per month. However, in view of the financial circumstances of the Company Mr. Wheeler has agreed to give up any outstanding salary which was due to him as at October 31, 1970. Mr. Wheeler was also licenced as a salesman for the Company and as such received \$6,114.80 by way of commission on the sale of the Company's shares under the last Prospectus. Except for the salary of \$500 per month payable to Mr. Wheeler the Company does not now and will not in the future pay any pension benefits or other indirect remuneration of any nature to its Directors and Senior Officers as such. However, any directors or senior officers who become licenced salesmen for the Company will be entitled to receive a commission on the sale of shares under this Prospectus at the rate of 10¢ per share.

PROMOTERS:

Under the definition contained in the British Columbia Securities Act Mr. John M. McEwen may be considered to be the promoter of the Company. Mr. McEwen is the beneficial owner of one half of the issued shares of Galloway Investments Ltd., which owns 550,000 shares of the Company. These shares were issued to Galloway Investments Ltd. for transferring the mining claims to the Company referred to under the heading "Description of Business and Property of Issuer". The cost to Galloway to acquire the option on the mineral claims was 50,000 shares of the Company.

INCORPORATION:

The Company was incorporated pursuant to the laws of the Province of British Columbia on November 21st, 1966, as a Private

Company. The Company converted itself to a Public Company on October 22nd, 1969. Hallmac's original authorized capital was \$2,500,000.00 divided into 2,500,000 shares each with \$1.00 par value. By Resolution passed December 31st, 1968, the shares were subdivided into 5,000,000 shares each with par value of 50¢.

SHARE CAPITAL:

All of the shares of the Company, including those offered hereby, are of one class known as "Common" shares. There are no special rights or restrictions of any nature attaching to any of the shares. All of the shares rank pari passu, one with the other, as to all benefits which might accrue to the holders of them.

(a)

<u>Share Capitalization</u>	<u>Amount out-standing at date of last Balance Sheet</u>	<u>Amount outstanding at Jan. 15th, 1970</u>	<u>Outstanding on completion of sale of offering</u>
5,000,000 shares par value 50¢ each	1,321,854	1,321,854	1,671,854

(b)

All Securities sold for cash by the Company since its incorporation have been common shares. Particulars are as follows:

- (i) 4 Subscriber shares at 50¢ per share; 254,500 shares at 10¢ per share sold during period between January 30th, 1969 and March 5th, 1969; 102,000 shares at 20¢ per share, sold during period between March 14th, 1969 and April 18th, 1969; 215,350 shares at 30¢ per share during the period November 5th, 1969 to November 10th, 1970.
- (ii) The total gross cash received for the securities sold was \$102,957.00.
- (iii) Commissions have been paid on the sale of shares at 30¢ amounting to \$14,276.25. No commissions have been paid on the sale of any other shares but discounts may be considered to have been allowed in the amount of the difference between the price of shares sold and the par value of the shares so that 254,500 shares were sold at a discount of 90¢ per share, 102,000 shares were sold at a discount of 80¢ per share.

PLAN OF DISTRIBUTION:

The Directors of the Company will be entitled to sell shares on behalf of the Company but no commission or other remuneration will be paid to them as trading directors. Shares may also be sold through persons or companies registered for trading in securities in British Columbia, in which case a commission will be paid or allowed not exceeding 10¢ per share.

To the extent that any director may become licenced as a salesman for the Company he will be entitled to charge a commission of 10¢ per share on shares sold by him.

