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 –
Contract Date

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of **San Juan**, State of **Colorado**,

described ~~as follows~~: 2/ **in a lease dated January 22, 1965 and recorded in Book 188, Page 198, official records of said county**

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

Henrietta Mines Inc. 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 as to ownership of the patented claims covered by said lease. We have purchased and paid in full for the tax sale certificates on the additional 1/2 interest in the Prosperity ~~and La Cross claims and now, in effect, own~~ a 100% interest in said claims, and will be applying for a Treasurer's Deed to such additional 1/2 interest. Annual assessment work was done for the assessment year ending ~~6/31/67 for the following unpatented claims:~~ Gulch, C.L.M., U & I, Moodie No. 1, Moodie No. 2, Tetrahedrite No. 1, and Tetrahedrite No. 2. Except as herein stated, we know ~~of no claim, lien or encumbrance upon the undersigneds' right, title, or interest in~~ or against any ofthe aforementioned claims.

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

Dated this 20th day of October, 19 57.

Robert R. Moodie (Seal) (Robert R. Moodie)	2521 N. W. 49th Place (Street)	
	Oklahoma City, Okla. 73112 (City & State)	
Naomi H. Jones (Seal) (Naomi H. Jones)	126 S. Clarkson St. (Street)	
	Denver, Colo. 80209 (City & State)	
_____ (Seal)	_____ (Street)	
	_____ (City & State)	
_____ (Seal)	_____ (Street)	
	_____ (City & State)	
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_____ (Seal)	_____ (Street)	
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I, Naomi H. Jones (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that Robert R. Moodie (Name), who signed this agreement was then President (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.

BLUE BIRD MINING & MILLING COMPANY, INC.

By: Naomi H. Jones Secretary
(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. JOME –
Contract No. 14-23-090 –
Contract Date

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Henrietta Mines Inc. 3/

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

Dated this 20th day of October, 19 67.

Robert R. Moodie (Seal)	2521 N. W. 49th Place	(Street)
	Oklahoma City, Okla. 73112	(City & State)
Naomi H. Jones (Seal)	126 S. Clarkson St.	(Street)
	Denver, Colo. 80209	(City & State)
_____ (Seal)	_____	(Street)
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_____ (Seal)	_____	(Street)
	_____	(City & State)
_____ (Seal)	_____	(Street)
	_____	(City & State)
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BLUE BIRD MINING & MILLING COMPANY, INC.

By Naomi H. Jones Secretary

(Corporate Seal)

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 –
Contract Date

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Robert R. Loodie (Robert R. Loodie)	(Seal)	2521 N. W. 49th Place (Street) Oklahoma City, Okla. 73112 (City & State)
Naomi H. Jones (Naomi H. Jones)	(Seal)	125 S. Clarkson St. (Street) Denver, Colo. 80209 (City & State)
	(Seal)	(Street) (City & State)
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BLUE BIRD MINING & MILLING COMPANY, INC.

By: Naomi H. Jones Secretary

(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
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OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
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BLUE BIRD MINING & MILLING COMPANY, INC.

By: Naomi H. Jones Secretary
(Corporate Seal)

MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. _____ Docket No. 6671

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] 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
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [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
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] 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. 2: Maps (Use pocket folder ~~or envelope~~)

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 203

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INITIALS CODE
130
120
110
130

November 22, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Henrietta Mines Application
Henrietta Mine
San Juan County, Colorado

I transmitted an application for financial assistance in minerals exploration on the subject property on November 17, 1967 and stated in my transmittal letter that a check would be made with the U. S. Bureau of Mines concerning their appraisal of the Henrietta Mine. I also stated that I thought the proposed program was somewhat ambitious insofar as the diamond drilling was concerned.

It was necessary to request additional data from the applicant that was omitted in the present application . In a telephone conversation, I requested that the map on a scale of 1" = 100' showing the workings to date, and the proposed exploration work be provided. The data was received November 20, 1967 and a conference was held yesterday with Mr. Carl Bieniewski, Mining Engineer, U. S. Bureau of Mines. I obtained a copy of his brief report, which is enclosed, and is self explanatory. Mr. Bieniewski had a geological engineering report to the GSA for assistance under the Copper Expansion Program. Mr. Stronach's report gave an unusual appraisal of the Henrietta mine, likening it to the Idarado mine which in fact is much different geologically and some of his conclusions appeared erroneous, or at least not prudent, at least so far as his estimated reserves and continuity of the vein are concerned.

The accompanying map shows that the applicant has drifted in the footwall of the Henrietta vein for some 200 feet from where the vein was last mined and sampled on the No. 7 level (Map No. 2, Southwest End Old Workings No. 7 level Henrietta Mines, Inc. in application), and he has crosscut for a total of 315 feet into the footwall and cut

three diamond drill stations from which he proposes extensive diamond drilling from each of these plus an additional 400 feet of proposed drifting in the footwall including two additional 100-foot crosscuts and diamond drill stations to more thoroughly explore the Henrietta vein both in strike length as well as for 300 feet vertically from the No. 7 level.

It seems rather amazing to me that the applicant did not crosscut northwesterly for some 50 feet from the footwall drift on the 7 level and explore the vein from their crosscut Station No. 3, and again from the present face of the footwall drift shown on Map No. 4 included. It appears that for much less money than has already been expended on the Henrietta vein, the vein could have been more adequately explored. I would recommend that the company be advised to complete at least two crosscuts as suggested herein, sample the vein thoroughly then reapply with a much reduced program. I think two or three holes from some of the stations might be warranted to test the Henrietta vein vertically as there is at least 600 feet of vein that has been mined and otherwise explored, along its strike from the No. 7 level alone.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

CONFIDENTIAL

CSA COPPER PRODUCTION EXPANSION PROGRAM

Preliminary Report of Field Examination

CEP #13 - Northwood, Inc.

- Henrietta Mine -

On August 24, 1966, Dick Fiorini, staff geologist of Northwood, Inc., accompanied Carl Bienieuski, Bureau of Mines mining engineer, on a visit to Henrietta mine in Prospect Gulch north of Silverton, Colo. Bob Ward, mine superintendent, also was present. Both of these men appear to be capable technical personnel.

Only the No. 7 level was examined. The other four levels (Nos. 1, 2, 3, and 10) were not accessible. Four men were actively engaged in mining the Surprise chimney. This vertical structure, about 100 feet in diameter, had been mined in the early 1950's during the time a DMEA contract (No. DMA 606, E-29) was in effect. Northwood is now in the process of mining the core of the chimney structure. Underhand methods using a slusher system will be used to transport the ore below the No. 7 level.

Northwood has drilled some diamond drill holes into the chimney. One hole (S-7-10), drilled on -33° angle for nearly 52 feet, indicates that the chimney deposit may be changing in character, going from lead-zinc ore to copper ore. The location of this drill hole and assay data are on a map attached to this report.

The Surprise chimney was being worked to provide some ore for milling at the Pride of the West mill. Northwood has 51 percent of the control

of this mill and has been assigned 50 percent of the milling capacity. Silver Wing Mining Corp. (GEP #14) is the other company with interests in the mill. The mill was not operative; however, an examination indicated that it probably could be placed in operation in a 2-week preparation period.

The only place the Henrietta vein was exposed in the mine was near a caved part of the No. 7 level just past an area diamond drilled by the company. The exposed vein was at the place where Channel Sample No. 1 had been taken by the company. The holes drilled were low angle--about minus 20°. Assay results of the drilling and of Channel Sample No. 1 indicated that an ore shoot about 200 feet long may exist below the level; however, the downward extent of the shoot has not been determined. The only indication of the upward extent of the ore shoot is the 16-foot raise driven as part of the DMEA project. According to the final DMEA report, two samples taken in the raise assayed 3.32 percent copper.

The No. 7 level virtually was open as shown on the plan map labeled GSA Map #1 - Revised Plan Map Showing Present 7 Level Work Completed by Northwood. The condition of the adit was good enough so that it could be utilized if the mine was placed into production; however, if large tonnages (over 200 tpd) were to be handled, some work would be needed to enlarge the cross-section of the adit near the portal and improve the grade.

The portal is at an elevation of about 11,300 feet. The access road from the Comet Creek road is about 1-1/2 miles long and a 4-wheel drive vehicle is needed to travel over this road; however, the property had been worked through last winter with only 3 days lost because of adverse weather conditions.

According to Fiorini, the company has an open contract with American Smelting and Refining Company (ASARCO) for shipping concentrates to the El Paso smelter.

The ore reserve data stated in the company's questionnaire virtually is based on old reports. The company has not done much work to substantiate the reserves; consequently, the stated ore reserves, especially the proven reserves, should be discounted at this time.

The ore presently being mined in the Surprise chimney structure is lead-zinc ore. Whether the minerals in the chimney will change with the ore having primarily copper values is still to be determined. The highly mineralized zone of the Henriette vein explored by the company leaves much doubt as to the existence of a copper ore shoot of sufficient size to warrant mining.

In view of the apparent facts, the property is in need of more exploration, and perhaps financial assistance like that provided by the Office of Minerals Exploration (OME) could be obtained, especially since copper is now on the commodity list of metals that can be explored by OME assistance.

Any operation to obtain copper from this property would be expensive considering that shrinkage stoping would be used, the ore would have to be hauled about 12 miles to a mill, and the copper concentrate would require shipping by truck and rail to ASARCO smelter in El Paso, Tex. In the event of production, some price support would be needed to make it a profitable operation.

Copy to Washington
11-22-67

HEAD OFFICE:
506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

AREA CODE: 303
TELEPHONE: 387-5737

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

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O. M. ... RECEIVED
NOV 24 ... 67
INITIALS ... gla 1 30
GH 120
JO 140
EM 120P

October 25, 1967.

OME Region III
RECEIVED
OCT 26 1967
Denver, Colorado

Mr. J. William Hasler,
Field Officer, Region III,
Officer of Minerals Exploration,
Building 25,
Denver Federal Center,
Denver, Colorado.

Dear Mr. Hasler:-

I enclose herewith two (2) copies of our application for financial assistance in mineral exploration together with the supporting data requested in separate marked envelopes.

I trust that this application will meet with your approval and should there be any additional data, information or documents you may require I shall be most pleased to have it at your disposal at the earliest moment.

Yours very truly,

R. S. Stronach, Jr.

Copy to Washington
11-22-67

JOSIAH G. HOLLAND
STEPHEN H. HART
JOHN L. J. HART
WILLIAM D. EMBREE, JR.
JAMES L. WHITE
PATRICK M. WESTFELDT
CLAUDE M. MAER, JR.
ROBERT P. DAVISON
JOHN FLEMING KELLY
FRANK H. MORISON
JAY W. TRACEY, JR.
WILLIAM C. McCLEARN
JOHN ALLEN MOORE
PHILIP A. DANIELSON

FREDERICK B. HEATH, III
H. GREGORY AUSTIN
WILLIAM J. CARNEY, JR.
J. THOMAS PHOENIX, JR.
L. WILLIAM SCHMIDT, JR.
LAWRENCE R. RENO
JAMES P. LINDSAY
ROBERT L. MORRIS
JOHN S. CASTELLANO
EDWIN S. KAHN
SAMUEL P. GUYTON

BEN E. CHIDLAW
JAMES E. HEGARTY
FIELD C. BENTON
DAVID BUTLER
J. MICHAEL FARLEY
WARREN L. TOMLINSON
BRUCE T. BUELL
DON D. ETTER
KENNETH D. HUBBARD
ROBERT L. VER SCHURE
GORDON G. GREINER
DWIGHT R. SHELLMAN, JR.
ROBERT H. DURHAM, JR.
WILLIAM E. MURANE

DENNIS M. JACKSON
ROBERT E. BENSON
CRAIG S. BARNES
MICHAEL J. EIGEMAN
DONALD O. KINONEN
RICHARD M. KOON
CHARLES T. BRANDT
MORRIS B. HECOX, JR.
RICHARD A. FRANCIS
ROBERT T. CONNERY
RICHARD H. HART

HOLLAND & HART

ATTORNEYS AT LAW

500 EQUITABLE BUILDING
DENVER, COLORADO 80202

TELEPHONE
292-9200
AREA CODE 303

CABLE ADDRESS
HOLHART, DENVER

OME Region III
RECEIVED
NOV 17 1967
Denver, Colorado

OFFICIAL
COPY
O. M. E.
RECEIVED
NOV 24 1967

INITIALS	CODE
glo	131
[illegible]	120
[illegible]	140
[illegible]	130 P

November 16, 1967

Mr. J. William Hasler
U. S. Geological Survey
Office of Minerals Exploration
Denver Federal Center - Bldg. 53, Room 203
Denver, Colorado 80225

Dear Mr. Hasler:

Re: Henrietta Mines, Inc.

In accordance with our telephone conversation this morning I am enclosing a xerox copy of the June 26, 1967, title opinion of Holland & Hart to Henrietta Mines, Inc. This is the second consolidated title opinion and is the latest one we have given.

If you need anything further to complete the application of Henrietta Mines, Inc. for an OME loan, please let me know.

Sincerely yours,

Robert P. Davison

Robert P. Davison

RPD:im
Enc.
cc: J. E. R. Wood
R. J. Fiorini

Copy to Washington
A-2267

HEAD OFFICE:
506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

AREA CODE: 303
TELEPHONE: 387-5737

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 24 1967
INITIALS | COD'T
glc | 130
GEK | 120
EP | 120

November 18, 1967.

