MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. _____ Docket No. 6767

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- [ ] Withdrawn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
- [ ] 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. _____: Maps (Use pocket folder or envelope)

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

AURORA MINING COMPANY, INC.

1901 TIDEWATER ROAD
ANCHORAGE, ALASKA 99501
(907) 279-4222

P. O. BOX 2246
LA JOLLA, CALIFORNIA 92037
(714) 274-0622

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 23 1969
INITIALS | CODE

20 January 1969

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

Dear Mr. Johnson:

I thought perhaps a note of explanation regarding our plans in the Alaska venture.

We have opted to apply for the enclosed loan for two reasons: First, we have spent considerably more money already on the lease and secondly, can point to a successful operation -- all of which should help establish our stature from an accomplishment point of view.

Aurora is willing and able to sign a bond in lieu of the "Lien and Subordination Agreement" because the State of Alaska will not agree to the royalty requested.

We will follow this shortly with the information you asked for on the previous application, but the need for that money comes at a later date now that the ice is in. (6752) OME-cc

Please expedite action on the accompanying application as time is important if we are to avail ourselves of the ice as a work platform.

Sincerely yours,

Bill Terry

M. C. "Bill" Terry
President

MCT/jt

AURORA MINING COMPANY, INC.

1901 TIDEWATER ROAD
ANCHORAGE, ALASKA 99501
(907) 279-4222

P. O. BOX 2246
LA JOLLA, CALIFORNIA 92037
(714) 274-0622

20 January 1969

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

Dear Sir:

Our company wishes to submit for your consideration a request for an O.M.E. contract for exploration assistance on a mining lease our company controls in Norton Sound, Alaska.

Enclosed with this letter are two copies of MME 40. Also included with this letter is a report on the geology of the area to support our request for an O.M.E. exploration loan.

Below is a discussion of the requirements listed on form MME 40:

Item 1

Enclosed are copies of our correspondence with two banks, one of which is our bank of deposit, requesting loans for exploration purposes. I believe the letters are self explanatory.

Aurora Mining Company has no affiliated, parent, or controlling companies.

Our company plans to pay for its share of the exploration out of funds in the treasury.

Item 2

Enclosed are copies of contracts between Aurora Mining Company, Inc., and Auric Offshore Mining Company, Inc. Also enclosed are two copies of the assignment of the lease from Auric to Aurora; we are also enclosing a copy of the lease from the State of Alaska. There are no liens, encumberances, or mortgages on the property.

The property which we propose to explore is Alaska Division of Lands offshore mining lease number 22618; the land includes all tide and submerged lands within T. 11S., R. 25W., K.R.M., section 6; T. 10S., R. 25W., K.R.M., section 31: excluding any patented lands; T. 10S., R. 26W., K.R.M., section 26; T. 11S., R. 26W., K.R.M., section 1.

We do not wish to include on our request for exploration assistance the twenty acres of the Auric Lease which we drilled during 1968; that area is outlined on the map included in the geological report on the property.

Item 3

The map of the Auric Lease, scale: 1" - 750', in the enclosed geologic report describes and outlines previous mining in the area.

Aurora had no interest in previous mining ventures in the area.

Enclosed are two copies of our geologic report on the Auric Lease which cover the sections in Item 3.

Item 4

In the event an OME representative wishes to visit the property Mr. M. R. Mott of P. O. Box 2246, La Jolla, California will meet named representative in Nome, Alaska, and arrange for transportation to the site.

Nome, Alaska, is the nearest shipping and supply point to the property.

Item 5

The enclosed geologic report covers our plans for exploration work on the subject property.

In the event an O.M.E. contract is executed the work would start within two weeks after the execution. A magnetometer survey would be completed within six months of the execution of the contract. A drilling program would start within ninety days of the execution of the contract. It is anticipated that a total of fifteen days of work should be sufficient for the magnetometer survey, and twenty-five days should be sufficient for the drilling program. A minimum of a month is necessary after the completion of the field work to complete the analysis of the data and provide a completed engineering report.

