September 19th, 1968.

Mr. H.E. Jacques,
President,
Anchor-Takla Mines Ltd.,
1111 - 409 Granville St.,
Vancouver, 2, B.C.

Dear Mr. Jacques:

The hillside on which the Anchor-Takla deposits occur
is composed largely of massive, light grey limestone. Argillite,
graphitic schist, andesite and feldspar porphyry dykes are minor com-
ponents. These rocks strike N-S and dip steeply.

Four mineralized zones have been recognized on the
hillside. Thus far this year, the work has been concentrated on the
No. 1 zone. It has been traced on the surface for a distance of 1500
feet and is known to contain four mineralized shoots, the best of which
assays 0.13 oz. Au and 23 oz. Ag per ton across 7 feet for a length of
255 feet.

The No. 1 zone is a strong fault zone containing a much
sheared feldspar porphyry dyke. The adjacent limestone is well brecciated.
The mineralization of the No. 1 zone consists of jamesonite, pyrite,
realgar, sphalerite and galena. It is a typical low temperature type
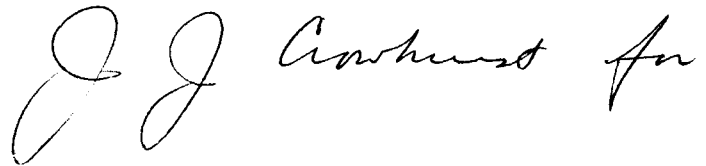of deposit.

The principal shoot of the No. 1 zone is being explored by
underground drill holes from an adit driven several years ago, parallel to
and fifty feet west of the zone. The holes are being probed simultaneously.

Samples from the first two surface holes and four of the underground holes as per the list attached have been sent for assay. These holes cut the No. 1 zone.

The surface drill will be used primarily to continue the No. 1 zone investigation northward, beyond the face of the afore-mentioned adit.

Respectfully submitted,

BACON and CROWHURST

W.R. Bacon, P.Eng.

WRB/ic

TAKLA SAMPLES

HOLE	NO.	INTERVAL
68 S-1	26451	69.5' - 72.0' = 2.5'
68 UG-2	26452	144.5' -147.0' = 2.5'
	26453	99.0' -101.0' = 2.0'
68 UG-3	26465	129.5' -136.5' = 7.0'
	26466	136.5' -138.5' = 2.0'
	26467	155.0' -160.0' = 5.0'
	26468	160.0' -163.0' = 3.0'
68 UG-4	26454	11.0' - 12.0' = 1.0'
	26455	12.0' - 15.0' = 3.0'
	26456	26.0' - 30.5' = 4.5'
68 UG-5	26457	12.5' - 17.5' = 5.0'
	26458	17.5' - 18.5' = 1.0'
	26462	18.5' - 25.5' = 7.0'
	26459	25.5' - 30.0' = 4.5'
	26463	30.0' - 35.0' = 5.0'
	26460	35.0' - 40.0' = 5.0'
	26461	40.0' - 43.5' = 3.5'
	26464	51.0' - 55.0' = 4.0'
68 S-2	26469	48.0' - 56.0' = 8.0'
	26470	56.0' - 59.5' = 3.5'
	26471	59.5' - 64.0' = 4.5'
	26472	64.0' - 70.0' = 6.0'
	26473	70.0' - 77.0' = 7.0'
	26474	77.0' - 83.0' = 6.0'
	26475	127.0' -129.0' = 2.0'
	26476	170.0' -175.0' = 5.0'