

## PROSPECTUS

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Swakum ORISEN?  
Vastlode ?

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

New Issue

400,000 Shares

Par Value 50¢ Each

HIGHLAND LODE MINES LTD. (N. P. L.)

Incorporated under the laws of the Province of British Columbia

HEAD OFFICE:

814 - 510 West Hastings Street  
Vancouver, British Columbia

REGISTERED OFFICE:

1250 - 505 Burrard Street  
Vancouver, British Columbia

The Company offers by this prospectus 400,000 shares of its capital stock at 50¢ per share. Shares of this issue may be sold by trading Directors of the Company pursuant to the provisions of Section 7 (2) of the Securities Act, 1967, and registered securities salesmen who will receive commissions as set forth below. Shares of this issue may also be offered by persons and companies registered to trade in securities in the Province of British Columbia.

	Price to Public	Commissions	Proceeds to Company
Per Unit	50¢	10¢	40¢
Total	\$200,000.	\$40,000.	\$160,000.

THE COMPANY'S PROPERTIES DO NOT CONTAIN ANY PROVEN ORE RESERVES. A SUBSTANTIAL AMOUNT OF DRILLING AND OTHER EXPLORATORY WORK WILL HAVE TO BE DONE BEFORE A DETERMINATION CAN BE MADE AS TO WHETHER OR NOT THE CLAIMS CONTAIN ANY COMMERCIALY MINEABLE ORE BODIES.

THEREFORE, A PURCHASE OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION.

THERE IS NO EXISTING MARKET FOR THE SHARES OF THIS COMPANY.

WITH RESPECT TO LOCATED MINERAL CLAIMS HELD BY THE COMPANY NO SURVEY HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE MINING LAWS OF THE APPROPRIATE JURISDICTIONS IN WHICH SUCH PROPERTY IS SITUATE, THE EXISTENCE OF AND THE AREA OF SUCH PROPERTIES COULD BE IN DOUBT.

REFERENCE SHOULD BE MADE TO THE PARAGRAPHS "PROMOTERS" AND "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR A COMPARISON OF THE NUMBER OF SHARES HELD BY THE PROMOTER AND DIRECTORS OF THE COMPANY FOR CASH, SERVICES AND PROPERTY WITH THE NUMBER OF SHARES OFFERED BY THIS PROSPECTUS.

JUNE 23, 1969

THE COMPANY

The Company was incorporated on the 22nd day of September, 1967 under the Companies Act, British Columbia by Memorandum of Association. The Company converted from a private to a public company on June 18, 1969.

CAPITALIZATION

The authorized capital of the Company is \$2,500,000 divided into 5,000,000 shares of a par value of 50¢ each. There is only one class of shares and all rank equally as to dividends, voting rights, and participation in assets.

SHARE CAPITALIZATION	OUTSTANDING AS OF JAN. 31, 1969	OUTSTANDING AS OF MAY 30, 1969	OUTSTANDING ON COMPLETION OF OFFERING
5,000,000	1,877,807	1,895,261	2,295,261

Particulars of shares sold for cash within the past 12 months.

NUMBER OF SHARES	PRICE	DISCOUNT	COMMISSIONS	CASH RECEIVED
200,002	10¢	40¢	nil	\$20,000.02

945,259 shares are held by San Doh Mines Ltd. (Non Personal Liability) ("San Doh") and Vastlode Mining Co. Ltd. (N. P. L.) ("Vastlode") in consideration of exploration and development services performed by them upon the Highland Lode property (see paragraphs "Business and Property" and "Principal Holders of Securities").

Particulars of shares issued for exploration and development services:

	NUMBER OF SHARES	PRICE	CASH EQUIVALENT OF SERVICES PERFORMED
(1)	<u>Vastlode Mining Co. Ltd. (N. P. L.)</u>		
	153,200	25¢	\$38,300.28
(2)	<u>San Doh Mines Ltd. (Non-Personal Liability)</u>		
	250,000	10¢	\$25,000.00
	246,800	25¢	\$61,699.72
	295,259	50¢	\$147,629.50

All of the above 1,145,261 shares (i. e. those issued for cash and those issued for services) are held in trust by National Trust Company, Limited and will not be released to the beneficial owners until 30 days after the completion of this offering of shares and subject to the Superintendent of Brokers consenting to such release.

AUDITORS

The Auditors of the Company are Messrs. Riddell, Stead, Graham & Hutchison, Chartered Accountants, 505 Burrard Street, Vancouver 1, B. C.

REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent of the Company is National Trust Company, Limited, 510 Burrard Street, Vancouver 1, B. C.

BUSINESS AND PROPERTY

The Company is a mining company with power to engage in searching for and developing mineral properties.

