

PROSPECTUS

82F/14W
082FNW145,
WESTMONT

002385

Three Million Shares

82FNW145-05

Without Nominal or Par Value

PROPERTY FILE

EASTMONT SILVER MINES LTD.

(hereinafter called "the Company")

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

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION. (See Section headed "Introductory Statement").

THERE IS NO KNOWN MARKET FOR THE SECURITIES OF THE COMPANY.

Shares Offered	Price of Public	Commission	Proceeds to the Company
300,000	Per share 35¢ Aggregate \$105,000	Per share 8¼¢ Aggregate maximum commission \$26,250 See also below	Minimum – 26¼¢ per share minimum aggregate – \$78,750*

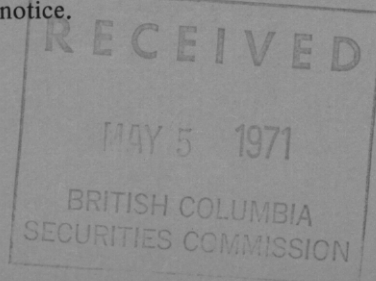
* If all shares offered hereunder are sold.

If all shares offered hereunder are sold the Directors, Officers and Promoters of the Company will own, as a group 70.8% of the total issued shares of the Company. The shares offered hereunder, if sold, will constitute 19.2% of the total issued shares of the Company.

The shares offered hereunder will be sold by the Company or by registered investment dealers or brokers in the Province of British Columbia. In the event that any shares offered hereunder are sold by the Company, no commission will be payable to the trading director completing such sale.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

February 1, 1971.



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INTRODUCTORY STATEMENT

The Company holds an option to purchase nine crown granted mineral claims in the Slocan Mining Division, British Columbia. See caption following "Description of Business and Property of Company".

The main purpose of this offering is to raise sufficient funds to carry out exploration and development work on the aforementioned mining properties. The mineral claims held under option as aforementioned must be considered a raw prospect as they are without a known body of commercial ore.

480,005 shares were sold at 10¢ a share by private placement and the proceeds thereof were used to carry out exploration and development work as recommended by John Lamb, P.Eng. In addition, 16,200 shares were sold to the public under a Prospectus dated August 25th, 1969, at a price of 66¢ per share. Due to current market and economic conditions, it has been necessary for the Company to reduce the price of the shares offered to the public hereunder to 35¢ per share. The Company has allotted to persons who purchased shares at 66¢ per share an additional share for each share so purchased in order to equitably reduce the price per share paid by such purchasers.

The shares being offered by this Prospectus will probably have an increase in value only if a substantial ore body is found. A return on capital to purchaser of the shares depends on finding a commercial ore body mineable at an operating profit. The shares being offered must therefore be considered a speculative security.

PURCHASERS RIGHTS OF RESCISSION AND WITHDRAWAL

Section 61 and 62 of the Securities Act, 1967, (British Columbia) provides an effect, that where a security is offered to the public in the course of primary distribution,

- (a) A purchaser has the 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 service 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 the complete text of the provisions under which the foregoing rights are conferred.

THE COMPANY

The Company was incorporated by Memorandum of Association as a private company on

the 21st day of March, 1968, under the laws of the Province of British Columbia. Its Memorandum of Association was amended on the 11th day of August, A.D. 1969, when the Company was converted from a private to a public company.

The head office of the Company is situate at 101 - 535 Thurlow Street, Vancouver, British Columbia, and its registered office is at 17th Floor, 1075 West Georgia Street, City and Province aforesaid.

SHARE CAPITAL

Designation of Security	Amount Authorized	Amount Outstanding as at July 31, 1970, (date of attached) Financial Statements)	Amount Outstanding as at the date of this Prospectus	Amount to be outstanding if all securities being offered are sold
Share Capital Common Shares	3,000,000	1,246,200 shares	1,262,400 shares	1,562,400 shares
Consideration shares received		\$96,101	\$96,101	\$174,851

The only class of shares which the Company is authorized to issue are common shares without nominal or par value. All such shares have equal voting rights and will be issued as fully paid and non-assessable. They will participate equally in dividends (if any) and on a liquidation. There are no conversion or preemptive rights or redemption or sinking fund provisions applicable or attached to the aforementioned shares.

PARTICULARS OF SHARES SOLD FOR CASH

Number of Shares	Price per share	Cash Received		Commission Paid	
		Per Share	Total	Per Share	Total
480,005	10¢	10¢	\$48,000.50	Nil	Nil
16,200*	66¢	50¢	8,100.00	16¢	\$2,592

* persons purchasing shares at 66¢ each have now received an additional share for each share so purchased.

ESCROWED SHARES

Designation of Class	Number of Shares held in escrow as at the date of this Prospectus	Percentage of Class
Common shares without nominal or par value	749,995	Approximately 59.4%

The 749,995 shares aforementioned are held in escrow with Guaranty Trust Company of Canada pursuant to an escrow agreement providing, inter alia, that except with the written consent of the British Columbia Securities Commission, holders of escrow shares shall not sell, deal in, assign or transfer in any manner whatsoever or agree to sell, deal in or assign beneficial ownership or interest in them and without the written consent of the Commission the said Trust Company shall not accept or acknowledge any transfer, assignment, declaration of trust or other documents evidencing a change in legal or beneficial ownership of interest in the said shares except as may be required by reason of a death or bankruptcy of any one or more of the holders of escrow shares, in which case the said trust company shall hold the said certificate representing such shares of whatever person or persons, firm or corporation that may thus become legally entitled thereto and that in the event of the Company losing or not obtaining good and marketable title to or abandoning or discontinuing development of any property which was or formed part of the consideration for any part of the said shares or in the event of the property not being represented, there shall be surrendered by way of gift to the Company for cancellation such number of the said shares as the Commission aforesaid in its sole discretion deems fair and equitable. 93,750 of the said escrow shares are registered in the name of John B.L. Robertson, Barrister & Solicitor, 17th Floor, 1075 West Georgia Street, Vancouver, B.C., who holds the same as Trustee for the benefit of the Company.

Certificates representing the 480,005 shares sold at 10¢ per share are being held in a pool by the Guaranty Trust Company of Canada, Vancouver, B.C., during the course of primary distribution of the shares offered hereby and subject to release or transfer only with the written consent of the British Columbia Securities Commission. The said shares will be released from pool 30 days after the completion of the distribution of the shares offered hereunder.

PRINCIPAL HOLDERS OF SECURITIES

The principal holders (greater than 10%) of the securities of the Company as at the date of this Prospectus are as follows:

Name and Address	Designation of Class	Type of Ownership	No. of shares owned	Percentage of Class
Thomas Jeffrey Merrifield 96 Bonnymuir Dr. West Vancouver, B.C.	Common	Direct	340,000	26.9%
George B. Bandeen 245 East 4th N. Vancouver, B.C.	Common	Direct	335,000	26.5%
William R. Bandeen 1742 Kilkenny N. Vancouver, B.C.	Common	Direct	305,000	24.1%
George Rennie 3820 S.W. Marine Dr. Vancouver, B.C.	Common	Direct	126,250	10.0%
		TOTAL	1,106,250	87.5%

The percentage of shares of the Company beneficially owned directly or indirectly by directors and senior officers of the Company as a group is as follows:—

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common	84.3%

DIRECTORS AND OFFICERS

<u>Name and Address</u>	<u>Office Held</u>	<u>Principal Occupation during preceding 5 years</u>
William Robb Bandeen 1742 Kilkenny Road North Vancouver, B.C.	President and Director	President Merrican International Mines Ltd. (N.P.L. President and Managing Director of Mrs. D.L. MiCannery Ltd. for 9 years ending Aug. 28th, 1968.
Thomas J. Merrifield 96 Bonnymuir Drive West Vancouver, B.C.	Director and Secretary- Treasurer	Exec. Vice-President West Coast Finance Ltd. 1962 to 1966. Vice-President Corpex Services Limited, 1966 to 1968.
George B. Bandeen 245 East 4th St. North Vancouver, B.C.	Director	Mine Supervisor & Mine Captain past 14 years for Eldorado Mining & Refining Co. Ltd.
George Rennie 3820 S.W. Marine Dr. Vancouver, B.C.	Director	Manager of Food Floors, Woodward Stores Ltd., Director Woodward Stores

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Since July 31st, 1969, to the date of this Prospectus the Directors and Senior Officers of the Company have received by way of direct remuneration from the Company the sum of \$500.00.

In addition, Adminco Services Ltd., a company of which Thomas J. Merrifield is the controlling shareholder, received a total of \$1200 during the period January 1st, 1970, to August 31st, 1970, being the sum of \$150.00 per month for rent, telephone, typing and administrative expenses. This payment ceased on August 31st, 1970.

The directors of the Company will not receive any remuneration for acting as such in the foreseeable future.

PROMOTERS

William B. Bandeen, Thomas J. Merrifield and George Bandeen are the promoters of the Company.

As consideration for the sale to the Company of its interest in mining properties hereinafter particularly mentioned, 749,995 shares at a deemed price of 5.33¢ per share, total deemed price

\$40,000.00 were allotted and issued to George B. Bandeen. The value of the said mining properties was determined by the Directors of the Company. The said mining properties were purchased by George B. Bandeen on October 20th, 1967, for the sum of \$40,000.00. Out of such number of shares the above mentioned promoters-directors received directly or indirectly the number of shares as set out hereunder:—

William R. Bandeen	187,500 shares
Thomas J. Merrifield	187,495 shares
George B. Bandeen	187,500 shares

In addition, the Promoters of the Company have purchased the following shares for cash:

	<u>No. of Shares</u>	<u>Price per share</u>
William R. Bandeen	147,500	\$0.10
Thomas J. Merrifield	152,505	\$0.10
George B. Bandeen	117,500	\$0.10

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The interest of directors and officers in material transactions is as set out under the captions “Promoters” and “Description of Business and Property of Company”.