Item 6

Aurora Mining Company, Inc., spent over one hundred days of 1968 drilling and sampling the sediments above bedrock on the Auric Lease. The personnel are well experienced in working in the Arctic in extreme cold. Also the personnel are experienced in drilling and sampling placer deposits. The program is under the supervision of Mr. Max R. Mott, a Geological Engineer, registered as a P.E. in Colorado. Mr. Mott has supervised a wide variety of geophysical and drilling programs.

Item 7

(A) None of the work is to be contracted.

(B) Included in personal services are :

(1)	Geological Engineer, Supervisor	$ 600.00 per week
(1)	Driller	250.00 per week
(2)	Helpers for magnetometer survey	(2) 200.00 per week + 200
(2)	Helpers on drill	(2) 200.00 per week + 200
(1)	Camp helper	175.00 per week

1825
8

Men for the above positions have been selected.

(C) & (D) Below is a list of equipment and supplies which will be necessary for the operation:

(1)	Walker-Neer Drill	$ 55,000.00	Purchase - ?
(1)	D-8 Caterpillar with Blade	7,500.00	Rent
(1)	Denver Equpt. Gold Saver	1,832.25	Purchase
(10)	Bits	1,500.00	Purchase
(3)	Snow Machines	2,995.00	Rent
(1)	Fluxgate Magnetometer	2,675.00	Purchase
(3)	Sleds	60.00	Purchase
(1)	Tent	125.00	Purchase
(3)	Pair Snow Shoes	105.00	Purchase
(1)	Tripod for Brunton	27.00	Purchase

(1) Head for Brunton	$ 9.90	Purchase
Air Transportation	6,600.00	Purchase
Fuel	2,000.00	Purchase
Food	1,750.00	Purchase
Misc. supplies, tools, etc.	1,000.00	Purchase
	83,179.15	

(E) & (F) No buildings and fixtures are involved in this program.

(G) Assaying will cost approximately $500.00. Analytical work will cost approximately $3,500.00. Accounting, workman's compensation and employees liability has been included in outlined costs.

We estimate the total cost of the exploration on this lease will be $99,279.15.

Very truly yours,

M. C. "Bill" Terry
President

MCT/jt

Enclosures

MME Form 40
Jan. 65

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 23 1969
INITIALS CODE

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.)*

Aurora Mining Company, Inc.
P. O. Box 2246
La Jolla, California 92037

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6767

DATE RECEIVED: 1/23/69

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE

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

ESTIMATED COST OF PROJECT: $ 99,279.15

PROPERTY NAME	LOCATION COUNTY	STATE
Auric Lease ADL. 22618	Bluff	Alaska

GENERAL INSTRUCTIONS

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

CERTIFICATION

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

30 January 1969
DATED

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

10 January 1969

Mr. R. J. Cleary
Vice President
U. S. National Bank
1044 Wall Street
La Jolla, California 92037

Dear Mr. Cleary:

The Aurora Mining Company, Inc., an Alaskan Corporation owns an offshore mining lease at Bluff, Alaska. This lease was issued by the State of Alaska in 1954 for twenty years duration. The lease number is 22618 in Alaska Division of Lands files.

Aurora Mining Company purchased this lease in 1968 and did some preliminary exploration on the property. The exploration demonstrated approximately $4 million dollars worth of gold present on twenty acres of the lease. Our study of the geology of the area leads us to believe there is probably over $70 million dollars worth of recoverable gold on the lease.

To comply with good business and mining practices an additional exploration program should be conducted on the property. We are requesting a loan of $75,000.00 at your current interest rate for loans. We wish to have the loan on a five year basis payable on quarterly installments. The money from such a loan would be used to conduct a magnetometer survey and drilling program on the Auric Lease.

