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PROPERTY FILE

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  
250,000

Without Nominal or Par value

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

HEAD OFFICE: 470 Vienna Crescent,  
North Vancouver, British Columbia

REGISTERED OFFICE: 1250 - 505 Burrard Street,  
Vancouver, British Columbia

The Company offers by this prospectus 250,000 shares of its capital stock at \$0.25 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. No commission or other remuneration will be payable to the trading directors of the Company in connection with this offering of shares.

	<u>Price to Public</u>	<u>Commissions</u>	<u>Proceeds to Company</u>
Per Unit	\$0.25	.0625	.1875
Total	\$62,500.00	\$15,625.00	\$46,875.00

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 THE 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 THE PROPERTY IS SITUATE, THE EXISTENCE OF AND THE AREA OF THE PROPERTY 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.

August 12, 1971

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### NAME AND INCORPORATION OF ISSUER

The full name of the Company is HIGHLAND STAR MINES LTD. (N.P.L.). Its registered office is located at 1250 - 505 Burrard Street, Vancouver 1, British Columbia, and its head office is located at 470 Vienna Crescent, North Vancouver, British Columbia.

The Company was incorporated on March 24, 1966 under the "Companies Act", British Columbia, by Memorandum of Association, under the name of Little Pine Tex Mining Corp. Ltd. (N.P.L.). On May 2, 1969 the Company changed its name to Highland Star Mines Ltd. (N.P.L.), the present name of the Company. The Company was incorporated as a private company and was converted to a public company on April 23, 1971.

### PLAN OF DISTRIBUTION

The Company will sell its shares through persons or companies registered under the Securities Act, 1967 and will pay a commission of up to 25% or \$.0625 per share to such persons or companies for each such share sold. The Company may also sell its shares directly to the public, in which case it may allow a discount of up to 25% or \$.0625 per share for each share subscribed for. No commissions will be paid by the Company to its directors for selling any shares.

### DIRECTORS AND OFFICERS

Name	Address	Office Held
Gordon Wilfred Frulling	319 - 6020 Vine Street, Vancouver, B.C.	Director & President
Herbert Arthur Stoney	8053 - 120th Street, Delta 716, B.C.	Director & Secretary
Wolfe F. Nottelman	1107 Eyremount Drive, West Vancouver, B.C.	Director
Robert Kohls	178 East 55th Avenue, Vancouver, B.C.	Director

The principle occupations of the directors during the past five years are as follows:

GORDON WILFRED FRULLING: Vice-President, B.C. Food Service Assoc. Ltd., Vancouver, B.C. 1966 - 1967; President Y & T Industrial Restaurants Ltd., Vancouver, B.C., 1967 to date hereof; Vice-President, Tiki Foods Ltd., Vancouver, B.C., 1967 to date hereof; Partner, Frulling Cupit Designs, Vancouver, B.C., 1967 to date hereof.

HERBERT ARTHUR STONEY: Owner, H.A. Stoney Agencies, Vancouver, B.C., 1966 to date hereof.

WOLFE F. NOTTELMAN: Western Manager, Pyle National (Can.) Ltd., Clarkson, Ontario, 1966 to 1967; Salesman, Northern Engine & Equip. Co. (B.C.) Ltd., Vancouver, B.C., 1967; Marketing Manager, Aquacare Water Purifiers Ltd., Vancouver, B.C., 1967 to 1968; Marketing Manager, Vanax Developments Ltd., Vancouver, B.C., 1968 to 1969; President and Manager, Dry Ridge Silver Mines Ltd. (N.P.L.), North Vancouver, B.C., 1969 to date hereof.

ROBERT KOHLS: Farming, Golden Prairie, Saskatchewan, 1966 to 1967; Semi-retired,

servicing of radio and television, 1967 to date hereof.

#### REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

There has been no remuneration paid to any director or senior officer from the date of incorporation, March 24, 1966, to the date hereof, and it is not anticipated that any remuneration will be paid to any director or senior officer during the current fiscal year ending October 31, 1971.

#### CAPITALIZATION

The authorized capital of the Company is 4,000,000 shares without nominal or par value. 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 April 30, 1971	Outstanding as of July 31, 1971	Outstanding on Completion of Offering
4,000,000	1,184,995	1,184,995	1,434,995

#### SECURITIES SOLD FOR CASH

Number of Shares	Price	Commissions	Cash Received
5	\$0.50	Nil	\$ 2.50
434,990	\$0.10	Nil	43,499.00
434,995			43,501.50

All of the above shares sold for cash are held in trust by Yorkshire Trust Company and will be released to the beneficial owners thereof, thirty (30) days after the completion of this offering of shares.