PLAN OF DISTRIBUTION

The shares offered hereunder are to be sold by the Company or by registered investment dealers or brokers in the Province of British Columbia. A Commission of 8³/₄¢ per share is payable with respect to each share sold. However, in the event that any shares offered hereunder are sold by the Company no commission will be payable to the trading director completing such sale.

USE OF PROCEEDS

The estimated net proceeds to be derived by the Company from the sale of the securities offered hereby will be \$78,750.00. A total of \$70,180.00 will be used firstly to carry out the recommendations of John Lamb, P.Eng. and Geologist in his report dated December 8th, 1968, as amended by his letter to the Company dated September 18th, 1970, both of which are attached hereto and form part of this Prospectus. Secondly the remaining \$8,570.00 will be used for working capital and administration costs.

If the actual proceeds from the sale of the securities offered hereby proves to be insufficient to accomplish the purposes set out above, the Company will reduce the development programme proportionately and seek alternate methods of financing to complete all of the above items.

No part of the proceeds derived from this issue of shares, nor any funds already in the Company’s treasury, shall be used to invest, underwrite, or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which the securities offered by this Prospectus may be sold. Should the Company propose to use the said proceeds to invest, underwrite, or trade in non-trustee type securities after the initial distribution of the securities offered by this Prospectus. No part of the proceeds derived from this issue of shares, nor any funds already in the Company’s treasury shall be used to retire shareholders’ loans. Approval by the shareholder shall first be obtained and disclosure made to the regulatory securities bodies

having jurisdiction over the sale of the securities offered by this Prospectus.

DESCRIPTION OF BUSINESS AND PROPERTY OF COMPANY

For description of the speculative nature of the business of the Company see caption aforementioned "Introductory Statement".

The Company was incorporated for the purpose of acquiring, exploring and developing mineral claims. The Company holds under option a group of nine crown granted mineral claims about 50 miles by road northwest of Nelson, B.C. and 10 miles west of New Denver (hereinafter called the "Eastmont Property"). Work has been carried out on the Eastmont Property which was financed through the private sale of 480,005 shares at 10¢ a shares and the public sale of 16,200 shares at 66¢ per share.

The Eastmont Property, consisting of 9 crown granted mineral claims, is situated on the north side of the valley of Enterprise Creek, five miles by fair gravel road from the main Slocan Valley Highway

Under and by virtue of the terms of an Option Agreement in writing dated the 20th day of October, 1967, between James A. Cullinane, on behalf of Ellis Mining Syndicate, as Optionor and George Bandeen as Optionee, the said Optionee acquired the sole and exclusive option to purchase the following crown granted mineral claims: "Eastmont", "White Cloud", "Odd Fellow", "Eastmont Fractional", "Clipper", "Westmont", "Lily G", "White Cloud Fractional", and "Yankee Girl Fractional", Lots 8924, 8925, 8926, 8927, 8928, 8929, 8930, 8931, and 8935, respectively all situate in the Slocan Mining Division.

The purchase price was \$40,000.00 payable as follows: \$2,500.00 on or before the 31st day of July, 1968, and thereafter the balance outstanding shall be paid to the said Optionor from 10% of the net smelter returns received from the operations carried on the said claims until the full outstanding balance has been paid, at which time the said 10% of net smelter returns shall cease and determine: Provided that if the said 10% of net smelter returns does not equal a minimum payment of \$2,500.00 per annum there shall be paid to the said Optionor on the 31st day of July of each year a sum together with the payment of the 10% of net smelter returns which totals in the aggregate of \$2,500.00.

By Agreement (hereinafter called "the said agreement dated the 29th day of March, 1968, between George B. Bandeen (aforementioned) of the First Part, William R. Bandeen, Thomas J. Merrifield, George B. Bandeen and William C. Wingert of the second part and the Company of the third part, the Company acquired all the right, title and interest of George B. Bandeen in and to the aforementioned Option Agreement and in and to the crown granted mineral claims described therein. The purchase price paid by the Company was the allotment and issue to the said George B. Bandeen of 749,995 fully paid and non-assessable shares which shares are held in escrow as described under the captions "Share Capital" and "Promoters". It is a further term of the said agreement that if the net smelter returns payable by the Company to the aforementioned James A. Cullinane in any one or more years do not equal a minimum paymnet of \$2,500 per annum, then any sum required to make up the deficiency between the net smelter return and a minimum yearly payment of \$2,500 shall be paid by the aforementioned parties of the Second Part.

The following persons have received a greater than 5% interest in the shares issued for the aforementioned option agreement:

William R. Bandeen	187,500 shares
Thomas J. Merrifield	187,495 shares

George B. Bandeen
George Rennie

187,500 shares
93,750 shares

The Eastmont property lies on the north side of the valley of Enterprise Creek, five miles by fair gravel road from the main Slokan Valley Highway. This point is approximately 50 miles by road northwest of Nelson, B.C., and 10 miles south of New Denver, B.C. The Eastmont property occupies a steep forested mountainside, immediately above Enterprise Creek. Elevation range from 4500 to 5500 feet.

An old mine known as the Westmont Mine located on the Eastmont property. The Westmont Mine was located prior to 1900, and from 1907 to 1914 it was worked steadily. Since then production has been small and sporadic. The following table is an indication of the production from the Westmont Mine.

	<u>Tons</u>	<u>Silver (oz/t)</u>	<u>Lead (%)</u>	<u>Zinc (%)</u>
1907-1914	1816	171	9.2	20.0
1919	122	—	—	—
1928	44	—	—	—
1958-1959	157	51	6.4	9.28

In 1963-64, under the control of Sterling Silver Mines Ltd., the Westmont Mine was further developed by the establishment of a fifth level about 100 feet below No. 4 level. Driven as a crosscut for the first 70 feet, it then followed the lode as a drift for 180 feet. In 1967, a fine surface showing was exposed by trenching between No. 3 and No. 4 portals.

Mining equipment of a general nature to the value of approximately \$4,400 is located at the mine, and in addition the Company owns vehicles and mobile equipment to a value of approximately \$17,000.00.

The Eastmont property has been classed as a "dry ore type" in contrast to the so-called "wet ores" of the main Slokan productive area, a few miles north. The latter are found in sedimentary rocks (argillite, quartzite, limestone) following complex lode fissures, whereas the "dry ores" are usually found in the Nelson granite, which forms a large batholith, lying just south of the older sediments.

Listed below are the characteristics of the "dry ore" deposits:—

1. They are located on simple, brecciated, steep lodes that trend in a northerly to northeasterly direction. The lodes are in reality, fault fissures in granite, and though they may be locally braided into several strands, they tend to be quite straight.
2. The geology is deceptively simple, with porphyritic granite as the host rock, cut by an occasional dike. It is because of this apparent simplicity that ore controls, other than the lode itself, are not obvious. From this statement it would seem that ore-bodies tend to lie randomly within the lodes but other controls, not yet known, may govern their location.
3. Mineralization is usually not heavy, compared to that of the "wet ores", even where grades are high. It consists of galena, sphalerite, gray copper (tetrahedrite) and minor silver sulphides, all in a quartz gangue. The chief differences between "dry ore" mineralization and that of "wet ores" are: (a) less actual mineralization and (b) a much higher silver-lead ratio. Gray copper, an inconspicuous, dull mineral, lacks the brilliance and showiness of galena but its high silver content can yield exceptional assays for that metal.

On Nos. 4 and 5 levels, the Westmont lode is a strong wide fissure zone, with a northeast trend and almost vertical dip. It has been developed over a vertical range of some 900 feet by five adit levels, which drift into the mountain along the lode.

The bulk of the ore production came from one almost vertical ore shoot known locally as the north lode, which runs from surface down to No. 4 level. Underhand stopping below No. 4 indicates that the ore shoot continues downward but it has never been investigated.

A smaller, more erratic ore shoot known as the "south lode", has been developed and partly mined close to surface between Nos. 3 and 4 levels. This shoot lies some 700 feet south of the "north lode shoot".

Caving on No. 4 level, just beyond the "north lode" prevented any further examination by John Lamb, P. Eng. in that direction but J. Cullinane reports having seen a good zinc showing in a small underhand stope on No. 4, quite a distance beyond the north lode. The present map record is too fragmentary to be of help in this respect.

During the 1969-1970 season, the following work was carried out on the property:

1. The face of the No. 5 level was advanced approximately 40 feet to investigate a streak of mineralization discovered by G. Bandeen in 1968. Unfortunately the mineralization was both too narrow and too short to be mineable. No further work was done in this area.
2. A raise was commenced on No. 5 level from a point 230 feet ahead of the portal and 365 feet behind the face. The purpose of this raise was to investigate an ore intersection in a diamond drill hole put down by Sterling Silver Mines from No. 4 level in 1963. By the time the raise, inclined at 45°, had reached a length of 32 feet, streaks of good mineralization were showing on lode stands angling into the west wall. Raising then halted and a program of slashing was started on the west wall of the drift below, to expose these lode strands at track level. Coupled with a few test holes, the slashing indicated a pod of mineralization over 20 feet long, 8 feet thick at its widest point, tapering rapidly in both directions (see sketch accompanying progress report of John Lamb, dated August, 1970). Here galena, sphalerite and gray copper were sprinkled through a white siliceous gangue and greenish altered rock, tending to be more concentrated close to the various lode strands.

After the broken ore was removed to surface, part of it was carefully sorted. From this sorting, 9.5 tons of ore was shipped to the Trail smelter in August, 1969. The ore graded 82.5 oz. per ton silver, 4.5% lead and 6.1% zinc and the gross smelter value of the shipment was \$1,437.92. The smelter settlement is attached to the progress report of Mr. Lamb dated August, 1970.