Mr. J. William Hasler,
Field Officer, Region III,
Office of Minerals Exploration,
U. S. Geological Survey,
Denver Federal Center,
Building 53, Room 203,
Denver, Colorado.

OME Region III
RECEIVED
NOV 20 1967
Denver, Colorado

Dear Mr. Hasler:

I have just received another copy of the Title Opinion from our headoffice and I enclose it herewith.

Yours very truly,

R. S. Stronach, Jr.

Copy to Washington
11-22-67

HEAD OFFICE:

506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

AREA CODE: 303
TELEPHONE: 387-5737

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 24 1967
INITIALS CODE
gla 30
EP 120 P

November 18, 1967.

OME Region III
RECEIVED
NOV 20 1967
Denver, Colorado

Mr. J. William Hasler,
Field Officer, Region III,
Office of Minerals Exploration,
U. S. Geological Survey,
Denver Federal Center,
Building 53, Room 203,
Denver, Colorado.

Dear Mr. Hasler:-

In response to your telephone call I enclose herewith one (1) copy each of the various agreements pertaining to the ownership of the Henrietta claims.

I am also obtaining an additional copy of Mr. Davidson's Title Opinion from our headoffice which I shall forward to you on monday in case you may not have got one in Denver.

I also enclose two (2) copies of Map # 4 showing the workings up to date in solid lines and the proposed workings in dotted lines. I regret my error in not having this map properly completed.

Again I shall be glad to supply any further information or data we have that you may require.

Yours very truly,

R. S. Stronach, Jr.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 20 1967
INITIALS | CODE

November 17, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Henrieta Mines, Inc. (Silver-Copper)
San Juan County, Colorado

Transmitted herewith is an application for financial assistance in minerals exploration from the Henrietta Mines, Inc. P. O. Box 547, Silverton Colorado

The application proposes to explore for silver and copper along the Henrietta vein for 400 feet from the present footwall drift, shown on Map No. 1, in exhibit No. 2 accompanying the application, and diamond drill from four drill stations, herein proposed to explore the Henrietta vein over a vertical distance of 300 feet, 150 feet above the No. 7 level, and to test the vein along its strike as well. The total estimated cost of the project is $104,913.29.

The Henrietta vein was only partly explored by previous exploration under DMA Docket 606 (Lead-Zinc), Contract No. I-DMA-E29, U. S. Metals Corporation (Henrietta Mine) San Juan County, Colorado.

A final report dated April 11, 1957 was transmitted by the operator to Mr. E. N. Harshman, Acting Executive Officer, Region III, reviewing the project and a Final Engineering and Geologic Report by C. M. Harrer, and D. R. MacLaren dated October 1956, adequately reviewing the work completed under the contract was transmitted to Washington October 12, 1956.

I have reviewed the above-mentioned report, as well as the present application and feel that some work may be justified, but that the diamond drilling appears to be a bit extensive, and also that perhaps 200 feet of drifting in the footwall from the present face shown on Map No. 1 (1" = 40' scale).

The ground on along the Henrietta vein is undoubtedly very difficult ground in which to drift and crosscut. It may be the diamond drilling will also be rather difficult.

I should like to request that Robert Luedke, U.S.G.S., review the application and submit appropriate comments. The U. S. Bureau of Mines has examined the Henrietta Mine with reference to an application to the General Services Administration for consideration under their recent copper subsidy program. I shall consult Mr. Bieniewski, U. S. Bureau of Mines Engineer who made the examination pertaining to the application for copper assistance, and transmit his findings to you as soon as possible.

J. William Hasler
mr

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

HEAD OFFICE:

506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

AREA CODE: 303
TELEPHONE: 387-5737

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

October 25, 1967.

Mr. J. William Hasler,
Field Officer, Region III,
Officer of Minerals Exploration,
Building 25,
Denver Federal Center,
Denver, Colorado.

OME Region III
RECEIVED
OCT 26 1967
Denver, Colorado

Dear Mr. Hasler:-

I enclose herewith two (2) copies of our application for financial assistance in mineral exploration together with the supporting data requested in separate marked envelopes.

I trust that this application will meet with your approval and should there be any additional data, information or documents you may require I shall be most pleased to have it at your disposal at the earliest moment.

Yours very truly,

R. S. Stronach, Jr.

MME Form 40
Jan. 65

Budget Bureau No. 42-R1508
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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.)*

Henrietta Mines, Inc. (registered office)
500 Equitable Building
Denver, Colorado 80202

see trans-
ferr
P.O. Box 54 Vals
Palmerton
81433

Henrietta Mines, Inc. (executive office)
506 - 540 Burrard Street
Vancouver 1, B.C.

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6671
DATE RECEIVED: 11-20-67
REGION: 11-21-67
DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: Colorado

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
J. E. R. Wood	506 - 540 Burrard St. Vancouver 1, B.C.	President
R. P. Davison	500 Equitable Bldg. Denver, Colorado 80202	Secretary
H. S. Eisler	506 - 540 Burrard St. Vancouver 1, B.C.	Treasurer
H. B. Hicks	1600 - 100 Adelaide St. West Toronto 1, Ontario	General Manager

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Silver - Copper

ESTIMATED COST OF PROJECT: $ 104,913.29

PROPERTY NAME	LOCATION COUNTY	STATE
Henrietta Mine	San Juan	Colorado

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 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.

October 13, 1967
DATED

J E Wood
BY *(Signature)*

President
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.

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

(b) List names and addresses of affiliated, parent, or controlling companies or organizations and state extent and nature of their interest.

(c) State how you propose to furnish your share of the cost of the exploration work.

2. Applicant's Rights in Land:

(a) State your interest in the land and mineral rights, whether owner, lessee, purchaser under contract, or other. If you are not the owner, submit one true copy of the lease, contract, or other document (with address of owner) under which you control the property. Describe all liens, mortgages, or other encumbrances on the land and state book and page number and official place where recorded.

(b) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all adjacent land which you own or control. Describe any part of the land or workings which should not be subject to Government royalty and liens. If the land consists of unpatented claims, state book and page number for each recorded location notice, including amended locations, and official place where recorded. State all the names by which you know the property.

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements on MME Form 52. If the agreements cannot be obtained, state reasons and provide copies of letters of refusal.

3. Physical Description:

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the land. Include existing mine workings and all production facilities.

(b) State your interest, if any, in operations described in (a).

(c) State, if you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves, giving quantities and grades and sampling methods used. Support your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you have, indicating whether you require their return.

4. Accessibility of Property:

(a) To aid the OME representative who may examine the property, state name and address of person who will meet him; give directions for reaching the property; and describe accessibility of property and of any mine workings.

(b) Name the shipping and supply points and state the distances to the property.

5. Exploration Work:

(a) Describe fully the proposed exploration work giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and sections as necessary. Show location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *land boundaries* or to the closest identifiable corner.

(b) If an access road must be built, show the proposed location on the property map and state the length, type and construction methods proposed.

(c) If an OME contract is executed, state how soon thereafter work would be started and finished. State your anticipated average daily or monthly rate of progress for each type of work.

6. Experience:

State your operating experience and background to conduct this exploration work and also that of the person who will supervise the work.

7. Estimate of Costs:

Furnish detailed estimates of the necessary costs *for each item of the work proposed in 5(a)* under the headings listed below with a total for each heading and the estimated total cost of the work. Costs for any work to be performed by an independent contractor should be listed separately under category (a) below. Costs for any work that is not to be performed by an independent contractor should be listed under categories (b) through (g).

(a) Independent contracts. State the total cost of any proposed independent contract for all or any part of the work, and the number of units and the unit cost for each type of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, or per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. (*Note*—If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. The cost of supervision, engineering and geological services, outside consultants, and labor should be itemized by numbers and classes of employees; rates of wages, salaries or fees; and periods of employment. State whether these services are available.

(c) Operating materials and supplies. List items of material and supplies giving quantity and cost of each. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of equipment and tools costing $50 or more per unit. Give specifications and indicate how each item is to be acquired—i.e., rented, purchased or provided by the applicant. If rented or purchased, state the estimated rental or purchase price. If furnished by the applicant, state condition and present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant which will be used in the exploration work.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration work, stating specifications and cost including labor, materials, and supervision.

(g) Miscellaneous. Describe the type and estimate the cost of repairs and maintenance of the operating equipment listed in 7(d). Do not repeat initial repairs listed in 7(e). Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories. [*Note*—The Government will not contribute to costs incurred before the date of the contract, or to costs of or incident to: (1) acquiring, using, or possessing land and any existing improvements, facilities, buildings, installations, and appurtenances, or the depreciation and depletion thereof; (2) general overhead, corporate management, interest and taxes (other than payroll and sales taxes); (3) insurance (other than employees' liability insurance); and (4) damages to persons or property (other than authorized repair to or replacement of equipment or other property used in the work).]

INT.-DUP. SEC., WASH., D.C

PART 1 Financial Eligibility.

Part 1: (a) See following photostats of letters sent to and received from The First National Bank of Durango, Durango, Colorado and The Burns National Bank, Durango, Colorado.

Part 1: (b) Henrietta Mines Inc. is a wholly owned subsidiary of:
Henrietta Mines Ltd. (Non-Personal Liability),
506 Mercantile Bank Building,
540 Burrard Street,
Vancouver 1, British Columbia, Canada.

Part 1: (c) The monies to complete the Company's share of the proposed exploration program will be supplied by the parent company, Henrietta Mines Ltd. and are presently in that company's treasury.

PART 2 Applicant's Rights in Land

Part 2: (a) The Company holds 8 patented and 15 unpatented mining claims under lease and option to purchase by virtue of Agreement dated January 22, 1965 between Blue Bird Mining & Milling Corp. and J. E. R. Wood. This lease was assigned by J. E. R. Wood to Northwood Inc. on June 27, 1966 and re-assigned by Northwood Inc. to Henrietta Mines Inc. on February 27, 1967. All these agreements are recorded with the County Clerk, San Juan County.

The Company is also the registered owner of all the surface rights and an undivided 51% interest of the mineral rights of 4 patented mining claims.

The Company is the recorded holder of a further 21 unpatented mining claims.

All the above claims are located in sections 19, 20, 29 and 30, T 42 N, R 7 W, Red Mountain Mining District, San Juan County, Colorado.

Exhibit # 1 contains photocopies of all these leases and assignements.

Part 2: (b) The following 8 patented mining claims are held under lease and option to purchase from Blue Bird Mining & Milling Corp. and are all located in section 19, T 42 N, R 7 W, Red Mountain Mining District, San Juan County.

Patented Claim	Survey No.
Galena	1573
Berdillo	1524
Blackstone	1333
Henrietta and Improvements	15526
Lizzie	15520
Mineral King	2051
Prosperity	18621
La Crosse	18620

The following 15 unpatented mining claims are held under lease and option to purchase from Blue Bird Mining & Milling Corp. and are all located in section 19, T 42 N, R 7 W, Red Mountain Mining District, San Juan County.

Unpatented Claim	Book	Page
Joe & John	61	259
Silver King	124	506
Commodore	99	283
J. C. Sibley	96	228
Juanita	111	570
Wilson	138	585
Revenue	138	584
Paymaster	138	583
Gulch	138	187
C. L. M.	147	279
U & I	147	168
Tetrahedrite # 1	147	402
Tetrahedrite # 2	147	403
Moodie # 1	147	560
Moodie # 2	147	561

The surface rights and an undivided 51% interest of the mineral rights are held in the following 4 patented mining claims located in sections 19, 20, 29 & 30, T 42 N, R 7 W, Red Mountain Mining District, San Juan County, Colorado.

Patented Claim	Survey No.
Ajax	18624 A
Dooley	18624 A
Lucky Jim	18624 A
W. S. B.	18624 A

The following 21 unpatented mining claims are owned outright and are located in sections 19, 20, 29 & 30, T 42 N, R 7 W, Red Mountain Mining District, San Juan County, Colorado.

Unpatented Claim	Location Notice		Amended Location Notice	
	Book	Page	Book	Page
Snowslide	189	125	142	404
Molly Brown	189	116	142	392
Karen	189	120	142	383
Karen # 1	189	121	142	384
Karen # 2	189	122	142	385
Karen # 3	189	133	142	386
Karen # 4	189	134	142	387
Karen # 5	189	135	142	388
Moonshot	189	117	142	391
Friendship 7	189	118	142	390
Gemini	189	119	142	389
Ruth	189	123	142	397
Ruth # 1	189	124	142	398
Ruth # 2	189	130	142	399
Ruth # 3	189	131	142	400
Ruth # 4	189	132	142	401
Nancy J.	189	126	142	393
Nancy J. # 1	189	127	142	394
Nancy J. # 2	189	128	142	395
Nancy J. # 3	189	129	142	396
Northwood Millsite	D 3	270		

PART 3 Physical Description

Part 3: (a) The Henrietta Mine was first operated in the early 1900's by the San Juan Smelting & Refining Company. In operating the property until 1906 they completed the following exploration and development work:

Location	Elevation	Length	On Vein	Size
1. Level	11,970'	300'	300'	5 x 7
2. Level	11,890'	560'	500'	5 x 7
3. Level	11,790'	800'	520'	5 x 7
4. Level	11,690'	Not Started		
5. Level	11,590'	50'±	50'±	5 x 7
6. Level	11,490'	50'±	50'±	5 x 7
7. Level	11,390'	2000'	750'	6 x 8
Raises		572'	572'	4 x 8
10.Level	11,000'	400'	none	6 x 8
Mammouth Tunnel	10,400'	2050'	none	8 x 8

With the exception of the No. 7 Level which is open and in fair condition all the other workings are in poor to very poor condition.