Yours truly,

M. C. "Bill" Terry
President

MCT/jt

SECURITY PACIFIC NATIONAL BANK

LA JOLLA BRANCH, 1044 WALL STREET, LA JOLLA, CALIFORNIA · PHONE (714) 459-4311

MAILING ADDRESS: POST OFFICE BOX 1988, LA JOLLA, CALIFORNIA 92038

January 21, 1969

Mr. M.C. "Bill" Terry
President
Aurora Mining Company, Inc.
P.O. Box 2246
La Jolla, California 92037

Dear Mr. Terry:

Thank you for your letter of January 10, 1969 with which you enclosed the report to stock holders of Aurora Mining Co., Inc. as of November 1, 1968.

We understand that the Company is requesting a term loan of $75,000 repayable in quarterly installments over a five year program. The proceeds of this loan would be used to conduct a magnetometer survey and drilling program on the Auric Lease.

After a review of the material presented to us, it has been concluded that we would not be interested in making such a loan at the present time. We appreciate the opportunity of reviewing this credit and if we can be of other services at some future time, please do not hesitate to contact us.

Very truly yours,

Robert J. Cleary
Vice President and Manager

RJC:avk

December 15, 1968

Mr. O. W. Leitner
Vice President
First Southern California First National Bank
7855 Ivanhoe Street
La Jolla, California 92037

Dear Mr. Leitner:

The Aurora Mining Company, Inc., an Alaskan Corporation owns an offshore mining lease at Bluff, Alaska. This lease was issued by the State of Alaska in 1954 for twenty years duration. The lease number is 22618 in Alaska Division of Lands files.

Aurora Mining Company purchased this lease in 1968 and did some preliminary exploration on the property. The exploration demonstrated approximately $4 million dollars worth of gold present on twenty acres of the lease. Our study of the geology of the area leads us to believe there is probably over $70 million dollars worth of recoverable gold on the lease.

To comply with good business and mining practices an additional exploration program should be conducted on the property. We are requesting a loan of $75,000.00 at your current interest rate for loans. We wish to have the loan on a five year basis payable on quarterly installments. The money from such a loan would be used to conduct a magnetometer survey and drilling program on the Auric Lease.

Yours truly,

M. C. "Bill" Terry
President

MCT/jt

SOUTHERN CALIFORNIA FIRST NATIONAL BANK

LA JOLLA BRANCH, 7855 IVANHOE ST., P.O. BOX 1500, LA JOLLA, CALIFORNIA 92037

6 January 1969

Mr. M. C. "Bill" Terry
President
Aurora Mining Co., Inc.
P. O. Box 2246
La Jolla, California 92037

Ref: Letter dated 12-15-68
Request for Loan

Dear Mr. Terry:

This is to advise you that we have considered your request for a loan in the amount of $75,000.00 to be used to conduct a magnetometer survey and drilling program on your offshore property at Bluff, Alaska.

We regret to inform you that due to type risk involved in your venture and the fact that our bank does not become associated with ventures with an operating base the distance of yours, we do not feel that we can be of service to you at this time.

NLC

We do appreciate your considering our bank and hope that your company will realize the success that you anticipate.

Very truly yours,

O. W. Leitner
Vice President

Form No. DL 211
Revised February 1964

Copy

State of Alaska
Department of Natural Resources
Division of Lands

AML No. 22618

Assignment Affecting Record Title to Offshore Prospecting Permit or Mining Lease

The undersigned assignor, as owner of the record title interest specified in item 3 below in the offshore prospecting permit or mining lease designated above, for a good and valuable consideration, does hereby assign to

Aurora Mining Company, Inc.

whose address is P. O. Box 2246, La Jolla, California 92037

the right, title and interest specified in item 4 below in and to the lands embraced in said permit or lease insofar as it covers the lands described in item 1 below, or such portion thereof as the lessor may approve and describe in item 2 below, giving and granting to assignee the rights and privileges of a permittee or lessee in said lands, to the extent indicated, subject to the reservations of royalties noted in item 5 and 6 below:

1. LANDS REQUESTED

T11S, R 25W, Section 6
T11S, R26W Section 1
T10S, R25W Section 31
T10S, R26W Section 36
In all cases excepting and including all lands above mean high tide.

