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# HIGHLAND MERCURY MINES LIMITED

**5th Annual Report  
1970**



## HIGHLAND MERCURY MINES LIMITED

*(Incorporated under the Laws of the Province of British Columbia)*

### **Authorized Capital:**

*3,000,000 shares without  
nominal or par value.*

### **DIRECTORS**

W. R. BERGEY ..... *West Vancouver, B.C.*  
SIR MICHAEL BUTLER, Bt., Q.C. .... *Vancouver, B.C.*  
E. HALLBAUER ..... *West Vancouver, B.C.*  
N.B. KEEVIL Jr. .... *Toronto, Ont.*  
J.D. MUNROE ..... *West Vancouver, B.C.*  
R.W. WILSON ..... *North Vancouver, B.C.*

### **OFFICERS**

N. B. KEEVIL, Jr. .... *President*  
W. R. BERGEY ..... *Vice-President*  
J.D. MUNROE ..... *Secretary-Treasurer*

### **AUDITORS**

PRICE WATERHOUSE & CO. .... *Vancouver, B.C.*

### **SOLICITORS**

FARRIS, FARRIS, VAUGHAN, WILLS & MURPHY ..... *Vancouver, B.C.*

### **TRANSFER AGENTS**

THE CANADA TRUST COMPANY ..... *Vancouver, B.C.  
and Toronto, Ont.*

### **BANKERS**

CANADIAN IMPERIAL BANK OF COMMERCE ..... *Vancouver, B.C.*

### **REGISTERED OFFICE**

**700 - 1177 WEST HASTINGS STREET, VANCOUVER 1, BRITISH COLUMBIA**

### **ANNUAL MEETING**

*The Annual General Meeting of the Shareholders of Highland Mercury Mines Limited  
will be held on Tuesday, June 22, 1971 in the Queen Anne Room, Hotel Georgia, Van-  
couver, B.C., at 3:00 o'clock in the afternoon (Vancouver time).*

# HIGHLAND MERCURY MINES LIMITED

## REPORT OF THE DIRECTORS

To the Shareholders:

Your Directors submit herewith the Annual Report of the Company, together with financial statements, for the year ended December 31, 1970.

During the past year exploration work, consisting mainly of percussion drilling, was concentrated on the eastern section of your property on the north shore of Pinchi Lake. This portion of the claim group lies on the projected extension of the favourable belt of rocks which contain the mercury ore bodies at the adjoining Pinchi Mine of Cominco Ltd. Additional geological mapping was carried out in the western section of the property to aid in the re-evaluation of the previous year's drilling results.

A total of 6,088 feet of percussion drilling in 36 holes was carried out. The drilling was based on geological projections and on the results of magnetometer and refraction-seismic tests, since bedrock in the drilling area is masked by glacial-lake deposits. The program was unsuccessful in locating the favourable carbonate-silica rocks which contain the ore deposits on the adjoining property.

An Option Agreement has been concluded with Cominco Ltd. for continuing exploration on the Pinchi Lake property. Your Company will retain a carried 25 percent interest through production.

Meanwhile the cash position is satisfactory and your Directors hope at some future time to submit for your approval a new mining venture should there be a favourable opportunity.

On behalf of the Board,



N. B. Keevil, Jr.  
President.

Vancouver, B. C.

June 1, 1971.

PRICE WATERHOUSE & CO.

CHARTERED ACCOUNTANTS

1075 WEST GEORGIA STREET  
VANCOUVER 5, B.C.

March 25 1971

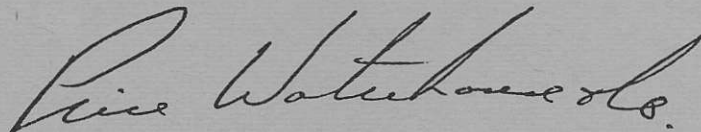
AUDITORS' REPORT

To the Shareholders of  
Highland Mercury Mines Limited:

We have examined the balance sheet of Highland Mercury Mines Limited as at December 31 1970 and the statements of deferred exploration and administration expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The ultimate value of the company's mineral claims and exploration expenses thereon is not known at the present time and any determination of such value is currently related to the outcome of any further exploration work carried out under the terms of the agreement referred to in the note to the financial statements.

