MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. 2273 Docket No. 6727

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified

- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits 8/69
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [x] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes dtd 10/17/68
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 9-18-68
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. _____: Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with Transmittal, Narrative and Maps

Folders No. _____: Maps (Use pocket folder or envelope)

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/9/69	Peterson	120
9/11/69	Kirkemo	120
	Long	140
	Appd. Sol. Opn.	
9/16	Kilsgaard	
9/16	Kemp	
		~~120M~~
		~~120~~
		220

UNITED STATES OF AMERICA
CERTIFICATION OF POSSIBLE PRODUCTION
UNDER AN EXPLORATION CONTRACT

Messrs. W. S. McGilvray, Jr. and
Morgan McGilvray
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Pursuant to Article 6 of the referenced contract, the Government hereby certifies that mineral or metal production may be possible as a result of the exploration work.

Therefore, royalties shall be paid to the Government as provided in the contract on all production from the land described in the contract from October 17, 1968, to October 17, 1978, or until the total amount contributed by the Government under the contract ($19,798.81) is fully repaid with interest at the rate of 7-1/2 percent, whichever occurs first. The payment of royalties is secured by a lien upon the land and upon any production therefrom.

Royalty payments should be made in favor of the U. S. Geological Survey and mailed or delivered to the Field Officer, Office of Minerals Exploration, Region II, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the date of sale, name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

The Field Officer should be promptly notified upon the commencement of any production and upon any extended cessation thereof. Production unsold or unused six months after extraction from the ground should be reported promptly to the Field Officer.

Attention is specifically invited to the provisions of Article 2(c) of the contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of said rights shall be furnished to the Field Officer.

Dated this 17th day of September, 1969.

THE UNITED STATES OF AMERICA

William L. Emerick (gla)

For: Chief, Office of Minerals Exploration
U. S. Geological Survey

cc: Director's Reading File
Mineral Resources File
Branch of Budget and Finance
Assoc. Sol. -- Room 6554
OME Docket
OME Region II
OME Reading File
Mr. Peterson
130(2)

ECPeterson/bal 9/9/69

I-C-DC-OME-23-69

Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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Report
of
Review

Report of Review-Contract No. 2273
Docket No. OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray (Operator)
San Bernardino County, California

Washington, D.C.
August 1969

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to their minerals exploration Contract No. 2273 with W. S. McGilvray, Jr., and Morgan McGilvray (Operator), and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made at Washington, D.C., during August 1969.

The contract was awarded on October 17, 1968, for $27,600, the total estimated cost of the project, with OME participation on a 75-percent basis or not to exceed $20,700. The purpose of the contract is to explore by diamond drilling from prepared surface sites for gold and silver-bearing ore bodies in and along the northeasterly trending telegraph quartz vein which traverses granite rocks of Precambrian Age. All splits of samples for assay shall be analyzed for silver and gold.

Repayment of disbursed Federal funds plus interest at 7½ percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of ten years from the date of the contract should a Certificate of Possible Production be issued by OME. The work under the contract was to be completed within 6 months from the date of the contract. The work was to consist of drilling 8 holes totaling not more than 2,100 feet.

The units of work authorized and paid under this contract are summarized on Exhibit I. We believe that the claimed and accepted costs of $26,398, and the OME participation on a 75-percent basis for $19,798, were proper under the terms of the contract.

The OME Region II Field Officer, in a memorandum dated April 21, 1969, recommended acceptance of the Operator's final report. Also, the Field Officer stated that the exploration was moderately successful and that reserves of about 72,000 tons of ore with an estimated value of $1,635,000 were indicated by the OME project and recommended that a Certificate of Possible Production be issued.

C. D. Bare
Regional Director

EXHIBIT I

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

Fixed Unit Costs	Authorized Amounts	Accepted Costs	Unexpended Balance
Mobilization and demobilization, and moving between holes	$ 1,200	$ 1,200	$
Non-core and diamond core drilling 2100 feet at various rates 1/	19,300	19,260	40
Camp rehabilitation and improvements, water storage and facilities 2/	1,500	1,500	
1-Supervisor-Engineer 6 months at $500/mo.	3,000	2,250	750
Payroll taxes, FICA insurance, etc.	100		100
1-outside consultant, 3 days/month 18 days at $75/day	1,350	1,688	(338)
Per diem outside consultant 18 days at $16/day	288		288
Transportation for consultant, 3370 miles at $0.10/mi.	337		337
Office expenses, 6 months at $50/mo.	300	250	50
Assaying 30 samples, gold and silver at $5/sample	150	250	(100)
Transporation of samples, 30 samples at $2.50 each	75		75
Total Cost of Work	$27,600	$26,398	$1,202
Government Participation at 75%	$20,700	$19,798	$ 902

1/ Includes all costs whatsoever, such as cementing and redrilling, drill mud, additives, hole plugging agents, reaming and casing, supply and transportation of water for drilling, delays for the convenience of the operator, etc.

2/ The completed job is the unit of work.

Government's copy

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6727	Gold-Silver	[illegible]	San Bernardino	California

It is agreed OCT 17 1968 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

W. S. McGilvray, Jr. and Morgan McGilvray, two individuals,

d/b/a an unincorporated joint venture,

whose mailing address is 426 Georgina Avenue, Santa Monica, California 90402, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before NOV 15 1968 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 6 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $27,600.00. The Government will contribute ~~50~~ 75 percent of the total fixed unit costs of the work performed, not in excess of $20,700.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 7-1/2 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's rights in land.--(a)The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

SEE ANNEX I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

SEE ANNEX I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination in Employment.--The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961, as amended and supplemented, are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Executed in quadruplicate the day and year first above written.

W. S. McGILVRAY, JR. AND MORGAN McGILVRAY
(Operator)

By W. S. McGilvray, Jr.

Morgan McGilvray

THE UNITED STATES OF AMERICA

By

Acting Director, U.S. Geological Survey

Long
Apd'y. Sol. Off.
E. Peterson
Johnson
Kilsgaard
Mapp

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

CORPORATE SEAL

EXPLORATION CONTRACT
W. S. McGILVRAY, JR. AND MORGAN McGILVRAY
OME-6727

ANNEX I

The land including all rights pertaining thereto, referred to in Article 2 of the contract, consists of nine (9) unpatented lode mining claims in secs. 17, 18, 19, and 20, T. 15 N., R. 11 E., SBB&M, Halloran Springs (Solo) mining district, San Bernardino County, California.

The claims are recorded in the San Bernardino County Recorder's Office in San Bernardino, California, as follows:

Name	Book	Page
Agua Dulce No. 1	471	71
Agua Dulce No. 2	471	72
Agua Dulce No. 3	471	73
Agua Dulce No. 10	471	76
Agua Dulce No. 20	471	77
Agua Dulce Lomex No. 1	471	74
South Telegraph	316	576
Telegraph	316	576
Telegraph Extension	367	413

The Operator is owner of the Telegraph group of claims under the terms of a Quitclaim Deed dated September 3, 1968, from the original owner, Elsie J. Nosser. A copy of the Quitclaim Deed is incorporated herein by reference.

The Operator is in possession of the remaining claims by rights of location notices dated June 12, 1968, and July 13, 1968,

filed by W. S. McGilvray, Jr. and Tomo Ito.

A Lien and Subordination Agreements executed September 24, 1968, by W. S. McGilvray, Jr., and Tomo Ito is attached and made part hereof.

The claims are shown on Figure 1 entitled "Property map, Telegraph mine, San Bernardino County, California," attached and made part hereof.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090– OCT 17 1968
Contract Date 2260

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of San Bernardino, State of California, described as follows:[2] Agua Dulce No. 1, No. 2, No. 3, No. 10, No. 20, and Agua Dulce Lomex No. 1, Lode Claims, situated in the Halloran Spring or Solo District(Unorganized), In SECS. 17, 18, 19, and 20, T. 15 N., R. 11 E., SBBM

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

W. S. McGilvray, Jr., and Morgan McGilvray (Telegraph Mine)[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same.[4]

2. Undertakes and agrees that property in which the Government may acquire an interest or equity under the Contract may be dismantled, severed from the land, and removed as may be provided in the Contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned.

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

None

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated_____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions None (State "None" or "See Annex No. ____".)

Dated this 24th day of September, 1968.

W. Whitney Jr.	(Seal)	426 Georgina Ave 90402 (Street) Santa Monica, California (City & State)
Tomo Ito	(Seal)	1902 Havemeyer Lane (Street) Redondo Beach, CA 90278 (City & State)
Mogo McNally	(Seal)	12823 Normandy Lane (Street) Los Altos Hills, Calif 94022 (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ (Corporate Seal)

EXPLORATION CONTRACT
W. S. McGILVRAY, JR. AND MORGAN McGILVRAY
OME-6727

EXHIBIT A

The purpose of this project is to explore by diamond drilling from prepared surface sites for gold- and silver-bearing ore bodies in and along the northeasterly-trending Telegraph quartz vein which traverses granitic rocks of Precambrian age.

General Provisions

All drill holes shall be completed with Standard BX core size or equivalent wire line size.

All drill holes shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

Diamond drill core shall be stored in boxes identified by hole numbers with markers in the core sections indicating the depths represented.

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

All drill core shall be logged and significnatly mineralized core shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

All splits of samples for assay shall be analyzed for silver and gold.

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location and width of all samples taken, and the geological formations and structures traversed by the drill holes shall be furnished monthly to the Government.

Stored samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

The location, direction, and extent of each work item shall be subject to Government approval.

The Government will not contribute to the costs of incomplete drill holes.

Description of the Work

The work shall consist of drilling 8 holes totalling not more than 2,100 feet. The approximate location of the drill holes are shown on Figure 2 entitled, "Proposed exploration, Telegraph mine, San Bernardino County, California," attached and made part hereof.

The holes are to be drilled with non-coring drill equipment to penetrate most of overlying country rock, and with diamond drill coring equipment to penetrate the target vein or veins. The hole number, approximate bearing, inclination, footages of non-core and core drilling, and length of each hole are as follows:

Hole No.	Bearing	Inclination	Feet of Non-Core Drilling	Feet of Core Drilling	Total Length Feet
1	S 50° E	-45°	200	50	250
2	S 50° E	-45°	200	50	250
3	S 50 E	-55°	250	50	300
4	S 50° E	-55°	250	50	300
5	S 50° E	-55°	250	50	300
6	S 50° E	-55°	250	50	300
7	S 50° E	-60°	150	50	200
8	S 50° E	-60°	150	50	200
			1,700	400	2,100

These estimtes are subject to change as information is accumulated during the progress of drilling. The depth of non-core drilling and total depth of each hole may be changed in order to avoid non-core drilling in favorable formations.

The supervising engineer or geologist shall closely and frequently inspect rock cuttings obtained from the non-core drilling. Non-core drilling shall be discontinued and diamond core drilling begun when the cuttings indicate that the country rock-vein contact has been penetrated.

Estimated Costs of the Project

Fixed Unit Costs

Mobilization and demobilization, and moving between holes	$ 1,200.00
Non-core and diamond core drilling, 2,100 feet 1/ Non-core drilling @ $9.00/foot BX core drilling @ $10.00/foot 1/	19,300.00
Camp rehabilitation and improvements, water storage and facilities 2/	1,500.00
1-Supervisor-engineer 6 months @ $500.00/month	3,000.00
Payroll taxes, F.I.C.A. insurance, etc.	100.00
1- Outside consultant, 3 days/month 18 days @ $75.00/day	1,350.00
Per diem outside consultant 18 days @ $16.00/day	288.00
Transportation for consultant, 3,370 miles @ $0.10/mile	337.00
Office expenses, 6 months @$50.00/month	300.00
Assaying 30 samples Gold and Silver @ $5.00/sample	150.00

Transportation of samples	
30 samples @ $2.50/each	$ 75.00
Total Estimated Costs of the Project	$27,600.00
Government Participation @ 75%	$20,700.00

1/ Includes all costs whatsoever, such as cementing and redrilling, drill mud additives, hole plugging agents, reaming and casing, supply and transportation of water for drilling, delays for the convenience of the Operator, etc.

2/ The completed job is the unit of work.

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 202, Executive Order 11246, September 24, 1965)

"During the performance of this contract, the contractor agrees as follows:

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6727
(Gold, Silver)

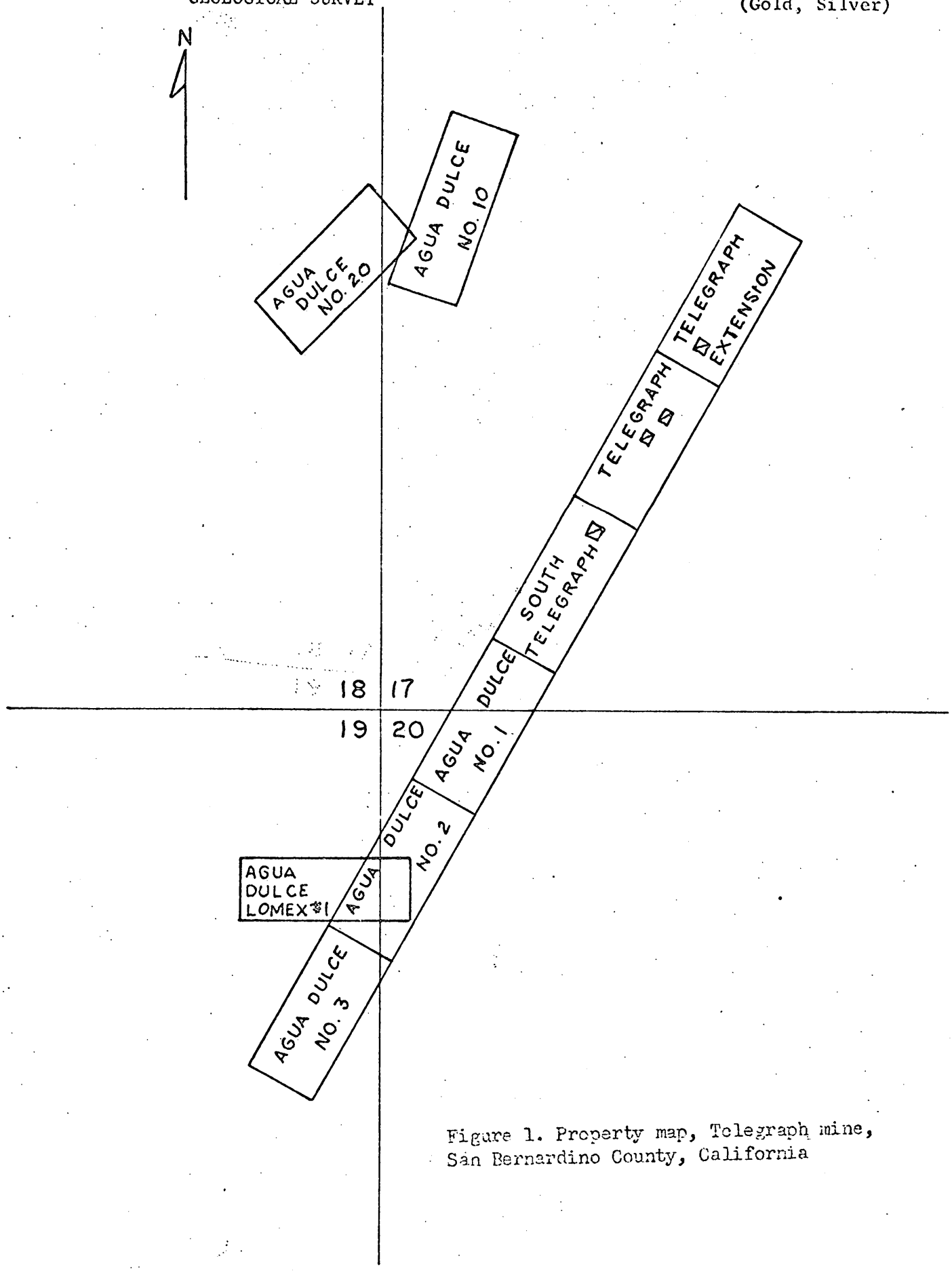

Figure 1. Property map, Telegraph mine, San Bernardino County, California

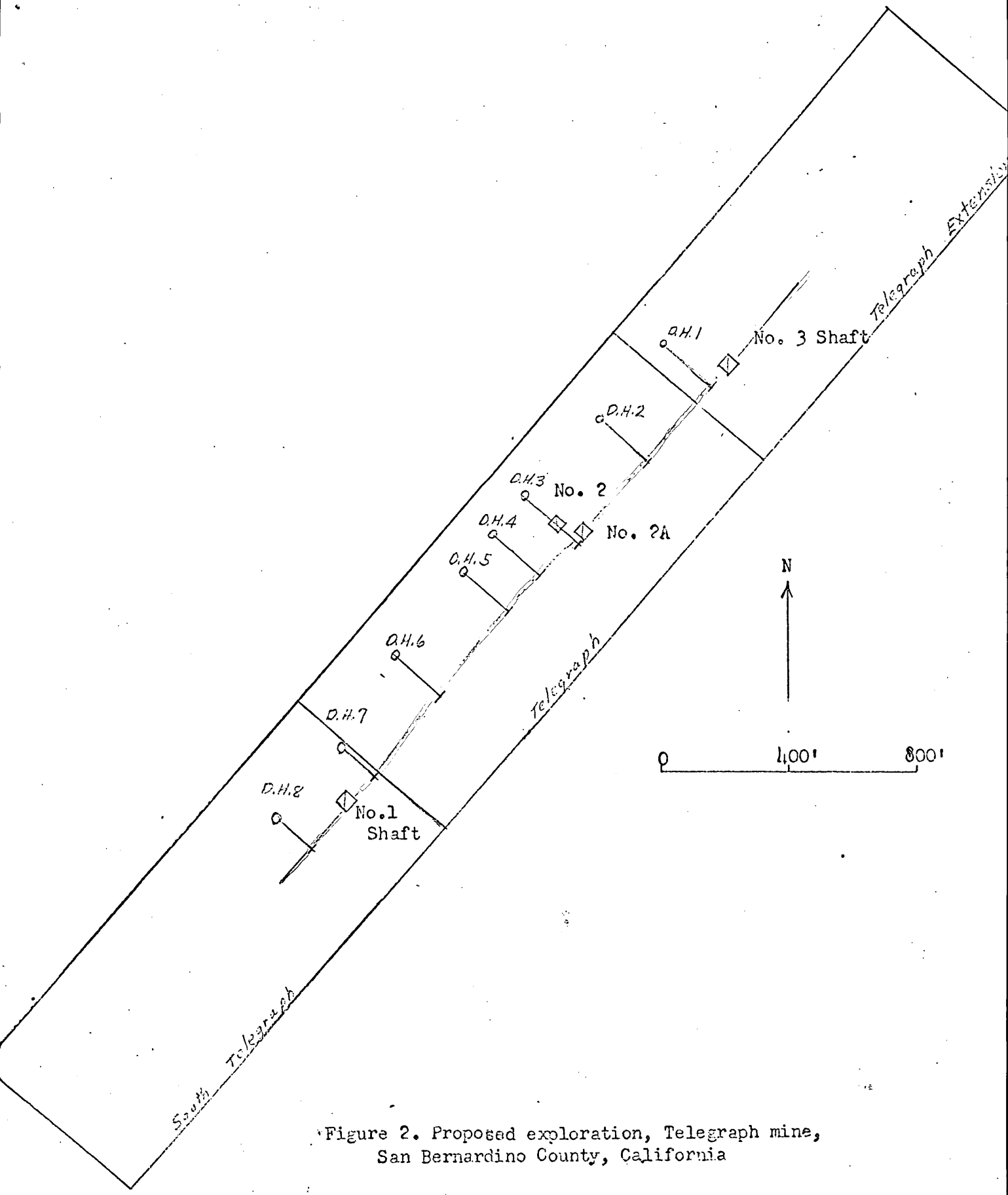

Figure 2. Proposed exploration, Telegraph mine,
San Bernardino County, California

DEED OF GIFT

Whereas the buyers under Conditional Sales Contract dated 26 April 1965 and which was recorded 17 May, 1965 in Book 6392, Page 338 in San Bernardino County, California, have fully performed in accordance with all of the promised conditions therein contained, now therefore:

Elsie J. Nosser, a widow, does hereby quit claim, and sell, transfer, grant and assign unto W. S. McGilvray, Jr. and Morgan McGilvray as tenants in common those certain unpatented lode mining claims and personal property consisting of various structures and buildings located in the unorganized Halloran Springs Mining District, Section 17, Township 15 North, Range 14 East, SBBM, San Bernardino County, California, known and described as:

The Telegraph Mines; the claims are known by name as the South Telegraph, Telegraph and Telegraph Extension recorded in Book 316, Page 576 and 577, and in Book 357, Page 413, in the office of the County Recorder, San Bernardino County.

In Witness Whereof, said Elsie J. Nosser has hereunto set her hand this 3 day of Sept, 1968.

Elsie J. Nosser

Elsie J. Nosser

State of California, County of Kern, ss. on this 3rd day of Sept. 1968, in the year 1968, before me _____ a Notary Public in and for said county and state, personally appeared Elsie J. Nosser, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same.

OFFICIAL SEAL
CECILIA RUGGIERI
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
KERN COUNTY

Cecilia Ruggieri

Notary Public in and for said county and state.

CECILIA RUGGIERI
My Commission Expires Sept. 1, 1969

RECORDING REQUESTED BY

W. S. McGilvray Jr.
426 Georgina Avenue
Santa Monica, Calif. 90402

AND WHEN RECORDED MAIL TO

Name: W. S. McGilvray, Jr.
Street Address: 426 Georgina Avenue
City & State: Santa Monica, Calif. 90402

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO

Name: W. S. McGilvray, Jr. and Morgan McGilvray
Street Address: 426 Georgina Avenue
City & State: Santa Monica, Calif. 90402

Documentary Transfer Tax Due $33.00

BURKE WEST, Attorney at Law

TO 402 CA (9-66)

Quitclaim Deed

AFFIX $ 33.00 I. R. STAMPS ABOVE

THIS FORM FURNISHED BY TITLE INSURANCE AND TRUST COMPANY

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

ELSIE J. NOSSER, a widow and sole owner

hereby REMISE(S), RELEASE(S) AND FOREVER QUITCLAIM(S) to

W. S. McGILVRAY, JR. and MORGAN McGILVRAY

the following described real property in the state of California: county of San Bernardino

The Telegraph Mines; the claims are known by name as the South Telegraph, Telegraph and Telegraph Extension, recorded in Book 316, Page 576 and 577, and in Book 367, Page 413, in the Office of the County Recorder, San Bernardino County.

Dated(X) 3 Sept. 1968

Elsie J. Nosser
ELSIE J. NOSSER

STATE OF CALIFORNIA
COUNTY OF KERN } SS.
On September 3, 1968 before me, the undersigned, a Notary Public in and for said State, personally appeared Elsie J. Nosser

, known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.
WITNESS my hand and official seal.

Signature Cecilia Ruggieri

Name (Typed or Printed)

If executed by a Corporation the Corporation Form of Acknowledgment must be used.

OFFICIAL SEAL
CECILIA RUGGIERI
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
KERN COUNTY

CECILIA RUGGIERI
My Commission Expires Sept. 1, 1969

(This area for official notarial seal)

Title Order No. Escrow or Loan No.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

BOOK 471 PAGE

FOR RECORDER'S USE ONLY

614 RECORDED AT REQUEST LOCATOR - OWNER

BOOK 471 PAGE 71

'68 JUN 18 PM 3:14

MINING RECORDS SAN BERNARDINO CO. CALIF.

Fred R. Carpenter COUNTY RECORDER

$2.00 B

Recorded at the request of:

W. S. McGILVRAY, JR.

When recorded please mail to:

Name W. S. McGILVRAY, JR.

Street 426 GEORGINA AVENUE

City SANTA MONICA,

State CALIFORNIA 90402

NOTICE OF LOCATION LODE

TO WHOM IT MAY CONCERN: Please take notice that:

1. The name of this claim is the AGUA DULCE NO. 1 Lode Mining Claim. Said claim is situated in the vicinity of HALLORAN SPRING or in the Unorganized HALLORAN SPRING OR SOLO Mining District, County of San Bernardino, State of California. The date of this location is the 12 day of JUNE, 1968.

2. The undersigned locators are citizens of the United States, or have declared their intention to become such.

3. The said locators do hereby locate and claim 1500 (Not to exceed 1500) linear feet of this vein or lode, together with surface ground extending 300 (Not to exceed 300) feet in width on each side of the middle of said vein or lode and more particularly described as follows:

Commencing at the monument where this notice is posted, which monument is at the point of discovery on said vein or lode and on the center line of this location We (I or We) hereby claim 750 feet extending in a Northerly direction along the course of said vein from the discovery monument and 750 feet in a Southerly direction from the discovery monument, along the course of said vein.

The general course of said vein is in a North erly and South erly direction.

The discovery monument is situated about 2,000 feet southwesterly from the main shaft of the Telegraph Mines and approximately in the center of this claim which is located in SECS 17 and 20, T. 15 N., R. 11 E., SBBM

(Distance from natural object or permanent monument and give direction)

4. All dips, variations, spurs, angles and all veins, ledges, or deposits within the lines of this claim, together with all water and timber and any other rights appurtenant, allowed by the laws of this State or of the United States are hereby claimed.

LOCATORS

W. S. McGILVRAY, JR.

TOMO ITO

STATEMENT OF THE MARKING OF THE BOUNDARIES AND OF PERFORMANCE OF DISCOVERY WORK

NOTICE IS HEREBY GIVEN by the undersigned locator—that in accordance with the provisions of the Mining Law:—

1. There has been erected at the discovery point, at each corner and at the center of each end line of said claim A 4" x 4" Post at least 4' high with appropriate descriptions

2. The Locator has performed the following discovery work: Trench 40ft. long by 7ft. wide by 2ft. average depth, running in an East-West direction cutting a shear zone containing vein material. Discovery Monument to nearest point of cut is 118 feet, S 25° East. Approximately 20 yards of material removed from Discovery Hole

DATED June 12, 1968

LOCATORS

W. S. McGILVRAY, JR.

TOMO ITO

12 - 1561 - 491

BOOK 471 PAGE 72

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615

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LOCATOR - OWNER
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MINING RECORDS
SAN BERNARDINO CO. CALIF.
Ted R. Carpenter
COUNTY RECORDER

$2.00
B

Recorded at the request of:

W. S. McGILVRAY, JR.

When recorded please mail to:

Name W. S. McGILVRAY, JR.

Street 426 GEORGINA AVENUE

City SANTA MONICA,

State CALIFORNIA 90402

NOTICE OF LOCATION LODE

TO WHOM IT MAY CONCERN: Please take notice that:

1. The name of this claim is the AGUA DULCE NO. 2 Lode Mining Claim. Said claim is situated in the vicinity of HALLORAN SPRING or in the Unorganized HALLORAN SPRING OR SOLO Mining District, County of San Bernardino, State of California. The date of this location is the 12 day of JUNE, 1968.

2. The undersigned locators are citizens of the United States, or have declared their intention to become such.

3. The said locator s do hereby locate and claim 1500 (Not to exceed 1500) linear feet of this vein or lode, together with surface ground extending 300 (Not to exceed 300) feet in width on each side of the middle of said vein or lode and more particularly described as follows:

Commencing at the monument where this notice is posted, which monument is at the point of discovery on said vein or lode and on the center line of this location We (I or We) hereby claim 750 feet extending in a Northerly direction along the course of said vein from the discovery monument and 750 feet in a Southerly direction from the discovery monument, along the course of said vein.

The general course of said vein is in a North erly and South erly direction.

The discovery monument is situated about 3,500 feet southwesterly from the main shaft of the Telegraph Mines. Discovery Monument is approximately 25ft. south of the Discovery Hole, approximately lowated in center of said claim, in SEC 20, T. 15 N., R. 11 E., SBBM

(Distance from natural object or permanent monument and give direction)

4. All dips, variations, spurs, angles and all veins, ledges, or deposits within the lines of this claim, together with all water and timber and any other rights appurtenant, allowed by the laws of this State or of the United States are hereby claimed.

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

STATEMENT OF THE MARKING OF THE BOUNDARIES
AND OF PERFORMANCE OF DISCOVERY WORK

NOTICE IS HEREBY GIVEN by the undersigned locator—that in accordance with the provisions of the Mining Law:—

1. There has been erected at the discovery point, at each corner and at the center of each end line of said claim A 4" x 4" Post at least 4' high with appropriate descriptions

2. The Locator has performed the following discovery work: A trench 48ft. long by 7ft. wide by 1½ft. average depth, running approximately east-west, 36ft. due north of Discovery Monument to nearest point of cut. Shear zone with vein material exposed in this cut from which approximately 18 yards of material has been removed

DATED JUNE 12, 1968

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

12 – 1561 – 491

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LOCATOR - OWNER

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MINING RECORDS
SAN BERNARDINO CO. CALIF.

Fred R. Carpenter
COUNTY RECORDER

$2.00
B

Recorded at the request of:

W. S. McGILVRAY, JR.

When recorded please mail to:

Name W. S. McGILVRAY, JR.

Street 426 GEORGINA AVENUE

City SANTA MONICA

State CALIFORNIA 90402

NOTICE OF LOCATION LODE

TO WHOM IT MAY CONCERN: Please take notice that:

1. The name of this claim is the AGUA DULCE NO. 3 Lode Mining Claim.

Said claim is situated in the vicinity of HALLORAN SPRING or in the Unorganized HALLORAN SPRING OR SOLO Mining District, County of San Bernardino, State of California.

The date of this location is the 12 day of JUNE, 19 68.

2. The undersigned locators are citizens of the United States, or have declared their intention to become such.

3. The said locator s do hereby locate and claim 1500 (Not to exceed 1500) linear feet of this vein or lode, together with surface ground extending 300 (Not to exceed 300) feet in width on each side of the middle of said vein or lode and more particularly described as follows:

Commencing at the monument where this notice is posted, which monument is at the point of discovery on said vein or lode and on the center line of this location WE (I or We) hereby claim 750 feet extending in a Northerly direction along the course of said vein from the discovery monument and 750 feet in a Southerly direction from the discovery monument, along the course of said vein.

The general course of said vein is in a Northerly erly and South erly direction.

The discovery monument is situated about 5,000 feet southwesterly from the main shaft of the Telegraph Mines; this Discovery Monument is approximately (Distance from natural object or permanent monument and give direction) 30ft. south of the Discovery Hole, which is located approximately in the center of this claim, in SECS. 19 and 20, T. 15 N., R. 11 E., SBBM

4. All dips, variations, spurs, angles and all veins, ledges, or deposits within the lines of this claim, together with all water and timber and any other rights appurtenant, allowed by the laws of this State or of the United States are hereby claimed.

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

STATEMENT OF THE MARKING OF THE BOUNDARIES
AND OF PERFORMANCE OF DISCOVERY WORK

NOTICE IS HEREBY GIVEN by the undersigned locator—that in accordance with the provisions of the Mining Law:—

1. There has been erected at the discovery point, at each corner and at the center of each end line of said claim A 4" x 4" Post at least 4' high with proper identifications

2. The Locator has performed the following discovery work: A trench, 7' wide by 40' long by 2' average depth running approximately S 40°E, surface is cleared

BOOK 471 PAGE 74

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BOOK 471 PAGE 74

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MINING RECORDS
SAN BERNARDINO CO. CALIF.

Ted R. Carpenter
COUNTY RECORDER

$2.00
B

Recorded at the request of:

W.S. McGILVRAY, JR.

When recorded please mail to:

Name W. S. McGILVRAY, JR.

Street 426 GEORGINA AVENUE

City SANTA MONICA, CA 90402

State CALIFORNIA 90402

NOTICE OF LOCATION LODE

TO WHOM IT MAY CONCERN: Please take notice that:

1. The name of this claim is the AGUA DULCE LOMEX NO. 1 Lode Mining Claim. Said claim is situated in the vicinity of HALLORAN SPRING or in the Unorganized HALLORAN SPRING OR SOLO Mining District, County of San Bernardino, State of California. The date of this location is the 12 day of JUNE, 1968.

2. The undersigned locators are citizens of the United States, or have declared their intention to become such.

3. The said locator~~s~~ do..... hereby locate and claim 1500 (Not to exceed 1500) linear feet of this vein or lode, together with surface ground extending 300 (Not to exceed 300) feet in width on each side of the middle of said vein or lode and more particularly described as follows:

Commencing at the monument where this notice is posted, which monument is at the point of discovery on said vein or lode and on the center line of this location We (I or We) hereby claim 750 feet extending in a EASTERLY direction along the course of said vein from the discovery monument and 750 feet in a WESTERLY direction from the discovery monument, along the course of said vein.

The general course of said vein is in a East erly and West erly direction.

The discovery monument is situated about 4,000 feet in a southwesterly direction from the main shaft of the Telegraph Mines and about 30 feet north of the Discovery Hole. This Claim is located in SECS. 19 and 20, T. 15 N., R. 11 E., SBBM. Said Discovery Monument is situated approximately in the center of the claim.

(Distance from natural object or permanent monument and give direction)

4. All dips, variations, spurs, angles and all veins, ledges, or deposits within the lines of this claim, together with all water and timber and any other rights appurtenant, allowed by the laws of this State or of the United States are hereby claimed.

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

STATEMENT OF THE MARKING OF THE BOUNDARIES AND OF PERFORMANCE OF DISCOVERY WORK

NOTICE IS HEREBY GIVEN by the undersigned locator—that in accordance with the provisions of the Mining Law:—

1. There has been erected at the discovery point, at each corner and at the center of each end line of said claim A 4" x 4" Post at least 4' high with proper Identifications

2. The Locator has performed the following discovery work: Excavated a trench, measuring 7' wide, 35' long, and average 2' in depth, in an easterly-westerly direction along shear zone exposing vein material; nearest point of trench being 7 ft. south of the Discovery Monument. Approximately 18 yards of material removed.

DATED June 12, 1968

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

12 – 1561 – 491

BOOK 471 PAGE 76

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619

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LOCATOR - OWNER
BOOK 471 PAGE 76
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MINING RECORDS
SAN BERNARDINO CO. CALIF.
Ted R. Carpenter
COUNTY RECORDER

$2.00
B

Recorded at the request of:

W. S. McGILVRAY, JR.

When recorded please mail to:

Name W. S. McGILVRAY, JR.

Street 426 GEORGINA AVENUE

City SANTA MONICA

State CALIFORNIA 90402

NOTICE OF LOCATION LODE

TO WHOM IT MAY CONCERN: Please take notice that:

1. The name of this claim is the AGUA DULCE NO. 10 Lode Mining Claim. Said claim is situated in the vicinity of HALLORAN SPRING or in the Unorganized HALLORAN SPRING OR SOLO Mining District, County of San Bernardino, State of California. The date of this location is the 13 day of June, 1968.

2. The undersigned locators are citizens of the United States, or have declared their intention to become such.

3. The said locators do hereby locate and claim 1500 (Not to exceed 1500) linear feet of this vein or lode, together with surface ground extending 300 (Not to exceed 300) feet in width on each side of the middle of said vein or lode and more particularly described as follows:

Commencing at the monument where this notice is posted, which monument is at the point of discovery on said vein or lode and on the center line of this location We (I or We) hereby claim 750 feet extending in a Northeasterly direction along the course of said vein from the discovery monument and 750 feet in a Southwesterly direction from the discovery monument, along the course of said vein.

The general course of said vein is in a Northeast erly and Southwest erly direction.

The discovery monument is situated about One-half mile northwest of the main shaft of the Telegraph Mines and about in the center of the claim - monument (Distance from natural object or permanent monument and give direction) is located 300-400ft. north of telegrabb pole-line road and south of freeway. Location is in SEC 17, T. 15 N., R. 11 E., SBBM

4. All dips, variations, spurs, angles and all veins, ledges, or deposits within the lines of this claim, together with all water and timber and any other rights appurtenant, allowed by the laws of this State or of the United States are hereby claimed.

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

STATEMENT OF THE MARKING OF THE BOUNDARIES
AND OF PERFORMANCE OF DISCOVERY WORK

NOTICE IS HEREBY GIVEN by the undersigned locator—that in accordance with the provisions of the Mining Law:—

1. There has been erected at the discovery point, at each corner and at the center of each end line of said claim A 4" x 4" Post at least 4ft. high with appropriate descriptions

2. The Locator has performed the following discovery work: A trench not less than 20ft. long by 7ft. wide and average depth of 2 feet cutting shear zone with vein material. Trench is located about 30 feet southwest of Discovery Monument and runs in a northwest-southeast direction. Approximately 10 yards of material removed from hole

DATED June 13, 1968.

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

12 - 1561 - 491

BOOK 471 PAGE 77

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620

RECORDED AT REQUEST
LOCATOR - OWNER

BOOK 471 PAGE 77
'68 JUN 18 PM 3:14

MINING RECORDS
SAN BERNARDINO CO. CALIF.

COUNTY RECORDER

$2.00
B

Recorded at the request of:

W. S. McGILVRAY, JR.

When recorded please mail to:

Name W. S. McGILVRAY, JR.

Street 426 GEORGINA AVENUE

City SANTA MONICA

State CALIFORNIA 90402

NOTICE OF LOCATION LODE

TO WHOM IT MAY CONCERN: Please take notice that:

1. The name of this claim is the AGUA DULCE NO. 20 Lode Mining Claim. Said claim is situated in the vicinity of HALLORAN SPRING or in the Unorganized HALLORAN SPRING OR SOLO Mining District, County of San Bernardino, State of California. The date of this location is the 13 day of JUNE, 19 68

2. The undersigned locators are citizens of the United States, or have declared their intention to become such.

3. The said locator~~s~~ do hereby locate and claim 1500 (Not to exceed 1500) linear feet of this vein or lode, together with surface ground extending 300 (Not to exceed 300) feet in width on each side of the middle of said vein or lode and more particularly described as follows:

Commencing at the monument where this notice is posted, which monument is at the point of discovery on said vein or lode and on the center line of this location We (I or We) hereby claim 150 feet extending in a Northerly direction along the course of said vein from the discovery monument and 1350 feet in a Southerly direction from the discovery monument, along the course of said vein.

The general course of said vein is in a Northeast erly and Southwest erly direction.

The discovery monument is situated about 5/8 mile northwest of the Main Shaft of the Telegraph Mines, about 200 feet north of telegraph lines and ½ mile south of Freeway. Claim located in SECS 17 and 18, T. 15 N., R. 11 E., SBBM
(Distance from natural object or permanent monument and give direction)

4. All dips, variations, spurs, angles and all veins, ledges, or deposits within the lines of this claim, together with all water and timber and any other rights appurtenant, allowed by the laws of this State or of the United States are hereby claimed.

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

STATEMENT OF THE MARKING OF THE BOUNDARIES AND OF PERFORMANCE OF DISCOVERY WORK

NOTICE IS HEREBY GIVEN by the undersigned locator—that in accordance with the provisions of the Mining Law:—

1. There has been erected at the discovery point, at each corner and at the center of each end line of said claim A Post 4" x 4" at least 4ft. high with appropriate descriptions

2. The Locator has performed the following discovery work: Trench cut, not less than 20ft. long by 7ft. wide and average depth of 2 feet, exposing shear zone with vein material, with a bearing N 50°W, located about 100ft. northeasterly of monument. Approximately 10 yards of material removed from cut

DATED June 13, 1968

LOCATORS

W. S. McGILVRAY, JR.
TOMO ITO

12 - 1561 - 491

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 23 1968

INITIALS	CODE

Memorandum

May 21, 1968

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: New Application (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California

Enclosed is an application for exploration assistance received in the Field Office on May 20, 1968, from Mr. W. S. McGilvray, Jr., 426 Georgina Ave., Santa Monica, California 90402.

The application is fairly well prepared but there is a question if the potential of the deposit justifies the proposed costs. Some work may be warranted but probably not the amount, nor as closely spaced, as that proposed.

H. K. Stager

Enclosure

SCOTT MCGILVRAY
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

May 15, 1968

Mr. Harold K. Stager
Field Officer
Office of Minerals Exploration
345 Middlefield Road
Menlo Park
California 94025

Dear Sir:

Enclosed are two copies of our application for financial assistance for exploration of gold and silver on the Telegraph Mine properties located in San Bernardino County, California. Mr. Tomo Ito, who prepared substantially all of the report material we are submitting, spoke with you sometime ago, and based on what he has told me of your conversations, as well as my understanding of the requirements for submission, I believe you will find the material complete and hopefully, satisfactory.

We believe the original Telegraph claims being purchased from Mrs. Nosser, and those which we have added will provide the basis for an economically sound mining operation. The funding requested we believe is reasonably modest in terms of the potential of the ore body. Without Government assistance however, the exploration program submitted is not practically within our means, suitable in itself, to the degree known, as loan collateral, nor well enough delineated to interest major mining companies.

You will note that should government assistance be granted even prior to July 1, 1968, we have agreed to make the final payments due Mrs. Nosser, so the property we desire to explore will be wholly owned as a group of three claims by my brother and me, and as purchased from Mrs. Nosser.

We seek your favorable review and reccommendation of this application. I am leaving for Europe on a six weeks assignment for my employer. Mr brother is resident in Northern California and not readily available for discussion or on site surveys. Mr. Ito however is available and his address and phone provided in the report submitted. He is fully empowered to act in any consultative capacity, and is available to answer any questions you have as well as to accompany you to the mine, should his assistance in an on site inspection be of value to you. The extent of his other powers are clear to him.

Mr. Ito knows how to contact me by phone or cable should the need arise.

We would greatly appreciate your thoughtful consideration of our proposal. We have implicit confidence in Mr. Ito's professional skills, and he has been most helpful in other projects. His reputation is well known in this industry in the area, and others can speak as highly of him as do we. He will perform all professional supervision on the project.

If, in my absence, you would keep in contact with Mr. Ito, it will be greatly appreciated.

Very truly yours,

W. S. McGilvray, Jr.

WSM/p

RECEIVED
MAY 20 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

MME Form 40
Jan. 65

Budget Bureau No. 42-R1506
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
M. E.
RECEIVED
MAY 23 1968
INITIALS CODE

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85-701 (72 Stat. 700; 30 U.S.C. 641)

NAME OF APPLICANT *(Full legal name and mailing address as they should appear on contract if one is executed.)*

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6727

DATE RECEIVED: May 23, 1968

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

- INDIVIDUALS [X]
- CORPORATION [ ]
- PARTNERSHIP [ ]
- OTHER *(Specify)* [ ]

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
W. S. McGilvray, Jr.,	426 Georgina Ave. Santa Monica, Calif 90402	
Morgan McGilvray,	12823 Normandie Lane Los Altos Hills, Calif. 94022	

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Gold / silver

ESTIMATED COST OF PROJECT: $ 64,000.00

PROPERTY NAME: Telegraph, South Telegraph and Telegraph Extension,

LOCATION COUNTY: San Bernardino STATE: California

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior,* ~~Washington 25, D. C., or with the nearest OME Field Office.~~ Washington, D. C., 20242, or with the nearest OME Field Office.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

May 14, 1968
DATED

W S McGilvray Jr.
BY *(Signature)*

TITLE

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

W. S., Jr., and Morgan McGilvray
426 Georgina Avenue,
Santa Monica, CA 90402

TELEGRAPH PROPERTIES
MINING DIVISION - AGUA DULCE INC.
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

1. FINANCIAL ELIGIBILITY:

(a) Enclosed

(b) Enclosed

(c) Enclosed

W. S., Jr. and Morgan McGilvray
426 Georgina Avenue
Santa Monica, Cal. 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

1. FINANCIAL ELIGIBILITY

a. Evidence of loan requests.

- Attached to this section are letters from the Security First National Bank, dated April 11, 1968, and the Union Bank, dated May 10, 1968 whose officers signing the letters reviewed with W. S. McGilvray, Jr. the draft material and proposed contract costs of the project substantially as submitted herewith.

- Both letters state that loans cannot be made without collateral, and the potential collateral terms, as discussed, are beyond applicants' ability to currently satisfy.

b. Applicants have established a California Corporation, Agua Dulce, Inc. whose address is 426 Georgina Avenue, as a vehicle to perform certain family functions, and Telegraph Properties is the mining division thereof. All shares of stock in Agua Dulce, Inc. are owned by applicants and no public issue is contemplated. This corporation and its mining division have no interest in the properties covered by this application. ?

c. On notice of acceptability of this application, certain securities now individually held will be sold to realize 25% of the approved value of the project, and that sum put on deposit, in a special account at the Security First National Bank, 4th and Montana Branch, Santa Monica in an account reserved for the Telegraph exploration program, as outlined in this submission.

This fund will be sufficient, when applied against the scheduled expenditure rate outlined in Part 5, Exhibit II to permit prompt payment for work, pending government reimbursement.