2. LANDS APPROVED
(Not to be filled in by applicant)

T _____, R _____, _____ Meridian, containing 1287.5 acres, more or less.

T _____, R _____, _____ Meridian, containing _____ acres, more or less.

3. Interest of assignor in said lease: 100%
4. Extent of such interest assigned to assignee: all
5. Royalty reserved herein to assignor: None, except as per private agreement attached
6. Royalty previously reserved: 1 2/3%
7. Signed this date: September 30, 1968

AURIC OFFSHORE MINING COMPANY, INC.

By: E. D. Murphy
(Assignor's Signature)

THE UNITED STATES OF AMERICA)
) ss.
STATE OF California)

This certifies that on the 20th day of January, 1969, before me a notary public in and for the State of California, duly commissioned and sworn, personally appeared E. D. Murphy to me known and known to me to be the person described in and who executed the foregoing assignment, who then executed said assignment in my presence and, after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Margaret C. Mayhew

Notary Public for [illegible] State of California

My Commission expires: [illegible]

My Commission Expires Jan. 28, 1971

APPLICATION FOR APPROVAL OF ASSIGNMENT

The undersigned assignee hereby requests approval of the above assignment as to all of the lands described in item 1 of the above assignment or such portion thereof as may be approved under applicable law and regulations.

Enclosed with this application are:

(a) Check or money order payable to the Department of Revenue of the State of Alaska covering filing fee of $20.00;

(b) Any bond or reference thereto required by said regulations.

Any notice in connection with this application or the undersigned's interest in the permit or lease designated in the foregoing assignment may be sent to the undersigned's address set forth in said assignment.

The undersigned agrees to be bound by the provisions of said permit or lease, if the above assignment is approved in whole or in part.

This application discloses and is signed by or on behalf of all parties who will or may, if the above assignment is approved in whole or in part, receive any interest in the permit or lease designated above by virtue of any agreement or understanding, oral or written, and constitutes certification that each such party is qualified to hold Alaska state offshore prospecting permits or mining leases pursuant to section 603 of the Alaska mining rights regulations.

Signed this date: 29 January 1969

AURORA MINING COMPANY, INC.

By: President

(Assignee's Signature)

APPROVAL

The above assignment is approved as to the lands described in item 2 thereof, effective as of the date set forth below.

STATE OF ALASKA

Effective date of assignment _____ By: _____

(Submit in triplicate. Must be filed within 90 days after final execution by the assignee. All copies must be signed in ink.)

EXHIBIT A

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 23 1969
INITIALS DATE

ASSIGNMENT OF ALASKA OFFSHORE

LEASE

THIS ASSIGNMENT is made and entered into in duplicate at San Diego, California, this 15 day of March, 1968, by and between AURIC OFFSHORE MINING CO., INC., a California corporation, hereinafter called AURIC, and AURORA MINING CO., INC., an Alaska corporation, hereinafter called AURORA.

RECITALS

1. AURIC is the owner of Alaska offshore mining lease ADL 22618, more particularly described as:

All tide and submerged lands within:

T. 11S., R. 25W., K.R.M.
Section 6: 530.5 acres

T. 10S., R. 25W., K.R.M.
Section 31: Excluding any patented lands 5.5 acres

T. 10S., R. 26W., K.R.M.
Section 26: 111.3 acres

T. 11S., R. 26W., K.R.M.
Section 1: 640 acres

Containing 1287.3 acres, more or less.

2. AURIC and AURORA have entered into a drilling contract dated March 15, 1968, whereby AURORA was given the exclusive right to conduct a drilling program on the leased lands.

3. AURIC and AURORA have entered into an option agreement dated March 15, 1968, whereby AURORA was given an option to mine any deposits which are shown by said drilling program.

4. AURORA wishes to exercise the option from AURIC to transfer said Alaska offshore mining lease ADL 22618 to AURORA pursuant to the terms, covenants and conditions contained herein.

