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HIGHLAND MERCURY MINES LIMITED

VARIOUS PROPERTY INTERESTS REVIEWED - Highland Mercury Mines Limited have started drifting in the No.6 vein adit on the gold-silver-copper-zinc prospect on Highway No.4, 23 miles west of Port Alberni, B.C., in the Taylor River area. As noted in GCNL 40(76), L.Trenholme, P.Eng., reported in January this year that, "Trenching, diamond drilling and underground work on the principal vein (No.6) have demonstrated the occurrence of good grade gold-bearing sulphides lenses along a strong and persistent near-vertical shear structure. During 1975 the No.6 Vein Adit was enlarged, timbered and advanced about 30 feet. It is now in excellent condition to facilitate additional work.

Highland Mercury's president, J.D.Leishman, says that, since Mr. Trenholme's January report,

Distance From Portal	Gold oz/ton	Silver oz/ton	Copper %	Zinc %	Remarks
280 feet	1.24	9.26	5.49	0.10	20 lb.sample from floor
414 feet	0.224	0.32	-	-	sample from roof
458 feet	0.648	0.62	1.64	0.16	sampled across 1 7/10 ft

a further 100 feet of drifting has been completed in the adit from which samples have assayed as in the adjoining table. A further 12 feet of adit has been completed with the sul-

phide zone increasing to 3 feet but assays have not yet been received. Drifting continues.

Dr. Leishman advises that, in Ontario, a uranium property comprising 7 claims has been optioned. This property has indicated a zone 8 to 15 feet wide and possibly 1500 feet long containing 2 to 2½ lbs. U308. However, a complete record of all sampling results is not available. A freshening of the trenches and check sampling to verify the above reported values is to be undertaken immediately.

Concerning the company's other interests, Dr. Leishman says, "We anticipate increased activity in the Summit Lake area of the Yukon this summer. We understand Placer and their partner U.S. Steel have an extensive program on their property. Your company's properties are well located geologically and geographically. We plan some work on this ground during this season. The Harman Syndicate has excellent properties in the Yukon and N.W.T. There are possibilities of very large deposits of zinc and there is a great deal of interest by major mining companies in these properties. Exploration on Quartz Hill in California was disappointing and the property was dropped. In the Cheticamp area of Cape Breton, N.W., a prospect was presented. The initial program failed to meet our targets and it, too, was dropped. The area has much interest to us and there is real potential for significant deposits."

In the year to 31Dec75, the company received \$185,000 from sale of 500,000 shares. Applied were \$182,657, being \$103,672 on exploration, \$50,000 to buy claims, \$21,595 on administration and \$7,390 as investment in Harman Syndicate. Working capital stood at \$115,376 at 31Dec75 when 2,162,000 shares were outstanding, unchanged at 15Apr76.

Annual meeting: 26May76, 10 a.m., Georgia Hotel, Vancouver. Largest shareholder is Teck Corporation Limited with 11½% of issued shares.

HIGHLAND MERCURY MINES LIMITED

ENCOURAGING RESULTS FROM 1975 PROGRAM - J.D. Leishman, president of Highland Mercury Mines Limited, has reported that the encouraging results from the 1975 exploration work on the Taylor River gold property, located 23 miles west of Port Alberni, Vancouver Island, B.C. have resulted in the planning of an expanded 1976 season program.

Results of the past work and recommendations for the next phase of exploration are reviewed in a Jan. 22, 1976, report by L.S. Trenholme, consulting geologist. In summary he says, "Trenching, diamond drilling and underground work on the principal vein (No. 6) have demonstrated the occurrence of good grade gold-bearing sulphide lenses along a strong and persistent near vertical shear structure."

Earlier work on the property has included drilling of some nine holes. Three of these cut good grades of gold in a quartz vein. The assay results are as follows: No. 72-1 cut 10 feet grading 0.815 oz. gold per ton; No. 73-2 cut 11 feet grading .840 oz. gold per ton and 73-3 cut 9 feet grading .760 oz. gold per ton. These intersections are at 35 feet, 130 feet and 60 feet below the extension of the present adit level. An adit level has been driven 372 feet, with approximately 30 feet of this having been driven in 1975. The adit level has encountered mineralized and silicified lenses carrying low grade gold and silver but has not explored the material cut in the drill holes. The current recommended work is the advancing of the adit level some 70 to 100 feet in an effort to cut the target gold mineralization and then to cut drill stations and fan out drill holes below the level in an effort to duplicate the assays from the surface drill holes.

Highland Mercury Mines Limited hold an option on the property from Lou-Mex Mines Ltd. under which it can earn by work performed, plus some cash and share payments a 100% interest in the property. Highland Mercury intends to proceed with the program as funds on hand and the monies from additional financing now under negotiation permit.

HIGHLAND MERCURY MINES LIMITED

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MEETING TOLD OF NEW PROGRAM ON B.C. - Directors were re-elected at the annual meeting of GOLD CLAIMS & ABOUT NEWLY ACQUIRED Highland Mercury Mines Limited on 26 May 76: J.D. Leishman, URAMIUM PROSPECT NEAR BANCROFT, ONT. president, owning 160,498 shares; R.E. Hallbauer, 137,498; R.W. Falkins, 135,000; Michael Butler, 131,250 and B.O. Brynelsen, nil.

GCNL #104 June 1st, 1976

Concerning the gold-silver-copper-zinc property in Taylor River area, 23 miles west of Port Alberni, B.C., Dr. Leishman told the meeting that, since his annual report (reviewed in GCNL 89(76), drifting was stopped at 487 feet from the portal. The mineralized zone remained and was 2 to 3 feet wide. The last section on face assayed 0.274 oz. gold per ton with some silver grading 0.45 oz. per ton and 0.63% copper. To allow drilling under the vein a cross cut was driven for 40 feet at 350 feet from the portal. Three holes will be drilled from this crosscut to test the zone at depth. From previous drilling, former operators reported the vein to be 7 to 10 feet wide grading 0.78 to 0.84 oz. gold. Highland Mercury's program will take 3 to 4 weeks to complete and is to substantiate the previous reports.

ME 3, 1970

N. Miner June 3rd, 1976

Highland Mercury uranium prospect

VANCOUVER - Highland Mercury Mines has taken under option a promising uranium prospect, the Rexdale property, consisting of one 10-claim group and one 12-claim group, 45 miles east of Bancroft, Ont., J. D. Leishman, president, reported at the annual meeting.

An independent engineer has been engaged to review the work to date and recommend a program.

From previous reports, Mr. Leishman said, it has been suggested there is potential for a medium sized uranium mine or, with further investigation, an open pit possibility.

Four radioactive zones were indicated by ground scintillometer surveys and diamond drilling. The radioactivity is confined to pegmatites.

Work is continuing on the Taylor River area gold prospect held under option near Port Alberni, Vancouver Island. The No. 6 vein adit

has been halted at the 487-ft. mark at which point the mineralized zone remains strong with 2-3 ft. width. The last section on face assayed 0.274 oz. gold and 0.45 oz. silver per ton and 0.63% copper. A 40-ft. crosscut has been driven from the adit at 350 ft. from the portal and three holes are to be drilled from this crosscut to test the zone at depth and to substantiate previous reports. Previous operators reported the vein to be 7-10 ft. wide and the grade 0.78-0.84 oz. gold per ton.