SECURITY FIRST NATIONAL BANK

SAVINGS COMMERCIAL TRUST

SANTA MONICA BRANCH
1250 FOURTH STREET
SANTA MONICA, CALIFORNIA

MAILING ADDRESS:
POST OFFICE BOX 1311
SANTA MONICA, CALIFORNIA

April 11, 1968

W.S. McGilvray
426 Georgina Avenue
Santa Monica, California

Dear Mr. McGilvray:

Applicants request

In reference to your loan request regarding the development of gold properties known as Telegraph Mines in the amount of $60,000 to $70,000, we have given careful consideration to this loan request and find that we are unable to grant a loan in this amount on an unsecured basis for the purpose stated.

Thank you for your consideration in this matter.

Sincerely,

P. R. Thomas

P. R. Thomas
Assistant Vice President

PRT:rf

UNION BANK

May 10, 1968

Mr. W. S. McGilvray, Jr.
426 Georgina
Santa Monica, California 90402

Applicants Lett?

Dear Mr. McGilvray:

We have reviewed very carefully your Telegraph Mines development program and project.

We regret to advise you that we cannot consider, at this time, an unsecured loan in the amount of $60/$70,000 for the purposes outlined.

Very truly yours,

J. Sitser

Jacob Sitser
Assistant Vice President
International Banking
Division

JS/vf

W. S., Jr., and Morgan McGilvray
426 Georgina Avenue
Santa Monica, CA 90402

TELEGRAPH PROPERTIES
MINING DIVISION - AGUA DULCE INC.
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

2. APPLICANT'S RIGHTS IN LAND

a)-1 Enclosed

-2 Enclosed

-3 Enclosed

b) LEGAL DESCRIPTION

Please refer to 2a-1, CONDITIONAL SALES CONTRACT

CONDITIONAL SALE CONTRACT

This agreement made this 26th day of April, 1965, by and between James B. Nosser and Elsie J. Nosser, husband and wife, of Johannesburg, California, herein called "Sellers", and Terry Trout of Baker, California and W. S. McGilvray, Jr., of Santa Monica, California, herein called "Buyers",

W I T N E S S E T H :

Whereas Sellers desire to sell and Buyers desire to buy certain unpatented lode mining claims and personal property consisting of various structures and buildings located in the unorganized Halloran Springs Mining District, Section 17, Township 15 North, Range 11 East, SBB&M, San Bernardino County California, known and described as:

> The Telegraph Mines; the claims are known by name as the South Telegraph, Telegraph and Telegraph Extension recorded in Book 316, Page 576 and 577, and in Book 367, Page 413, in the office of the County Recorder, San Bernardino County,

Now therefore the parties hereto do warrant, represent, promise and agree as follows:

1. Sellers agree to sell to Buyers as tenants in common in equal shares said above described property for the sum of $30,000.00 payable $1,000.00 upon execution of this agreement, receipt of which is hereby acknowledged, $1,500.00 on June 30, 1965, $1,500.00 on September 30, 1965, $2,500.00 on January 1, 1966, $5,000.00 on each July 1 and January 1 thereafter to and including January 1, 1968, and $3,500.00 on July 1, 1968.

2. Upon completion of said payment of $30,000.00 and upon observance and performance of the covenants, conditions and terms of this agreement by Buyers, Sellers, jointly and severally for themselves and for their heirs, executors, administrators and assigns, promise and agree to execute and deliver to Buyers all documents in form acceptable to Buyers sufficient to transfer to Buyers as tenants in common all and every right, title and interest

legal and/or equitable, real, personal or mixed that Sellers have in, to or concerning said above described property.

3. Sellers warrant that their possessory title in and to said Telegraph Lode Mining Claims and Appurtenances has been maintained without protest from any person or persons since October 1950; that locations are properly made and monumented; that yearly assessment work has been regularly performed as required and all pertinent instruments have been recorded in the office of the County Recorder of San Bernardino County.

4. Sellers do hereby assign, transfer and convey to Buyers the equitable ownership of said property and the right to mine for their own interest the same, Sellers reserving and retaining however the legal title to said property as security for the performance by Buyers of their various obligations hereunder.

5. Buyers, jointly and severally and for themselves and for their heirs, executors, administrators and assigns promise and agree as follows:

A. To pay Sellers said sum of $30,000.00 at the times and in the installment amounts specified in paragraph 1 above.

B. To operate the Telegraph Mines in accord with good mining practice and maintain improvements and underground works in a miner-like manner with full regard to standard safety practices and successful future operations.

C. To conduct the operation of the Telegraph Mining Claims in accord with Federal Statutes relating to Multiple Use of Unpatented Mining Claims.

D. To maintain all shaft openings in accord with Section 24400 of the California Health & Safety Code, cover or fence all receptacles, tanks or sumps containing cyanide or other poisonous substances during the term of this contract.

E. To report all ore production to proper agencies of the State of California and the County of San Bernardino when or as required.

F. To maintain compensation insurance on all employed workmen, promptly pay all Federal or State Taxes concerned with the employment of labor and not incur any debt or obligation that may become a detriment or lien on the Telegraph Mine or appurtenances.

G. To not use water contained in the Telegraph Mines except for mining, milling or camp use until proper permits are secured from California Agencies having control of acquisition of water on public lands.

H. To carry a suitable policy of Liability Insurance and adequate fire insurance on buildings and deliver to Sellers satisfactory evidence that said insurance has been placed.

I. To pay all taxes or assessments levied on the property or minerals stored on the premises and to pay any license, severance tax, production or other tax on minerals produced or on Buyers right to operate said property arising under provisions of federal, state, county or other political division law,

J. To perform annually on or before July 1 each year during the term of this agreement (unless mining claims are patented or a moratorium on annual work is declared) the required amount of assessment work and record the same in the office of the County Recorder of San Bernardino County on or before August 1st of each year.

K. To furnish Sellers on or before July 1st of each year a certified copy of Proof of Labor performed on said mining property.

L. To assume full responsibility for the maintenance of

good title to said properties and to take immediate legal steps to preserve said title against adverse mineral locations or infringements of any kind whatsoever.

6. In the event of delinquency or violation of this agreement by Buyers Sellers shall advise Buyers of their default and allow twenty (20) days for correction before serving notice of termination of this agreement. In the event of termination of this agreement from any cause Sellers shall retain any and all monies received by them from Buyers as liquidated damages and as the reasonable rental value of the property during the term of occupation of the property by Buyers.

7. In the event of the termination of this agreement or the abandonment thereof by Buyers or default requiring termination Buyers will at once vacate and surrender said property to Sellers, except that Buyers shall have the right to remove from the premises within thirty (30) days from date of such termination or abandonement, but not otherwise, all portable machinery and equipment placed thereon by Buyers, but not buildings, underground pipe or rails laid by Buyers in underground workings, which shall remain and become the property of Sellers as shall all other machinery, tools, equipment and supplies not removed within said thirty (30) day period.

8. The interest of each of the parties hereto under this agreement is hereby agreed to be assignable and transferrable.

9. Sellers reserve for themselves and their assigns the right to enter and inspect the property described herein at any time during the term of this contract for the purpose of determining that Buyers are performing their obligations hereunder.

10. All notices and communications shall be deemed duly served upon the parties hereto if addressed as follows and sent by certified mail, postage prepaid:

For Sellers: James B. Nosser, Box 107, Johannesburg, California.

For Buyers: W. S. McGilvray, Jr., 426 Georgina Avenue, Santa Monica, California.

Said addresses may be changed by written notice. Notices shall be

deemed received by the party served on the fifth day after the day upon which the notice was deposited in the mail.

11. This agreement and all its terms, conditions and stipulations shall extend to and be binding upon the heirs, executors, administrators, grantees, transferees, successors and assigns of the parties hereto.

In Witness Whereof the parties hereto have hereunto set their hands the day and year first hereinabove mentioned.

553

SELLERS:

James B. Nosser

Elsie J. Nosser

Recorded Request of W. S. McGilvray Jr. May 17 11:30 A.M. '65 Book 6392 Page 332 Official Records San Bernardino County, Calif. Ted P. Carpenter

553 Indexed Microfilmed

BUYERS:

W. S. McGilvray, Jr.

530/a

Terry Trout

State of California, County of ~~San Bernardino~~ Kern, ss. On this 20 day of April, in the year 1965, before me _____ a Notary Public in and for said county and state, personally appeared James B. Nosser and Elsie J. Nosser, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same.

MERRIT L. McILVEEN, Notary Public, State of California - Principal Office, Kern County, My Commission Expires May 21, 1966, 131 West Ridgecrest Blvd., Ridgecrest, Calif.

Merrit L. McIlveen
Notary Public in and for said county and state.

State of California, County of ~~San Bernardino~~ KERN SAN BERNARDINO, ss. On this 24th day of April, in the year 1965, before me _____ a Notary Public in and for said county and state, personally appeared Terry Trout, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

LILLIAN PARIS
MY COMMISSION EXPIRES JULY 26, 1966

Notary Public in and for said county and state.

State of California, County of Los Angeles, ss. On this 22nd day of April, in the year 1965, before me Ruth H. Jett a Notary Public in and for said county and state, personally appeared W. S. McGilvray, Jr., known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

RUTH H. JETT

Notary Public in and for said county and state.

My Commission Expires September 19, 1968

RECORDING REQUESTED BY
W. S. McGilvray, Jr.

WHEN RECORDED MAIL TO

Name W. S. McGilvray, Jr.
Street Address 426 Georgina Avenue
City & State Santa Monica, Calif. 90402

537

RECORDED AT REQUEST
REQUESTOR
BOOK 7020 PAGE 645
'68 MAY -3 PM 1:23

$2.00
A

OFFICIAL RECORDS
SAN BERNARDINO CO. CALIF.
Ted R. Carpenter
COUNTY RECORDER

537

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged

Terry Trout do hereby
REMISE, RELEASE AND FOREVER QUITCLAIM to W. S. McGilvray, Jr.

the real property in the State of California, described as: County of San Bernardino

The Telegraph Group of lode mining claims, as Follows:
Telegraph Mining Claim, the location of which is recorded in Book 316, page 576, San Bernardino County Mining Records, and
Telegraph Extension Mining Claim, the location of which is recorded in Book 367, Page 413, San Bernardino County Mining Records, and
South Telegraph Mining Claim, the notice of location of which is recorded in Book 316, Page 576, San Bernardino County Mining Records.

Dated: April 25, 1968

Terry Trout
Terry Trout

State of California,
County of LOS ANGELES } ss

On April 25, 1968, before me, the undersigned, a Notary Public in and for said State, personally appeared TERRY TROUT

known to me to be the person whose name is subscribed to the within Instrument and acknowledged that he executed the same.

Witness my hand and official seal.

OFFICIAL SEAL
KEITH I. BROWN
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

(Seal) Keith I. Brown
KEITH I. BROWN
My Commission Expires May 9, 1970
NAME (TYPED OR PRINTED)
Notary Public in and for said State.

Title Order No. Escrow or Loan No.

MAIL TAX
STATEMENTS TO
NAME ADDRESS ZIP

This standard form covers most usual problems in the field indicated. Before you sign, read it, fill in all blanks, and make changes proper to your transaction. Consult a lawyer if you doubt the form's fitness for your purpose.

2a-2

TELEGRAPH PROPERTIES
MINING DIVISION - AGUA DULCE INC.
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

6 May, 1968

Mrs. James B. Nosser
501 Argus Street
Ridgecrest, Calif. 93555

Dear Mrs. Nosser:

After some lengthy discussions and planning activity with my brother, and with our geologist, we are now able to advise you of our plans for the Telegraph Mines. I am sorry these developments have taken so long, but several matters had to be cleared up before we could finalize our position.

First, let me advise you that we have finally cleared our position with Terry Trout, who, you will recall sold all right, title and interest in the Telegraph Mines to me in January of 1967, copies of which documents you have. I enclose a copy of the quit claim which I finally received on April 25, 1968 from Mr. Trout, and the original is in the process of being recorded. When this is completed, a final recorded copy will be sent to you.

Secondly, my brother and I now between us own all rights to the Telegraph Mines covered in that conditional sales contract of April 26, 1965. I have asked Mr. Maxson Smith to draw a proper notice of amendment, deleting the interest of Mr. Trout and making the parties of record my brother, Morgan McGilvray, and myself.

Thirdly, we are delinquest in our payment to you, actually $3500.00 of the $5000.00 due January 1, 1967, which you have been kind enough to defer until our revised financial arrangements had been concluded. We will, prior to May 20th of this year, send you our check in full settlement of this amount, in light of arrangements just concluded.

Fourthly, our records show that the final payment, $3500.00, is due July 1, 1968 and this has been provided for with the Security First National Bank. For your convenience, I have recapitulated our record of the contract payment schedule, versus the actuals so that you may check your own records. May we again express our appreciation of your kindness in granting us the deferrals which you did, as the original plan had called for payments to have been made as a result of operations. These

COPY

did not materialize, as you know, because of improper original misunderstanding of the nature and difficulty of successful ore extraction and reasonable beneficiation recovery techniques.

Recapitulation of Contract Payments

Contract Schedule		Actual Schedule as agreed to on basis of individual adjustment.	
$1000.00	26 April, 1965	$1000.00	26 April, 1965
1500.00	30 June, 1965	1500.00	30 June, 1965
1500.00	30 Sept. 1965	500.00	Oct, 1965
		100.00	Nov. 1965
		100.00	Dec. 1965
		400.00	Feb. 1966
		400.00	March 1966
2500.00	1 January 1966	2500.00	1 Jan, 1966
5000.00	1 July, 1966	500.00	Aug. 1966
		1000.00	Sept. 1966
		2000.00	Nov. 1966
		1500.00	Jan. 1967
5000.00	1 January, 1967	500.00	April 1967
		1000.00	Jan. 1968
(currently owe 3500.00 to be paid prior 20 May, 1968)			
5000.00	1 July, 1967	5000.00	May, 1967
5000.00	1 January, 1968	5000.00	Janaury 1968
3500.00	due 1 July, 1968		

Fifthly: Let me outline our plans for Telegraph now:

A. We intend to apply for an OME exploration loan. The details of this loan summary are provided in the attachment which you may wish to keep for your records. The plan has been developed by Mr. Ito, our consulting geologist, and we feel will be acted upon favorably by the OME office, with whom we have had prior discussions.

B. It will take about 60 days to process the application which we intend to file about May 15, 1968. Thus our final payment to you, due on July 1, 1968, will be made before the loan is granted.

C. During the process of the development work under the OME

loan program. we intend separately to perform survey work as a preliminiary to obtaining patents on the Telegraph Mine claims we are acquiring from you , as well as additional claims we have filed adjacent to gear original properties. These are described in Figure 2 of the Ito OME report.

D. Beneficiation studies made for us by the Osborne Laboratories show new techniques of beneficiation and recovery that permit economic extraction of values from the orebody.

Sixthly, although the contract does not require approval by you of liens or encumbrances, of which there are none of record occasioned by my brother or myself, OME does require a record of any imposed by others with an interest in the property. I would appreciate your confirming that none exist on the Telegraph Properties as occasioned by you. I will inclued such confirmation as an attachment to this letter which will become part of the OME submission.

Seventhly, prior to the grant of the loan, and as we will have made our final payment to you, the title to the property will have been transferred to my brother and me. Thus, it is not necessary for you to sign any forms relating to the Ul S. Government leins against future production, which would otherwise be required, if at the time of loan grant, you still retained an interest in the property. Should the OME program be accepted by the Government prior to 1 July, 1968, we shall make the final payment prior to final contract signature with the government.

Eighthly, although my brother and I will, on 1 July, 1968 after final payment, own the property, the financing of any work accepted by us, will be accomplished by Telegraph Properties, the mining division of our family corporation, Agge Dulce, Inc., a California Corporation, whose sole ownership is in the hands od my baother and me.

We are most grateful for the patience you have demonstrated during several difficult periods for us. We hope that you and your family will ve pleased at these plans, for they seem to be the only means by which Telegraph may be put into production. We believe the mine has a production future which will justify the confidence of Judge Nosser and ourselves in the property.

You are most welcome at any time to visit the mine. Currently Mr. Post is serving as maintenance engineer and guardian pending start of the OME work.

Very Truly yours,

W. S. McGilvray, Jr.

Encs.

cc A. Maxson Smith
A. McGilvray
T. Ito
OME

501 Argus Street
Ridgecrest, California 93555
May 9, 1968

Mr. W. S. McGilvray
426 Georgina Avenue
Santa Monica, California 90402

Dear Mr. McGilvray:

Thank you for your detailed letter of May 6, 1968 enclosing Mr. Ito's plan for the Telegraph Mine to be submitted to the Office of Mineral Exploration. I extend to you and your brother my sincere wishes for a most favorable acceptance of your OME loan application.

Again, with reference to your letter and the eight points enumerated therein--the facts concerning my interest in the Telegraph Mine are correct and your planned activities for the immediate future are agreeable. I will discuss in more detail those points which perhaps should be emphasized:

"Thirdly" - I will anticipate payment of the partially deferred payment due January 1, 1967, in the amount of $3,500.00, prior to May 20, 1968.

"Fourthly" - Your provision for the final payment of $3,500.00, due July 1, 1968, by the Security First National Bank is, of course, most agreeable.

"Sixthly" - As you are aware, the original Conditional Sale Contract dated April 26, 1965, was entered into jointly by my husband, Mr. James B. Nosser and me. You were notified by letter on August 22, 1965 of his demise which occurred August 17. His estate, including the Telegraph, was immediately submitted for probate which was completed without difficulty and an "Order and Decree of Final Distribution," No. 19712, was received and it stated, in part, "that all claims and debts against said decedent and against said estate and all personal property taxes due and payable by said estate and all debts, expenses, and charges of administration have been fully paid and discharged; ...." (Recorded by the County Recorder, Mr. Ted Carpenter at San Bernardino, California on August 5, 1966 in Book 6675, Page. 651.)

At the time of our Contract there were no liens or encumbrances on the Telegraph Property; none occurred while Mr. Nosser was alive--as noted in the preceding paragraph; and I, Mrs. Elsie J. Nosser, have placed no liens or encumbrances on the Telegraph Property since becoming the sole owner.

"Seventhly" - It is understood that the final payment under the Conditional Sale Contract shall be made prior to an acceptance of the OME Program by the Government and, in any event, no later than July 1, 1968.

Again, may I express my appreciation for your many efforts towards effecting, hopefully, the successful operation of The Telegraph Mine. I am sure Mr. Nosser would have been most pleased with your perserverance and the manner in which you have honored your commitments.

Sincerely yours,

Elsie J. Nosser

ELSIE J. NOSSER

W. S., Jr., & Morgan McGilvray
426 Georgina Avenue
Santa Monica, CA 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

3. PHYSICAL DESCRIPTION

This property has a great potential which can be confirmed by a well-planned, systematic exploration program. The physical description of this property is presented in the following EXHIBIT I. The applicant does not require the return of any material herein included.

EXHIBIT I

THE TELEGRAPH MINE

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE • REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

EXHIBIT I

THE TELEGRAPH MINE

Prepared for:

Mr. W. S. McGilvray, Jr.

Mr. Morgan McGilvray

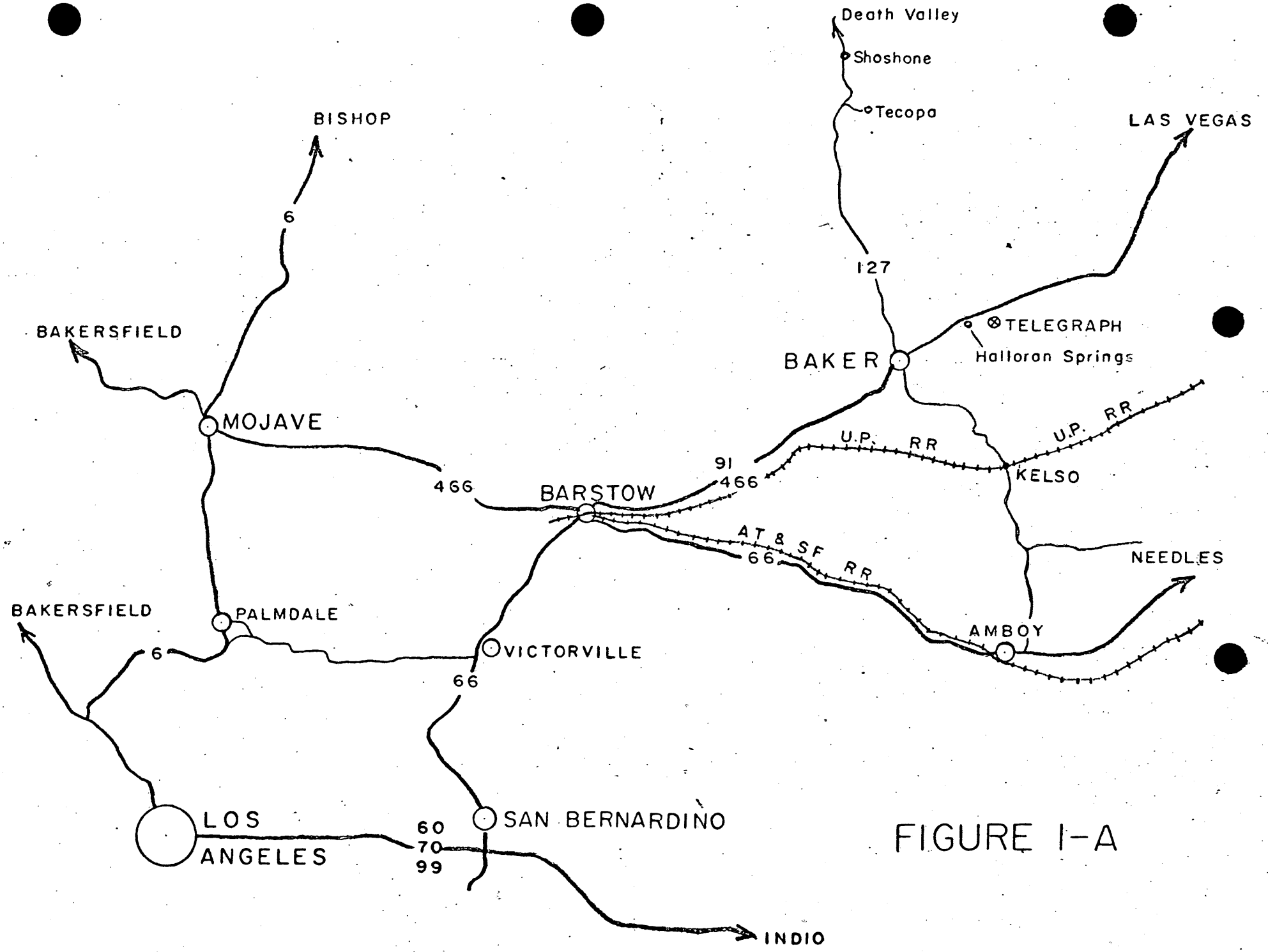

Death Valley
Shoshone
Tecopa
BISHOP
LAS VEGAS
6
127
BAKERSFIELD
TELEGRAPH
Halloran Springs
BAKER
MOJAVE
U.P. RR
U.P. RR
91
466
466
KELSO
BARSTOW
AT & SF RR
66
NEEDLES
BAKERSFIELD
PALMDALE
AMBOY
6
VICTORVILLE
66
LOS ANGELES
60
70
99
SAN BERNARDINO
INDIO

FIGURE I-A

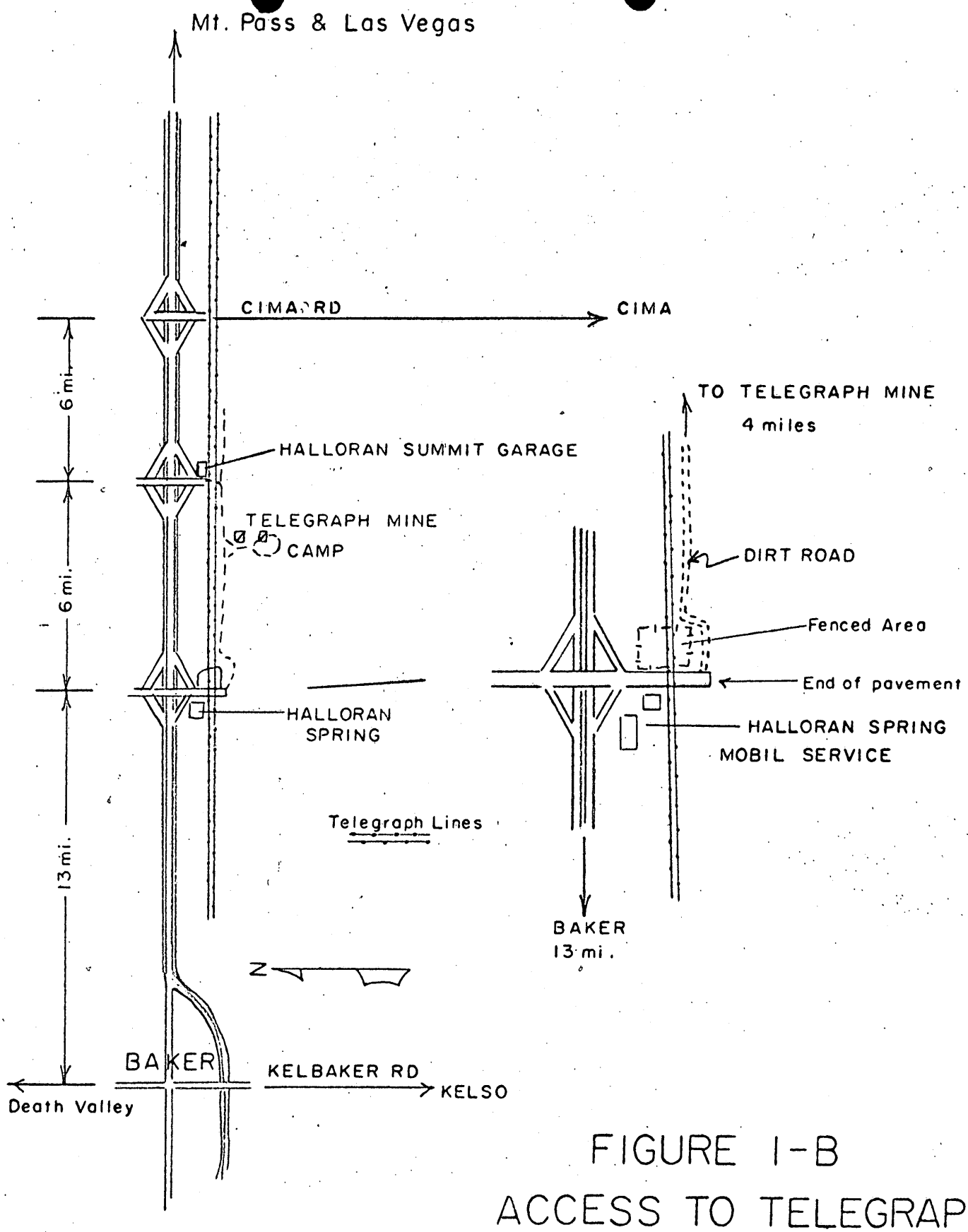


FIGURE 1-B
ACCESS TO TELEGRAPH

T.1.

Tomo Ito
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE • REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

THE TELEGRAPH MINE

The Telegraph Mine property comprises 9 lode claims* (please refer to Figure 2) situated in Sections 17, 18, 19, and 20, T. 15 N., R. 11 E., S.B.B.M., San Bernardino County, California (refer to Appendix A, Topo Map), approximately 18 miles east of Baker, and just south of the freeway, U. S. Highway 466 (Figure 1-A). This mining district is identified as the Halloran Spring or Solo.

The property is being purchased under a conditional sales contract by Messers. W. S. McGilvray, Jr. and Morgan McGilvray, from the late Judge J. B. Nosser and his widow.

HISTORY

The Telegraph Mine was first located on November 19, 1930, by Ralph and A. A. Brown of Salida, Utah. Discovery of a high-grade streak of ore was made on Telegraph Extension claim (refer to Figure MW), which caused a revival of mining activity in this old district. It is reported that mining dates back to some old Spanish workings; the old arrastres found on Agua Dulce Lomer No. 1 claim appears to support the story.

The Telegraph Mine was most active during the period

* Three of original claims and 6 new additional claims

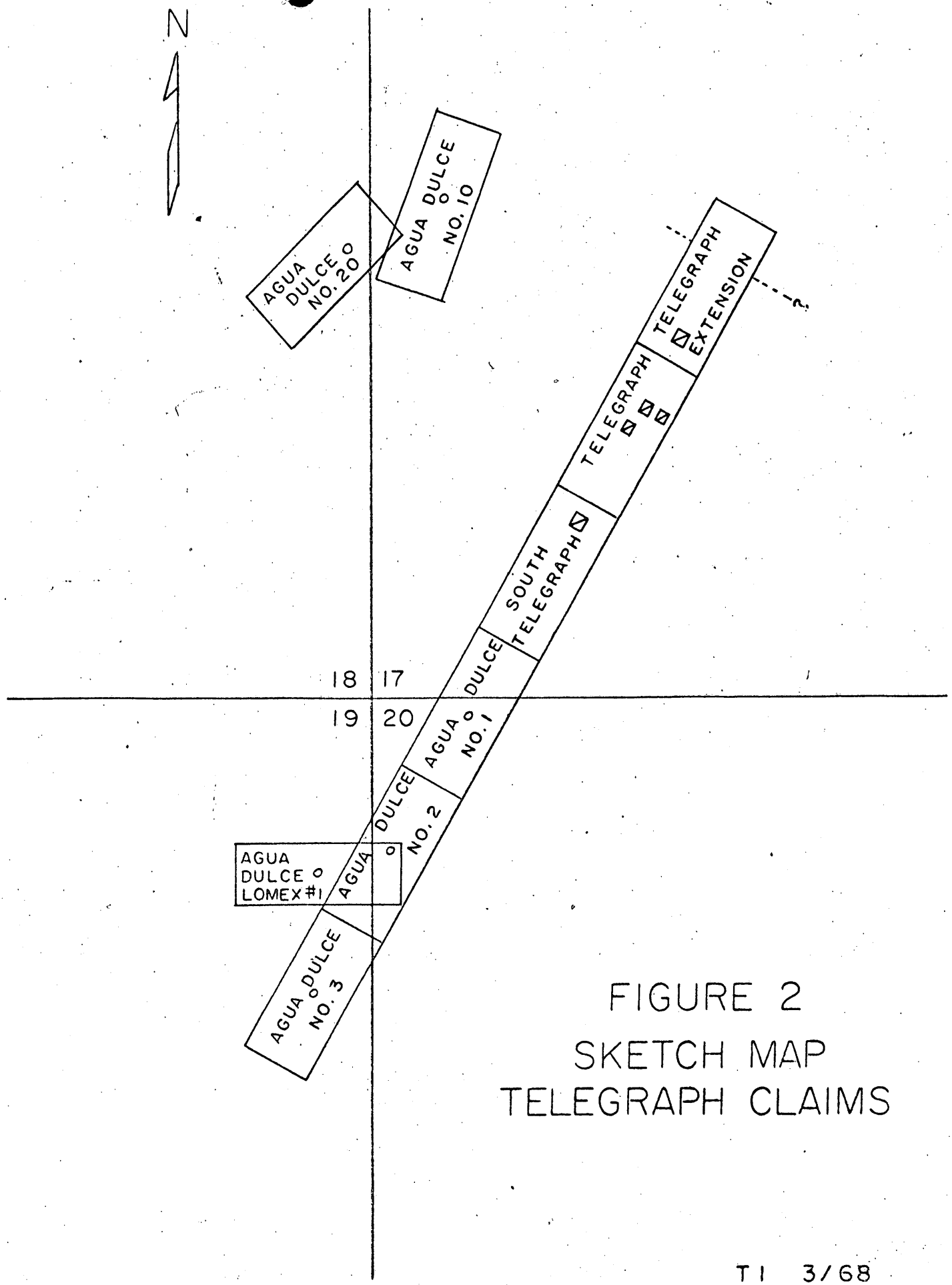


FIGURE 2
SKETCH MAP
TELEGRAPH CLAIMS

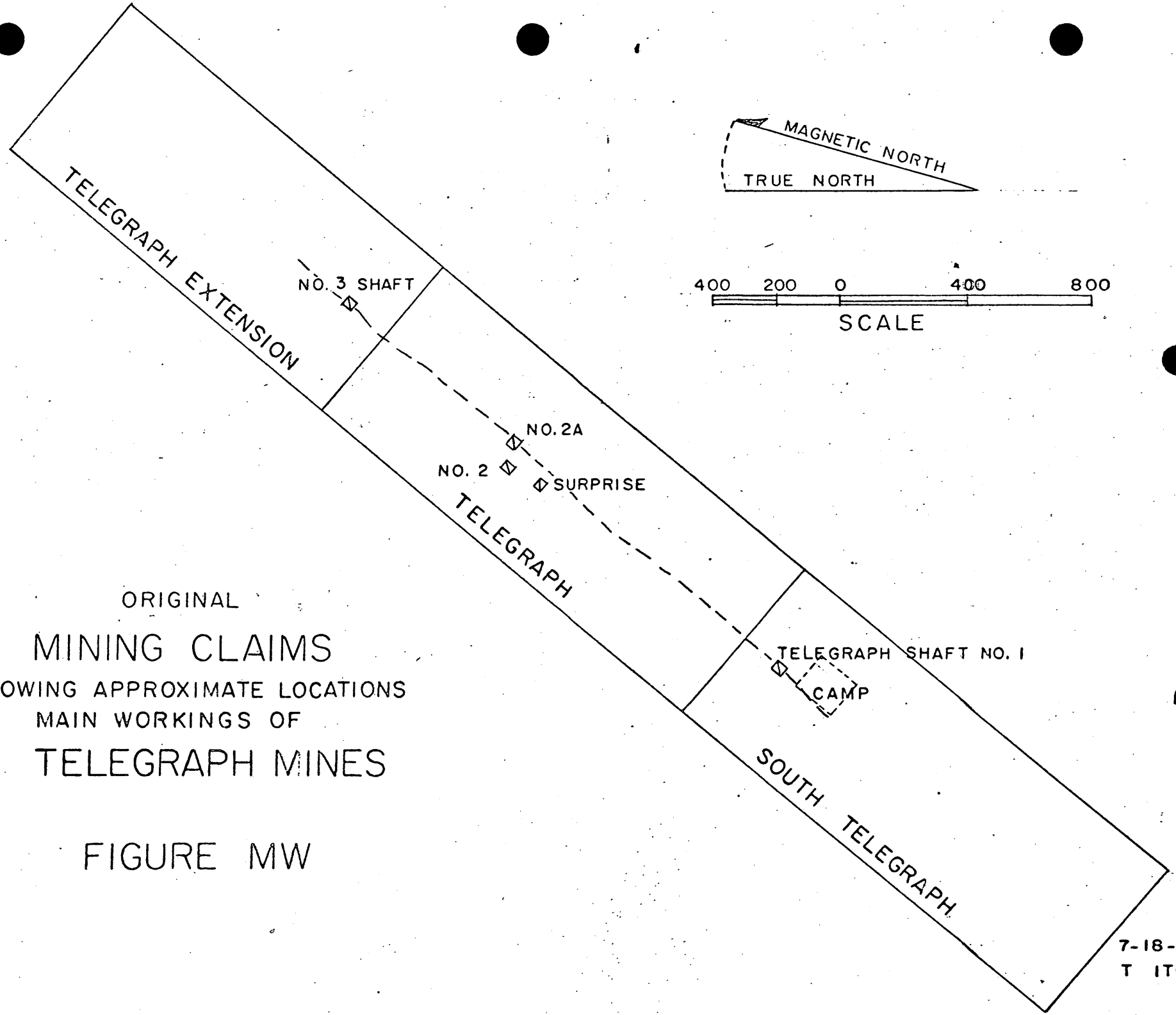
T I 3/68

1932-1942. O. Perry Riker of Long Beach, California, operated the property under lease from December, 1932 (?), to January, 1935. During this period he shipped 220 tons of ore to the mill then located at Yucca Grove (now Halloran Summit), operated by the Consolidated Metal Mines, Ltd., of Salt Lake City, Utah. The ore milled was reported to average $16.00 per ton in gold; also shipped 909 tons to a smelter, valued at $18,963. Solo Engineering Company of Long Beach, California, also had a lease and option on the property. Total production of the mine for this period reportedly was $35,000. Subsequent operations, according to the late Judge Nosser, brought the total gold yield to approximately $100,000, which is substantiated by government records as shown in Figure 3 - Production of the Telegraph Mine.

PRINCIPAL FEATURES, MINE WORKINGS, AND EXPOSURES

TELEGRAPH EXTENSION - Inclined shaft No. 3 (please refer to Figure MW) - 35° incline - depth ± 100 feet. Located just north of massive vein quartz outcrop. No drifting or crosscutting done in this shaft. Exposed is a wide shear zone, 6 to 8 feet, showing intense alteration but only a little quartz showing*. Interesting to note that no attempt was made to drift south toward the massive quartz outcrop which is so prominent on the surface. Also, past records show that high-grade ore was discovered on this claim.

*Personal underground inspection



ORIGINAL

MINING CLAIMS

SHOWING APPROXIMATE LOCATIONS
MAIN WORKINGS OF

TELEGRAPH MINES

FIGURE MW

TELEGRAPH CLAIM - Surface exposure of 500 feet of massive quartz (miner's "blowout") along the strike. This claim has the most surface diggings, but not the most underground workings.

No. 2 Shaft and underground workings are open and accessible (refer to Figure SH-2). No. 2-A opening, originally may have been an inclined shaft, but now opens into main stope.

Underground workings consist of:

1) Main stope, above 50-ft. level, open to surface; width, 4 to 10 feet
2) Finger-stope at the end of present 50-ft. level
3) Stope above 100-ft. level - combination of underhand stope from first level - partially filled with gob

Surprise Shaft - shallow, approximately 15 feet in depth, with 20 feet of drift in a shear zone of intense alteration. Encountered small lenticular body of vein quartz and obviously not part of the main body. Shaft is located in alluvial material between two outcrops - appears to be located too far west of main structure - possibly improperly located.

SOUTH TELEGRAPH CLAIM - approximately 450 feet of massive quartz outcropping along main structure.

No. 1 Shaft (Main Shaft) - begins with low incline, 30° for 50 feet, then steepens to 52° to the 125-ft. level and beyond with the same attitude. It has been reported to this writer (by oral communication) that the shaft had been

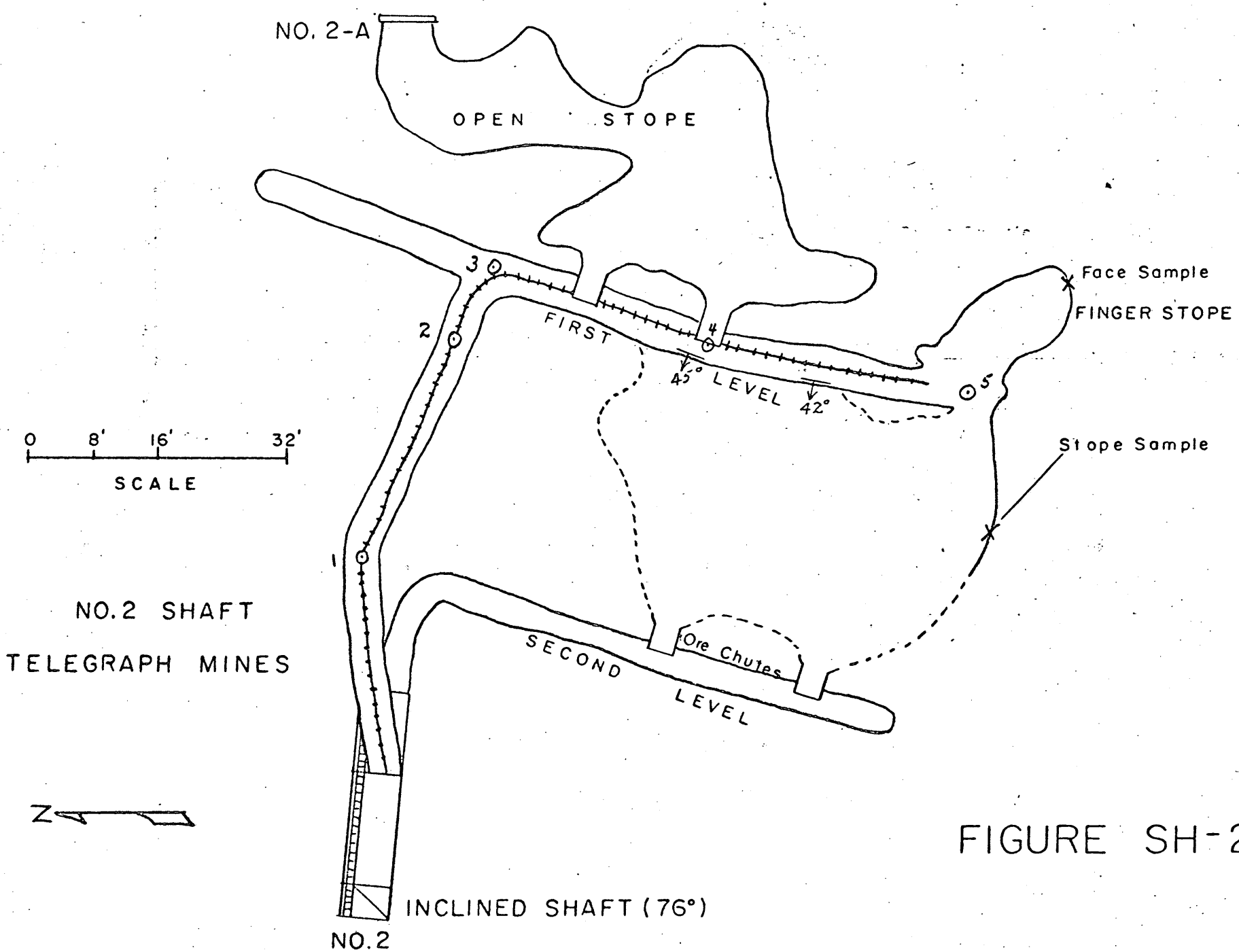

NO. 2-A
OPEN STOPE
Face Sample
FINGER STOPE
FIRST
LEVEL
45°
42°
Stope Sample
0 8' 16' 32'
SCALE
NO. 2 SHAFT
TELEGRAPH MINES
Ore Chutes
SECOND
LEVEL
N
INCLINED SHAFT (76°)
NO. 2
1
2
3
4
5

FIGURE SH-2

extended to a depth of 275 feet, and possibly more - there are no records to verify this, and inaccessibility prevents inspection.

Records show that at the 75-ft. level, a drift was driven for 250 feet to the north, and stoped - at one point, to the surface. There is a drift to the south at this level for 115 feet, with a reported crosscut to the west and down the dip - this, equipped with rails*. At the 125-ft. level, the vein was explored for 465 feet, presumably, to the north.

GENERAL GEOLOGY

San Bernardino County exhibits geologic formations of a wide variety of origins and ages. Although the area includes the most extensive exposures in California of the earliest geologic era, the Archean or earlier pre-Cambrian, there is a long period unrecorded in the rock sequence of San Bernardino County. The Paleozoic sediments are unusually thick in certain parts of the county. The Mojave Desert contains a relatively small volume of Mesozoic sediments; the most noteworthy Mesozoic event in the California desert region was the abundant and widespread intrusion of granitic rock. The following early part of the Cenozoic era, little of the stratigraphic record remains in the county. Then, in the following epoch, the Miocene, crustal disturbances and volcanic activity resulted in mountain-building, intermittent volcanism, and aridity, appears to have persisted through late Tertiary into Recent Geologic time.

*Oral communication - L. J. Post

The Telegraph property is located at an elevation of 3500-4000 feet, and in an area of low relief, underlain mainly by Mesozoic quartz monzonite. Whatever overlaid the granitic rocks has been denuded completely in the mine area. There are a number of small rounded hills or small buttes where vein outcrops are prominent - in between, the formations are covered and obscured by Recent alluvium.

MINERALIZATION

Quartz-carbonate vein occurs in a shear zone in a granitic rock, with a general strike of N 30° E, and dip of 30° to 52° NW. Width of the vein ranges from 4 feet to 8 feet or more; it occurs along an aplite dike that has the same general strike and dip, and forms the footwall of the vein - granite forms the hangingwall. The vein contains subordinate calcite and siderite, as well as abundant cavities partly or wholly filled with iron oxides. Free gold, with minor amount of silver, is the only metallic mineral thus far observed, but the records show the presence of pyrite, chalcopyrite, and bornite, in the ore. The form in which silver occurs has not been determined; the production records show its occurrence as highly erratic.

The structure is strong and persistent, and can be traced for several thousands of feet; the oreshoots have been emplaced within this shear zone. The oreshoots may be irregularly distributed within this zone of weakness, which may be indicated and even dictated by intersections of another vein system, although minor, which are prominent in

the area. En echelon oreshoots within this wide shear zone are highly possible - "blind leads" may be encountered.