In our opinion, subject to the final determination of the matter referred to in the preceding paragraph, these financial statements present fairly the financial position of the company as at December 31 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

# HIGHLAND MERCURY MINES LIMITED

## BALANCE SHEET

DECEMBER 31 1970

### ASSETS

	<u>1970</u>	<u>1969</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 21,943	\$ 30,706
Accounts receivable	1,066	2,287
Short-term investments at cost	<u>150,000</u>	<u>169,789</u>
	178,009	202,782
<u>MINERAL CLAIMS</u> , at cost, measured by the issue of 750,000 shares	375,000	375,000
<u>DEFERRED EXPLORATION AND ADMINISTRATION EXPENSES</u> - per statement attached	166,440	137,113
<u>INCORPORATION EXPENSES</u>	<u>1,224</u>	<u>1,224</u>
	<u>\$715,673</u>	<u>\$716,119</u>

### LIABILITIES

<u>ACCOUNTS PAYABLE</u>	\$ 173	\$ 619
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### SHAREHOLDERS' EQUITY

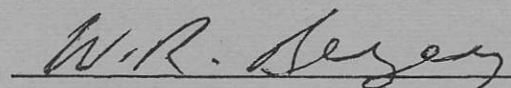
#### SHARE CAPITAL:

Authorized-  
3,000,000 shares without nominal  
or par value

	<u>Shares</u>		
Issued and fully paid-			
For cash	342,000	310,500	
For exploration expenses	120,000	30,000	
For mineral claims	<u>750,000</u>	375,000	715,500
	<u>1,212,000</u>		
		<u>\$715,673</u>	<u>\$716,119</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

# HIGHLAND MERCURY MINES LIMITED

## STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATION EXPENSES

FOR THE YEAR ENDED DECEMBER 31 1970

	Balance as at December 31 1969	Expenditure during the year	Balance as at December 31 1970
Exploration expenses:			
Diamond and percussion drilling	\$ 55,595	\$19,553	\$ 75,148
Drill roads and site preparation	1,339	750	2,089
Line cutting	590	-	590
Surface stripping	9,685	-	9,685
Sampling and assaying	1,336	109	1,445
Engineering and geology	16,420	4,543	20,963
Geophysical surveys	-	1,615	1,615
Contract staking	-	400	400
Consulting	2,138	-	2,138
Camp operations	8,330	2,849	11,179
Mine general	<u>22,165</u>	<u>3,579</u>	<u>25,744</u>
	117,598	33,398	150,996
Administration expenses	<u>27,747</u>	<u>9,798</u>	<u>37,545</u>
	145,345	43,196	188,541
Deduct-			
Interest on investments	<u>8,232</u>	<u>13,869</u>	<u>22,101</u>
	<u>\$137,113</u>	<u>\$29,327</u>	<u>\$166,440</u>

# HIGHLAND MERCURY MINES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31 1970

	<u>1970</u>	<u>1969</u>
Source of funds:		
Proceeds from issue of shares	\$ -	\$300,000
Interest on investments	<u>13,869</u>	<u>8,232</u>
	13,869	308,232
Application of funds:		
Exploration and administration expenses	<u>43,196</u>	<u>106,798</u>
Increase (decrease) in working capital	(29,327)	201,434
Working capital at beginning of year	<u>202,163</u>	<u>729</u>
Working capital at end of year	<u>\$172,836</u>	<u>\$202,163</u>

### NOTE TO FINANCIAL STATEMENTS

DECEMBER 31 1970

On January 14 1971 the Company entered into an agreement with Cominco Ltd. whereby further exploration and development of the Company's properties will be carried out and financed by Cominco up to a maximum expenditure of \$100,000 and covering an approximately three year period ending December 1 1973. Subject to an option to terminate at each year end, Cominco will spend \$25,000 in the first year, \$35,000 in the second year and \$40,000 in the third year. Should Cominco then decide to proceed further it may require the Company to convey its mining properties to a new company to be incorporated, in exchange for a 25% interest in the common shares of such company.

## HIGHLAND MERCURY MINES LIMITED

May 8, 1972.

Dear Shareholder:

Highland Mercury Mines Limited was restored to trading on Monday, April 24, 1972, with a full listing on the Vancouver Stock Exchange. The Company has new direction and management. A property interest has been acquired in the Afton area between the Leemac and Galaxy claims, and additional financing obtained.

Management and direction will be carried on by a group of local businessmen with great experience in the natural resources industry. The writer, Robert W. Falkins and B. O. Brynelsen have joined the Board, with the continuing members being R. W. Wilson, Sir Michael Butler and J. D. Munroe. Teck Corporation has divested itself of its controlling stock position but does retain some escrowed shares so that it may have a continuing interest.