A further 25 tons of broken ore remains on the property and will require sorting before another smelter shipment is made.

Reference is made to the said progress report of John Lamb, P. Eng., dated August, 1970, which is attached to and forms part of this Prospectus.

The Company intends to carry out the staged exploration program details of which are set forth in the report of John Lamb dated December 6, 1968, as amended by his letter to the Company dated September 18, 1970, both of which are attached hereto and form part of this Prospectus. The Eastmont property is presently without a known body of commercial ore and the proposed program is an exploratory search for ore.

DIVIDEND RECORD

No dividends have been paid by the Company to date.

AUDITORS, TRANSFER AGENTS AND REGISTRAR

The Auditors of the Company are Shand, Davidson, Pearmain & Co., 1550 West Georgia Street,

Vancouver, B.C.

The Registrar and Transfer Agent for the Company is Guaranty Trust Company of Canada, 624 Howe Street, Vancouver, B.C.

MATERIAL CONTRACTS

1. Agreement dated the 20th day of October, 1967, made between Ellis Mining Syndicate of the First Part and George Bandeen of the Second Part, being an option to purchase the Crown Granted Mineral Claims described in the section headed "Business and Property of Issuer" on the terms therein described.

2. Agreement dated the 29th day of February, 1968, made between George B. Bandeen of the First Part, William R. Bandeen, Thomas J. Merrifield, George B. Bandeen and William C. Wingert of the Second Part and the Company of the Third Part, wherein the Company acquired all right, title and interest of George Bandeen in the Crown Granted Mineral Claims described in the section headed "Business and Property of Issuer" on the terms therein described.

The above material contracts may be inspected at the registered office of the Company during normal business hours while primary distribution of the securities offered hereunder is in progress.

CERTIFICATES

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 (British Columbia) and the regulations thereunder.

DATED at Vancouver, B.C. this 1st day of February, 1971.

"WILLIAM R. BANDEEN"

**William R. Bandeen
Promoter-Director**

"T.J. MERRIFIELD"

**Thomas J. Merrifield
Promoter-Director**

"GEORGE B. BANDEEN"

**George B. Bandeen
Promoter-Director**

"GEO. RENNIE"

**George Rennie
Director**

744 Donegal Place,
North Vancouver, B.C.

6 December 1968.

Mr. W. R. Bandeen
Eastmont Silver Mines Ltd.
506-905 West Pender Street
Vancouver 1, B.C.

Dear Mr. Bandeen:

Accompanying this letter is my recent report, as requested by you. It reviews all developments at the property of Eastmont Silver Mines to the present date, with recommendations for further exploration.

Yours truly,

"JOHN LAMB"

John Lamb, P. Eng.
Mining Geologist.

JL:mc
Enc.

**REPORT ON THE PROPERTY OF
EASTMONT SILVER MINES LTD.
NEW DENVER, B.C.**

DECEMBER 1968

JOHN LAMB, P. ENG.

S U M M A R Y

The property of Eastmont Silver Mines has demonstrated its capacity to produce high grade silver ore. It requires, however, a well controlled exploration program to test several attractive targets and develop ore tonnage. To this end a program of underground and surface exploration has been laid out at a cost of approximately \$102,000.

FOREWORD:

The purpose of this report is to give all known information to date about the Eastmont property and to recommend further exploration. The writer has been associated with the company for a year and made numerous trips to the mine, with several previous reports.

Earlier information on the property has been read and listed in the attached References.

The property is more familiarly known as the Westmont mine and this name will be used to describe the main lode and its accompanying underground workings. The name, Eastmont, was adopted for purposes of incorporating the company.

HISTORY:

Although discovered prior to 1900, the mine recorded its main production in the period 1907-1914. Since then production has been small and sporadic. The following table outlines the early production.

	<u>Tons</u>	<u>Silver (oz./T)</u>	<u>Lead (%)</u>	<u>Zinc (%)</u>
1907 - 1914	1816	171	9.2	20.0
1919	122	---	---	---
1928	44	---	---	---
1958 - 1959	157	51	6.4	9.28

It is worth noting here the comparatively high silver-lead ratio, which is characteristic of this type of deposit.

In 1963-64, under control of Sterling Silver Mines Ltd., the mine was further developed by commencement of the new No. 5 adit level. Driven as a crosscut for the first 70 feet, it then followed the lode as a drift for 180 feet. This level is 90 feet lower in elevation than No. 4 level.

In 1967, G. Bandeen and W. Wingert, optionees, exposed by trenching a fine surface showing of ore on the Westmont lode between Nos. 3 and 4 levels. During the past year Eastmont Silver Mines Ltd. was formed to develop the property.

LOCATION:

The Westmont mine lies on the north side of the deep valley of Enterprise Creek, five miles by fair gravelled road from the main Slocan valley highway. This latter point is approximately 50 miles by road northwest of Nelson, B.C. and 10 miles south of New Denver. One mile to the southeast, across the valley, is the Enterprise mine, a well known former producer.

The claims occupy a steep, forested mountainside, immediately above Enterprise Creek, ranging from 4000 to 6000 feet in elevation. In summer the weather is warm and moderately dry, while the winter is cold with a fairly heavy snowfall for about five months, which is no hindrance to underground operations.

PROPERTY AND MINE WORKINGS

Eastmont's property holdings comprise a compact group of nine Crown grant claims, listed below:

<u>LOT NO.</u>	<u>NAME</u>
8924	EASTMONT
8925	WHITE CLOUD
8926	ODDFELLOW
8927	EASTMONT FR.
8928	CLIPPER
8929	WESTMONT
8930	LILY G
8935	YANKEE GIRL FR.
8931	WHITE CLOUD FR.

Map No. 1, accompanying this report is a 300 scale plan of the claim group, showing the position of the mine workings with respect to the boundaries.

The mine is developed by several open cuts and five adit levels over a vertical range of 565 feet. All these workings are essentially drifts, running northeasterly into the hill and following the Westmont lode. Numbers 3, 4 and 5 levels only are accessible. The top four levels are interconnected by stopes and raises while the bottom level (No. 5) is a dead-end heading, which will be further advanced to the ore zone as mentioned later in this report. Footage of all underground level workings is in excess of 3000 feet. Map No. 2, accompanying this report shows the mine workings.

Another caved adit was seen several hundred feet southeast of No. 1 and still others are reported elsewhere on the property.

GEOLOGY AND MINERALIZATION

The Westmont mine has been classified by Cairnes (1) as a "dry ore" type, in contrast to the so-called "wet ores" of the main Slocan productive area, 10 miles to the north. The latter are usually found in sedimentary rocks (argillite, quartzite, limestone), following complex fissure lodes, whereas the "dry ores" are found most frequently in the Nelson Granite, which forms a large batholith, just south of the older sediments. Other typical representatives of these ores are the Enterprise, Ottawa, Arlington, Neepawa, Little Tim and Meteor mines.

Listed below are the main characteristics of the "dry ores".

1. They are located on brecciated, steep lodes that trend northerly to north-easterly. These lodes are fault fissures in granite and although they may be locally braided and complex, they tend to be quite straight.
2. The geology is deceptively simple, with only porphyritic granite as the host rock, intersected by occasional dikes. Because of this apparent simplicity, ore controlling factors are not obvious. While it does seem that orebodies lie at random along the lodes, the writer suspects that other controls, as yet unknown, govern their locations.
3. Metallic mineralization is usually light compared to that of the "wet ores", even where grade of

ore is high. It consists of galena, sphalerite, gray copper (tetrahedrite) and minor silver sulphides, all in a quartz gangue. The chief differences between the dry ores and wet ores are: (a) less actual metallic mineralization and (b) a much higher ratio of silver to lead. Gray copper, a dull inconspicuous mineral, lacks the showiness of galena but its high silver content is often reflected in exceptionally high assays for that metal.

The Westmont lode, as observed on Nos. 4 and 5 level, is a strong fissure zone from one to five feet wide. It trends northeasterly and dips within a few degrees of vertical in either direction. It contains much brecciated wall rock and gouge within its walls and where mineralized, it shows long narrow lenses of white quartz.

DEVELOPMENTS IN 1968 BY EASTMONT SILVER MINES:

The writer's report of March 25 (Reference 8-2) recommended a two-stage exploration program for the mine, the first stage now being essentially completed. Although it was the intention to proceed to the second stage, this was prevented by serious flooding on Enterprise Creek in early June, which washed out the access road in five places, including a trestle bridge. This road is within the jurisdiction of the B.C. Department of Highways but was given a low priority for attention. As a consequence, no repairs were made until October and such work was still going on during the writer's last visit in early November. With this valuable time lost and winter now at hand, it is not practical to commence further exploration until next spring.

Following is a list of exploration and development work accomplished:

1. All accessible underground workings were tied together by a transit and chain survey, making possible more accurate projections of the lode and possible ore shoots. Results of this survey are shown on Map No. 2, with this report.
2. Several old claim corners were relocated and tied into the survey network. This procedure showed the relationship of the mine workings to the property boundaries, as illustrated on Map No. 1.
3. No. 5 level heading was advanced 354 feet northeasterly on the Westmont lode, its present position being shown on Map No. 2. In this distance the lode is a strong brecciated, almost vertical shear, containing some narrow pods of sulphides.

Three samples were taken here by G. Bandeen, manager, with the following results:

No. 940 silver – 22.76 oz./ton chip sample across 12 inches on the face

No. 941 silver – 81.59 oz./ton grab sample of selected piece from the muck pile

No. 954 silver – 14.38 oz./ton chip sample across 30 inches of gouge on west half of face.

4. The ore showing on surface, between No. 4 and 3 levels, was opened up and mined out, finally breaking into the top of the old stope on the south ore shoot, that was mined upward from No.