The Company is the holder, subject to the provisions of the Mineral Act of the Province of British Columbia, of a full interest in the following located mineral claims situate in the Nicola Mining Division:

CLAIMS	RECORD NUMBERS	CLAIMS	RECORD NUMBERS
SUNSHINE 1 & 2	22367 & 22368	SUNSHINE 9 & 10	22369 & 22370
SUNSHINE 3 - 8	22361 - 22366	SUNSHINE 11 - 16	22431 - 22436

<u>CLAIMS</u>	<u>RECORD NUMBERS</u>	<u>CLAIMS</u>	<u>RECORD NUMBERS</u>
LO 6 & 7	20917 & 20918	SS 1 & 2	22606 & 22607
LEE 1 - 20	24989 - 25008	RS 1 & 2	22608 & 22609
LEE 21 - 40	29536 - 29555	ELVA 1 - 3	22483 - 22485
LO 9 - 16	20950 - 20957	WET 1 & 2	22557 & 22558
CAIN 1 & 2	22555 & 22556	TRISH 1 - 8	22543 - 22550
PATTI 1 - 6	22503 - 22508	FRIDAY 1 - 13	22454 - 22466
PATTI 7 - 10	22551 - 22554	SATURDAY 1 - 17	22526 - 22542
OS 1 & 2	22604 & 22605	VAL 1 - 12	34111 - 34122

The Company acquired the above-mentioned claims from Vastlode Mining Co. Ltd. (N. P. L.) of 814-510 West Hastings Street, Vancouver, B. C. by way of Bill of Sale recorded in the Vancouver Mining Recorder's Office, November 30, 1967 pursuant to an agreement between Vastlode Mining Co. Ltd. (N. P. L.) and San Doh Mines Ltd. (Non Personal Liability) also of 814-510 West Hastings Street, Vancouver, B. C. and dated June 16, 1967. According to that agreement Vastlode and San Doh received 750,000 shares of capital stock of Highland Lode (500,000 to Vastlode and 250,000 to San Doh) in return for the above-mentioned property. The agreement made provision for the further takedown of shares of Highland Lode by Vastlode and San Doh, as consideration for the performance by those companies of drilling and other development services upon the aforementioned property (see paragraph "Capitalization" for the current breakdown of such stock). Since that agreement provided for the reservation of the full 5,000,000 shares the Company is authorized to issue, it was necessary for San Doh and Vastlode to enter into a second agreement dated February 24, 1969, releasing their rights to any further shares in Highland Lode under the first agreement, so long as the prospectus dated February 28, 1969 is accepted for filing by the B. C. Securities Commission on or before June 24, 1969.

With the funds realized from the sale of securities offered by this prospectus, the Company proposes to conduct further exploration and development work in accordance with the recommendations made in the report of Alfred R. Allen, P. Eng., dated August 26, 1968. The following information has been taken from the reports of Sherwin F. Kelly dated February 5, 1968 and March 19, 1968, and the report of Alfred R. Allen, mentioned above.

REPORT OF SHERWIN F. KELLY  
DATED FEBRUARY 5, 1968

INTRODUCTION

This report summarizes recent development work on the 139 claim block lying on the west slope of Swakum Mountain, near Merritt, B. C. being developed by San Doh Mines Ltd. This block of mineral claims, originally owned by Vastlode Mining Co. Ltd. was transferred to Highland Lode Mines Ltd., a holding company owned jointly by Vastlode Mining Co. Ltd. and San Doh Mines Ltd. Control of the Highland Lode Company is exercised by San Doh Mines Ltd. The 139 claims (Lo, Sunshine, Friday, Saturday, Elva, Trish, Wet, Pattie, Cain, OS, SS, RS, Val and Lee) were transferred to Highland Lode Mines Ltd. by Bill of Sale dated May 27, 1967, on file in the Mining Recorder's Office in Merritt.

The site of the current operations is at the north end of Tolman Lake, half-way down the west flank of Swakum Mountain. It is accessible by paved highway from Merritt west to the Mamette Lake Road, thence north on that gravel highway to a dirt road which has been bulldozed easterly, up the north bank of Tolman Creek, to Tolman Lake. The road distance from Merritt is approximately 16 miles.

The area is one of rolling uplands, cut by occasional sharp creek gullies, rising from an elevation of about 3400 feet at the road, to approximately 4900 feet at the campsite. Some of it is pasture land, but in the vicinity of the operations it is well wooded, with abundant stands of fir and jackpine. The timber is suitable for mining use. There are several lakes on the claims, in addition to Tolman Lake, from which water can be obtained. Labor is available in Merritt. Transportation is provided by the Kettle Valley freight line of the Canadian Pacific RR., which has a station in Merritt, as well as via bus, truck, or car over main highways to the coast or to the interior.

GEOLOGICAL SETTING

The area between Guichon Creek on the west and Clapperton Creek on the east, occupied by Swakum Mtn. and Mount Guichon, is underlain by the Nicola series of volcanics and sediments. This series, of Triassic age, offers favorable host rocks for metallic mineralization. The source rocks are believed to be the Jurassic intrusives such as form the Guichon Batholith to the west (Craigmont Mine, Bethlehem Copper Mine, Lornex Mines, Highmont Mining Co. etc.) and the Central Nicola Batholith to the east (Toluma Mining & Development Co. property, formerly the Copperado Mine of the Guichon Mines Ltd.).

On the Vastlode claims, the Nicola rocks exposed on the surface and in trenches, and cut in the diamond drill holes, consist largely of flows and tuffs, with a few dikes. Among them are:- a porphyritic flow with pink feldspar phenocrysts, dark green andesites with minute blebs of ferromagnesian minerals, lighter gray green andesites, light gray feldspathic tuff (or rhyolite?), coarse tuff, and rhyolite dikes. Alteration is usually evident in the vicinity of mineralization, manifested by one or more of bleaching, development of sericite, and formation of epidote and chlorite, plus silicification and calcification.

The mineralization consists of galena, sphalerite, chalcopryrite, pyrite and pyrrhotite. These metallic minerals are found associated with quartz and calcite stringers filling fractures in the much-broken

volcanics, and more importantly, in an intensely brecciated zone of considerable width which has been recemented by calcite with some quartz, and the metallic sulphides.