The main vein is an hydrothermal fissure filling with enlargements, as observed in the old stopes, undoubtedly due to reopening by renewed movement along the fault. This is substantiated by the presence of ribboned quartz and recemented breccia in the vein. Along the shear zone, there is less alteration of the host rock where the vein quartz is strong and wide; however, when the quartz filling thins out or "horsetails", the alteration is severe with resulting kaolinization and sericitization. The writer is of the opinion that the massive, irregular, and intermittent quartz outcrops (miners' "blowouts") along the shear zone could well reflect underground structure, such as productive oreshoots. Further underground work will be conducted along this line to prove or disprove this thought and what effect the cross-fissure veins have upon intersection with the main system.

TENOR OF THE ORE

From the old records, the indications are strong that the extracted ore averaged well above $20.00 per ton in gold. This has been supported by the recent grab samples taken on the surface and underground; also two cut-samples identified as "Face" and "Stope" samples as marked on Figure SH, and assay certificates attached as appendices. Due to the conditions underground, it has not been possible to cut samples of the "untapped" portions of the orebody.

Referring back to State records - "220 tons of ore shipped to the mill at Yucca Grove; ore treated was report-

ed to average $16.00 per ton in gold". This can be interpreted as recovered value with the mill recovery at 75% (an exceptionally good recovery in those days for extremely fine gold), which would make the calculated heads $20.00. "Also shipped to smelter, 909 tons valued at $18,963". This value would be net smelter returns or actual values contained, and on a per ton basis, amounts to $20.86. There are some marked discrepancies in the old printed records; however, production records as published by the U.S. Bureau of Mines must be accepted as reasonably accurate. Interesting figures are revealed in Figure 3, which shows production figures over a period of 14 years. A total of 2749 tons of crude ore contained 2559 ounces of recoverable gold and 5423 ounces of silver. Thus the gold content of the total for the production period averaged .93 ounces of gold, or $32.55 per ton of crude ore. Although the silver content is most erratic, it averaged 2 ounces per ton of crude ore.

"In the footwall of the inclined Shaft No. 1 (South Telegraph), two inches of hi-grade was removed which was valued at $674.00 per Ton, with 25.5 ounces of silver". Any future projections to be made for the Telegraph Mine will not include or consider these hi-grade pockets which can occur in these deposits. A conservative and realistic average value of about $20.00 per ton in gold will be the basis for any future considerations.

METALLURGY AND BENEFICIATION

Approximately $2,000 have been spent during the past year for preliminary metallurgical tests and research.

FIGURE 3

RECORDED PRODUCTION OF THE TELEGRAPH MINE
(Published by permission of the U. S. Bureau of Mines)

Year	Crude Ore (tons)	Recoverable Metals		
		Gold (ounces)	Silver (ounces)	Copper (pounds)
1932.....	65	116.65	310	----
1933.....	511	298.00	1,582	----
1934.....	99	50.30	327	----
1935.....	44	16.81	113	----
1936.....	442	231.65	832	----
1937.....	285	29.00	129	----
1938.....	32	12.00	114	----
1939.....	199	286.00	530	----
1940.....	452	931.00	793	----
1941.....	119	188.00	187	----
1942.....	216	261.00	244	----
1946.....	155	74.00	141	400
1947.....	117	47.00	100	100
1948.....	13	18.00	21	----

Source: U. S. G. S. Professional Paper 275, 1956; Geology and Mineral Resources of the Ivanpah Quadrangle, California and Nevada, by D. F. Hewett

The gold values in the Telegraph ore are known to be extremely fine and well disseminated, and not amenable to straight amalgamation. The oldtimers encountered this problem in many districts - good recovery of values was not common. In this day of advanced technology, there is no room for guesswork. Competent metalllurgical laboratories and techniques are available, and it is imperative that this knowledge be fully utilized. At the proper time, complete metallurgical tests will determine the best possible flowsheet for the beneficiation of the Telegraph ore.

CONCLUSION

More orebodies are expected to be encountered, because of: (1) the persistence and strength of the structure (shear zone), (2) the length of the shear zone, (3) the many large quartz outcrops indicating massive vein matter, (4) the many mineralized cross-veins (although small) on the surface, and (5) the relatively small area, even between the two working shafts, which have been explored only to a limited extent.

Tomo Ito

March 1968 Tomo Ito

Bibliography:

Tucker, W. B., and Sampson, R. J., San Bernardino County, California; Division of Mines Report 27, 1931
State Mineralogist Report XXXVI, 1940
Tucker and Sampson; Mineral Resources of San Bernardino County, Vol. 39, October, 1943
Wright, Lauren A., Stewart, Richard M., Gay, Thomas E., Jr., and Hazenbush, George C., Mines and Mineral Deposits of San Bernardino County, Vol. 49, 1953
Hewett, D. F., Geology and Mineral Resources of the Ivanpah Quadrangle, California and Nevada; U.S.G.S. Prof. Paper 275, 1956

W. S., Jr., & Morgan McGilvray
426 Georgina Avenue
Santa Monica, California 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

4. ACCESSIBILITY OF PROPERTY

The Telegraph Property is located approximately 230 miles northeast of Los Angeles, on U. S. Highway 66, and 70 miles southwest of Las Vegas, Nevada. Access to the property is by 4 miles of graded dirt road from Halloran Spring off-ramp (Mobil Service Station). Please refer to Figures 1-A and 1-B of Exhibit A for full details.

Nearest shipping points: Kelso, on the Union Pacific line, approximately 52 miles, and Dunn Siding on the same line, some 46 miles west, between Baker and Barstow. Nearest supply points are Barstow and Las Vegas which are approximately 70 miles. Nearest public transportation, accommodations, and communication, are in Baker, about 18 miles.

To aid the OME representative who may examine the property:

Tomo Ito, 1902 Havemeyer Lane, Redondo Beach,
California 90278 - Area Code 213
376-3635

W. S. McGilvray, Jr., 426 Georgina Avenue,
Santa Monica, California 90402
Area Code 213 - 451-4383

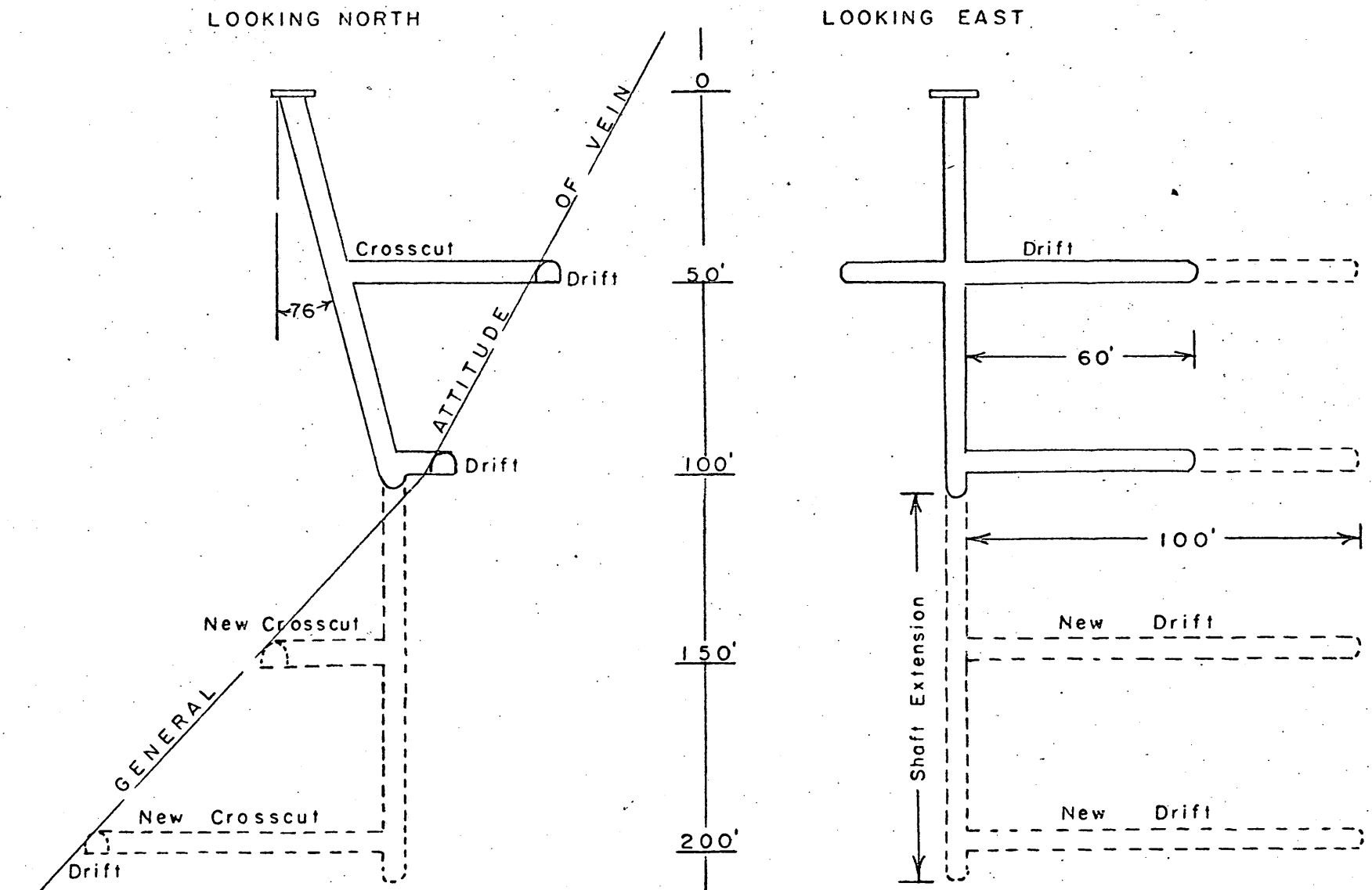


FIGURE 4

DIAGRAMMATIC SKETCH
SHAFT NO. 2 TELEGRAPH MINE

T I 3/68

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426 Georgina Avenue
Santa Monica, Ca 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERAL EXPLORATION

5. EXPLORATION WORK (Refer to Figure 4)

(a) Proposed Exploration Work (please refer to Figure MW - Exhibit A)

1) Extension of Shaft No. 2 (4' x 6' clear - 1½ compartments) from present depth of approximately 100 feet, to 200 feet plus sump.

2) Extend old drifts, 50ft. and 100ft. levels, along the vein south toward Shaft No. 1, for 40 to 50 feet for a total of 100-110 feet for each level. Present dimensions of 4ft. x 6ft. for drifts (and crosscuts) to be maintained).

3) Drive crosscuts to the west, at 50ft. intervals, from the new shaft extension to intersect the vein; total footage for both levels estimated to be 200 feet, if attitude of vein remains reasonably consistent.

4) Drive drifts south along vein from the two new crosscuts for 100 feet, at each level, for a total of 200 feet.

5) Sampling - in all new drifts. Channel cuts to be taken at 5ft. intervals. Entire sample to be crushed and reduced by ring-and-cone and quartering or by use of an approved splitter.

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Santa Monica, CA 90402

5. Exploration Work (Continued)

6) Miscellaneous - Survey of property to be made by an approved licensed Mineral Surveyor in the very near future. A bid has been received and this entire expense is to be borne by the applicant.

(b) Access Roads

1) Modest amount of road-building required around immediate working areas.

2) Present road maintenance consists of periodic dragging of dirts surfaces; cost of this upkeep is defrayed entirely by applicant.

(c) If an OME contract is executed, work would be started within 2-3 weeks - as soon as the contractor is able to set up on the property.

Rate of work, as expressed by the contractor is as follows:

1) Surface preparation - headframe and collar rehabilitation, checking ladders and skids, cleaning out present sump in preparation of shaft sinking. Estimated time = 2 weeks.

2) Shaft sinking - based on one-shift per day (initially) - average progress 2 ft./day.

3) Crosscuts and drifts - based on one shift per day - average progress 4 ft./day.

Based on the above, anticipated weekly rate of progress and costs is shown in Exhibit II.

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426 Georgina Avenue
Santa Monica, Ca 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERAL EXPLORATION

5. EXPLORATION WORK

EXHIBIT II

SCHEDULE

PROGRESS RATE AND COSTS

Week of: (Starting date assumed)		Weekly Contract Costs
April 1	On site and	$ 750.00
" 8	Rehabilitation - headframe, collar, etc.	750.00
" 15	Clean-out skip pocket*a, square up, repair ladders & skids, etc.	450.00
" 22	Begin shaft work - 2ft./day plus hoist rental ($35/week)	$ 1,885.00
" 29-May 5	Shaft sinking	1,885.00
May 6	"	1,885.00
" 13	"	1,885.00
" 20	"	1,885.00
" 27-June 2	" (4days - Holiday)*b	1,515.00
June 3	"	1,885.00
" 10	"	1,885.00
" 17	"	1,885.00

*a 3 mon, 5 days - 3 x $25 x 5 days + 20% contingencies

*b Optional with contractor - may work some Holidays

Exhibit II Cont'd

June 24	Shaft Sinking(current footage end of week = 98 feet		$ 1,885.00
July 1	Shaft Sinking (4 days - one Holiday)		$ 1,515.00
" 8.	Shaft Sinking - only 4 feet for total of 110' - balance for pocket and station**		1,072.00
" 15	Begin crosscut, 150ft. level 5 x 4ft/day = 20' x $40/ft. plus $35 hoist rental		$ 835.00
" 22	Crosscutting		835.00
" 29-Aug.4	"		835.00
Aug. 5	"		835.00
" 12	Drifting south along vein		835.00
" 19	"		835.00
" 26-Sept. 1	"	(Labor Day Holiday)	675.00
Sept. 2	"		835.00
" 9	"		835.00
" 16	Finish 100' drift - begin Crosscut, 200' level		835.00
" 23	Crosscutting		835.00
" 30-Oct. 6	"		835.00
Oct. 7	"		835.00
" 14	"		835.00
" 21	"		835.00
" 28-Nov. 3	"	Finished - start Drifting, 200' level	835.00
Nov. 4	Drifting		835.00
" 11	"	(Veteran's Day Holiday)	675.00
" 18	"		835.00

** Shaft - 4 feet @ $185/ft. + hoist rental $35
Pocket - 3 men, 3 days + 10% (contract)
$740 + $35 + $247.50(3 x $25 x 3 + 10%)
plus contingencies, $49.50

Nov. 25-Dec. 1	Drifting (Holiday)	$ 675.00
Dec. 2	Finish drift, 200' level Extend drift, 100' level	835.00
" 9	Drifting	835.00
" 16	"	835.00
" 23	" (Xmas Holiday) 50' level	675.00
" 30-Jan. 5	" New Year's Holiday	675.00
Jan. 6	Drifting - finish in 50' level	835.00
" 13	Clean-up, securing odds and ends, pump station, etc.	500.00

TOTAL ELAPSED TIME - 10 MONTHS

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APPLICATION FOR FINANCIAL ASSISTANCE IN MINERAL EXPLORATION

6. EXPERIENCE

EXHIBIT III

OME APPLICATION

6. EXPERIENCE

The majority of the exploration work will be done by contract. Minor surface work, sampling and sample preparation, and technical aspects such as geology, engineering, mapping, pertinent records, etc., will be carried out under the supervision of Tomo Ito, mining geologist and metallurgist.

BRIEF RESUMÉ

Full Name: TOMO ITO
Address: 1902 Havemeyer Lane, Redondo Beach, CA 90278
Birth: September 18, 1909 - Oakland, California

Education: Stanford University - A.B. in Geology, 1932
Graduate work in mining, metallurgy, & ores 1932-33
U.C. Extension(night) - Petroleum Engineering, 1935

WORK EXPERIENCE

1928 & 1929 - Laboratory assistant, Assay Office - International Smelting Co., Inspiration, Arizona (summer)

1931 - summer - Stanford Geological Survey, in coordination with the U.S.G.S.

1933-34 - Consulting geologist for private party with coal interests in the Price-Helper district, Utah

1934-40 - metallurgist and assistant superintendent, Mills Alloys, Inc., and consulting geologist, Nevada-Scheelite, Inc., subsidiary of Mills Alloys.

1940-42 - Chief metallurgist and superintendent of metal refining plant, Mills Alloys, Inc., and consulting geologist, Nevada-Scheelite, Inc.

1942-43 - Administrative assistant to Project Director, War Relocation Authority, Poston, Arizona

1943-45 - Consultant - mining and milling of tungsten ores; mining and processing of gilsonite in Utah. Confidential work on powder metallurgy of tungsten, in Nevada.

1945-48 Analyst, U.S. Vanadium(Union Carbide), agents for Metals Reserve Corp., Salt Lake City, Utah (tungsten mill) - July, 1946, transferred to new facilities at

Henderson, Nevada; senior chemist and research metallurgist

1948-50 - self-employed as consulting geologist and metallurgist

1950-51 - Metallurgist in charge of production, tungsten chemicals and metal powder - Pacific Metallurgical Products, Azusa, California

1951-57 - Metallurgist and superintendent, Sun Valley Tungsten Co., Sun Valley, California. Consulting geologist

1957 - Independent mine operator and geologic consultant in Baja California, Sonora, Mexico, and Southern Arizona

1957-59 - Superintendent in charge of mining and milling. Supervision of construction - 1,000-ton capacity manganese mill. Ore-Con, Inc. and Sunshine Mining Co. (joint venture).

1959 - Feb.-Sept. Special Consultant - chemical plant construction and research on new phases of tungsten metallurgy and liquid-liquid extraction - Tungsten Refining Co., Phoenix, Arizona

1959- present - Independent consulting mining geologist and metallurgist.

Have specialized in ores (except uranium) and commercial non-metallics. Inspection and evaluation of properties have taken me to:

1) U.S. - Montana, Idaho, Oregon, Nevada, California, Arizona, New Mexico, and Colorado

2) Mexico - northern ½ of Baja California; States of Sonora, Chihuahua, Durango, and Guerrero

3) The Republic of the Philippines

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Santa Monica, CA 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

7. ESTIMATE OF COSTS

All underground costs based on contract figures as shown in EXHIBIT IV.

SHAFT

1) Headframe and Collar rehabilitation	$ 1,500.00
2) 100ft. vertical shaft extension 4' x 6' clear, 1½ compartments at $185.00/ft. *a	18,500.00
3) Skip Pocket - 10 feet @ $185/ft.	1,850.00
4) Hoist Rental - 10 months at $150.00 per month (see schedule)	1,500.00
	$ 23,350.00

CROSSCUTS

1) 150ft. level - 75 feet(approximate) at $40.00/ft.	$ 3,000.00
2) 200ft. level - 125 feet(approximate) at $40.00/ft.	$ 5,000.00
	$ 8,000.00

DRIFTS

1) 50 feet - 50ft. level extension
2) 50 " - 100ft. " "
3) 100 " - 150ft. " , new
4) 100 " - 200ft. " , "

300 feet total new drifts @ $40.00/ft.	$ 12,000.00
Total Underground Work	$ 43,350.00

*a Higher figure used, due to presence of water in shaft

SAMPLING - Please refer to Appendix C for Cost Estimate of Samples

"Cutting", preparing, assaying, etc.

60 Samples at $18.00 each $ 1,080.00

SUPERVISION - 10 Months at $800.00/month $ 8,000.00

INITIAL REHABILITATION AND REPAIRS

1) Cabins - paint, hardware, etc.	$ 200	
Labor - one man, 4 weeks at $125/week	$ 500	
2) Sanitary Facilities	$ 500	
3) Road building - small dozer 40 hours @ $12.50/hr.	$ 500	
	$1700	$ 1,700.00
4) Camp Water System - 1500' of pipe and 5,000 gal. storage tank for water from #2 Shaft Basic system only		$ 1,500.00

Note: Applicant is prepared to expend up to $2,500 in excess of the above two items in order to insure suitable facilities for exploration - this sum totally separate from OME consideration

Total	$ 55,630.00
Contingencies(15%)	8,370.00
Grand Total	$ 64,000.00

W. S., Jr., and Morgan McGilvray
426 Georgina Avenue, Santa Monica, CA 90402

Tomo Ito
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE • REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

7. ESTIMATE OF COSTS

a) INDEPENDENT CONTRACTS

Request were sent to 4 recognized mining contractors. One declined to submit a bid due to full schedule. Another, a large, well-known company showed indifference and exchange of correspondence consumed more than two months. For this reason, further interest from our point of consideration was terminated.

The two bids which were received are enclosed as EXHIBIT IV. Although the bid by Mines Contracting Company, owned and operated by Mr. Ike Kusisto, was higher for the shaft work, I recommended it's acceptance, and the applicant is in accord. Mr. Kusisto's bid was adopted for cost estimates, because:

1) His bids and performance are known and recognized by OME.

2) His figures are firm and contingency factors are better defined.

3) His knowledge of the methods of payment under OME.

4) His performance and integrity have been thoroughly investigated.

Investigate the Advantages of Contracting

DRILLING
WE FURNISH EQUIPMENT, MEN, SUPPLIES AND MATERIALS
SHAFTS AND TUNNELS ARE OUR SPECIALTIES. NO JOB TOO SMALL OR TOO LARGE
ROAD BUILDING, ORE HAULING, BLASTING
UNDERGROUND AND OPEN PIT MINING

MINES CONTRACTING CO.

P.O. BOX 13237 • PHOENIX, ARIZONA • PHONE 602-253-6452

February 24, 1968

Mr. W. S. McGilvray, Jr., President
Telegraph Mines
426 Georgina Avenue
Santa Monica, California 90402

Dear Mr. McGilvray:

Mines Contracting and Development Company hereby submits the following proposal and bid for development work on the Telegraph Mines mining properties situated in the Halloran Mining District, San Bernardino County, California, as follows:

(1) Deepen existing shaft vertically 100 feet, 4x6 to 200 ft. level; to furnish all labor, materials, skids, ladders, industrial insurance, social security and unemployment taxes, at a contract price of One Hundred Seventy-five Dollars ($175.00) per lineal foot.

(2) Drifts: (with vein)

(a) Approximately 60 foot extension - No. 1 level (50' level)
(b) Approximately 60 foot extension - No. 2 level (100' level)
(c) Approximately 100 feet new work - No. 3 level (150' level)
(d) Approximately 100 feet new work - No. 4 level (200' level)

(3) Crosscutting - from shaft to vein in new levels - approximately 200 foot total; also some raises.

Contractor agrees to furnish all labor, materials (excepting timber), rail, ties, airline, waterline, said rail, ties, airline and waterline to be left in mine when job is finished; industrial insurance, social security and unemployment taxes, at a contract price of Forty Dollars ($40.00) per lineal foot. In the event it is found necessary to timber such workings, then an additional contract price of Eight Dollars ($8.00) per lineal foot for timbering shall occur.

(4) Prepare loading pocket below the 200 foot level of the shaft when shaft has been deepened to this point. The sinking for pocket to be

on the same basis as that for shaft sinking; namely, One Hundred Seventy-five Dollars ($175.00) per lineal foot. Extra work, other than sinking, for preparation of pocket, to be based on actual cost for labor and materials plus ten percent (10%).

(5) Repairing shaft collar and building new head frame for approximately One Thousand Five Hundred Dollars ($1,500.00).

(6) If it is necessary that certain repairs be made in shaft and bottom of shaft be cleared of existing broken rock, this work to be done by Contractor at actual cost for labor and materials plus ten percent (10%).

(7) For the purpose of compiling labor cost under this Agreement where cost plus ten percent is specified: three men at $25.00 per each per day. This same rate to apply as a prevailing wage scale in calculating insurance, social security and unemployment taxes on contractors and their employees.

(8) Telegraph Mines agrees to pay to Mines Contracting and Development Company a rental on certain equipment as specified below:
Hoist rental at $150.00 per month, and to pay expense of maintaining above equipment and furnishing all repairs and operating costs.

(9) In the event water is encountered in the proposed work and it becomes necessary to remove water from the workings, Ten Dollars ($10.00) per foot extra only in reasonable amount encountered; otherwise terms to be negotiated.

(10) In the event the Contractor runs into unforeseen expenses, such as bad, cavey ground or excessive water, he may seek to re-negotiate this agreement with Telegraph Mines upon an equitable basis to provide for the additional costs involved, or in the event a mutually satisfactory re-negotiation cannot be made, the Contractor can terminate the contract.

Respectfully submitted,

MINES CONTRACTING AND DEVELOPMENT CO.

Ike W. Kusisto

Ike W. Kusisto, Owner

IWK:wg

100 PIMA ROAD
PRESCOTT, ARIZONA
APRIL 12, 1968

TOMO ITO
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA

DEAR MR. ITO,

I SUBMIT THIS AS A BID ON THE WORK YOU OUTLINED IN YOUR LETTER OF MARCH 30, 1968, AND AS WE DISCUSSEDDAT THE PROPERTY SITE. IF YOU NEED A MORE DETAILED OUTLINE, I'LL BE GLAD TO SUBMIT IT OR ANSWER ANY QUESTIONS YOU MAY HAVE.

I HAVE ESTIMATED THIS WORK ON THE BASES OF ONE(1) SHIFT PER DAY. IF THE TIME ELEMENT IS OF GREATER IMPORTANCE, WE CAN CHANGE TO (2) PER DAY.

ANY EQUIPMENT USABLE AT THE PROPERTY WOULD BE RENTED BY ME AT AN AGREED UPON SUM.

IF THIS BID IS SATISFACTORY, I WOULD WANT AT LEAST A QUARTER OF THE MONIES DEPOSITED FOR USE IN STARTING AND COMPLETING THE FIRST PHASES OF THIS WORK. THE REMAINDER OF THE MONEY WOULD BE PAID AS WORK PROGRESSES ON THE CONTRACT.

HOPING TO HEAR FROM YOU SOON, I REMAIN

SINCERELY,

F. M. Wright

F. M. WRIGHT

BID ON REJUVENATION OF TELEGRAPH PROPERTIES

SUBMITTED BY: F. M. WRIGHT
100 PIMA ROAD
PRESCOTT, ARIZONA 86301

$1,500.00	COST OF REHABILITATION OF HEAD FRAME AND COLLAR: GENERAL PREPARATION PRIOR TO WORK. THIS DOES NOT INCLUDE THE COST OF THE HOISTING EQUIPMENT.
$50.00 per ft.	TAKING OUT OLD TIMBERED SHAFT AND REPLACING WITH NEW 2" LINING BOARDS: 6" SQUARE SETS: LADDERS, MANWAYS AND LANDINGS: SEPARATION BETWEEN MANWAY AND HOISTING SPACE: FRAMING LEVELS: GUIDES FOR HOIST. INSIDE MEASUREMENTS OF SHAFT: 4' x 6'. AVERAGE TIME: 5' PER SHIFT. THIS IS AFTER THE INITIAL WORK ON THE HEAD FRAMEEAND COLLAR HAS BEEN COMPLETED.
$105.00 per ft.	SINKING SHAFT: SHAFT TIMBERS, PIPE, MANWAYS COMPLETED. $10.00 EXTRA FOR EXCESS WATER. AVERAGE TIME: 3' PER DAY. 2 to 2½ MONTHS ON NEW SHAFT.
$50.00 per ft.	CROSSCUTS AND DRIFTS. TIMBER, PIPE AND RAIL INCLUDED. $5.00 EXTRA FOR EXCESS WATER. AVERAGE TIME: 10' PER DAY. 2½ MONTHS. 4' x 6' DRIFT.

ALL WORK ON EXISTING DRIFTS SUCH AS CLEAN-UP AND REJUVENATION, SHOULD BE DONE ON MAN-SHIFT BASES, NOT TO BE INCLUDED ON FOOTAGE CONTRACT.

ESTIMATED TOTAL TIME FOR COMPLETION OF CONTRACT: 7 MONTHS.

F. M. Wright

F. M. WRIGHT

April 22, 1968
100 Pima Road
Prescott, Arizona

Tomo Ito
1902 Havemeyer Lane
Redondo Beach, California

Dear Mr. Ito,

I recieved your letter today and will try to answer the questions you have asked.

In regard to the hoist, I have looked at a number of them suitable forthis and adequate for later work. The cheapest I have found on lease-purchase is $250.00 per month. However, if I buy one, we can work out a lease-purchase arrangement on payments.

The work figured on man shift basis, on the clean-up and rejuvenation, will have to be based higher than you have mentioned. At least $35.00 per day, per man, to include taxes, compensation, etc...Plus additional 10% per day will bring the overall cost to approximately $115.00 per day, for the dead-work. This is probably as low as you can operate.

So far, I haven't heard from compensation costs in California. I'm basing my estimate on Arizona's compensation laws, which are $16.00 per $100.00 for wages. I assume the California laws are similar.

I hope I have answered your questions clearly enough to be of help. I should be home this week and will be glad to assist you further, if necessary.

Sincerely,

F. M. Wright

APPENDIX B-1

THE EISENHAUER LABORATORIES
316-322 South San Pedro Street
Los Angeles, California 90013

ED. EISENHAUER JR.
C. EISENHAUER RAYMOND
LAWRENCE EARL RAYMOND

ASSAY CERTIFICATE

PHONE 622-9828

Los Angeles, Calif. April 24/67 19

I hereby Certify that the samples described below, received from

Raymond Osborne Laboratory assay as follows:

Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
Telegraph, # 6 mesh	.42	$ 14.70	1.08	$ 1.39	$ 16.09			
Telegraph, - 6 mesh	.59	$ 20.65	1.84	$ 2.37	$ 23.02			

FACE
J.d.

GOLD @ $ 35 PER OZ.
SILVER @ $ 1.29 PER OZ.
LEAD @ ____ C.
COPPER @ ____ C.

CHARGES $ 8.00

C. Eisenhauer Raymond
ASSAYER

Established 1916

APPENDIX B-2

THE EISENHAUER LABORATORIES
316-322 South San Pedro Street
Los Angeles, California 90013

ED. EISENHAUER JR.
C. EISENHAUER RAYMOND
LAWRENCE EARL RAYMOND

ASSAY CERTIFICATE

PHONE 622-9828

Los Angeles, Calif. Mar. 24/67 19

I hereby Certify that the samples described below, received from Raymond Osborne Lab. assay as follows:

Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
Stope Samples								
+ 1"	.29	$ 10.15	1.27	$ 1.65	$ 11.80			
¾ "	.28	$ 9.80	1.56	$ 2.01	$ 11.81			
½ "	.27	$ 9.45	.89	$ 1.15	$ 10.60			
3/8"	.30	$ 10.50	1.10	$ 1.41	$ 11.91			
#4	.20	$ 7.00	2.02	$ 2.60k	$ 9.60			
#8	.40	$ 14.00	1.36	$ 1.75	$ 15.75			
#16	.64	$ 22.40	1.24	$ 1.60	$ 24.00			
#30	.75	$ 26.25	1.17	$ 1.50	$ 27.75			
#50	.54	$ 18.90	1.10	$ 1.41	$ 20.31			
#100	.30	$ 10.50	1.20	$ 1.55	$ 12.05			
#200	.20	$ 7.00	1.70	$ 2.19	$ 9.19			
Pan	.48	$ 16.80	2.00	$ 2.58	$ 19.38			

GOLD @ $ 35 PER OZ.
SILVER @ $ 1.29 PER OZ.
LEAD @ ____ C.
COPPER @ ____ C.

CHARGES ____

L. E. Raymond
ASSAYER

Established 1916

W. S., Jr. & Morgan McGilvray
426 Georgina Avenue
Santa Monica, CA 90402

APPENDIX C

COST ESTIMATE OF SAMPLES

SAMPLING PROCEDURE - Deep channel cuts(approx. 4" x 4") in roof of drifts at 5ft. intervals and across face of each drift to obtain estimated 60 samples. Samples to be cut and dropped onto slick-sheet or canvas, sacked, labelled, and taken to sample room. Entire sample to be crushed to minus ½ inch, and cut down to a workable sample with a splitter or any approved method. Samples to be sacked, identified, sealed, tagged, and shipped to a reliable assayer.

For scheduled exploration work, channel sample cuts at 5ft. intervals:

1)	50ft.	level	- 50ft. extension,	9 roof	- 1 face	= 10
2)	100ft.	"	- "	"	"	"	= 10
3)	150ft.	"	- 100ft. new drift	19 "	1 "	= 20
4)	200ft.	"	- " "	" 19 "	1 "	= 20
					Total Samples	= 60

5 channel cuts per day - 2 men @ $25/day for cutting roof samples, and preparing;
5 cuts/day @ $50/day = $10 per sample for labor

	Per Sample
Labor	$10.00
Gold-Silver Assay (current charge at Eisenhauer laboratories)..	$ 5.00
Final sample preparation, sacks and sacking, tagging, and shipping	$ 3.00
Total Cost per Sample	$18.00

Number of Samples - 60 x $18.00 = $1,080.00

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 25, 1978

Memorandum

To: Branch of Financial Management
Geological Survey

From: Chief, Office of Minerals Exploration

Subject: Recording of realized loss under OME contract

Write-off of the following realized loss under OME contract is hereby authorized:

Contract	Docket	Operator	Write-off
2273	OME-6727	W. S. McGilvray, Jr. and Morgan McGilvray	$19,798.81

Harold Kirkemo

Harold Kirkemo

CC:RII

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 25, 1978

Mr. Tom Ito
1902 Havemeyer Lane
Redondo Beach, California

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Dear Mr. Ito:

Enclosed is a self-explanatory letter dated October 25, 1978, to Mrs. Perry B. McGilvray and Mr. Morgan McGilvray. This relates to the Lien and Subordination Agreements signed by you, September 24, 1968.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

cc: RII

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 25, 1978

Mr. Morgan McGilvray
12823 Normandy Lane
Los Altos Hills, California 94022

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Dear Mr. McGilvray:

By the terms of OME Contract 2273 and the Certification of Possible Production dated September 17, 1969, all minerals mined or produced from October 17, 1968, to October 17, 1978, were subject to the Government's royalty as stated in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claims or lien against the property subject to the contract or any production therefrom. We, therefore, are closing our books and records on this contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Identical letter sent to:
Mrs. Perry B. McGilvray
31 Sheckner Court
Menlo Park, California 94025

cc: RII

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

October 16, 1978

Memorandum

To: Chief, Office of Minerals Exploration, Reston, VA

From: Field Officer, Region II

Subject: OME-6727(Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract #2273

Final Annual Inspection

The final annual inspection of the subject property was made by the Field Officer on October 12, 1978. The mine camp and property were deserted and appeared to be abandoned. There was no evidence of any recent work. No ore has been mined or shipped since the end of the OME project. No royalties are due the Government.

The certification period for this property expires on October 17, 1978. The owners can be notified of the end of the Government's lien.

H. K. Stager

Rec'd 2/3/78
HK 2/3/78

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

February 1, 1978

Memorandum

To: Chief, Office of Minerals Exploration
Reston, VA

From: Field Officer, Region II, Menlo Park, CA

Subject: OME Activities during January 1978

During January, public inquiries about the OME program consisted of eight mail requests for information, and several telephone inquiries. No production was reported for any certified projects during January, and there were no royalty payments received. No field examinations or inspections were made during the month, and none of the certified properties were known to be active.

On January 5, 1978, Mrs. Lucy Kirkpatrick, operator of the Lucky Jack Mine (OME-6645 and OME-6836), died at her home in San Leandro, California. The property is now held by her daughter, Mrs. Nancy Morrow, 5423 Troost, Apt. 4, North Hollywood, CA., 91601, telephone (213)985-6036. On January 23, Mrs. Morgan McGilvray, owner of the Telegraph Mine (OME-6727), called the Field Office to inform us that she has applied to the Bureau of Land Management for patent on the Telegraph claims and to ask several questions regarding the patenting process.

H. K. Stager

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 6, 1977

Mr. Morgan McGilvray
12823 Normandy Lane
Los Altos Hills, California 94022

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and
Morgan McGilvray
Telegraph Mines
San Bernardino County, Calif.
Contract 2273

Dear Mr. McGilvray:

Legislation enacted in October 1976 established new requirements concerning unpatented mining claims and affidavits of annual assessment work. Owners of unpatented claims must comply by October 22, 1979, with new procedures described in Section 314, Public Law 94-579, October 21, 1976, and in Federal Register--Title 43, Part IV of January 27, 1977. Copies of these documents are enclosed for your information. Simply stated, the new legislation requires that mining claims be rerecorded by October 22, 1979, and that certain information be filed with affidavits of assessment work.

We bring this matter to your attention so that you may take proper action if you intend to retain these claims after October 22, 1979. The Government's interest in the land and in royalty on possible production therefrom under terms of the subject contract terminate before that date. In the meantime, this interest is protected under provisions cited in the contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

HK

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

July 26, 1976

Memorandum

To: Chief, Office of Minerals Exploration
Reston, Virginia

From: Field Officer, Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Annual Inspection

An Annual Inspection of the subject property was made by the Field Officer on July 20, 1976. The mine camp and property were deserted, and there was no evidence of recent work, except for some protective fences around the shafts and pits. A notice of intention to patent the Telegraph, Telegraph Extension, and South Telegraph Lode Claims was posted on the property. No ore has been mined or shipped since the end of the OME project.

The property has been optioned to the Cascade Energy and Metals Corp., of Salt Lake City, Utah. A telephone conversation with Mr. David Weston, president of Cascade Energy and Metals Corp., revealed that efforts are now being made to raise sufficient funds to permit the construction of cyanide leaching pads and facilities on the property. If these efforts are successful the property will be placed in production, probably late in the year.

The Certification period for this property expires on October 17, 1978.

H. K. Stager

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

October 17, 1975

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and
Morgan McGilvray
Telegraph Mines
San Bernardino County, Calif.
Contract 2273

Mr. Morgan McGilvray
12823 Normandy Lane
Los Altos Hills, California 94022

Dear Mr. McGilvray:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

P.S.

We realize that this request is made only six months since you last replied to a similar request, but this will reestablish the reporting to the anniversary date of the contract--October 17.

HK

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since April 15, 1975, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since April 15, 1975, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value
non		

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore	non		
Concentrates			
Other			

3. Since workings *(see of contract)*, has any production been transported through Yes ☐ No ☐

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name	Title
M. Mytel	Owner
Address	**Date**
12823 Normandy Ln	10/22/75
Los Altos Hills, Cal. 94022	

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

April 1, 1975

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and
Morgan McGilvray
Telegraph Mines
San Bernardino County, Calif.
Contract 2273

Mr. Morgan McGilvray
12823 Normandy Lane
Los Altos Hills, California 94022

Dear Mr. McGilvray:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

This has reference to a similar request sent to you on November 27, 1974, which was not completed and returned.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
APR 25 1975

INITIALS	CODE
HK	HK

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
OR PROJECT UNDER ROYALTY AGREEMENT

1. Since March 29, 1974, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☒ No ☐

Owners have entered into a Mining Claims Option & Purchase Agreement with Cascade Energy & Metals Corp of Salt Lake City, Utah -- Copy of agreement is attached

2. Since March 29, 1974, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value
none		

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			
Concentrates	none		
Other			

3. Since workings (*see* , has any production been transported through *of contract*)? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name	Title
M. McGilvray	OWNER
Address	**Date**
12823 Normandy Ln, Los Altos Hills, CA 94022	4/15/75

July 1, 1974

Cascade Energy & Metals Corporation
216 Paxton Avenue
Salt Lake City, Utah 84101

Attention: W. David Weston, President

Dear Mr. Weston:

We have received the Mining Claims Option and Purchase Agreement forwarded by your letter of June 19, 1974. We do require some changes to clarify several of the provisions and to make corrections of fact. In order to expedite the execution and establishment of our agreement, we have set forth the proposed revisions as a series of alterations to the contract, which, by our mutual execution will become a part to that agreement.

I believe the changes we are requesting are reasonable and self explanatory; however, the following briefly states the effect or the reason for each change:

1) To make factual corrections of spelling and identification of Owners.

2) To make corrections of fact as to the claims currently owned by Owners and covered by the agreement. The claims deleted were originally claimed by Owners; however, following the exploratory work accomplished in 1968 we felt the deleted claims were of marginal value and have not accomplished assessment work nor filed proofs of labor on those deleted claims. To the best of our knowledge no other person has subsequently made any filings on the deleted claims.

3) To clarify accrual and payment of interest for the several ways of payment of purchase price.

4) To clarify ore removal purposes to protect owners and OME interests.

5) Since fee provisions on escrow agreement are blank, provides protection against unreasonable fee.

6) To provide owners reasonable notice of purchasers performance of this provision.

7) Minor correction of language.

8) To provide owners opportunity to determine whether such transferee, purchaser or assignee has capability to complete performance of the agreement.

9) To provide owners notice of payments made by purchaser to OME.

10) To relieve owners of burden of responsibility for stated property following purchasers failure to remove within the reasonable time allowed in the agreement.

11) To correct typographical error.

12) To correct typographic errors and allow for coverage of reports as may be required by law.

13) To protect owners from unreasonable liabilities and damage to the property.

We believe there are two additional points of understanding that deserve mention and agreement between us.

1. We will add to the escrow agreement an instruction to the escrow agent to forward to us money paid by you into the escrow, within 5 days following receipt by the agent.

2. We request you inform us of the location of the place where the records covered by paragraph #10 of the agreement will be maintained and kept, and further that you provide us timely notice of their movement to another location, including the address of such new location.

We trust you will find the foregoing acceptable for incorporation into our agreement and understanding.

Sincerely,

Mrs. Perry B. McGilvray
31 Sneckner Court
Menlo Park, CA 94025

M. McGilvray
12823 Normandy Lane
Los Altos Hills, CA 94022

cc: T. Ito

EXHIBIT "B"

Alterations to Mining Claims Option and Purchase Agreement by and between Mrs. Perry B. McGilvray, Executrix of the Estate of W. S. McGilvray, Jr., and M. McGilvray, hereinafter referred to as "Owners", and Cascade Energy and Metals Corporation, hereinafter referred to as "Purchaser".

1. The name "McGilvrey", identifying the Owners, as set forth in the opening paragraph and elsewhere in the agreement is corrected to "McGilvray". Further, wherever "P. B. McGilvrey" is written in the agreement, such name is corrected to "Mrs. Perry B. McGilvray, Executrix of the Estate of W. S. McGilvray, Jr.".

2. With reference to the mining claims covered by the agreement and set forth on Exhibit A attached to the agreement, the following claims are deleted from the agreement and from Exhibit A, thereto:

   Agua Dulce No. 10, and
   Agua Dulce No. 20

3. Page 2, paragraph #2. Delete the last sentence of this paragraph, and substitute in lieu thereof "Each annual installment shall be paid on or before December 31, in the year in which it is due, accompanied by payment of accrued interest computed on the unpaid balance remaining after the next preceding payment."

   Add a new sentence following the above substitution as follows: "Any payment made against purchaser price as may be provided elsewhere in this agreement will be applied first to interest accrued at time of payment, the remainder to be applied to reduce the unpaid balance of purchaser price."

4. Page 3, paragraph #5. Add a new sentence at end of paragraph as follows: "Except for purposes of assay or sampling, ore is to be removed from the property only for the purposes of refinery or concentration and sale."

5. Page 4, paragraph #6. To sentence ending on line 6, following "Purchaser.", delete period and substitute the following ", so long as such fees are reasonable."

6. Page 4, paragraph #7. Delete period at end of this paragraph and substitute the following ", and shall provide to owners copies of recorded Proofs of Labor, on or before August 10th of each year of said period."

7. Page 4, paragraph #8. In next to last line delete "with" following "reference" and substitute in lieu thereof "to".

8. Page 5, paragraph #11. Delete period at end of first sentence and add the following: ", subject to approval of owners, such approval not to be unreasonably withheld."

9. Page 5, paragraph #12. Add a new sentence to the end of the paragraph as follows: "Purchaser further agrees to give timely notice to owners of such payments as they are made to OME."

10. Page 7, paragraph #17. In line 7 delete "to" following "failure" and substitute in lieu thereof "of".

    In line 10 following "improvements" delete all that follows through the word "items" on line 14.

    In line 15 correct spelling of word "extend" to "extent".

11. Page 7, paragraph #18. At end of line 4, delete "ex-" and delete all of line 5 and all of line 6 through "and".

12. Page 7, paragraph #19. At end of second line, delete "similar". In line 3 delete "returns" and "of" and substitute in lieu thereof, respectively, "reports" and "or".

13. Page 7. Add a new paragraph #22. as follows:

    22. In the event of default, breach, nonexercise of option, voluntary surrender, or any other failure of Purchaser to complete the contract, Purchaser shall restore property to the same condition that existed as of 1 June 1974, except for ore removal, assessment work or other physical alterations made to the property in performance authorized by this agreement. Provided; however, that such exceptions shall be left in a condition so as not to constitute a liability hazard to the owners.

The following signatures of acceptance by Owners and Purchaser make the foregoing alterations a part of the agreement between them.