IT IS AGREED:

1. AURIC hereby assigns and transfers all of its right, title and interest in and to Alaska offshore mining lease ADL 22618 to AURORA, subject however to the terms, covenants and conditions of this agreement. The parties agree to instruct the Bank of America National Trust and Savings Association, Ocean Beach Branch, as escrow holders to forthwith cause to be recorded in the State of Alaska a form of assignment which will effectively transfer title to said mining lease from AURIC to AURORA, but will nevertheless make such assignment subject to the terms, covenants and conditions contained herein.

2. AURIC reserves, and AURORA agrees to give to AURIC a royalty of 50% of the "net recoverable values", including but not limited to gold, silver, platinum and other minerals recovered from said leased lands, after any Alaska mining tax, but before federal and state income taxes. This royalty is also subject to the provisions of paragraph 7 hereof as to the first net recoverable values.

3. The "net recoverable values" shall be derived by subtracting from gross values received by AURORA from said leased lands the actual operating expenses expended by AURORA in extracting values from said leased lands. The actual

operating expenses are further limited as set forth in the provisions of paragraph 4 hereof. By way of clarification the parties agree that the actual operating expenses will not include any of the following:

a) Rental or purchase of any vessel or equipment of any nature whatsoever;

b) Any depreciation which may be allowable for federal and/or state income taxes for the vessel and/or equipment which may be used by AURORA;

c) Exploration costs other than those required by paragraph 11 hereof;

d) Any costs incurred of any nature whatsoever for the development of any machinery or vessels which AURORA may use;

e) Officer's salaries;

f) Transportation costs of any nature whatsoever for men and/or equipment from or to said leased lands; and

g) Insurance of any nature whatsoever, whether for vessels, labor, equipment, etc., which expenses are incurred while said men, equipment, or vessels are not actually engaged in operations on the leased lands.

By way of further clarification the parties agree that actual operating expenses will principally include those expenses of labor costs, subsistence charges, workmen's compensation insurance, payroll taxes for personnel actually on said leased lands and only while actually engaged in mining operation, hull insurance, and fuel incurred by a vessel actually on the leased lands and actually engaged in the mining operation.

4. AURORA covenants and agrees with AURIC that the cost of actual operating expenses will not exceed the sum of $3,000.00 per day. In the event that the actual operating expenses do exceed the sum of $3,000.00 per day at the end of any operating season, then such excess shall be borne solely by AURORA and the term "net recoverable values" as defined in paragraph 2 hereof shall be modified accordingly for such operating season.

5. AURORA will provide AURIC with a monthly profit and loss statement of all mining operations conducted upon said leased lands during each operating season. These profit and loss statements will be prepared and transmitted to AURIC within thirty days after the completion of each month during each operating season.

6. AURORA will make all records of any nature whatsoever relating to the actual mining operations on said leased lands available for inspection and copying by any authorized representative of AURIC at all reasonable times at the principal office of AURIC. These records shall include but are not limited to the following:

a) Employment and payroll records;

b) All purchase records, including invoices, journals and ledgers;

c) All disbursements, including check ledgers, actual checks, journals, ledgers and receipts;

d) Alaska mining tax returns;

e) Federal and state income tax returns; and

f) Any records which may be required by any governmental agencies because of AURORA'S mining activities on said leased lands.

AURIC may cause an audit to be made of such records at the end of any operating season. Should such audit disclose an error in Auric's royalties of 5% or in excess thereof, then the cost of such audit will be paid by AURORA, otherwise the cost thereof will be borne by AURIC.

7. AURORA will make payment of all royalties to AURIC on the 15th day of the month following receipt of payment by AURORA for any values sold. However, the first $200,000.00 in net recoverable values shall go entirely to AURORA and AURIC waives any payment of royalties therefrom. In lieu of payment of its royalties in cash, AURIC at any time during the term of this agreement may require its royalties to be paid in kind at the moment of recovery by AURORA, whether aboard any vessel or anyplace else where said values are in the process of being recovered.