The zinc-lead-copper-silver deposit currently under development on the Vastlode claims, occurs in a strongly brecciated zone cutting across a number of flows and tuffs, some of which were enumerated above. This brecciated shear zone is generally 25 ft. or more in width. With minor deviations, it strikes N 45° E and dips northwesterly at -45°. It has thus far been exposed in three areas, over a strike length of some 4,000 ft. Work is currently being concentrated on the middle exposure, Site No. 3.

The original discovery, Site No. 1, lies some 1,900 ft. to the southwest of No. 3. There, minor trenching and stripping have revealed galena and sphalerite mineralization in a shear zone of the type described. Its exact strike is not clear, but the exposure lines up with the other two sites, and is probably on the same shear zone. Site No. 2, trenched and drilled more extensively, lies about 1,800 ft. northeast of Site No. 3. Several trenches and drill holes produced numerous intersections with good mineralization in sphalerite, galena and chalcopryrite, and some notably high-grade ones. The mineralization occurs as described with quartz and calcite in stringers in the andesites, and especially in heavily brecciated formations with calcitic and quartzitic cement. Due probably to a complicated fault system, the drilling at this site has not yet produced clear evidence of the exact structural relationships of the mineralized zones. Nevertheless, a strong breccia zone is indicated, the site lines up with Sites Nos. 1 and 3, and probably lies on the same strong, northeasterly-striking shear zone that is producing ore mineralization at Site No. 3.

The sheared and brecciated zone at Site No. 3 has been exposed by trenching and cut in drill holes, for a length of 900 ft. from DDH #15 on the northeast to #14 on the southwest. Between these holes, six cross-sections have been drilled at intervals varying from 75 ft. to 220 ft. Two holes were drilled at each location, one usually at -60° and the other between -70° and 90°. Core recovery was poor in the intensely broken shear zone, and it is believed that there was loss of values due to grinding of sulphides in the broken core. In the steeper holes, the ore-bearing breccia, immediately underlying a mud-seam, was usually encountered at around 100 feet depth.

The drilling results show an increase in mineralization towards the northeast, from DDH #12 & #13 to DDH #2 & #3 (DDH #14, beyond and to the west of the portal, cut low grade copper mineralization only; and DDH #15, to the northeast and beyond #2 & #3, was not completed because of bad ground, but cut the zone and is reported to have carried galena and chalcopryrite in the last 3 ft.). In DDH #13, an 8 feet intersection (true width) assayed 4.9% lead and 1.6% zinc, 0.25% copper and 0.2 ounces per ton in silver. At the other end of the drilled area, DDH #2, cut a 17 ft. section (true width) yielding weighted averages of 8.3% zinc, 4.9% lead, 0.4% copper and 0.8 ounces silver per ton. A 5-1/2 ft. (true width) section in this hole, assayed 21.3% zinc, 13.4% lead, 1.0% copper and 2 oz. silver per ton. These two sections are about 550 ft. apart.

Within the drilled zone, the apparent widths and values in the drill holes vary considerably. This is probably due to the badly broken ground in the breccia zone, which made it impossible to effect an adequate core recovery. In general, it appears that better values and widths go with higher percentages of core recovery.

The drill results indicate the occurrence here of a zinc-lead-silver-copper deposit of mineable width and ore grade. Because of the fractured nature of the ground, however, drill results can not be relied upon as the basis for a firm evaluation. The only satisfactory way of proving tonnage and grade is therefore by underground development. Such a program is now in progress.

EXPLORATION AND DEVELOPMENT

The preliminary phase, of exploration on these claims, involved the drilling of 2,829 ft. of diamond drill holes. This has been completed, as outlined above, in accordance with the recommendations in the report by J. P. Elwell, P. Eng., dated August 2, 1967. The first step in the development of the property has been initiated in accordance with the recommendations in that same report. For the purposes of this present report, the latter step becomes Phase 1 of Development.

PHASE 1

This Phase 1 has been in operation since the middle of November, 1967, when construction of the camp was started. The camp is located on the east shore of the north end of Tolman Lake and the winterized buildings include an office and dry, a machine shop and generator room a pump house, a compressor house and a powder magazine. The camp is supplied with electric light and running hot and cold water. It does not have sleeping accommodations, as the personnel live in Merritt.

The camp was built to facilitate driving the adit, which is now in progress. The necessary machinery has been acquired, and consists of two jack-leg drills, a diamond drill for underground operation, two compressors with a total capacity of 500 cubic feet per minute, pumps, hose, rail and miscellaneous supplies. In addition, a mucking machine and an ore carrier (rubber tired) are in use, being bought under rental-purchase. The companies also have a Chevrolet pick-up truck, a Jeep and a Scout.

The adit portal is some 200 ft. from the camp, and about 250 ft. east of the north end of Tolman Lake. It was started 40 ft. into the hanging wall of the vein structure, and was driven northeasterly nearly parallel to the vein, for 130 ft. and then turned gradually southeasterly to cut across it. Immediately beneath the mud seam, encountered at 191 ft., the vein was intersected. Sampled across six feet of face by W. C. McClelland it yielded assays of 7.05% zinc, 6.50% lead, 0.30% copper and 0.50 ounces per ton in silver.

At the time of my visit, on January 30, 1968, accompanied by the Resident Engineer, Mr. William Dollery-Pardy, the face was at 251 ft. and still in the vein. This cross-cut is driven at a flat angle to the vein strike and will shortly turn northeasterly again to follow the vein, close to, or in the footwall. Whether to drive in the vein or in the footwall, will depend on where the best ground is encountered. Thus far, the adit has been in badly fractured rock and has required timbering. This situation will undoubtedly persist.