CASCADE ENERGY & METALS CORPORATION (PURCHASER)

By S/W. David Weston
W. David Weston

Date

OWNERS:

By S/ Mrs Perry B McGilvray
Mrs. Perry B. McGilvray

Date

By S/ M McGilvray
M. McGilvray

Date

MINING CLAIMS OPTION AND PURCHASE AGREEMENT

THIS AGREEMENT by and between P. B. MC GILVREY of 31 Sneckner Court, Menlo Park, California, and M. MC GILVREY of 12823 Normandy Lane, Los Altos Hills, California, hereinafter referred to as "Owners"; and CASCADE ENERGY AND METALS CORPORATION, a Nevada corporation, whose principal place of business is located at 216 Paxton Avenue, Salt Lake City, Utah, hereinafter referred to as "Purchaser".

WITNESSETH:

That the Owners are the legal owners of certain mining claims which comprise the mining claims known as the Telegraph Mine, more particularly referred to but not limited to those nine lode claims situated in Section 17, 18, 19, and 20, T. 15 N., R. 11 E., S.B.B.M., San Bernadino County, California, approximately 18 miles east of Baker and just south of the Freeway, U.S. Highway 466, as located in the mining district identified as the Halloran Springs or Solo districts, all as more fully described in the officially recorded location notices for said claims and as set forth on Exhibit A attached hereto and hereby made a part hereof, identified as "Figure 2, Sketch Map, Telegraph Claims".

That the Purchaser is desirous of optioning said mining claims with the right to purchase the same as hereinafter set forth for the purpose of exploring and developing them, and, in the event said claims are proven to contain minerals of commercial value, Purchaser is desirous of exercising his rights hereunder and purchasing the same.

NOW, THEREFORE, in consideration of $3,000.00 in hand paid, the receipt of which is hereby acknowledged and of the mutual covenants herein contained, the parties hereto do hereby agree as follows:

1. The Owners hereby grant unto Purchaser the sole and exclusive right to explore and developed the aforementioned mining claims through the six-month period starting June 1, 1974 to December 31, 1974, for the purposes of Purchaser determining the economic value of the Telegraph mine.

2. The Owners hereby grant to the Purchaser the sole and exclusive right to purchase the above described claims at its option on or before December 31, 1974, or the commencement of production, whichever event comes first, to purchase the above described claims by paying to Owners the sum of Seven Thousand Dollars ($7,000.00), which sum along with the payment made herewith would constitute a downpayment of $10,000.00, which would be applied against the total purchase price which Purchaser shall pay Owners for said claims of One Hundred Thousand Dollars ($100,000.00) lawful, current money of the United States of America, the balance sum of which will be paid in three equal annual installments of $30,000.00 each, with the unpaid balance bearing an interest rate of ten percent simple interest. Each annual installment shall be paid on or before December 31, in the year in which it is due.

3. Purchaser by itself, agents or assigns shall have the right of immediate entry and possession of property, and the whole thereof, with a right reserved in Owners, their agents or legal representatives, through the option and purchase period, to enter in and upon said premises at all reasonable times for the purpose of inspection and seeing that the terms hereof are being complied with.

4. Through the option and purchase period, the Purchaser shall keep and maintain said properties and appurtenences in a good state of repair, and shall perform all work, labor, installation or removal of improvements and operate said mining claims in a good miner-like manner as is customary in such cases, and in accordance with the mining laws, rules and regulations of the Halloran Springs mining district, County of San Bernadino,

State of California, and the United States of America.

5. In the event the above referenced claims are put into production prior to the end of the purchase period, Purchaser shall pay to Owners 10% royalty payable on all net smelter or mill returns received by Purchaser. Said payments shall be made quarterly by Purchaser commencing at the end of the first quarter of the calendar year during which Purchaser shall have received payment on net smelter or mill returns. All such royalty payments will be applied by Owners against the annual installments and purchaser price as set forth above. All such royalty payments will cease upon receipt by Owners of the total purchase price of $100,000.00, plus any accrued interest due thereon. "Net smelter or mill returns" shall mean such sum or sums of money to be paid to Purchaser for any ores delivered by Purchaser from any of the above mining claims to a smelter or mill for purposes of refinery or concentration and sale.

6. Owners and Purchaser agree that all payments due hereunder to Owners by Purchaser shall be paid to Owners through an escrow account to be established at Continental Bank and Trust Company in Salt Lake City, Utah. Said escrow agreement shall provide that the Owners will deposit with the escrow agent, warranty deeds to the above described mining claims and a copy of this Mining Claims Option and Purchaser Agreement, and thereby authorize and instruct said escrow agent to hold the same in escrow subject to the terms and conditions of this Mining Claims Option and Purchase Agreement and subject to the payment of $100,000.00 plus accrued interest as set forth as the total purchase price for the said claims in this said Mining Claims Option and Purchase Agreement, all payable to the account of the Owners. Said escrow agent will be instructed that upon the full and final payment of said sums accordingly and upon demand to deliver said escrow papers, and all of them, to Cascade Energy and Metals Corporation, or its successor in interest. The escrow

agent will be further instructed that in the event of default in payment as herein provided, or other default or breach, and upon demand, to deliver said escrow papers, and all of them, to the said Owners. It is further agreed that any and all escrow fees required to establish the escrow account shall be shared jointly by Owners and Purchaser. It is understood that full payment of any unpaid balance would be made by Purchaser at any time without any prepayment penalties, and such payment shall entitle Purchaser to immediate delivery of title to said properties. Owners agree that upon the receipt of the full purchaser price and in the event such necessity exists, to forthwith execute and deliver any and all mining deeds, assignments or other conveyances necessary to convey to Purchaser said mining claims with full right of ownership vested in Purchaser.

7. Purchaser shall perform or cause to be performed all annual assessment work required on or for the benefit of the aforesaid claims, and shall, on or before August 1st of each year during the option and purchase period, cause proof of labor to be filed according to law.

8. Purchaser shall pay or cause to be paid when due any and all bills and obligations incurred in the exploration, development or operation of said property during the option and purchase period, and particularly as to labor, materials, industrial insurance and Social Security obligations, and shall hold Owners harmless with reference with any and all such obligations.

9. Owners shall forthwith prepare, record, post and keep posted conspicuously in at least two working places in and upon said property a notice of Owners non-responsibility for any and all such obligations incurred by or for Purchaser in the handling or preparation of said properties during the option and purchase period.

10. Purchaser shall at all times keep complete books and records, subject to inspection by Owners or their agents at

reasonable times, during the option and purchase period, reflecting all ores mined, marketed, or removed from claims covered by this Agreement.

11. Purchaser shall have the right to transfer, sell or assign in whole or in part his right in and to said mining claims as herein provided. Owners shall have the right to assign in whole or in part their interest herein, provided they shall first give Purchaser the right to such assignment on the same terms as Owners' proposed buyer is ready, willing and able to pay therefore. Purchaser shall have 15 days following receipt of notice in writing from the Owners to meet the terms offered by any such proposed buyer.

12. Purchaser hereby agrees that in the event it exercises its option to purchase as provided herein, to assume all the payments due under the Office of Mineral Exploration lien against the property as required under the United States Department of the Interior, Office of Mineral Exploration Contract No. 2273, Docket No. OME-6727.

13. Purchaser shall have the right to place In or upon said property such machinery, equipment and improvements as may be reasonably necessary and convenient to the operation of the mining business herein contemplated; and in the event this Agreement shall be forfeited or terminated for breach, or by voluntary surrender, or by the giving of ten (10) days written notice by Purchaser to Owners, mailed to Owners, postage prepaid, at the last known address, then, in either such events, Purchaser shall have ninety (90) days after such surrender or written notice of forfeiture mailed to Purchaser, postage prepaid, at the last known address of said Purchaser, in which to dismantle and remove all such machinery, mining and related equipment and improvements, including buildings, except for cement work which has become a part of the land.

14. Owners represent and warrant that they are the Owners of and have clear title to the claims mentioned above.

They further agree upon payment of the down-payment as specified herein to provide Purchaser with an abstract of title. They further represent and warrant that all claims have been validly and properly located and recorded and that all work required under the law has been performed. It is agreed that as of the date this Agreement is signed, Owners shall execute a good and sufficient warranty deed to said properties and have placed the same in escrow in the Continental Bank and Trust Company of Salt Lake City, together with the original of this Agreement with instructions for the deed to be delivered together with the original contract and any other papers involved to Purchaser upon the payment and performance by the Purchaser as herein stated. Upon demand by Purchaser, said bank shall deliver said escrow papers to Purchaser or its successor in interest. In the event a voluntary surrender as hereinbefore provided, the said escrow agent, upon demand, shall deliver said escrow papers, and all of them, to Owners.

15. Any written notice as provided for herein shall be sent by registered mail, return receipt requested, and addressed as follows:

TO OWNERS:	P. B. McGilvrey 31 Sneckner Court Menlo Park, California 94025
	M. McGilvrey 12823 Normandy Lane Los Altos Hills, California 94022
TO PURCHASER:	Cascade Energy and Metals Corporation 216 Paxton Avenue Salt Lake City, Utah 84101

Either party may change the name or address above by written notice to the other party. Notices shall be effective when deposited in the United States mail.

16. Purchaser shall have thirty (30) day grace period for the performance of the obligations specified herein with the exception of the completion of the annual assessment work.

17. In the event of voluntary surrender, or other breach or default in payment or performance as herein stated,

after the expiration of the said thirty (30) days grace period, Owners shall have the right of immediate entry and possession of said premises. Such right of reentry and possession of said premises, and particularly as to machinery, equipment and improvements placed therein, or thereon by Purchaser, shall be subject to the right of Purchaser to remove the same as provided in Paragraph (13) above; and in the event of failure to the Purchaser or assigns to remove said machinery, equipment and buildings within the time specified, then in such event, all of said machinery, equipment, buildings and improvements may be removed by Owners and stored at Purchaser's expense, and in the event said machinery, equipment, buildings and improvements are not claimed by Purchaser within a reasonable period of time thereafter, the said items shall be forfeited to and become the property of Owners to the extend of the title, interest, ownership or equity of said Purchaser or its assigns as the same shall appear as of such date.

18. It is agreed that in the event of surrender or other breach or default, the same shall terminate all obligations of Purchaser, and the exclusive remedy of the Owners shall be to retain all monies, advances, royalties and exclusive remedy of the Owners, shall be to retain all monies, advances, royalties and expenditures, in any manner theretofore made, and they shall become forfeited to Owners.

19. Purchaser agrees to complete and file the semi-annual net proceeds and mine returns or other similar returns if required by applicable state of federal law during the term of this Agreement.

20. Time is of the essence in this Agreement.

21. The terms of this Agreement shall bind and inure to the benefit of the heirs, assigns, executors, administrators, legal representatives and successors in interest of the respective parties hereto.

IN WITNESS WHEREOF, the parties have hereunto set their hands on this _____ day of _____, 1974.

Execution of this agreement is subject to the mutually executed alterations as set forth in 2 pages of alterations on Exhibit "B" attached hereto and hereby made a part hereof.

S/ Mrs. Perry B. McGilvrey
P. B. McGilvrey

S/ M. McGilvrey
M. McGilvrey

CASCADE ENERGY & METALS CORPORATION

By _____

ACKNOWLEDGEMENT

STATE OF)
: ss.
COUNTY OF)

On this _____ day of _____, 1974, personally appeared before me a Notary Public, in and for the above State and County, _____ _____ persons described in and who executed the foregoing Mining Claims Option and Purchase Agreement, who each for himself and not one for the other duly acknowledged to me that he executed the same freely, voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the day and year first above written herein.

_____
NOTARY PUBLIC
Residing at

My Commission Expires:

_____

STATE OF UTAH)
: ss.
COUNTY OF SALT LAKE)

On this 19th day of June 1974, personally appeared before me a Notary Public, in and for the above State and County, W. David Weston, who is personally known to me to be the President of Cascade Energy and Metals Corporation, a Nevada corporation, and who executed the foregoing MINING CLAIMS OPTION AND PURCHASE AGREEMENT, who duly acknowledged to me that he executed the same freely, voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the day and year first above written

Marcia Murphy
NOTARY PUBLIC
Residing at Salt Lake City, Utah

My Commission Expires:
March 8, 1975

EXHIBIT A
Attached to and made a part of the Mining Claims Option and Purchase Agreement by and between P. B. McGilvrey, M. McGilvrey and Cascade Energy and Metals Corporation.

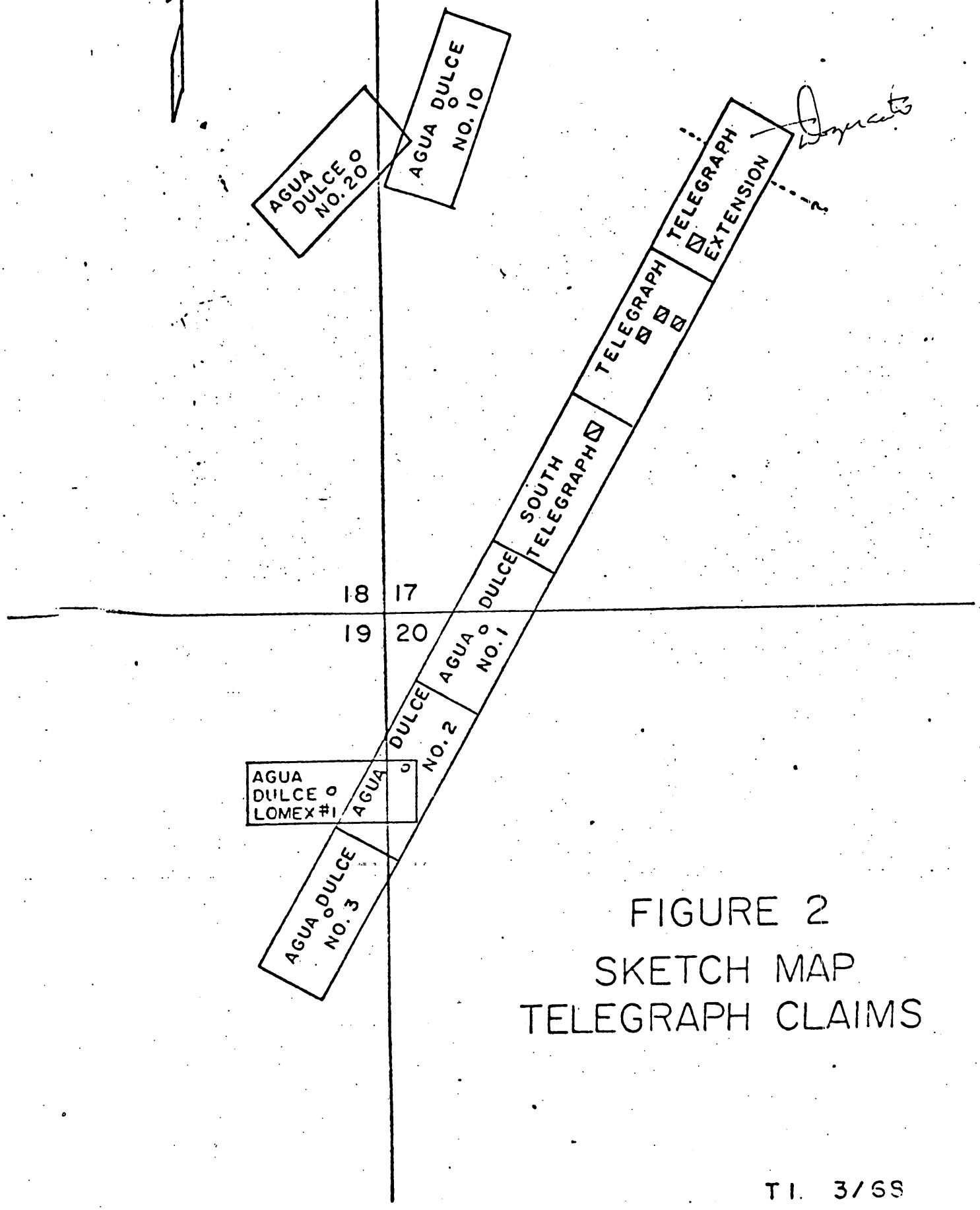

FIGURE 2
SKETCH MAP
TELEGRAPH CLAIMS

T I. 3/SS

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

October 17, 1972

AIRMAIL

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and
Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Mr. Morgan McGilvray
12823 Normandy Lane
Los Altos Hills, California 94022

NOV 3 1972

Dear Mr. McGilvray:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to R-II

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since November 11, 1971, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since November 11, 1971, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value
	None	

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore	None		
Concentrates	None		
Other	None		

3. Since , has any production been transported through workings *(see of contract)*? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
	None	

Submitted by:

Name	*Title*
M. McGilvray	Owner
Address	*Date*
12823 Normandy Lane, Los Altos Hills, California 94022	

United States Department of the Interior

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

April 24, 1972

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Annual Inspection

While in the area of the subject property, on other OME business, an annual inspection was made on April 21, 1972. The mine camp and property were apparently deserted and there was no evidence of recent work. Local inquiry, at the Mobil Oil Co. service station at Halloran Springs, revealed that the mine watchman (Mr. Post) had died recently and that another watchman only visited the property about once a week. One of the owners of the property, Mr. W. S. McGilvray, Jr., died in March 1971 and there has been little activity at the mine since that time. There has been no ore mined or shipped.

H. K. Stager

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O. M. E.
RECEIVED
APR 25 1972
INITIALS | CODE
Cal | 20M
gla | 150
HK | 20
| 220

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

October 12, 1971

OFFICIAL COPY
C. E.
NOV 15 1971
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220

Messrs. ~~W. S. McGilvray, Jr.~~
and Morgan McGilvray
~~426 Georgina Avenue~~
~~Santa Monica, California~~ 90402

See reverse side

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and
Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to P-II

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since April 18, 1969, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes [X] No [ ]

Death of W. S. McGilvray, Jr. on March 24, 1971.
Ownership now Morgan McGilvray, and Perry B. McGilvray as executrix of estate of W. S. McGilvray, Jr.

2. Since April 18, 1969, has there been any production from the land subject to the contract? Yes [ ] No [X]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings (*see* , has any production been transported through *of contract*)? Yes [ ] No [X]

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name	*Title*
Mr. Morgan McGilvray 12823 Normandy Lane Los Altos Hills, CA 94022 and Mrs. W. S. McGilvray, Jr. (Perry B.) 426 Georgina Avenue Santa Monica, CA 90402	*Date* November 11, 1971
Address	

Morgan McGilvray

Perry B. McGilvray

United States Department of the Interior

GEOLOGICAL SURVEY

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

September 29, 1969

OFFICIAL
COPY
O. M. E.
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INITIALS	CODE
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Col	120 m
HK	120
EP	120
	220

Final Field Report

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Enclosed is a summary-type Final Field Report on the subject project.

H. K. Stager

H. K. Stager

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By H. K. Stager, Field Officer, Region II

September 29, 1969

1. OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract No. 2273

Operator: W. S. McGilvray, Jr. and Morgan McGilvray
426 Georgina Avenue
Santa Monica, California 90402

Property: Consists of 9 unpatented lode mining claims (Agua Dulce No. 1, No. 2, No. 3, No. 10, No. 20, Agua Dulce Lomex No. 1, South Telegraph, Telegraph, and Telegraph Extension) including all rights pertaining thereto, in secs. 17, 18, 19, and 20, T. 15 N., R. 11 E., SBB&M, Halloran (Solo) mining district, San Bernardino County, California. A map showing the area of these 9 claims was attached to the contract and a revised survey map of the claims was attached to the Operator's monthly voucher and report dated January 17, 1969.

Ownership: The Operator is the owner of the Telegraph group of claims under the terms of a Quitclaim Deed dated September 3, 1968, from the original owner, Elsie J. Nosser. The Operator is in possession of the remaining claims by rights of location notices dated June 12, 1968, and July 13, 1968, filed by W. S. McGilvray, Jr. and Tomo Ito. A Lien and Subordination Agreements executed September 24, 1968, by W. S. McGilvray, Jr., Morgan McGilvray, and Tomo Ito was attached to the contract. Mr. W. S. McGilvray, Jr. is addressed at 426 Georgina Avenue, Santa Monica, California 90402; Mr. Morgan McGilvray at 12823 Normandy Lane, Los Altos Hills, California 94022; and Mr. Tomo Ito at 1902 Havemeyer Lane, Redondo Beach, California 90278.

2. Purpose of Project: The purpose of the project was to explore by diamond drilling from prepared surface sites for gold- and silver-bearing ore bodies in and along the northeasterly-trending Telegraph quartz vein which traverses granitic rocks of Precambrian age.

3. Contract: Dated October 17, 1968, for a term of 6 months.
Original contract amount - $27,600.00
Government participation - 75 percent, $20,700.00
There were no amendments to the contract.

4. Project Work: Started - November 15, 1968. Completed April 15, 1969.

Cost Items (As Amended)	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Mobilication and demobilization, and moving between holes	Job	$1,200.00	$1,200.00	Job	$1,200.00
Non-core and diamond core drilling	2,100 ft.	$9-$10/ft.	19,300.00	2,079 ft.	19,260.00
Camp rehabilitation, etc.	Job	$1,500.00	1,500.00	Job	1,500.00
Supervision	6 mos.	$ 500/mo.	3,000.00	4.5 mos.	2,250.00
Payroll taxes, insurance, etc.	--	$ 100.00	100.00	--	00
Outside consultant	18 days	$ 75/day	1,350.00	15 days	1,125.00
Per diem - consultant	18 days	$ 16/day	288.00	15 days	240.00
Transportation - consultant	3,370 miles	$ 10¢/mi.	337.00	3,234 mi.	323.40
Office expenses	6 mos.	$ 40/mo.	300.00	5 mos.	250.00
Assaying for gold and silver	30 spls.	$ 5/spl.	150.00	35 spls.	175.00
Transportation of samples	30 spls.	$ 2.50/spl.	75.00	30 spls.	75.00
Total costs			$27,600.00		26,398.40
Government participation at 75 percent			20,700.00		19,798.80
Paid to the Operator					$19,798.81

4. Project Work - Continued

The Government retained no equity in any of the equipment or supplies used.

Effectiveness of the Work - The most favorable target area was adequately explored.

Efficiency of Operation - The project was accomplished in an efficient and satisfactory manner.

5. Reports:

Operator's Final Report - An acceptable final report was received on April 21, 1969.

Cost Review - A Report of Review was issued by the Office of Survey and Review in August 1969.

Final Audit - A final audit was not requested inasmuch as no additional vouchers were submitted or paid after the Cost Review. The final voucher was paid on April 25, 1969.

Royalty Review - There was no ore produced during the period of the contract and no royalty was due the Government

6. Project Results:

Discoveries - The exploration was successful and minable ore was found by the drilling. Holes Nos. 2, 4, 9, and 10 cut gold- and silver-bearing material. A map, cross sections, and assay data were included in the Operator's final report. Drill logs were included with the monthly vouchers and reports. Indicated reserves estimated by the Operator total 72,000 tons of ore with a grade of 0.51 ounce of gold per ton and 1.16 ounces of silver per ton. Future production is economically feasible and is being planned by the Operator. Future development and additional exploration is also warranted and is being planned.

Certification - The OME work resulted in the discovery of minable ore and certification was recommended on the basis of 72,000 tons of indicated reserves. These reserves are contained in the Telegraph Vein from the surface to about 100 feet down the dip below the outcrop. A Certifice of Possible Production was issued on September 17, 1969 and expires on October 17, 1978.

6. Project Results - Continued

Production - There was no ore mined or stockpiled during the period of the contract.

Royalties - There was no ore sold and no royalties were paid or due the Government.

7. Geologic Summary: The ore bodies that have been mined from the Telegraph Mine occurred as shoots in a quartz vein that fills a fault in quartz monzonite of Tertiary and Cretaceous(?) age. The ore shoots ranged in size from small pods to a shoot 50 feet in strike length, a dip length of more than 100 feet, and an average thickness of about 6 feet. The ore averaged 0.93 ounce of gold and 2 ounces of silver per ton. About 2,750 tons ore, valued at about $100,000, was produced from the mine during the period 1932 to 1948.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/9/69	Peterson	120
9/11/69	Kirkemo	120
	Long	
	[illegible]	
9/16	Kilsgaard	
		120M
		220

SEP 17 1969

Mr. W. S. McGilvray, Jr.
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Dear Mr. McGilvray:

Enclosed is a copy of a certification of possible production issued to the Operator as a result of the exploration program under the subject contract. This relates to the Lien and Subordination Agreements dated September 24, 1968, signed by you, Tomo Ito, and Morgan McGilvray.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the certification. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Wilbraie L. Emerick (gfa)

W. L. Emerick
For: Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

cc: Director's Reading File
Mineral Resources
OME Docket
OME Region II
OME Reading File
Mr. Peterson
130(2)

ECPeterson/bsl 9/10/69

IDENTICAL ORIGINAL LETTER TO:

Mr. Tomo Ito
1902 Havemeyer Lane
Redondo Beach, California 90278

Mr. Morgan McGilvray
12823 Normandy Lane
Los Altos Hills, California 94022

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/8/69	Peterson	120
		120
		220
		120M

September 8, 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Enclosed is a copy of the Field Officer's letter of September 5, 1969, forwarding a copy of the Report of Review issued in August 1969 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME ReadingFile
OME Region II
Mr. Peterson

GLAult/a 9-8-69

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

OFFICIAL
COPY
O. M. E.
RECEIVED
SEP 8 1969
INITIALS | CODE

September 5, 1969

Mr. W. S. McGilvray, Jr.
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Dear Mr. McGilvray:

Enclosed is a copy, for your files, of a Report of Review dated August 1969 by the Audit division of the Office of Survey and Review in Washington, D. C.

The facts as stated therein agree with information in the Field Office files, and I concur in the report.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, WDC (2)
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

OFFICIAL FILE COPY

Date	Surname	Code
9/3/69	Peterson	120
		120
9/3	cac	220
		120M

AIRMAIL

SEP 3 1969

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr. and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Enclosed are two copies of a Report of Review issued August 1969.

If you concur in the facts in the report, the Operator should be sent its copy with appropriate comments. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not agree, both copies of the report should be returned to this office with your comments.

Harold Kirkemo (gla)
Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Peterson

ECPeterson/bsl 9/3/69

FORM 9-1648
MARCH 1968

OFFICIAL COPY O. M. E. RECEIVED APR 25 1969 INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

Final Financial Filing

OPERATOR'S MONTHLY VOUCHER

For Month of 15 Mar – 15 April 1969

Docket No. OME- 6727
Contract 14-08-0001 2273
Contract Amount $ 27,600.00
Gov't. Participation % 75 $ 20,700.00

Operator's Name W. S. McGILVRAY JR. and Norman McGilvray
Address 426 GEORGINA AVE., SANTA MONICA, 90402

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mobilization	½	$ 600.00/100	1	$ 1,200.00/100	½	$ 600.00	1	$ 1,200.00
Non-core drilling at 9.00 per ft.	368	3,312.00/100	1530	13,770.00/100	368	3,312.00	1,530	13,770.00
Core drilling at 10.00/00 per ft.	97	970.00/100	549	5,490.00/100	97	970.00	549	5,490.00
							(2,079)	(19,260.00)
Supervision 3/1-4/15	1½	750.00/100	4½	2,250.00/100	1½	750.00	4½	2,250.00
Out side Consultant	1	365.40/100	5	1,625.40/100	3 DAYS	225.00	15 DAYS	1,125.00
					3 DAYS	48.00	15 DAYS	240.00
					924 MILES	92.40	3,234 MI.	323.40
Office Expense	1	50.00/100	5	250.00/100	1	50.00	5	250.00
Samples & Assays	1	122.50/100	2	250.00/100	18	90.00	35	175.00
					13	32.50	30	75.00
Camp Rehabilitation *	1	1,500.00/100	1	1,500.00/100	1	1,500.00	1	1,500.00
* ($ 2,111.73) Invoices ↑ enclosed – sums over 1500.00 borne by operator								
TOTALS		$ 7,669.90		$ 26,398.40		$ 7,669.90		$ 26,398.40

I certify that the above bill is correct and just and that payment therefor has not been received.

Date 15 April 1969 *Payee W. S. McGilvray Jr.

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature H. B. Yager, OME Field Officer — Date 4-22-69

(63) 14X0801

Approved for: $ 5,752.43
(SUBJECT TO AUDIT)

Signature _____ APR 25 1969

Date _____ Vou. No. 96287

(SEE OTHER SIDE)

FOR OPERATOR'S USE		FOR GOVERNMENT USE
MARKS	REMARKS	

RECEIVED
U.S. GEOLOGICAL SURVEY
APR 24 3 33 PM '69
BUDGET & FINANCE BRANCH

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Vouch

D. A. CANNON

INVOICE

FRED R. CANNON

FRED CANNON COMPANY

DIAMOND DRILLING CONTRACTORS

OFFICE PHONE. 632-2308 RES. PHONE 638-2470
1209 EAST ROSECRANS AVENUE
P. O. BOX 5369 - COMPTON, CALIFORNIA

TO Telograph Properties
426 Georgina Ave.
Santa Monica, Calif. 90402

DATE April 2, 1969

INVOICE NO.

YOUR ORDER NO. Final

March 1, 1969 to March 10, 1969.	Total
368' Overburden Drilling @ $9.00 per. ft.	$3,312.00
97' Coring @ $10.00 per. ft.	970.00
Demobilization	600.00
	$4,882.00

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

April
~~March~~ 4, 1969

Received of Telegraph Properties, Telegraph Project, the sum of $500.00 as payment for the month of March as Supervisor-Engineer, under contract. Supervision of the exploratory drilling program under the direction of Mr. Ito, and this check issued by him from a special project account.

Signed: L. J. Post
L. J. Post

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

April 16, 1969

Memo to:

The Messrs. W. S., Jr. and Morgan McGilvray
Telegraph Properties, Telegraph Project
426 Georgina Avenue
Santa Monica, CA 90402

Subject:

Payment from special Account for Telegraph Project

Paid by check No. 175 (Special Account) the amount of $250.00 for ½ month of April, for contract work as Supervisor-engineer of the exploratory drilling program.

Tomo Ito

Tomo Ito, Consultant

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

STATEMENT
****

To:

W. S., Jr. and Morgan McGilvray OME-6727
Telegraph Properties
426 Georgina Avenue
Santa Monica, CA 90402

For:

PROFESSIONAL SERVICES - Geologic Consultation
Exploratory Drilling Program

Two days - March 25 and 26, 1969
One day - April 4, 1969

Total - 3 days as Outside Consultant @ $75/day ... $225.00

Expenses:

Two roundtrips - 924 miles @ 10¢/mile ..... $ 92.40

3 Days at $16.00 per diem ..... $ 48.00

Total $365.40

April 16, 1969 Received in full: Tomo Ito

STATEMENT

ORE TESTING

LOS ANGELES CALIF. April 1/69 19

M Telegraph Properties-c/o Tomo Ito

Redondo Beach, Calif.

The EISENHAUER LABORATORIES

ASSAYERS--METALLURGISTS--CHEMISTS

320-322 SOUTH SAN PEDRO STREET

Los Angeles, Calif. 90013

Accounts payable—30 Days

Order No.

3/19/69- Nos. 2701-2708 inclusive-8 gold-silver assays- $ 40.00

4/7/69- G. Raymond

STATEMENT

ORE TESTING

Phone MAdison 2-9328

LOS ANGELES CALIF. April 1/69 19

M Telegraph Properties-c/o Tomo Ito

Redondo Beach, Calif.

The EISENHAUER LABORATORIES

ASSAYERS--METALLURGISTS--CHEMISTS

320-322 SOUTH SAN PEDRO STREET

Los Angeles, Calif. 90013

Accounts payable—30 Days

Order No.

3/19/69-3/20/69- Nos. 134-144-ADD- 11 gold-silver assays-	$ 55.00
3/19/69-3/31/69- Nos. 2709-2715 - 7 gold-silver assays-	35.00
March total-	$ 90.00

4/7/69- G. Raymond

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

STATEMENT
****

To:

The Messrs. W. S. & Morgan McGilvray
Telegraph Properties, Telegraph Project
426 Georgina Avenue
Santa Monica, CA 90402

For:

Transportation of Core and sludge samples from the Project site at the Telegraph Mine to the Eisenhauer Laboratories in Los Angeles. Preparation of samples included crushing and cutting of core samples and the drying and cutting of the sludge samples. Rejects replaced in original bags and reserved.

18 samples @ $2.50/sample ..... $ 45.00

April 1, 1969

Tomo Ito
Tomo Ito

Received in full T. I.
4/16/69

ERNEST H. BROWN

GENERAL CONTRACTOR

(805) WHITEHALL 2-7911
Res: WHITEHALL 2-5855

43843 NORTH DIVISION STREET
LANCASTER, CALIFORNIA 93534

12/17/68

Mr. Tomo Ito
1902 Havemeyer Lane
Redondo Beach, Calif.

Invoice

For sewer system at Telegraph Mine, Baker, California

As per agreement ----------	$ 1,100.00
Less vents not required by County	50.00
Total amount due	$ 1,050.00

12/27/68 OK

by Tomo Ito

1/13/69

Kelly's

Pipe & Supply Co., Inc.

2124 INDUSTRIAL ROAD — LAS VEGAS, NEVADA 89102
P.O. BOX 14750—LAS VEGAS, NEVADA 89114

PHONE 382-4957

No. 43144

Charge to Telegraph Mine

Date 1-8-69

Mailing Address

Your Order No.

Job

Job Address

B. O.			SHIPPED	LIST		EXTENSION			TOTAL	
	2	2" T-113 gate valve	2	16	70	33	40	-VS		
	2	1" T-113 " "	2	6	90	13	80	L	35	40
		Water Valves - Telegraph water system								
		Paid cash						T.A.		
								Sub Total	35	40
								Sales Tax	1	06
								TOTAL	36	46

No goods may be returned without our permission and must be accompanied by our invoice number and purchase date.
1% per month interest charged on all past due accounts.

Received By

WHOLESALE DISTRIBUTORS OF — PLUMBING — HEATING — INDUSTRIAL SUPPLIES

STA[illegible]MENT

Date Jan 22 1969

To Telegraph Properties.

Address

City

5	bags	Cement	2	35	11	75
		Tax				35
		Total			12	10

Shock's Hardware

324-1138
324-3011
321-0173

15420 SO. WESTERN AVE.

GARDENA, CALIF. 90249

ld By Date Jan 1969

me Tele Graph

dress

REG. NO.	AMT. REC'D.	ACCT. FWD.
1	PUC 45 Gal	3 75
2		
3	PUC 90 Gal	3 46
4	PUC 6 Ft	2 60
5		
6		9 84
7		
8	Less	1 98
9	Tax	
10		7 86
11		
	Tax	4 4
		7 92

THANK YOU
If Error is Found, Return at Once.
384502 WESTERN BUSINESS FORMS, INC.
1019 NO. MADISON — L.A. 666-2330

PAID OUT

Cashier
Please Pay cash Date Jan 15 1969

To STAN CHELEDINAS as per detail herewith

EXPLANATION	ACCOUNT NUMBER	AMOUNT
contract repair work.		26 50
Paid to date		
Same as above		10.00
check #147		
Total		36.50

APPROVED By L. J. Post.

RECEIPT OF ABOVE IS HEREBY ACKNOWLEDGED By Stanley Cheledinas

Rediform 9K 936

TELEGRAPH PROPERTIES
TELEGRAPH PROJECT

NUMBER 135

90-480
1222

DECEMBER 23 1968

PAY TO THE ORDER OF J. F. HOLBROOK CO. INC. $ 336 00/100

THREE HUNDRED THIRTY-SIX AND NO/100 — DOLLARS

DEC 27 1968

HAWTHORNE-ARTESIA OFFICE
4340 Artesia Boulevard • Torrance, California

CROCKER-CITIZENS NATIONAL BANK

Tomio Ito

⑆1222⑈0480⑆ 370 078173⑈ (2 - 1,000 gal. TANKS) ⑈0000033600⑈

05659

MISSION PIPE & SUPPLY CO., INC.

34760 COAST HIGHWAY —P.O. BOX 175, CAPISTRANO BEACH, CALIF.

PHONE: (714) 496-1268

SOLD TO: Telegraph Products
1905 Havemeyer Lane
Redondo Beach Calif. 90278

SHIP TO: Carlon #781

DATE	P.O. NUMBER	TERMS	DATE SHIPPED	CREDIT	B.O. FROM	SHORTS B.O. TO	SALESMAN
12/24/69			/ /				

ITEM	KV	ORDERED	NUMBER OR DESCRIPTION	SHIPPED	UNIT	LIST	GROSS EXT.	SUB TOTAL		NET
1		500	2" PVC. Sdr 13.5 PL	500		77.00	385.00			
2		500	2" — 21 —	1500		50.80	762.00			
3		100	2" 90 Soc Comp.	100		91	91.00			
4		3	2" Soc T	3		2.00	6.00			
5		1	2" Soc T	1		2.00	2.00			
6		4	2" Male Adapt.	4		1.04	4.16			
7		3	1" — —	3		.48	1.44			
8		1	1" 90 Soc Cap.	1		.40	.40			
9		3	4" PVC Cement	3		4.70	14.10	126.60	50%	60.40
10										
11										
12										
13										
14			Oil & Pat in full							
15			Check #150 #63.47							
16			Jan. 27, 1969							
17										
18										

Rec. By: James Ale

SUB TOTAL	60.40 ~~60.47~~
TAX	3.07
TOTAL	~~63.46~~ 63.47

ORIGINAL

15% HANDLING CHARGE ON ALL RETURNED MERCHANDISE

TERMS AND CONDITIONS

Title to the materials listed on this invoice shall continue to be vested in the seller as its personal property until paid for in full. If payment is not made when due, seller may at its option without notice enter the premises where said materials may be located and repossess said materials. This reservation of title in the seller and this option to repossess and remove material shall be in addition to any and all other remedies seller may have under law or equity. It shall also not in any way effect the rights of seller to use the California mechanics lien law as presently worded. Any and all of the above mentioned remedies may be used at the same time and the use of any of these shall not constitute a waiver of the right to use any of the other available remedies.

Should it be necessary for seller to employ an attorney to collect its invoice, reasonable attorney's fees shall be added to the unpaid amount due and shall be paid to seller for attorney's fees. All overdue payments and portions thereof shall draw interest at the rate of 10% per annum from the date due until paid in full. All claims and shortages must be made within 3 days after delivery of goods.

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

April 21, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
APR 22 1969

INITIALS	CODE

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Enclosed are ~~three~~ one copies of the Operator's Final Report on the subject project. I recommend that the report be accepted.

The final voucher for work completed between March 15 and April 15, 1969, has not yet been received from the Operator. A Cost Review should be requested after payment of the final voucher. My final field inspection was made on April 4, 1969.

The exploration was moderately successful and the Operator plans to undertake development work at his own expense and may, at some future time, request OME assistance in additional exploration. Reserves of about 72,000 tons of ore with an estimated value of $1,635,000 were indicated by the OME project. It is recommended that a Certificate of Possible Production be issued.

H. K. Stager

Enclosures

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

OME - 6727

OPERATOR'S FINAL REPORT

(PROGRESS REPORT IV)

W. S. McGILVRAY, JR.

MORGAN McGILVRAY

OPERATOR'S
FINAL RPT.

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

OPERATOR'S FINAL REPORT

(PROGRESS REPORT IV)

A. OME No. Gold-Silver

CONTRACT NO. OME-6727

OPERATOR: W. S.,Jr. and Morgan McGilvray
426 Georgina Avenue
Santa Monica, CA 90402

MINE: TELEGRAPH - Situated in the Halloran Springs or Solo Mining District, approximately 18 miles east of Baker, San Bernardino County, California.

B. SUMMARY OF PROJECT

Contract was awarded October 17, 1968 and work to begin on or before November 15, 1968. Actual preliminary work began on the latter date. First week in December required for drill site preparations and driller's mobilization; actual drilling began December 9, 1968. Drilling was completed on March 20, and demobilization by the driller finished on the 25th of March, 1969

On site inspection made by OME Field Officer Stager on April 4. Final work at this time on camp rehabilitation and improvements, water storage and sanitary facilities.

Effective date of contract termination is April 15, 1969.

C. RESUMÉ OF WORK COMPLETED

DESCRIPTION	(OME) ESTIMATED COST	ACTUAL COST
Mobilization & Demobilization, and moving between holes	$1,200.00	$1,200.00
Non-core and diamond core drilling 2,100 feet - actual = 2,079' Non-core @ $9/ft. - 1530' Coring @ $10/ft. - 549'	$19,300.00	$19,260.00
Camp rehabilitation and improvements, water storage and facilities	$ 1,500.00	$ 1,500.00
1-Supervisor-engineer 6 months @ $500.00/month (4½months)	$ 3,000.00	$ 2,250.00
1 - Outside consultant, 3 days/month 18 days @ $75.00/day	$ 1,350.00	$ 1,135.00
Per diem outside consultant 18 days @ $16.00/day	$ 288.00	$ 240.00
Transportation for outside consultant 3,370 miles @ 10¢/mile (3,234mi.)	$ 337.00	$ 323.40
Assaying 30 samples (actual = 35) Gold and Silver @ 45.00¢/sample	$ 150.00	$ 175.00
Transportation and preparation of samples - 30 samples at $2.50 ea.	$ 75.00	$ 75.00

Note; Items - office expenses and payroll taxes not in consultant's area.

D. THE DRILLING PROGRAM

CORE ANALYSIS - SUMMARY*

(REFER TO FIGURES DH-A & DH-B)

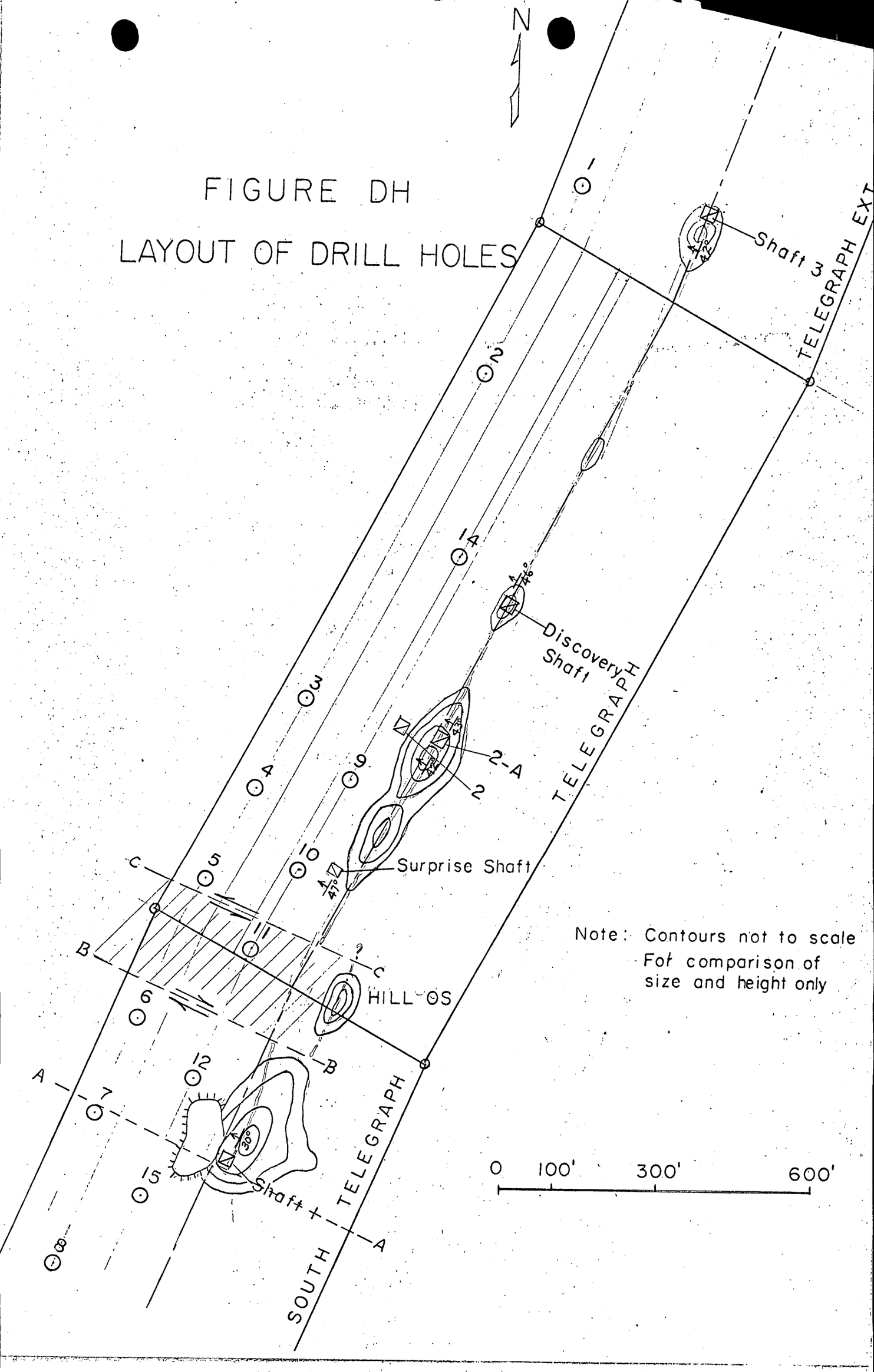
****

DRILL HOLE NUMBER	
DH- 1	Sample 129 - Minimum of 4½ft. of vein material at vertical depth of 125', 200' down the dip of vein calculated at 35 degrees Sample 130 - Possible split or parallel vein, at least 37 inches wide, intersected at vertical depth of approximately 150ft.
DH- 2	Samples 118 & 119 - Possible split or parallel vein - thickness 4-5' with gouge in between - intersected at vertical depth of 100' Samples 120 & 121 - 120 at 179-180' depth - unsually heavy streak of pyrites in slightly altered igneous rock. 121 - assumed to be main vein intersected at vertical depth of 150' (190 on incline), down dip of vein approximately 200ft. - dip = 45 degrees.
DH-14	Sample 2713 - Very little material resembling vein, but almost complete loss of core(50%) from 70' to 80'. Sludge sample but no visible signs of heavy manganous or iron powders, calcite or siderite chips. Intersection at vertical depth of 75', down 45 degree dip of vein for 100' from surface.
DH- 3	Samples 122 & 2714 - Vein intersected at vertical depth of 115', 150' down the dip of the vein from the surface. Dip = 45 degrees. 2714 = sludge
DH- 9	Samples 134 & 135 - two portions of vein material with gouge in between - then 2 feet of altered country rock with stringers separating next portion. Samples 136, 137, and 138 covering from 70.5 to 76.0' - total spread of 17.5 feet with a true width of approximately 12 feet. Note hole drilled 200 feet from west sideline. Sample 139 of 12" of vuggy, Fe stained quartz cut at vertical depth of 90'.