The Kamloops property is favorably located as will be seen from the area map on the back. A survey now being completed by McElhanney & Associates (B.C. Land Surveyors) confirms the general outline and scope of the claims although they may contain a few small alien fractions which is common in the area. The Iron Mask trend crosses the property from adjoining Leemac and an earlier I. P. survey showed a strong anomaly on the Company ground.

An initial work program is underway and upon expenditure of \$150,000 (at the Company's option) a 50% interest will have been earned in the claims.

The Company's property at Pinchi Creek optioned to Cominco is in good standing. Additional exploration work by Cominco is required during this year.

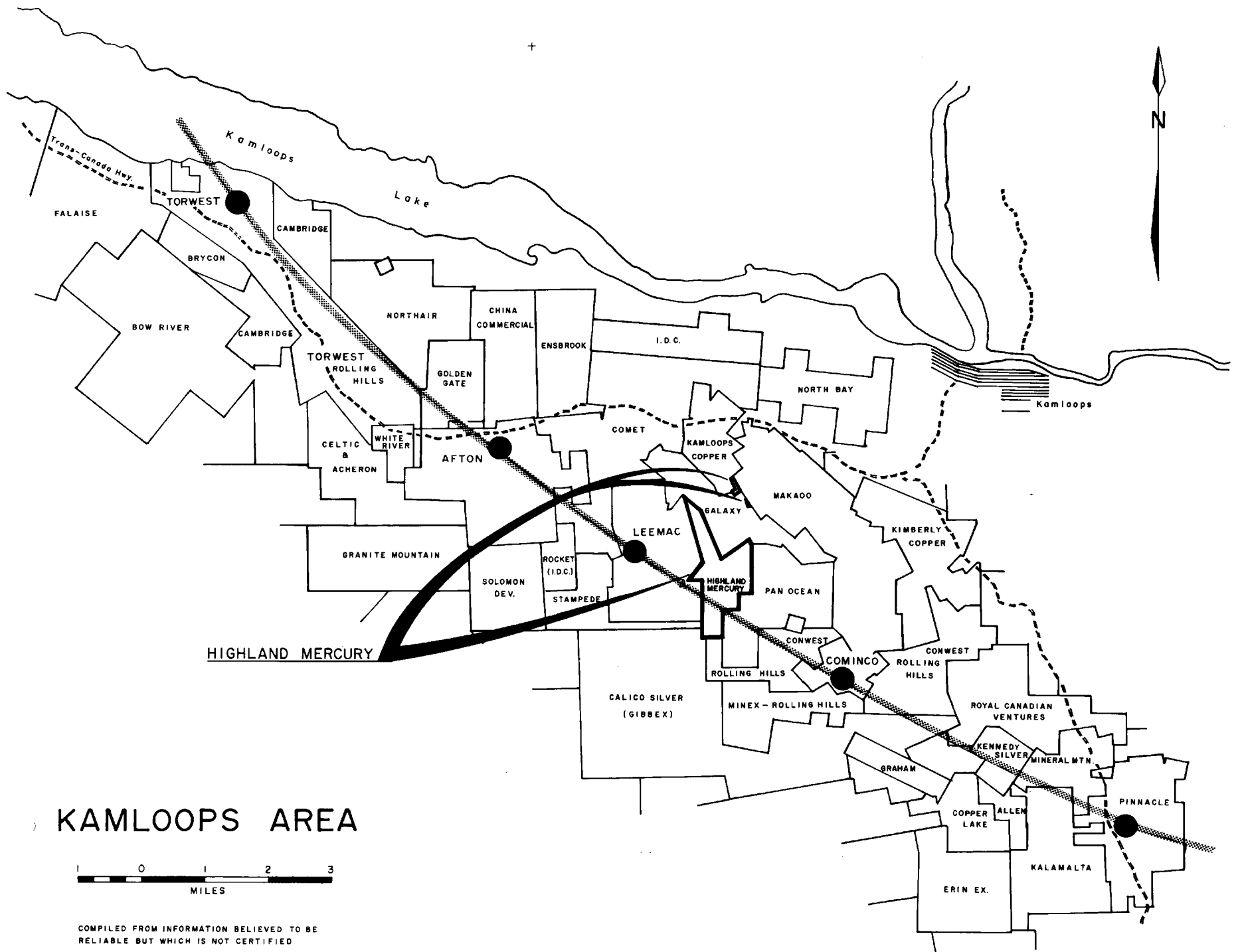
An underwriting and option by Brink, Hudson & Lefever Ltd. and Carlisle, Douglas & Co. Ltd. covering 300,000 shares at 35¢ with options of 150,000 shares at each of 45¢ and 60¢ will add \$262,500 to the Company's treasury if all options are exercised. At the time of mailing all but the 60¢ option had been taken up. Prior to the underwriting Highland Mercury had \$180,000 in liquid securities and 1,212,000 issued shares, of which 750,000 were escrowed.