The adit-drift should be continued for a total length of at least 1,000 feet. The face should be sampled at every advance, when in the vein formation. At no more than 200 foot intervals, cross-cuts should be turned off to penetrate both hanging and footwalls of the vein structure. These will probably be about 100 ft. long each. They could advantageously be located at the sections of DDH Nos. 10 & 11, 6 & 7, 2 & 3, and 100 ft. NE of DDH #15. It may be found desirable, on occasion, to drive intermediate cross-cuts if wide variations are revealed in the sampling and assaying of the intersected vein material.

In the vicinity of DDH #7 (i. e., about midway in the drift) a longer, 200 foot cross-cut should be established, extending 100 feet into the hanging wall. An underground diamond drill station should be cut at the end, to facilitate the drilling of holes to intersect the vein structure in that vicinity, at depths of about 100 feet below the drift. About 1000 ft. of drilling may be required. This will be useful in obtaining further data on the attitude and extent of the high-grade zone intersected by DDH #7, and which is probably a part of that cut by DDH #2, previously described. In DDH #7, there was an 18-1/2 ft. (true width) core intersection averaging 8.1% zinc, 2.7% lead, 0.22% copper and 1.11 ounces per ton in silver. An 8-1/2 ft. width within that section, assayed 10.20% zinc, 1.07% lead, 0.20% copper and 1.65 ounces per ton in silver.

One drill hole, #16, was drilled to cut the vein structure at depth, below DDH #7. It intersected the breccia zone, 35 ft. wide, about 330 feet down-dip, or 200 ft. down-dip from the DDH #7 intersection. The values were generally low grade, although a 12 ft. intersection assayed 1.75 ounces of silver per ton. Further drilling is therefore desirable here, to trace the down-dip course of the nearby high-grade sections; they may rake, for example, to the northeast.

At about this location in the drift, a raise should be driven to the surface. This will assist ventilation and provide a second exit from the workings, a valuable safety precaution; it will require 130 feet of raising.

#### PHASE 2

Either concurrently with, or immediately subsequent to the recommended program for Phase 1, the second phase should be instituted. This will comprise investigations of the down-dip and along-strike continuations of the mineralization, in the vicinity of the present workings. The objective is to prepare for the driving of a second adit at a lower elevation. A secondary objective of Phase 2 should be the exploration for possible parallel zones of mineralization in the vicinity of the present workings, and for the continuation of the known zone, northeast and southwest.

Investigations preliminary to driving an adit, 200 ft. lower in elevation, will involve diamond drill holes along a line oriented NE-SW and placed about 200 ft. NW of DDH #8 & #9. A vertical hole at each site will intersect the vein formation at an elevation approximately two hundred feet lower than that of the present adit, on the assumption that the dip of the vein remains constant at 45°. Angle holes, drilled southeasterly, will intersect the ore-bearing formation between the two elevations. The proper angle to intersect the vein about midway between the upper adit and the proposed lower adit, will have to be selected on the basis of the elevation at each site, and on any changes in dip indicated in the vertical hole intersection. It is recommended that these drill sites be at 300 ft. intervals.

In the zone northeast of Tolman Lake, each hole should be about 400 ft. long, for a total of 800 ft. of drilling at each site, depending on the ground elevation at each location. The northeast end of the proposed line of holes should extend 600 ft. northeasterly from the section defined by DDH #8 & #9. This will take it about 180 ft. past (northeast of) DDH #15. To the southwest, the same length of line will bring it about to the shore of Tolman Lake. There will therefore be five drill sites from Tolman Lake to the northeast, covering a total span of 1200 ft. The holes near Tolman Lake may be shorter than 400 ft. as the ground elevation is lower than the northeast end of the line, by some 150 ft. to 180 ft.

To locate a portal 200 ft. lower in elevation, it will be necessary to go down Tolman Creek for a distance of about 2,000 ft. according to the topographic map, scale 1:50,000, published by the Surveys and Mapping Branch of the Federal Government in 1965. The creek runs southwest, so the creekbed should be roughly parallel to the vein strike. A more detailed survey of that portion of the creekbed is required, and careful correlation with a projection of the vein, in order to determine the most advantageous locations for drill sites. Seven sites, 300 ft. apart, will be advisable, but the depths required for the holes can not be determined until the above-mentioned survey data become available. Tentatively, the same footage at each location, 800 ft. is allowed for. A total of twelve drill sites is envisaged, with 800 ft. of drilling at each, for a total footage of 9,600 ft. The survey should also include tying in the claim posts and boundaries of the claim involved, and those nearby, maybe twenty claims.

The surface exploration to search for parallel deposits and to define the mineralized zones between the present operating sites, should extend a claim length each side of the axis joining Sites Nos. 1, 2 & 3. It would be advisable to extend it a claim length beyond the end sites, Nos. 1 & 2. This would constitute an area two claims wide and about five claims long, or ten claims in all.

A base line should be cut along the vein strike, and grid lines turned off it at right angles, every 300 ft. They should be cut to 1500 ft. each side of the base line and staked every 100 ft. for a total lineage of 16.2 miles. Soil samples should be taken every 100 ft. along each line, and tested for zinc, lead, copper and silver. Geophysical observations with an electrical method, should be made on the same grid. Recent

tests indicate that a new electro-magnetic method, requiring no transmitting unit, is applicable to this deposit, and should be tested further. If it is found satisfactory, it should be employed over the entire grid, as it is more rapid and less expensive than other electrical techniques. The grid should also be used to make a geological map of the area gridded. Recommendations for further drilling and trenching will depend on the outcome of this exploratory work, which is a part of Phase 2 of the development program.