8. AURIC may make any provisions it deems necessary and/or convenient in order to provide for the security of its royalty. AURIC will have access at all times to all operating equipment and machinery used by AURORA in all vessels used in its operations on said leased lands, as well as any other premises where recovery procedures involving recovery values are being processed. AURIC will pay all costs incurred in providing security for its royalty with the exception of housing and subsistence for four men, which AURORA agrees to provide aboard any vessel used in mining said leased lands or other facility used by AURORA for recovery of values at a site elsewhere.

9. AURIC will assume an overriding royalty against said lease in the amount of 1-2/3 in favor of Earl Hunter and Joe Giammarinaro. In the event that the said lease is transferred as a matter of record to the name of AURORA this overriding royalty will be kept as a matter of record, together with the royalty reserved by AURIC.

10. AURORA agrees that in the event it receives any government subsidy, bonus or incentive payments because of its mining operations on said leased lands, that such sums will be considered in the determination of gross values pursuant to paragraph 3 hereof so that in essence AURIC will receive one-half of said sums under its reservation of royalties pursuant to paragraph 2 hereof.

11. AURORA will forthwith commence a program of exploration upon said leased lands. All records from this exploration program will be prepared in duplicate, certified as to accuracy, and a duplicate copy mailed to AURIC immediately upon its preparation by or for AURORA. These records shall include but shall not be limited to magnetometer records, bottom profiling records, seismic records, assay reports, and drilling logs.

12. AURORA shall commence mining operations on said leased lands as quickly as possible after the date hereof, and thereafter continuously mine said leased lands, weather permitting, until AURORA in its sole discretion shall determine that it is no longer economically feasible to continue mining operations upon said leased lands. At such time AURORA will give notice to the Bank of America National Trust and Savings Association, Ocean Beach Branch, 4976 Newport Avenue, San Diego, California. In the event that

AURORA should fail to mine said leased lands for causes other than weather conditions or problems out of its control, then AURIC has the option of giving AURORA a thirty-day written notice requiring it to again commence mining operations on said leased lands. If AURORA should nevertheless fail to again commence mining operations within said thirty days, then AURIC in its sole discretion may terminate this agreement by giving a notice of such intention to terminate to AURORA. Upon the termination of this agreement for any reason whatsoever, the Bank of America National Trust and Savings Association, Ocean Beach Branch, as escrow holder, will cause the assignment form from AURORA to AURIC to be filed as a matter of record in the State of Alaska so as to effectively transfer said mining lease from AURORA to AURIC.

13. At all times that said mining lease is standing in the name of AURORA, it is agreed that AURORA shall discharge any and all obligations to the State of Alaska which may be required under the terms of said lease or any laws of the State of Alaska relating thereto. AURORA will provide AURIC with duplicates of any reports submitted to the State of Alaska and proof of payment of any fees to the State of Alaska immediately upon said forms being prepared or said fees being paid.

14. This agreement may not be assigned by AURORA without first securing the written consent thereto by AURIC, nor may this agreement be assigned by operation of law. Any attempt by AURORA to assign this agreement without securing the consent of AURIC shall be null and

void and shall give AURIC the right to immediately declare the agreement to be null and void. No assignment shall be binding even with the consent of AURIC unless AURORA'S successors in interest in whole or in part agree to be bound by all the terms, covenants and conditions of this agreement.

15. AURORA covenants and agrees with AURIC that during such time as said lease is standing in the name of AURORA, that it will allow no liens, charges or encumbrances of whatsoever nature to attach to or become a charge against said lease. The parties agree that any attempt by AURORA to do so will be null and void and in such event AURIC in its sole discretion has the right to terminate this agreement by giving a written notice thereof to AURORA.