4 level about 10 years ago. From this work, about 25 tons of ore was shipped to the Cominco smelter in Trail (seventy miles away). It assayed 69.60 oz./ton silver, 4.2% lead and 3.3% zinc. Copies of the assay certificate for the shipment and the final smelter settlement are attached to this report. Of interest is the letter (also attached) from the Cominco ore buyer, regarding the shipment and its quality.

5. Two samples were taken by G. Bandeen on No. 4 level in the area of the heavy caving near survey station 410. The writer is uncertain how these were taken but believes them to be chip samples. Results are shown below:

	Silver
No. 960 –	19.45 oz/ton
No. 961 –	39.01 oz/ton

EXPLORATION POSSIBILITIES:

Although ore controls on the Westmont lode are not fully understood, it is logical to assume that exploration has a good chance to find new ore. The record of past production, especially that of the recent ore shipment, is proof that the ore could be high grade.

Following are several exploration possibilities.

A – No. 5 Level

Resume the advance of this heading, following the lode a further 500 feet to the projection of the North ore shoot below No. 4 level (see long section, Map No. 3). The pattern of the upper levels indicates that this shoot lies either on a sharp easterly bend of the lode, or that there is a junction of the lode with an easterly trending shear. This very pattern may be the control which localizes the ore shoot in this area.

The North ore shoot was mined (according to old plans and records) intermittently from No. 1 down to No. 4 level, a vertical distance of 470 feet. A rough calculation of volumes as indicated in the cross-section (Map No. 4) indicates that possibly 12,500 tons of ore were drawn from this shoot. By careful sorting and hand cobbing at the portals, this would be reduced to the 1816 tons, reported as shipped from 1907 to 1914. On the assumption that the rejected waste assayed 10 oz. silver, 2% lead and 4% zinc, one may calculate that the mined grade of this ore from the North shoot was approximately 33 oz. silver, 3% lead and 6% zinc. At current metal prices such ore would have a gross value of \$86 per ton. Net return, however, might be 75% - 90% of the gross.

B – South Ore Shoot

The so-called South shoot has been mined 90 feet up from No. 4 level (near stations 404 and 405) to surface, from where the recent shipment of ore came. On No. 5 level (90 feet below No. 4), there is mineralization on the downward projection of this shoot. Close sampling on No. 5 level and a few holes, diamond drilled from station 403 downward to cut the lode beneath the ore shoot, would adequately test its possibilities.

3. Raising to reach No. 4 level and further investigate the lode. Allow 250 feet.

Anticipated Cost 12,500

4. Diamond drilling in an unspecified number of holes, 4500 feet.

Anticipated Cost 22,500

SUB-TOTAL \$84,800

B South Ore Shoot

1. Sampling

Cost \$ 300

2. Diamond drilling 500 feet in several holes below No. 4 level

2,500

SUB-TOTAL \$ 2,800

C Surface Mapping and Trenching

Allow \$ 5,000

TOTAL \$ 92,600

Contingency Allowance (10%) 9,300

TOTAL EXPLORATION COST \$101,900

Respectfully submitted,

“JOHN LAMB”

John Lamb, P. Eng.
Mining Geologist

6 December 1968.

REFERENCES

1. CAIRNES, C.E. — Description of Properties Slocan Mining Camp, B.C. G.S.C. Memoir 184,1935.
2. ELLIS, Ken — Written notes and drawings about the discovery and mining of the Westmont in the early days. Undated.
3. ELWELL, J.P. — Preliminary Report of Examination of the Westmont Claim Group, Slocan Mining District, 1962.
4. READ, W.S. — Preliminary Report on the Westmont property of Sterling Silver Mines Ltd. Slocan Mining District. Nov. 27, 1964.
5. STERLING SILVER MINES LTD. —
 1. Progress report from the President's office. Sept. 10, 1963.
 2. Prospectus. Oct. 7, 1963.
6. RICHARDS, B.R. —
 1. Report on Westmont Property. - Sept. 24, 1963.
 2. Report on Westmont adit. - Nov. 21, 1963.
 3. Year-end report on Westmont. - Dec. 31, 1963.
 4. Report to directors, Sterling Silver - Jan. 8, 1964.
7. LEONTOWICZ, P. — Diary of operations - Sterling Silver Tunnel. Sept. 1963 - Jan. 1964.
8. LAMB, J. —
 1. Westmont Silver-Lead Property Oct. 1967.
 2. Report on Eastmont Silver Mines March 25, 1968.
 3. Tonnage Expectations at Eastmont May 23, 1968.

CERTIFICATE OF QUALIFICATION

I, John Lamb, do declare that:

1. I reside at 744 Donegal Place, North Vancouver, B.C.
2. I am a graduate of the University of British Columbia with degrees of Bachelor of Applied Science and Master of Applied Science in Geological Engineering.
3. I am a member of the Association of Professional Engineers of British Columbia.
4. I have been practising my profession for over twenty years.
5. This report is based on several personal examinations of the mine and study of past records.
6. I have no interest in the properties or securities of Eastmont Silver Mines Ltd., nor do I expect to obtain any such interest.

“John Lamb”

John Lamb,
Professional Engineer.

Dated at Vancouver, B.C.,
28 May 1968.

Cominco Ltd./Trail, British Columbia, Canada

Mr. G.B. Bandeen
Eastmont Silver Mines Ltd.
Box 227
New Denver, B.C.

November 15, 1968

Dear Mr. Bandeen:

We have completed an assay of the ore sample forwarded with your letter dated October 18, and I am enclosing certificate No. 8467 for your information.

Ore of this sample grade would be valued at about \$179 per ton delivered to Trail based on October 1968 metal prices and the present Cominco Open Schedule for Purchase of Silicious Ores.

The shipment received in late October was satisfactory and we are prepared to receive additional shipments on the basis of my letter to you dated October 21, 1968.

I would appreciate receiving your comments and plans for future production.

Yours very truly,

“W. G. SIDDALL”

W. G. Siddall
Ore Buyer

Assay Certificate



Date **November 15** 19 **68**

Cominco Ltd., Trail, B.C.

Description	Lot	oz/ton		%Pb	%Zn	%S	%SiO ₂	%Fe	%CaO	%Sb	%As	%Al ₂ O ₃	C No.	
		%H ₂ O	Au											Ag
Eastmont Silver Mines														
Siliceous Ore														
377096	1	4.4	.019	69.55	4.2	3.3	2.8	58.6	4.5	2.9	<.1	.1	11.1	3678
Corrected for fine metallics			.019	69.60										

Serial No. **8021 - C**

Supervisor

C. Bogstue

THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA LIMITED

Our Serial No. 8021-C

SILICEOUS ORE SETTLEMENT

FINAL

Trail, B.C. Nov. 19, 1968

In Account With Eastmont Silver Mines Ltd.
506 - 905 W. Pender St.
VANCOUVER, B.C.

Lot No. 1

Car No. CP 377096 Received Oct. 29th

For Siliceous ore

Freight Value \$ Freight Rate \$

SCALE WEIGHT			WEIGHT OF SHIPMENT						
Gross	Tare	Net	Gross	No. Sacks	Wt. of Sacks	Net Wet Wt.	4.4 %H ₂ O	Net Dry Wt.	Dry Tons
100,360	49,180	51,180				51,180	2,252	48,928	24,464
lb.	lb.	lb.	lb.		lb.	lb.	lb.	lb.	

ASSAYS										
Gold	Silver	Wet Lead	Zinc	Sulphur	Silica	Iron	Lime	Arsenic	Alumina	Antimony
.019	69.60	4.2	3.3	2.8	58.6	4.5	2.9	.1	11.1	.1
oz. per dry ton	oz. per dry ton	%	%	%	%	%	%	%	%	%

AVERAGE QUOTATIONS

Week Ending	Nov. 9, 1968									
					Exchange					
GOLD		\$					Less \$1.25	Net \$		oz.
SILVER	New York price	\$ 1.95875			7.28125		.04	Net	2.06137	oz.
LEAD	New York price	13.00	c. lb.		"		Less 3.0	Net	10.947	c. lb.
ZINC "P.W."	St. Louis price	13.50	c. lb.		"		Less 7.0	Net	7.483	c. lb.

CONTENTS AND VALUE

CONTENTS			CONTENTS PAID FOR			NET QUOTATION		VALUE	
	ozs.	%		ozs. @ \$		oz.	\$		\$
1,702.69	ozs. GOLD	%							
	ozs. SILVER	95 %	1,617.56	ozs. @ \$	2.06137	oz.		3,334.39	
2,055	lbs. LEAD	489 Lbs. M.D. %	1,566	ozs. @	10,947	c. lb.		171.43	
1,615	lbs. ZINC	1,223 " " %	392	ozs. @	7.483	c. lb.		29.33	
									\$ 3,535.15
					Silica @ \$.59 Dr.	(Details below)			14.43 Dr.
								TOTAL GROSS VALUE	\$ 3,520.72
					Less: Trucking	\$			
					Switching	8.20			
					Freight	11.90			20.10
Less	% Royalty on \$		to						\$ 3,500.62