#### PHASE 3

Phase 3 in this development work, will consist of driving the adit at the lower elevation. No firm plans can be made for this portion of the program until data are available from the surveying and the deeper drilling, provided for in Phase 2. Present evidence indicates that the adit will probably be at least 3,000 ft. long; 2,000 feet will be required to reach a point below the present portal, and another thousand feet to parallel the present adit.

#### REPORT OF SHERWIN F. KELLY DATED MARCH 19, 1968

On March 17, 1968, I visited the workings on the property near Merritt, B. C., originally held by Vastlode Mining Co. Ltd., in which San Doh Mines now holds a controlling interest and on which it is currently carrying out a development program. This property consists of a group of 139 claims around Tolman Lake, on the west slope of Swakum Mtn., 14 miles north of Merritt. The geology, ore deposits, current operations and recommended program, were covered in my report of February 5, 1968. This letter is to inform you of the present status of the operations.

On my previous visit, the face of the adit-drift was at 251 ft. from the portal. It had been started in the hanging wall of the vein, and at about 130 ft. had been turned gradually easterly to intersect the vein. This it had encountered at 191 ft., where a sample taken across six feet of the face by W. C. McClelland, yielded assays of 7.05% zinc, 6.50% lead, 0.30% copper and 0.50 ounces per ton in silver.

The drift has now been advanced to 62.8 ft. and is in the area of high grade ore intersected in diamond drill hole No. 7. For most of the intervening distance the drift was driven in the footwall portion of the structure, to take advantage of firmer rock. In this area, drilling had, in general, indicated a lower grade of mineralization than that prevailing in the zone now being probed.

After turning somewhat more northerly, towards the hanging wall, the drift encountered high grade ore at 608 ft. The face at that point, sampled across the seven ft. width by the staff and crew, gave assays of 5.60% zinc, 1.75% lead, 0.50% copper and 0.25 oz. per ton of silver. The drift then turned slightly to follow more nearly the northeasterly strike of the vein structure. The face at 618 ft. assayed 9.00% zinc, 3.85% lead, 1.55% copper and 0.45 oz. silver per ton, across seven feet. At 628 ft., the face samples assayed 7.85% zinc, 5.02% lead, 0.65% copper and 0.50 oz. per ton in silver. The total zinc-lead-copper content in these samples ranges from 7.85% to 14.40%, with an average of 11.92%. Silver averages nearly 1/2 oz. per ton.

The above values verify those returned from DDH No. 7, which is only a few tens of feet beyond the face of the drift. That hole cut 42 ft. of vein structure, with a true width of about 31 ft. There were two mineralized sections of core; the first, 22 ft. long, at the hanging wall, returned a weighted average of 8.1% zinc, 2.7% lead, 0.22% copper and 0.96 oz. silver to the ton. The total zinc-lead-copper content is 11%. The average value in the drift of 11.9% checks well with that revealed in the first core section. The second section, at the foot wall, was 10 ft. in core length and gave a weighted average of 7.9% zinc, and 0.28% copper (lead and silver being negligible) or a total of 8% zinc-copper. This section, being at the foot wall, has not been intersected in this vicinity as yet.

The mineralization in this zone, revealed by the drift, is of the type which has characterized the high grade sections cut by various drill holes. The foot and hanging walls are usually a feldspar porphyry. The ore mineralization is found in a heavily brecciated and very limey volcanic, which may become essentially a calcite breccia. As seen in the walls and face of the drift, the metallic sulphides are found disseminated through the brecciated formation. The most noticeable feature, however, is the occurrence of the sulphides chalcopyrite, sphalerite and galena, in numerous heavy blobs and streaks, producing a spectacular appearance in many of the specimens from the current workings.

#### REPORT OF ALFRED R. ALLEN DATED AUGUST 26, 1968

The number three zone of the Vastlode Property was examined by the writer August 24th, 1968.

Data pertaining to the general geology, location, access, history and descriptions of all the mineralized zones is not repeated herein, since it is included and readily available in the many engineering reports in the company files.

The object of this report is to record the progress which has been made on the property since the last reports of February 5th and March 19th, 1968, and to outline a work programme for the continued exploration and development of the silver-lead-zinc-copper deposits.

#### THE ADIT TUNNEL AND NUMBER 3 ZONE

Since last report the 6 by 8 foot adit tunnel has been advanced northeasterly from 251 to 983 feet at the

In his report to San Doh Mines Ltd. (Non Personal Liability) dated August 26, 1968, Alfred R. Allen, P. Eng. recommends the following exploration programme:

RECOMMENDATIONS

The mineralized zones are extensive and much of the property has not been thoroughly investigated, hence considerable work will be required even to make available sufficient data for a preliminary estimate of the potential. The following field programme is suggested for the immediate future, and before the end of the year part or as much as possible of it should be completed.