100,640 of the above shares issued for cash were issued at a deemed value of \$0.10 per share in payment of invoices dated June 30, 1966 in the amount of \$4,832.00, October 1, 1968 in the amount of \$2,500.00 and October 11, 1969 in the amount of \$2,732.00 issued by the Minemaker Company. The Minemaker Company had been engaged by the Company to perform certain exploration and assessment work on the mineral claims of the Company in order that the Company be able to keep the mineral claims in good standing. A further 17,800 shares were issued at a deemed value of \$0.10 per share to the Minemaker Company in consideration of the Minemaker Company doing the assessment work on the mineral claims to keep them in good standing until the anniversary date of the said mineral claims in 1971. (See paragraph "Principal Holders of Securities" as to the disclosure of the principal of the Minemaker Company)

#### SECURITIES ISSUED FOR OTHER THAN CASH

Number of Shares	Deemed Price	Commissions	Consideration Received
750,000	\$0.10	Nil	NB 1 - 30, HK 11 - 16, and GB 1 - 10 mineral claims

All of the above 750,000 shares are held in escrow by Yorkshire Trust Company under the direction and control of the Superintendent of Brokers of the Province of British Columbia. (See paragraph "Business and Property" and "Escrowed Shares")

#### BUSINESS AND PROPERTY

The object of the Company since incorporation has been to acquire, explore for and develop natural resources, particularly mineral resources. The Company is the recorded and beneficial owner, subject to the provisions of the Mineral Act of the Province of British Columbia, of the following located mineral claims in the Kamloops Mining Division:

Claim	Record Number	Expiry Date
NB 1	67031	November 16, 1971
NB 2	67032	November 16, 1971
NB 3	67033	November 16, 1971
NB 4	67034	November 16, 1971
NB 5	67035	November 16, 1971
NB 6	67036	November 16, 1971
NB 7	67037	November 16, 1971
NB 8	67038	November 16, 1971
NB 9	67039	November 16, 1971
NB 10	67040	November 16, 1971
NB 11	67041	November 16, 1971
NB 12	67042	November 16, 1971
NB 13	67043	November 16, 1971
NB 14	67044	November 16, 1971
NB 15	67045	November 16, 1971
NB 16	67046	November 16, 1971
NB 17	67047	November 16, 1971
NB 18	67048	November 16, 1971
NB 19	67049	November 16, 1971
NB 20	67050	November 16, 1971
NB 21	67051	November 16, 1971
NB 22	67052	November 16, 1971
NB 23	67053	November 16, 1971
NB 24	67054	November 16, 1971
NB 25	67055	November 16, 1971
NB 26	67056	November 16, 1971
NB 27	67057	November 16, 1971
NB 28	67058	November 16, 1971
NB 29	67059	November 16, 1971
NB 30	67060	November 16, 1971

<u>Claim</u>	<u>Record Number</u>	<u>Expiry Date</u>
HK 11	73800	October 28, 1971
HK 12	73801	October 28, 1971
HK 13	73802	October 28, 1971
HK 14	73804	October 28, 1971
HK 15	73805	October 28, 1971
HK 16	73803	October 28, 1971
GB 1	94273	August 14, 1971
GB 2	94274	August 14, 1971
GB 3	94275	August 14, 1971
GB 4	94276	August 14, 1971
GB 5	94277	August 14, 1971
GB 6	94278	August 14, 1971
GB 7	94279	August 14, 1971
GB 8	94280	August 14, 1971
GB 9	94281	August 14, 1971
GB 10	94282	August 14, 1971

The Company originally acquired an option to purchase the mineral claims described herein in consideration of the payment of Ten Thousand (\$10,000.00) Dollars and the issue of seven hundred and fifty thousand (750,000) common capital, fully paid and non-assessable shares. At the date hereof, the sum of Two Thousand (\$2,000.00) Dollars remains to be paid on the original option to purchase, which sum is to be paid from the proceeds of this offering. The title to the mineral claims has been transferred into the name of the Company. The Seven Hundred and Fifty Thousand (750,000) shares are now held by the following individuals:

<u>Name and Address</u>	<u>Number of Shares</u>
KILLORAN, Harold 575 Eastcotte Road, Vancouver, B.C.	40,000
WILSON, John L. 6226 Overstone Drive, West Vancouver, B.C.	40,000
ENG, Dan Yuen 910 Commercial Drive, Vancouver, B.C.	20,000
DA, Chow Lun 1916 Powell Street, Vancouver, B.C.	15,000

<u>Name and Address</u>	<u>Number of Shares</u>
BREMNER, Earl 216 - 44 Mountain View Crescent, Haney, B.C.	15,000
NOTTELMAN, Wolfe, F.C. 1107 Eyremount Drive, West Vancouver, B.C.	15,000
KOHLIS, Robert 178 East 55th Avenue, Vancouver, B.C.	10,000
PARSONS, Robert 407 Heath Street, E. Toronto 17, Ontario	33,750
STONEY, Herbert A. 340 - B Cambie Street, Vancouver, B.C.	63,800
CAMPBELL, Kathleen M. 470 Vienna Crescent, North Vancouver, B.C.	147,149
ANDERSEN, Vagn M. 59 Glenmore Drive, West Vancouver, B.C.	66,000
CAMPBELL, Derek H. 470 Vienna Crescent, North Vancouver, B.C.	137,152
CAMPBELL, Darryl G. 470 Vienna Crescent, North Vancouver, B.C.	137,149
FRULLING, Gordon 6020 Vine Street, Vancouver, B.C.	10,000

Mr. Herbert A. Stoney has, as of June 10, 1971, executed an undertaking to gift back to the Company 8,000 common shares of the Company presently registered in his name. The 8,000 shares are included in the number of shares as shown above as being registered in his name and are presently subject to escrow conditions. (See paragraph "Escrowed Shares")

The Company has completed and filed sufficient assessment work on the property to keep the mineral claims in good standing until the expiry dates as listed previously, and subsequent to that date, the Company must perform \$100.00 assessment work per claim per year or pay cash in lieu thereof in order to keep the property in good standing.