USE OF PROCEEDS:

The estimated net proceeds from the sale of shares offered hereby of \$105,000.00, together with any monies presently in the Treasury of the Company will be used for the purposes specified below. In particular, proceeds will be used to carry out the recommendations of Mr. George L. Mill, P. Eng., in his Report of November 9th, 1970. In addition, the funds will be used to make property payments, repay debts and to defray normal business and administrative expenses and legal and accounting services with respect to the Company's operations. There are no arrangements or provisions for holding any part of the net proceeds in trust, subject to the fulfillment of any conditions. If not all of the shares offered hereby are sold priority will be given to payment of the above payment due to Mr. E. Doney mentioned below and to payments of the account of Puma Industries Ltd., the drilling contractors, in the amount of approximately \$5,000.00. Thereafter the proposed work programme on the Company's claims will be reduced in magnitude according to recommendations which will be sought from the Company's consulting engineer, taking into account the results obtained from time to time.

(i) Programme recommended by Mr. George L. Mill

Mobilization	\$ 1,000.00
Surveying and Mapping	1,500.00
Diamond Drilling (1,000 ft. @ \$7/ft.)	7,000.00
Equipment Rentals/Purchase	2,500.00
Rehabilitation of Portals	1,000.00
Drifting & Cross-cutting (500 ft. @ \$80/ft.)	40,000.00
Engineering and Administration	5,000.00
Contingencies	7,000.00
	<u>\$ 65,000.00</u>
(ii) Option payment due to Mr. E. Doney	\$ 10,000.00
Option payment due to Mr. A. Hewitson	\$ 2,000.00
(iii) Payments of accounts owing	\$ 7,124.55
(iv) Directors' salary	\$ 6,000.00
(v) Reserve for general administration and head office expense, legal, audit, printing, advertising reserve for administrative contingencies, reserve for prospecting other properties reserved for possible staking of other properties	<u>\$ 14,875.45</u>
TOTAL:	<u>\$105,000.00</u>

No part of the proceeds will be used to invest in, underwrite, or trade in securities other than those that qualify as investments in which Trust Funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may lawfully be sold.

Should the Company propose to use the proceeds to acquire non-trustee type securities after the initial distribution of the securities offered by this Prospectus, approval by the shareholders will be obtained and disclosure will be made to the securities regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.



DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER:

The Company is a mining company engaged in the business of acquiring, exploring and developing mineral claims, covering approximately 65 acres, situate in the Sandon area, Kootenay District, British Columbia, being Crown Granted mineral claims Altoona, Lot 1918 and Bowknot, Lot 1919. The claims are held under option from Ernest Doney, by an Agreement dated November 25th, 1968 originally granted to Arthur Hewitson, who assigned it to Galloway Investments Ltd., which assigned it, in turn, to the Company. The Company gave as full consideration for the assignment of the option to it by Galloway Investments Ltd., \$3,000.00 in cash and 750,000 shares in the capital stock of the Company, subject to escrow restrictions. Galloway Investments Ltd. has had to transfer 50,000 of the said shares to the said Arthur Hewitson of 954 Cardero Street, Vancouver, B.C. The Company also took over all of the obligations to pay the total purchase price of \$50,000.00 required under the Agreements with Doney and Hewitson. Under a revised agreement between the Company and Doney dated 15th December, 1970 Doney has agreed to extend the time for exercise of the option until the 30th June, 1971 in consideration of the payment of a further \$1500.00. The total consideration is therefore \$26,500.00 of which \$16,500.00 has been paid, the balance of \$10,000.00 being due on or before 30 June, 1971. There is still the sum of \$2,000.00 owing to Mr. Hewitson under the terms of his assignment, the time for the payment of which has been extended by agreement with Mr. Hewitson to 15 December, 1971.

In addition, a further \$45,000.00 must be paid to Arthur Hewitson by 10% Net Smelter returns realized from production from the claims.

Historically, it is known that exploration work has been carried on on the claims on an intermittent basis for approximately 60 years. The property contains underground working but the details of the work done prior to 1950 are not known. During two periods covering 1950-1 and 1965-6 small scale production was carried on from the claims and the approximately 5,200 tons of material was sorted and shipped to nearby mills.

Access to the claims is by a one mile public road from the old mining town of Sandon, which is approximately nine miles, by road, from New Denver, B.C.