	Estimated Cost
1. On a grid system conduct an EM survey over selected areas	\$ 4,000.00
2. Detailed geological mapping	2,000.00
3. Geochemical surveying over selected areas	2,000.00
4. Surface diamond drilling	30,000.00
5. Underground diamond drilling	20,000.00
6. Stripping and trenching	15,000.00
7. Continued drifting, crosscutting and raising on number 3 zone	60,000.00
8. Supervision, engineering and field office	10,000.00
9. Contingencies	7,000.00
TOTAL ESTIMATED COST	<u>\$150,000.00</u>

If the actual proceeds from the sale of shares offered by this prospectus should prove insufficient to accomplish the purposes set out above, the Company intends to give priority to the diamond drilling and then the trenching program. If all shares offered by this prospectus are sold, it is anticipated that the sum of \$10,000 will be allocated towards administrative expenses.

NO PART OF THE PROCEEDS OF THIS ISSUE 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 LAWFULLY 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, APPROVAL BY THE SHAREHOLDERS SHALL FIRST BE OBTAINED AND DISCLOSURE MADE TO THE REGULATORY SECURITIES BODIES HAVING JURISDICTION OVER THE SALE OF THE SECURITIES OFFERED BY THIS PROSPECTUS.

PROMOTERS

The Directors of the Company may be considered to be its promoters, along with Vastlode Mining Co. Ltd. (N. P. L.) and San Doh Mines Ltd. (Non Personal Liability). Vastlode and San Doh received 500,000 and 250,000 shares respectively of the capital stock of the Company in return for the mineral claims now held by the Company (see paragraphs "Business and Property" and "Escrowed Shares"). The cost of the mineral claims to Vastlode was 750,000 shares of that Company's capital stock and approximately \$3,190.00.

DIRECTORS AND OFFICERS

NAME	ADDRESS	OFFICE HELD
NOEL BAKER	Lillooet, B. C.	Director and President
ALEXANDER CHUNICK	1657 Barclay Street, Vancouver, B. C.	Director and Vice-President
WALLACE A. McCLELLAND	Box 217, Merritt, B. C.	Director
LLOYD McNARY	General Delivery, Lillooet, B. C.	Director

The principal occupations of the Directors during the past five years are as follows:

- NOEL BAKER - Owner and Manager of Baker and Fraser Ltd., Lillooet, B. C. (furniture and appliances) 1953 to present.
- ALEXANDER CHUNICK - Director of Laura Mines Ltd.; Office Manager of Vastlode Mining Co. Ltd. (N. P. L.)
- WALLACE A. McCLELLAND - Officer and Director of San Doh Mines Ltd. (Non Personal Liability) and Amalgamated Resources Ltd. (N. P. L.) 1963 to present.
- LLOYD McNARY - Construction Contractor with Bridge River Contracting Co.

present face, an advance of 732 feet. The original plan was to drift about 40 feet from the hanging wall, but after progressing 130 feet the adit was turned southeasterly through the gouge and breccia zones. For somewhat over 300 feet the footwall was followed, but then at 570 feet the zone was penetrated again and the drift continued on it to the present face. At the face, short openings to the left and right show the solid hanging wall dipping 45 degrees northwest. This is underlain by 5 feet of very soft gouge with roughly defined laminations and streaks paralleling the hanging wall, and underneath to the right the distinctive breccia zone made up of dark altered rock fragments cemented and veined by quartzite and calcite within which are finely disseminated pyrite, blebs and bunches of chalcopyrite, and veinlets and irregular small masses of galena and sphalerite. Some past mineral movement is indicated by narrow gouge-filled shears cutting the breccia and sulphide mineralization. Available data indicates the zone drifted on to date averages close to 24 feet true thickness 7 feet of which is hanging wall gouge.

The adit tunnel has actually tested close to 1,000 feet of the mineralized breccia zone. First, there is the surface exposure 40 feet southeast of the portal, next from 190 to 250 the zone is penetrated at an angle from hanging to footwall, then it is penetrated from the footwall at 570 feet and drifted on to the face, where backs are approximately 150 feet.

UNDERGROUND SAMPLING

Where first penetrated underground, near the 190 foot mark, 6 feet of well mineralized breccia assayed as follows:

Silver Oz/T	Copper %	Lead %	Zinc %
0.5	0.3	6.5	7.05

And from the 600 foot mark to the face, assays indicate the following average grade across 7 feet:

Silver Oz/T	Copper %	Lead %	Zinc %
0.25	0.36	2.0	6.0

Evidence of sulphides was noted in the hanging wall gouge, and the breccia appeared to carry about this average sulphide content at the present face. The sulphide mineralization appears quite unoxidized in the tunnel.

UNDERGROUND DIAMOND DRILLING

Short test holes have been drilled to establish the positions of the hanging and footwalls as the tunnel progressed. Cored breccia material has been sampled and assayed and results indicate continuity of sulphide mineralization.

SURFACE DIAMOND DRILLING

In addition to the 2,829 feet of diamond drilling from the surface, to test the number 3 zone by 16 holes over a length of about 1,000 feet and to a depth of 100 feet additional EX holes have been drilled, as follows:

- 5 holes on the east side of Tom Lake and 2 holes on the west zone near the camp, where drilling is now in progress. The total length of these is approximately 800 feet.
- 3 short holes have been put down with a packsack drill near the powder magazine on a mineralized zone.

TRENCHING

Three trenches between the numbers one and three zones have exposed banded sulphide mineralization across 12 to 24 feet establishing continuity of the mineralization.

GEOPHYSICAL SURVEYING

Two lines, 400 feet apart, were tested across the mineralized zones on an experimental basis, and positive results were indicated on an M-16 Arronca EM instruments.