* KEY to this summary is FIGURE DH - Drill Holes from North to South

FIGURE DH

LAYOUT OF DRILL HOLES



DH- 4 Sample 123 - 12" core recovered from 142-145' - split vein? Samples 124 & 125 two different types of vein quartz, total width minimum 3'. Main vein intersected at approximate 160'vertical depth and 200 ft. down 45 degree dip. Sample 126 = 12" blue quartz with Fe stains. 2715 = Sludge from 142-145'.

DH-10 Sam ples 140, 141, 142, & 143Taken at intervals totalling 11 feet of coring - at this angle, the true vein thickness = approximately 8 feet. With hole 9, this shows more nearly all the different types of vein materials exposed in the underground production areas with the exception of the powder oxides of mananese and iron, and the two carbonates: calcite and siderite. Vertical intersection at about 75 feet and 150' down 45 degree dip from surface. Sample 144 = composite sludge.

DH- 5 Samples 127 & 128 - two sections of vein material from 174.8 to 181.5' - vuggy, brecciated, heavy Fe stains - true vein width at this angle = 6.7' Intersection at approx. 150' vertical depth and down the 45 degree dip about 150' from the surface.

DH-11 No visible showings of vein material or mineralization - no samples taken

DH- 6 Sample 131 - 12" of vein material
Sample 132 - 12" of recovered core material from neighborhood of 162-163' but obviously more than 1 foot of hole. This appears to be the main vein, intersected at vertical depth of 150' and down the 45 degree dip for 225 ft. from the surface.
Sample 133 - approx. 181.0-182.5, brown gouge with quartz fragments and visible metallics.

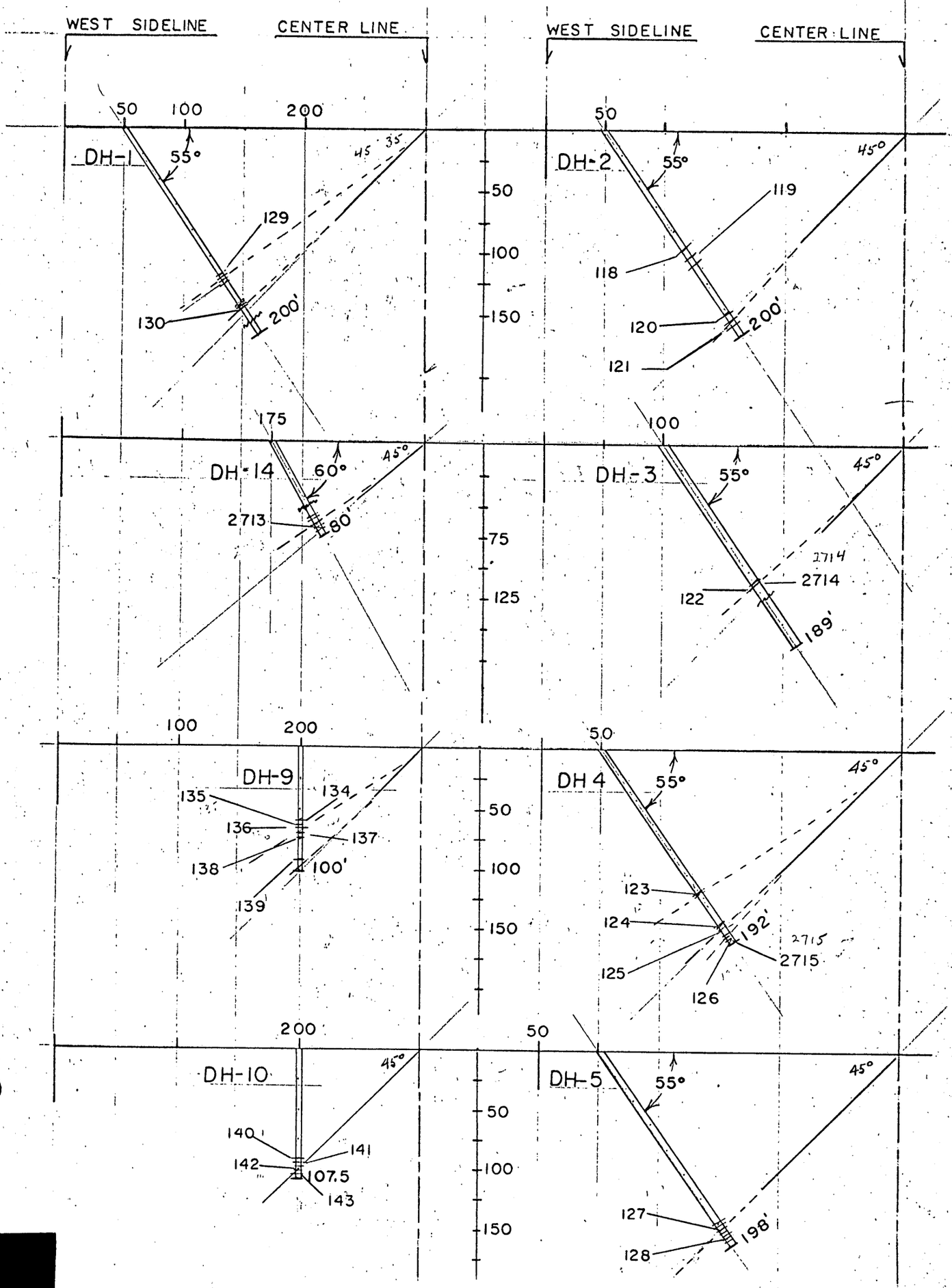
DH-12 Samples 2709 & 2910 - First is recovered core material, only about 12" from 76 to 81'; second sample is sludge
Sample 2711 is recovered vein material from 81' to 83' ;; sample 2712 is sludge from this space.
Main vein intersected at a vertical depth of 80' and 112' on 45degree dip from surface. True vein width at this angle is approximately 6 feet.

DH- 7 No visible showings of vein material or mineralization. No samples

DH-15 No showings, no samples

DH- 8 Weak showings of few stringers - no samples.

FIGURE DH-A



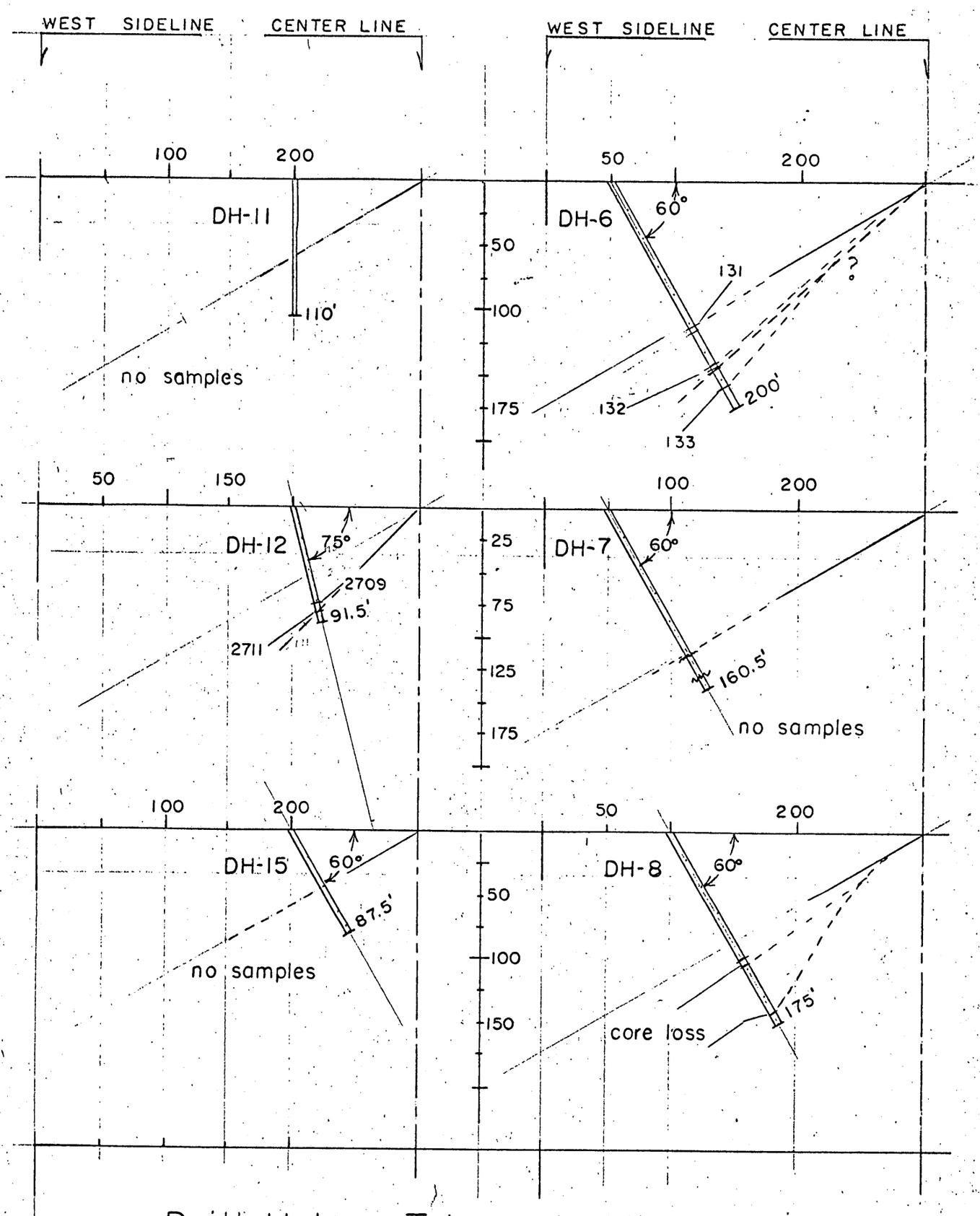
Drill Holes - Telegraph Mine

ATTITUDE OF VEIN ASSUMED AS OBSERVED AT OR NEAR SURFACE

STRINGERS

TI 4/69

FIGURE DH-



Drill Holes - Telegraph Mine

STRINGER LESS THAN 12"

D. (Continued)

Our drilling program was concentrated between shafts No. 1 and No. 2, but we were hopeful of extending our ore reserves both to the north and south.

1) Area north of No. 2 shaft - distance of 1100 feet from No. 2 to No. 3, with 4 exploratory holes. Average vein width of 4ft. with vertical depth of 150' or vein on dip (height) = 200 feet.

2) Area between shaft No. 1 and No. 2 - distance of 900 feet; average width 4 feet; extending down dip for 200 feet. The block containing hole 11 and Hill OS appears to have moved east in relation to the blocks to the north and to the south. In other words, the main vein has been offset to the east sufficient to prevent intersection by our drill hole.

3) The camp area, just south of No. 1 shaft produced no evidence of vein structure below line A-A, Figure DH. This was not expected as there are quite extensive shallow diggings in this area, according to oral communication with parties who worked in No. 1 shaft. There is an obvious displacement here which requires more exploratory work to establish.

The results of the drilling indicates good vein structure to at least a depth of 200 feet on the dip from shaft No. 3 southward to No. 1. For our ultra conservative figuring, orebody is assumed only for 150' to approximately the estimated water table. We therefore have 2 blocks of ore:

<u>ESTIMATE OF ORE RESERVES</u>

a) North of No. 2 shaft - 4'W x 150'H x 1100'L =

660,000ft^3 or approx. 55,000 T

Assume 25% non-commercial, displaced, etc. 41,000T

b) Between 1 & 2 - 4'W x 150'H x 900'L =

540,000ft^3 or approx. 45,000 T

Less 10% mined out and 20% displaced " 31,000 T

Approximate Total Tonnage = 72,000

In the drilling process, determination of the vein structure, its thickness, attitude, and composition can be made with a fair degree of accuracy in most types of rocks. However, tenor of ore is most difficult to assess unless in rare cases where the values are evenly distributed in a gangue in which 100% core is available.

Where the values are contained in finely broken and crushed portions of the vein, core recovery is poor and the sludge can be highly diluted. The more shallow holes, such as 9 and 10, gave evidence of better recovery of values and less dilution of sludge.

Our original plan and projection was based on an average gold content of .50 oz/ton at $35/oz. This conservative figure was adopted after many surface (outcrops, cuts, and holes) and underground (old workings - stopes, etc.) samples were taken and assayed. These results and careful review of the old records justifies our assumed average value or tenor of ore. To further substantiate our position, a series of samples were taken near the conclusion of our exploratory program, similar to those taken from time to time in the past. This series as shown as Supplement to Appendix A, include samples 2701-2708 inclusive*, excluding 2707. The average gold content of the 7 samples is .51 oz. and the silver is 1.16 oz. On the basis of $40.00 gold (daily Englehard

*These samples not at expense of OME- costs borne by McGilvrays

price lately has been above $43/oz) and $2.00/oz. silver, .5loz/ton ore is valued at $22.72 per ton. 72,000 tons of ore at this price has a value of $1,635,000.

E. OBSERVATIONS AND CONCLUSIONS

The drilling program was carried on with minimum delay despite some unusual inclement weather. The drilling crew was efficient and careful, and we received full cooperation.

In most cases, drilling results were good, but the writer strongly feels that true informatiom as to values contained is not obtainable in certain types of formation such as encountered at Telegraph. This is especially true when highly fractured vein material with powdered oxides of manganese and iron, together with soft, light carbonates (calcite and siderite) are encountered. This is the type of material most likely to carry high values as shown by sample 2708 (Supplement to Appendix A). Sludge samples submitted where core loss was especially high also may not indicate true values due to heavy dilution. This is particulary true with the deeper holes.

The core drilling program did produce sufficient evidence of vein structure to make it possible to estimate an ore reserve of 72,000 tons of ore. If the ore persists to a depth of 200' on the dip as indicated by the drill logs, considerable more ore can be added to the reserve. This justifies a beneficiation plant (mill) of modest capacity - 30 to 50 tons. However, such an investment cannot be

recommended or even considered until more exploratory work is done.

Recommended future plans include:

1) Rehabilitation of No. 2 shaft to meet safety requirements and dewater the lower level.

2) Extend 100ft.-level both north and south - planned sampling program.

3) Contingent upon above results, extend shaft to 150'-level.

4) Drift in both directions from this new depth - same plan of sampling.

5) Exploratory underground drilling - crosscut in both directions to verify split veins and possible false walls. Some surface drilling may be indicated.

It will be necessary, somewhere during this program, to seek possible outside assistance to complete the total program.

Respectfully submitted,

Tomo Ito

April 18, 1969

Tomo Ito, Consultant

PROGRESS REPORT IV

APPENDIX A

DRILLING RECORD - MARCH 16 - April 16 PERIOD

Mar.	Hole No.	DESCRIPTION	DEPTH Ft.	DAILY Footage
19	DH 14	175' in from west sideline at 60 degrees Non-coring	0 - 40'	40'
20	"	Non-coring altered igneous rock	40 - 58.5	40'
	"	Coring Fe stains showing	58.5-80.0	
		(Total footage this hole = 80')		
		Sample No. 2713 - sludge from last 5 feet		
17*	DH 15	200' in from west sideline at 60 degrees Non-Coring	0 - 42'	42'
18	"	Non-Coring No indication of Vein structure at anticipated or calculated intersection	42 - 87.5	45.5'
		(Total footage this hole = 87.5)		
21		Begin demobilization		
24		Demobilization		
25		Drillers complete demobilization		
April				
4		Meet Mr. Stager of OME on site		

*Note: This hole drilled first at option of drillers due to location of rig and hole location

April 16, 1969

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

APPENDIX B

DRILLING FOOTAGE

LAST TOTAL ACCUMULATED FOOTAGE (REPORT III) = 1,923.3 feet**

HOLE NO.	NON-CORE FOOTAGE	CORING FOOTAGE	TOTAL ACCUMULATED NON-CORE FT.	TOTAL ACCUMULATED CORING FT.
DH-14	58.5	21.5	1430.0	573.3
DH-15	87.5	0	1517.5	573.3

Total Footage 2,091 Feet**

** Figures obtained from daily field drill logs - reconciled with monthly statement from drilling contractor.

INVOICE NO.	NON-CORE FOOTAGE	CORING FOOTAGE	TOTAL FOOTAGE
1	372	114	486
2	375	78	453
3	415	260	675
4	368	97	465
	1,530	549	2,079
	$9/ft.	$10/ft.	
	$13,770	$5,490	$19,260.00 Total

OME Budget $19,300.00

APPENDIX C

CORE SAMPLING - GROUP II & III ASSAYS

SAMPLE NO.	DESCRIPTION	GOLD* Oz/Ton	GOLD* $/Ton	SILVER** Oz/Ton	SILVER** $/Ton	TOTAL Val/Ton
134	DH9 - 24" core from 58.5' to 60.5'	.10	3.50	.86	1.72	$ 5.22
135	DH9 - 18" of vuggy Fe stained vein material from 62.5 to 64.0'	.42	14.70	.92	1.84	$16.54
136	DH9 - vein material from 70.5 to 71.5	.12	4.20	1.12	2.24	$ 6.44
137	DH9 - Hard dense vein quartz 72.8 - 73.8	.02	.70	.68	1.36	$ 2.06
138	DH9 - 12" brown vuggy quartz from 75-76'	.01	.35	.60	1.20	$ 1.55
139	DH9 - apparent vein material from 93 to 94 feet	.01	.35	.61	1.22	$ 1.57
140	DH 10 - 18" core of qtz vein material from 95 to 96.5	.16	5.60	1.64	3.28	$ 8.88
141	DH 10 - vein material with more Fe stains 99 to 100 feet	.18	6.30	1.90	3.80	$10.10
142	DH 10 - 101 to 102 qtz separated by clay-like material	.10	3.50	1.88	3.76	$ 7.26
143	DH 10 - vein material with gouge in between 12" from 105-106	.08	2.80	1.54	3.08	$ 5.88
144	DH 10 - Composite sludge, 95-106'	.04	1.40	1.00	2.00	$ 3.40
2709	DH 12 - 12" core material representing 5ft. drilling 76-81'	.12	4.20	1.07	2.14	$ 6.34
2710	DH 12 - composite sludge from above core interval	.05	1.75	.95	1.90	$ 3.65

* Gold priced at $35.0 per ounce
**Silver priced at $2.00 per ounce

APPENDIX C (Continued)

SAMPLE NO.	DESCRIPTION	GOLD Oz/Ton	GOLD $/Ton	SILVER Oz/Ton	SILVER $/Ton	TOTAL Val/Ton
2711	DH 12 - 24" vein quartz material - 81' to 83'	.14	4.90	.56	1.12	$ 6.02
2712	DH 12 - sludge from above section - most likely much more than 2 feet of hole	.08	2.80	.30	.60	$ 3.40

Note: Assay Certificates for all of above results included in Appendices

SUPPLEMENT TO APPENDIX

SAMPLES TAKEN NEAR SURFACE AND UNDERGROUND AT PROMINENT POINTS
(All costs assumed by the Messers. McGilvray)

SAMPLE NO.	DESCRIPTION	GOLD Oz/Ton	GOLD $/Ton	SILVER Oz/Ton	SILVER $/Ton	TOTAL Val/Ton
2701	24" center section of 6' vein - broken quartz Cut near No. 3 Shaft	.07	2.45	1.20	2.40	$ 4.85
2702	2ft. of both hanging & footwall of above in vugs, oxides & carbonates	.12	4.20	1.28	2.56	$ 6.76
2703	Grab sample in vein exposed in cut near mouth of Shaft No. 2A	.24	8.40	.56	1.12	$ 9.52
2704	Channel cut across vein exposed north of Shaft No. 1 - approx. 4 feet	.66	23.10	2.10	4.20	$27.30
2705	Upper stope No. 2 Shaft several inches Fe stained breccia nea footwall	.82	28.70	1.10	2.20	$30.90
2706	4" frozen on footwall below above material	.56	19.60	.86	1.72	$21.32
2707	Grab stock, Lomex claim	.36	12.60	.52	1.04	$13.64
2708	Surprise Shaft - 5' cut across vein - much black material and carbonates	1.10	38.50	1.06	2.12	$40.62

GOLD @ $35/Oz

APPENDIX C (Continued)

SAMPLE NO.	DESCRIPTION	GOLD Oz/Ton	GOLD $/Ton	SILVER Oz/Ton	SILVER $/Ton	TOTAL Val/Ton
2713	DH 14 - Sludge from the last 5' of hole - 75' to 80' - very little recovery of core	.005	.18	1.02	2.04	$ 2.22
2714	DH 3 - Composite sludge (Re-cap and review)	.02	.70	1.00	2.00	$ 2.70
2715	DH 4 - Composite sludge from approx. 142 to 145 feet - poor core recovery zone	.14	4.90	.98	1.96	$ 6.86

FROM PREVIOUS REPORTS - FOR REFERENCE

APPENDIX B - 1

CORE SAMPLING - GROUP II ASSAYS(todate)**

NO.	DESCRIPTION	GOLD oz/ton	GOLD $/ton	SILVER oz/ton	SILVER $/ton	Total Val/ton
DH-4 124-A	Special Sludge from Core sample #124	.01	$ .35	.35	$ .70	$ 1.05
DH-1 Sample 129	Due to highly discolored host rock - cored interval, 136-146 18" of ribbon quartz - good vein structure	Tr	---	1.28	$2.56	$ 2.56
DH-1 Sample 130	Altered igneous rock - 171.4-174.5 - 3.1 ft. broken qtz fragments in highly altered material, but fair core recovery	.005	$ .18	.22	$ .44	$ .62
DH-6 Sample 131	Core from 130' - discolored, altered host rock 133.5-134.5 includes 6" of vuggy quartz	.015	$ .53	.41	$ .82	$ 1.35
DH-6 Sample 132	Another vein structure at 16116- 162.6 of broken, highly fe stained brecciated vein material with many vugs	Tr	---	.21	$ .42	$ .42
DH-6 Sample 133	Brown gouge material with crushed qtz - appearance of mineralized specks - 181.0 to 182.5, 18" of veinlike material	.01	$ .35	.56	$1.12	$1.47

FEBRUARY 15, 1969

DH-7 Coring at 120' - slightly altered igneous rock - fairly good core recovery - slightly altered host rock with diagonal fractures and slickenside. Only resemblance to vein material at 152ft. - 6" of diagonally cut veinlike material - not sufficient for sample.

DH-8 Similar to DH-7 - almost complete lack of veinlike material Highly altered material in layers- diagonal fractures in cores. Cut-off at 165'.

**Assays delayed due to death of Mr. ED. Eisenhauer, Jr.

(Continued - next sheet)

W. S., Jr. and Morgan McGilvray
Telegraph Properties

FROM PREVIOUS REPORTS - FOR REFERENCE

APPENDIX B-2

ASSAYS - GROUP I CORE SAMPLES

No.	DESCRIPTION	GOLD oz/ton	GOLD $/ton	SILVER oz/ton	SILVER $/ton	Total Val/ton
118 DH2-A	Hole 2 - 12" of core 122'-123' below ochre clay with quartz fragments	.05	1.75	1.14	2.28	4.03
119 DH2-B	Hole 2 - 24" of core 125'-127' of vuggy, brecciated, iron-stained vein quartz	.28	9.80	1.82	3.64	13.44
120 DH-2C	Hole 2 - 12" of core 179'-180' Dark streak mostly raw pyrite	.08	2.80	1.00	2.00	4.80
121 DH2-D	Hole 2 - 30" broken bluish quartz, also vuggy from 188.5 to 191.0	.03	1.05	.80	1.60	2.65
122 DH3-A	Hole 3 - 12" of core from 133.8-134.8 highly Fe stained vein quartz	.01	.35	.70	1.40	1.75
123	Hole 4 - 12" of core from 142'-143' of brecciated vein material and gouge. Sludge & cuttings for sample**	.20	7.00	1.20	2.40	9.40
124 DH4-B	Hole 4 - 24" of core from 172.8-174.8 of hard, light-colored smooth core - assumed vein quartz	.03	1.05	.74	1.48	2.53
125 DH4-C	Hole 4 - 12" of core 174.8-175.8 light-colored material with heavy Fe stains	.04	1.40	1.00	2.00	3.40
126 DH4-D	Hole 4 - blue quartz heavy Fe stains	.01	.35	.92	1.84	2.19
127 DH5-A	Hole 5 - 174.8-177.7 brecciated vein qtz	.01	.35	.96	1.92	2.27
128 DH5-B	Hole 5 - 177.7-181.5 blue quartz, recemented, vuggy	.015	.53	.97	1.94	2.47

**Saved for Special Sample and to be submitted for Assay

Feb. 15, 1969

THE EISENHAUER LABORATORIES
316-322 South San Pedro Street
Los Angeles, California 90013

ED. EISENHAUER JR.
C. EISENHAUER RAYMOND
LAWRENCE EARL RAYMOND
All members of American Institute of Mining, Metallurgical, and Petroleum Engineers

ASSAY CERTIFICATE

PHONE 622-9828

Los Angeles, Calif. Mar. 20/69 19

I hereby Certify that the samples described below, received from

Telegraph Properties-c/o Tomo Ito assay as follows:

Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
134	.10	$ 3.50	.86	$ 1.72	$ 5.22			
135	.42	$ 14.70	.92	$ 1.84	$16.54			
136	.12	$ 4.20	1.12	$ 2.24	$ 6.44			
137	.02	$ .70	.68	$ 1.36	$ 2.06			
138	.01	$ .35	.60	$ 1.20	$ 1.55			
139	.01	$ .35	.61	$ 1.22	$ 1.57			

GOLD @ $ 35 PER OZ.
SILVER @ $ 2.00 PER OZ.
LEAD @ ____ C.
COPPER @ ____ C.

CHARGES ____

C. Eisenhauer Raymond
ASSAYER

Established 1916

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PHONE 622-9828

Los Angeles, Calif. Mar. 19/69 19

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Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
3/7/69								
Core-140-AD	.16	$ 5.60	1.64	$ 3.28	$ 8.88			
" 141-AD	.18	$ 6.30	1.90	$ 3.80	$ 10.10			
" 142-AD	.10	$ 3.50	1.88	$ 3.76	$ 7.26			
" 143-AD	.08	$ 2.80	1.54	$ 3.08	$ 5.88			
" 144-AD	.04	$ 1.40	1.00	$ 2.00	$ 3.40			

GOLD @ $35 PER OZ.
SILVER @ $2.00 PER OZ.
LEAD @ ____ C.
COPPER @ ____ C.

CHARGES ____

C. Eisenhauer Raymond
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ASSAY CERTIFICATE

PHONE 622-9828

Los Angeles, Calif. March 21/69 19

I hereby Certify that the samples described below, received from

~~Telegraph Properties-c/o Tomo Ito~~ assay as follows:

Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
2701	.07	$ 2.45	1.20	$ 2.40	$ 4.85			
2702	.12	$ 4.20	1.28	$ 2.56	$ 6.76			
2703	.24	$ 8.40	.56	$ 1.12	$ 9.52			
2704	.66	$ 23.10	2.10	$ 4.20	$ 27.30			
2705	.82	$ 28.70	1.10	$ 2.20	$ 30.90			
2706	.56	$ 19.60	.86	$ 1.72	$ 21.32			
2707	.36	$ 12.60	.52	$ 1.04	$ 13.64			
2708	1.10	$ 38.50	1.06	$ 2.12	$ 40.62			

GOLD @ $ 35 PER OZ.
SILVER @ $ 2.10 PER OZ.
LEAD @ ____ C.
COPPER @ ____ C.

CHARGES ____

C. Eisenhauer Raymond
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LAWRENCE EARL RAYMOND
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ASSAY CERTIFICATE

PHONE 622-9828

Los Angeles, Calif. Mar. 19/69 19

I hereby Certify that the samples described below, received from

Telegraph Properties-c/o Tomo Ito assay as follows:

Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
3/14/69								
2709	.12	$ 4.20	1.07	$ 2.14	$ 6.34			
2710	.05	$ 1.75	.95	$ 1.90	$ 3.65			
2711	.14	$ 4.90	.56	$ 1.12	$ 6.02			
2712	.08	$ 2.80	.30	$ .60	$ 3.40			

GOLD @ $ 35 PER OZ.
SILVER @ $ 2.00 PER OZ.
LEAD @ ____ C.
COPPER @ ____ C.

CHARGES ____

C. Eisenhauer Raymond
ASSAYER

Established 1916

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ASSAY CERTIFICATE

PHONE 622-9828

Los Angeles, Calif. Mar. 31/69 19

I hereby Certify that the samples described below, received from

Telegraph Properties-c/o Tomo Ito assay as follows:

Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
2713-DH-14-sludge	.005	$ .18	1.02	$ 2.04	$ 2.22			
2714-DH-3-sludge	.02	$ .70	1.00	$ 2.00	$ 2.70			
2715	.14	$ 4.90	.98	$ 1.96	$ 6.86'			

GOLD @ $ PER OZ.
SILVER @ $ 35 ~~2.00~~ PER OZ.
LEAD @ C.
COPPER @ C.

CHARGES

C. Eisenhauer Raymond
ASSAYER

Established 1916

ASSAY CERTIFICATES

FORM 9-1648
MARCH 1968

OFFICIAL COPY O. M. E. RECEIVED APR 11 1969 INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

For Month of 15 Feb. 1969 – 15 Mar 1969

Docket No. OME- 6727
Contract 14-08-0001 2273
Contract Amount $27,600.00
Gov't. Participation % 75 $20,700.00

Operator's Name W. S. McGILVRAY JR. & MORGAN McGILVRAY
Address 426 GEORGINA AVE. SANTA MONICA 90402

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mobilization	0	$ 0	1/2	$ 600.00	0	$ 0	1/2	$ 600.00
Non core drilling at 9 00/100 per ft.	415	3,735.00	1,162	10,458.00	415	3735.00	1162	10,458.00
Core drilling at 10 00/100 per ft.	260	2,600.00	452	4,520.00	260	2600.00	452 (1614)	4520.00 (14,978.00)
Supervision 2/1-3/1	1	500.00	3	1,500.00	1	500	3	1500.00
Outside Consultant	1	365.40	4	1,323.00	3 days 3 days 924 mi	225.00 48.00 92.40	12 days 12 days 2310 mi	900.00 192.00 231.00
Office Expense 2/15 - 3/15	1	50.00	4	200.00	1	50.00	4	200.00
Samples & Assays	1	127.50	1	127.50	17 17	85.00 42.50	17 17	85.00 42.50
TOTALS		$7,377.90		$18,728.50		$7377.90		$18,728.50

I certify that the above bill is correct and just and that payment therefor has not been received.

Date March 17, 1969 *Payee W. S. McGilvray Jr.

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature R. M. Smith 3/19/69
OME Field Officer Date

(63) 14X0804

Approved for: $ 5533.43
(SUBJECT TO AUDIT)

Signature _____

Date APR 8 1969 Vou. No. 05848

(SEE OTHER SIDE)

FOR OPERATOR'S USE

EMARKS

FOR GOVERNMENT USE

REMARKS

071264

MAR 25 8 15 AM '69

BUDGET&FINANCE

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

D. A. CANNON

INVOICE

FRED R. CANNON

FRED CANNON COMPANY

DIAMOND DRILLING CONTRACTORS

OFFICE PHONE. 632-2308 RES. PHONE 638-2470
1209 EAST ROSECRANS AVENUE
P. O. BOX 5369 · COMPTON, CALIFORNIA

TO Telegraph Properties
426 Georgina Ave.
Santa Monica, C alif. 90402

DATE March 3,1969
INVOICE NO.
YOUR ORDER NO.

	Total
Work completed Feb. 1,1969 to Feb. 28,1969.	
415' Overburden Drilling @ $9.00 per. ft.	$3,735.00
260' Coring @ $ 10.00 per. ft.	2,600.00
	$6,335.00

March 1, 1969

Received of Mr. W. S. McGilvray, Jr., the sum of Five Hundred Dollars ($500.00) for the month of February, 1969, for services under contract as supervisor-engineer, for the Telegraph Project, under the direction of Mr. T. Ito.

Signed: L. J. Post

L. J. Post

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

STATEMENT
****

To:

Messers. W. S. McGilvray, Jr. & Morgan McGilvray
426 Georgina Avenue
Santa Monica, CA 90402

For:

PROFESSIONAL SERVICES - Geological Consultation
Exploratory Drilling Program

One day, February 28, 1969

Two days, March 5 & 6, 1969

Total - 3 days as Outside Consultant @ $75/day ... $225.00

Expenses:

2 roundtrips - 462 miles each
total 924 miles @ 10¢/mile ..... $ 92.40

3 Days - $16.00 per diem ..... $ 48.00

Total Due $365.40

March 16, 1969 Received in full Tomo Ito
Tomo Ito

Phone MAdison 2-9328

STATEMENT

ORE TESTING

LOS ANGELES CALIF. March 1/69 19

M W.S. McGilvray, Jr.

426 Georgina, Santa Monica, California 90402

The EISENHAUER LABORATORIES

ASSAYERS--METALLURGISTS--CHEMISTS

320-322 SOUTH SAN PEDRO STREET

Los Angeles, Calif. 90013

Accounts payable—30 Days

Order No.

	Total
2/4/69- Telegraph Samples- no.s 118 thru 128- 11 gold-silver assays @ $ 5.00 per sample-	$ 55.00
2/20/69-Telegraph Samples- nos. 124-A, 129 thru 133- 6 gold-silver assays @ $ 5.00 per sample-	30.00
February charges-	$ 85.00

Pd check No. 164
J.d.

SAMPLES AND ASSAYS

COSTS

MONTH OF FEBRUARY, 1969

11 - Gold-silver assays	
Sample numbers 118-128 inclusive	
6 - Gold-silver assays	
Sample numbers 124-a, 129-133 inclusive	
17 - Total as per attached Statement @ $5.00 ea.	$85.00
Transportation and Core sample preparation	
17 samples @ $2.50 each as per attached receipt	$42.50
Total	$127.50

March 1, 1969

Received of Mr. W. S. McGilvray, Jr., the sum of $42.50 for the following services:

Transportation and preparation of Core Samples

Transporting from the Telegraph Mine to the Eisenhauer Laboratories in Los Angeles.

Breaking down hard core samples and crushed to minus ½ inch and quartered down to acceptable amount by laboratory. Reject portions resacked and reserved for 90 days.

17 samples @ $2.50 each ..... ~~XX~~ $42.50

Signed: Tomo Ito
Tomo Ito

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

OME-6727

Operator: W. S., Jr. and
Morgan McGilvray
426 Georgina Avenue
Santa Monica, CA 90402

PROGRESS REPORT III

****

GENERAL WORK PERFORMED

Camp rehabilitation and improvements, water storage and facilities, sanitation system now nearly complete. Delay due mainly to difficulty in obtaining temporary labor and inclement weather.

EXPLORATORY DRILLING PROGRAM

The core drilling program is now approaching the final stages. After completion of Drill Hole No. 8, we utilized the authorization of excess footage to obtain as much information as possible. To this end, more shallow holes within a more confined area were drilled, not increasing the estimated total cost nor the estimated total amount of the drilling contract. To insure maximum effectiveness of our drilling pattern, any footage or cost above the OME contract, was guaranteed by the Messers. McGilvray.

The additional holes were placed near the two principal shafts (Nos. 1 & 2) and spaced between them, in an attempt to delineate the orebody in that area to a depth of the estimated water table. This area alone, from several hundreds of feet north of Shaft No. 2 and south to Shaft No. 1, is a distance of approximately 1500 feet. An orebody only to a depth of 100 feet (on the dip) would provide sufficient ore to support a commercial operation for several years(refer to Figure DH).

The assays of the samples thus far have not been good, although a strong vein structure has been intersected in the majority of holes. When the main vein structure is encountered, core recovery is poor and the sludge appears to be greatly diluted. Even with very close attention and observation, no visible amount of the dark carbonate material has been cut. This is a very prominent portion of

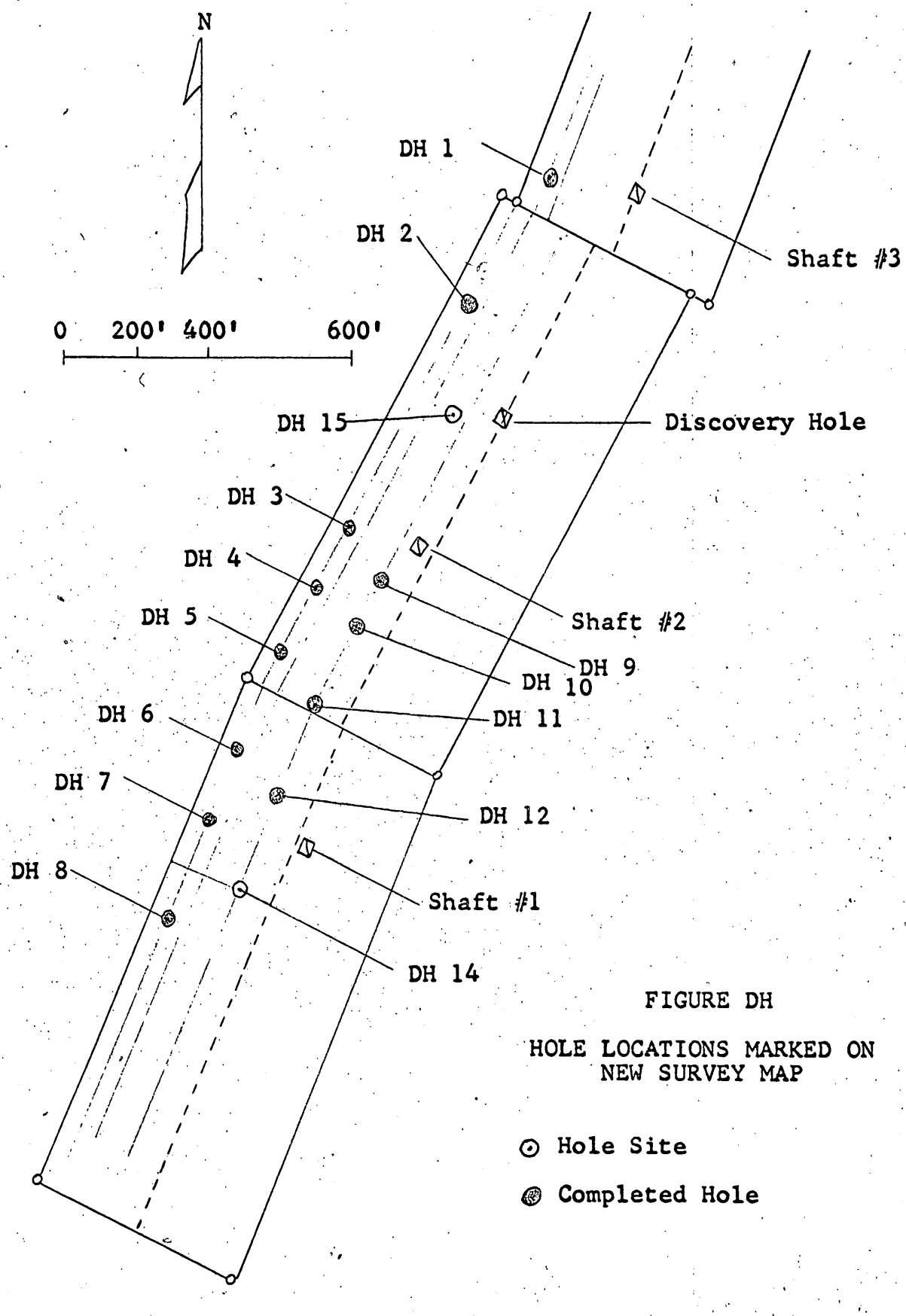


FIGURE DH

HOLE LOCATIONS MARKED ON NEW SURVEY MAP

⊙ Hole Site

● Completed Hole

the extracted material in all the old workings, and should be a good target indicator. All related material, both along the footwall and hangingwall, have been recovered in the core barrel. Many core samples have been taken at close intervals instead of the total width of the vein in order to determine which portions of the vein carry the most values. The ribbon structure of the vein indicates more than one generation of vein material.

Upon completion of allotted footage, the pattern of the drill holes shows a reasonably good coverage of our original target area. Weather permitting, the last of the holes should be completed at the end of this week (Friday, March 21), or the early part of next week. Shortly thereafter, a complete and final report will be filed.

Respectfully submitted,

Tomo Ito

March 17, 1969

Tomo Ito, Consultant

encl: Figure DH
Appendices

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

OME-6727
McGilvray

APPENDIX A-1
****

DRILLING RECORD

ACCUMULATED FOOTAGE (Subject to final correction)

HOLE NO.	NON-CORE FOOTAGE	CORING FOOTAGE	TOTAL ACCUMULATED NON-CORE FT.	TOTAL ACCUMULATED CORING FT.
DH-1	160.0	40.0	160.0	40.0
DH-2	160.0	40.0	320.0	80.0
DH-3	125.0	64.0	445.0	144.0
DH-4	142.0	50.0	587.0	194.0
DH-5	160.0	38.0	747.0	232.0
DH-6	130.0	70.0	877.0	302.0
DH-7	110.0	50.5	987.0	352.5
DH-8	110.0	64.6	1097.0	417.1
DH-9	55.5	44.5	1152.5	461.6
DH-10	92.0	15.5	1244.5	477.1
DH-11	74.5	35.7	1319.0	512.8
DH-12	52.5	39.0	1371.5	551.8

Total accumulated footage 1,923.3 Ft.

APPENDIX B - 1

CORE SAMPLING - GROUP II ASSAYS(todate)**

NO.	DESCRIPTION	GOLD oz/ton	GOLD $/ton	SILVER oz/ton	SILVER $/ton	Total Val/ton
DH-4 124-A	Special Sludge from Core sample #124	.01	$ .35	.35	$ .70	$ 1.05
DH-1 Sample 129	Due to highly discolored host rock - cored interval, 136-146 18" of ribbon quartz - good vein structure	Tr	---	1.28	$2.56	$ 2.56
DH-1 Sample 130	Altered igneous rock - 171.4-174.5 = 3.1 ft. broken qtz fragments in highly altered material, but fair core recovery	.005	$ .18	.22	$ .44	$ .62
DH-6 Sample 131	Core from 130' - discolored, altered host rock 133.5-134.5 includes 6" of vuggy quartz	.015	$ .53	.41	$ .82	$ 1.35
DH-6 Sample 132	Another vein structure at 16116- 162.6 of broken, highly fe stained brecciated vein material with many vugs	Tr	---	.21	$ .42	$ .42
DH-6 Sample 133	Brown gouge material with crushed qtz - appearance of mineralized specks - 181.0 to 182.5, 18" of veinlike material	.01	$ .35	.56	$1.12	$1.47

FEBRUARY 15, 1969

DH-7 Coring at 120' - slightly altered igneous rock - fairly good core recovery - slightly altered host rock with diagonal fractures and slickenside. Only resemblance to vein material at 152ft. - 6" of diagonally cut veinlike material - not sufficient for sample.

DH-8 Similar to DH-7 - almost complete lack of veinlike material Highly altered material in layers- diagonal fractures in cores. Cut-off at 165'.

