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CONSULTING GEOLOGIST

October 16, 1968.

→ The President & Directors,
Highmont Mining Corp. Ltd.,
702-850 W. Hastings St.,
Vancouver 1, B.C.

Gentlemen:

This interim report will summarize the activities and results of the operations at your copper-molybdenum property in the Highland Valley of British Columbia to October 15, 1968. It is intended only as an informational report and will make no attempt at evaluation at this early stage.

PURPOSE OF PROGRAM

It is well to summarize here the original intent of the program as laid out in the author's report of August 2nd, 1968.

Due to erratic molybdenum values in the previous 1967-1968 underground program as opposed to the 1966-1967 surface percussion results, the present diamond drilling of the main ore zones is a necessity to re-sample and re-evaluate these areas. In addition, a correlation factor must be established between the underground bulk sampling and the drill results. Lastly, in view of the earlier disappointing bench milling tests, further tests along this line must be conducted.

WORK PROGRESS

DIAMOND DRILLING - SURFACE

To this date, 13 holes have been completed on both zones for a total of 5573 feet.

No hole is complete with respect to assay results. Hole #68-21 has core results to 400 feet of its 740 foot length. The hole to this depth grades out as 0.151% copper and 0.011% molybdenum sulphide in the core as opposed to a corresponding sludge footage (with eight missing assays) of 0.233% copper and 0.025% MoS₂.

The other holes lack consecutive assays at this date.

DIAMOND DRILLING - UNDERGROUND

This machine has only recently been set in operation and its progress has been slow due to the type of machine and rock conditions.

It is presently drilling hole #HU-3. To date, no core nor sludge has been forwarded to the assayers.

UNDERGROUND BULK SAMPLING

This work has progressed very smoothly and competently. The contractor has presently completed 600 feet of the main adit extension and has currently 30 feet more to go before moving on to another working location.

This drive was laid out to follow previously drilled underground hole #HU-1. The purpose was to compare underground bulk sampling with flat diamond drill hole assay results.

UNDERGROUND RESULTS

It was quite evident shortly after the new adit extension got underway that a different geological pattern was in the making. The previous predominating north-east fractures were being supplanted in dominance by a north-south set. There was no noticeable increase in mineralization however until the 300 foot mark, at which point bornite appeared as fracture linings in the stronger shear pattern. This trend continued until just past the 500 foot section whence both mineralization and fracturing decreased in intensity.

Assay results from the underground are presently available to Round #96 at footage marker 553'. Round #90 is missing from the list and will be available at a later date.

From the collar of the new extension to the 553' mark, the adit averages out at:

Copper	= 0.346%
Molybdenum disulphide	= 0.029%
Length	= 553 feet

This compares with the results from diamond drill hole #HU-1 for 550 feet of

	<u>Core</u>	<u>Sludge</u>
Copper =	0.285%	0.384%
Molybdenum disulphide =	0.010%	0.031%
Length = 550 feet		

Included in the underground averages was a high grade section extending 203 ft along the crosscut. This portion averaged out at:

Copper =	0.567%
Molybdenum disulphide =	0.033%
Length =	203'

The equivalent section in the drill hole #HU-1 worked out at:

	<u>Core</u>	<u>Sludge</u>
Copper =	0.425%	0.464%
Molybdenum disulphide =	0.008%	0.021%
Length =	203'	

These early results are very encouraging with respect to underground bulk sampling as compared to horizontal drill holes.

As the objective of the past and present programs is to check the validity of the ore structures, these figures should be tied in to earlier underground results.

In the 1967-1968 underground program, the adit from the portal to the 575 foot marker showed weak results. At this point, erratic distribution of mineralization became evident with the result that from 575 to the final face of the crosscut (1161 feet), this 586 foot section averaged:

Copper =	0.199%
Molybdenum disulphide =	0.024%

The writer's report of August 2nd, 1968 mentions upgrading of this section with a low waste to ore ratio.

If the old and new sections of the adit crosscut are averaged as one, the final figures to date are represented by:

Copper -	0.271%
Molybdenum disulphide =	0.026%
Length =	1139 feet.

These figures represent the average over the zone and do not, as yet, include any upgrading by producing a stripping ratio.

ASSAYING

All figures in this report are the assay results of J.R. Williams & Son Ltd., Vancouver. All samples are split 3 ways and sent to three assayers - Bethlehem Copper, Coast Eldridge of Vancouver and the here-to-fore mentioned Williams. Past results have shown Williams to be on the conservative side. Complete results are not available from the other assayers as yet. It should be noted that mine production of samples is well ahead of assayers' results.

Respectfully submitted,

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Vancouver, B.C.
October 16, 1968.