Exploration and Development work on the claims consists of old underground workings as mentioned above and some surface prospecting and examination. The Company has cleaned out an old drift for approximately 400 feet and certain equipment was installed for further drifting. Since then the Company has drifted for a further 141 feet on number two level and established two diamond drilling stations. At the present time, however, there is no plant or equipment on the property except car track, air line, waterline and mine cars. The principal deposits believed to exist are of lead, zinc and silver. The property does not contain any known body of commercial ore and the proposed programme is an exploratory search for ore and is accordingly speculative.

The Company is not aware of any persons who have or may in the future acquire any portion of the consideration paid or to be paid for the property in excess of five per cent except Arthur Hewitson, as mentioned above, and William H. Wheeler and Arthur T. Anthony who received 100,000 and 50,000 shares respectively.

ESCROW:

<u>Designation of Class</u>	<u>Number of Shares</u>	<u>% of Issued Shares</u>
Common	750,000 shares held by Guaranty Trust Company of Canada under the direction of the British Columbia Superintendent of Brokers and subject to release from time to time only upon order of Superintendent of Brokers. During Escrow, no transfers or dealings in shares without consent of Superintendent of Brokers.	56.73
Common	356,500 shares are held in a Pool by the Guaranty Trust Company of Canada under the direction of the British Columbia Securities Commission subject to release 30 days after the completion of the sale of the shares offered by this Prospectus.	26.97

PRINCIPAL HOLDERS OF SECURITIES:

The only shareholder holding more than ten percent of the issued shares of the Company is Galloway Investments Ltd., which now holds 550,000 shares, being approximately 41.60% of the issued shares. John M. McEwen is the beneficial owner of one half of its issued shares.

The Directors, officers and Promoter of the Company hold between them approximately 31% of the present total issued share capital. After the completion of this offering, the shares held by the Directors, Officers and Promoters will be approximately 9% of the then total issued share capital.

MATERIAL CONTRACTS AND OTHER MATERIAL FACTS:

There are no material contracts or other material facts relating to the securities offered hereby that are not disclosed elsewhere in this Prospectus. However the Company does have an arrangement with Imperial Management Company by which Imperial Management Company will provide management and other services for the Company as and when requested by the Company at a fee not to exceed \$700.00 per month. These services include the provision of office space, secretarial services, administration of the Company's affairs, maintenance of the Company's records, postage and telephone services and provision of the part time services of a professional consulting engineer. Imperial Management Company is owned and controlled by John E. McEwan.

STATUTORY RIGHTS OF RECISSION AND WITHDRAWAL:

Sections 61 and 62 of the "Securities Act," 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission was not delivered

to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of such notice.

- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Prospectus or any amended Prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Prospectus or amended Prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for a complex text of the provisions under which the foregoing rights are conferred.

CERTIFICATE:

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of the "Securities Act," 1967, and the Regulations thereunder.

DATED the 18th day of January , A.D. 1971.

[Signature]  
Director

[Signature]  
Director  
*James J. Gittoney*  
*J. M. McEwen*

[Signature]  
Director

[Signature]  
Director

[Signature]  
Promoter

HALLMAC MINES LTD. (N.P.L.)

THE ALTOONA MINE

(49° 117° NE)

SLOCAN MINING DIVISION

B.C.

November 9, 1970

George L. Mill, P.Eng.

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## INTRODUCTION

This report, prepared at the request of officials of Hallmac Mines Ltd. (N.P.L.), 35-539 West Pender Street, Vancouver 2, B.C., has reference to a mining property located in the Slocan Mining Division of British Columbia and comprising a total of 65.85 acres. Its purpose is to outline an exploration program to test the economic potential of an area over which a substantial amount of underground work has been done in the past by former, as well as present, owners but, in no case, have any of the exploratory programs initiated been brought to a satisfactory conclusion.