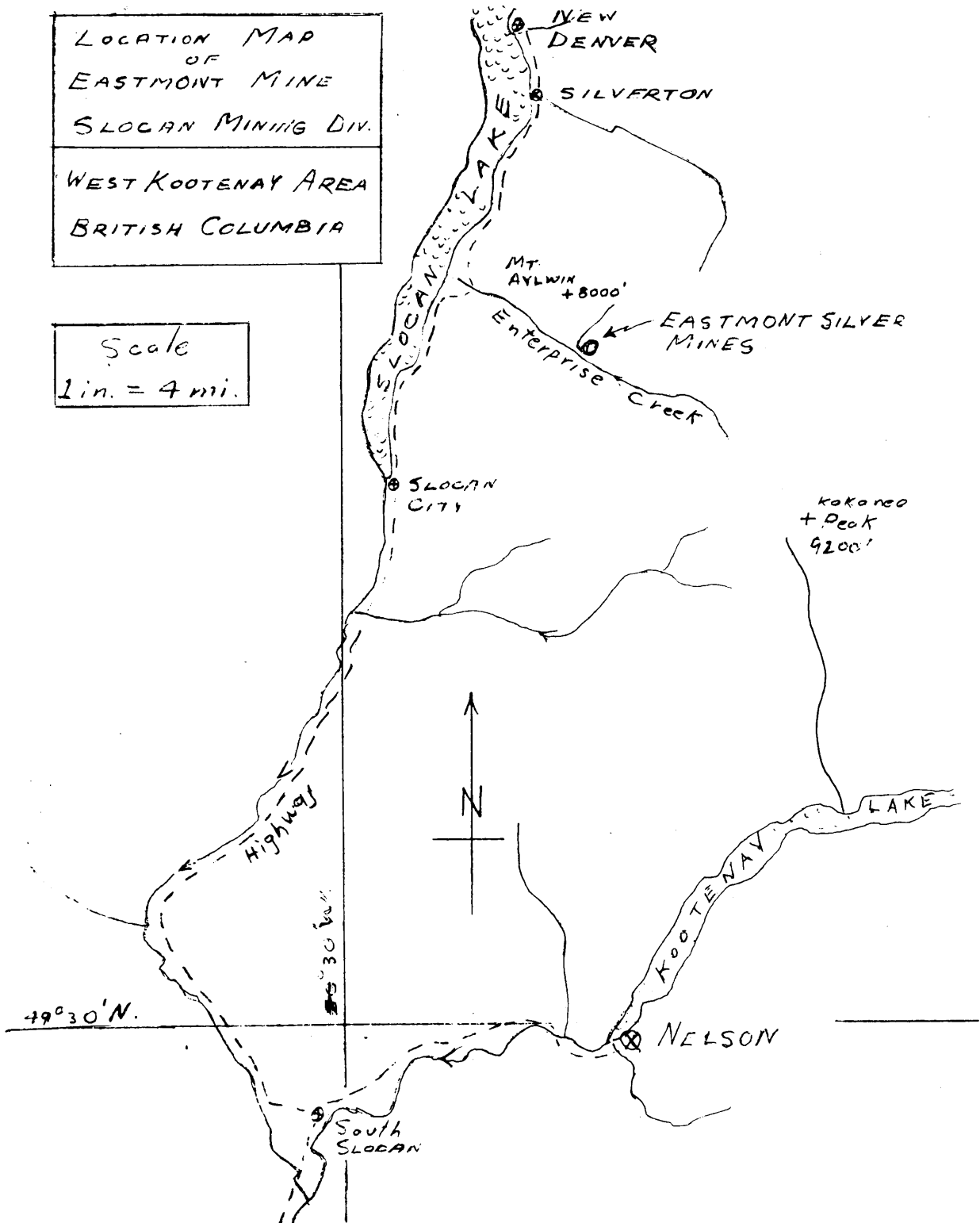
SILICA

CREDIT		\$3.50
Dr. Alumina	11.1 @ .15	1.67
Dr. Iron Fe ₂ O ₃	4.5 x 1.43 = 6.4 @ .15	.96
Dr. Lead as Pb S	4.2 x 1.15 = 4.8 @ .15	.72
Dr. Zinc as Zn S	3.3 x 1.45 = 4.9 @ .15	.74
Dr. Arsenic		
Dr. Moisture		
Dr. Extra Handling		
		\$ 3,500.62

NET PER DRY TON .59 Dr. JS/dm

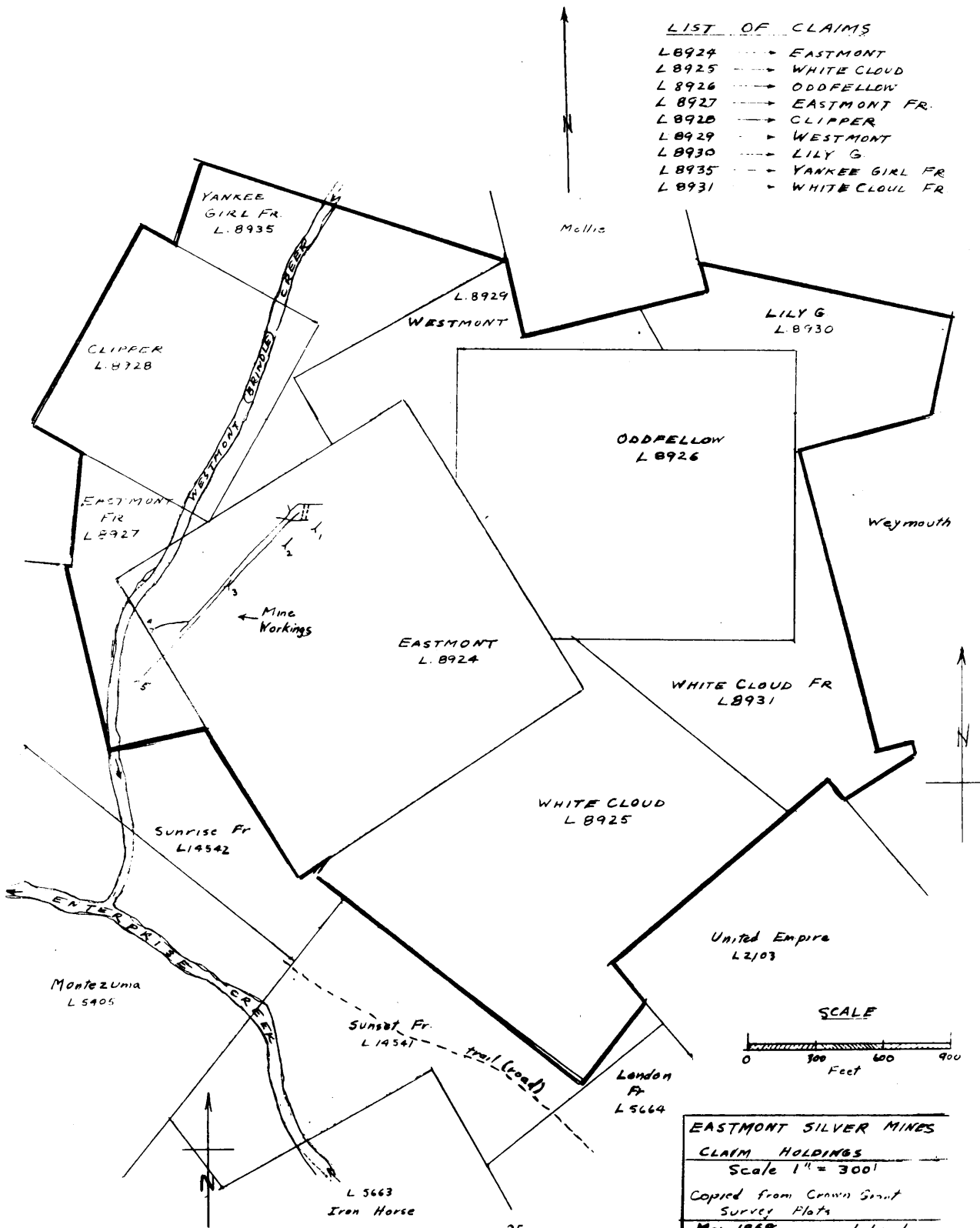
LOCATION MAP
OF
EASTMONT MINE
SLOGAN MINING DIV.
WEST KOOTENAY AREA
BRITISH COLUMBIA

Scale
1 in. = 4 mi.

