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TAKLA

BACON AND CROWHURST
CONSULTING ENGINEERS

January 29th, 1969.

The President & Directors,
Anchor-Takla Mines Ltd. (N.P.L.),
1111 - 409 Granville St.,
Vancouver, 2, B.C.

Dear Sirs:

Development Program - 1969

The drilling results of the 1968 program, though plagued by core loss, warrant a limited amount of underground development work on the No. 1 Zone.

It is felt that all efforts should be concentrated on opening up as much of the No. 1 vein as possible from the 4300' level by drifting and raising. The proximity of the No. 2 Zone to the No. 1 Zone indicates that some exploration of this vein be carried out in conjunction with the No. 1 vein program. This vein has been exposed on surface for 300' and six samples taken from three trenches average 0.10 oz. Au, 5.8 oz. Ag, 1.8% Zn and 4.1% Pb across 3.5'. The vein parallels the No. 1 vein about 250' west and the south trace of it may have been encountered in the west crosscut of the principal 4300' level. Surface drilling is warranted.

Drifting and raising on the principal structure in the 4300' level will effectively determine whether the property can support a mining operation. One thousand feet of lateral work is required to fully expose the vein as are nine properly-placed 50' raises.

This report contains re-appraisals of No. 3 and No. 4 zones and the following summarizes the findings:

Zone	Width	Tonnage	Oz.Au	Oz.Ag	% Zn	Notes
3	49.0'	257,000	0.07	1.84	1.52	No dilution, no metallurgical loss.
4	10.6'	81,700	0.095	0.81	6.60	" " " " "

Additional development work is not warranted on the No. 3 and 4 zones. Both zones have been drilled in the past and all results point to insufficient grade to be of interest at this time.

Following is a cost estimate of direct and indirect costs to carry out the recommended program on the No. 1 Zone.

ANCHOR-TAKLA DIRECT COST ESTIMATE - 4 month program

(1) Drifting - 3 shifts @ 2 men each

Labour - 2 men @ \$50/day plus 15% fringes = \$115. $\frac{115}{6'}$ =		\$19/ft.
Rail, pipe, bits, steel, explosives, scoot-crate operation		19/ft.
Compressor - rental - $\frac{\$40/day}{18'}$ - say		3/ft.
operation - fuel - $\frac{\$15/bbl.}{6}$ = \$2.50 plus maintenance - say		4/ft.
Ventilation		2/ft.
	\$47/ft.	
plus 20% contingencies	9	
	\$56/ft. x 1000' =	\$56,000

(2) Raising - Nine 50' raises = 450' x \$40 est./ft. 18,000

(3) Surface diamond drilling - No. 2 zone -

Equiv. of 2 holes @ 400' = 800' @ $12/ft.	$9,600

(4) Assaying

Drifting - 150 chip & 150 muck samples = 300	
Raising - 75 " " 75 " " = 150	
Diamond drilling 100	
550	
Say 700 samples @ $4/sample, plus freight	2,800

(5) Lay track portal inwards - 500' plus 200' on dump	2,400
	$88,800

ANCHOR-TAKLA - INDIRECT & HEAD OFFICE COST ESTIMATE

Indirect Mine Expense	Per month	Total
(1) Supervision	$1,100	
(2) Geology & engineering	2,500	
(3) Camp expense	2,500	
(4) Cookhouse & bunkhouse loss	2,500	
(5) Expediting	800	
(6) Telephone	300	
(7) Travel expense	2,600	
(8) Mineral claims & recording assessment	200	
(9) Miscellaneous	200	
	$12,700 x 3½ mos. =	$44,500
(10) Renovate buildings		2,000
(11) Move in & move out		4,000

Head Office Expense

(1)	Engineering fees & expenses	$4,000	
(2)	Insurance, legal, licences & office exp.	2,000	
(3)	Administration - 4 mos. @ $1200/mo. - say	5,000	$11,000

Capital Expenses

(1)	4 mine cars @ $500 ea.	2,000	
(2)	Second-hand ½ ton Mancha plus charging equipment	4,000	6,000
		TOTAL	$156,300

NO. 3 ZONE RESERVES

	Grade		Oz.Au	Oz.Ag	% Zn
1.	Area of min. on N Section -	60'x180' = 10,800 sq. ft.	0.11	1.14	1.29
2.	" " " " S "	30'x 50' = 1,500 sq. ft.	0.07	3.00	-
3.	" " " " surface	65'x350' = 22,700 sq. ft.	0.05	2.10	1.70
	Weighted average of grade		0.07	1.84	1.52