## SUMMARY

This report recommends an exploration program on the Altoona and Bow Knot mineral claims estimated to require a capital outlay of \$65,000.00. The recommended program calls for diamond drilling from No. 2 Level to test the downward rake of the main ore shoot, the rehabilitation of the portals at both No. 3 and No. 4 Levels and drifting eastward on No. 2 Level to explore the lode at that horizon.

The economic feasibility of extending the present workings either along No. 3 Level or No. 4 Level or, as an alternative, driving a new low-level heading from a more favourable location, will depend upon the results obtained in the program outlined above.

PROPERTY

The subject property, held by Hallmac Mines Ltd. under an option-purchase agreement, comprises two contiguous Crown-Granted mineral claims, namely:

Altoona Claim - Lot 1918 - 46.35 acres

Bow Knot Claim - Lot 1919 - 19.5 acres

While the acreage covered by the two claims is not large available maps indicate that the locations of the existing workings, together with the easterly strike and the southerly dip of the zone of mineralisation, provide an area of sufficient size for operating purposes, assuming favourable lode continuity conditions.

The writer has recommended that the exact location of the property boundaries be determined on the ground as part of the first stage of the exploration program.

LOCATION AND ACCESSIBILITY

As noted on Map No. 1 contained in the attached envelope the No. 2 Portal of the Altoona Mine is located alongside the presently abandoned right-of-way of the Kaslo & Slocan Railway and is readily accessible by car over this route from Sandon -- a distance of a mile and a half. The main road between Sandon and New Denver (9 miles) passes 200 feet west of No. 4 Portal.

### PHYSICAL FEATURES

The Altoona workings lie between 3324 and 3677 feet above sea level. There is a limited amount of suitable timber on the property for underground use but an adequate supply is readily available from communities in the general area. Local creeks and springs supply ample water to meet exploration requirements. Snow conditions vary greatly from year to year but mining can generally be carried on continuously. The Silmonac property across the valley from the Altoona is now operating its concentrator in Sandon and continuous transportation facilities will be available between that community and New Denver throughout the year.

### HISTORY OF THE PROPERTY

The Altoona Mine was worked intermittently throughout the first half of the present century but there are no production figures on record prior to the acquisition of the property by the Kootenay Belle Mining Company in 1950. During the next two year period 4228 tons were recorded as shipped to the Whitewater concentrator at Retallack. The concentrates are reported as having carried 5,027 ounces of silver, 46,555 pounds of lead and 319,377 pounds of zinc. As such factors as the terms of the beneficiation agreement, the efficiency of the Whitewater concentrator on that particular ore, etc. are unknown it is not possible to calculate the grade of the raw ore shipped.

The property then remained inactive until Sven Hallgren rehabilitated a portion of the workings in 1965 and shipped 961 tons to local concentrators for treatment. Of this tonnage the records of the Carnegie Mill at Sandon show receipts totalling 270 tons grading 3.0 ozs./ton



silver, 2.8% lead and 6.6% zinc.

The property has been developed over the years along four major horizons. At date of writing two of the four levels are readily accessible. No. 1 Level (elevation 3,580) has 1,050 feet of drifts and cross-cuts and No. 2 Level (elevation 3,500) 900 feet of workings together with two raises to the 3,580 foot horizon. Both No. 3 Level (elevation 3,404) and No. 4 Level (elevation 3,324) are caved at their portal and the extent of their workings is unknown.

### GEOLOGY AND MINERALIZATION

The country rocks in the mine area are essentially steeply-bedded argillites and limestones of the Slocan Series, striking northwesterly, and cut by numerous dykes and sills of quartz-feldspar porphyries which are apparently tongues extending from a porphyry mass lying to the south.

The Altoona lode follows a shear zone which strikes eastward and varies in dip from 30 to 60 degrees southerly. All stoping operations carried out to date have been along this easterly-trending shear zone. Lamb classes the mineralization as of two types, namely, a vein type on the lode and a replacement type occurring as irregular swellings from the lode into the limestone. He estimates that two-thirds of the ore mined to date was of the replacement type.