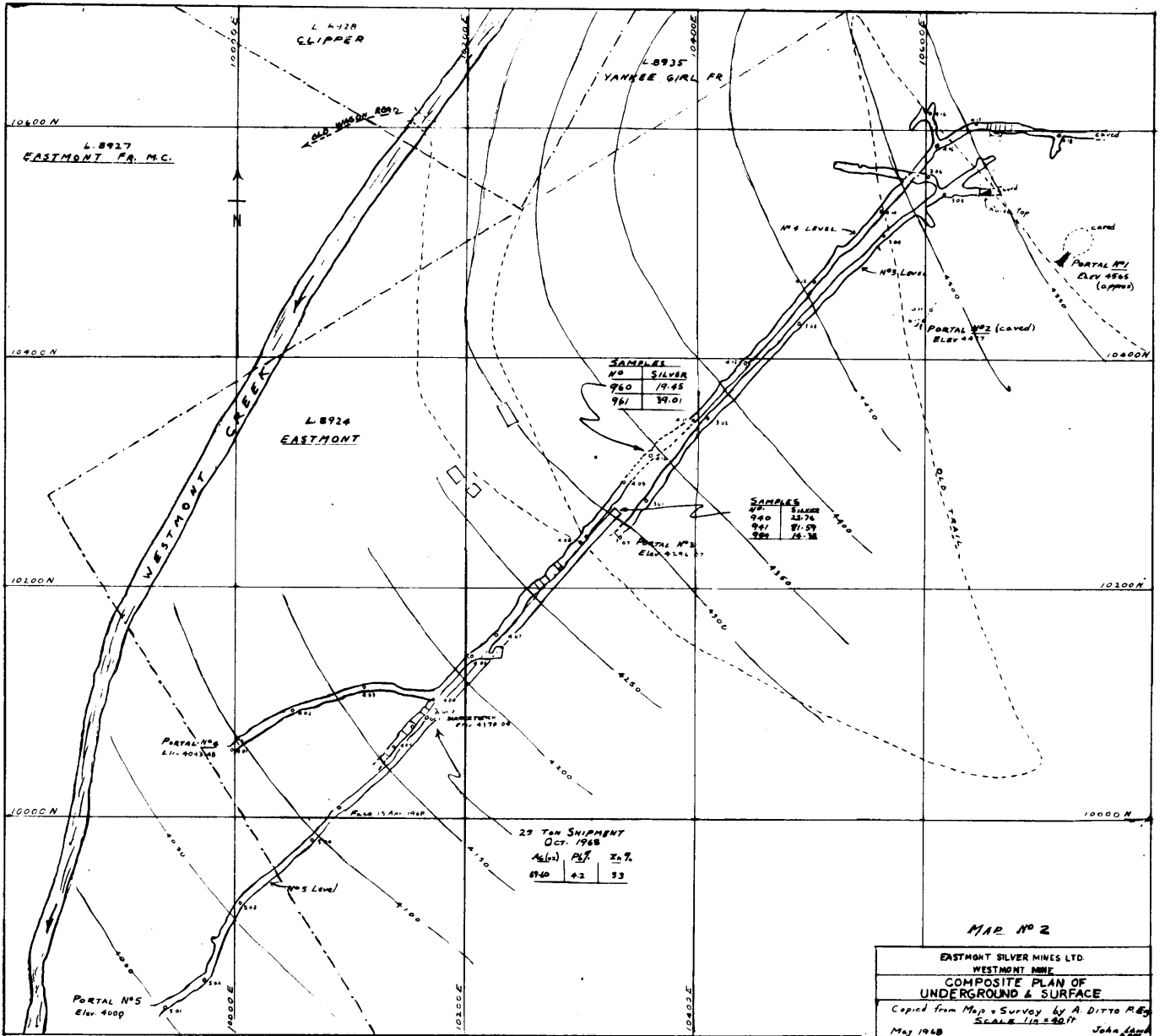


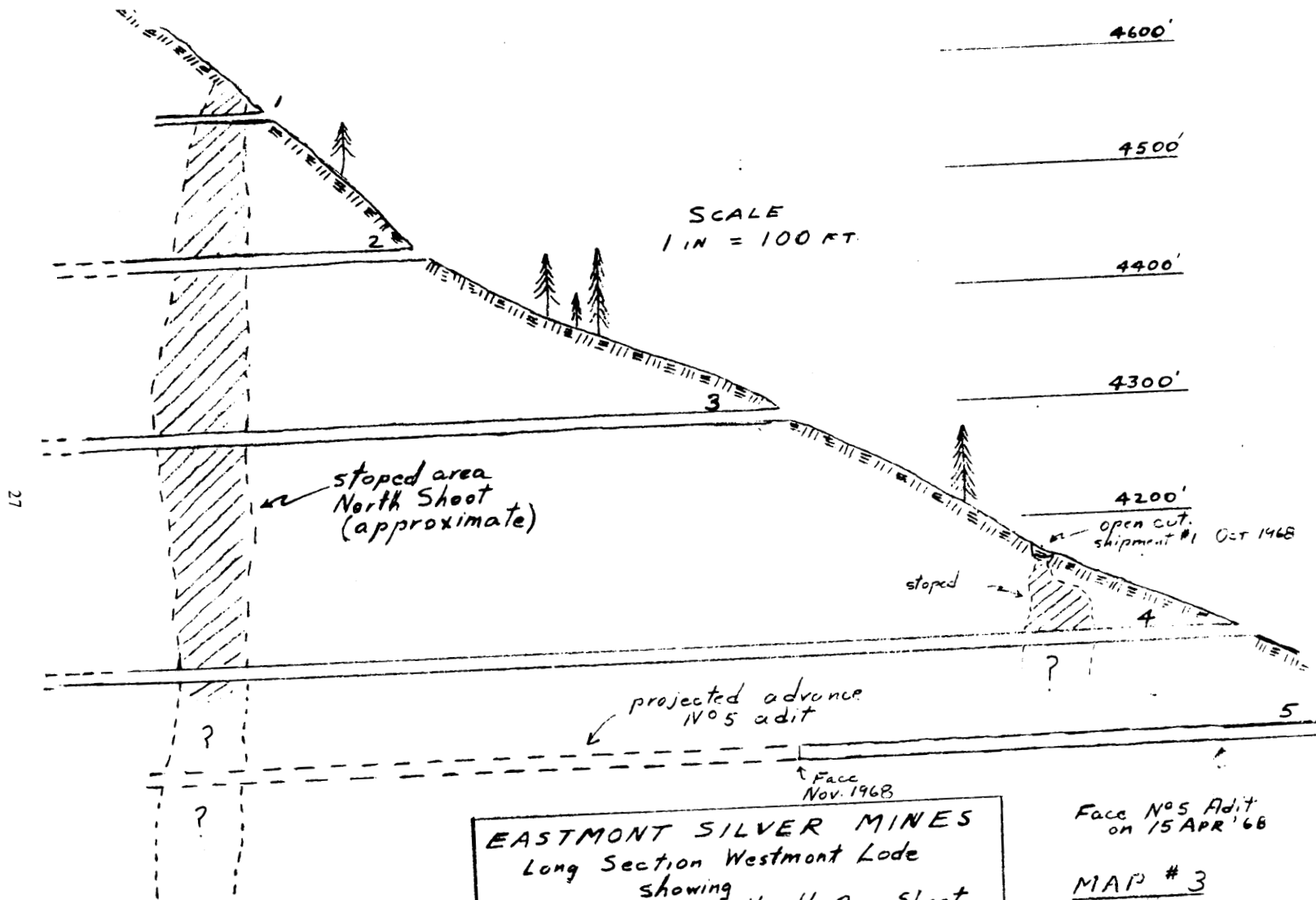
LIST OF CLAIMS

- L 8924 → EASTMONT
- L 8925 → WHITE CLOUD
- L 8926 → ODDFELLOW
- L 8927 → EASTMONT FR.
- L 8928 → CLIPPER
- L 8929 → WESTMONT
- L 8930 → LILY G.
- L 8935 → YANKEE GIRL FR
- L 8931 → WHITE CLOUD FR



EASTMONT SILVER MINES
CLAIM HOLDINGS
 Scale 1" = 300'
 Copied from Crown Grant
 Survey Plans
 May 1968 J. Lamb





SCALE
1 IN = 100 FT.

stopped area
North Shoot
(approximate)

open cut.
shipment #1 Oct 1968

stopped

projected advance
No. 5 adit

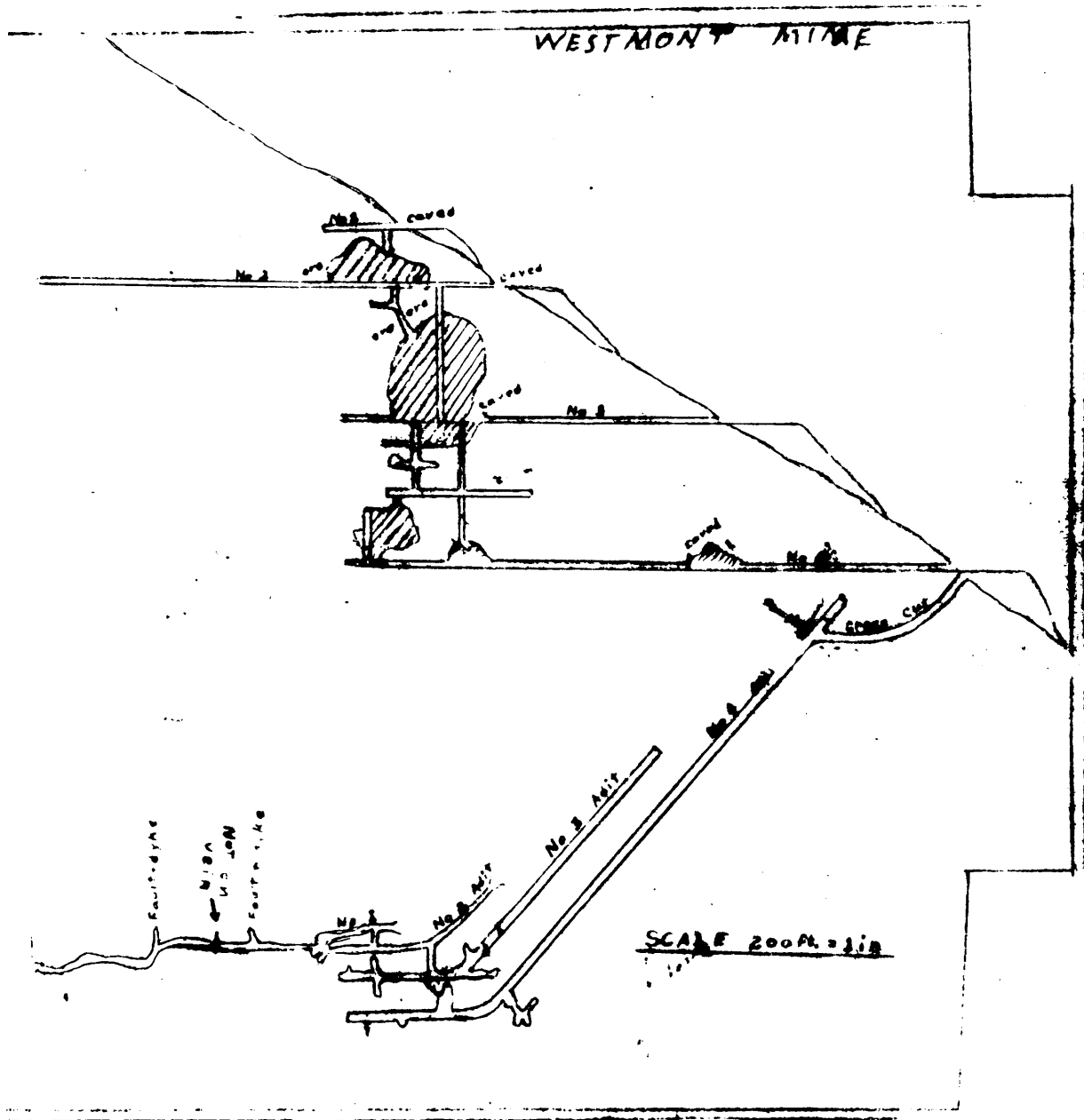
Face
Nov. 1968

Face No. 5 Adit
on 15 APR '68

EASTMONT SILVER MINES
Long Section Westmont Lode
showing
target area North Ore Shoot JL

MAP # 3

27



Map No. 4
drawn in early days

JOHN LAMB, P. Eng.