16. All notices to be given to either party under the terms of this contract shall be in writing, and considered effective as of the date when received by the party to whom such notice is addressed. All notices are to be sent to the parties at their respective addresses as follows:

Auric Offshore Mining Co., Inc.
818 Nantasket Court
San Diego, California 92108

Aurora Mining Company, Inc.
1901 Tidewater Road
Anchorage, Alaska 99501

17. The waiver by AURIC of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained.

18. This agreement is made and entered into under the laws of the State of Alaska, which shall govern all provisions of this agreement. The parties agree that should any litigation be commenced regarding the provisions of this agreement that the proper forum shall be the United States District Court in Anchorage, Alaska. The parties further agree that should such litigation be commenced, that the prevailing party shall be entitled to costs and reasonable attorney's fees which may be incurred in such litigation.

19. The parties agree to prepare and execute any and all documents which may be necessary and/or convenient in order to carry out the terms, covenants and conditions of this agreement.

20. The terms, covenants and conditions of this agreement are binding on the assigns and successors in interest of the parties hereto. Time is declared to be of the essence.

21. This written agreement embodies all of the terms, covenants and conditions which the parties have regarding the subject matter of this agreement. There are no oral agreements or other agreements respecting same and this agreement has been made and entered into by both parties relying upon their own information and upon advice of their own legal counsel. This contract can be modified only by a further written instrument wherein the signatures of both parties are duly notarized.

AURIC OFFSHORE MINING CO., INC.

By _____
President

AURORA MINING COMPANY, INC.

By _____
President

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

Before me, the undersigned, a notary public in and for said County and State, there personally appeared _____, President of AURIC OFFSHORE MINING CO., INC., who acknowledged execution of the foregoing Assignment of Alaska Offshore Mining Lease as the duly authorized act of said corporation pursuant to a resolution adopted by the Board of Directors of AURIC OFFSHORE MINING CO., INC. at a duly called special meeting of the Board held on January 19, 1968.

WITNESS my hand and notarial seal this _____ day of March, 1968.

Don W. Parkhurst
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN DIEGO COUNTY

My Commission Expires Sept. 13, 1968

_____
Notary Public, San Diego County, California

Don W. Parkhurst

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

Before me, the undersigned, a notary public in and for said County and State, there personally appeared _____, _____, of AURORA MINING COMPANY, INC., who acknowledged execution of the foregoing Assignment of Alaska Offshore Mining Lease as the duly authorized act of said corporation pursuant to a resolution adopted by the Board of Directors of AURORA MINING COMPANY, INC., at a duly called special meeting of the Board held on _____, 1968.

WITNESS my hand and notarial seal this _____ day of March, 1968.

Don W. Parkhurst
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN DIEGO COUNTY

My Commission Expires Sept. 13, 1968

_____
Notary Public, San Diego County, California

GEOLOGY AND GOLD RESERVES

of the

AURIC LEASE

BLUFF, ALASKA

INTRODUCTION

Sixty to seventy million dollars worth of gold is probably present in the submerged channels on the Auric Lease at Bluff, Alaska. Placer gold deposits worth over $4 million have been outlined in the first 700 feet of the seaward continuation of the Daniels Creek Channel on the Auric Lease. There is sufficient data to recommend the mining of the known reserves on the property. The data also indicates that the remainder of the lease should be explored in detail to substantiate the presence of additional gold reserves.

Based upon work by the United States Geological Survey, the United States Bureau of Mines, Shell Oil Company, and others in the Nome area it appears likely that commercial deposits of placer gold will also be found in submerged beaches and offshore bars. Additional exploration on the property will outline the buried beaches and bars.

Present exploration and mining methods are capable of exploiting the resources of the property.

The Auric Lease is an Offshore Mining Lease issued by the State of Alaska in 1964; it is A.D.L. Number 22618; the primary term of the lease is 20 years, and it can be renewed at the end of the primary term. The lease contains 1287.3 acres.

GEOGRAPHIC SETTING

The Auric Lease is located approximately 50 miles east of Nome, Alaska. See Figures 1 and 2 and the index map. An abandoned mining village, Bluff, is located at the mouth of Daniels Creek (see the topographic map).