**Assays delayed due to death of Mr. ED. Eisenhauer, Jr.

(Continued - next sheet)

THE EISENHAUER LABORATORIES
316-322 South San Pedro Street
Los Angeles, California 90013

ED. EISENHAUER JR.
C. EISENHAUER RAYMOND
LAWRENCE EARL RAYMOND

ASSAY CERTIFICATE

PHONE 622-9828

Los Angeles, Calif. Feb. 20/69 19

I hereby Certify that the samples described below, received from

Telegraph Properties-c/o Tomo Ito assay as follows:

Owner's Mark and Sample	GOLD OZS. PER TON	GOLD VALUE PER TON	SILVER OZS. PER TON	SILVER VALUE PER TON	TOTAL VALUE PER TON	PERCENTAGE OF COPPER	PERCENTAGE OF LEAD	PERCENTAGE OF ZI
124-A-Special	.01	$ .35	.35	$ .70	$ 1.05			
129-2/14/69	trace		1.28	$ 2.56	$ 2.56			
130-2/14/69	.005	$ .18	.22	$ .44	$ .62			
131-2/14/69	.015	$ .53	.41	$ .82	$ 1.35			
132-2/14/69	trace		.21	$ .42	$ .42			
133-2/14/69	.01	$ .35	.56	$ 1.12	$ 1.47			
~~Black Special~~	~~.005~~	~~$ .18~~	~~.20~~	~~$ .40~~	~~$ .58~~			
~~Bay Special~~	~~.005~~	~~$ .18~~	~~.50~~	~~$ 1.00~~	~~$403.34~~	~~45.70~~		

GOLD @ $35 PER OZ.
SILVER @ $2.00 PER OZ.
LEAD @ ____ C.
COPPER @ 44 C.

CHARGES ____

C. Eisenhauer Raymond
ASSAYER

APPENDIX B - 1

CORE SAMPLING - GROUP II ASSAYS **

DRILL HOLE NO.	
DH-9	Coring started at 55.5 ft. with claylike gouge and brown, altered, granular igneous rock - 55.5 to 58.5, recovery of only about one foot of material - balance washed away.
Sample No. 134	58.5 - 60.5ft. residue of ground up vein material in core barrel; only two hands-ful.
Sample No. 135	Igneous rock inclusion(interspaced) 62.5 - 64.0 ft. - good brown core - vuggy qtz with cavities filled with iron oxide Vuggy stringer, 6" at 64-64.4 4" stringer at 66.0 ft. 6" vuggy stringer at 68ft.
Sample No. 136	12" of core from 70.5 to 71.5 - hard, brown, vuggy core followed by one foot of altered, brown igneous rock with vuggy brown stringers
Sample No. 137	72.8-73.8 - highly iron-stained, vuggy vein material
Sample No. 138	75.0-76.0 Heavy iron stained, vuggy vein quartz
Sample No. 139	Alternate stringers of iron-stained qtz in altered igneous rock to 90ft. mark. Sample from 93 to 94ft. mark of a vuggy, brown-stained vein qtz.
DH-10	Coring at 92.9 in highly altered, claylike country rock - real ochre-like material at 94.5
Sample No. 140	95-96.5 - actually less than foot of sample material for this cored distance - broken, vuggy qtz - heavy iron stains - flat, lattice crystals(pseudomorphs- quartz after calcite) 96.5-99.0 - "Blue Quartz" - no sample, as previous like like material did not carry values
Sample No. 141	99.0-100.0 More vuggy qtz and into frozen contact with igneous footwall - heavy iron stains
Sample No. 142	101.0-102 - blue qtz with stringers of brown stained vein quartz
Sample No. 143	105.0-106 - Vuggy quartz vein material - highin Fe stains and also black(Mn?) - bottomed out hole @ 107.5
NO. 144	Composite Sludge sample - (Cont'd - next page)

APPENDIX B - 1

CORE SAMPLING - GROUPS II AND III**

DRILL HOLE NO.	
DH-11	Coring at 74.5 due to brown discoloration and highly altered igneous rock. Fair core recovery of partially to badly altered rock with occasional fractures showing slickenside. Minute quartz stringers at great intervals but no sign of a vein structure - considered bottom of hole at 110.2 feet. NO Samples.
DH-12	Coring at 52.5 - Bright ochre-like material at 53' Good core recovery of a reddish colored, slightly altered igneous rock - @ 62.8, 1-inch vuggy qtz stringer in a very crumbly rock. Intermittent good and poor core recovery of slightly to badly altered igneous rock with reddish-brown colors.
Sample No. 2709	Brown stained vein quartz fragments (crushed) - only about a foot of recovered material in core barrel represents 5 feet of core hole, 76.0 to 81.0ft. No detectable loss of water circulation during drilling.
Sample No. 2710	Sludge Sample from this footage
Sample No. 2711	Vein quartz material from 81.0 to 83.0 ft. , but less than one foot of recovered core for this distance - balance assumed to be sludge
Sample No. 2712	Recovered sludge from above drilling distance

Note: Balance of Group II Assays should be out in a day or two, in which case, results will be forwarded. Group III Samples, just delivered and prepared, cannot be expected for about a week. These will be submitted with final report.

DRILLING RECORD - FEBRUARY 16 - MARCH 15 incl.

Feb.	Hole No.	DESCRIPTION		Depth Ft.	Daily Footage
17	DH 7	Non-Coring		110 - 120	
17	"	Coring		120- 144.8	34.8
18	"	Coring		144.8- 160.5	15.7
19	DH 8	Non-Coring	20' NX Casing 6' 4" Pipe	0 - 35.4	35.4
20	"	Non-Coring		35.4-100.4	65.0
21	"	"		100.4-110.0	36.1
21	"	Coring		110.0-136.5	
24	"	Coring		136.5-165.0	28.5
26	DH 9	Non-Coring	20' NX Casing 6' 4" Pipe	0 - 40	40.0
27	"	"		40 - 55.5	
27	"	Coring		55.5-79.2	39.2
28	"	Coring		79.2-100.0	20.8

Driller's Cut-Off - Statement

Mar.					
3	DH 10	Non-Coring	20' NX Casing 6' 4" Pipe	0 - 20	20.0
4	"	"	40' NX Casing	20 - 45	25.0
5	"	"	50' NX Casing	45 - 80	35.0
6	"	"		80 - 92	27.5
6	"	Coring		92-107.5	
7	DH 11	Non-Coring	23.5' NX Casing	0 - 42	42.0
10	"	Non-Coring		42.0-74.5	45.5
10	"	Coring		74.5-87.5	
11	"	Coring		87.5-110.2	22.7
12	DH 12	Non-Coring		0 - 40.0	40.0
13	"	"		40-52.5	41.5
13	"	Coring		52.5-81.5	
14	"	Coring		81.5-91.5	10.0

RM 9-1648
ARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 19 1969
INITIALS CODE 1207 120

OPERATOR'S MONTHLY VOUCHER

For Month of 15 Jan. 1969 - 15 Feb. 1969

Docket No. OME- 6727
Contract 14-08-0001 2273
Contract Amount $27,600.00
Gov't. Participation %75 $20,700.00

Operator's Name W. S. McGILVRAY JR. & MORGAN McGILVRAY
Address 426 GEORGINA AVE. SANTA MONICA 90402 CALIF 90402

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mobilization		$	Y2	$ 600.00	0	$ 0	½	$ 600.00
Non-core drilling at 9%/ft.	375	3,375.00	747	6,723.00	453'	4,155.00	939'	8,643.00
Coring at 10%/ft.	78	780.00	192	1,920.00				
Supervision 1/1 to 2/1	1	500.00	2	1,000.00	1 mo.	500.00	2 mos.	1,000.00
Outside Consultant	1	319.20	3	1,276.80	1 Mo. (3 days)	319.20	3 mos. (9 days)	957.60
Office Expense 11/15/68 to 2/15/69	3	150.00	3	150.00	3 mos.	150.00	3 mos.	150.00
TOTALS		$5,124.20		$11,669.80		$5,124.20		$11,350.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date February 17, 1969 *Payee W. S. McGilvray Jr.

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature H. B. Stager, OME Field Officer — Date 2-19-69

(63) 14X0307

Approved for: $ 3843.15
(SUBJECT TO AUDIT)

Signature mo

Date MAR 13 1969 — Vou. No. 95341

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS

053021

SURVEY

FEB 28 8 02 AM '69

BUDGET&FINANCE

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE ● REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

February 3, 1969

Received of Telegraph Properties, Telegraph Project, the sum of $500.00 as payment for the month of January as supervisor-engineer, under contract. Supervision of exploratory drilling under the direction of Mr. Ito, and check issued by him from a special project account.

signed: L. J. Post
L. J. Post

D. A. CANNON

INVOICE

FRED R. CANNON

FRED CANNON COMPANY

DIAMOND DRILLING CONTRACTORS

OFFICE PHONE 632-2308 RES. PHONE 638-2470
1209 EAST ROSECRANS AVENUE
P. O. BOX 5369 · COMPTON, CALIFORNIA

TO Telegraph Properties
426 Georgina Ave.
Santa Monica, Calif. 90402

DATE Feb. 3,1969
INVOICE NO.
YOUR ORDER NO.

	Total
Total work completed Jan. 1,1969 to Jan. 31,1969.	
375' Overburden Drilling @ $9.00 per. ft.	$3,375.00
78' Coring @ $10.00 per. ft.	780.00
	$4,155.00

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278

TELEPHONE (213) 376-3635

STATEMENT
****

To:

W. S. Jr. and Morgan McGilvray
Telegraph Properties, Telegraph Project
426 Georgina Avenue
Santa Monica, CA 90402

For:

PROFESSIONAL SERVICES - Geological Consultation
Exploratory Drilling Program

One day, January 23, 1969
Two days, " 30 and 31, 1969

Total - 3 days as Outside Consultant @ $75/day ... $225.00

Expenses:

One roundtrip - 462 miles @ 10¢/mi. ..... $ 46.20

3 days - $16 per diem ..... $ 48.00

Total Due $319.20

February 16, 1969 Received in full Tomo Ito

TOMO ITO
CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE
REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

OME-6727

Operator: W.S., Jr. &
Morgan McGilvray
426 Georgina Avenue
Sahta Monica, CA 90402

PROGRESS REPORT II
****

GENERAL WORK PERFORMED -

a) Camp Rehabilitation - continuing toward completion
Water system - under construction
Sanitation system - final inspection anticipated
Camp buildings - rehabilitation almost complete

This type of work progresses slowly difficulty in securing labor for temporary work in this area.

DRILLING PROGRAM

Progress has been excellent considering the number of days of adverse weather conditions. Summary of accumulated footage is shown in Appendix A.

Drilling progress as Follows:

Jan.			DEPTH Ft.	Daily Footage
6	DH5	Non-core in granitic rock water problem solved	105-145'	40'
7	"	Non-core(but using diamond bit - hard rock)	145-160'	15'
8	"	Coring - altered broken rock slow drilling	160-168'	8'
9	"	Coring - broken ground, slow drilling	168-175'	7'
10	"	Coring - continued tough drilling altered and/or broken ground	175-178'	3'
13	"	Coring - slow drilling in soft crumbly ground	178-188'	10'
14	"	Coring - end in altered granitic rock - last foot in intrusive dike - aplite?	188-198'	10'
15	DH2	Non-coring in soft altered granitic rock	0-70'	70'

16	DH2	Non-coring	70-120'	
		Cored interval	120-130'	60'
17	"	Non-coring Soft, altered	130-151'	21'
20	"	Non-coring "	151-170'	
		Cored interval (7' Core)	170-177'	26'
		(Cement placed in hole from 120 to 177')		
		Inclement Weather		
27	"	Coring Altered, broken, slow	177-188'	11'
28	"	Coring Same	188-200'	12'

29	DH1	Non-coring altered igneous rock	0-90'	90'
30	DH1	Non-coring "	90-136'	
		Cored interval - appears to be quartz	136-146'	56'
31	DH1	Non-coring Soft altered material	146-170'	24'
		******** Cut-off - end of month ******** Driller's Statement		
Feb. 3	DH1	Coring	170-200'	30'
4	DH6	Non-coring - soft altered material	0-20'	20'
5	"	" "	20-80.5	60.5'
6	"	" "	80.5-106.5	26'
7	"	" "	106.5-130'	23.5'
7	"	Coring - ore indication at 132' driller's observation	130-135.2	5.2'
10	"	Coring	135.2-168.5	33.3'
11	"	Coring	168.5-200.0	31.5'
12	DH7	Set-up, 20' NX casing	0- 30	30'
13	"	Non-coring - slightly altered igneous rock	30- 78.5	48.5'
14	"	Non-coring	78.5-110.0'	21.5'
15(Saturday)				

(Cut-off)

SAMPLES, SAMPLING, AND ASSAYS

SAMPLES OF VEIN MATERIAL FROM CORES IN DRILL HOLES 2, 3, 4, and 5, were taken and submitted for assay - descriptions and results to be found in Appendices B-1 and B-2. The total core and/or pieces (fragments) for a given distance (width of vein) was taken as a sample; these were crushed to minus ½ in. and run through a Jones' splitter and a sufficient amount for pulverizing was taken out. The rejects were returned to original sample bag and retained; the pulp samples have been saved by request. Group II samples have just been cut and will be submitted for assay - descriptions and results will be submitted as a supplement of this report.

Although the results of the Group I samples are low, they indicate values contained in a vein structure. The low values can be attributed to:

1) Poor recovery of the true vein material when encountered due to the intense fractured conditions, and the tendencies of the fine heavies to be lost or retained at the bottom of the hole.

2) By projection, the drill holes have been intersecting the anticipated vein or vein structures below the water table. It may be possible that the commercial ore in this deposit exists only above this zone in the highly oxidized or secondary zone where the values are naturally concentrated.

For this reason the remaining holes will be directed to intersect the vein, or veins, above the known water level.

Respectfully submitted,

Tomo Ito

Tomo Ito, Outside Consultant

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE ● REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

OME-6727
W. S. McGilvray, Jr
Morgan McGilvray

Telegraph Properties
Telegraph Project

APPENDIX A-1

DRILLING RECORD

ACCUMULATED FOOTAGE

HOLE NO.	NON-CORE FOOTAGE	CORING FOOTAGE	TOTAL ACCUMULATED NON-CORE FT.	TOTAL ACCUMULATED CORING FT.
DH-1	160	40	160	40
DH-2	160	40	320	80
DH-3	125	64	445	144
DH-4	153	39	598	188
DH-5	160	38	758	221
DH-6	130	70	888	291
DH-7*	110	00	998	291 ~~998~~ ~~xxxx~~ 998

Total Footage drilled 1289ft.

As of February 15, 1969

APPENDIX B-2

ASSAY CERTIFICATE

THE EISENHAUER LABORATORIES
316-322 South San Pedro Street
Los Angeles, California 90013

PHONE 622-9828

ED. EISENHAUER JR.
C. EISENHAUER RAYMOND
LAWRENCE EARL RAYMOND
All members of American Institute of Mining, Metallurgical, and Petroleum Engineers

Los Angeles, Calif. Feb. 4/69 19

I hereby Certify that the samples described below, received from

Telegraph Properties-c/o Tomo Ito assay as follows:

Owner's Mark and Sample	GOLD		SILVER		TOTAL VALUE PER TON	PERCENTAGE OF		
	OZS. PER TON	VALUE PER TON	OZS. PER TON	VALUE PER TON		COPPER	LEAD	ZINC
# 118	.05	$ 1.75	1.14	$ 2.28	$ 4.03			
119	.28	$ 9.80	1.82	$ 3.64	$13.44			
120	.08	$ 2.80	1.00	$ 2.00	$ 4.80			
121	.03	$ 1.05	.80	$ 1.60	$ 2.65			
122	.01	$ .35	.70	$ 1.40	$ 1.75			
123	.20	$ 7.00	1.20	$ 2.40	$ 9.40			
124	.03	$ 1.05	.74	$ 1.48	$ 2.53			
125	.04	$ 1.40	1.00	$ 2.00	$ 3.40			
126	.01	$ .35	.92	$ 1.84	$ 2.19			
127	.01	$ .35	.96	$ 1.92	$ 2.27			
128	.015	$ .53	.97	$ 1.94	$ 2.47			

GOLD @ $ ~~35~~ PER OZ.
SILVER @ $ ~~2.00~~ PER OZ.
LEAD @ ____ C.
COPPER @ ____ C.

CHARGES ____

C. Eisenhauer Raymond
ASSAYER

Established 1916

W. S., Jr. and Morgan McGilvray
Telegraph Properties

APPENDIX B-2

ASSAYS - GROUP I CORE SAMPLES

No.	DESCRIPTION	GOLD oz/ton	GOLD $/ton	SILVER oz/ton	SILVER $/ton	Total Val/ton
118 DH2-A	Hole 2 - 12" of core 122'-123' below ochre clay with quartz fragments	.05	1.75	1.14	2.28	4.03
119 DH2-B	Hole 2 - 24" of core 125'-127' of vuggy, brecciated, iron-stained vein quartz	.28	9.80	1.82	3.64	13.44
120 DH-2C	Hole 2 - 12" of core 179'-180' Dark streak mostly raw pyrite	.08	2.80	1.00	2.00	4.80
121 DH2-D	Hole 2 - 30" broken bluish quartz, also vuggy from 188.5 to 191.0	.03	1.05	.80	1.60	2.65
122 DH3-A	Hole 3 - 12" of core from 133.8-134.8 highly Fe stained vein quartz	.01	.35	.70	1.40	1.75
123	Hole 4 - 12" of core from 142'-143' of brecciated vein material and gouge. Sludge & cuttings for sample**	.20	7.00	1.20	2.40	9.40
124 DH4-B	Hole 4 - 24" of core from 172.8-174.8 of hard, light-colored smooth core - assumed vein quartz	.03	1.05	.74	1.48	2.53
125 DH4-C	Hole 4 - 12" of core 174.8-175.8 light-colored material with heavy Fe stains	.04	1.40	1.00	2.00	3.40
126 DH4-D	Hole 4 - blue quartz heavy Fe stains	.01	.35	.92	1.84	2.19
127 DH5-A	Hole 5 - 174.8-177.7 brecciated vein qtz	.01	.35	.96	1.92	2.27
128 DH5-B	Hole 5 - 177.7-181.5 blue quartz, recemented, vuggy	.015	.53	.97	1.94	2.47

**Saved for Special Sample and to be submitted for Assay

Feb. 15, 1969

APPENDIX C-1

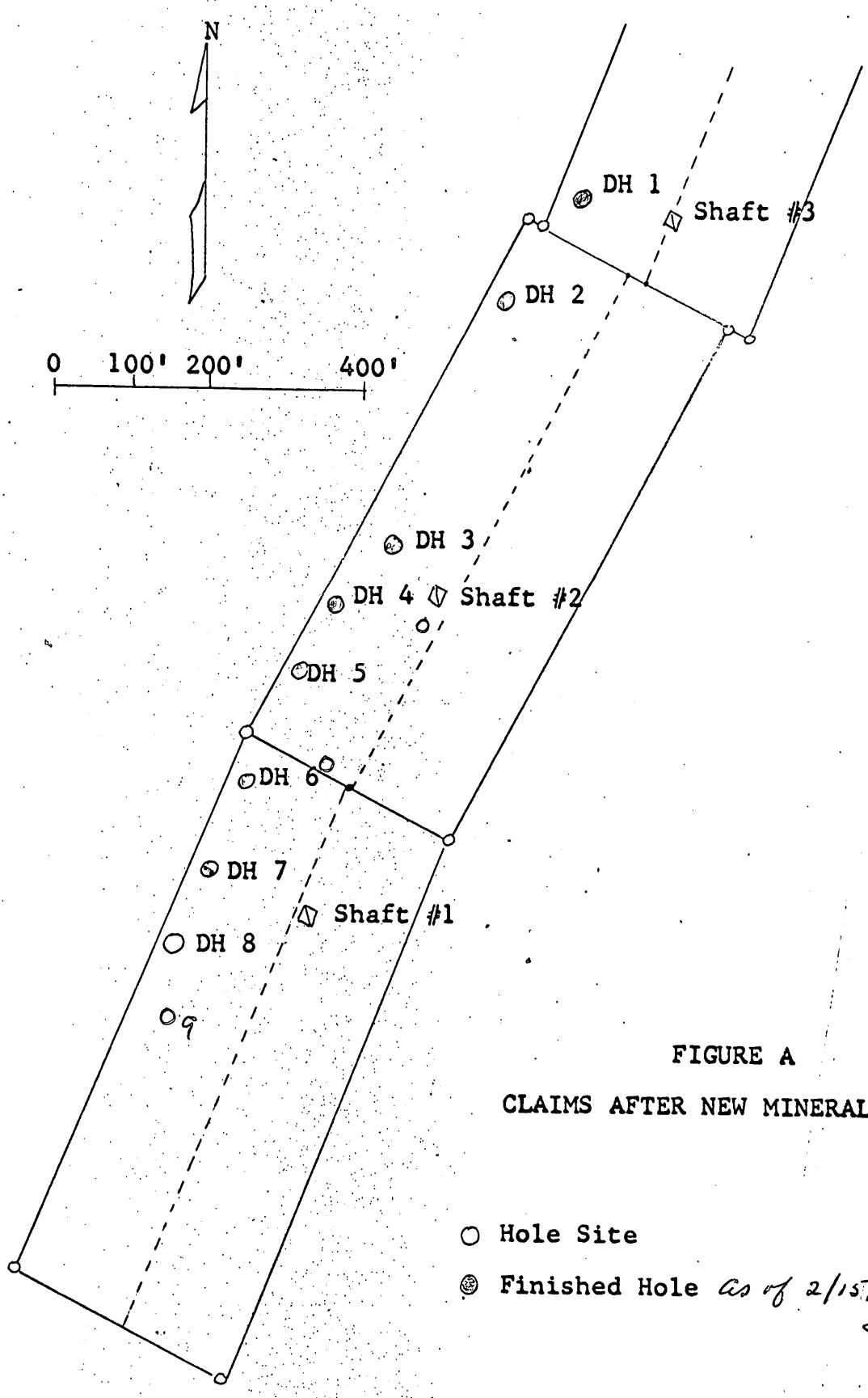


FIGURE A

CLAIMS AFTER NEW MINERAL SURVEY

○ Hole Site

◉ Finished Hole as of 2/15/69

J.J.

TI 1/69

DRILL HOLE ANGLES AND PROJECTIONS

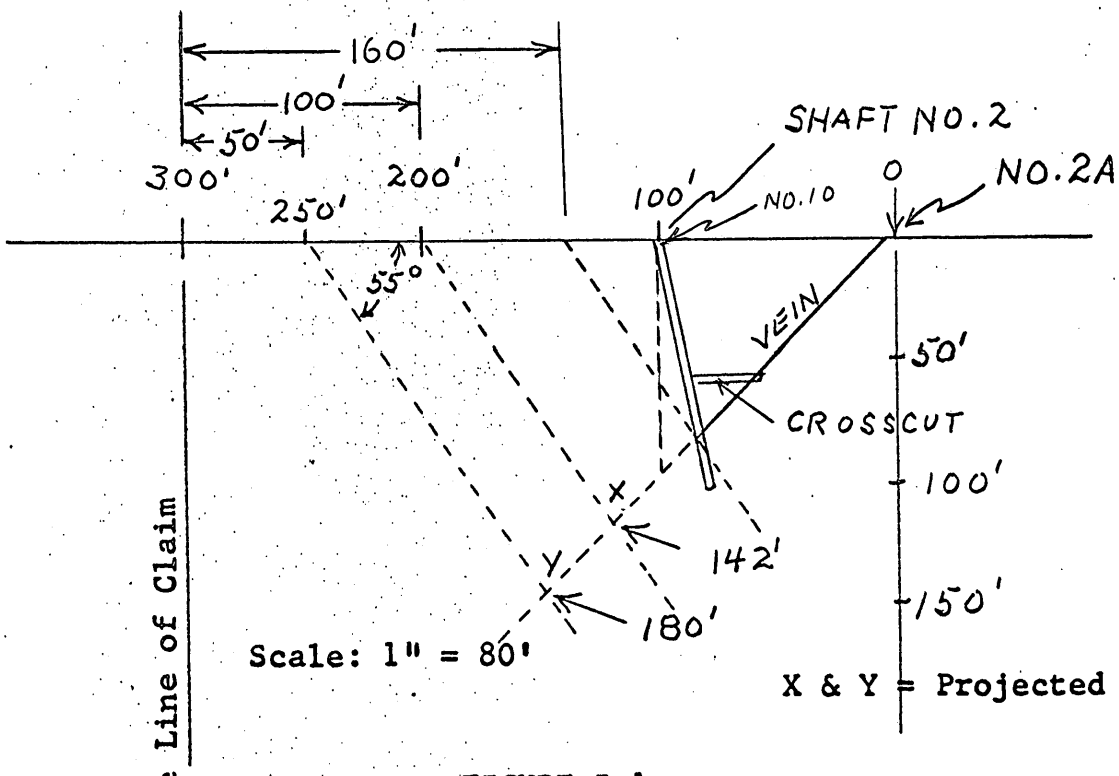


FIGURE B-1

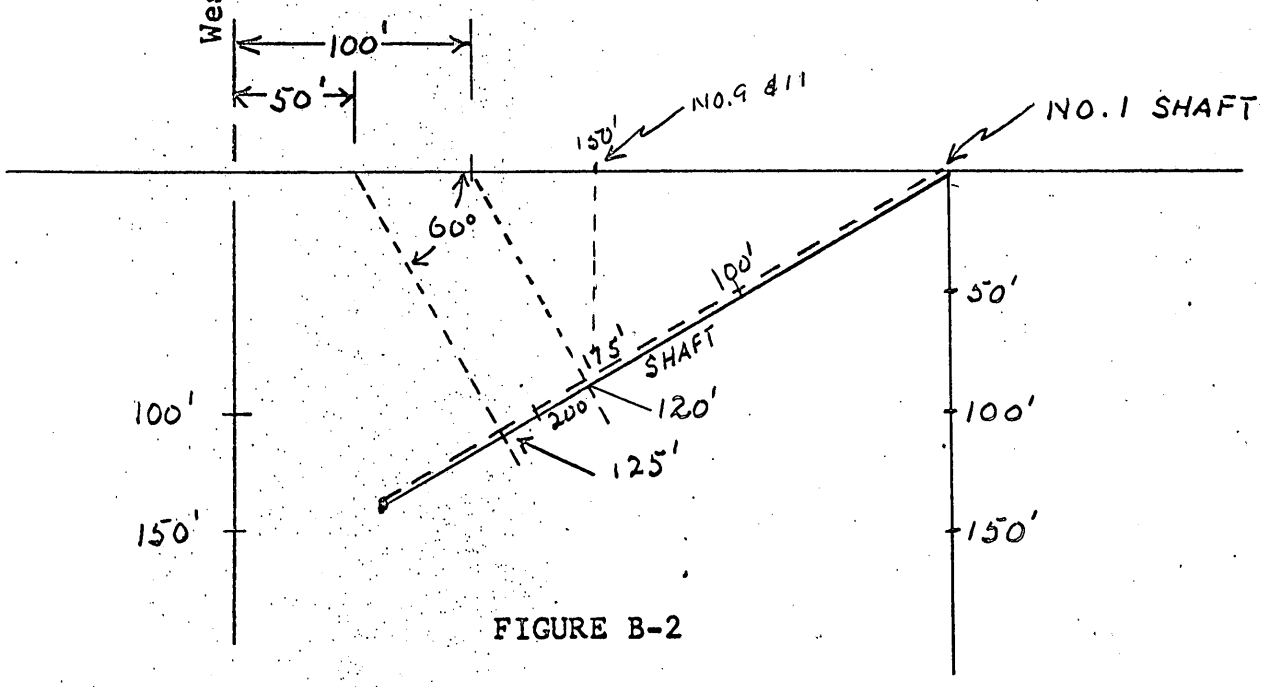


FIGURE B-2

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~120~~		
2. 120 M		
3. ~~110~~	2/25	
4. 6727 ~~120 P~~	2/25	
5.		
FROM:		

FOR: Check items for action desired

____ Action	____ Reply for signature of		
____ Approval	____ Investigate		Surname
____ Comment	____ Recommendations		Signature
____ Conference	____ Rewrite		File
____ Instructions	____ Your information		

REMARKS:

Jan 15 - Feb. 15
vouchers
to B & F
2/26/69

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 24 1969
INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

February 19, 1969

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

FEB 24 1969
INITIALS CODE
130
120
120
120

Interim Inspection

An interim inspection of the subject project was made on February 14, 1969, accompanied by Mr. Tomo Ito, geologic consultant for the Operators.

At the time of the inspection six of the planned eight diamond drill holes had been completed for a total of 1,179 feet of drilling and the drill was at a depth of about 110 feet on Hole No. 7. Samples from Holes Nos. 2, 3, 4, and 5 have been assayed and indicated a gold content ranging from 0.01 to 0.28 ounce per ton and silver content from 0.70 to 1.82 ounces per ton. Hole No. 2 contained the highest assay for both gold and silver for the interval 125 to 127 feet. Assays for samples from the other completed holes have not been received. Holes Nos. 7 and 8 will probably be completed by the end of February.

The amount of drilling footage required to complete the originally planned eight holes (1,600 feet) will not be as large as provided by the contract (2,100 feet), and it is now anticipated that about 500 feet of drilling footage will be available for additional exploratory holes in the favorable parts of the vein. The Operator requested permission to utilize this excess footage in two or three additional holes in locations mutually decided upon in the field at the time of the inspection. A letter confirming the verbal authorization given in the field was sent to the Operator on February 19, 1969.

H. K. Stager

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

February 19, 1969

O. M. E.
RECEIVED
FEB 24 1969
INITIALS CODE

Mr. W. S. McGilvray, Jr.
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Dear Mr. McGilvray:

This letter will confirm the verbal authorization I gave you, and Mr. Ito, at the Telegraph Mine on February 14, 1969, to utilize the excess footage remaining after the completion of drill hole No. 8 to drill two or three additional holes in the locations mutually decided upon at the time of my interim inspection trip.

This authorization shall not be construed to increase the estimated total amount of diamond drilling allowed by the contract, nor the estimated total cost of the contract.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Mr. Tomo Ito
1902 Havemeyer Lane
Redondo Beach, California 90278

Chief, OME, WDC
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

FORM 9-1648
MARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY M. E. RECEIVED FEB 6 1969 INITIALS CODE

OPERATOR'S MONTHLY VOUCHER

For Month of 15 Nov. '68 - 15 Jan. '69

Docket No. OME- 6727
Contract 14-08-0001 2273
Contract Amount $ 27,600.00
Gov't. Participation % 75 $ 20,700.00

Operator's Name W. S. McGilvray Jr. + Morgan McGilvray
Address 426 Georgina Ave. Santa Monica Calif. 90402

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mobilization	½	$ 600.00	½	$ 600.00	½	$ 600.00	½	$ 600.00
Non-core drilling at $9.00/ft	125	1,125.00	125	1,125.00				
Coring at $10.00/ft.	64	640.00	64	640.00				
Non-core drilling at $9.00/ft.	142	1,278.00	142	1,278.00	486'	4,488.00	486'	4,488.00
Coring at $10.00/ft.	50	500.00	50	500.00				
Non-core drilling at $9.00/ft.	105	945.00	105	945.00				
Supervision 12/ to 1/	1	500.00	1	500.00	1 mo.	500.00	1 mo.	500.00
Outside consultant	2	638.40	2	638.40	2 mo. (6 days)	638.40	2 mo. (6 days)	638.40
Camp rehabilitation (To be carried forward until completion of unit $338.79)								
TOTALS		$ 6,226.40		$ 6,226.40		$ 6,226.40		$ 6,226.40

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Jan. 17, 1969 *Payee W. S. McGilvray Jr.

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U. S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature [illegible] OME Field Officer — Date 1-20-69

(63) 14X0834

Approved for: $ 4669.80 (SUBJECT TO AUDIT)

Signature [illegible]

Date FEB 4 1969 Vou. No. 94564

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

BRANCH OF BUDGET AND FINANCE
JAN 30 1969
RECEIVED
FINANCIAL REPORTS

FOR GOVERNMENT USE

REMARKS

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

D. A. CANNON

INVOICE

FRED R. CANNON

FRED CANNON COMPANY

DIAMOND DRILLING CONTRACTORS

OFFICE PHONE. 632-2308 RES. PHONE 638-2470
1209 EAST ROSECRANS AVENUE
P. O. BOX 5369 - COMPTON, CALIFORNIA

TO Telegraph Properties
426 Georgina Ave.
Santa Monica, Calif. 90402

DATE Jan. 6, 1969
INVOICE NO.
YOUR ORDER NO.

Total work completed Dec. 9, 1968 to Dec. 31, 1968.	Total
Mobilization	$ 600.00
Hole # 3. 125' Overburden Drilling @ $9.00 per. ft.	1,125.00
Hole # 3. 64' Coring @ $10.00 per. ft.	640.00
Hole #4. 142' Overburden Drilling @ $9.00 per. ft.	1,278.00
Hole # 4. 50' Coring @ $10.00 per. ft.	500.00
Hole # 5. 105' Overburden Drilling @ $9.00 per. ft.	945.00
	$5,088.00

December 16, 1969

Memo to:

W. S., Jr. and Morgan McGilvray
Telegrapgh Properties
426 Georgina Avenue
Santa Monica, CA 90278

Subject:

PAYMENT TO L. J. POST
P. O. BOX 374
Baker, CA 92309

2 checks, $250.00 each, for total of $500.00 for Services under contract as Supervisor-engineer for the month of December, 1968. These payments were made from the Special Account established by you to take care of expenses which are directly under my supervision. Mr. Post is on the job with the drilling contractor to watch, supervise, and advise during my absence in order that the program is carried on as per my plans. The checks should serve as receipts, but should you require other forms, please advise.

Sincerely yours,

Tomo Ito, Consultant

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE • REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

STATEMENT
****

To:

Messers. W.S., Jr. and Morgan McGilvray
Telegraph Properties - Telegraph Project
OME Docket No. 6727 - Effective November 15, 1968
426 Georgina Avenue, Santa Monica, CA 90402

For:

PROFESSIONAL SERVICES - OUTSIDE CONSULTANT
GEOLOGIST

3 Days**December 9, 10, & 11, 1968, @ $75/day	$225.00
Transportation - mileage, roundtrip - Redondo Beach-Telegraph Mine, 462 Mi. @ 10¢	$ 46.20
Per Diem ..... 3 days @ $16/day	$ 48.00
	$319.20

** Consultant on site to spot driller for first hole (DH#3) and until first hole finished.

Tomo Ito

December 13, 1968

Tomo Ito

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE ● REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

STATEMENT

****

To:

W. S., Jr. and Margan McGilvray
Telegraph Properties, Telegraph Project
426 Georgina Avenue
Santa Monica, CA 90402

For:

PROFESSIONAL SERVICES - Geologic Consultation
Exploratory Drilling Program
Telegraph Mine

One day - December 19, 1968
Two days - January 7 & 8, 1969

Total - 3 days @ $75/day $225.00

Expenses:

One roundtrip - 462 miles @ 10¢/mi. ... $ 46.20

3 Days - $16.00 per diem ..... $ 48.00

Total Due $319.20

January 16, 1969 Received in full Tomo Ito
Tomo Ito

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE ● REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

Docket
OME-6727

January 17, 1969

Operator
W. S. McGilvray, Jr.
Morgan McGilvray
426 Georgina Ave.
Santa Monica, CA 90402

PROGRESS REPORT I

****

A. DRILLING - completed as per December 31, 1968

Access roads to the drilling sites and drill-hole locations were spotted and cleared prior to December 1. Final preparations made and ready for arrival of drilling rig and equipment on December 4 - Actual drilling began on December 9. Following work accomplished during December:

DRILL HOLE NUMBER	Non-Core Footage	Core Footage	Total Depth
DH3	125'	64'	189'
DH4	142'	50'	192'
DH5 (not completed as of date)	105'		105' - ?
Total Footage	372'	114'	486'

B. WORK PERFORMED (November 15-January 15)

Although preliminary work began prior to November, 1968, principal activities such as camp rehabilitation, water and sanitary facilities, roads, etc. were initiated by the Operator at his expense. Actual official work began on November 15. As mentioned in the application, the operator had a mineral survey made of all the claims at his own expense.

1) Camp Rehabilitation - well under way but not completed
   a) Water system - under construction
   b) Sanitary facilities - septic tank and leach line - awaiting final County inspection
   c) Camp buildings, rehabilitation - continuing.

2) Supervisor-engineer - Mr. L. J. Post has been retained on a contract basis, prior to December 1, 1968 to see that the exploratory drilling is conducted as outlined by the outside consultant. His official duties began with the present program

on December 1, 1968. Among his duties are: spot drill holes under recommendations from consultant, with authority to change if conditions dictate; change from Non-core to Coring if formation changes; keep close check on cores and note changes; retention of all sludge in badly broken vein material; proper marking and storing of cores; keeping daily log and noting any and all changes.

3) Outside Consultant - Tomo Ito assumes over-all supervision of drilling program; examination of cores and sludge; sampling of cores and submitting them for assay; makes any changes or corrections in drilling procedures as required. More time than allotted by OME is spent on this project by the consultant. Excess of expenses is borne by the operator.

DRILLING PROGRAM - LOGS AND REMARKS

Drill holes have been placed essentially as proposed in the application. Slight changes in locations are due mainly because of the definite lines established by the recent mineral survey of the claims.

All holes with the exception of DH3, the first hole drilled, which is 100 feet inside of the west sideline, are placed 50 feet inside (please refer to Figure A).

The holes were moved further out in order to intersect the vein at a greater depth (please refer to Figure B-1). Holes 4, 5, 1, and 2 are to be drilled at the same angle of 55 degrees. No. 6 to be increased to 60 degrees or more, and holes 7 and 8 to be increased even more due to the flattening of the vein in the No. 1 or Main Shaft (please refer to Figure B-2). Aside from attaining the greater depth by a steeper angle, we also avoid the possibilities of cutting any old workings because it is reported that the main shaft is 275 feet on the incline.

Docket
OME-6727

W. S. McGilvray, Jr.
Morgan McGilvray

DRILLING LOG
****

DATE 1968	DRILL HOLE	DESCRIPTION	DEPTH	DAILY FOOTAGE
Dec. 4	DH3	Drill Rig & Equipment on Property		
5, 6, 7 & 8		Preparatory work		
9	DH3	Set-up and start - Non-Core - Decomposed Material	0 - 12' 12'	12'
10	"	Non-Core - easy drilling Decomposed monzonite	12' - 70' 70'	58'
11	"	Non-core - easy drilling Reflection in drilling & color - casing & change for coring	70' - 125' 125'	125'
12	"	Core drilling - slightly altered monzonite - definite discoloration & cracked core @ 132' - 142' - highly altered and iron stains @ 147' - Qtz appears at 149' - ore material - 152 altered, broken core @ 160' good core recovery in altered material - good core	125' - 175' 175'	50'
13	"	Core drilling - @ 178', altered but little discoloration - @ 184.5 to 186.5 altered, clay-like material - last 3 feet, fairly good solid core	175' - 189' 189'	14'

December 13 Completed First Hole

DH3 ..... Total Depth = 189'

DH3 - Non-Core ..... 125 feet

DH3 - Coring, BX ..... 64 feet

Docket
OME-6727

W. S. McGilvray, Jr.
Morgan McGilvray

DRILLING LOG
****

DATE 1968	DRILL HOLE	DESCRIPTION	DEPTH	DAILY FOOTAGE
Dec. 14				
15				
16	DH4	Second Hole - Non-Core	0 - 36'	36'
17	"	Easy drilling in slightly altered monzonite	36'- 100' 100'	64'
18	"	Non-core drilling fairly solid monzonite - hit something hard at 142' Start Core drilling Stringer of Qtz in highly altered pinkish material poor core - actual core = 6½ft. and sludge @ 151'	100'- 142' 142'	42'
19	"	Core Drilling - 151-156' fair core recovery - Heavy iron stains @ 156-158' - into claylike and altered material, fair core 168-173 - poor core 178.8' to 182' = Vein material w/vuggy Qtz & heavy iron stains	142'- 181'	39'
20	"	Coring - approx. 2' of highly altered material with vuggy qtz & iron stains - altered country rock - possibly andesite?	181'-192 192'	11'

December 20 Completed Second Hole

DH4 ..... Total Depth = 192'

DH4 - Non-Core ..... 142'

DH4 - Coring ..... 50'

Docket
OME-6727

W. S. McGilvray, Jr.
Morgan McGilvray

DRILLING LOG
****

DATE 1968	DRILL HOLE	DESCRIPTION	DEPTH	DAILY FOOTAGE
Dec. 21, 22, 23, 24, & 25		Snow and Holiday		
26	DH5	Non-Core drilling Shallow "overburden"	0 - 10'	10'
27	DH5	Non- Core Drilling Rock exceptionally hard - necessary to go to diamond-bit on Non-Core basis.	10' - 70'	60'
28	DH5	Hard, fresh, unaltered monzonite - orthoclase is bright pink - losing water at this point	70' - 105'	35'
1969				
Jan. 6	DH5	Water circulation regained - Non-coring in monzonite	105'-145'	40'

THIS HOLE FINISHED AT DEPTH OF 198'
ON JANUARY 14th

DETAILS TO BE INCLUDED IN THE NEXT PROGRESS REPORT AND RELATED COSTS.

Samples of cores to be taken and submitted for assay after review, inspection, and consultation with OME Field Officer.