The Company abandoned and re-located mineral claims GB 1-10 inclusive in August of 1970 and has subsequently been advised that these claims or portions of them may be over-staked on other claims. It is therefore the intention of the Company not to use any of the proceeds from this issue to perform exploration work on the GB 1-10 inclusive mineral claims until clarification has been made with respect to this problem.

#### HISTORY OF PROPERTY

As far as is known, there has been no previous work done on these mineral claims. Some cursory prospecting may have been conducted by Kennco in 1957 as part of a general reconnaissance of the Guichon Batholith.

There is no underground exploration or development and no underground plant or equipment, nor is there any surface exploration or development or surface plant or equipment on the mineral claims.

There has been no work done by the Company as such on the mineral claims, with the exception of the assessment work necessary to keep these mineral claims in good standing. The property is without a known body of commercial ore and the proposed program is an exploratory search for ore. The primary economic interest in this property is for the copper and molybdenum content.

#### LOCATION AND ACCESS

The mineral claims are situated in the south slope of Spaist Mountain, in the Kamloops Mining Division, in the Province of British Columbia, north of Skuhun Creek, and approximately twenty miles by road from Spences Bridge, B.C. Access thereto is by Highway No. 8 from Spences Bridge for approximately fourteen miles, then by gravel road up to Skuhun Creek for approximately four miles, and from there by Jeep road which runs north for three miles to the centre of the mineral claims. This road continues north to Pimainus Lake, Highland Valley Lodge and the highway to Ashcroft, B.C.

#### SUMMARY AND CONCLUSIONS

The NB - HK group of mineral claims in the Highland Valley area is geologically located close to the south-western contact of the Central Batholith core of the Guichon Batholith with a comparatively narrow band of Bethlehem Granodiorite.

The property is chiefly underlain by Granodiorite of the Highland Valley phase with several contacts to the older phases crossing the properties or contacts to younger phases lying in the immediate proximity to the east. Structural trends favouring the forming of mineral deposits of the Highland Valley type are indicated by prominent topographical features.

Because of the favourable geology and the favourable results by other companies exploring mineral groups in the Highland Valley area, an exploration program incurring expenditures as hereinafter detailed is recommended for these mineral claims.

In his report dated January 12, 1971, Mr. H. Wober, P.Eng. recommends an initial phase of an exploration program consisting of line cutting, geochemical soil surveying, geological mapping and prospecting, a magnetometer survey and an induced polarization survey costing approximately

\$40,000.00. The Company intends only to raise sufficient funds to perform the initial phase of the recommended program at this time. Any anomalies or areas of interest uncovered by the aforesaid surveys, would be explored in more detail at a subsequent date with the necessary funds to perform such further exploration to be raised by a second public offering. The total cost of the first phase of the estimated program of exploration is \$40,000.00. The prospectus report, dated January 12, 1971 of Mr. H. Wober, P.Eng. is attached hereto in its entirety and forms part of this prospectus.

The information set out under the headings "History of Property", "Location and Access" and "Summary and Conclusions", is taken from and based upon the prospectus report of Mr. H. Wober, P.Eng.

#### USE OF PROCEEDS

The estimated net proceeds to be derived by the issuer from the sale of the securities being offered hereby is \$46,875.00. The principal purposes for which the proceeds from the sale of shares offered by this prospectus will be used, are as follows:

1. To pay outstanding liabilities of the Company	\$ 7,188.00
2. To pay for the cost of this issue	\$ 2,500.00
3. To implement the first phase of the Engineering Report of H. Wober, P.Eng.	<u>\$40,000.00</u>
Total	<u>\$49,688.00</u>

In the event all of the shares offered hereunder are not sold, priority will be given to the payment of the Company's outstanding liabilities, the payment of the cost of this issue, and then to line cutting and the geochemical soil survey, geological mapping and the Magnetometer Survey in that order.

The Company may abandon in whole or in part any of its properties but only on the advice of its consulting engineers or may alter as work progresses the work program recommended or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of conducting work or examining other properties acquired by the Company after the date of this prospectus although the Company has no present plans in this regard. If any such event occurs during the primary distribution of the shares referred to in this prospectus, an amendment to this prospectus will be filed.

No part of the proceeds 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 jurisdiction in which securities offered by this prospectus may be lawfully sold. Should the Company propose to use the proceeds to acquire non-trustee type securities after initial distribution of the securities offered by this prospectus, approval by the shareholders must first be obtained and prior disclosure must be made to the securities regulatory bodies having jurisdiction over the sale of the securities offered by this prospectus.

#### PRELIMINARY EXPENSES

The amount of preliminary expenses from the date of the Company's incorporation on March 24, 1966 to April 30, 1971 is \$35,907.00, which consists of \$26,876.00 for exploration and development expenses and \$9,031.00 for administrative expenses.