While mining to date appears to show that the ore is associated with the shearing and the intruding dykes and sills, Lamb considers that the ore control picture at the Altoona is not too clear. In the case of the replacement type ore he states that: "It is obvious that a limestone or

limey argillite, where crossed by the lode, may well form the locus of such mineralization. The role of the porphyry sills is suspected, from the evidence of other Slocan mines, to be that of a ground stiffener, which could maintain better openings for mineralizing fluids. It is probably no coincidence that fairly large sills cross the lode at the present stop locations."

Mineralization consists of pyrite, sphalerite, galena and silver. Because of its relatively high pyrite content and limey characteristics, the latter chiefly with regard to the replacement ore, this ore may present difficult, but not necessarily insurmountable, beneficiation problems.

#### CONCLUSIONS AND RECOMMENDATIONS

At the present state of its development the prime target in the Altoona Mine appears to be the main shoot which has been stoped above both the No. 1 and No. 2 levels. As seen on Map 2 enclosed in the attached envelope the relative position of these two stopes indicates that this shoot rakes easterly. They are connected by an ore pass but their backs are not accessible and it is not known whether the ore terminated at these points in either or both cases. Indications point, however, to the probability that further ore exists below No. 2 Level. A new cross-cut was driven last winter in order to establish a drilling station to explore the downward rake of this main shoot but the drilling has yet to be done.

It will be noted that two other small areas have been stoped out above No. 2 Level. Several diamond drill holes are located close to the eastern face of No. 2 Level drift. According to information obtained locally these were drilled by the Kootenay Belle Mining Company about

1951. Results were said to have justified the advance of the face but the project was not undertaken. The writer believes that the eastward potential of the Altoona lode on that level should be investigated.

With reference to No. 3 and No. 4 Levels consideration should be given to the rehabilitation of their portal areas at least to an extent sufficient to provide safe access for geological mapping. There is no information available relative to the workings at either of these horizons and it is noted that no lode material may be seen on their respective dumps. This stage of the work would aid greatly in the planning of any future program, should work on the upper horizons offer encouragement.

It is recommended, therefore, that:

1. A survey be carried out to determine the exact location of the mine workings relative to the property boundaries.
2. The possible acquisition of additional ground, especially adjoining the northern and eastern boundaries of the present holdings, be investigated.
3. Mapping of the surface geology be extended to cover the northern and eastern portions of the property.
4. From the face of the new cross-cut driven last winter on No. 2 level, drill at least, the six holes, as laid out on Map 2, to test the rake of the main ore shoot. The data on these holes are as follows:


<u>Hole No.</u>	<u>Direction</u>	<u>Inclination</u>	<u>Length</u>
1	N25W	-14°	90 ft.
2	N8W	-57°	70 ft.
3	N49E	-72°	90 ft.
4	--	-90°	110 ft.
5	S80E	-62°	150 ft.
6	S22E	-75°	170 ft.
		<b>Total</b>	<b>680 ft.</b>

N.B. An allowance of 1,000 feet has been made in the accompanying estimates to allow for deepening of these holes if indicated.

5. Re-open the No. 3 and No. 4 Level portals to provide safe access for checking and mapping. A front-end loader will be required for this phase of the program.
6. As indicated on Map No. 2 extend the new cross-cut (No. 2 Level) to intersect the Altoona lode, then drift along the lode for about 350 feet. This procedure will prove more economical than re-opening the present drift as it is narrow, partially filled with waste rock, has two open stopes above it and appears to have been driven on a steep grade.

As appearing in the attached costs it is estimated that the above program will call for a capital outlay of \$65,000.00.

Respectfully submitted,

  
George L. Mill, P. Eng.