After 1906 the property was operated only on a very small scale, production from from 1906 to 1950 was from 2500 to 3000 tons with most of the production coming from the No. 7 Level with no new development work being completed.

In 1950 the mine was scheduled for rehabilitation by the U. S. Metals Corp. under a Defense Minerals Exploration loan. (See Contract No. IDMA-E29, Docket No. DMA-606). Under this contract a total of 1450' of tunnel on No. 7 Level was rehabilitated and 452' of lateral drift driven. In addition 92' of drifting was done on the Surprise structure also on the No. 7 Level. The contract was never completed due to the inability of the U. S. Metals Corp. meet their obligations. The property was certified for production and some limited production was done in the Surprise area. The results were apparently satisfactory for the work completed.

Northwood Inc. acquired the property in 1965 and assigned it to Henrietta Mines Inc. in February 1967. The following work has been completed from the Northwood Inc. acquisition up to the present time.

The No. 7 Level was opened and rehabilitated for a distance of 2000 feet. The first 1200 feet of this level had been driven as an exploration adit before turning along the vein. In this portion 340 feet of new tunnel were required to by-pass caved areas. Of the 800 feet along the vein only 100 feet of the actual vein in the old workings was opened for inspection and the remainder of the drift was in the footwall. This portion of the vein had been opened by the DMEA program in 1950.

12 diamond drill holes were put in on the Henrietta Vein of which 7 crossed the vein and the others were not completed due to blocky ground.

The drift and old stope in the Surprise area were opened and 8 diamond drill holes drilled to test the area surrounding the drift. A ninth hole was drilled to cut the area below the drift level.

Three (3) crosscuts with 12' x 12' x 12' diamond drill stations have been completed in the footwall side of the drift and the footwall drift has been advanced a further 125' to the south.

See Exhibit # 2 for plans of all this work and workings.

Part 3: (b) Henrietta Mines Inc. drove the 3 crosscuts and the 125 feet intension of the footwall drift above.

Part 3: (c) During the early 1900's there was a considerable amount of production from the Henrietta Mine. The best estimate is that the production up to 1906 was around 50,000 to 75,000 tons of copper-silver ore. Most of this mining was selective because of the lack of a mill and was confined to the area above No. 3 Level. As the mining was mainly on the footwall of the vein and was open stopes considerable difficulty was experienced from sloughing and caving of the walls.

Early production of the San Juan Mining & Smelting Co. for the Henrietta shows that the following was produced:

Tons	Gold Oz/ton	Silver Oz/ton	Copper %/ton
2,768.9	.05	7.5	7.0
885.1	.03	5.0	3.3

This ore was produced about 1905.

The only other production at the mine was by leasors at various times. Production listed by the U. S. Bureau of Mines is as follows:

Year	Tons	Gold Oz/ton	Silver Oz/ton	Zinc %/ton	Copper %/ton
1918	41	.10	8.03	2.5	10.35
1919	53	.09	8.62	1.5	12.8
1920	81	.10	9.00	1.7	13.5
1952	1716.19 - $ 16,824.41				
1953	1066.00 - $ 17,784.53				

The ore produced from 1918 to 1920 was produced by the Douglas Leasing Company of Denver. They were attempting to open the mine but did not have adequate financing. The ore produced in 1952-53 was produced by George Bingel of Silverton under a sub-lease from the U. S. Metals Company. It came from the Surprise structure.
Further information may be found in the included reports.

Northwood Inc. in late 1966 mined 1385 tons from the Surprise area on the No. 7 Level. 63 tons grading .043 Oz Gold, 64.9 Oz Silver, 4.7% Lead, .95% Copper and 1.55% Zinc was shipped directly to the smelter and $ 69.59 per ton of ore was received from this shipment after all smelter and shipping charges had been deducted. 423 tons of lower grade material was processed at the Northsilver Mill before shipping to the smelter which yielded $ 23.52 per ton net smelter return. A further 250 tons was sold as crude ore to Northsilver Milling Corp. which graded .01 Oz Gold, 16.32 Oz Silver, .67% Copper, 6.0% Lead and 3.8% Zinc. The remaining 649 tons was cobbed as being sub-ore.

Part 3: (d) There are no developed ore reserves as all the workings which exposed the vein are closed and it is therefore not possible to obtain the information necessary to calculate ore reserves with sufficient accuracy.

In 1906 when all the workings were last open B. Sadler reported ore reserves of 317,000 tons grading .044 Oz Gold, 5.7 Oz Silver and 3.75 % Copper opened on at least three sides above the No. 7 Level. A copy of this report is appended. The mine shut down at that time and as far as is known practically no ore has been extracted since then, but work to date has not progressed to a point where this estimate can be substantiated.

Part 3: (e) The rocks in the area are of Tertiary Age and are generally andesite, breccias and tuffs of the Burns Formation which is part of the Silverton Volcanic Series that have been subjected to intense structural pressures. This series is underlain by Eureka Rhyolite. The total thickness of the Burns Formation at the Henrietta workings is believed to be approximately 2,500 feet from the mountain crest down. The contact between the Burns Formation and the Eureka Rhyolite therefore lies about 1,800 feet below the lowest level at which the Henrietta Vein has been opened to date.

No, it is a part of it RAH

There are two types of ore occurrences in the district:
1. Chimney type. The ore occurs as lenticular pods in volcanic breccia pipes. The size of these pods varies greatly from a minimum of say 10 feet around to a maximum opened to date of approximately 200 feet long, 200 feet deep and 20 feet wide. Generally these pods average about 100 tons to the vertical foot and have been found to occur throughout the breccia chimneys from surface down to the Eureka Rhyolite contact. 100,000 tons appears to be the average tonnage that has been extracted from any one of this type of occurrence up to the present time. Experience has been that the ore near and at surface is mainly silver, lead-zinc which gradually changes to a silver-copper with increasing depth. Grade of ore is high with returns being in the neighborhood of $ 100 per ton whether it be from

the lead-zinc ore zone or the copper ore zone. On the Henrietta Mines Inc. property the Surprise is a chimney type deposit.

2. Fissure Vein. This type of occurrence has provided the vast majority of all the ore tonnage mined in the district. There are a great many fissure veins in the district, all of which contain metals in some degree and a few that have material of ore grade. Notably the Idorado Mine of Newmont Corporation and Standard Metals Corporation are the two mines that are successfully operating fissure vein deposits, that vary in composition from silver-lead-zinc to silver-copper throughout the mining areas. The ore shoots at these mines commonly average 1,500 feet in length, extend down through the Burns Formation to the contact with the Eureka Rhyolite and average 8 to 10 feet wide. The grade of these veins is lower than the chimney deposits and is about $ 25 to $ 30 per ton as an average. At the Idorado Mine operational experience has been that the veins have an ore frequency of about 70%.

The common ore minerals found in the area are chalcopyrite, galena, sphalerite, enargite and pyrite with numerous other minor minerals.

Part 3: (f) Ore is expected to be found for the following reasons:

1. The Henrietta Vein is a long, continuous, mineralized fissure vein occurring in a favorable geological setting.
2. The various reports covering the period 1900 - 1906 state that substantial quantities of ore were mined and a profit won from the Henrietta Vein and that although there were substantial ore reserves the operation failed through incompetance on the part of the operators. See appended reports covering this period of operation.
3. The DMEA project in 1950 did return assays of ore grade. See attached copy of DMEA map Exhibit # 3. No additional information or results of this program are on hand.
4. The 7 diamond drill holes that were drilled by Northwood

Inc. and intersected the vein all returned ore. 6 of these holes returned .026 Oz Gold, 3.97 Oz Silver and 4.91 % Copper over a true width of 9 feet for a length of 211 feet. The 7th hole located 300 feet to the south returned Tr Gold, 2.0 Oz Silver and 2.3 % Copper over a true width of 9.2 feet. See attached drill logs and Exhibits 2 and 4 showing locations of these holes.

5. At the extreme southern end of the No. 7 Level the end of the old drift on the Henrietta Vein was opened by a short x-cut from the new footwall drift. It appears that the backs were taken down here up to a height of about 15 feet above the track in preparation for mining and then work ceased. With the passage of time there has been a good deal of caving of the walls and the general condition of the area is poor. However it was possible to gain entry for about 100 feet of length back from the face and this portion was sampled at 5 foot centers. These samples returned .01 Oz Gold, 2.53 Oz Silver and 2.14 % Copper over a width of 3.6 feet for a length of 85 feet. Due to the condition of the workings in this area the entire vein was not opened and therefore these samples cannot be considered as establishing either the true grade or width of the vein. See Exhibits 5 and 2 showing location of these samples.

Part 4: (a) The O.M.E. representatives should contact:

Robert S. Stronach or Thomas C. Nichols,
Henrietta Mines Inc., Telephone: Area 303
P. O. Box 547, 387 - 5737
Silverton, Colorado.

The property is located about 12 miles from Silverton on Red Mountain No 3 and is accessable year round by gravel road.

Part 4: (b) The main supply points for mining equipment are Grand Junction, 120 miles away and Denver 350 miles away with mining supplies being obtained in Durango 50 miles away. The Rio Grande Motorway maintains a daily service into Silverton.

PART 5. Exploration Work

Part 5: (a) The proposed exploration program would consist of:

i. Extending the present footwall drift to the south for a distance of 400 feet of size 6' x 8'.

ii. At 100 feet and 400 feet in the above drift driving diamond drill station crosscuts into the footwall (east side) of size 6' x 7' and cutting a 12' x 12' x 12' diamond drill station at the end of each crosscut.

iii. Diamond drilling, using AX equipment, from the 3 stations already cut and the 2 new proposed ones above. From each drill station 6 holes will be drilled 3 up and 3 down, so that the vein will be intersected 150 feet above No. 7 Level and 150 feet below No. 7 Level with the holes spaced 100 feet apart horizontally. This will enable the vein to be tested for vertical continuity over 300 feet of dip and horizontal continuity over 1400 feet of strike. Total footage to be drilled is 7,950 feet.

iv. See attached Exhibit 6 showing drill hole layout for each station and Exhibit 2 showing location of drift extension, drill crosscuts and drill stations.

Part 5: (b) Not necessary. Road already to mine.

Part 5: (c) The work would start immediatly on the execution of the OME contract.

The average daily advance for the drifts and crosscuts would be 6 feet with each drill station requiring 10 man shifts. This would be performed on a one crew per day base.

Diamond drilling would advance at about 1500 feet per month on a 2 shift per day base.

The program would take 6 months to complete.

Part 6: Experience

The General Manager of the Company, Mr. H. Brodie Hicks, graduated from McGill University, Montreal, Quebec, Canada in Mining Engineering in 1934 and has actively practiced since that time. He presently holds the position of Vice-President, Operations, Concolidated Canadian Faraday Limited, Toronto, Ontario, Canada.

The project would be under the direct supervision of Robert S. Stronach, Consulting Mining Engineer, whose resume is attached hereto.

PART 7. Estimate of Costs

Part 7: (a) Independent Contracts.

The diamond drilling will be contracted. Appended are bids from 3 drilling contractors. Exhibit 6. MacPherson Drilling Co., Montrose, Colorado is the lowest.

Diamond drilling will be from the 5 diamond drill stations with AX core. Each diamond drill station will have 3 UP holes and 3 DOWN holes with the following footages:

UP holes:	1 @ 205 feet	=	205 feet
	2 @ 225 feet	=	450 feet
DOWN holes:	1 @ 295 feet	=	295 feet
	2 @ 320 feet	=	640 feet
Total Footage		=	1590 feet per drill station

Total footage to be drilled = 1590 x 5 = 7950 feet

MacPherson quotes: 0 - 250 ft @ $ 5.45 per foot
250 - 500 ft @ $ 5.85 per foot

Cost of Diamond Drilling Contract

7025 feet @ $ 5.45/ft	= $ 38,286.25	
925 feet @ $ 5.85/ft	= $ 5,411.25	$ 43,697.50
Core Boxes		850.00
Mobilization expenses		450.00
TOTAL COST OF DIAMOND DRILLING CONTRACT		$ 44,997.50

Part 7: (b) Personal Services.

All personell listed below are immediatly available to carry out the proposed program.

Consulting Engineer.

10 days/month = 60 days @ $ 75/day =		$ 4500.00
Per diem = 60 days @ $ 16/day =		960.00
Travel: car milage = 5000 miles @ 14¢=		700.00
Total		$ 6,160.00

Resident Geologist

6 months @ $ 700.00/ month	=	$ 4,200.00

1 - Mechanic @ $ 3.25/hour

125 days x 8 hours x $ 3.25	=	$ 3,250.00

2 - miners @ $ 3.15/ hour each

2 x 125 days x 8 hours x $ 3.15 =		$ 6,300.00

1 - bulldozer operator @ $ 3.15/hour

125 days x 8 hours x $ 3.15	=	$ 3,150.00
TOTAL PERSONAL SERVICES		$ 23,060.00

Part 7: (c) Operating Materials and Supplies

Power: $600/month x 6 months	$ 3,600.00
400 ft 4" aluminum pipe air line with couplings @ $ 1.40/ft	560.00
800 ft 30# rail @ $ 1.00/ft	800.00
400 ft 1" black iron water line @ $.25/ft	100.00
Rail ties	50.00
Rail spikes	25.00
Rail bolts	10.00
Vent pipe: 400 ft @$1.65/ ft	660.00
Powder: 10,000# @ $ 25 / cwt	2,500.00
Caps and fuze	1,200.00
Bits and drill steel	1,800.00
Misc: shovels, picks, grease, oil, wrenches, axes, etc.	500.00
TOTAL OPERATING MATERIALS & SUPPLIES:	$11,805.00

Part 7: (d) Operating Equipment

All equipment required to carry out this program will be provided by the applicant and is presently on the property and in good working condition as most of it has just been overhauled.