Mining Geologist

744 Donegal Place,
North Vancouver, B.C.

18 September, 1970.

Mr. W.R. Bandeen,
Eastmont Silver Mines Ltd.,
101 - 535 Thurlow Street,
VANCOUVER, 5. B.C.

Dear Mr. Bandeen:

re: Eastmont Exploration Program

Below are amendments to the exploration program I recommended to you in my report dated 6 December, 1968.

A. North Ore Shoot

1. Advance No. 5 level heading a further 530 feet on the Westmont lode to explore the downward projection of the ore shoot	Anticipated cost	—	\$ 31,800
2. Crosscut 200 ft. to the southeast to explore for parallel lodes and provide a base for diamond drilling the lode above and below No. 5 level	Anticipated cost	—	\$ 12,000
3. Raising to reach No. 4 level and further investigate the lode. Allow 250 ft.	Anticipated cost	—	\$ 10,000
4. Diamond drilling in an unspecified number of holes, 2000 feet	Anticipated cost	—	\$ 10,000
	Sub-total		\$ 63,800
	Contingency allowance (10%)		6,380
	Total Exploration Cost		<u>\$ 70,180</u>

Yours truly,

“JOHN LAMB”

John Lamb, P. Eng., Mining Geologist

Progress Report
EASTMONT SILVER MINES LIMITED
New Denver, B.C.

August 1970

John Lamb, P. Eng.

INTRODUCTION

The work done in 1969 and in 1970 to date, is described below. The writer personally examined last year's work but has not yet visited the property during the current year. All work has been under direct supervision of G. Bandeen.

DEVELOPMENT IN 1969

No. 5 Level

- A. The face of this heading was advanced approximately 40 feet to investigate a streak of mineralization discovered by G. Bandeen in 1968 (see writer's report in last prospectus, Page 16). Unfortunately the mineralization was both too narrow and too short to be mineable. No further work was done in this area.
- B. A raise was commenced on No. 5 level from a point 230 feet ahead of the portal and 365 feet behind the face. The purpose of this raise was to investigate an ore intersection in a diamond drill hole, put down by Sterling Silver Mines from No. 4 level in 1963. By the time the raise, inclined at 45° had reached a length of 32 feet, streaks of good mineralization were showing on lode strands angling into the west wall. Raising then halted and a program of slashing was started in the west wall of the drift below, to expose these lode strands at track level. Coupled with a few test holes, the slashing indicated a pod of mineralization over twenty feet long, 8 feet thick at its widest point, tapering rapidly in both directions (see accompanying sketch). Here galena, sphalerite and gray copper were sprinkled through a white siliceous gangue and greenish altered rock, tending to be more concentrated close to the various lode strands. After the broken ore was removed to surface, part of it was carefully sorted. From this sorting, 9.5 tons of ore was shipped to the Trail smelter in August 1969. The ore graded 82.5 oz. per ton silver, 4.5% lead and 6.1% zinc and the gross smelter value of the shipment was almost \$1,400. The smelter settlement is attached to this report. A further 25 tons of broken ore remains on the property and will require sorting, before another smelter shipment is made.

SURFACE PROSPECTING

George Bandeen has been prospecting this summer above and to the northeast of No. 1 level and reports locating signs of another parallel lode in this area.

Respectfully submitted,

“JOHN LAMB”

John Lamb, P. Eng.
Mining Geologist

Lead Settlement Preliminary



Our Serial No. 9212-C
 In Account With Eastmont Silver Mines Ltd.
 1760 Bentall Tower 1
 505 Burrard St.
 Vancouver, B.C.

Trail, B.C.

August 12, 19 69

For Lead ore

Lot No. 2

Car No. 1 truck

Received July 7/69

Freight Value \$

Freight Rate \$

Scale Weight			Weight of Shipment			Min.			
Gross	Tare	Net	Gross	No. Sacks	Wt. of Sacks	Net Wet Wt.	% H ₂ O	Net Dry Wt.	Dry Tons
						19,160	96	19,064	9.532
lbs.	lbs.	lbs.	lbs.		lbs.	lbs.	lbs.	lbs.	

Assays										
Gold	Silver	Wet Lead	Zinc	Sulphur	Silica	Iron	Lime	Arsenic	Antimony	
.012	82.5	4.5	6.1	4.5	66.7	3.0	3.2	.1	.1	
oz. per dry ton	oz. per dry ton	%	%	%	%	%	%	%	%	%

Quotations

Ag	Pb	Zn	Tadanac	Realized	Prices	Ave	July 31, 19 69	June, 19 69	Exchange	Less \$1.25	Net \$	oz.
									@ 7.8125	\$.02	Net \$ 1,715.78	oz.
										Less .6 ¢	Net 12,035	C. lb.
										Less 5.5 ¢	Net 7,278	C. lb.

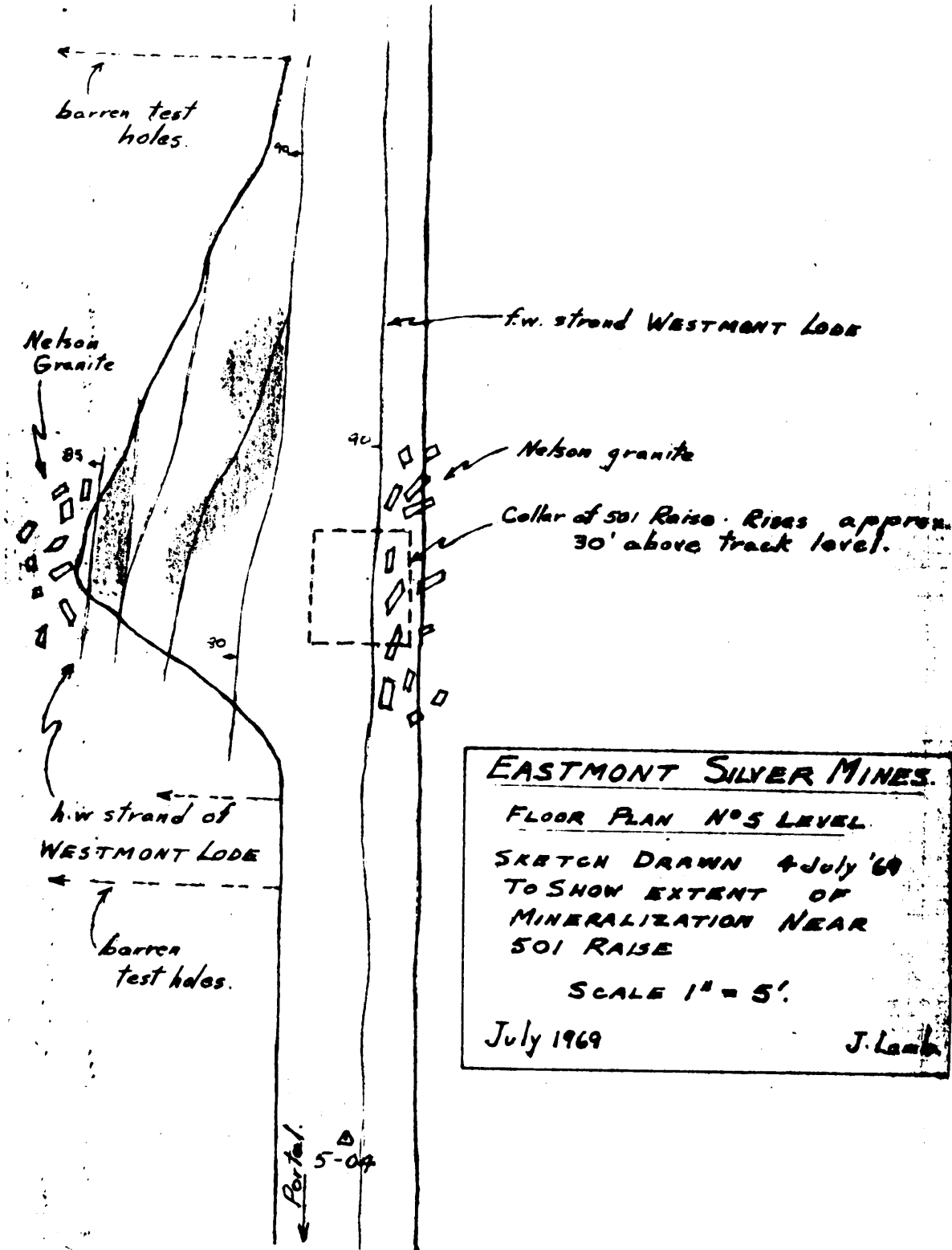
Contents and Value

Contents		Contents Paid for		Net Quotation		Value
	Oz. Gold	%		ozs. @ \$	/oz.	\$
786.39	Oz. Silver	95 %	747.07	ozs. @ \$	1,715.78 /oz.	1,281.81
858	Lbs. Lead	191 # H. D.	667	lbs. @	12,035 C./lb.	80.27
1,163	Lbs. Zinc	44 %	512	lbs. @	7,278 C./lb.	37.26
Less: Total Gross Value						\$ 1,399.34
Treatment @ \$ 8.51						81.12
Details Below						\$ 1,318.22
Trucking						-
Switching						-
Freight						\$ 1,318.22
Less % Royalty on \$ to						-
Treatment Rate						\$ 1,318.22

Base Charge	\$ 15.00
Iron Zinc Penalty	
Arsenic Antimony	
Moisture	
Extra handling trucking	.75
Lead credit	25.5 @ \$.10 = 2.55
Silica L. mg credit	69.9 @ \$.14 = 9.79
	\$ 8.51
TOTAL TREATMENT PER DRY TON	

Advance \$ 980.00

/ag



AUDITORS' REPORT

The Shareholders,
Eastmont Silver Mines Limited,
Vancouver, B.C.