SUMMARY

Exploration and development work has been effectively carried out on the number three zone of the Vastlode Property. The presence of a 7 foot mineralized breccia zone has thus been established to a depth of 150 feet over a length of 1,000 feet. Because of difficult ground the entire zone could not be drifted on, but a grade of 0.25 ounces of silver per ton, 0.36% copper, 2.0% lead and 6.0% zinc is indicated at this level, with both ends open.

Zones number 1 and 2, and others partially exposed on the property, remain to be investigated.



REMUNERATION OF DIRECTORS  
AND SENIOR OFFICERS

No remuneration has been paid to the Directors or Senior Officers of the Company from the date of its incorporation to October 31, 1968. A management agreement between Paul Polischuk and the Company dated November 1, 1967 was entered into whereby Polischuk was to receive \$9,000 per annum for management services so long as employed solely by the Company, and \$4,500 per annum if he had another employer. Mr. Polischuk is also employed by San Doh Mines Ltd. (Non Personal Liability). No monies have as yet been paid under this agreement, which will remain in force through the financial year ending October 31, 1969.

ESCROWED SHARES

As of June 6, 1969, 750,000 shares are held in escrow by National Trust Company, Limited, 510 Burrard Street, Vancouver, B.C. under the direction and control of the Superintendent of Brokers of British Columbia. The escrow restrictions provide that the shares may not be traded in, 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 in the shares without the consent of the Superintendent. If the Company loses or does not obtain a good marketable title to or abandons or discontinues development of the property which was the consideration for the shares in escrow, or in the event the property is not as represented, the holders of the escrow shares have agreed to advise the Superintendent of Brokers and to surrender by way of gift to the Company such numbers of escrowed shares as the Superintendent of Brokers may deem fair and equitable. (See also paragraph "Capitalization").

CLASS OF SHARES	NUMBER OF SHARES HELD IN ESCROW	PERCENTAGE OF CLASS
common	750,000	41%

The following hold more than 5% of the Company's escrowed shares:

NAME AND ADDRESS	NUMBER OF ESCROWED SHARES HELD	% OF TOTAL ESCROWED SHARES
Vastlode Mining Co. Ltd. (N. P. L.) 814 - 510 West Hastings Vancouver, B. C.	500,000	66-2/3%
San Doh Mines Ltd. (Non Personal Liability) 814 - 510 West Hastings Vancouver, B. C.	250,000	33-1/3%

PRINCIPAL HOLDERS OF SECURITIES

As of the date of this prospectus the following table sets forth the number of shares owned of record or beneficially directly or indirectly, by each person or company who owns more than 10% of the Company's shares.

NAME AND ADDRESS	TYPE OF OWNERSHIP	NUMBER OF SHARES OWNED	PERCENTAGE OF SHARES OUTSTANDING
San Doh Mines Ltd. (Non Personal Liability) 814 - 510 West Hastings Vancouver, B. C.	record and beneficial	1,042,059	55.0%
Vastlode Mining Co. Ltd. (N. P. L.) 814 - 510 West Hastings Vancouver, B. C.	record and beneficial	653,200	40.0%

The Directors of the Company beneficially own 2.9% of the outstanding shares of the Company.

The following table sets forth the number of shares owned of record or beneficially directly or indirectly, by each person or company who owns more than 5% of the outstanding shares of San Doh Mines Ltd. (Non Personal Liability) and Vastlode Mining Co. Ltd. (N. P. L.).

NAME AND ADDRESS	TYPE OF OWNERSHIP	NUMBER OF SHARES OWNED	PERCENTAGE OF SHARES OUTSTANDING
San Doh Mines Ltd. (Non Personal Liability) Daveco & Co. 572 Howe Street Vancouver, B. C.	record and beneficial	786,850	18.0%

NAME AND ADDRESS	TYPE OF OWNERSHIP	NUMBER OF SHARES OWNED	PERCENTAGE OF SHARES OUTSTANDING
San Doh Mines Ltd. (Non Personal Liability)			
Doherty, Roadhouse & McCuaig Bros. 335 Bay Street Toronto, Ontario	record and beneficial	258,130	5.9%
Vastlode Mining Co. Ltd. (N. P. L.)			
Andrew D. Gavelin Box 414 Merritt, B. C.	record and beneficial	329,805	17.5%
A. L. Steffens Box 610 Merritt, B. C.	record and beneficial	108,856	5.8%
Dr. R. J. Steffens Box 610 Merritt, B. C.	record and beneficial	143,615	7.6%
Whitelaw & Co. 821 West Hastings Vancouver, B. C.	record and beneficial	202,130	10.7%

The Directors of the Company beneficially own 4.6% of the outstanding shares of San Doh Mines Ltd. (Non Personal Liability) and 1.7% of the outstanding shares of Vastlode Mining Co. Ltd. (N. P. L.).

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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 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.

CERTIFICATES

DIRECTORS

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 hereunder.

"Noel W. Baker"

NOEL BAKER

"W. A. McClelland"

WALLACE A. McCLELLAND

"A. Chunick"

ALEXANDER CHUNICK

"L. McNary"

LLOYD McNARY

PROMOTERS

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 hereunder.

"Noel W. Baker"  
NOEL BAKER

"A. Chunick"  
ALEXANDER CHUNICK

"W. A. McClelland"  
WALLACE A. McCLELLAND

"L. McNary"  
LLOYD McNARY

SAN DOH MINES LTD.  
(Non Personal Liability)

Per: "G. Royal Smith"

"Herman Nemetz"

VASTLODE MINING CO. LTD.  
(N. P. L.)

