



# ANCHOR MINES LTD. [N.P.L.]

807 - 409 GRANVILLE STREET, VANCOUVER 115, B.C. • TELEPHONE 685-6281

January 30, 1970.

## PROGRESS REPORT TO THE SHAREHOLDERS,

## ANNUAL MEETING, JANUARY 30, 1970.

It is my pleasure to present this report of encouraging progress in the exploration and evaluation of your Company's properties.

At the same time, application has been made for shares of Anchor Mines Ltd. to trade on the Vancouver interim listing board. Arrangements are also underway for additional financing to carry out the expanded work programs outlined hereunder.

### TAKLA SILVER MINES PROPERTY

Previous reports detailed our joint venture agreement with Takla Silver Mines Ltd. under which Anchor Mines Ltd. agrees to finance and develop Takla's promising silver-lead-zinc-gold-antimony property in the Manson Creek area, Omineca Mining Division, in north-central B.C. Under terms of the agreement your Company has the right to acquire majority interest in the holding company, Anchor-Takla Mines Ltd.

The 27-claim property has four known ore-bearing zones. Engineering reports confirm that the No. 1 zone and, to a lesser extent, the No. 2 zone, are silver-bearing vein structures. Minerals present in the No. 1 orebody are sphalerite, pyrite, galena, arsenopyrite, stibnite and jamesonite - all associated with quartz and carbonate stringers. Andorite, freibergite and native silver and gold have been recognized by earlier-day workers of the property. The No. 1 zone vein varies from a few inches up to about 10 feet in true width.

A potentially important plus-factor is the presence of antimony values in the ore. With antimony so much in the current limelight, we are carefully examining the economic significance of this factor and a report will be released when the study is completed.

No. 3 and No. 4 zones are believed to be potential sources of considerable tonnages of good grade zinc. Since

the 1940's various mining interests carried out extensive exploration and development work, both surface and underground, but owing to uneconomic metal prices prevailing in those periods the property was not further explored until recent years.

Your Company expended approximately \$150,000 during the 1968-1969 season to investigate the No. 1 zone in particular. Our consulting engineers, Bacon and Crowhurst Ltd., have reported, in part, as follows:

The No. 1 zone, on surface, "assayed an average of 0.13 oz. gold per ton and 23.4 oz. silver per ton across a width of 7.0' for a strike length of 255'. The relationship between the vein on surface and the mineral occurrences in the underground workings was not certain and had to be determined before intelligent planning could be carried out.

"Systematic drilling on 50' sections was done from the adit, for 200 feet along strike, and showed that the principal mineral zone dipped steeply to the east while the host rocks, feldspar porphyry dyke and the associated fault zone dipped about 60° to the west...

"Drilling has undoubtedly proved the continuity of the No. 1 mineral zone in depth. As in many cases of drilling for silver-bearing veins, core recovery was a problem. Consequently, it is felt that many of the mineral intersections gave unreliable assay results. In almost all holes drill water was lost with associated loss of fine mineral. This is especially true of underground downholes which entered the expected location of the vein in the fault area"

Drill hole intersections assayed from zero to 0.38 oz. gold per ton, and 2.1 to 251.9 oz. silver per ton.

Chip samples taken from the No. 1 vein in the underground workings assayed from 0.5 to 0.13 oz. gold and 14.9 to 197.0 oz. silver per ton, over widths of 1.5' to 2.2'. Our engineers report that in their opinion "This grade is believed to be more realistic than the grade obtained from drill holes".

Studies of earlier-day exploration results on No. 3 zone indicate tonnages in this zone (before mining dilution) of 257,000 tons of 0.07 gold, 1.84 oz. silver and 1.5% zinc. Similarly, No. 4B zone's earlier results indicate 81,700 tons of 0.095 oz. gold, 0.81 oz. silver and 6.60% zinc.

Preliminary metallurgical tests we have had conducted on representative composite samples from surface and underground ore zones are encouraging.

Bacon and Crowhurst Ltd. conclude from their evaluation of the property's potential as a possible gold, silver and antimony producer, that further underground exploration is warranted, primarily on the No. 1 zone, with surface drilling on No. 2 zone. They add that No. 3 and No. 4 zones should not be ruled out but warrant further exploration owing to the fact "that widespread mineralization has been discovered, even though of apparently modest size and grade."

A program of drifting and raising on the principal structure in the 4,300 ft. level of No. 1 zone is recommended "to determine whether the property can support a mining operation". About 1,000 ft. of lateral work is required to expose the veins, as are nine properly-placed 50 ft. raises.

Our engineers recommend an initial program which includes drifting, raising, sampling, assaying and metallurgical investigations at a total estimated cost of \$125,000.

Your directors concur and are preparing to vigorously pursue this recommended program to be financed from the proceeds of new financing arrangements presently underway.

<sup>Done</sup> The current extension of the P.G.E. railway from Fort St. John to the foot of Takla Lake is a plus-value for the property. This greater accessibility factor will make development work more economical and, of course, effect considerable economy should the property become a producer.

#### PRINCETON COPPER PROSPECT

Anchor's 22-claim "T" group in the Similkameen Mining Division is to be considered an encouraging property. Consulting engineer Allan P. Fawley, Ph.D., P.Eng., reports that the claims are favourably located for the occurrence of disseminated copper deposits... in the same area as the Copper Mountain Mine and near a large copper deposit discovered by Newmont Mining Corporation."

Three anomalies have been revealed on the property by an induced polarization survey conducted by Seigel Associates Ltd. One of these, states Dr. Fawley, "is both large and strong; it is roughly 2,600 feet wide by 3,400 feet long and hence is of ample size to indicate the possibility of a large orebody. Even if only part of this anomaly or if the two smaller anomalies overlie copper mineralization, then they could still indicate an orebody(s) of considerable size."

A diamond drilling program has been recommended by the engineer. Meanwhile, to meet assessment work requirements, three shallow percussion holes were drilled.

Dr. Fawley has now recommended a further five percussion holes, followed by a minimum of 2,000 feet of depth diamond drilling. The program also includes opening up old logging roads and building new trails to the chosen drill site locations. Estimated expenditure for the program is \$27,000. If favourable drilling results are obtained, a much larger program will be outlined.

Preparations for carrying out this initial program are now being completed.

For the benefit of new shareholders in particular, the following is a summary of your Company's corporate structure:

CAPITALIZATION - 3,000,000 shares with a nominal or par value of 50¢ each.  
Shares outstanding - 1,342,502  
including 750,000 in escrow.

REGISTRAR and Transfer Agent - Canada Trust Company.

DIRECTORATE - Harold E. Jacques, President and Managing Director; John A. C. Ross, B.A.Sc., P.Eng., Vice-president; Douglas N. Cameron, Secretary.

CONSULTING ENGINEERS - Bacon and Crowhurst Ltd.

BANKERS - Toronto-Dominion Bank.

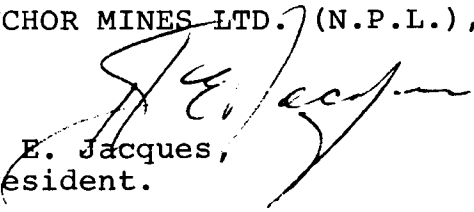
AUDITORS - Dunwoody & Company

SOLICITORS - Armstrong, Brawner & Speton.

Respectfully submitted on behalf of the Board of Directors.

Yours sincerely,

ANCHOR MINES LTD. (N.P.L.),

  
H. E. Jacques,  
President.