1 - Atlas Copco DT-4 600 cfm air compressor	$ 8,000.00
1 - D 6 C Caterpillar tractor, new	35,000.00
2 - 1½ ton Mancha locos with charging panel and batteries	6,000.00
2 - Eimco 12B mucking machines	10,000.00
1 - HEE Gardner-Denver air slusher	800.00
2 - Gardner-Denver steam pumps	300.00
2 - TF 63 Gardner-Denver feedleg drills complete with telescopic legs	2,000.00
2 - Wheat lamp chargers for 6 lamps	285.00
12 - Wheat lamps for mine	400.00
1 - Joy axivane fan , size: 18 - 14 - 3450	800.00
1 - McCulloch chain saw	50.00
5 - slusher blocks	100.00
1 - Oxy-acetylene welding outfit complete	150.00
TOTAL VALUE OF EQUIPMENT	$ 63,885.00

Equipment rental based on 7 year depreciation = $ 4,563.22/½ year

Part 7: (e) There are no initial rehabilitation or repairs to do.

Part 7: (f) There are no new buildings, fixtures or installations required.

Part 7: (g) Miscellaneous

Maintenance & repair of equipment	$ 6,000.00
Workmans compensation & Liability Ins.	1,500.00
Accounting, bookeeping etc	3,000.00
Assaying: Assays will be run at the Pride Mill which is controlled by the company at $ 1.00 per determination. Drill core will be run for gold, silver and copper. Estimating 150 samples.	450.00
TOTAL MISCELLENEOUS	$ 10,950.00

ESTIMATE OF TOTAL COST OF PROGRAM

(a) Independent Contracts	$ 44,997.50
(b) Personal Services	23,060.00
(c) Operating materials & supplies	11,805.00
(d) Operating equipment rental	4,563.22
(g) Miscellaneous	10,950.00
Contigencies	9,537.57
Estimate of Total Costs	$ 104,913.29

ESTIMATE OF UNIT COSTS FOR PROGRAM

	D.Drilling	Drifts & X-cut	DD STAS
Indep. Contract	$ 44,997.50		
Personal Ser.	2,000.00	$ 9,800.00	$ 900.00
Op. Mat. & Sup.	1,800.00	9,405.00	600.00
Op. Equipment	2,000.00	2,463.22	100.00
Miscellaneous	5,000.00	5,750.00	200.00
Contigencies	6,260.75	3,086.82	190.00
TOTALS	$ 62,058.25	$ 30,505.04	$ 1990.00
UNIT COST	$ 7.81/foot	$ 50.84/foot	$.576/cu.ft.

RECAPITULATION

Diamond Drilling -	$ 62,058.25	at $ 7.81/foot
Drifts & X-cuts	$ 30,505.04	at $ 50.84/foot
Drill Stations	$ 1,990.00	at $ .576/cu/ft.
Supervision	$ 10,360.00	
TOTAL ESTIMATED COST	$104,913.29	

HEAD OFFICE:
506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

AREA CODE: 303
TELEPHONE: 387-5737

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

October 4, 1967.

Mr. Richard C. Macomb,
Vice-President,
The Burns National Bank,
Durango, Colorado.

Dear Sir:-

We are engaged in the investigation of the Henrietta Mine at Silverton and we have outlined a program of underground drifting and diamond drilling that will enable us to explore the Henrietta vein over a strike length of 1,400 feet and a vertical extent of 300 feet.

To complete this program would require 600 feet of drifting and 7,950 feet of diamond drilling for a cost of $ 90,000.00 and would take 6 months to complete.

We have available $ 45,000.00 and we request that your bank make available to us $ 50,000.00 so that we may finish this program.

We would also request that this money be loaned at 6 % simple interest and all monies would be repayable out of production at a rate of 5 % of net smelter returns from future production.

I will be most pleased to discuss our plans in the entirety with you at your convenience.

Yours very truly,

Robert S. Stronach, Jr.
Mine Manager.

HEAD OFFICE:

506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

AREA CODE: 303
TELEPHONE: 387-5737

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

October 4, 1967.

Mr. Robert B. Sawyer, President,
The First National Bank of Durango,
Durango, Colorado.

Dear Sir:-

We are engaged in the investigation of the Henrietta Mine in Silverton and we have outlined a program of underground drifting and diamond drilling that will enable us to explore the Henrietta vein over a strike length of 1,400 feet and a vertical extent of 300 feet.

To complete this program would require 600 feet of drifting and 7,950 feet of diamond drilling for a cost of $ 90,000.00 and would take 6 months to complete.

We have available $ 45,000.00 and we request that your bank make available to us $ 50,000.00 so that we may finish this program.

We would alos request that this money be loaned at 6 % simple interest and that all monies would be repayable out of production at a rate of 5 % of net smelter returns from future production.

I will be pleased to discuss our plans in entirety with you at your convenience.

Yours very truly,

R S Stronach

Robert S. Stronach, Jr.
Mine Manager.

The Burns National Bank

Durango, Colorado

RICHARD C. MACOMB
EXECUTIVE VICE-PRESIDENT

October 5, 1967

Mr. Robert S. Stronach, Jr.
Mine Manager
Henrietta Mines, Inc.
P.O. Box 547
Silverton, Colorado

Dear Mr. Stronach:

Thank you for your letter of October 4 requesting an extension of credit by our bank in the amount of $50,000.00 to complete your program of underground drifting and diamond drilling of the Henrietta Vein in Silverton.

We have not made loans of this type for a number of years nor do we anticipate making any loans in this category in the future. For this reason we are unable to fulfill your request, but I do thank you for considering our bank.

Very truly yours,

Richard C. Macomb

Richard C. Macomb
Executive Vice President

RCM:bb

THE FIRST NATIONAL BANK DURANGO, COLORADO 81301

ROBERT B. SAWYER

October 5, 1967

Henrietta Mines, Inc.
P. O. Box 547
Silverton, Colorado 81433

Attention: Robert S. Stronach, Jr., Mine Manager

Gentlemen:

I am writing in answer to your letter of October 4, 1967, in which you make application for a loan in the amount of $50,000.00 to enable you to explore the Henrietta Mine vein.

I regret that at this time our bank is not in a position to make this loan as we do not have a mine lending department in our bank and we are unable to service this type loan.

If we can be of assistance to you in the future, please feel free to call on us.

Sincerely yours,

Robert B. Sawyer
Senior Vice President

RBS:ma

ROBERT SUMMERS STRONACH, JR.
837 Truman St. N.E
Albuquerque, New Mexico 87110

Telephone: Area 505
265-4624

DATE OF BIRTH: October 13, 1913

PLACE OF BIRTH: Vancouver, B. C. Canada

CITIZENSHIP: Canadian, working in the United States as a registered alien.

CIVIL STATUS: Married, 4 children, 2 living at home

HEALTH: Excellent

EDUCATION

1931 Senior Matriculation, Banff High School, Alberta, Canada.
1935 Graduate, Royal Military College, Kingston, Ontario, Canada.
1937 B. Sc. (Mining Engineering) Queens University, Kingston, Ontario.

ASSOCIATIONS

Association of Professional Engineers of the Province of British Columbia
Association of Professional Engineers of the Province of Ontario.
Fellow - The Geological Association of Canada
Member - The Canadian Institute of Mining & Metallurgy
Member - The American Institute of Mining, Metallurgical & Petroleum Engineers
The Prospectors & Developers Association of Canada

REFERENCES

Hugh H. MacKay, Hugh Mackay & Company Ltd., 366 Bay Street, Toronto, Ontario.
Harlow H. Wright, Consulting Engineer, 407 - 25 Adelaide Street West, Toronto 1, Ontario.
R. J. Redrupp, Asst. General Manager, The Canadian Imperial Bank of Commerce, 51 King Street West, Toronto 1, Ontario.
Ben Shantz, Attorney, Shantz & Dickson, P. O. Box 1219, Silver City, New Mexico
C. P. Jenny, Consulting Geologist, Route 6, 400 Gold View Drive, Tucson, Arizona.

SUMMARY OF EXPERIENCE

1935, 1936 summers. Afton Gold Mine Lts. Prospecting, Malartic Township, Quebec.

August 1937 - September 1939. Sigma Mines (Quebec) Ltd. A subsidiary of Dome Mines Limited.

I started work underground as a mucker and after several moves I was brought into the engineering department as a surveyor. During 1939 I was employed primarily on the exploration of new properties to sample, geologize and supervise diamond drill programs under the direst supervision of Mr. J. G. McCrea the General Manager. I resigned to join the armed forces at the ourbreak of World War II.

September 1939 - August 1945. Royal Canadian Artillery. I was posted overseas in July 1940 and returned to Canada at the end of June 1945. I completed The War Gunnery Staff Course at Larkhill and several technical gunnery courses. I took part in the invasion of Normandy on D Day in command of a Battery in the 3rd Canadian Division. In Novermer 1944 I formed the 1st Canadian Rocket Battery and I was in command until I was posted to Canada in 1945 and I was retired with the rank of Major.

August 1945 - May 1956. Dome Exploration (Canada) Ltd. A wholly owned subsidiary of Come Mines Ltd. that is responsible for all the company's operations excepting the parent mine at South Porcupine, Ontario.

August 1945 - September 1950. Exploration Engineer.
I was responsible for the examination of properties, execution of exploration programs and the development and bringing into production of Campbell Red Lake Mines Ltd. under the direct supervision of Mr. J. G. McCrea, General Manager. This involved the mining and treatment of 750 TPD of a complex arsenical gold ore from an underground operation.

September 1950 - August 1953. Assistant to the General Manager.
Under the general guidance of Mr. J. G. McCrea, General Manager, I was responsible for the execution of exploration programs, the supervision of operations at Campbell Red Lake Mines Ltd. and the developing and placing into production of Mindamar Metals Corp., Ltd. (A 600 ton per day underground copper-lead-zinc producer), which included planning, budget estimation, direct supervision of the mine staff, purchase of equipment, construction of the plant and the negotiation of the sales contracts. Products were a copper-lead concentrate and a zinc concentrate.

SUMMARY OF EXPERIENCE - Cont'd.

August 1945 - May 1956. Dome Exploration (Canada) Ltd. - cont'd.

August 1953 - May 1956. Vice-President and Director
With the death of Mr. McCrea I was promoted to Vice-President and I was responsible for all the exploration programs of Dome Mines Ltd. and the supervision of the operations of Campbell Red Lake Mines Ltd. and Mindamar Metals Corp. Ltd. and I reported directly to Mr. J. B. Redpath, President, Dome Mines Ltd.

Throughout the years of my employment with Dome Mines I covered all aspects of mining from exploration through development, extraction, treatment and sales of the final product. Mr. C. W. Dowsett, who acted as a consultant for Dome until his death, gave me the benefit of his studies in the treatment of various ores.

I retired at my own request to start a private consulting practice in Toronto.

May 1956 - October 1962. Consulting Mining Engineer

The major portion of my time was spent on the fiscal and efficiency of mining company operations for various clients both in Canada and abroad. This work included all aspects of mining as well as the preparation of feasibility studies as a base for major financing and the valuation of mines and mining company operations to assess their relative merits as investments both for individuals and brokerage firms.

My practice also included the laying out and supervising of exploration programs and property examinations for smaller companies and individuals who do not keep their own staff.

October 1962 - April 1964 Henry Clay Mines Inc., Lordsburg, New Mexico

This operation had a very favorable contract for 5000 tons a month of siliceous copper fluxing ore with AS & R smelter at El Paso, Texas. I was responsible for the complete operation to the Board of Directors. I undertook this project as the size of the property coupled with indications from previous work made a larger operation with a concentrator appear quite probable with adequate financing.

APril 1964 - Consulting Mining Engineer

My practice is similar to that shown above.

WILLIAM C. McCLEARN
JOHN ALLEN MOORE
PHILIP A. DANIELSON
BEN E. CHIDLAW
JAMES E. HEGARTY
FIELD C. BENTON
DAVID BUTLER
J. MICHAEL FARLEY
WARREN L. TOMLINSON
BRUCE T. BUELL
DON D. ETTER
LAWRENCE R. RENO
JAMES P. LINDSAY
ROBERT L. MORRIS
JOHN S. CASTELLANO
GEORGE D. DIKEOU
EDWIN S. KAHN
SAMUEL P. GUYTON
DENNIS M. JACKSON
ROBERT E. BENSON
CRAIG S. BARNES
MICHAEL J. EIGEMAN
KENNETH D. HUBBARD
ROBERT L. VERSCHURE
GORDON G. GREINER
DWIGHT A. SHELLMAN, JR.
ROBERT H. DURHAM, JR.
WILLIAM E. MURANE
FREDERICK B. HEATH III
H. GREGORY AUSTIN
WILLIAM J. CARNEY, JR.
THOMAS PHOENIX, JR.
WILLIAM SCHMIDT, JR.