## PROMOTER

Moses J. Campbell was responsible for reorganizing the Company and, therefore, may be considered to be its promoter.

## ESCROWED SHARES

As of April 7, 1971, 750,000 shares are held in escrow by Yorkshire Trust Company, 590 West Pender 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 of the shares without the consent of the Superintendent of Brokers. 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.

Mr. Herbert A. Stoney, being the registered owner of 63,800 common shares of the Company which are subject to the above escrow conditions, has undertaken to gift back to the Company 8,000 of these escrowed shares.

<u>Class of Shares</u>	<u>Number of Shares held in escrow</u>	<u>Percentage of Class</u>
Common	750,000	63.3%

## PRINCIPAL HOLDERS OF SECURITIES

As of July 31, 1971, the following table sets forth the number of shares owned of record or beneficially, directly or indirectly, by each person who owns more than 10% of the Company's shares:

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Shares Outstanding</u>
Kathleen M. Campbell, 470 Vienna Crescent, North Vancouver, B.C.	Record and Beneficial	164,199	13.9%
Derek H. Campbell, 470 Vienna Crescent, North Vancouver, B.C.	Record and Beneficial	154,202	13%
Darryl G. Campbell, 470 Vienna Crescent, North Vancouver, B.C.	Record and Beneficial	154,199	13%
The Minemaker Company, 558 Howe Street, Vancouver, B.C.	Record and Beneficial	118,440	10%

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Shares Outstanding</u>
Vagn M. Andersen 59 Glenmore Drive, West Vancouver, B.C.	Record and Beneficial	120,150	10.1%

The Minemaker Company is a proprietorship operated by Harold P. Killoran who therefore is the beneficial owner of the above shares recorded in the name of the Minemaker Company. Mr. Killoran is also the recorded and beneficial owner of 40,000 shares of the Company and therefore beneficially controls 13.4% of the shares outstanding of the Company.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the caption "Business and Property" for shares issued to Directors for property.

## AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Auditors of the Company are Messrs. Shand, Pearmain, McAfee & Pew, Chartered Accountants, Suite 900, Guinness Tower, 1055 West Hastings Street, Vancouver, B.C.

The Company's Registrar and Transfer Agent is Yorkshire Trust Company, 590 West Pender Street, Vancouver, B.C.

## OTHER MATERIAL CONTRACTS

There are no other material contracts not hereinbefore disclosed, entered into by the Company other than in the ordinary course of business.

## 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 sixty (60) days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three (3) 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 ninety (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 thereunder.

"H.A. STONEY"

"G.W. FRULLING"

"W.F. NOTTELMAN"

"ROBERT KOHLS"

### *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 thereunder.

"M.J. CAMPBELL"

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of August, A.D. 1971.

## HIGHLAND STAR MINES LIMITED (N.P.L.)

(Formerly Little Pine Tex Mining Corp. Ltd. (N.P.L.))

### INDEX TO FINANCIAL STATEMENTS

APRIL 30, 1971

### AUDITORS' REPORT

### EXHIBITS

- A BALANCE SHEET
- B STATEMENT OF EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES
- C STATEMENT OF SOURCE AND APPLICATION OF FUNDS
- D NOTES TO FINANCIAL STATEMENTS

**HIGHLAND STAR MINES LIMITED (N.P.L.)**  
(Formerly Little Pine Tex Mining Corp. Ltd. (N.P.L.))

**BALANCE SHEET**  
As as April 30, 1971

**AUDITORS' REPORT**

The Shareholders,  
**Highland Star Mines Limited (N.P.L.)**  
(Formerly Little Pine Tex Mining Corp. Ltd. (N.P.L.))

Vancouver, B.C.

We have examined the balance sheet of Highland Star Mines Limited (N.P.L.) as at April 30, 1971 and the statements of exploration, development and other expenditures and source and application of funds for the period from incorporation, March 24, 1966 to April 30, 1971. 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 April 30, 1971 and the results of its operations and the source and application of its funds for the period then ended, in accordance with generally accepted accounting principles.

Shand, Pearmain, McAfee, Pew & Lilly  
Chartered Accountants

Vancouver, B.C.  
May 28, 1971

**ASSETS**

Current Assets	
Cash	\$ 2,099
Subscriptions receivable	750
	<u>2,849</u>
Office Equipment, at cost	492
Mineral Properties, at cost (Note 1)	85,000
Deferred Exploration, Development and Other Expenditures, at cost (Exhibit B)	35,907
Incorporation Expense, at cost	<u>1,442</u>
	<u>\$ 125,690</u>

**LIABILITIES AND SHARE CAPITAL**

Current Liabilities		
Accounts payable	\$ 2,288	
Contracts payable (Note 1)	2,000	
Loan payable	900	
Due to shareholders	<u>2,000</u>	
		7,188
Share Capital		
Authorized		
4,000,000 shares of no par value		
Issued		
434,995 shares, for cash (Note 2)	\$ 43,502	
750,000 shares, for mineral properties	<u>75,000</u>	118,502
		<u>\$ 125,690</u>

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

APPROVED ON BEHALF OF THE BOARD

This is the balance sheet referred to in our report dated May 28, 1971.