The Company is well financed, has good property locations and plans to continue to expand its area of influence under its new management.

The annual meeting will be held in early June.

J. D. LEISHMAN,  
President.





# KAMLOOPS AREA



COMPILED FROM INFORMATION BELIEVED TO BE  
RELIABLE BUT WHICH IS NOT CERTIFIED

# HIGHLAND MERCURY MINES LIMITED

7th Floor, Board of Trade Building  
1177 West Hastings Street  
Vancouver 1, British Columbia

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Highland Mercury Mines Limited will be held in the Queen Anne Room at the Hotel Georgia, 801 West Georgia Street, Vancouver, British Columbia, on Tuesday, the 22nd day of June, 1971, at 3:00 p.m. (Vancouver Time) for the following purposes:

1. To receive and approve the report of the Directors, the Financial Statements of the Company for the fiscal year ended December 31st, 1970, and the report of the Auditors thereon.
2. To elect Directors for the ensuing year.
3. To appoint auditors for the ensuing year.
4. To authorize the Company (expiring at the next general meeting of the Company unless then continued by ordinary resolution) to take or acquire by purchase or otherwise any shares in any other corporation, and to empower the Directors of the Company to exercise such authority on the Company's behalf.
5. To transact such other business as may properly be brought before the Meeting and at any and all adjournments thereof.

Accompanying this Notice are copies of the Annual Report of the Directors to the Shareholders, the Financial Statements made up to December 31st, 1970, together with the report of the Auditors thereon, an Information Circular and form of Proxy.

Shareholders are entitled to vote at the Meeting either in person or by proxy. If you are unable to be present at the Meeting you are requested to read, complete, sign, date and return the enclosed Proxy.

DATED at Vancouver, British Columbia, the 1st day of June, 1971.

BY ORDER OF THE BOARD

J. D. MUNROE  
Secretary-Treasurer

# HIGHLAND MERCURY MINES LIMITED

7th Floor, Board of Trade Building  
1177 West Hastings Street  
Vancouver 1, British Columbia

## INFORMATION CIRCULAR (Dated as of June 1st, 1971)

### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of Proxies by the Management of Highland Mercury Mines Limited (the "Company") for use at the Annual General Meeting of the Shareholders of the Company to be held on Tuesday, the 22nd day of June, 1971, at the time and place and for the purposes set forth in the Notice of Meeting distributed with this Information Circular. The cost of this solicitation will be borne directly by the Company.

### APPOINTMENT AND REVOCATIONS OF PROXY

The persons named in the accompanying form of Proxy are Directors of the Company. A Shareholder desiring to appoint some other person to represent him at the Meeting may do so by striking out the printed names and inserting the desired person's name in the blank space provided in the form of Proxy.

A Proxy may be revoked by instrument in writing executed by the Shareholder or his Attorney authorized in writing or, if the Shareholder is a corporation, under its common seal or by an officer or attorney thereof duly authorized, and deposited at either the Registered Office of the Company, Vancouver, B. C. at any time up to and including the last business date preceding the day of the Meeting, or any adjournment thereof, at which the Proxy is to be used, or, with the Chairmah of such Meeting on the date of the Meeting, or any adjournment thereof, and upon either of such deposits the Proxy is revoked.

### PROVISIONS RELATING TO VOTING

The shares represented by Proxy in the form enclosed will be voted by the designated holder thereof in accordance with the direction of the Shareholder appointing him. In the absence of such direction it is intended that such shares will be voted in the affirmative for all proposals set out in the accompanying form of Proxy and for the election of Directors and the appointment of Auditors as set out under those respective headings in this circular.

The enclosed form of Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the time of printing this circular, the Management of the Company knows of no such amendment, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

Shareholders desiring to be represented by Proxy at the Meeting must deposit their Proxy forms at the Registered Office of the Company, 700 - 1177 West Hastings Street, Vancouver, B. C. before 3:00 o'clock in the afternoon (Vancouver Time) on Friday, the 18th day of June, 1971.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue 3,000,000 common shares without nominal or par value, of which there are issued and outstanding as fully paid and non-assessable 1,212,000 common shares. All shares of the capital stock of the Company are of the same class and carry one vote each. Registered Shareholders are entitled to attend and vote at the Meeting.