HOLLAND & HART

ATTORNEYS AT LAW

500 EQUITABLE BUILDING
DENVER, COLORADO 80202

TELEPHONE
292-9200
AREA CODE 303

CABLE ADDRESS
HOLHART, DENVER

June 26, 1967

Henrietta Mines, Inc.
506 Mercantile Bank Building
540 Burrard Street
Vancouver 1, British Columbia
Canada

Gentlemen:

SECOND CONSOLIDATED TITLE OPINION

San Juan County, Colorado

Patented Mining Claims:

Group A

Mineral King Lode, U.S.M.S. No. 2051, Red Mountain (Animas) Mining District

Lizzie Lode, U.S.M.S. No. 15520, Red Mountain (Eureka) Mining District

Henrietta Lode, U.S.M.S. No. 15526A, Red Mountain Mining District

Galena Lode, U.S.M.S. No. 1573, Red Mountain Mining District

Berdilla Lode, U.S.M.S. No. 1524, Red Mountain Mining District

Blackstone Lode, U.S.M.S. No. 1333, Red Mountain (Eureka) Mining District

Group B

Ajax Lode, U.S.M.S. 18624A, Red Mountain Mining District

Dooley Lode, U.S.M.S. 18624A, Red Mountain Mining District

Lucky Jim Lode, U.S.M.S. 18624A, Red Mountain Mining District

W.S.B. Lode, U.S.M.S. 18624A, Red Mountain Mining District

Unpatented Mining Claims:

Group C

	Book	Page
Joe and John Lode	61	250
J. C. Sibley Lode	96	228
Commodore Lode	99	283
Juanita Lode	D-2	570
Silver King Lode	124	506
Gulch Lode	138	187
Paymaster Lode	138	583
Revenue Lode	138	584
Wilson Lode	138	585

Group D

	Book	Page
Moonshot Lode	189	117
Friendship #7 Lode	189	118
Gemini Lode	189	119
Ruth Lode	189	123
Ruth #1 Lode	189	124
Ruth #2 Lode	189	130
Ruth #3 Lode	189	131
Ruth #4 Lode	189	132
Nancy J. Lode	189	126
Nancy J #1 Lode	189	127
Nancy J #2 Lode	189	128
Nancy J #3 Lode	189	129

Group E

	Book	Page
Snowslide Lode	189	125
Molly Brown Lode	189	116
Karen Lode	189	120
Karen #1 Lode	189	121
Karen #2 Lode	189	122
Karen #3 Lode	189	133

	Book	Page
Karen #4 Lode	189	134
Karen #5 Lode	189	135
Northwood Millsite	D-3	270

Group F

	Book	Page
Rex Lode	189	402
Rex #1 Lode	189	403

I. TITLE OPINION

Based upon our examination of the materials set forth in Part II hereof, and subject to the exceptions below, we find good and sufficient marketable title to the captioned patented claims and good and sufficient possessory title to the captioned unpatented claims vested as follows:

SURFACE OWNERSHIP

Groups A and C

Blue Bird Mining and Milling Company	All

Groups B, E and F

Henrietta Mines, Inc.	All

Group D

Henrietta Mines, Inc.	All

MINERALS AND LEASING RIGHTS
(including all extralateral rights applicable to lode mining claims in the United States.)

Groups A and C

Blue Bird Mining and Milling Company	All

Group B

Henrietta Mines, Inc.	51%
C. W. Mafford	49%

Group D

Henrietta Mines, Inc.	All

Groups E and F

Henrietta Mines, Inc. All

LEASEHOLD WORKING INTEREST IN MINERALS

Groups A and C

Henrietta Mines, Inc. All

Groups B, D, E and F

No leases outstanding.

ROYALTIES ON MINERAL LEASES

Groups A and C

Blue Bird Mining and Milling Company All

Groups B, D, E and F

No leases outstanding.

II. MATERIALS EXAMINED

1. Abstracts:

Group A

(a) (Mineral King lode) Abstract of Title containing 48 entries, certified to June 27, 1904, at 5:00 P.M.; continuation of Abstract of Title containing 105 entries, certified to November 16, 1946, at 4:00 P.M.; supplemental entry, certified on November 23, 1946 at 2:30 P.M., supplementing Abstract of Title as certified to November 16, 1946; Abstract of Title, continuation number 2, containing 20 entries, certified to November 10, 1966, at 8:00 A.M.

(b) (Lizzie lode) Abstract of Title containing 48 entries, certified to June 27, 1904, at 5:00 P.M.; continuation of Abstract of Title containing 105 entries, certified to November 16, 1946, at 4:00 P.M.; supplemental entry, certified on November 23, 1946 at 2:30 P.M., supplementing Abstract of Title as certified to November 16, 1946; Abstract of Title continuation number 2, containing 24 entries, certified to November 10, 1966, at 8:00 A.M.

(c) (Henrietta lode) Abstract of Title containing 29 entries, certified to June 27, 1904, at 5:00 P.M.; continuation of Abstract of Title containing 105 entries, certified to November 16, 1946, at

4:00 P.M.; supplemental entry, certified on November 23, 1946 at 2:30 P.M., supplementing Abstract of Title as certified to November 16, 1946; Abstract of Title, continuation number 2, containing 20 entries, certified to November 10, 1966, at 8:00 A.M.

(d) (Galena lode) Abstract of Title containing 29 entries, certified November 16, 1946 at 3:40 P.M.

(e) (Bordilla lode) Abstract of Title containing 40 entries, certified to November 16, 1946 at 3:30 P.M.

(f) (Blackstone lode) Abstract of Title containing 34 entries, certified to November 16, 1946 at 3:35 P.M.

Group B

(g) (Ajax lode) Abstract of Title containing 31 entries prepared by the San Juan Abstract and Insurance Company and certified from November 30, 1900, at 11:50 A.M. to May 2, 1967, at 8:00 A.M.

(h) (Dooley lode) Abstract of Title containing 23 entries prepared by the San Juan Abstract and Insurance Company and certified from March 25, 1901, at 3:30 P.M. to April 25, 1967, at 8:00 A.M.

(i) (Lucky Jim lode) Abstract of Title containing 31 entries prepared by the San Juan Abstract and Insurance Company and certified from November 30, 1900, at 11:55 A.M. to May 2, 1967, at 8:00 A.M.

(j) (W.S.B. lode) Abstract of Title containing 20 entries prepared by the San Juan Abstract and Insurance Company and certified from March 25, 1901, at 3:30 P.M. to May 2, 1967, at 8:00 A.M.

Group C

(k) Abstract of Title containing 73 entries and certified to November 29, 1946 at 11:30 A.M.

Groups D, E and F

No abstracts.

2. Record Search:

Groups A and C

Search of the records at the office of the Clerk and Recorder of San Juan County, Colorado, from the date to which the applicable abstracts were certified until April 25, 1967 at 8:00 A.M.

Groups D and F

Search of the records of the office of the Clerk and Recorder of San Juan County, Colorado, from the dates of location to May 17, 1967, at 8:00 A.M.

Group E

Search of the records at the office of the Clerk and Recorder of San Juan County, Colorado, from the dates of location to April 25, 1967, at 8:00 A.M.

3. Certificates of Taxes Due:

Group A

Certificate of Taxes Due and Unredeemed Tax Sales covering the Mineral King, Lizzie and Henrietta lodes, dated November 10, 1966.

Group B

Four Certificates of Taxes Due and Unredeemed Tax Sales, each covering one of the captioned claims, three dated May 11, 1967, and the Certificate for the Dooley lode dated May 1, 1967.

4. Patents:

The abstracts did not disclose the patents to the Galena, Berdilla and Blackstone lodes. We obtained and examined certified copies of these patents.

5. Deed:

Group D

Deed from Northwood Inc. to Henrietta Mines, Inc., dated February 27, 1967 and recorded on June 5, 1967, in Book 182 at page 174.

III. HISTORY OF TITLE

Group A

The Mineral King lode was patented to John W. Sites, Elmer King and John T. Mayfield on April 8, 1887. This patent was recorded on June 13, 1887, in Book A-1 at page 319.

The Lizzie lode was patented to Kendrick & Gelder Smelting Company on February 18, 1904. This patent was recorded on June 27, 1904, in Book A-4 at page 493.

The Henrietta lode was patented to The Kendrick & Gelder Smelting Company on February 18, 1904. This patent was recorded on June 27, 1904, in Book A-6 at page 1.

The Galena lode was patented to James Murdock and John F. Devine on March 17, 1886.

The Berdilla lode was patented to M. I, Barker on January 13, 1887.

The Blackstone lode was patented to George W. Bayly, John H. Haney and William Bayly on March 17, 1892.

These claims have become vested as set forth above by virtue of various conveyances by successors to the patentees.

Group B.

These claims were patented to The Stony Pass Mining Company on August 25, 1910. This patent was recorded on November 2, 1966, in Book A-10 at page 57.

These claims have become vested as set forth above by virtue of various conveyances from the patentee.

At entry 29 of the abstracts covering the Ajax and Lucky Jim lodes, at entry 21 of the abstract covering the Dooley lode, and at entry 18 of the abstract covering the W.S.B. lode, appears a Warranty Deed from C. W. Bedford to John E. R. Wood. This deed was executed on March 25, 1965, and recorded on April 21, 1965, in Book 173 at page 310. This instrument conveyed the captioned property but excepted and reserved unto the grantor, his heirs and assigns, 49% of all minerals lying in, under and upon the captioned property, and provided that this exception shall not prevent the grantee, his heirs and assigns, from building a mill on the captioned property and placing buildings and machinery thereon necessary to the operation of a mill.

The conveyance of the captioned property from John E. R. Wood to Henrietta Mines, Inc. which was dated February 27, 1967, and recorded March 28, 1967, in Book 182 at page 166, is shown by the abstract to have been expressly subject to the above exceptions and reservations.

Group C

The Joe and John lode was located by Joseph A. Nock and John Mullowney. The location certificate, dated June 2, 1882, was recorded in Book 61 at page 259 on August 21, 1883. An amended location certificate, dated September 20, 1883, was recorded in Book 66 at page 191 on September 24, 1883.

The J. C. Sibley lode was located by C. R. Clark. The location certificate, dated September 5, 1895, was recorded in Book 96 at page 228 on September 17, 1895.

The Commodore lode was located by Frank Collins. The location certificate, dated June 30, 1898, was recorded in Book 99 at page 283 on September 20, 1898. An amended location certificate, dated October 9, 1906, was recorded in Book 129 at page 130 on October 30, 1906.

The Juanita lode was located by J. T. Langolf and G. E. Langolf. The location certificate, dated September 1, 1900, was recorded in Book D-2 at page 570 on October 27, 1900. An amended location certificate, dated October 15, 1904, was recorded in Book 123 at page 554 on November 7, 1904.

The Silver King lode was located by Katherine Luttrell, J. T. Langolf and G. E. Langolf. The location certificate, dated October 18, 1904, was recorded in Book 124 at page 506 on November 7, 1904.

The Gulch lode was located by The Allerton Mining and Milling Company. The location certificate, dated October 9, 1909, was recorded in Book 138 at page 187 on November 26, 1909.

The Paymaster lode was located by The Allerton M. & M. Co. The location certificate, dated October 10, 1912, was recorded in Book 138 at page 583 on December 31, 1912.

The Revenue lode was located by The Allerton M. & M. Co. The location certificate, dated October 10, 1912, was recorded in Book 138 at page 584 on December 31, 1912.

The Wilson lode was located by The Allerton M. & M. Co. The location certificate, dated August 2, 1912, was recorded in Book 138 at page 585 on December 31, 1912.

These claims have become vested as set out above by virtue of various conveyances by the locators and their successors.

Group D

These claims were located by Northwood Inc. and location certificates covering each claim were recorded in the records of the Clerk and Recorder of San Juan County, Colorado, in the book and at the pages shown above. These location certificates show the dates of location as follows:

Moonshot lode	April 1, 1965
Friendship #7 lode	April 1, 1965
Gemini lode	April 1, 1965
Ruth lode	April 1, 1965

Ruth #1 lode	April 1, 1965
Ruth #2 lode	April 23, 1965
Ruth #3 lode	April 23, 1965
Ruth #4 lode	April 24, 1965
Nancy J lode	April 8, 1965
Nancy J #1 lode	April 9, 1965
Nancy J #2 lode	April 10, 1965
Nancy J #3 lode	April 12, 1965

These claims were acquired by Henrietta Mines, Inc., by deed from Northwood Inc. dated February 27, 1967, and recorded on June 5, 1967, in Book 182 at page 174.

Group E

These claims were located by Northwood Inc. and location certificates covering each claim were recorded in the records of the Clerk and Recorder of San Juan County, Colorado, in the book and at the pages shown above. These location certificates show the dates of location of the lode claims as follows:

Snowslide lode	April 1, 1965
Molly Brown lode	April 1, 1965
Karen lode	April 1, 1965
Karen #1 lode	April 1, 1965
Karen #2 lode	April 1, 1965
Karen #3 lode	April 27, 1965
Karen #4 lode	April 28, 1965
Karen #5 lode	April 29, 1965

The location certificate covering the Northwood millsite was dated April 2, 1965.

Henrietta Mines, Inc. acquired its interest by Mining Deed from Northwood Inc. dated February 27, 1967 and recorded on March 28, 1967 in Book 182 at page 165.

Group F

These claims were located by Henrietta Mines, Inc., on April 21, 1967, and location certificates covering each claim were recorded in the records of the Clerk and Recorder of San Juan County, Colorado, on April 24, 1967, in the book and at the pages shown above.