Respectfully submitted,

Tomo Ito, Consultant

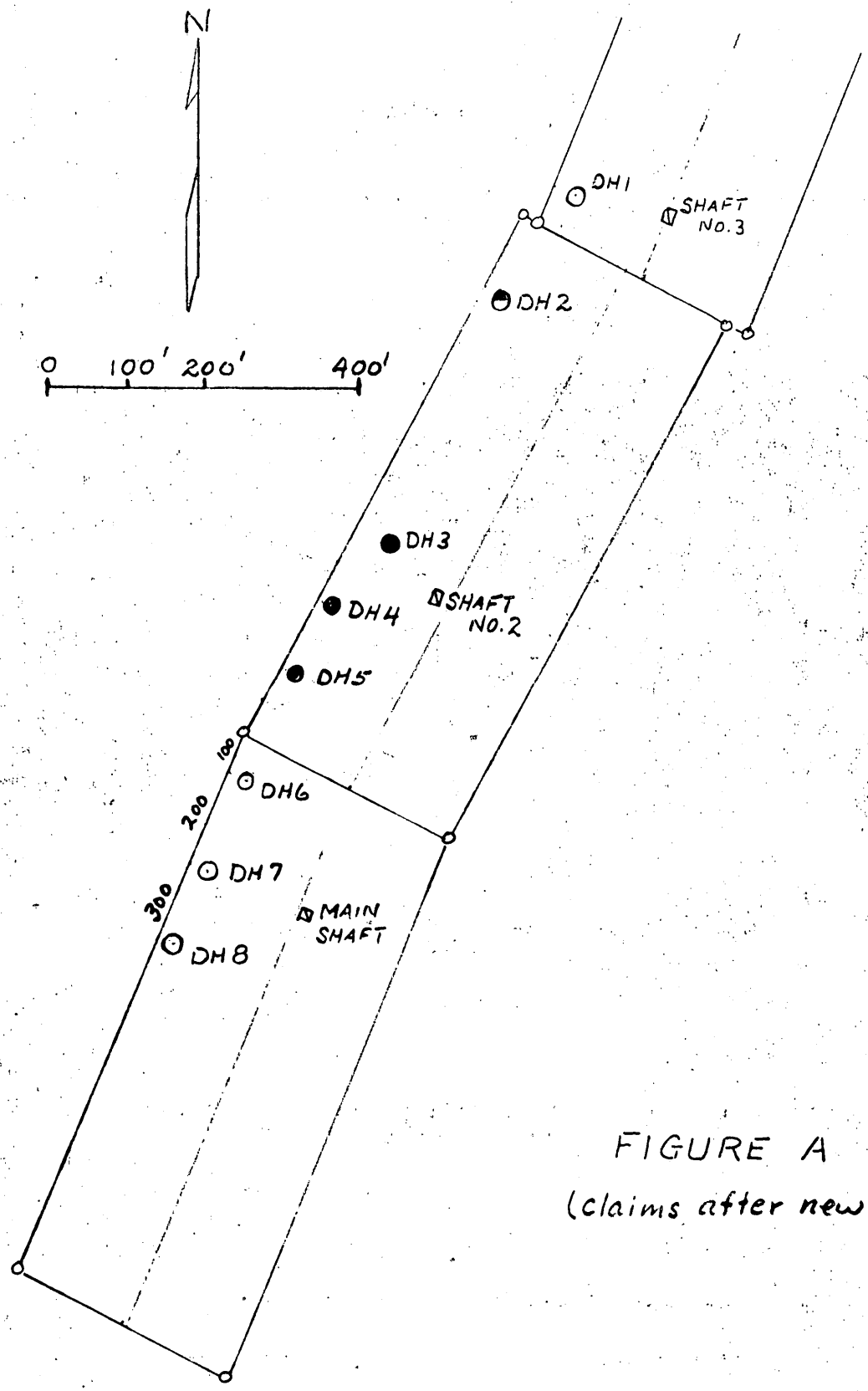
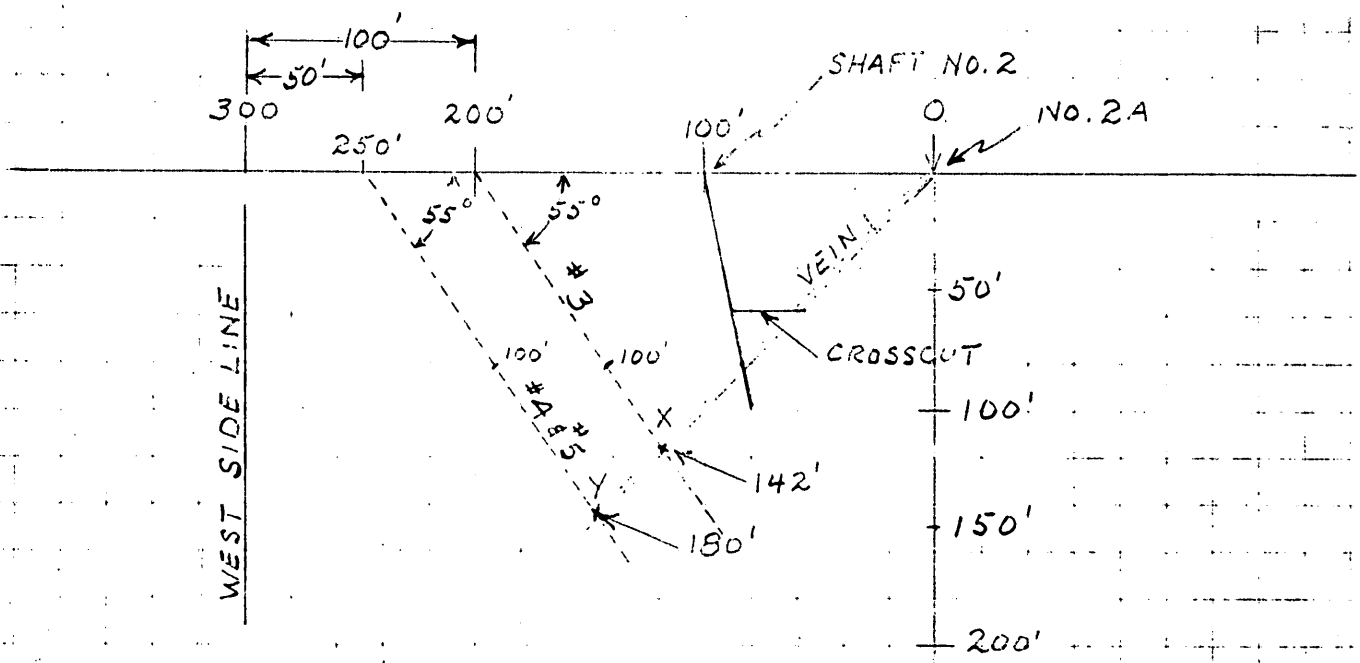


FIGURE A
(claims after new Survey Map)

T.I. 1/69

HOLES 3, 4, and 5 - ALSO 1 & 2



X & Y = PROJECTED INTERSECTIONS

FIGURE B-1

SCALE - 1" = 80'

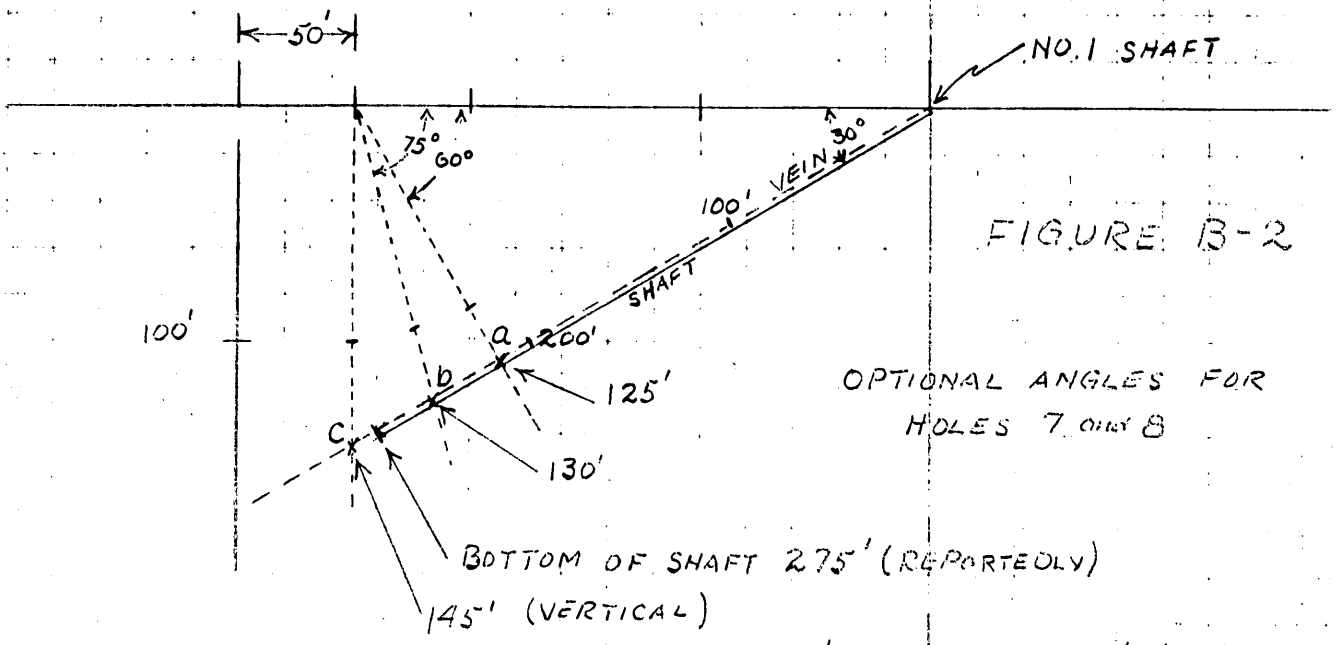


FIGURE B-2

OPTIONAL ANGLES FOR HOLES 7 and 8

a, b, and c - projected intersectio

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

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O. M. E.
RECEIVED
JAN 23 1969

INITIALS	CODE
	130
bal	120

January 20, 1969

Mr. W. S. McGilvray, Jr.
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Dear Mr. McGilvray:

Your voucher for November 15, 1968-January 15, 1969, was received in the Field Office today but the Narrative Report was missing. I cannot forward the voucher for payment until this report is attached so will you, or Mr. Ito, please send it to me as soon as possible. The report should include a description of the work performed during the report period, results accomplished, drill hole logs, and assays (if any). Please refer to the back of Form 9-1648.

If you have any questions, please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

TELEGRAPH PROPERTIES
MINING DIVISION - AGUA DULCE INC.
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

November 18, 1968

U.S. Department of Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, Calif. 94025

OME-6727

Attention: Mr. Harold K. Stager

Dear Mr. Stager:

This letter will serve as an interim report on action taken on the Telegraph Mines project, OME Contract #2273, in the pre-mobilization period. The contract, although signed late in October, called for work as specified in the contract to commence November 15, 1968.

We started certain work prior to October 17, 1968 on which we expect no reimbursement. This includes mineral survey, certain road construction, and preliminary work on camp water system and rehabilitation.

Subsequent to October 17, 1968 we have continued work and are accumulating contract reimbursable costs since that deate on:

- camp rehabilitation
- road improvement
- water system

?

For our own account and outside the reimbursable terms of contract, we have:

- engaged a surveyor and have in process completion of accurate maps for ground control and placement of drill holes.
- started procurement of pipe, tools and other equipment.
- initiated sewage disposal planning and contracting.

The contract mobilization activity includes:

- arrangements for assay work to be done by Eisenhauer Laboratories.
- contact with the drilling contractor who tentatively plans to start operations around the 22nd of November.
- made arrangements with Security First National Bank to create a bank account in excess of the total 25% obligation of the operator for the specified OME program. This will permit prompt payment of obligations when due, and while waiting for OME reimbursement.

From this point forward Mr. Ito is responsible to the operators for the performance of the contract work. He will submit required reports to

your office, via me at 426 Georgina, Santa Monica. All bills presented to the operator will be verified by him prior to payment, which will be made from 426 Georgina. All technical questions should be addressed directly to him, with copies to me at 426 Georgina.

Mr. Ito will be in Northern California approximately November 20, and plans to call on you or your colleagues to review in person both our plans and progress. He will call you for an appointment at a time mutually convenient.

Sincerely,

W. S. McGilvray, Jr.

cc Morgan McGilvray
Tomo Ito

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

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COPY
O. M. E.
RECEIVED
NOV 5 1968
INITIALS | CODE

November 1, 1968

Mr. W. S. McGilvray, Jr.
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract 2273

Dear Mr. McGilvray:

Enclosed is a six months' supply (30 copies) of Form 9-1648, Operator's Monthly Voucher, for your use in submitting your monthly report of costs incurred under the referenced contract. Also enclosed are two copies of the booklet, "Exploration Assistance," and of the regulations, Title 30, as you requested. If you have any questions, please call, or write, me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, OME, WDC
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

October 31, 1968

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California
Contract No. 2273

Enclosed are the Government's and Budget and Finance's copies of the subject contract properly executed by the Operator. The remaining copies have been distributed in the usual manner.

H. K. Stager

Enclosures

left side of docket

SCOTT MCGILVRAY
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

October 30, 1968

U.S. Department of Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Attention: Mr. Harold K. Stager

Reference: OME 6727

Dear Sir:

I am pleased to return, properly executed by my brother and myself, three copies of Exploration Contract, Contract No. 2273, covering exploration work for gold and silver at the Telegraph Mining properties in San Bernardino County, details of which are defined in the contract and which contracts were transmitted by you to us as covered by your letter of October 22.

We're appreciative of the assistance afforded by your office and staff which made it possible for us to submit an acceptable program to OME and assure you that we shall devote our best efforts to carrying forward the contract in timely and complete fashion as specified by the contract, with the mutual objective of hopefully defining an ore body of economic consequence.

In your absence on Monday I discussed with one of your colleagues certain questions on which Mr. Ito and I desired clarification, and these matters were promptly and fully dealt with. It is our intention within about a week to provide you with an outline of the steps that we will take on our part to perform work beyond the scope of the contract which we had previously outlined to you, and to describe the mechanics we will set in motion to insure prompt payment of obligations incurred under the contract between us and the contractors, the supply of reports and all other things called for, as we feel this is essential to establishing in your minds our intent and determination to accomplish the work specified.

We look forward to the receipt of additional explanatory material requested during my phone conversation with your associate on Monday. We also confirm again our invitation to you and any of your staff, should other business bring you into the area and if time permits, that we will arrange, given 48 hours notice, for visits to the property, these of course being beyond those that you will normally make in the course of government audit and inspection. While time is precious, your presence in the area still may permit you to make an extra and unscheduled visit to the property and it would be our pleasure to organize such a trip if it can be done. We solicit on a continuing basis any comments that you may have based on our reports, the unscheduled visits or a scheduled inspection trip which will permit us to do the most adequate job possible.

Again, we express our appreciation for the assistance rendered and our pleasure at being able to return the executed documents and initiate our program immediately.

Yours very truly,

W. S. McGilvray Jr.

W. S. McGilvray

WSM/mb

RECEIVED
OCT 31 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 24 1968
INITIALS | CODE

October 22, 1968

Mr. W. S. McGilvray, Jr.
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mine
San Bernardino County, California

Dear Mr. McGilvray:

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 51 (5 pages), Annex I (2 pages), one Lien and Subordination Agreements, Exhibit A (4 pages), Exhibit B (1 page), and two maps (Figs. 1 and 2). All copies have been signed for the Government.

If the proposed contract is satisfactory to you, all four copies should be signed by you and Mr. Morgan McGilvray. The Government's copy, Budget and Finance's copy, and Field Office's copy should be returned to this office. The Operator's copy should be retained for your files.

If any part of the proposed contract does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Please note that the 7½ percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If you have any questions, please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

Enclosures

MME Form 7
(2/63)

10/14/68

OFFICIAL FILE COPY

Date	Surname	Code
	E. Peterson	120
	(On leave)	120
10/14	Johnson	110
10/15	Kilgarand	220
10/16	Kempp	
		110
10/17	Cre	220
		120M

OCT 17 1968

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray Jr., and
Morgan McGilvray
Telegraph Mines
San Bernardino County, California

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 51 (5 pages), Annex I (2 pages), one Lien and Subordination Agreements, Exhibit A (4 pages), Exhibit B (1 page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. You should insert the date for commencement of the work. Also enclosed is an extra copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by the two individuals. Thereafter, please distribute the copies as usual.

Please advise the Applicant that the 7-1/2 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON (gla)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Mr. Peterson
130

BSLong/1 10/14

MME FORM 6 REFERENCE SLIP

REV. 2-5 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Assoc. Sol. - MR, Room 6504 (Through Room 6042)		
2. Mr. Edward C. Peterson, Room 4459		
3.		
4.		
5.		
FROM: Chief, OME		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

Please return maps.

SOLICITOR

FROM SOLICITOR

OCT 9 - 1968

FOR SIGNATURE

OCT 2 - 1968

J-68-2013. 3192

INTERIOR DEPT.

INT.-DUP. SEC., WASH., D.C. M56300-62

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Mr. Peterson
130

DRAFT - 9/19/68
ECPeterson/hsl

to legal 10/2

CP 120

HK 120

JK ~~110~~

120M

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6727	Gold-Silver		San Bernardino	California

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

W. S. McGilvray, Jr. and Morgan McGilvray

_____,

whose mailing address is 426 Georgina Avenue, Santa Monica, California 90402, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 6 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $ 27,600.00 The Government will contribute 75 percent of the total fixed unit costs of the work performed, not in excess of $ 20,700.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's rights in land.--(a)The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

SEE ANNEX I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

SEE ANNEX I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination in Employment.--The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961, as amended and supplemented, are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Executed in quadruplicate the day and year first above written.

W. S. McGILVRAY, JR. AND MORGAN McGILVRAY
(Operator)

By W. S. McGilvray, Jr.

Title

By Morgan McGilvray

Title

THE UNITED STATES OF AMERICA

By Acting Director, U. S. Geological Survey

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

CORPORATE SEAL

EXPLORATION CONTRACT
W. S. McGILVRAY, JR. AND MORGAN McGILVRAY
OME-6727

ANNEX I

The land including all rights pertaining thereto, referred to in Article 2 of the contract, consists of nine (9) unpatented lode mining claims in secs. 17, 18, 19, and 20, T. 15 N., R. 11 E., SBB&M, Halloran Springs (Solo) mining district, San Bernardino County, California.

The claims are recorded in the San Bernardino County Recorder's Office in San Bernardino, California, as follows:

Name	Book	Page
Agua Dulce No. 1	471	71
Agua Dulce No. 2	471	72
Agua Dulce No. 3	471	73
Agua Dulce No. 10	471	76
Agua Dulce No. 20	471	77
Agua Dulce Lomex No. 1	471	74
South Telegraph	316	576
Telegraph	316	576
Telegraph Extension	367	413

The Operator is owner of the Telegraph group of claims under the terms of a Quitclaim Deed dated September 3, 1968, from the original owner, Elsie J. Nosser. A copy of the Quitclaim Deed is incorporated herein by reference.

The Operator is in possession of the remaining claims by rights of location notices dated June 12, 1968, and July 13, 1968, filed by W. S. McGilvray, Jr. and Tomo Ito.

A Lien and Subordination Agreements executed September 24, 1968, by W. S. McGilvray, Jr., and Tomo Ito is attached and made part hereof.

The claims are shown on Figure 1 entitled "Property map, Telegraph mine, San Bernardino County, California," attached and made part hereof.

EXPLORATION CONTRACT
W. S. McGILVRAY, JR. AND MORGAN McGILVRAY
OME-6727

EXHIBIT A

The purpose of this project is to explore by diamond drilling from prepared surface sites for gold- and silver-bearing ore bodies in and along the northeasterly-trending Telegraph quartz vein which traverses granitic rocks of Precambrian age.

General Provisions

All drill holes shall be completed with Standard BX core size or equivalent wire line size.

All drill holes shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

Diamond drill core shall be stored in boxes identified by hole numbers with markers in the core sections indicating the depths represented.

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

All drill core shall be logged and significantly mineralized core shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

All splits of samples for assay shall be analyzed for silver and gold.

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location and width of all samples taken, and the geological formations and structures traversed by the drill holes shall be furnished monthly to the Government.

Stored samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

The location, direction, and extent of each work item shall be subject to Government approval.

The Government will not contribute to the costs of incomplete drill holes.

Description of the Work

The work shall consist of drilling 8 holes totalling not more than 2,100 feet. The approximate location of the drill holes are shown on Figure 2 entitled," "Proposed exploration, Telegraph mine, San Bernardino County, California," attached and made part hereof.

The holes are to be drilled with non-coring drill equipment to penetrate most of overlying country rock, and with diamond drill coring equipment to penetrate the target vein or veins. The hole number, approximate bearing, inclination, footages of non-core and core drilling, and length of each hole are as follows:

Hol Hole No.	Bearing	Inclination	Feet of Non-Core Drilling	Feet of Core Drilling	Total Length Feet
1	S 50° E	-45°	200	50	250
2	S 50° E	-45°	200	50	250
3	S 50° E	-55°	250	50	300
4	S 50° E	-55°	250	50	300
5	S 50° E	-55°	250	50	300
6	S 50° E	-55°	250	50	300
7	S 50° E	-60°	150	50	200
8	S 50° E	-60°	150	50	200
			1,700	400	2,100

These estimates are subject to change as information is accumulated during the progress of drilling. The depth of non-core drilling and total depth of each hole may be changed in order to avoid non-core drilling in favorable formations.

The supervising engineer or geologist shall closely and frequently inspect rock cuttings obtained from the non-core drilling. Non-core drilling shall be discontinued and diamond core drilling begun when the cuttings indicate that the country rock-vein contact has been penetrated, ~~at shallower depths than estimated above.~~

Estimated Costs of the Project

Fixed Unit Costs

Mobilization and demobilization, and moving between holes	$ 1,200.00
Non-core and diamond core drilling, 2,100 feet	19,300.00
Non-core drilling @ $9.00/foot 1/	
BX core drilling @ $10.00/foot 1/	
Camp rehabilitation and improvements, water storage and facilities 2/	1,500.00
1- Supervisor-engineer 6 months @ $500.00/month	3,000.00
Payroll taxes, F.I.C.A. insurance, etc.	100.00
1- Outside consultant, 3 days/month 18 days @ $75.00/day	1,350.00
Per diem outside consultant 18 days @ $16.00/day	288.00
Transportation for consultant, 3,370 miles @ $0.10/mile	337.00
Office expenses, 6 months @ $50.00/month	300.00
Assaying 30 samples Gold and Silver @ $5.00/sample	150.00

Transportation of samples	
30 samples @ $2.50/each	$ 75.00
Total Estimated Costs of the Project	$27,600.00
Government Participation @ 75%	$20,700.00

1/ Includes all costs whatsoever, such as cementing and redrilling, drill mud, additives, hole plugging agents, reaming and casing, supply and transportation of water for drilling, delays for the convenience of the Operator, etc.

2/ The completed job is the unit of work.

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

September 26, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 30 1968

INITIALS	CODE
	~~130~~
	~~110~~
	120M
	120 P

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mine
San Bernardino County, California

Enclosed are five copies of a Lien and Subordination Agreements for the subject property signed by the locators of the claims.

H. K. Stager

Enclosures

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

September 18, 1968

OFFICIAL COPY
SEP 20 1968
INITIALS | CODE
130
120M
140
120 P

Mr. W. S. McGilvray, Jr.
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mine
San Bernardino County, California

Dear Mr. McGilvray:

As I mentioned to you in our last telephone conversation, inasmuch as Mr. Tomo Ito is a co-locator with you on the six Agua Dulce Claims, but not an applicant, it will be necessary for both you and him to sign a Lien and Subordination Agreements for these claims. Six copies of MME Form 52 are enclosed for your use. Please have them completed and signed by you and Mr. Ito, returning five copies of the agreement to this office. If you, or Mr. Ito, have any questions, please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, WDC, OME
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

September 6, 1968

OFFICIAL
COPY
O. M. E.
RECEIVED
SEP 11 1968
INITIALS | CODE
gla | 130
bgl | 120
RJ | 110
120
(Smith)

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mine
San Bernardino County, California

Enclosed is an Application Report on the subject property by J. E. Carlson recommending an exploration project at an estimated cost of $29,800 of which the Government's share would be $22,350. I concur in the recommendation.

Also enclosed for your use if a contract is approved are extra copies of Figures 2 and 4.

H. K. Stager

H. K. Stager

Enclosures

On-site Exam Report

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

APPLICATION REPORT

OME-6727 (Gold-Silver)
W. S. McGilvray, Jr., and Morgan McGilvray
Telegraph Mine
San Bernardino County, California

By

J. E. Carlson
Field Examiner
OME, Region II

September 6, 1968

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ILLUSTRATIONS

Figure 1. Index map of San Bernardino County, California.

Figure 2. Property map, Telegraph Claims, San Bernardino County, California.

Figure 3. Map showing geology of claims area.

Figure 4. Map showing location of proposed exploration, Telegraph Mine, San Bernardino County, California.

INTRODUCTION

Mr. W. S. McGilvray, Jr., and Mr. Morgan McGilvray, 426 Georgina Avenue, Santa Monica, California 90402, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6727, to explore for gold and silver at the Telegraph Mine, San Bernardino County, California. The applicants infer that a gold- and silver-bearing quartz vein on the property is continuous below the level to which it had previously been mined and proposed to explore the vein by deepening a shaft and cross-cutting to the vein on two levels.

An examination was requested by the Office of Minerals Exploration and was made on July 18, 1968, by J. E. Carlson. The examiner was accompanied by Mr. Tomo Ito, mining engineer and consultant for the applicants. The applicants' maps and data were compared with exposures on the property. Shaft No. 2 was accessible to the 50-foot level and the old stopes were sampled. Because of present economic conditions and the development nature of the proposed exploration, Mr. Ito and the examiner agreed that a modest program of exploratory drilling from surface sites would be more appropriate than would the proposed underground work.

SUMMARY

About $100,000 in gold has been produced from the Telegraph Mine since 1930. The applicants wish to explore the vein at a depth of about 100 feet below the bottom (100-foot) level. Owing to the difficulty in sampling a gold deposit of this type, the applicants and the examiner agreed that the presence of a well-developed vein structure at the 200-foot level would be

a sufficient justification for further development work. If the assays of some of the material from the target vein indicate gold and silver values, the incentive for additional work would be even greater.

The applicants' estimate of costs, derived from the bids of drilling contractors, is reasonable and in line with similar work in the area. The amended proposal calls for nine inclined holes or a total of 2,260 feet of drilling. The project site is readily accessible, facilities for doing the work are available, and the applicants are competent to undertake the proposed work.

RECOMMENDATIONS

It is recommended that the Government enter into a contract with the applicants to provide 75 percent of the costs of the proposed drilling program to explore below the existing workings of the Telegraph Mine and along the strike of the Telegraph vein. The program will require about 6 months to complete and the Government's share of the total cost of $29,800 would be $22,350. To facilitate administration of the contract, the work should be based on fixed unit costs rather than on actual costs insofar as practicable.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Telegraph Mine property is in secs. 17, 18, 19, and 20, T. 15 N., R. 11 E., SBBM, San Bernardino County, California (Figs. 1 and 2) at an altitude of about 3,700 feet.

The property is 18 miles east of Baker, California, and a few hundred yards south of U.S. Highway 466. The Telegraph Mine is 4 miles east along an improved dirt road from the service station at Halloran Springs. This access road is parallel to the highway and easily passable by passenger car.

Mail, telephone, and personal services are available in Baker and the nearest supply points are Barstow, California, and Las Vegas, Nevada, each about 70 miles from the property. The nearest ore shipping point is at Dunn Siding on the Union Pacific railroad about 46 miles west of the property. Water and electric power are available and assay service is available in Los Angeles, Las Vegas, and Barstow.

PROPERTY

History and Production

Mining in the area dates back to some old Spanish workings along the Telegraph vein, but the history of recent mining in the Halloran Springs district began in 1930 when a high-grade ore shoot was discovered on the Telegraph Extension Claim. There was a revival in mining activity in the district at that time and 2,750 tons of gold ore, valued at about $100,000, was produced between 1932 and 1948. The ore shipped averaged 0.93 ounce of gold and 2 ounces of silver per ton.

Ownership

The property consists of 9 unpatented claims. Of these, the first three are the original claims and the remainder are newly acquired claims. The claims are owned by the applicants; a quitclaim deed dated April 1968 relieved Mr. Terry Trout of his share of ownership in the property; and a final payment to Mrs. Nosser on August 21, 1968, completed purchase of the property.

Claim Name	Book	Page
Telegraph	316	576
Telegraph Extension	367	413
South Telegraph	316	576
Agua Dulce No. 1	471	71
Agua Dulce No. 2	471	72
Agua Dulce No. 3	471	73
Agua Dulce No. 10	471	76
Agua Dulce No. 20	471	77
Agua Dulce Lomex No. 1	471	74

The claims, shown on Figure 2, are recorded in the office of the County Recorder, San Bernardino County, California.

Financial Eligibility

The applicants furnished copies of letters to two banks requesting loans for the project on their first proposal and two letters denying the loans. While no loan requests were made for the amended proposal, there is no reason to suppose the banks would see the matter differently. The applicants will furnish their share of the exploration costs in cash.

Development

There are four shafts (Nos. 1, 2, 3, and Surprise) on the three original claims. Shaft No. 1 on the South Telegraph Claim is at least 125 feet deep and may be as much as 275 feet deep. It is inclined from 30 to 52 degrees and has 830 feet of connecting drifts with some stopes at the 75- and 125-foot levels. These workings are not accessible. No. 2 shaft on the Telegraph Claim is inclined 76 degrees and has about 240 feet of drifts on the 50- and 100-foot levels. It is stoped to the surface from the 100-foot level. This shaft and workings are accessible to the 50-foot level. Shaft No. 2A shown

on the applicants' map may have once been a shaft, but it now runs into the main stope. No. 3 shaft on the Telegraph Extension Claim is inclined 35 degrees and is about 100 feet in depth. There are no workings from this shaft. The Surprise shaft on the Telegraph Claim is about 15 feet in depth and has 20 feet of connecting drift. In addition to the underground workings there are shallow prospect pits along the Telegraph vein. Most of these are on the Telegraph Claim. The surface development at shaft No. 1 consists of one office building, two warehouses, and two buildings used for living quarters. Equipment on hand is one HD-3 loader, one Massey-Ferguson wheel loader, and one flat-bed GMC truck.

GEOLOGY

Geologic Setting

The property is underlain by the Teutonia quartz monzonite of Tertiary and Cretaceous(?) age (Fig. 3). Other rocks that crop out in the area are Quaternary basalt flows, and Precambrian granite and gneiss. Mesozoic and Paleozoic rocks have been stripped by erosion over a large area, and only small remnants are left. About one mile north of the property there are small conglomeratic arkose remnants of Paleozoic age. The Halloran fault, that strikes N. 70 W., is close to the north edge of the property and the Telegraph Mine is in the southeastern block. The relations, if any, between this fault and the ore deposit are not known by the author, other than that the mine is on the unfavorable or upthrown side.

Ore Deposits

The quartz vein that contains the gold- and silver-bearing ore shoots is 4 to 8 feet thick, strikes N. 30 E., and dips 30 to 52 degrees NW. It occurs in a strong shear zone that can be traced for several thousand feet. The main structure is cut at high angles by many cross fractures and small shear zones. Mr. Tomo Ito, consultant for the applicants, states: "The main vein is a hydrothermal fissure filling with enlargements, as observed in the old stopes, undoubtedly due to reopening by renewed movement along the fault. This is substantiated by the presence of ribboned quartz and recemented breccia in the vein. Along the shear zone, there is less alteration of the host rock where the vein quartz is strong and wide; however, when the quartz filling thins out or 'horsetails,' the alteration is severe with resulting kaolinization and sericitization."

The ore contains very finely disseminated native gold, and silver, probably as cerargyrite or tetrahedrite (Hewett notes that native silver is rarely seen in this area). Gangue minerals are quartz, calcite, siderite, and the alteration products, kaolinite and sericite. The examiner saw no sulphides in any of the vein material although pyrite, chalcopyrite, and bornite have been reported. Whether or not the Telegraph vein is a weakly mineralized root cannot be determined until the vein is explored below the old workings. The ore shoots that have been mined ranged in size from small pods to a shoot 50 feet in strike length and a dip length of over 100 feet with an average thickness of about 6 feet.

Sampling

Three samples were taken in the old stopes at the 50-foot level in shaft No. 2. Assays of these samples are as follows:

Sample Number	Ounces per ton Gold	Silver	Description
T-1	0.16	2.55	Chip sample from face of finger stope, south end of workings on 50-foot level; shaft No. 2
T-2	0.26	1.25	Chip sample from wall of stope 10 feet below drift on 50-foot level, south end of workings, shaft No. 2
T-3	1.10	2.50	Chip sample from footwall of main stope 10 feet above 50-foot level and 40 feet north of sample No. T-1

Ore Reserves

Mr. Ito did not attempt to estimate the ore reserves in his part of the application but stated that the metallurgy of finely disseminated gold ores has improved enough to set a value of at least $20 per ton on the Telegraph vein without considering the high-grade shoots that probably will be encountered. The bulk of the vein material has not been explored, even between the two working shafts (about 1,000 feet) and the structure is strong and persistent for several thousand feet. The author is not prepared to estimate how much of this is shipping ore in view of the generally sporadic yield of gold veins; however, the size of the structure is large enough and the ore shoots are of sufficiently high grade to justify a modest exploration program of the kind outlined below.

EXPLORATION

Applicants' Proposal

The applicants' first proposal consisted of deepening shaft No. 2 about 100 feet and crosscutting to the vein on two levels. This proposal was described in detail in the original application and was estimated to cost about $64,000. Admittedly this would be a superior method of exploration, as far as gold veins are concerned, if for no other reason than that sampling is much more conclusive in a drift than in drill core. However, the amount of underground work proposed was closer to development work than to exploration. In addition, the economic climate does not permit an expensive method if a cheaper substitute can be devised. Therefore, an amended proposal was submitted by the applicants at the suggestion of the examiner.

Examiner's Proposal

A modified project to which the applicants are amenable is proposed and consists of 8 to 10 inclined diamond drill holes to be drilled from surface sites. The drilling program, as set up by Mr. Ito, calls for 8 holes, and a ninth if allowable footage permits, to be drilled from surface sites to depths ranging from 200 to 300 feet, and calculated to intersect the Telegraph vein at a vertical depth of from 150 to 200 feet (Fig. 4). If the results of the drilling are favorable, an amendment to allow underground work could be approved at a later date. The amended proposal, dated August 9, that covers the drilling program has two defects which the applicants have said they will remedy. The first is that the drill sites are outside of the claim boundaries as shown on the plat; and second is that the contingency item in their cost estimate will probably not be allowed in its present form. If

the hole collars are moved to points within the claim boundaries the total footage will be less than before, and all nine holes can be drilled. The depth of holes ranges from 200 to 300 feet and the average depth per hole is 250 feet.

Proposed Exploration Costs

The applicants have provided bids from three drilling contractors. The bids are competitive and the low bid by the Fred Cannon Company is low for such work in the area. The cost of supervision is modest and little preliminary work is required on the property. Core boxes for cored intervals and transportation of water are included in cost per foot of drilling.

Cost Estimate

Mobilization and demobilization of drill rig and personnel....	$ 1,200.00
Drilling, 2,250 ft. in about 9 holes	
Non-core drilling, 1,800 ft. at $9.00/ft.....	16,200.00
Diamond core drilling (BX size), 450 ft. at $10.00/ft.....	4,500.00
Supervision, core logging, sampling, etc., 6 mos. at $500/mo..	3,000.00
Consulting geologist, 25 days at $75/day.....	1,875.00
Travel expenses, consultant, per diem at $16/day, 25 days.....	400.00
Mileage, 5,000 miles at 10¢/mile.....	500.00
Payroll taxes, FICA, insurance, etc.....	100.00
Office expenses, 6 mos. at $50/mo.....	300.00
Assaying, gold and silver, 30 samples at $5.00/ea.....	150.00
Preparation and transportation of samples, 30 at $2.50 ea.....	75.00
Camp rehabilitation and improvements, water storage and facilities.....	1,500.00
Total estimated costs of the work.....	$29,800.00
Government's participation at 75 percent.....	$22,350.00

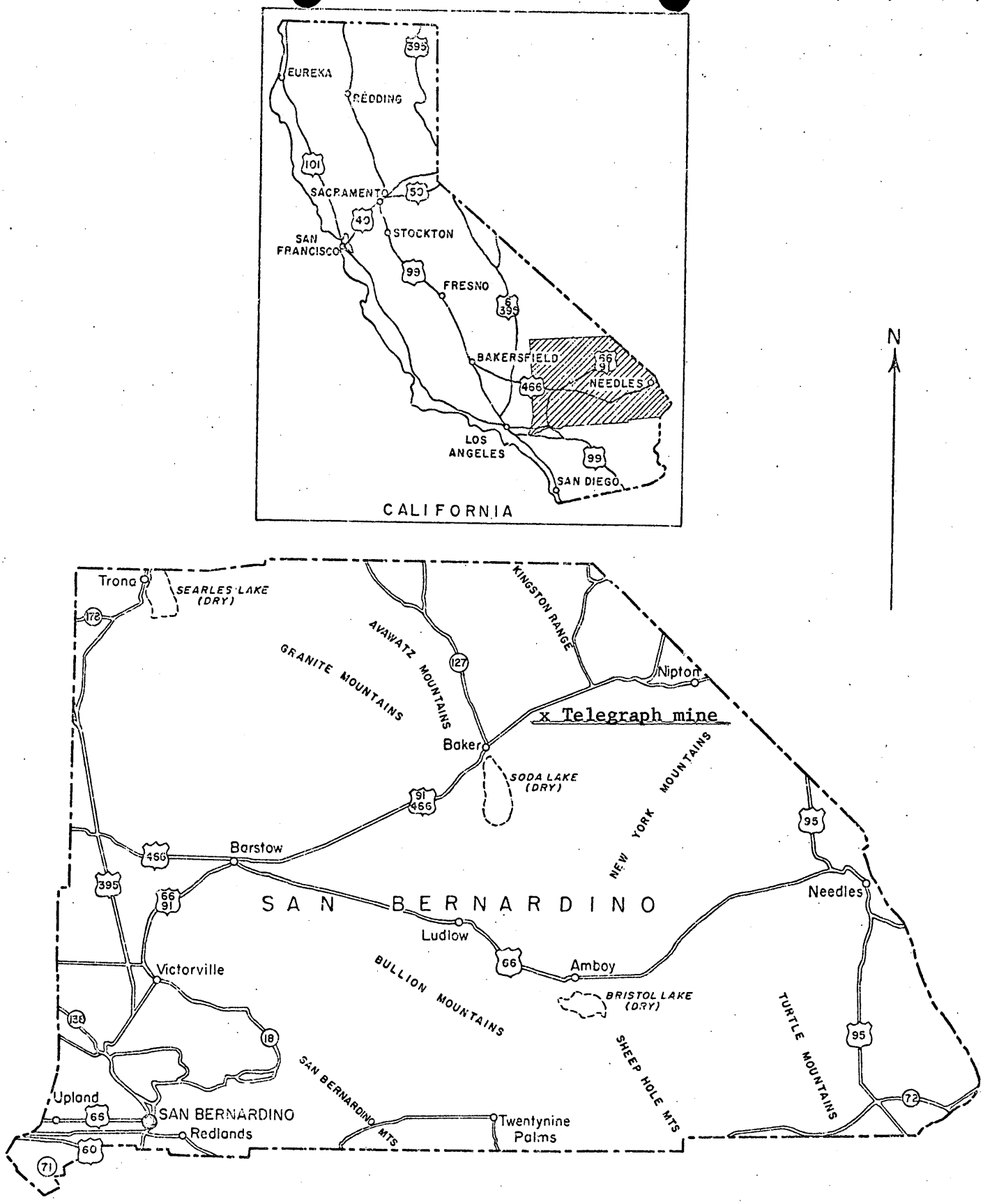


Figure 1. INDEX MAP OF SAN BERNARDINO COUNTY, CALIFORNIA

0 30 60 90 Miles

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6727
(Gold, Silver)

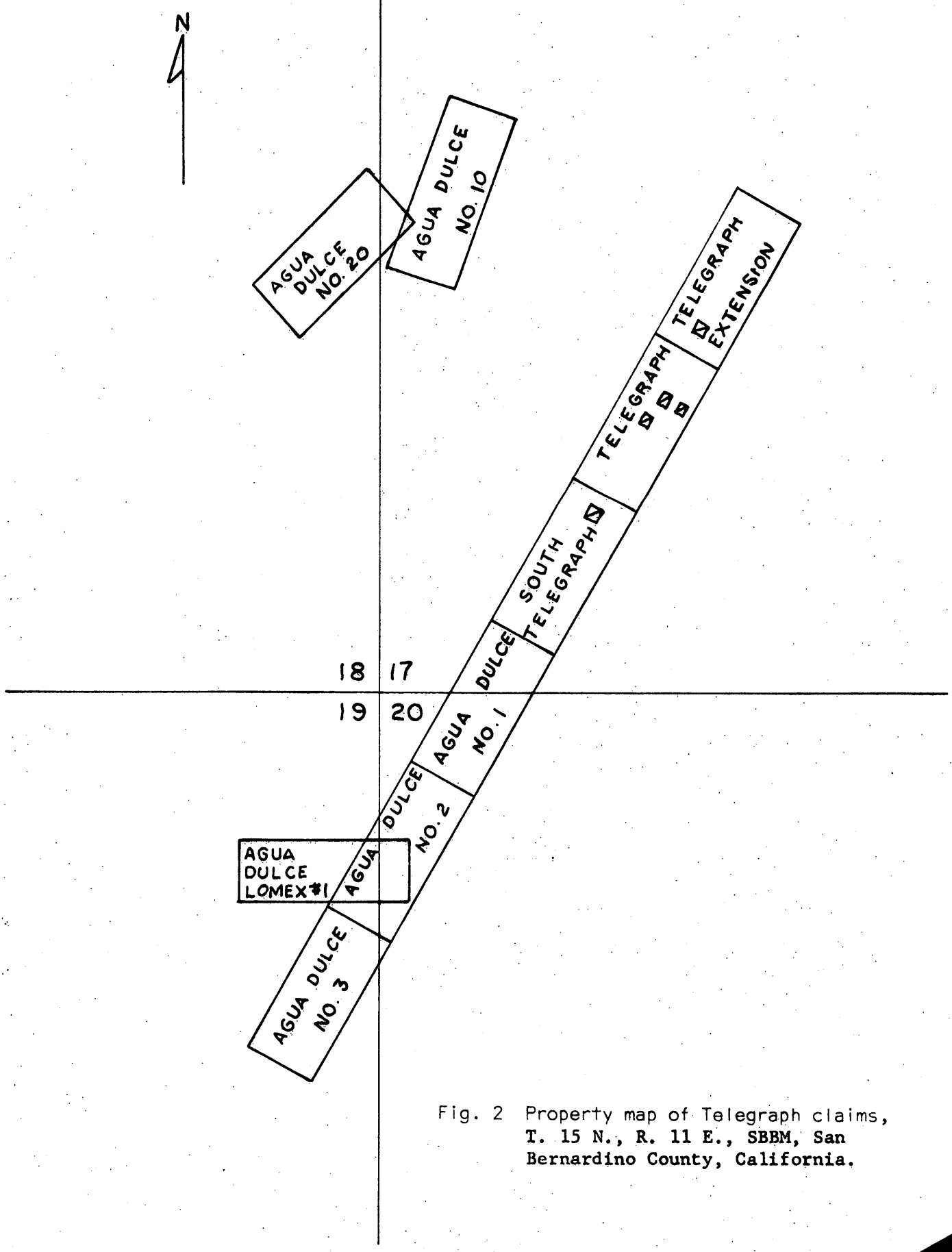
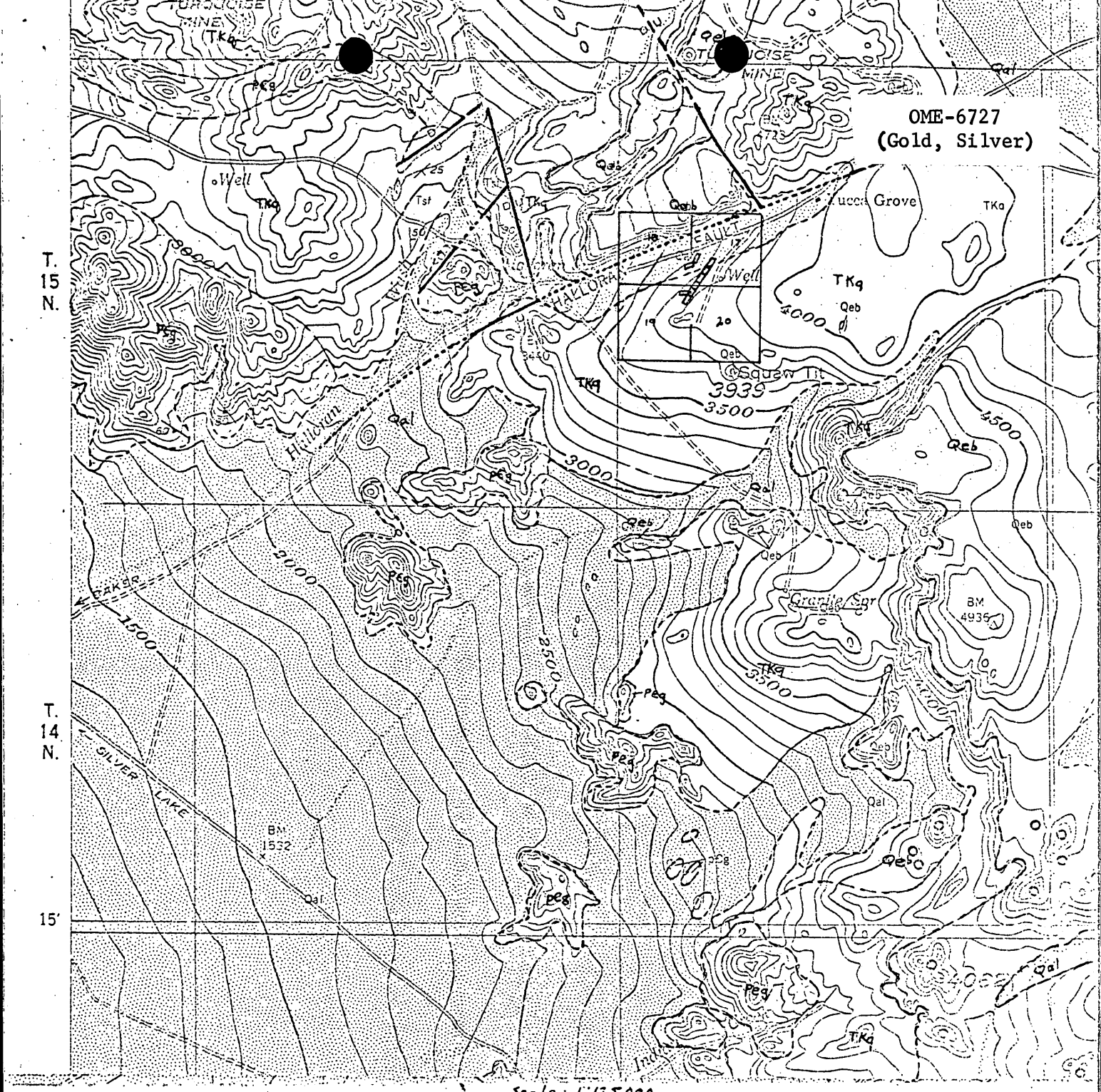


Fig. 2 Property map of Telegraph claims, T. 15 N., R. 11 E., SBBM, San Bernardino County, California.



Qal
Alluvium

Qeb
Basalt flows

TKq
Teutonia Quartz Monzonite

Pcg
Gneiss & Granite

From: D.F. Hewett: Geologic Map of The Ivanpah Quadrangle 1947-49

Fig. 3 Map showing geology of claims area.

TELEGRAPH PROPERTIES
MINING DIVISION - AGUA DULCE INC.
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 29 1968
INITIALS | CODE
130
120 M
120 P

August 22, 1968

RECEIVED
AUG 26 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

U.S. Department of Interior
Geological Survey
Office of Mineral Exploration
345 Middlefield Road
Menlo Park, California 94025

Attention: Mr. Harold K. Stager
Field Officer

Reference: OME Docket No. 6727

Dear Sir:

On my return from Europe after an extended three months tour of duty, Mr. Ito met with me just prior to his departure for an assignment in Mexico, and requested that I confirm certain points. These are as follows:

1. Reference to Quit Claim

   A. Mr. Terry Trout has no interest in Telegraph Properties, although the original purchase contract was made between Terry Trout, W.S. McGilvray Jr., and Judge Nosser. If you will refer to the original application, you will find it included a Quit Claim under which Mr. Trout has disposed of all his right, title and interest in Telegraph Properties to my brother, Morgan McGilvray and myself, W.S. McGilvray.