COST ESTIMATES

<b>Mobilization</b>	<b>\$ 1,000.00</b>
<b>Surveying and Mapping</b>	<b>\$ 1,500.00</b>
<b>Diamond Drilling (1000 feet @ \$7.00/ft.)</b>	<b>\$ 7,000.00</b>
<b>Equipment Rentals/Purchase</b>	<b>\$ 2,500.00</b>
<b>Rehabilitation of Portals</b>	<b>\$ 1,000.00</b>
<b>Drifting and Cross-Cutting (500 feet @ \$80.00/ft.)</b>	<b>\$40,000.00</b>
<b>Engineering and Administration</b>	<b>\$ 5,000.00</b>
<b>Contingencies</b>	<b><u>\$ 7,000.00</u></b>
<b>TOTAL</b>	<b><u><u>\$65,000.00</u></u></b>

REFERENCES

Cairns, C.E.

Memoir 184, Geological Survey of  
Canada.

Hedley, M.S.

Bulletin 29, B.C. Department of  
Mines

Allen, A.R.

Allen Geological Engineering Ltd.  
"The Altoona Mine of Hallmac Mines"  
December 5, 1968.

Lamb, John

"Geology of the Altoona Mine"  
May, 1969



CERTIFICATION

I, George L. Mill, hereby certify:

1. That I am a Mining and Metallurgical Engineer residing at 1802 - 1616 Pendrell Street, Vancouver 5, B.C.
2. That I am a graduate of Queen's University, B.Sc., and a registered member of the Association of Professional Engineers of the Province of British Columbia.
3. That I have practised my profession for 38 years.
4. That I have no financial interest, direct or indirect, in the subject property, in the securities of Hallmac Mines Ltd. (N.P.L.), nor in that of any of its affiliates, and that I do not expect to obtain any such interest.
5. That the information contained in this report is based on my personal examination in the course of four separate visits to the property during the years 1969 and 1970 and from sources noted in the attached references. All geological mapping was done on the ground, by John Lamb, P.Eng., Mining Geologist, at the request of the writer, in the month of May, 1969. Consequently the maps enclosed in the attached envelope bear his signature and seal.

To accompany report on Altoona  
Property, Hallmac Mines Ltd.  
(N.P.L.), November 9, 1970.

  
George L. Mill, P.Eng.

X

LIVERANT, YIP & CO.  
Chartered Accountants

ROBERT LIVERANT, B.A.  
WEI W. YIP, B.S.A.

SUITE 202 INSURANCE EXCHANGE BLDG.  
845 WEST PENDER STREET  
VANCOUVER 1, B.C.  
TELEPHONE 682-7141

AUDITORS' REPORT

To the Shareholders,  
Hallmac Mines Ltd. (N.P.L.)

We have examined the Balance Sheet of Hallmac Mines Ltd. (N.P.L.) as at June 30, 1970 and November 10, 1970 and the Statements of Exploration and Administrative Expenses and Source and Application of Funds for the periods then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We have not verified title to the mineral claims directly with the Government Registry Office.

Subject to the foregoing, in our opinion, these Financial Statements present fairly the financial position of the Company as at June 30, 1970 and November 10, 1970 and the results of its operations and the source and application of its funds for the periods then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

*Liverant Yip & Co.*  
Chartered Accountants.

Vancouver, B.C.  
December 21, 1970.



LLMAC MINES LTD. (N.P.L.)BALANCE SHEET

AS AT JUNE 30, 1970 AND NOVEMBER 10, 1970  
 (with comparative figures for 1969)

