



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

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673146
TAKLA

November 13, 1968.

To the Shareholders:

Your Company recently concluded a joint venture agreement which provides Anchor Mines Ltd. controlling interest in and operating management of Takla Silver Mines' 35-claim property at Takla Lake in the Fort St. James area. A copy of an earlier summary, giving details of this agreement and the potentialities of the property, is enclosed for your reference.

Early in September diamond drilling on surface and underground was commenced under contract with Connors Diamond Drilling Company. We also constructed a fully-equipped camp and a crew of 21 has been engaged in the work program as recommended by Dr. Douglas Campbell and which was concurred in by consulting engineers, Bacon & Crowhurst.

A report on the work from Bacon & Crowhurst, dated November 5, 1968, follows:

TAKLA SILVER

"The initial phase of a program of investigation and appraisal is now underway on the Takla Silver Mines property of Anchor-Takla Mines Ltd.

"The cookhouse and engineering office used by former owners have been rehabilitated; five bunkhouses, each capable of housing four men, and a dry-wash house have been newly built.

"The No. 1 zone and a lesser zone, the No. 2, are silver-bearing vein structures. Two other zones, the No. 3 and No. 4, are potential sources of zinc. The mineralization occurs on the west side of the Pinchi fault, in typical Cache Creek rocks, i.e. massive limestone with lesser amounts of argillaceous limestone, argillite and graphite schist. Feldspar porphyry and andesite tuffs are present in relatively minor amounts.

"The program is investigating first the No. 1 zone and, in particular, an oreshoot therein that averaged on surface 0.13 oz. gold per ton and 23.4 oz. silver per ton across a width of 7 feet for a length of 255 feet. This oreshoot is being probed partly by underground holes from an adit at the 4300-foot level

and partly by surface drill holes.

"The drilling is being done on 50-foot centres over a strike length of 350 feet. It is intended to investigate the vein at adit level and to depths of as much as 150 feet below the adit. The adit itself provides proof of vertical continuity for 200 feet below surface.

"A more comprehensive report on the property will be forthcoming when drill core assays become available.

Respectfully submitted,

BACON & CROWHURST,

"W. R. Bacon".

Your directors have no hesitation in stating that in their opinion, and in the opinion of our consulting engineers, this property constitutes a potentially valuable acquisition in our diversification plan. Of additional significance is the fact that construction of the P.G.E. extension to Takla Lake is now underway by the Crown-owned railway.

Your Company is presently offering 180,000 shares at 75¢ per share to raise the funds necessary to complete the current phase of this program.

COPPER PROSPECT, SIMILKAMEEN
MINING DIVISION

Preliminary exploration work has progressed favourably on Anchor's holdings adjacent to Newmont's "Ingerbelle" discovery at Copper Mountain near Princeton.

An induced polarization survey, conducted by Seigel Associates Ltd., has revealed two interesting anomalies. One of these is of major size. Under the direction of consulting engineer Allan P. Fawley, Ph.D., P.Eng., target holes for a drilling program are being charted.

It is the intention of your directors to arrange for additional funds in the near future to carry on this program.

Yours sincerely,


HAROLD E. JACQUES,
President.