   B. Define Applicant. The application to the OME is made on behalf and in the name of Mr. Morgan McGilvray and Mr. W.S. McGilvray Jr.

   C. I am pleased to enclose copies of the original requests to the Security First National Bank and the Union Bank for consideration of a development loan, which will complete the file in this area, as you already have, in the original application, the letters from each bank advising that under current conditions they could not consider the loan request.

II. Since my return from Europe, we have forwarded to Mrs. Nosser the final $3500 payment required under the purchase agreement and have requested copies of Quit Claims and other appropriate documentation, which on its receipt by us, we will forward to your attention, both in Menlo Park and to the Washington, D.C. office. For your information, a copy of our letter to Mrs. Nosser transmitting the final payment is attached.

I am very pleased that the examinations by your office and consideration by the Department has resulted in a favorable recommendation, albeit for a reduced program. Mr. Ito has prepared and forwarded, on behalf of my brother and myself, the revised program, drawn as a result of discussions and conferences with you and your staff. It seems to me that a great deal of interest can be developed with this modified approach and we most sincerely believe that the findings will encourage both the Department and ourselves to proceed with active development at the property on completion of the initial exploratory work.

If you have any further questions, I will be pleased to answer them. Mr. Ito is expected back from Mexico this week and will be available also to discuss any matters which you feel have a bearing on the forward progress of this project.

We are grateful for the consideration and assistance rendered by yourself and the Department and trust that the information herein supplied, together with the revised program as prepared by Mr. Ito, will permit the Department to authorize the funds necessary to proceed with this project.

Very truly yours,

W. S. McGilvray, Jr.

WSM/mb

cc: Mr. Frank E. Johnson, Chief
Office of Minerals Exploration

Mr. Tomo Ito
Mr. Morgan McGilvray
Mr. Maxson Smith
Mrs. Elsie Nosser

SCOTT MCGILVRAY
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

April 9, 1968

Mr. Philip Thomas
Asst. Vice-President
Security First National Bank
1250 Fourth Street
Santa Monica, Calif.

Dear Phil:

Thank you for the time you gave to review the development program Mr. Ito has prepared for the Telegraph Mines Properties. We believe that the expenditure of about $65,000.00 for this development program will go a long way toward permitting us to put this property in operation. This exploration and development work should then enable us to organize suitable long term financing for a continuing operation subject, of course, to developing a broader knowledge of the ore body and a better definition of its size.

I recognize that mine exploration financing is no longer common here in California, and regret that we cannot collateralize the loan we have suggested in a named amount.

I would hope you would give every consideration to our request in light of what we believe the value of the property to be, and in the long term interests of the country.

I would appreciate your earliest possible statement, as, if these lines of credit are not open to us, we must try other sources.

With best regards,

D. S. McGilvray, Jr.

cc Mr. T. Ito
Mr. M. McGilvray
File ✓

SCOTT MCGILVRAY
426 GEORGINA AVENUE
SANTA MONICA, CALIF. 90402

April 23, 1968

Mr. Jacob Sitser
Union Bank, Head Office
5th and Figueroa Streets
Los Angeles, Calif.

Dear Jack:

I appreciate very much the time you took with my presentation and review of the exploration and development program prepared by Mr. Ito for the Telegraph Mining Properties my brother and I are acquiring under conditional sales contract from Mrs. Elsie J. Nosser.

Mr. Ito, my brother and I believe that the program, reckoned to cost about $60,000.00 to $70,000.00 will prove a size of ore body such that financing mining operations for recovery of the ore will be practicable.

While I agree that exploration hard rock mining financing is somewhat uncommon now in this area, this seems to be a project worthy of consideration in terms of rewards and contribution to the U. S. economic needs. Equally, I must confess it is not possible for my brother and me to collaterize the loan we seek.

I know that your other colleagues will be out and your own travel schedule is very heavy, but I would be grateful for your earliest advice. We are anxious to proceed.

With regards,

W. S. McGilvray, Jr.

cc Mr. T. Ito
Mr. M. McGilvray
File ✓

August 21, 1968

Mrs. Elsie J. Hoover
501 Argus Street
Ridgecrest, California 93555

Dear Mrs. Hoover:

I am very grateful for your understanding of my unanticipated extended tour of duty in Europe. When I left California on May 22 I truthfully expected to return in three weeks and, from the several cables I sent you from England, I am sure you realize that the tour of duty was extended, and I only returned to California the weekend before this. A three weeks assignment turned into almost twelve, and it was most demanding and very disappointing to me that my company affairs kept me away so long in light of the progress of my own affairs.

I found on cabling the bank, that due to complexities of banking arrangements, it was necessary for me to personally make some re-adjustments with the bank, and these had to be held until my return. I met with the bank last Friday, August 16, and accomplished the necessary work with them, and I am pleased to enclose with this letter a check in the amount of $3500, which is the final payment to be made to you in the acquisition of Telegraph Properties, pursuant to our Conditional Sales Contract.

I should also report to you that, due to budgetary limitations, the Office of Mineral Exploration has found it necessary to reduce the initial amount of financing which we contemplated for the development of Telegraph, by a factor of 50%; however, this is a project which the Department does wish to support, and Mr. Ito has filed an amended application, copy of which I have requested him to relay to you for your information. We are told that the Department will grant the funds requested.

It would appear there are several pieces of paper now which are required to indicate that our purchase agreement is complete, such as your transfer to us of documentary evidence of right, title, possession, and ownership, and I would ask that you be kind enough to draw an appropriate Quit Claim, and to provide such other documentary evidence as you feel is appropriate.

I am meeting with Mr. Hanson Smith, our attorney, on Wednesday, and following this, will be able to define more precisely any additional documentation which he feels is necessary and useful, and these we will be pleased to prepare and forward for your signature. In this regard, the transfer of title will be to my brother, Morgan McIlvray, and myself, as Mr. Trout has disposed of his interest in Telegraph Properties to us, pursuant to the Quit Claim, of which you have already received a copy. Mr. Smith will finally decide if an amendment to the basic purchase contract is desirable, but your Quit Claim should be drawn in favor of my brother and myself.

I regret the unanticipated extension of my trip and, of course, delayed return, and trust that any inconvenience which may have resulted from making the final $3500 payment at this date, in lieu of July 1 as anticipated.

I have some additional information to provide O.M.E. and will advise them that we have completed mine acquisition payments to you and that, in due course, we will provide them with appropriate documentation showing the completed transaction and transfer of ownership to my brother and to me.

As I know you have a great interest in Telegraph Properties and its development, we will keep you informed of the work that we are doing, and again may I advise you that you are welcome to visit the mine at any time.

Very truly yours,

W. D. McGilvray

WDM/ab

cc: Mr. Morgan McGilvray
Mr. Marson Smith

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE • REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

August 9, 1968

Mc Gilvray

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 14 1968
PROJECTS CODE
~~130~~
gla 120 m
~~110~~
on hand 120 P
120

Mr. Harold K. Stager, Field Officer
Office for Minerals Exploration
345 Middlefield Road
Menlo Park, CA 94025

Dear Mr. Stager:

We herewith submit the ammended proposal for exploration assistance under Docket No. OME-6727, for a total budget of $30,000.00.

Should more information or changes be required, please contact me or Mr. W. S. McGilvray. I will be out of the country for about two weeks, but I shall contact you on my return for assurance that everything is in order.

Sincerely yours,

Tomo Ito

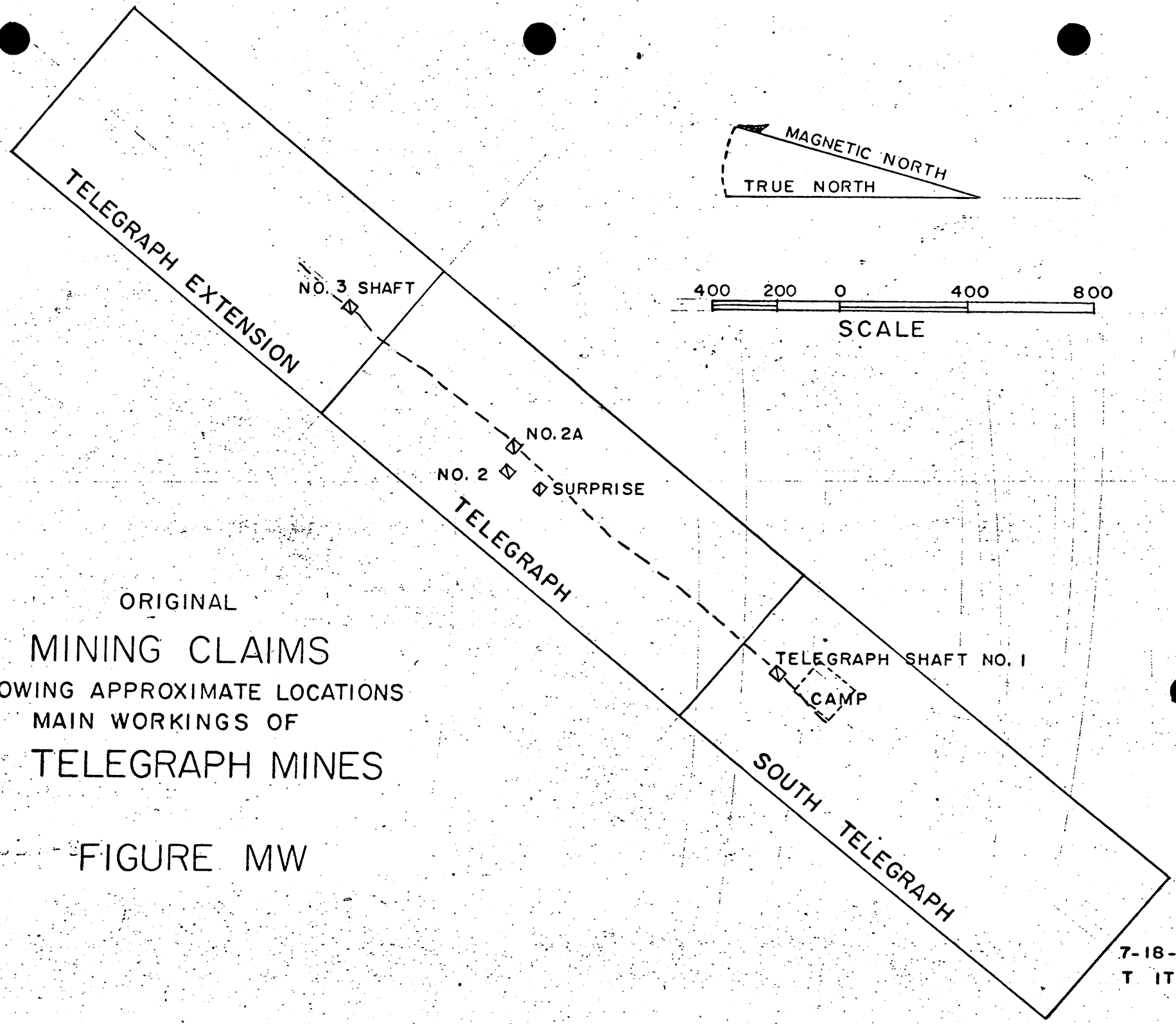
Tomo Ito
Consultant

OME-6727
W. S., Jr. and Morgan McGilvray
426 Georgina Avenue
Santa Monica, CA 90402

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERAL EXPLORATION

AMMENDED PROPOSAL FOR EXPLORATION

Amended Proposal



ORIGINAL

MINING CLAIMS

SHOWING APPROXIMATE LOCATIONS
MAIN WORKINGS OF

TELEGRAPH MINES

FIGURE MW

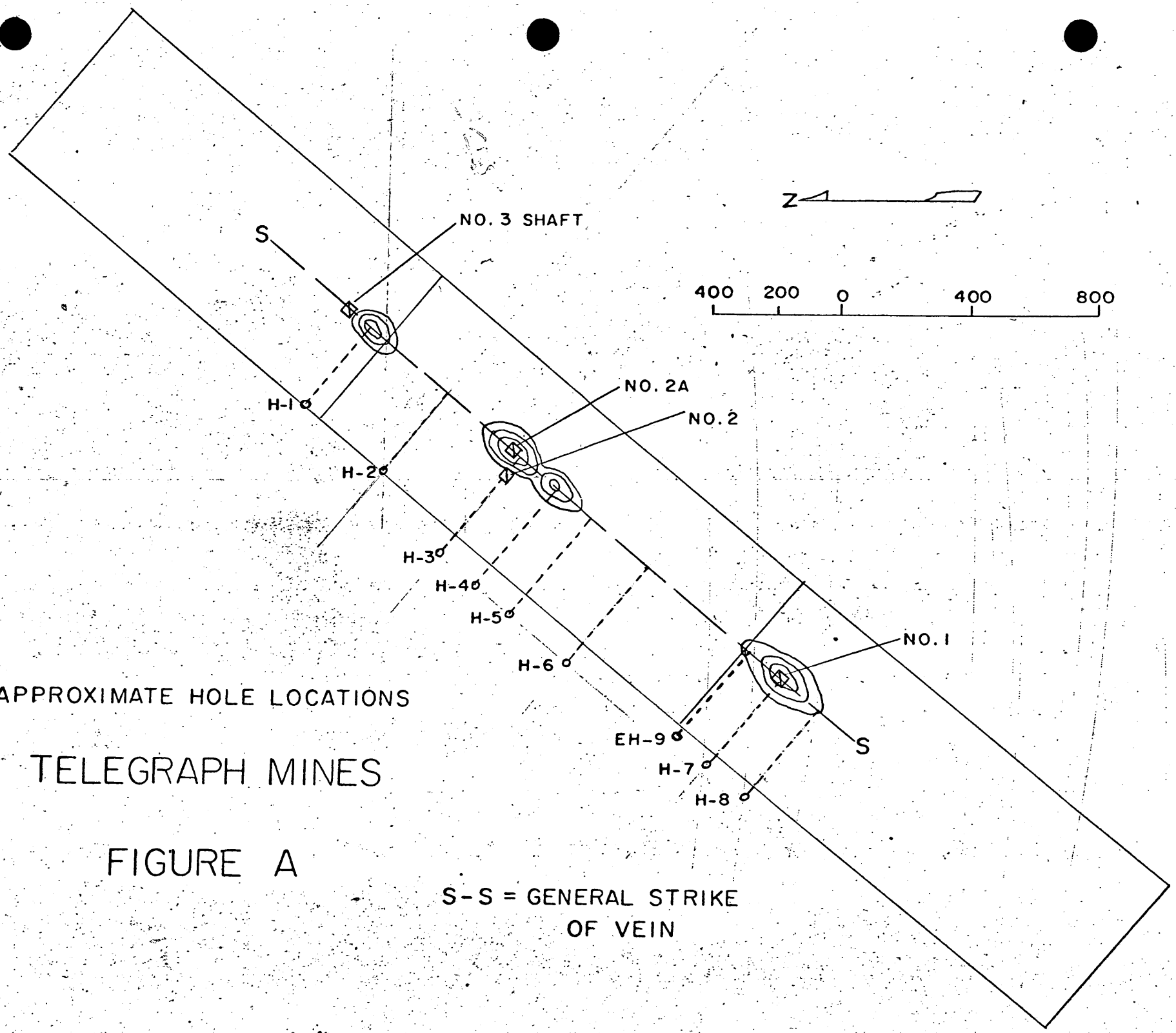
APPLICATION FOR FINANCIAL ASSISTANCE IN MINERAL EXPLORATION

5. EXPLORATION WORK - AMMENDED PROPOSAL

In order to achieve essentially the same goal as our original proposal, we submit the following program of drilling from the surface. This preliminary program encompasses a greater area than the original program which was concentrated in and around Shaft No. 2.

The following program is designed to explore the underground vein structure from the No. 1 Shaft, northeasterly along the strike, to Shafts No. 2 and 3 (please refer to Figure MW). More holes are centered near No. 2 mainly because more underground information and data is available due to the accessibility of the old workings (please refer to Figure A).

The approximate placement of the holes, their attitude and their depth, have been determined by (1) total footage, which is dictated by budget, (2) known attitudes of the main vein, and (3) the approximate extent and position of the old workings. In the area of shafts No. 1 and No. 2, the average dip of the vein is about 45 degrees, and the proposed drill holes are to be of the same inclination to intersect the vein at right angle (refer to Fig. B).



APPROXIMATE HOLE LOCATIONS

TELEGRAPH MINES

FIGURE A

S-S = GENERAL STRIKE OF VEIN

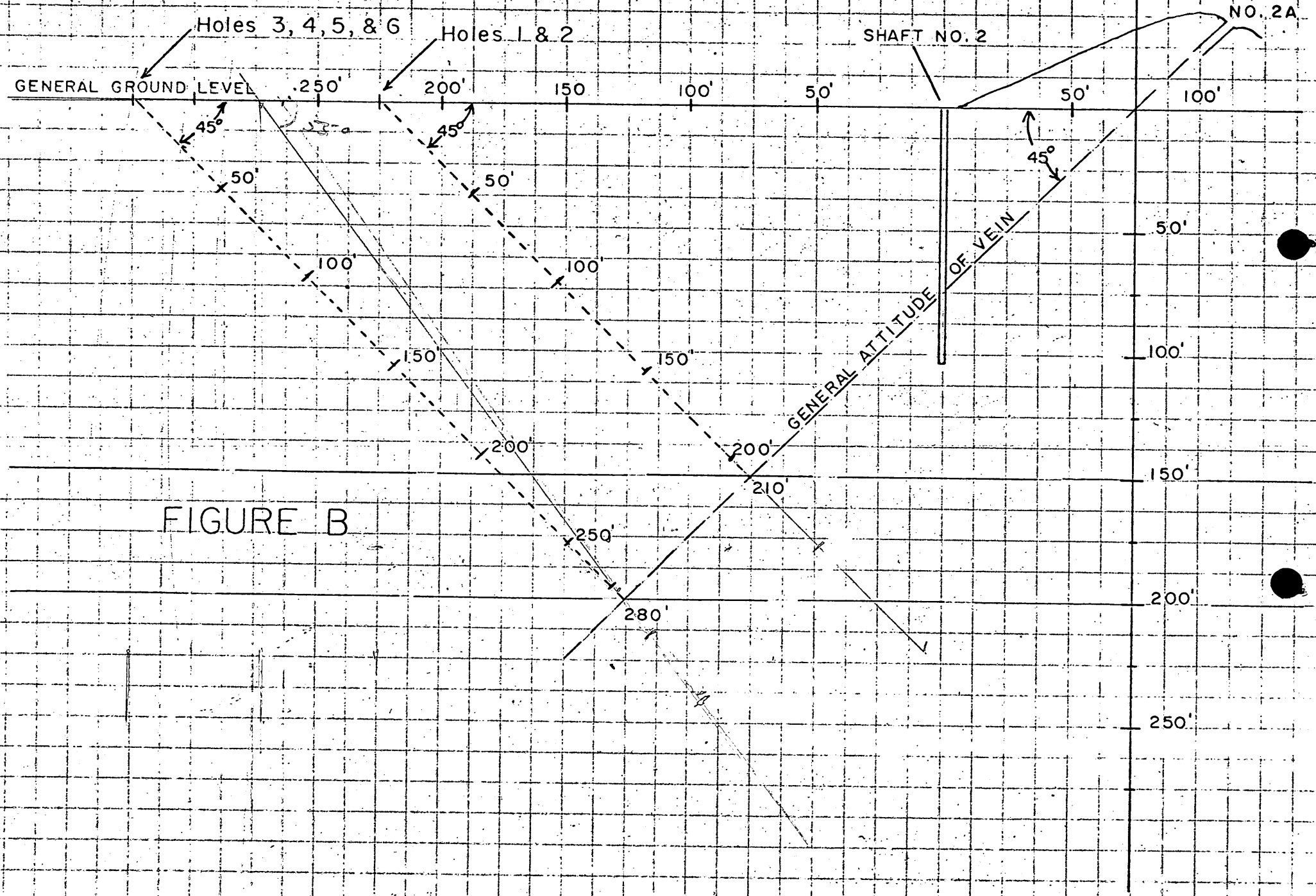

Holes 3, 4, 5, & 6
Holes 1 & 2
SHAFT NO. 2
NO. 2A
GENERAL GROUND LEVEL
250'
200'
150
100'
50'
50'
100'
45°
45°
45°
50'
50'
100'
100'
150'
150'
200'
200'
210'
250'
280'
GENERAL ATTITUDE OF VEIN
50'
100'
150'
200'
250'

FIGURE B

The three holes near Shaft No. 1 are to be drilled at 60 degrees due to the flatter vein in that area (please refer to Figure C). In order to avoid any of the old workings in this area, holes 7, 8, and 9, are placed to intersect the vein at approximately the 300-ft. level (on incline) beyond the assumed shaft depth of 275 feet*. Projection of the holes is carried 20-25 feet beyond the intersection with the vein, in order to minimize any possibility of missing a "split-vein" or a "blind-lead".

Coring will be limited to the last 50 to 75 feet of each hole, because (1) the writer feels that it is not necessary to core the country rock, and (2) non-coring is more economical in that the "core-chaser", core trays, and handling and storage of cores is eliminated.

Samples will be limited to the vein material which will be divided into at least two classifications - the hangingwall and footwall sections. However, this cannot be a hard and fast rule, and provisions must be made for more.

If an OME contract is granted, work would begin within 2 to 3 weeks. Rate of work as expressed by the contractors varies from 20 to 30 feet per day. Considering moving from one location to another and setting up, an average footage of 20 per day has been adopted for computations.

* Verbal communications with oldtimers claiming knowledge of this figure by virtue of working in the shaft.

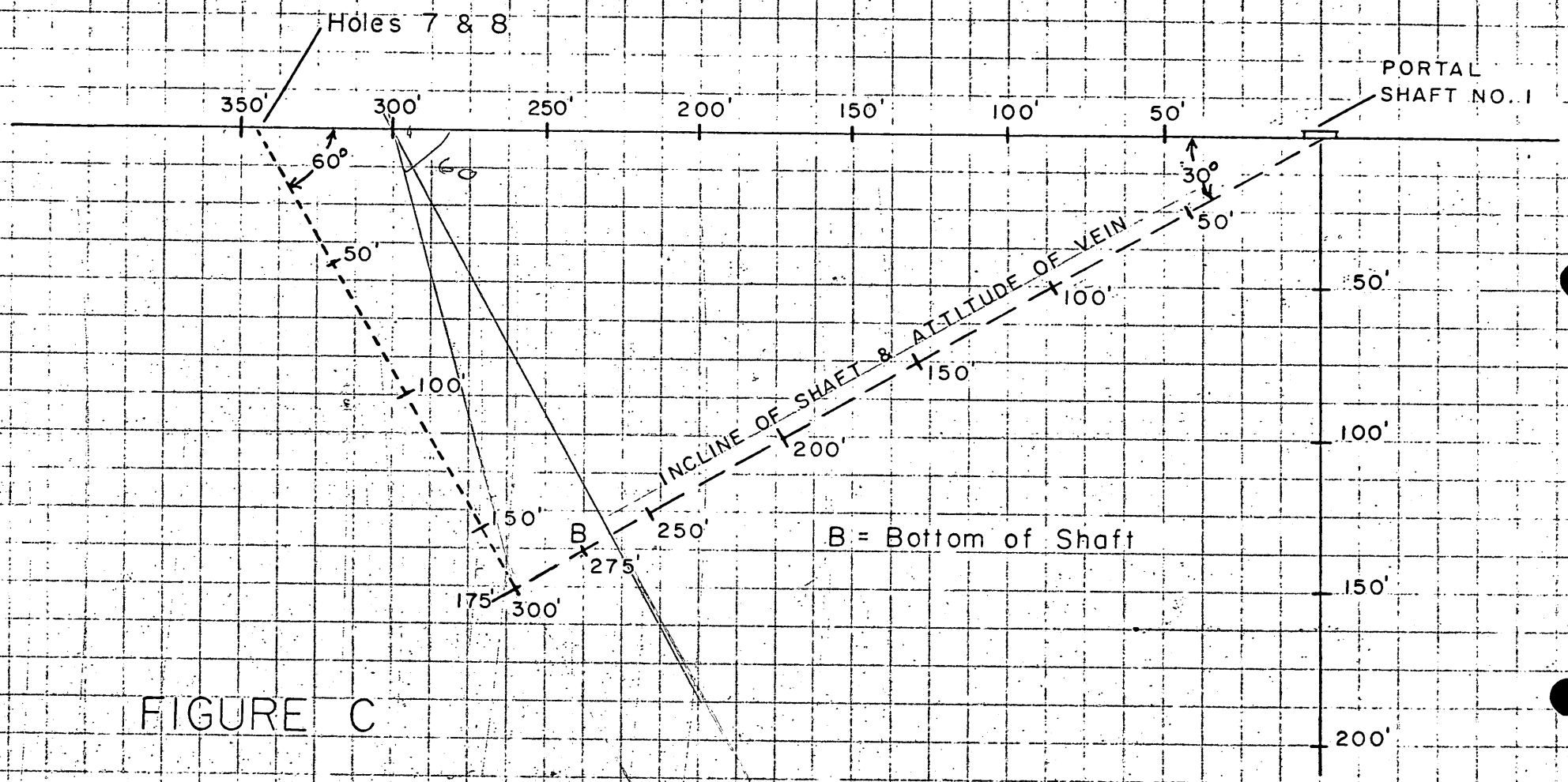

Holes 7 & 8
PORTAL
SHAFT NO. 1
350'
300'
250'
200'
150'
100'
50'
60°
30°
50'
100'
150'
175'
300'
B
275'
250'
200'
150'
100'
50'
INCLINE OF SHAFT & ATTITUDE OF VEIN
B = Bottom of Shaft
50'
100'
150'
200'

FIGURE C

EXHIBIT I

COSTS AND TIME SCHEDULE

5. EXPLORATION WORK

Hole No.	Total Depth	Non-Core Footage	BX Core Footage
1	230 Feet	180	50
2	230	180	50
3	300	250	50
4	300	250	50
5	300	250	50
6	300	250	50
7	200	150	50
8	200	150	50
9 (Extra)	200	150	50
	2,260	1,810	450

DRILLING CONTRACTOR BID NO. 2

1,810 feet non-coring w/casing @ $9.00/ft.	$16,290.00
450 feet BX coring(incl. boxes) @ $10.00/ft.	$ 4,500.00
Mobilization and Demobilization (lump sum)	$ 1,200.00
Total	$21,990.00

Average = $9.73 per Foot

DRILLING CONTRACTOR BID NO. 1

Number of Holes = 8 Total Depth = 2,060ft.

Non-Core Footage = 1,660 Core Footage = 400

1,660'non-coring, w/casing @ $10.50/ft.	$17,430.00
400' Coring BX @ $10.00/ft.	4,000.00
Mobilization and Demobilization	800.00
Moving - One location to another - 8 @ $100ea.	800.00

Cardboard core boxes - 25' capacity ea. 16 boxes at $1.50		$ 24.00
Average = $11.20 per Foot	Total	$23,054.00

BID NO. 2 - Fred Cannon Company Figures have been selected for the following computations. All the bids bids received are attached as Exhibit II.

TOTAL COST - DRILLING 2,260 feet, Coring & Non-coring		$21,990.00
2,260 feet at 20 feet per day = 113 total days		
5 days/week = 23 weeks		
"CORE-CHASER" - Log and Core Recorder		
450ft. @ 20'/day = 23 days + 50% = 35 days		
35 days @ $24/day($3.00/hr.)		$ 840.00
SAMPLES - 18 minimum + 50% or 27 max.		
Preparation & shipping, $2.50ea	$67.50	
Assays - 27 samples @ $5.00 ea	$135.00	$ 202.50
Consultant(Geologist)		
Time period = 23 weeks		
2 days per every 2 weeks - 11 Trips		
2 days @ $75/day	$150.00	
Expenses - $16.00 per diem	32.00	
Mileage - 460 @ 10¢/mi.	46.00	
11 Visits @	$228.00	$2,508.00
Camp Improvements - Water Storage & facilities		$1,500.00
		$27,040.50
CONTINGENCIES - approximately 11%		$ 2,959.50
Grand Total		$30,000.00

7. ESTIMATE OF COSTS

The above computations demonstrate the total budget and the weekly average, on the basis of 23 weeks, is $1,304.35

EXHIBIT II

BIDS RECEIVED

DRILLING CONTRACTORS

7. ESTIMATE OF COSTS

CONTINENTAL DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS
2810 NORTH FIGUEROA
LOS ANGELES, CALIFORNIA 90065
TELEPHONE CAPITAL 2-7146

EXPLORATION DRILLING
GROUT HOLE DRILLING
CEMENT GROUTING
CHEMICAL GROUTING

July 31, 1968

BRANCH OFFICE:
419 SO. 96TH STREET
SEATTLE 8, WASHINGTON
ROCKWELL 2-1911

Ref: LAX 68-27

Mr. Tomo Ito
1902 Havemeyer Lane
Redondo Beach, California 90278

Dear Mr. Ito:

After having examined the proposed drilling program on your property near Baker, California, we are submitting the following bid:

Item No.	Description	Unit Price		Unit
1.	Mobilization & Demobilization	$ 800.00		Lump Sum
2.	Moving From Hole to Hole	100.00		Each
3.	Drilling Non Coring	8.50		Per Foot
4.	Core Drilling 0 to 500 Feet	NXWL 11.00	BXWL 10.00	Per Foot
5.	Setting Casing in Hole - Non Reaming	2.00		Per Foot
6.	Reaming and Installing Casing	3.50		Per Foot
7.	Cementing and Drilling Cement Contractor to Furnish Own Cement	25.00		Per Hour
8.	Contractor to Haul Own Drilling Water			
9.	Cardboard Core Boxes	1.50		Each

Yours very truly,

CONTINENTAL DRILLING COMPANY

P. A. Conte

P. A. Conte
Exploration Manager

PAC/ed

CORE HOLES GROUT HOLES PRESSURE GROUTING SOIL TESTS

FRED B. CANNON FRED R. CANNON

FRED CANNON COMPANY

DIAMOND DRILLING CONTRACTORS

OFFICE PHONE NEWMARK 2-2308 RES. PHONE NEWMARK 1-1995

1209 EAST ROSECRANS AVENUE

P. O. BOX 5369 .... COMPTON, CALIFORNIA

August 7,1968

TOMO ITO

Consulting Mining Geologist & Metallurgist

1902 Havemeyer Lane

Redondo Beach, California 90278

SUBJECT: Drilling Prices for mine property four miles east of Halloran Springs, Calif. Approximately 2,000 Ft. of Overburden Drilling and BX Coring will be performed. Prices listed below.

ITEM			
1.	Mobilization & Demobilization	Lump Sum	$1,200.00
2.	O. B. Drilling & placing BX Casing	Per. Ft. non core drilling	9.00
3.	BX Coring	Per. Ft. core "	10.00

Prices include Core Boxes for Cored interval and transporting of water for Drilling Operation.

Very truly yours

Fred Cannon Company

Fred R. Cannon

Fred R. Cannon

KORE DRILLING, INC.
16022 ARMINTA STREET
VAN NUYS, CALIFORNIA 91406
780-5140 873-1234

August 8, 1968

Mr. Tomo Ito
1902 Havemeyer Lane
Redondo Beach, California 90278

Dear Mr. Ito:

The following is our quotation for the proposed drilling project on your property near Baker, California:

	Description:		Unit Price:	Unit:
Item #1	Mobilization & Demobilization		$ 900.00	Lump Sum
Item #2	Each Move From Hole to Hole		200.00	Each
Item #3	Core Drilling - 0 to 500 Feet	NXWL	12.00	Lin. Ft.
		BXWL	11.00	Lin. Ft.
Item #4	Non Coring Drilling		9.00	Lin. Ft.
Item #5	Cementing & Drilling Cement		25.00	Per Hr.
Item #6	Casing - Setting in Hole, Non Reaming		2.50	Lin. Ft.
Item #7	Casing - Reaming & Installing		4.00	Lin. Ft.

We will furnish our own cement and drilling water, and supply necessary cardboard core boxes for a charge of $1.75 each.

Very truly yours,

KORE DRILLING, INC.

Gadi Goldstein

Gadi Goldstein

GG/np

Tomo Ito

CONSULTING MINING GEOLOGIST AND METALLURGIST
1902 HAVEMEYER LANE • REDONDO BEACH, CALIFORNIA 90278
TELEPHONE (213) 376-3635

August 3, 1968

OME-

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 9 1968

INITIALS	CODE
	120
	120
	110
	120
HK	120

Mr. Harold K. Stager, Field Officer
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, CA 94025

Dear Mr. Stager:

This is to keep you current on our OME application. Directly after my telephone conversation with you, Four drilling contractors were contacted, and the results have been painfully slow. One bid is in hand, one is reportedly in the mail, and the third contractor is to meet me at the site on Tuesday. The fourth is yet to contact me.

Hopefully, the application in its amended form should be finished by the end of next week as I will be leaving for Mexico City.

With best personal regards to you and Mr. Carlson, I am,

Sincerely yours,

Tomo Ito

Tomo Ito

RECEIVED
AUG 6 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/29/68	Peterson	120
5/29/68	Kirkham	120
		110
		220
		120M

MAY 31 1968

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6727 (Gold-Silver)
W. S. McGilvray Jr., and Morgan McGilvray
Telegraph Mines
San Bernardino County, California

We are referring the subject application to you for further consideration, a field examination if warranted, and recommendations.

The application lacks much of the geologic evidence to support the view that significant ore reserves would be discovered by the proposed work. Past production records cited in consultant's report suggest that the property has a limited potential, and it is doubtful that Government participation in the proposed work can be justified. In this connection, the proposal to extend the present drifts on the 50 and 100-foot levels appears to be development and as such is not eligible for assistance.

If a contract is recommended, it should be determined who the Applicant is, W. S. McGilvray Jr., and Morgan McGilvray, or Aqua Dulce, Inc. This is not clearly stated in the application. In addition, copies of the Applicant's letters to two banks requesting an exploration loan are required, and Lien and Subordination Agreements are needed if the Applicant has not completed the acquisition of the property. We note that Terry Trout is also listed as one of the buyers of the Telegraph mine.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's Reading File
Economic Geology File
~~OME~~ Docket
OME Reading File
Mr. Peterson
130

ECPeterson/bsl 5/29/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/28/68	Peterson	120
5/29/68	Kerkhemer	120
		110
		220
		120M

MAY 31 1968

AIRMAIL

Mr. W. S. McGilvray Jr., and
Mr. Morgan McGilvray
426 Georgina Avenue
Santa Monica, California 90402

Re: OME-6727 (Gold-Silver)
W. S. McGilvray Jr., and
Morgan McGilvray
Telegraph Mines
San Bernardino County, California

Gentlemen:

The subject application for exploration assistance has been reviewed in our Washington Office. Although further information may be required, including the submittal of copies of your letters to two banks requesting an exploration loan, we are referring the application for further consideration to Mr. Stager, Field Officer, Region II, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

Mr. Stager will notify you if he requires additional information and to arrange for an on-site examination of the property, if necessary.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Mr. Peterson
Region II

ECPeterson/bsl 5/28/68

May 23, 1968

Mr. W. S. McGilvray Jr.
and
Mr. Morgan McGilvray
426 Georgina Avenue
Santa Monica, California 90402

Subject: OME-6727

Gentlemen:

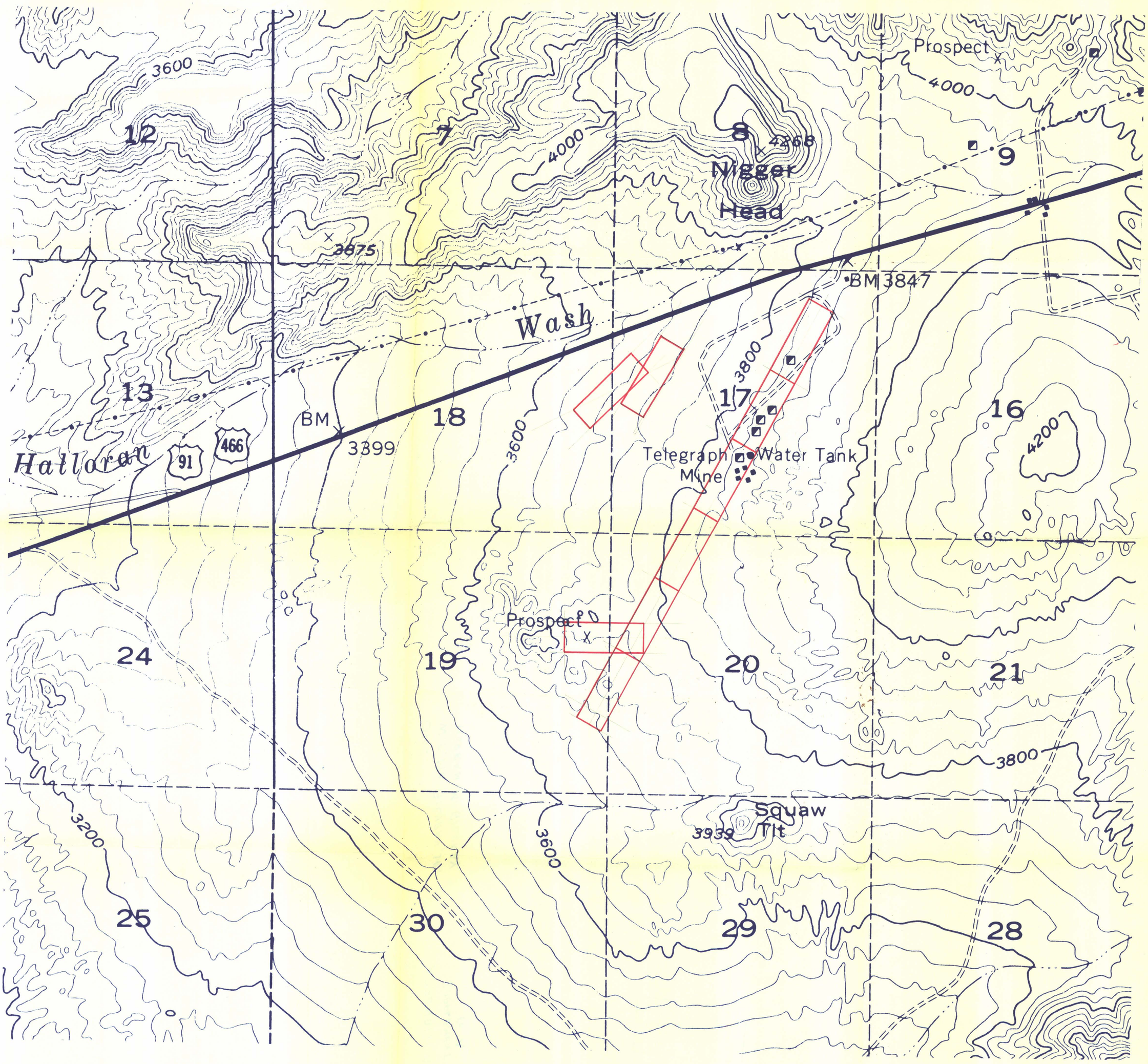
Your application for exploration assistance, dated May 14, 1968, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6727.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region II


Prospect
4000
3600
12
7
4000
8
4268
Nigger
Head
9
3875
BM 3847
Wash
3800
13
17
16
BM
3399
18
3600
4200
Hallorán
91
466
Telegraph
Mine
Water Tank
Prospect
24
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3800
3200
Squaw
Tit
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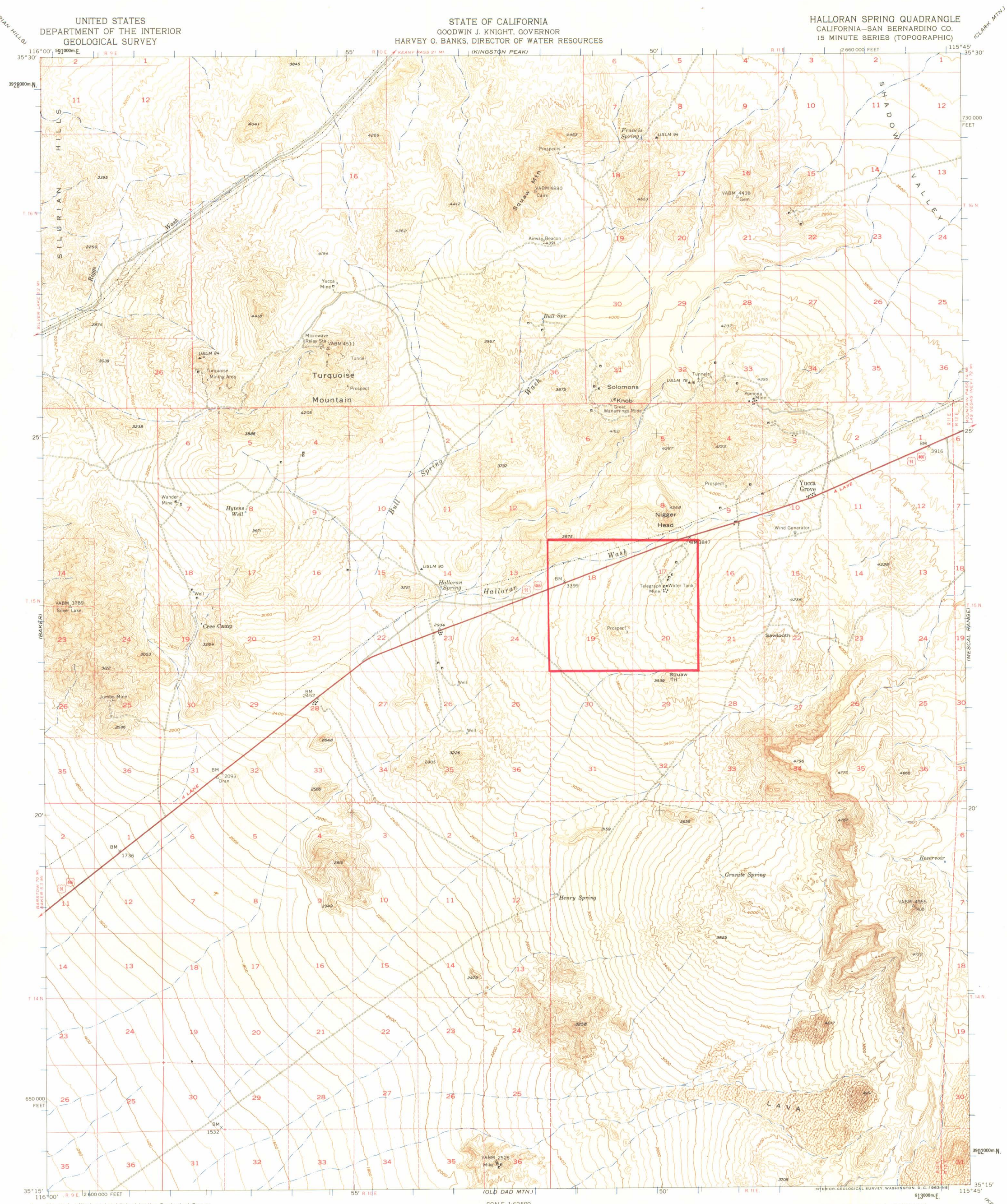
UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

STATE OF CALIFORNIA
GOODWIN J. KNIGHT, GOVERNOR
HARVEY O. BANKS, DIRECTOR OF WATER RESOURCES

HALLORAN SPRING QUADRANGLE
CALIFORNIA—SAN BERNARDINO CO.
15 MINUTE SERIES (TOPOGRAPHIC)



Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Topography from aerial photographs by multiplex methods and by planetable surveys 1956. Aerial photographs taken 1953

Polyconic projection. 1927 North American datum
10,000-foot grid based on California coordinate system, zone 5

Dashed land lines indicate approximate locations

Land lines are omited in T. 14 N.–R. 11 E. because of insufficient data

1000-meter Universal Transverse Mercator grid ticks, zone 11, shown in blue

15½°
TRUE NORTH
MAGNETIC NORTH
APPROXIMATE MEAN DECLINATION, 1956

SCALE 1:62500

1 ½ 0 1 2 3 4 MILES

3000 0 3000 6000 9000 12000 15000 18000 21000 FEET

1 .5 0 1 2 3 4 5 KILOMETERS

CONTOUR INTERVAL 40 FEET
DATUM IS MEAN SEA LEVEL

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS

CALIF
QUADRANGLE LOCATION

ROAD CLASSIFICATION
1963
Heavy-duty — Light-duty
Unimproved dirt
U. S. Route

HALLORAN SPRING, CALIF.
N3515—W11545/15
1956