ASSETS

	<u>June 30,</u> <u>1969</u>	<u>June 30,</u> <u>1970</u>	<u>November 10,</u> <u>1970</u>
<u>Current Assets</u>			
Bank	\$ <u>8,011.31</u>	\$ <u>118.03</u>	\$ <u>5,226.56</u>
<u>Fixed Assets - at cost (Note 1)</u>			
Equipment	\$ <u>730.50</u>	\$ <u>730.50</u>	\$ <u>730.50</u>
<u>Payments on Option on Mining</u> <u>Properties (Note 2)</u>	\$ <u>101,000.00</u>	\$ <u>110,800.00</u>	\$ <u>114,500.00</u>
<u>Deferred Charges</u>			
Exploration & Administrative Expenses	\$ <u>11,752.54</u>	\$ <u>50,002.20</u>	\$ <u>55,973.24</u>
Commission Expense	<u>    --</u>	<u>7,773.75</u>	<u>14,276.25</u>
	\$ <u>11,752.54</u>	\$ <u>57,775.95</u>	\$ <u>70,249.49</u>
	<u>\$ 121,494.35</u>	<u>\$ 169,424.48</u>	<u>\$ 190,706.55</u>

HALLMAC MINES LTD. (N.P.L.)

BALANCE SHEET

AS AT JUNE 30, 1970 AND NOVEMBER 10, 1970  
(with comparative figures for 1969)

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>June 30,</u> <u>1969</u>	<u>June 30,</u> <u>1970</u>	<u>November 10,</u> <u>1970</u>
<u>Current Liabilities</u>			
Accounts Payable	\$ 642.35	\$ 9,055.26	\$ 5,548.08
Commissions Payable	--	1,489.55	768.80
Salary Payable	--	500.00	--
Due to Directors	--	807.67	807.67
	<u>\$ 642.35</u>	<u>\$ 11,852.48</u>	<u>\$ 7,124.55</u>
 <u>Shareholders' Equity</u>			
Share Capital (Note 3)			
Authorized:			
5,000,000 Shares of \$.50 each			
Issued:			
1,321,854 Shares			
(1969 - 1,106,504)	\$ 120,852.00	\$ 157,572.00	\$ 183,582.00
(1970 - 1,235,154)	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 121,494.35</u>	<u>\$ 169,424.48</u>	<u>\$ 190,706.55</u>

APPROVED ON BEHALF OF THE BOARD:

*[Signature]* DIRECTOR  
*[Signature]* DIRECTOR

This is the Balance Sheet referred to  
in our Report Dated December 21, 1970

*Liverant Yip & Co.*  
LIVERANT, YIP & CO.  
CHARTERED ACCOUNTANTS

HALLMAC MINES LTD. (N.P.L.)

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENSES

YEAR ENDED JUNE 30, 1970 AND PERIOD ENDED NOVEMBER 10, 1970

	To June 30/69	July 1/69 to June 30/70	July 1/70 to November 10/70	Total
<u>Exploration</u>				
Engineering Fees	\$ 1,770.90	\$ 334.00	\$ --	\$ 2,104.90
Drifting and Drilling	--	17,900.00	--	17,900.00
Geological Mapping and Sundry	1,896.58	--	--	1,896.58
Travelling	794.00	1,960.26	125.00	2,879.26
Assays	--	28.50	--	28.50
	<u>\$ 4,461.48</u>	<u>\$ 20,222.76</u>	<u>\$ 125.00</u>	<u>\$ 24,809.24</u>
<u>Administrative</u>				
Accounting and Legal	\$ 1,402.00	\$ 1,385.50	\$ 850.00	\$ 3,637.50
Advertising	--	17.65	544.15	561.80
Office, Telephone and Sundry	723.56	5,313.34	2,203.81	8,240.71
Office, Secretarial and Administrative Service	2,000.00	5,131.13	2,185.00	9,316.13
Salaries and Assessments	3,040.50	5,640.65	--	8,681.15
Transfer Fees	125.00	538.63	63.08	726.71
	<u>\$ 7,291.06</u>	<u>\$ 18,026.90</u>	<u>\$ 5,846.04</u>	<u>\$ 31,164.00</u>
<u>Total - to Exhibit "A"</u>	<u>\$ 11,752.54</u>	<u>\$ 38,249.66</u>	<u>\$ 5,971.04</u>	<u>\$ 55,973.24</u>