As of the date of this circular, Teck Corporation Limited owned 808,250 of the shares of the Company representing 66.68 % of the outstanding shares.

To the knowledge of the Directors and Senior Officers of the Company no other person or company holds more than 10 % of the outstanding voting shares of the Company.

## ELECTION OF DIRECTORS

The Directors of the Company are elected annually and hold office until the next Annual General Meeting of the Shareholders or until their successors in office are duly elected. The Management of the Company proposes to nominate the persons listed below for election as Directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management of the Company will be voted for the nominees listed in this Circular.

The following table sets out the names of the persons proposed to be nominees for election as Directors, the positions and offices which they hold with the Company, their respective principal occupations or employments, the period during which he has served as a Director of the Company, and the number of shares of the Company and its subsidiaries which each beneficially owns directly or indirectly:—

Name	Principal Occupation	Director Since	Shares Owned Beneficially
William R. Bergey West Vancouver, B. C.	Mining Geologist; Western Exploration Manager for Keevil Mining Group Limited; prior to that Mining Exploration Geologist for various mining companies.	October 20, 1969	—
Sir Michael Butler, Bt. Q.C. Vancouver, B. C.	Barrister; partner of Farris, Farris Vaughan, Wills & Murphy; formerly partner of Edison, Aird & Berlis (Toronto).	October 20, 1969	—
Robert E. Hallbauer West Vancouver, B. C.	Mining Engineer; Vice President and Director of Teck Corporation Limited.	January 27, 1971	—
Norman B. Keevil, Jr. Toronto, Ontario	Geophysicist; Executive Vice President and Director of Teck Corporation Limited.	October 20, 1969	—
John D. Munroe West Vancouver, B. C.	Accountant; Assistant Secretary of Teck Corporation Limited.	October 20, 1969	—
Ridgeway W. Wilson North Vancouver, B. C.	Mining Engineer; President and Chief Executive Officer of Silver Standard Mines Ltd. (N.P.L.)	October 20, 1969	—

The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective proposed nominees individually.

All the nominees are members of the present Board of Directors. In addition Sir Michael Butler and Messrs. R. E. Hallbauer and N. B. Keevil, Jr., are Directors of Teck Corporation Limited.

#### **REMUNERATION OF MANAGEMENT AND OTHERS**

During the fiscal period ending December 31st, 1970, no payments have been made to senior officers and directors of the Company.

No pension or retirement benefit plans have been instituted by the Company or any Company associated with it in management and none is proposed at this time.

No remuneration has been paid to any senior officer or director pursuant to any plan or otherwise, and none is intended to be paid in future.

None of the directors or senior officers of the Company have been indebted to the Company since the beginning of the last completed financial year of the Company.

#### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

There have been no material transactions since the commencement of the last completed financial year, and no material transactions are proposed, in which a director, nominee for director, senior officer or shareholder has or would have a material interest.

#### **APPOINTMENT OF AUDITORS**

Price, Waterhouse & Co., Chartered Accountants, of Vancouver, B. C. have offered themselves for reappointment, having been Auditors of the Company since April 2nd, 1969, and the Management of the Company intends to nominate that firm as Auditors of the Company for the ensuing year.

#### **MANAGEMENT CONTRACTS**

The Company has not entered into any contract for management of the Company, all management functions being performed by the directors and senior officers of the Company.

#### **AUTHORITY TO TAKE OR ACQUIRE SHARES**

The Shareholders will also be asked to approve an ordinary resolution authorizing the Company to take or acquire by purchase or otherwise any shares in any other corporation, and to empower the Directors of the Company to exercise such authority on the Company's behalf. The Companies Act provides that a public company does not have such authority unless acquired at a general meeting of its Shareholders, and in order to retain such authority, it must be renewed at each general meeting. The management has no specific acquisition in mind but recommends that authority should be granted so that the Company may act promptly if a suitable opportunity arises.

#### **OTHER MATTERS TO BE ACTED UPON**

It is not known that any other matters will come before the Meeting other than as set forth above and in the Notice of Meeting, but if such should occur the persons named in the accompanying Proxy intend to vote on them in accordance with the best judgement, exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment thereof.