Per: "A. D. MacLeod"

"A. Chunick"

DATED at Vancouver, British Columbia the 23rd day of June, A. D. 1969.

RIDDELL, STEAD, GRAHAM & HUTCHISON

Chartered Accountants

505 Burrard Street  
Vancouver 1, B. C.

AUDITORS' REPORT

To The Directors,  
Highland Lode Mines Ltd. (N. P. L.)

We have examined the balance sheet of Highland Lode Mines Ltd. (N. P. L.) as at January 31, 1969 and the statements of deferred exploration and administrative expenditures and source and application of funds for the period September 22, 1967 (date of incorporation) to January 31, 1969. 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 January 31, 1969 and the results of its operations and the source and application of its funds for the period September 22, 1967 (date of incorporation) to January 31, 1969, in accordance with generally accepted accounting principles consistently applied.

"Riddell, Stead, Graham & Hutchison"

February 14, 1969.

HIGHLAND LODE MINES LTD. (N. P. L.)  
BALANCE SHEET AS AT JANUARY 31, 1969

		ASSETS	
CURRENT ASSETS			
	Cash		\$ 1,208
	MINERAL CLAIMS (Note 1)		75,000
	FIXED ASSETS at cost	\$ 15,596	
	Accumulated depreciation	<u>4,679</u>	10,917
	DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES		270,579
	INCORPORATION COSTS		<u>1,200</u>
			<u>\$ 358,904</u>
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (Note 2)			
	Authorized		
	5,000,000 Common shares of \$.50 par value each		
	Issued		
	1,877,807 shares		\$ 358,904
Signed on behalf of the Board			
	"Noel Baker" Director		<u>\$ 358,904</u>
	"A. Chunick" Director		<u>                    </u>

HIGHLAND LODGE MINES LTD. (N. P. L.)

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE  
EXPENDITURES

FOR THE PERIOD SEPTEMBER 22, 1967 (DATE OF INCORPORATION)  
TO JANUARY 31, 1969

EXPLORATION

Nicola Mining District, Merritt, B. C.

Assaying and staking	\$ 2,131
Bulldozing and linecutting	27,569
Camp supplies and materials	18,716
Consulting fees and expenses	1,329
Depreciation	4,679
Drilling	29,154
Equipment rentals	25,481
Geophysical surveys	1,199
Government licenses and recording fees	2,653
Lodging, meals and groceries	6,033
Repairs, gas and oil	21,802
Telephone and telegraph	3,075
Transportation and freight	704
Travel	7,999
Wages and statutory benefits	67,092
	<u>\$ 219,616</u>

ADMINISTRATIVE

Advertising and promotion	\$ 4,974
Directors' expenses	1,825
Legal, audit and accounting	2,496
Office	4,790
Rent	3,574
Salaries and statutory benefits	27,245
Sundry	967
Telephone and telegraph	5,092
	<u>\$ 50,963</u>

DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES  
AT JANUARY 31, 1969

\$ 270,579

HIGHLAND LODGE MINES LTD. (N. P. L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE PERIOD SEPTEMBER 22, 1967 (DATE OF INCORPORATION)  
TO JANUARY 31, 1969

FUNDS PROVIDED

Proceeds on issue of 200,000 shares of common stock \$ 20,000

FUNDS APPLIED

Deferred exploration and administrative expenditures	\$ 16,700	
Fixed assets	<u>2,092</u>	<u>18,792</u>

WORKING CAPITAL AT JANUARY 31, 1969

\$ 1,208

HIGHLAND LODGE MINES LTD. (N. P. L.)

STATEMENT OF APPLICATION OF FUNDS  
FOR THE PERIOD JANUARY 31, 1969 TO MAY 31, 1969

FUNDS APPLIED

Deferred exploration and administrative expenditures	\$ 15,423
Charge not requiring funds	
Depreciation	<u>1,092</u>
	14,331
Deduct	
Capital stock issued in settlement of liabilities incurred for exploration and administrative expenditures	<u>8,727</u>

DECREASE IN WORKING CAPITAL

5,604

Working capital at January 31, 1969

1,208

WORKING CAPITAL DEFICIENCY AT MAY 31, 1969

\$ 4,396

Prepared without audit from the books and records of the company.



HIGHLAND LODE MINES LTD. (N. P. L.)

NOTES TO FINANCIAL STATEMENTS

AS AT JANUARY 31, 1969

1. MINERAL CLAIMS

The Company is the recorded owner of 139 mineral claims situated in the Nicola Mining Division, Province of British Columbia. These claims were acquired for 750,000 shares of the Company's capital stock at \$.10 per share \$ 75,000

2. CAPITAL STOCK

Capital stock has been issued during the period for the following consideration:

	<u>Number of Shares</u>	<u>Par Value</u>	<u>Discount</u>	<u>Net</u>
Cash	200,000	\$ 100,000	\$ 80,000	\$ 20,000
Exploration and administrative expenditures and fixed assets (a)	927,807	463,904	200,000	263,904
	<u>1,127,807</u>	<u>563,904</u>	<u>280,000</u>	<u>283,904</u>
Mineral claims	750,000	375,000	300,000	75,000
	<u><u>1,877,807</u></u>	<u><u>\$ 938,904</u></u>	<u><u>\$ 580,000</u></u>	<u><u>\$ 358,904</u></u>

- (a) Shares issued in accordance with an agreement with two other corporations who undertook to explore and develop properties of the Company in exchange for shares, issued at prices of \$.10 to \$.50. This agreement concluded January 31, 1969.