IV. LEASE AND OPTION

The terms of the lease and option and the applicable assignments covering the property in Groups A and C are as follows:

A. Lease and Option.

Dated: January 22, 1965.

Recorded:	February 15, 1965, in Book 188 at page 198.
Lessor:	Blue Bird Mining and Milling Company.
Lessee:	John E. R. Wood
Property covered:	Groups A and C above and other property.
Termination:	By lessee upon 30 days' notice; by owners, after lessee's breach of any agreement, upon 60 days' notice if lessee fails to cure his breach.
Royalty:	10% on all net smelter returns.
Purchase price:	$150,000 ($3,000 on or before January 1, 1966, and $3,000 on or before January 1 of each succeeding year until paid in full; royalties to be applied on purchase price).
Assignment:	Binding upon heirs, executors, administrators and assigns of both parties.

B. Assignment of Lease and Option, Item A above.

Dated:	June 27, 1966
Recorded:	July 7, 1966, in Book 188 at page 367.
Assignor:	John E. R. Wood
Assignee:	Northwood Inc.

C. Assignment of Lease and Option, Item A above, by assignee in Item B above.

Dated:	February 27, 1967
Recorded:	April 6, 1967, in Book 188 at page 444.
Assignor:	Northwood Inc.
Assignee:	Henrietta Mines, Inc.

V. GENERAL EXCEPTIONS

All unpatented claims (Groups C, D, E and F)

Title to unpatented mining claims is a possessory title only

and is subject to the paramount title retained by the United States of America until such time as a patent may be issued. Third parties may have or claim to have rights in unpatented locations adverse to those of Henrietta Mines, Inc. and its lessor; such possible adverse rights are not shown by the records, but may be urged at some later date.

In order to have a valid mining claim, the mining laws of the United States of America and of the State of Colorado must be adhered to. The various records in the office of a county recorder do not necessarily show that such laws and regulations have been followed and a claim which appears regular on the record may in fact later be shown to be invalid.

Group C

On June 27, 1958, Robert R. Moodie, Anna F. Moodie, Miriam M. Frederick and Naomi H. Jones, the trustees of Blue Bird Mining and Milling Company, brought suit in the District Court of San Juan County, Colorado, to quiet title to the property in Group C and other claims not covered by this opinion, against the Country Boy and the Country Boy Nos. 1 - 4 lode mining claims which were located on July 11, 1955. This action is still pending. The locator of the Country Boy claims asserts that assessment work had not been performed on the property involved during the preceding assessment year and that the ground was therefore available for location. We do not believe that all of the property in Group C is included within the limits of the Country Boy claims, however, a map in our possession which was plotted from the location certificates shows a conflict between the Country Boy claims and the following six lodes in Group C:

Joe & John

Juanita

Silver King

Gulch

Revenue

Paymaster

We understand that the assessment work was not performed because of threats made by the locator of the Country Boy claims, and if this can be established, the Country Boy claims will be invalid and the failure of the then lessee of the claims in question to perform the assessment work will be excused.

VI. COMMENTS

1. Assessment Work.

With respect to the claims in Group C, the records of the Clerk and Recorder of San Juan County show that notices of annual labor have been filed in most but not all years since location of these unpatented claims. Therefore, it is possible that conflicting claims may be made by parties asserting rights as relocators.

With respect to the claims in Groups D and E, regular notices of annual labor are on file.

With respect to the claims in Group F, no assessment work is required in the current assessment year ending September 1, 1967. The first year for assessment work is the period September 1, 1967-September 1, 1968.

2. Payment of Royalty and Rentals.

With respect to the Lease and Option which covers the property in Groups A and C, the materials examined contain no information as to whether payments of royalty and payments pursuant to the option to purchase have been made.

3. Easements and Rights-of-Way.

The materials examined show no easements over the captioned property, except as follows:

A. In Group A, the abstracts covering the Mineral King and Henrietta lodes do not disclose whether or not any easements or rights-of-way were reserved or excepted from the applicable patents. The abstracts or patents covering all of the other captioned patented claims disclose the reservation in the applicable patent of a right-of-way for ditches and canals constructed by the authority of the United States and further recite that the grant is subject to easements for vested and accrued water rights and rights to ditches and reservoirs.

   Such reservations and exceptions are frequently found in similar patents and may be found upon actual examination of the patents covering the Mineral King and Henrietta lodes.

B. In Group A, at entry number 6 of the continuation abstract covering the Lizzie lode, the San Juan Smelting and Refining Company granted to the Mammoth Tunnel Mining and Milling Company a right-of-way to tunnel through the Lizzie lode. This deed was dated October 17, 1907, and was recorded on November 22, 1907, in Book 134

at page 554. This right-of-way is a valid and subsisting right-of-way through the Lizzie lode. The deed further provided that the owner of the Lizzie lode was to be permitted to use this tunnel and it is our opinion that Henrietta Mines, Inc. has this right.

4. Effect of Relocation.

With respect to the claims in Group F, we understand that these two claims are relocations of the Tetrahedrite Nos. 1 and 2 lode mining claims. There was some doubt as to the validity of the older claims and therefore the relocation was made to assure Henrietta Mines, Inc. of having title to the ground and the minerals therein. The older claims, if valid, are in the possession of Henrietta Mines, Inc. pursuant to the lease and option set out above. Therefore, Henrietta Mines, Inc. has possession and the right to mine the minerals in the ground regardless of whether the claims are known as Tetrahedrite Nos. 1 and 2 or as Rex and Rex #1.

5. Encumbrances.

The materials examined show no valid outstanding encumbrances against any of the interests in the captioned property except as specifically set out in this opinion.

6. Taxes.

The materials examined show that there are no outstanding tax sales or delinquent taxes against the captioned property or the mineral interest therein. The taxes through 1965 are reported by the Treasurer of San Juan County to have been paid, and we have ordered a certificate from the Treasurer to confirm this. Taxes for 1966, payable in 1967, will not be delinquent until August 1, 1967.

7. Exceptions.

This title opinion is based solely upon the materials which we have examined as set forth above and is necessarily, therefore, subject to any matters which are not disclosed thereby, which may include particularly the following:

A. Rights which would be shown by a careful physical inspection or by an accurate survey of the captioned property;

B. Adverse rights or defects unknown to us of which you have actual knowledge;

C. Rights of all parties in actual possession of the captioned property or any part thereof, including in particular easements and rights-of-way and tenancies;

D. Mechanics' and materialmen's liens later perfected under the laws of Colorado;

E. Voluntary or involuntary petitions in bankruptcy against the present owners or against their predecessors in title; and

F. Federal tax liens.

8. **Materials Examined.**

We are retaining the materials examined in our files pending your instructions for their disposition.

Very truly yours,

HOLLAND & HART

By Robert P. Davison
Robert P. Davison

RPD:gh
cc: Mr. R. A. C. Douglas

RECEIVED

Mohawk Drilling and Exploration Company

Box 1902
Grand Junction, Colorado

Phone 242-0451

J. D. Elam
Owner and Manager

May 2, 1967

Henrietta Mines, Inc.
Boxx 547,
Silverton, Colorado

Attn. Robert Stronach

Dear Mr. Stronach,
The following schedule charges will apply to your exploratory drilling program near Silverton Colorado.

1. Mobilisation of men and equipment $ 250.00

2. Core drilling

	NX	BX	AX
0 to 250, per linear foot,	$6.70	$6.00	$5.50
250 to 500, per linear foot,	$7.20	$6.50	$6.00

3. Reaming, if necessary, all sizes, per foot 3.20

4. Cementing, if required, plus cement cost or mud, per hour 12.00

5. Survey time and standby, as requisted, per hour 10.60

6. Cardboard boxes to hold 10 foot core each 1.00

7. Water and air will be furniched by Henrietta Mines, Inc.

8. Drill stations will be furnished by Henrietta Mines, Inc.

CORE DRILLING AGREEMENT

1. This agreement, made and entered into this - day of _____, 1967, by and between the _____, the party of the first part, and the Whinnen Diamond Drill Company, Spokane, Washington, the party of the second part.

WITNESSETH:

2. In consideration of certain payments hereby agreed to be made by the said first party to the said second party, the said second party agrees hereby to drill, sink, or prospect with a diamond core drill from underground near Silverton, Colorado, at sites to be selected by the said first party, subject to the conditions hereinafter mentioned. It is futher agreed by the said first party that the depth of the the herein specified drill holes shall not exceed a depth of 1,000 feet horizontal or angled down, nor 500 feet angled upward above the horizontal plane, and the total amount as guaranteed must be drilled in not more than (35) holes.

3. The said second party agrees to use for the above described work, a underground diamond core drill, Bx equipment, and men skilled in operating same; to operate the drill whenever practical, six days per week, two shifts per day. Second party to furnish only such person or persons as said first party may designate by written order, all core taken out of said prospect holes. Size of core to be BX in diameter. The party of the first part will supply core boxes and sample bags. The second party will catch sludge, place core in boxes, properly identifying the same with hole number, and properly mark tag spacers to show correct depth intervals. The first party, if it desires, may have a man at the drill at all times to remove and take care and charge of said core. No information whatever regarding the records and results of this drilling is to be given any other party, without the written consent or direction of the said first party.

4. The said first party hereby agrees to pay the said second party the following prices for the herein desribed drilling:

Underground Drilling

0 to 500'	BX Core drilling	$8.27 per foot
500' to 750'	Bx Core drilling	$9.18 per foot
750' to 1000'	Bx Core drilling	$10.11 per foot

An adequate supply of water, and air, drill stations, and water sumps will be supplied at the drill stations by the party of the first part, at no charge to the party of the second part.

5. In accordance with this agreement, the said party of the first part hereby guarantees the said second party aminimum total of five thousand (5,000') feet of drilling at the prices herein provided in clause four. The said second party shall have the option of withdrawing fromm this contract after a total of five thousand (5,000') feet have been drilled under the terms of this agreement.

In the event the said first party should stop the drilling before the guaranteed footage has been drilled, it agrees to pay the said second party one fourth ($\frac{1}{4}$) the price per foot for the undrilled balance, in addition to payment at full price for the footage actually drilled.

6. The party of the first part hereby agrees to furnish the party of the second part, at no charge, aacess roads and their maintenance to the drill.

CORE DRILLING AGREEMENT

7. The second party hereby agrees to transport a drilling machine, crew, and supplies of the second party from Spokane, Washington to the Silverton, Colorado location, and back to Spokane, Washington, at the termination of the work under this contract for a mobilization charge of $716.38. Demobilization $567.54.

8. Should the party of the first part fail to perform its part of the contract of furnishing items herein agreed, or issue instructions that delay operations for any reason, or in any way interupt the continous operation of said diamond drill, it shall pay the party of the second part, through such delay, at the rate of $88.00 per machine shift consisting of eight(8) for each shift or part thereof that the operation is delayed.

9. It is futher agreed by both parties hereto that should cavities, soft, broken, or caving materials be encountered so that the drill hole will not remain open after being bored, and it becomes necessary or advisable to resort to cementing, reaming, casing, and or the use of mud- chemicals in order to protect the same untill the depth desired by said first party is reached, then said first party agrees to pay the actual cost of materials consumed f.o.b. jobsite, reaming-casing @ $4.00 per foot,drilling cement @ $1.70 per foot, in addition to the price as herein described in clause four. Mixing mud-chemicals, cementing will be charged at $12.00 per hour; Waiting for cement to set will be charged at $11.00 per hour. Charge for casing left in place in the holes at replacement cost f.o.b. jobsite.

It is hereby agreed that should a cavity, or loose and caving material be encountered at a depth which should prevent successfull drilling, the party of the second part does not guarantee to drill or sink said prospect holes to any specified depth, but will drill or sink as deep as practical under the conditions,and the party of the first part shall pay for every foot actually sunk or drilled.

10. The party of the second part agrees to cover its employees with Workmen Compensation Insurance Under the State Laws of Colorado, and agrees to furnish the first party with verification of same. The party of the second part also agrees to cover its employees with Public Liability in the amount of $100,00 and $300,000 and Property Damage in the amount of $100,000.

11. The payments for the herein described work are to be made on the first half of each month for all invoices rendered for work done up to and including the 25th day of the previous month.

12. The party of the second part hereby agrees to ship the equipment for herein described work within six (6) working days from the date of notification to proceed after the execution of this agreement, but said second party shall not be responsible for delays caused by strikes, accidents, or blockades. This proposal is for immediate acceptance, but although accepted, does not constitute a contract untill approved by W. J. Whinnen of the Whinnen Drill Co. at its office in Spokane, Wasihington, U.S.A. and is subject to change or withdrawal untill so approved.

It is expressly agreed that there are no promises, agreements,or understandings outside of this contract, and that no agent has any authority to obligate the Whinnen Diamond Drill Co., by any terms, stipulations,or conditions not herein expressed. This contract may be altered only by the written consent of both parties hereto.

In Witness Whereof, the parties have set their hands and seals.

Accepted by:

_____

_____

_____

Approved by:
Whinnen Diamond Drill Company

By: _____
W. J. Whinnen

Date: _____

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/16/68	Peterson	120
		120
	(on leave)	110
		220

Henrietta Mines, Inc.
P. O. Box 547
Silverton, Colorado 81433

Re: OME-6671 (Silver and Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Gentlemen:

In compliance with your request of April 9, 1968, we are considering the subject application as having been withdrawn and are placing it in our inactive files.