"G.W. FRULLING" Director

"Shand, Pearmain, McAfee, Pew & Lilly"

"H.A. STONEY" Director

Chartered Accountants



**HIGHLAND STAR MINES LIMITED (N.P.L.)**

(Formerly Little Pine Tex Mining Corp. Ltd. (N.P.L.))

**STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES**

For the Period from Incorporation, March 24, 1966 to April 30, 1971

	Year Ended March 31, 1967	Nineteen		Years Ended		Six	
		Months Ended October 31, 1968	Months Ended October 31, 1969	October 31, 1970	October 31, 1971	April 30, 1971	Total
<b>EXPLORATION AND DEVELOPMENT</b>							
Engineering and consulting	\$ 451	\$ —	\$ 2,000	\$ 1,446	\$ —	\$ 3,897	
Field work	—	510	1,006	1,702	—	3,218	
Free miners' certificate	—	200	—	200	200	600	
Freight	—	—	7	44	—	51	
Recording and assessment work	—	410	—	16,344	380	17,134	
Staking costs	—	—	1,156	416	—	1,572	
Travel and accommodation	—	114	241	—	—	355	
Vehicle operation	—	—	49	—	—	49	
	<u>451</u>	<u>1,234</u>	<u>4,459</u>	<u>20,152</u>	<u>580</u>	<u>26,876</u>	
<b>ADMINISTRATIVE</b>							
Audit	275	300	400	575	600	2,150	
Interest and exchange	3	1	12	8	1	25	
Legal	—	1,500	800	2,309	1,265	5,874	
Moving expense	242	—	—	—	—	242	
Office	—	8	34	36	8	86	
Telephone and telegraph	—	38	258	—	8	304	
Transfer agent's fees	—	—	—	—	350	350	
	<u>520</u>	<u>1,847</u>	<u>1,504</u>	<u>2,928</u>	<u>2,232</u>	<u>9,031</u>	
<b>TOTAL EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES (Exhibit A)</b>	<b>\$ 971</b>	<b>\$ 3,081</b>	<b>\$ 5,963</b>	<b>\$ 23,080</b>	<b>\$ 2,812</b>	<b>\$ 35,907</b>	

**HIGHLAND STAR MINES LIMITED (N.P.L.)**

(Formerly Little Pine Tex Mining Corp. Ltd. (N.P.L.))

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

For the Period From Incorporation, March 24, 1966 to April 30, 1971

**SOURCE OF FUNDS**

Proceeds from sale of share capital, for cash

\$43,502

**APPLICATION OF FUNDS**

Exploration, development and other  
expenditures for the period (Exhibit B)

\$35,907

Cash consideration for mineral properties

10,000

Purchase of office equipment

492

Incorporation expense

1,442

47,841

**WORKING CAPITAL DEFICIENCY AS AT APRIL 30, 1971**

\$ 4,339

**WORKING CAPITAL DEFICIENCY REPRESENTED BY**

Current liabilities

\$ 7,188

Current assets

2,849

\$ 4,339

**HIGHLAND STAR MINES LIMITED (N.P.L.)**

(Formerly Little Pine Tex Mining Corp. Ltd. (N.P.L.))

**NOTES TO FINANCIAL STATEMENTS**

AS AT APRIL 30, 1971

**1. MINERAL PROPERTIES**

The company holds title to 46 mineral claims situate in the Kamloops Mining Division of the Province of British Columbia, and were acquired for the following cash and share consideration:

750,000 shares at a deemed consideration of \$.10 per share	\$75,000
Cash	<u>10,000</u>
	<u>\$85,000</u>

A final payment of \$2,000 on the cash consideration was unpaid as at April 30, 1971, such payment to be made thirty days after the date on which the company shall have qualified as a security issuer to offer its primary distribution to the public.

**2. SHARE CAPITAL**

Included in shares issued for cash consideration are 118,440 shares issued in settlement of a debt owing by the company for recording work performed on its property, such shares being issued at \$.10 per share.

Report on the

**NB - HK - GB Group of Mineral Claims**

held by

**Highland Star Mines Ltd.**

in the

**Highland Valley Area  
Kamloops Mining Division**

by

**MacDonald Consultants Ltd.**  
H. Wober, P.Eng.

Vancouver, B.C.                      January 12, 1971

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## INTRODUCTION

This report is an evaluation of the NB-HK and GB group of mineral claims located in the Highland Valley, B.C.

The author has first visited the property on October 20th and 21st, 1968 on behalf of Little Pinetex Mining Corporation Ltd. The author has not visited the property since that date.

The report is based on the writer's familiarity with the Highland Valley acquired while supervising exploration programs on other properties in the area, on the study of published and private reports on the general and economic geology of the Guichon Batholith and the known deposits. The writer has also visited the operation of Bethlehem Copper Corporation Ltd.

To the knowledge of the writer, no exploration work other than trenching in overburden has been carried out on the property since the time of his last visit in October 1968.

## PROPERTY

The property is located in the Kamloops Mining Division and consists of a block of 46 claims.