1. Assays on north section based on following:

D.D.H.	Length of Intersection	Oz.Au	Oz.Ag	% Zn
Bralorne 27	45'	0.08	1.34	-
" 30	175'	0.11	0.38	1.32
" 28	170'	0.08	1.13	1.00
" 21	50'	0.11	1.10	-
" 31	9'	0.01	-	17.05
" 29	190'	0.15	1.37	1.35
	Weighted average	0.11	1.14	1.29

2. Assays on south section based on following:

D.D.H.	Length of Intersection	Oz.Au	Oz.Ag	% Zn
Bralorne 22	30'	0.09	3.57	-
" 23	20'	0.11	4.68	-
" 24	25'	0.01	0.90	-
	Weighted average	0.07	3.00	-

3. Assays on surface based on following:

Trench	Width of Cut	Oz.Au	Oz.Ag	% Zn
J-6	31.0	Tr.	1.4	4.5
J-3	25.0	Tr.	4.2	0.3
J-5	80.0	0.09	1.7	1.0
	Weighted average	0.05	2.1	1.7

TONNAGE CALCULATION

	Length	Width		Area		Length (horiz.)		Volume	Tons
North Section -	180'	x 60'	=	10,800	x	220'	=	2,376,000	237,600
South Section -	50'	x 30'	=	1,500	x	130'	=	195,000	19,500
									257,000

CONCLUSIONS

Total content of block:

257,000 tons @ 0.07oz. Au, 1.84 oz. Ag, and 1.52% Zn.

Value at present metal prices $7.95
(Au - $35.00, Ag - $2.00, Zn - $0.06)

The mineral zone, at this time, appears to be sufficiently well drilled off to determine probable average grade of the block. This does not approach commercial ore grade. Most of the mineral zone drilled to date is oxidized with the fresh sulphide zone about 150' below surface.

D-H S-8 drilled in 1968 effectively closes off the zone in depth. Bralorne hole #31, also on the north section, passes directly down dip from the main ore zone and cannot be ignored.

It is recommended that nothing more be done at this time.

NO. 4B ZONE RESERVES

Grade

	Length	Width	Area	Oz.Au	Oz.Ag	% Zn
1. Surface Pits M-6 to M-12	550'	11.0'	6050 sq.'	0.10	0.84	6.55
2. Section	140'	9.25'	1294 sq.'	0.07	0.64	7.30
Weighted average				0.095	0.81	6.60

1. Assays on surface based on old sampling on pits M-6 to M-21 and Pit M-14

2. Assays on section based on following:

D.D.H.	Width	Oz.Au	Oz.Ag	% Zn
5	6'	0.14	0.60	9.25
5	7'	0.10	0.55	12.25
5	20'	0.06	0.70	6.50
6	13'	-	0.62	3.22
7	7'	0.01	0.65	11.00
8	11'	No assays		
1	5'	" "		
2	5'	" "		
Averages	9.25'	0.07	0.64	7.30

Tonnage

	Length	Width
Surface	550'	11.00
Section	140'	9.25
Average width		10.6'

Volume - 550'(length) x 140'(depth) x 10.6'(width) = 817,000 cu. ft.

Tons - $\frac{817,000}{10}$ = 81,700 tons.

CONCLUSIONS

Total content of block:

81,700 tons @ 0.095 oz.Au, 0.81 oz.Ag, and 6.60% Zn.

Value at present metal prices $12.85
(Au $35.00, Ag $2.00, Zn $0.06)

This is a typical erratic limestone replacement zone with randomly-oriented sulphide bands within limonite zones.

The drilling through the widest portion of the mineralized zone indicates that only one of the numerous mineral lenses persists in depth.

Narrow steeply-dipping veins dictate that underground mining would have to be used. There is very little possibility that this grade of mineral could ever support an economic underground mining operation.

No account for mining dilution or metallurgical loss was made in the above calculation.

In view of the past drilling results, the lack of appreciable quantities of precious metals and the general erratic nature of this type of mineral deposit, it is recommended that no further development work be carried out at this time.

Respectfully submitted,

BACON & CROWHURST LTD.

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