If you wish to reopen this case at any time in the future, you may do so by filing a new application, referring to this OME docket number, and furnishing the information pertinent to your new proposal. This information should include new bank letters dated within 90 days of filing the new application, but need not repeat data already submitted.

We are returning the copies of the numerous lease agreements, maps, drill logs, and assay certificates as requested. We have retained the copies of the non-technical material in accordance with the General Instructions on the application form. This copy is the Government's permanent record of your application and information contained therein can be referred to if you wish to submit another application sometime in the future.

Sincerely yours,

Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Peterson
Region III

ECPeterson/bsl 4/16/68

HEAD OFFICE:

506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

AREA CODE: 303
TELEPHONE: 387-5737

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

90
OME

April 9, 1968.

United States,
Department of the Interior,
Geological Survey,
Washington, D.C.
20242

OFFICIAL COPY
O. M. E.
RECEIVED
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REMARKS | CODE
gla | 130
bol | 120
on lease | 110
~~120~~

RE: OME - 6671 (Silver Copper)
Henrietta Mines Inc.,
Henrietta Mine,
San Juan County, Colorado.

Dear Sirs:-

We have decided to withdraw the above application.

Therefore will you please remoce it from your pending files and return all the data to us.

Yours very truly,

R. S. Stronach, Jr.

RECEIVED
U.S. GEOLOGICAL SURVEY
APR 11 3 13 PM 1968
OFFICE OF THE DIRECTOR

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/4/68	Peterson	120
		120
	(on leave)	110
4/4	cal	220
		120M

AIRMAIL

APR 4 1968

Henrietta Mines, Inc.
P. O. Box 547
Silverton, Colorado 81433

Re: OME-6671 (Silver and Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Gentlemen:

We have not had a reply to our letter of February 7, 1968. Will you please inform us of your plans regarding the application. If you have decided not to pursue it further, will you please so inform us.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Peterson
Region III

ECPeterson/bsl 4/4/68

MME Form 7
(2/63)

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Date	Surname	Code
2/28/68	Peterson	120
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FEB 28 1968

AIRMAIL

Henrietta Mines, Inc.
P. O. Box 547
Silverton, Colorado 81433

Re: OME-6671 (Silver and Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Gentlemen:

Pursuant to your recent request for any factual data that may be available concerning the previous Government exploration contract at the Henrietta mine, we are enclosing copies of the following material.

1. One page report of the work completed under the contract (Docket No. ~~MMA~~-606).

2. Map showing geology of the 7th level near the portal.

3. Map showing a proposed work plan on the 7th level.

Please note that sample and assay data relative to the contract work are given on Figure 3, entitled "Plan at 7th Level Workings Showing Locations ..... etc.," copies of which you already possess.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Peterson

ECPeterson/bsl 2/28/68

Blue Bird Mining & Milling Co. Inc.
340 So. Lafayette St.
Denver, Colo. 80209

OFFICIAL COPY
O. M. E.
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FEB 23 1968
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EP 120

AIRMAIL
February 21, 1968

Mr. Frank E. Johnson, Chief,
Office of Minerals Exploration
U. S. Department of the Interior
Geological Survey,
Washington, D. C. 20242

Re: OME-6671

Dear Sir:

Enclosed herewith is an authorization to OME and related Government agencies to disclose factual data pertaining to the mining claims covered in the captioned application.

In connection with said application we also submit for your consideration the following information:

1. The outstanding 1/2 interest in the Prosperity and La Cross claims is covered by Tax Sale Certificates which we own. Application has been made for a Treasurer's Deed to such additional 1/2 interest, which deed will be issued April 5, 1968, so that thereafter our company will own a full interest in both of said claims.

2. According to the opinion of Holland and Hart, the largest and one of the most eminent law firms in the Rocky Mountain region, by reason of quit claim deeds recently obtained and recorded on the Moodie No. 1, Moodie No. 2, U & I, C.L.M., Tetrahedrite No. 1, and Tetrahedrite No. 2 claims our company has as good title to such unpatented claims as can be obtained for that type of claims.

Our company's present interest in all the claims it owns as referred to herein, as well as any additional interest it may acquire by virtue of tax deeds, is subject to the Lease and Option Agreement entered into by this company and John E. R. Wood on January 22, 1965, with John E. R. Wood's interest having subsequently been assigned to Henrietta Mines, Inc.

Very truly yours,

BLUE BIRD MINING & MILLING COMPANY, INC.

By M. Rex Jones
M. Rex Jones, Vice President

MRJ:NJ

Blue Bird Mining & Milling Co., Inc.
340 So. Lafayette St.
Denver, Colo. 80209

February 21, 1968

TO WHOM IT MAY CONCERN:

Re: Henrietta and Joe & John Groups located in Prospect Basin, off Cement Creek, in Red Mountain Mining District, San Juan County, Colorado.

Our full authorization is hereby granted to the U. S. Bureau of Mines and/or the Office of Minerals Exploration, Department of Interior, to furnish to HENRIETTA MINES, INC. any and all factual data concerning the results of previous contracts covering our mining property in San Juan County, Colorado, and more specifically under Idm-E29 and Idm-E309, or any other similar contracts with the Government on such mining claims.

BLUE BIRD MINING & MILLING COMPANY, INC.

By M. Rex Jones, Vice President

MRJ/nj

(Corporate seal)

Patterson 120
Kirkemo 120
110
Cal 220
120M

1968

AIRMAIL

Henrietta Mines, Inc.
P.O. Box 547
Silverton, Colorado 81433

Re: OMM-6671 (Silver and Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Gentlemen:

This will acknowledge receipt of your letter dated February 1, 1968.

The ore reserve data mentioned in your letter and in the application are based on old reports prepared early in the 1900's. Unless these figures can be verified, especially the proven reserves, much of the data must be discounted.

Our review of the assay data submitted and of other geologic information available to us indicates that some silver and copper occurrences may be found in and along the length of the Henrietta vein. However, the possibility of discovering sufficient ore reserves to justify the proposed $100,000.00 project is considered remote. Based upon information developed under a previous Government contract, indications are that the principal metal values occurring in the deposit are lead and zinc, which are not presently on the list of metals eligible for OMM assistance.

Unless further geologic information can be furnished to indicate that the target you wish to test is more favorable for silver and copper occurrences than the other areas already explored, we would be unable to participate in the proposed work.

As we have previously indicated, it seems that several short crosscuts driven from the footwall drift to ascertain the potential of the Henrietta vein would be a logical preliminary step to be performed before further exploration was considered.

Please note that the Government does not provide funds for work designed to obtain additional data to verify information contained in old reports.

Copies of any factual data that may be available concerning the results obtained under the previous Government contract will be forwarded to you upon receipt of written authorization from the Operator, Blue Bird Mining and Milling Company, Inc., or from the present owners of the property and evidence that the Blue Bird Mining and Milling Company, Inc., has abandoned all interest in the property. A nominal fee will be charged for the duplicating work.

Nothing in this letter should be construed as a commitment by the Government to grant an exploration contract. We shall continue to hold your application until we have been advised of your plans regarding the application.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
~~OME File~~
OME Reading File
Mr. Peterson
Region III w/cy of incoming ltr. dtd. 2/1/68

ECPeterson/bsl 2/7/68

HEAD OFFICE:

506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

AREA CODE: 303
TELEPHONE: 387-5737

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

Copy to R. III

February 1, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 5 1968
INITIALS | CODE
Bal | 120
FJ | 110
ET | 120

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
United States Department of Interior
Geological Survey
Washington, D. C. 20242

Re: OME-6671 (Silver & Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Dear Mr. Johnson:

I have your letter of January 25th stating that our proposal does not submit sufficient evidence to show that the Henrietta vein is a favorable exploration target containing appreciable amounts of copper and silver ores.

I am rather at sea as to just what you require as we submitted copies of the reports of the former operations at about the turn of the century that recorded their work, production and an estimate of ore reserves prepared just when the mine closed that placed reserves then at 317,000 tons showing .044 oz gold, 5.7 oz silver and 3.75% copper.

Also submitted were diamond drill logs, sections and assay certificates of drill holes drilled in 1966 by Northwood Inc that showed intersections over a length of 670 feet of vein at the No. 7 Level and that returned .025 oz gold, 3.35 oz silver and 3.80% copper over a width of 12 feet for 6 of the holes and the last hole 460 feet to the south returned 2.6 oz silver and 2.85% copper over 14 feet.

As the vein is not open for inspection, due to caving of the old workings, to verify the old reports our program has been designed to verify their reports with a vein to entering into a development program.

HEAD OFFICE:

506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

AREA CODE: 303
TELEPHONE: 387-5737

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

February 1, 1968

(page 2)

In 1951 a limited program was carried out under a DMEA loan and the property certified for production, but the maps, results and data of this program have not been made available to us by your department, although it has been requested as late as last fall, by our attorneys in Denver. //?

I would appreciate it if you would please clarify the comments in your letter in the light of the above data for my edification.

Very truly yours,

R. S. Stronach, Jr.
Mine Manager

RSS:ig
cc:H.B.Hicks
H.H.Wright
J.W.Hasler-OME Denver

Peterson 120
Kirkham 120
110
220
120M

JAN 25 1968

AIRMAIL

Henrietta Mines, Inc.
P. O. Box 347
Silverton, Colorado 81433

Re: OME-6671 (Silver & Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Gentlemen:

Further review of your application for financial assistance indicates that the proposal lacks the necessary geologic evidence to support your view that the Henrietta vein is a favorable exploration target containing appreciable amounts of copper and silver ores. Consequently, without this evidence the OME can not participate in the cost of the work you have proposed.

However, should you perform some preliminary work which discloses evidence to indicate that a favorable target exists and additional work is justified, we would be pleased to consider your application further upon receipt of such information.

We shall continue to hold your application until we have either been advised that you intend to submit new data, or that you wish to withdraw the application. Submittal of additional information should not be construed as a commitment by the Government to grant an exploration contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
~~OME File~~
OME Reading File
Mr. Peterson
Region III w/copy of incoming memo dtd. 1/19 & ltr. 12/6/67

ECPeterson/bsl 1/25/68

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

January 19, 1968

MEMORANDUM

TO: Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

FROM: Robert G. Luedke, Geologist R G Luedke
U. S. Geological Survey

SUBJECT: Docket OME-6671
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

The subject application for exploration assistance has been reviewed at the request of your office, and comments mainly to do with geologic setting follow. For map reference, see the recently published Geological Survey's Geologic Quadrangle Map GQ-291 (Ironton quadrangle).

Host rocks in the vicinity of the Henrietta mine consist principally of thick to massive lava flows and some thin flow-banded flows and flow breccias of intermediate (rhyodacite) composition, and are assigned to the Burns Formation which is a unit of the Silverton Volcanic Group of Middle Tertiary age. All geologic discussions in the various reports concerning this property correctly state ~~state~~ the Burns as being very thick but also allude to the considerable depth below the lowest mine workings of the underlying contact with the Eureka Tuff (formerly Eureka Rhyolite); even if it was not, it probably would have little significance upon the presence or absence of ore. The rocks are weakly to moderately propylitically altered compared with the intensively solfatarically altered ones a few hundreds of feet north across Prospect Gulch in the Red Mountains area. The flows in this locality have a general westward dip of 15 to 25 degrees.

The fractures and mineralized fissures commonly strike northerly to north-northeasterly parallel to the strong faults and fractures, immediately to the west, which are a part of the 1-2 mile wide ring-fault zone of the Silverton cauldron. These fractures, if not part of the ring zone, are marginal and sympathetic to those within it, but not as extensive in length nor as well defined. The Henrietta vein was traced

about 3,500 feet. An important point to be made here, in contradiction to the geologic reports in this and previous applications concerning this property, the Henrietta or nearby veins should not be compared with, on the basis of ore and gangue mineralogy, vein structure, and vein formation, (1) the fissure veins in the Idarado mine northwest of the cauldron, and (2) the fissure veins of the Sunnyside mine within the cauldron. As Ransome pointed out in 1901 (U.S.G.S. Bull. 182, p. 258), the mineralogical character [and the geologic setting] more closely relates the Henrietta mine to those "chimney" type deposits of the Red Mountain area except that at the Henrietta, the ore occurs as a fissure filling.

This property was inaccessible at the time of our field work hence was not critically examined. Most of this area did not appear too favorable. Southward from Prospect Gulch and between Mineral and Cement Creeks to Silverton, about 5 miles, the area has been quite thoroughly prospected but has had very little real mining activity. Except for a few small high-grade pockets, the reported grade of ore is low; it is highly questionable that large-scale operations and modern technology combined can sustain a long and active mining program.

Based upon information given in the application, an extensive drilling program may not be definitive because of the difficulty reported in attempting to drill the vein previously. The recommendations of Mr. Hassler and others of completing a few short crosscuts to examine the vein seem warranted; this company knows little of their vein. Examination of the vein then opens the possibility of stoping the vein between the #7 level and upper levels (the so-called earlier reported block of reserves); better silver values would be expected in the upper parts of the vein. Drifting further in the footwall just to ascertain more linear extent of the vein would seem to be a later exploratory program once mining operations were under way.

HEAD OFFICE:

506 MERCANTILE BANK BUILDING
540 BURRARD STREET
VANCOUVER 1, B.C., CANADA

HENRIETTA MINES, INC.