We have examined the balance sheet of Eastmont Silver Mines Limited as at July 31, 1970 and the statements of exploration, development and other expenditures and source and application of funds for the seven months 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 July 31, 1970 and the results of its operations and the source and application of its funds for the seven months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

“SHAND, PEARMAIN, McAFEE & PEW”

Shand, Pearmain, McAfee & Pew
Chartered Accountants

Vancouver, B.C.
August 27, 1970

EASTMONT SILVER MINES LIMITED

BALANCE SHEET AS AT JULY 31, 1970

(With comparative figures as at December 31, 1969)

	July 31, 1970	December 31, 1969
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,019	\$ —
Accounts receivable	1,335	—
Prepaid expense	199	99
	<u>2,553</u>	<u>99</u>
FIXED ASSETS, at cost		
Mining equipment	4,466	4,151
Mobile equipment	17,037	17,307
	<u>21,503</u>	<u>21,188</u>
PROPERTIES, at cost (Notes 1 and 2)		
Mineral claims	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES, at cost		
Balance at beginning of period	36,681	23,425
Expenditures for the period (Exhibit B)	10,395	13,256
	<u>47,076</u>	<u>36,681</u>
INCORPORATION EXPENSE, at cost	1,337	1,337
	<u>\$112,469</u>	<u>\$ 99,305</u>

APPROVED ON BEHALF OF THE BOARD

“W.R. BANDEEN”

Director

“T.J. MERRIFIELD”

Director

EASTMONT SILVER MINES LIMITED

EXHIBIT A

BALANCE SHEET
AS AT JULY 31, 1970

(With comparative figures as at December 31, 1969)

LIABILITIES AND SHAREHOLDERS' EQUITY	July 31, 1970	December 31, 1969
CURRENT LIABILITIES		
Bank indebtedness	\$ —	\$ 114
Accounts payable	7,076	5,272
Due to shareholders	8,806	5,432
Due under property option agreement (Note 2)	486	486
	<u>16,368</u>	<u>11,304</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 3)		
Authorized		
3,000,000 common shares, no par value		
Issued and fully paid		
496,205 shares for cash (1969 - 480,005)	56,101	48,001
749,995 shares for consideration other than cash	40,000	40,000
1,246,200	<u>96,101</u>	<u>88,001</u>
	<u>\$112,469</u>	<u>\$ 99,305</u>

The notes appearing in Exhibit D form an integral part of these financial statements.

This is the balance sheet referred to in our report dated August 27, 1970.

Shand, Pearman, McAfee & Pew,
Chartered Accountants

**STATEMENT OF EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES
FOR THE SEVEN MONTHS ENDED JULY 31, 1970**

(With comparative figures for the year ended December 31, 1969)

	July 31, 1970	December 31, 1969
EXPLORATION AND DEVELOPMENT		
Assays	\$ 164	\$ 147
Cookhouse supplies	14	507
Employee benefits	83	381
Engineering fees	2,870	529
Equipment rental	—	60
Equipment repairs	124	497
Freight	—	16
Fuel	45	247
General expenses	—	38
Insurance	247	331
Licences	—	200
Mining supplies	—	103
Royalty payment (Note 2)	—	136
Surveying and mapping	—	2
Truck licences and registration	—	323
Utilities	—	66
Vehicle and equipment operation	856	2,858
Wages	166	5,185
	<u>4,569</u>	<u>11,626</u>
ADMINISTRATIVE		
Advertising and promotion	191	226
Audit and legal	1,477	4,533
General expenses	10	—
Interest and bank charges	1,022	1,436
Memberships and subscriptions	125	55
Printing, stationery and office	777	28
Rent	1,050	—
Telephone	221	445
Transfer agent fees	428	—
Travel and accommodation	1,005	166
	<u>6,306</u>	<u>6,889</u>
	10,875	18,515
SUNDRY INCOME		
Revenue from sale of ore	—	1,357
Equipment rental income	480	3,902
	<u>480</u>	<u>5,259</u>
EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES FOR THE PERIOD (Exhibit A)	<u>\$ 10,395</u>	<u>\$ 13,256</u>

EASTMONT SILVER MINES LIMITED

EXHIBIT C

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE SEVEN MONTHS ENDED JULY 31, 1970

(With comparative figures for the year ended December 31, 1969)

	July 31, 1970	December 31, 1979
SOURCE OF FUNDS		
Sale of share capital for cash	\$ 8,100	\$ 23,000
APPLICATION OF FUNDS		
Operations		
Exploration, development and other expenditures for the period (Exhibit B)	10,395	13,256
Purchase of fixed assets	315	15,511
	<u>10,710</u>	<u>28,767</u>
DECREASE IN WORKING CAPITAL FOR THE PERIOD	2,610	5,767
WORKING CAPITAL DEFICIENCY AT BEGINNING OF PERIOD	<u>11,205</u>	<u>5,438</u>
WORKING CAPITAL DEFICIENCY AT END OF PERIOD	<u>\$ 13,815</u>	<u>\$ 11,205</u>
WORKING CAPITAL DEFICIENCY REPRESENTED BY		
Current liabilities	\$ 16,368	\$ 11,304
Current assets	2,553	99
	<u>\$ 13,815</u>	<u>\$ 11,205</u>

EASTMONT SILVER MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

As at July 31, 1970

NOTE 1 – MINERAL PROPERTIES

The company is the registered owner of an irrevocable, sole and exclusive option to purchase a 100% interest in and to the following Crown Granted Mineral Claims situate in the Slocan Assessment District, Province of British Columbia:

Eastmont Mineral Claim	Lot 8924
White Cloud Mineral Claim	Lot 8925
Odd Fellow Mineral Claim	Lot 8926
Eastmont Fractional Mineral Claim	Lot 8927
Clipper Mineral Claim	Lot 8928
Westmont Mineral Claim	Lot 8929
Lily G. Mineral Claim	Lot 8930
White Cloud Fractional Mineral Claim	Lot 8931
Yankee Girl Fractional Mineral Claim	Lot 8935

The company has the right to all minerals, precious and base save coal and petroleum in or under the above noted Crown Granted Mineral Claims.

In return for the rights contained in the option agreement, the company issued 749,995 common shares as fully paid with a deemed value of \$40,000.

NOTE 2

Under the terms of an option agreement dated October 20, 1967, the company must make annual payments to the optionor, amounting to 10% of net smelter returns received from the operations carried out on the mineral properties.

The Directors of the company, Mr. T.J. Merrifield, Mr. W.R. Bandeen and Mr. G.B. Bandeen have agreed to personally pay to the optionor the sum required to make up any deficiency between 10% of the net smelter return and the minimum annual payment of \$2,500.

The aforementioned option agreement calls for a total purchase price of \$40,000. Subsequent to July 31, 1968, the company has received \$4,858 from the sale of siliceous ore thereby becoming liable for \$486 of the July 31, 1969 and July 31, 1970 option payments.

In order to protect its interest in the property, the company may be subject to a maximum liability of \$32,500 based on smelter returns to July 31, 1970. For each year in which no smelter returns are received this liability will reduce by \$2,500 as set forth in paragraph 2 of this note.

EASTMONT SILVER MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

As at July 31, 1970

NOTE 3 — SHARE CAPITAL

Shares have been issued as follows:

	Shares	Price	Commission	Net Proceeds
Issued for cash				
To December 31, 1969	480,005	\$.10	\$ Nil	\$ 48,001
To July 31, 1970	16,200	.66	.16	8,100
Issued for mineral properties	749,995	.0533	—	40,000
	<u>1,246,200</u>			<u>\$ 96,101</u>
Authorized share capital	<u>3,000,000</u>			
Balance in treasury	<u>1,753,800</u>			

ACCOUNTANTS' COMMENTS

The Shareholders,
Eastmont Silver Mines Ltd.,
Vancouver, B.C.

The accompanying statement of source and application of funds for the five months ended December 31, 1970 has been prepared by us from the books and records of the company and from information supplied, without verification by us.

“SHAND, PEARMAIN, McAFEE & PEW”

Shand, Pearmain, McAfee & Pew
Chartered Accountants

Vancouver, B.C.
January 27, 1971

EASTMONT SILVER MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE FIVE MONTHS ENDED DECEMBER 31, 1970

(With comparative figures for the seven months ended July 31, 1970)

	<u>December 31,</u> 1970	<u>July 31,</u> 1970
SOURCE OF FUNDS		
Sale of share capital for cash	\$ —	\$ 8,100
Proceeds from sale of truck	2,500	—
	<u>2,500</u>	<u>8,100</u>
APPLICATION OF FUNDS		
Operations		
Exploration, development and other expenditures for the period	1,787	10,395
Purchase of fixed assets	—	315
	<u>1,787</u>	<u>10,710</u>
INCREASE (DECREASE) IN WORKING CAPITAL DEFICIENCY	(713)	2,610
WORKING CAPITAL DEFICIENCY AT BEGINNING OF PERIOD	<u>13,815</u>	<u>11,205</u>
WORKING CAPITAL DEFICIENCY AT END OF PERIOD	<u>\$ 13,102</u>	<u>\$ 13,815</u>
WORKING CAPITAL DEFICIENCY REPRESENTED BY		
Current liabilities	\$ 15,107	\$ 16,368
Current assets	2,005	2,553
	<u>\$ 13,102</u>	<u>\$ 13,815</u>

Prospectus

**EASTMONT SILVER
MINES LTD.**