LIVERANT, YIP & CO.  
CHARTERED ACCOUNTANTS

HALLMAC MINES LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED JUNE 30, 1970 AND PERIOD ENDED NOVEMBER 10, 1970

	To June 30/69	July 1/69 to June 30/70	July 1/70 to November 10/70
<u>Source of Funds</u>			
Proceeds from Sale of Shares	\$ 45,852.00	\$ 31,095.00	\$ 26,010.00
Shares Issued for Services	<u>    --</u>	<u>5,625.00</u>	<u>    --</u>
	\$ <u>45,852.00</u>	\$ <u>36,720.00</u>	\$ <u>26,010.00</u>
<u>Application of Funds</u>			
Option Payments on Property	\$ 101,000.00	\$ 9,800.00	\$ 3,700.00
<u>Less: Paid by issue of shares</u>	(75,000.00)	--	--
Commission on Sale of shares		7,773.75	6,502.50
Equipment Purchased	730.50	--	--
Exploration & Administrative Expenses	<u>11,752.54</u>	<u>38,249.66</u>	<u>5,971.04</u>
	\$ <u>38,483.04</u>	\$ <u>55,823.41</u>	\$ <u>16,173.54</u>
<u>Increase (Decrease) in Working Capital</u>	\$ 7,368.96	\$ (19,103.41)	\$ 9,836.46
<u>Working Capital - Beginning of Period</u>	<u>    --</u>	<u>7,368.96</u>	<u>(11,734.45)</u>
<u>Working Capital - End of Period</u>	\$ <u>7,368.96</u>	\$ <u>(11,734.45)</u>	\$ <u>(1,897.99)</u>
<u>Represented By:</u>			
Current Assets	\$ 8,011.31	\$ 118.03	\$ 5,226.56
Current Liabilities	<u>642.35</u>	<u>11,852.48</u>	<u>7,124.55</u>
	\$ <u>7,368.96</u>	\$ <u>(11,734.45)</u>	\$ <u>(1,897.99)</u>

HALLMAC MINES LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1970 AND NOVEMBER 30, 1970

1. Fixed Assets

No depreciation has been provided to November 10, 1970 as the Company is not yet in commercial production.

2. Option to Purchase Mining Properties

By agreement dated January 15, 1969 and a revised agreement dated December 15, 1970 the Company acquired an option to purchase two Crown Granted mineral claims in the Nelson Mining Division for 750,000 shares at 10¢ per share. The option agreements provide for total cash payments of \$51,500.00 of which \$35,800.00 has been paid to June 30, 1970 and \$39,500.00 to November 30, 1970.

Balance of payments are as follows:

December 15, 1970	\$ 2,000.00
June 30, 1971	<u>10,000.00</u>
	\$ 12,000.00

In addition, a further \$45,000.00 must be paid by ten percent net smelter returns realized from production from claims.

The amount shown for properties represents costs to date and is not intended to reflect present or future values.

3. Share Capital

During the five months ended November 30, 1970, the Company issued 86,700 shares for \$26,101.00 and during the year ended June 30, 1970 issued 103,650 for \$31,095.00. The Company also issued 25,000 for \$5,625.00 for services.

Since incorporation shares have been issued as follows:

	<u>Shares</u>	<u>Par Value</u>	<u>Discount</u>	<u>Total</u>
For Cash	546,854	\$ 273,427.00	\$ 170,470.00	\$ 102,957.00
For Services	25,000	12,500.00	6,875.00	5,625.00
For Properties	<u>750,000</u>	<u>375,000.00</u>	<u>300,000.00</u>	<u>75,000.00</u>
	<u>1,321,854</u>	<u>\$ 660,927.00</u>	<u>\$ 477,345.00</u>	<u>\$ 183,582.00</u>

4. Remuneration of Officers and Directors

Remuneration paid to officers during the year ended June 30, 1970 amounted to \$3,900.00.