The history of the staking of the property is somewhat complicated by subsequent abandonment and restaking of portions of the HK claim group. However, the following picture can be developed from the records and the writer's own observations on the ground in October 1968:

The NB No. 1-30 mineral claims, inspected by the writer, were found to be staked in accordance with the requirements of the B.C. Mineral Act.

The original HK No. 1-16 claims, first staked by Mr. L. Setter, were transferred to Little Pinetex Mining Corporation Ltd. (the name was later changed to Highland Star Mines Ltd.) on October 18, 1968. Notice of abandonment was filed at the same date by Little Pinetex. The claims were subsequently restaked by Mr. P. Sahara of Merrit, as agent for Little Pinetex. The new HK No. 1-16 claims were recorded at Kamloops on October 20, 1968.

An investigation by MacDonald Consultants on the ground, however, revealed that these claims were not staked on the original claims line of L. Setter's HK 1-16 claims but further to the south and partly overlapping ground which was already staked.

Mr. W. Pelton of MacDonald Consultants, therefore, staked HK No. 1-10 claims (Tag Nos. 974691 - 700) on the original location line of L. Setter. This location line was found to join the NB location line 100 feet beyond the final post of HK No. 9 and No. 10.

The Pelton claims in turn were abandoned by Highland Star Mines in the summer of 1970, and Mr. Gordon Bara staked the GB No. 1-10 claims as agent for Highland Star. Mr. Bara, on his staking sketch, shows the claims to be in the eastern extension and adjoining the original HK No. 11-16 claims. Their location and relative position to other claims is shown approximately only on attached claim location map. The writer did not examine the staking nor did he verify the location of the GB No. 1-10 claims. The Form A's were issued with the provision that the claims appear to be staked in contravention to the B.C. Mineral Act.

The schedule of claims presently in the name of Highland Star Mines Ltd. is as follows.

<u>Name</u>	<u>Record No.</u>	<u>Staker</u>
NB No. 1-30	67031-67060	
HK No. 11-16	67071-67076	P. Sahara
GB No. 1-10	94273-94282	G. Bara

## LOCATION AND ACCESS

The centre of the claim group is located approximately two miles west of Skuhost Creek, a tributary of Skuhum Creek in the southern part of the Highland Valley area.

The property is easily accessible from Spences Bridge. At a distance of fourteen miles from Spences Bridge on the Merrit Highway a dirt road following Skuhum Creek for about five miles reaches the junction with an access road leading to Pimainus Lake. Pimainus Lake and, therefore, also the property are accessible from the north as well, via Ashcroft and through the Lornex Camp.

## TOPOGRAPHY, CLIMATE

The claim group is within the interior plateau which usually features flat rolling hills. The prominent N-S valley of Skuhost Creek cuts up to 300 feet into the terrain. It represents most probably a strong zone of faulting and fracturing along the core and main axis of the Guichon Batholith. The deposits of Bethlehem Copper Corp. Ltd., Valley Copper Mines Ltd., Lornex Mines, Highmont Mining Corp. Ltd. and the smaller ones of North Pacific Mines Ltd., South Seas Mining and Copper-Can Developments all align along north-northwesterly trends which find their expression in the drainage pattern and probably represent major structural features.

Climatically the area belongs to the interior dry belt with hot summers, moderate winters and little precipitation ranging from 10 to 15 inches annually. The claims are well timbered with fir and pine.

## HISTORY

The mining history of the Highland Valley area has been given much publicity in mining literature and the daily press so that a detailed repetition is superfluous.

The property itself was in parts formerly held by Rio Tinto which carried out a limited program of geochemical reconnaissance sampling. The results are not known to the writer.

The area of the claims group has never received much attention because of its more difficult terrain and the thick layer of glacial till which reveals very little outcrop.

There are no underground workings, diamond drill holes or percussion holes on the property.

Recent publications and a better understanding of the regional geological features controlling the deposition and location of the porphyry copper deposits in the area, brought to the attention by new discoveries, have led to a new staking rush in the area.

## GENERAL AND ECONOMIC GEOLOGY

The most recent study on the Guichon Creek batholith was done by K. Northcote and submitted as his thesis to obtain the degree of Ph.D. (Geology) at the University of British Columbia.

Among earlier studies of importance to the exploration geologist in the area is "The Geology and Mineral Deposits of Highland Valley, B.C." by W.H. White, R.M. Thompson and K.C. McTaggart.

The Guichon Creek batholith occupies an area 40 miles long in a north-northwesterly direction with a maximum width of about 16 miles.

The batholith is of Lower Jurassic age and consists of seven major, almost concentric phases with the relative age of the phases decreasing towards the centre.

The picture of concentric successive phases is interrupted and disturbed by phases (or varieties) of intermediate relative age in its eastern part towards the eastern margin (after K. Northcote).

The rock types are quartz diorite, granodiorite, quartz monzonite, porphyries, associated breccias and leucocratic dykes and irregular shaped bodies.

Sharp as well as gradational contacts occur.

The study and interpretation by Northcote was done from the outcrop area of only 3% of the batholith. Local deviations of the boundary lines between the different phases are, therefore, quite possible.