P.O. BOX 547
SILVERTON, COLORADO
81433

AREA CODE: 303
TELEPHONE: 387-5737

OFFICIAL COPY
G. M. E.
RECEIVED
JAN 8 1968

December 6, 1967

~~430~~
BRL 120 M
~~110~~
120 P

Harold Kirkemo, Assistant Chief,
Office of Minerals Exploration,
United States Department of Interior,
Geological Survey,
Washington, D. C.
20242

RE: OME - 6671 (Silver & Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Dear Sir:

In reply to the second paragraph of your letter dated December 4. We have put out long holes at approximately 50 foot intervals from the footwall drift and have managed to trace the vein by this manner. The results from these holes is disappointing as while the vein was traced all the way we did not cross the vein with about half of theholes due to the ravelly nature of the ground and only got into the actual footwall. With the other holes that did cross the vein water return was so poor that little could be told other than that the vein had been cut.

About 900 feet of the vein had been opened on the 7th level by the old workings that are now caved and are not readily accessable therefore we have only the reports of previous operators around the turn of the century as a guidance.

It is our contention that the best and cheapest method of exploring the Henrietta vein on the 7th level to arrive at a base upon which a development program can be projected is to systematically diamond drill to ascertain grades, widths and continuity of the structure.

I am forwarding your letter to Mr. Hicks the General Manager who will give you the assurances requested in your first paragraph regarding the Performance Bond.

Yours very truly,

R. S. Stronach, Jr.

RSS:ig

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/28/67	Peterson	120
	Kirkemo	120
	(on leave)	110
12/28	cac	220
		120M

AIRMAIL

DEC 28 1967

Henrietta Mines, Inc.
P. O. Box 547
Silverton, Colorado 81433

Re: OME-6671 (Silver and Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Gentlemen:

This will acknowledge receipt of Mr. H. Brodie Hicks' letter of December 20 informing us that Henrietta Mines, Inc., is willing to post a Performance Bond in the event of an exploration contract.

We shall continue to hold the processing of the subject application pending your reply to the second paragraph of our letter to you dated December 4, 1967.

Sincerely yours,

Harold Kirkemo (gh)

Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Peterson
Region III

ECPeterson/bsl 12/28/67

43683

HENRIETTA MINES LTD.
(NON-PERSONAL LIABILITY)

506-540 BURRARD STREET
VANCOUVER 1, CANADA
TELEPHONE 685-7374
(AREA CODE 604)

1600 - 100 Adelaide St.W.,
Toronto 1, Ontario.

December 20th, 1967.

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 26 1967
INITIALS | CODE
| 130
| 120
| 110
| ~~120~~

United States Department of the Interior,
Geological Survey,
Washington, D.C. 20242,
U. S. A.

Attention: Mr. Harold Kirkemo, Assistant Chief,
Office of Minerals Exploration.

Re: OME-6671 (Silver & Copper)
Henrietta Mines, Inc.,
Henrietta Mine,
San Juan County, Colorado.

Dear Sirs:

We refer you to your recent letter re the above subject addressed to the mine at Silverton, Colorado concerning the necessity of posting a Performance Bond covering your share of the estimated cost of the work in the proposed exploration contract.

We now enclose copy of a letter from our insurance brokers, Messrs. Richardson, Garratt, de Pencier, which we trust will satisfy your requirements. If not, and if you will let us know exactly what more is required, we will immediately take steps to carry it out.

Yours very truly,

HENRIETTA MINES LIMITED

H. Brodie Hicks

HBH:as
Encl.

H. Brodie Hicks,
General Manager.

Richardson,
Garratt, de Pencier

INSURANCE BROKERS

112 King St. West, Toronto 1, Canada—Telephone 362-5233—Cable: Rigarde

December 19th, 1967.

Henrietta Mines, Inc.,
Suite 1600,
100 Adelaide St. West,
Toronto 1, Ontario.

Attention: Mr. W.M. O'Shaughnessy

Dear Sirs:

This will confirm our telephone advice that we have arranged with The Travelers Indemnity to write the Bond required by the United States Department of the Interior Geological Survey. The Bond can be issued on short notice once the necessary details are known, and for this purpose, we are returning Standard Form 25 so that proper information can be inserted.

As mentioned, the rate for this type of Bond is $10.00 per $1,000.00 for the term of the Bond.

The only other requirements to obtain the Bond are the filing of the last financial statement of Canadian Consolidated Faraday Corporation Limited and their signature on an indemnity agreement.

Yours very truly,

RICHARDSON, GARRATT, de PENCIER

Ian A. Macintosh

IAM:vs

Ian A. Macintosh

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/4/67	Peterson	120
		120
	(on leave)	110
12/4	Cal	220
		120M

DEC 1 1967

AIRMAIL

Henrietta Mines, Inc.
P.O. Box 347
Silverton, Colorado 81433

Re: OME-6671 (Silver & Copper)
Henrietta Mines, Inc.
Henrietta Mine
San Juan County, Colorado

Gentlemen:

Before we can continue the processing of the subject application we must have your assurance that Henrietta Mines, Inc., is willing and able to post a Performance Bond covering the Government's share of the estimated cost of the work in the event of an exploration contract. Such a bond, preferably with a U.S. bonding company, is required because the company is controlled by a foreign-based firm. A standard Performance Bond Form 25 is enclosed for your study.

In view of the results obtained from past exploration on the 7th level, we question whether the work you have proposed can be justified. The work suggests that no specific segments of the vein can be considered more favorable for mineralization than other parts, in other words, there is no specific target. In this connection we wonder why the vein has not been tested (by long-hole drilling or short cross-cuts) along the south end of the 7th level. Over 300 feet of vein adjacent to the footwall drift remains unexplored, and it appears that some preliminary inexpensive exploration in this area is warranted before an extensive program such as you have proposed can be considered. We would appreciate your comments regarding these observations.

We shall continue to hold your application pending your reply. Nothing in this letter should be construed as a commitment by the Government to grant an exploration contract.

Sincerely yours,

Harold Kirkemo (glu)

Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

Enclosure

cc: Director's Reading File
Division File, Economic Geol. File, OME File, OME Rdg. File
Mr. Peterson, Region III

ECPeterson/bsl 12/4/67

23263

November 21, 1967

Henrietta Mines, Inc.
P. O. Box 547
Silverton, Colorado 81433

Subject: OME-6671

Gentlemen:

Your application for exploration assistance, dated October 13, 1967, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6671.

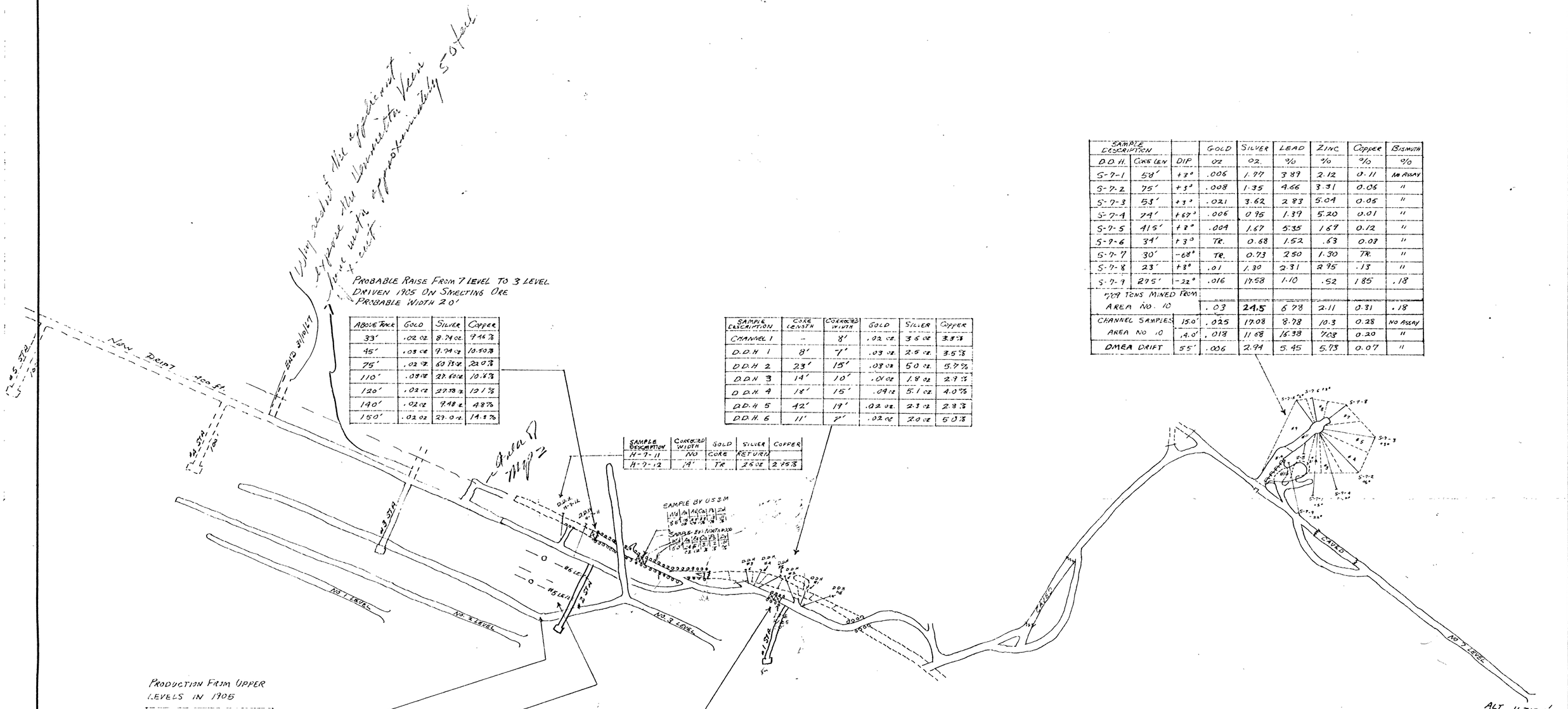
Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to:
Henrietta Mines, Inc.
500 Equitable Building
Denver, Colorado 80202

Copy to OME R-III



ABOVE TRACK	GOLD	SILVER	COPPER
33'	.02 oz	8.74 oz.	9.46 %
45'	.03 oz	9.74 oz	10.50 %
75'	.02 oz	60.78 oz	22.0 %
110'	.03 oz	27.60 oz	10.6 %
120'	.02 oz	27.38 oz	12.1 %
140'	.02 oz	9.48 oz	4.8 %
150'	.02 oz	27.0 oz	14.3 %

SAMPLE DESCRIPTION	CORE LENGTH	CORRECTED WIDTH	GOLD	SILVER	COPPER
CHANNEL 1	–	8'	.02 oz.	3.5 oz	3.3 %
D.D.H 1	8'	7'	.03 oz.	2.5 oz.	3.5 %
D.D.H 2	23'	15'	.03 oz	5.0 oz.	5.7 %
D.D.H 3	14'	10'	.01 oz	1.8 oz	2.7 %
D.D.H 4	18'	15'	.04 oz	5.1 oz.	4.0 %
D.D.H 5	42'	19'	.02 oz.	2.3 oz	2.3 %
D.D.H. 6	11'	7'	.02 oz	2.0 oz	5.0 %

SAMPLE DESCRIPTION	CORRECTED WIDTH	GOLD	SILVER	COPPER
H-7-11	NO	CORE	RETURN	
H-7-12	19'	TR	26 oz	2.15 %

SAMPLE DESCRIPTION			GOLD	SILVER	LEAD	ZINC	COPPER	BISMUTH
D.D.H.	CORE LEN	DIP	oz	oz.	%	%	%	%
S-7-1	58'	+3°	.006	1.97	3.89	2.12	0.11	NO ASSAY
S-7-2	75'	+3°	.008	1.35	4.66	3.31	0.06	"
S-7-3	53'	+3°	.021	3.62	2.83	5.09	0.05	"
S-7-4	74'	+67°	.006	0.96	1.39	5.20	0.01	"
S-7-5	415'	+3°	.009	1.67	5.35	1.69	0.12	"
S-7-6	34'	+3°	TR.	0.68	1.52	.63	0.03	"
S-7-7	30'	-68°	TR.	0.73	2.50	1.30	TR.	"
S-7-8	23'	+3°	.01	1.30	2.31	2.95	.13	"
S-7-9	275'	-22°	.016	17.58	1.10	.52	1.85	.18
709 TONS MINED FROM AREA NO. 10			.03	24.5	6.78	2.11	0.31	.18
CHANNEL SAMPLES		15.0'	.025	17.08	8.78	10.3	0.28	NO ASSAY
AREA NO 10		4.0'	.018	11.68	16.38	7.03	0.20	"
DMEA DRIFT		55'	.006	2.94	5.45	5.73	0.07	"

PRODUCTION FROM UPPER LEVELS IN 1905

NO 3 LEVEL			
TONS	GOLD	SILVER	COPPER
887.1	.03 oz	40 oz	3.3 %
2768.9	.05 oz	75 oz.	7.1 %
NO 5 LEVEL			
TONS	GOLD	SILVER	COPPER
160.2	.09 oz	86 oz	85.3

AVG OF 2 SAMPLES TAKEN BY USBM

Wt.	Au	As	Cu	Pb	Zn
10.3	0.08 oz.	10.2 oz.	3.32 %	0.3 %	0.2 %

OMEA
RECEIVED
NOV 20 1967
Denver, Colorado

PLAN MAP HENRIETTA MINE WORKINGS

SCALE: 1" = 100'	APPROVED BY:	DRAWN BY R.J.F.
DATE: 3/8/67		REVISED 11/11/67
MAP No. 4.		DRAWING NUMBER NO. H-6

18X24 PRINTED ON NO. 1000H CLEARPRINT