The mineral deposits of the area represent the very latest phases of the igneous activity of the batholith. The mineral bearing solutions followed pathways of higher permeability and are, therefore, linked to breccias, breccia pipes, fault and fracture zones. Porphyritic dykes of the latest phases indicate deep-reaching breaks and are also favoured by deposition. The mineralization was accompanied by intensive rock alteration. White, Thompson, McTaggart name tourmaline, quartz, sericitization, argillic alteration, chloritization and epidote mineralization among others as being associated with copper mineralization at Bethlehem's deposits. The chloritization was found to be most intense in the centre of the ore bodies.

The most important primary minerals of the deposits are bornite, chalcopyrite, chalcocite and molybdenite. Secondary minerals are malachite, azurite, tenorite, ferrimolybdate and others.

Zoning of the minerals was observed at Bethlehem as well as at Lornex. Bornite is predominant in the centre of the ore bodies with increasing chalcopyrite contents towards the outside until the latter becomes the main copper mineral. At some of the Bethlehem ore bodies a tail of pyrite mineralization was observed outside the ore zones. The distribution of molybdenite is quite erratic and does not follow any recognizable pattern.

#### EXPLORATION METHODS

Geochemical methods are applicable if used selectively in combination with an understanding of the overburden conditions.

Airphoto interpretation is an important tool to determine areas of greater fracture density. In some areas, however, it is difficult to separate glacial striations from structurally caused lineaments where their directions are similar.

Magnetometer surveys were successfully used in the area to delineate zones of intense hydrothermal alteration which caused the decay and replacement of accessory magnetic rock components.

Induced polarization methods are being used to delineate the final drill targets.

Wherever relatively shallow overburden is encountered, bulldozer trenching can be used to follow up indications from any of the above methods.

#### GEOLOGY OF THE NB - HK - GB CLAIM GROUP

The claim group is geologically located along the southwestern boundary between the Central Bethsaida phase and the Bethlehem and Highland Valley phases. The Bethlehem phase in this part of the batholith is represented in a comparatively narrow band crossing the properties of T.C. Explorations, Highpoint, and Cominco.

The rock formation underlying the NB - HK claim group is predominantly granodiorite of the Chataway variety.

A tributary of Skuhost Creek running from NW to SE marks a distinct lineament in the terrain which possibly represents a structural feature. It crosses the location line of NB No. 5 and No. 6 claims.

This is also indicated in an outcrop along the location line of NB No. 5 and No. 6, showing weak chloritization of granodiorite with specks of hematite and some manganese oxide.

Other geological contacts inferred in K. Northcote's map occur on NB No. 13-16 claims where a contact with the Hybrid phase crosses the claim group and the contact to the Bethlehem phase is projected along the eastern boundary of NB No. 14 and 16 claims.

A further contact with the Hybrid phase is mapped by Northcote in the area of NB No. 25 to NB No. 30 claims.

The property is, therefore, located in an area of good potential in the Highland Valley camp with regard to contacts and structural features favouring the location of ore deposits.

#### RECOMMENDATIONS

##### Phase I

1.) Linecutting — Establish a North - South running base line through the centre of the property, using the location line of NB No. 1 - 16 in its northern part. The base line should then be offset by 5,000 feet to the east and extended to the southern boundary of the property.

Total length of base lines: 18,500 feet or 3.5 miles.

Establish cross lines at a spacing of 600 feet, running E - W to the boundaries of the property. Picket stations are to be chained in every 200 feet. Base line and all cross lines should be cut in a manner suitable for an Induced Polarization Survey.

Total cross lines amount to about 27.5 miles.

2.) Geochemical Survey — Take soil samples at all picket stations along the lines. Silt samples should be taken from all streams and runoffs. It is estimated that a total of approximately 800 samples will be taken. The samples should be assayed for copper.

3.) Geological Mapping and Prospecting — The entire property should be carefully prospected and mapped. Outcrops as well as float trends of mineralization and alteration products should be plotted on the map.

4.) Geophysical Surveys —

A.) Magnetometer Survey — The entire grid area should be covered using a fluxgate magnetometer with readings taken at 100 foot intervals along the lines.

The program outlined so far is designed to aid the interpretation of the following induced Polarization Survey. Contacts and structural features were successfully located on other properties in the area specifically by magnetic methods and will help to evaluate indications from other methods.

B.) Induced Polarization Survey — This type of survey should be carried out by a well experienced firm in this field over all the cross lines, using an electrode array which allows a depth penetration of approximately 400 feet initially.

5.) Surveying — The claim location lines and all claim posts should be surveyed in carefully with relation to prominent topographical features, surrounding properties in good standing and the grid system.

##### Phase II

Targets outlined by Phase I of the program if warranted, should be followed up by bulldozer trenching and/or drilling.

Depending on the indications from the different methods, a recommendation can then be made as to which method should be used for the follow up work.

It is estimated at this time that funds in the order of \$30,000.00 will be required to initially investigate such targets.

**COST ESTIMATE**

**Phase I**

1.)	Linecutting and soil sampling (31 miles at \$200.00 per mile all inclusive)	\$ 6,200.00
2.)	Geochemical Assays	1,200.00
3.)	Geological Mapping and Prospecting	1,000.00
4.)	Magnetometer Survey including contoured map and interpretation \$70.00 per mile	2,170.00
5.)	I.P. Survey, 27.5 miles at \$500.00 per mile	13,750.00
6.)	Surveying including equipment rental and supplies	2,000.00
7.)	Supervision	2,000.00
8.)	Truck Rental and Operating Costs	1,500.00
9.)	Mobilization, Demobilization	1,200.00
10.)	Office Administration, communication Freight	1,000.00
11.)	Consultant's Fees and Expenses including travel and final report	3,500.00
12.)	Contingencies @ 10%	<u>3,600.00</u>
	Total Phase I or	<u>\$39,120.00</u>
	Approximately	<u><u>\$40,000.00</u></u>

**Phase II**

	Unspecified diamond drilling and/or bulldozing depending on results of Phase I	<u>\$30,000.00</u>
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**SUMMARY AND CONCLUSION**

The NB - NK Group of Claims in the Highland Valley area is geologically located close to the southwestern contact of the Central Bathsaida core of the Guichon batholith with a comparatively narrow band of Bethlehem granodiorite.

The property is chiefly underlain by granodiorite of the Highland Valley phase with several contacts to the older phases crossing the properties or contacts to younger phases laying in the immediate proximity to the east.

Structural trends favouring the forming of mineral deposits of the Highland Valley type are indicated by prominent topographical features.

An exploration program incurring expenditures in the order of \$40,000.00 for a Phase I and

\$30,000.00 for a possible Phase II is fully warranted.

Respectfully submitted,  
MACDONALD CONSULTANTS LTD.

"H. WOBER"

H. Wober, P.Eng.

January 12, 1971.

**CERTIFICATE**

I, Helmut Wober, with business and residential address in Vancouver, B.C. do hereby declare:

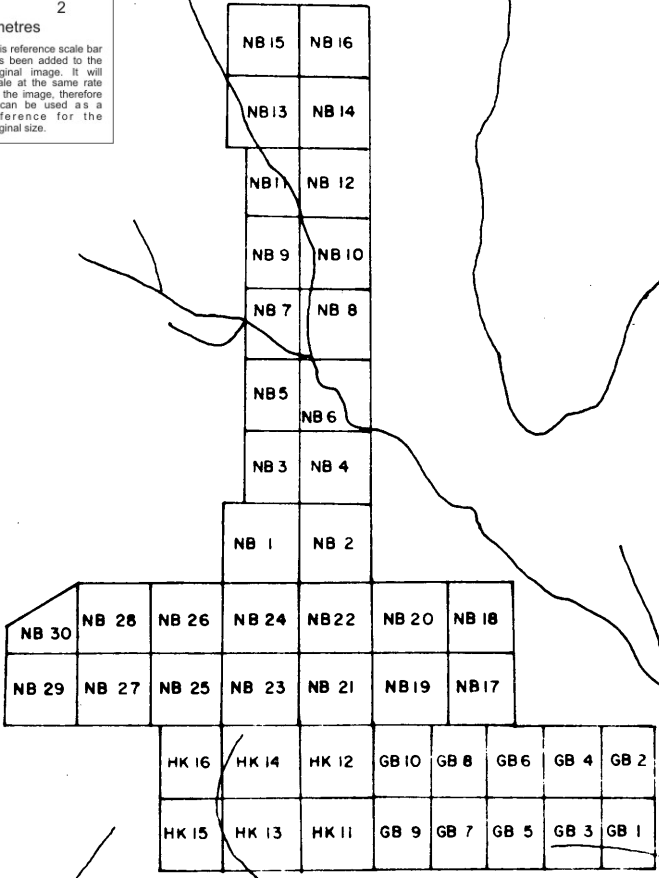
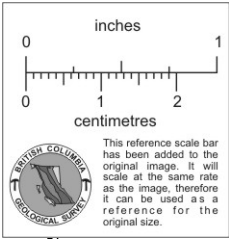
- 1.) I am a consulting mining engineer.
- 2.) I am a graduate of the Montanistische Hochschule, Austria, 1963.
- 3.) I am a registered professional engineer in Yukon and British Columbia.
- 4.) I have gained experience in mining and exploration geology in positions of responsibility with Nordisk Mineselskab A/S East Greenland in 1961 and 1962, with United Keno Hill Mines from 1964 to 1966. I held the position of Chief Mine Geologist with United Keno Hill Mines when I resigned to join MacDonald Consultants Ltd. in May, 1966.
- 5.) I have personally examined the property described in this report and studied all available information on the geology of the area described.
- 6.) I do not have, nor do I expect to have or beneficially own any interest, direct or indirect, in the properties or securities of Highland Star Mines Ltd. or any of its affiliates.
- 7.) I hereby give my consent for Highland Star Mines Ltd. to file a copy of the above named report with the B.C. Securities Commission or to include said report in a prospectus of Highland Star Mines Ltd.

Respectfully submitted,  
MACDONALD CONSULTANTS LTD.

"H. WOBER"

H. Wober, P.Eng.





*A. Baker*

<p>HIGHLAND STAR MINES LTD. (NPL)</p>	<p><b>CLAIM LOCATION</b></p>	
	<p>MacDonald Consultants Ltd.</p>	
	SCALE	1"=3000'
	DRAWN	jmd
	DATE	JAN. 71
	NO	