The Auric property is at the lower end of a triangular shaped drainage basin which covers approximately 7 1/2 square miles. The streams which drain the basin are Ryan Creek, Eldorado Creek, and Daniels Creek. The streams are intermittent; during the spring "break up", the creeks become torrents which transport a heavy load of rocks, sand, and silt into Norton Sound. During the summer and fall the streams are dry. Fresh water is scarce in the area, and this has hampered exploitation of the mineral resources of the district.

The hills which rim the drainage basin vary in elevation from 300 feet to 1,100 feet. The hills are rounded, and there is no evidence of glaciation in the area.

A massive headland called Bluff is approximately one mile east of the village. This cliff is gradually eroding landward.

The beach at Bluff is a "steep" beach, and the material of the beach varies from boulders at the berm to medium grained sand at the water's edge. The beach varies in width from zero feet at the headlands on the east side of the property to a maxium width of 200 feet at the mouth of Daniels Creek. The slope of the beach from the outer edge of the berm to a depth of minus 5 feet is approximately 5 degrees. From a water depth of 5 feet to a depth of 30 feet is 3,500 feet. Beyond the minus 30 foot mark the water depth varies very little. See bathymetric map.

The predominant offshore current is up the coast towards Nome. The current averages one knot. The predominant swells are from the southwest with a seven-second cycle. Tidal variation is normally 18 inches, but in the fall the water level may vary six to ten feet because of wind action.

The bottom material is a fine grained quartzose sand which is readily put into motion by any storm. There is a paucity of plant life on the sea floor, and jelly fish and star fish are the most abundant animal life.

Nome is the principal supply center for the area. Daily jet service to Anchorage and Fairbanks is available during the summer months. In the winter air service is curtailed to six days a week. Two cargo ships bring heavy equipment to Nome in the early summer and early fall. There is no deep water port on the Seward Peninsula; thus all material is moved by lighter from the ship to the port.

Supplies are transported to Bluff by "bush" plane or small boat during the summer. In the winter it is necessary to use a ski equipped plane or a tracked vehicle to move men and supplies to Bluff.

The sea freezes over during the winter months. The ice normally leaves around the last of May, and it is then possible to move into the area with marine equipment. The ice is usually five feet thick a mile or more from shore by the middle of January. When the ice is firmly anchored on the beach it is possible to move heavy equipment onto the ice. Ice ridges form after storms, and this hampers the movement of equipment. It is usually unsafe to use the ice as a platform after May 1 as it can break loose rapidly and move out to sea without warning.

HISTORY

Gold was discovered at the mouth of Daniels Creek in 1899 by a group of prospectors headed for Nome from the Klondike. Mining started on the beach at Bluff in the spring of 1900, and in less than three months a strip of beach 600 feet by 60 feet by 3 feet had produced over $600,000. in gold. The mining and recovery methods used were extremely crude as shovels, gold pans, and rockers were the only tools available. Subsequently, a higher beach line was discovered at the mouth of Daniels Creek and partially exploited. Between 1900 and 1905 a ditch was constructed to bring water to the upper end of Daniels Creek for sluicing and hydraulic mining of the creek channel. At least $900,000. worth of gold was recovered from the 2,000 feet of channel above the beach by 1920, according to U.S.G.S. Bulletin 722. Gold also was discovered on Ryan and Eldorado Creeks, but no water was available for sluicing, and the deposits were never fully exploited.

Mining continued on a sporadic basis until the late 1930s when Sullivan and Crabtree drilled a series of core holes through the ice at the mouth of Daniels Creek. Finding that the rich channel deposits extended seaward from the beach, they dredged a small portion of the submerged portion of the channel with a drag line. Reports as to the amount of material mined and the amount of gold recovered are conflicting, but it is our estimate, (based upon interviews of participants in the operation), that approximately 125,000 cubic yards of material were moved, and it is estimated that $500,000. to $600,000. of gold was recovered by the crude sluice boxes used.

Mining and exploration continued sporadically on land at Bluff until the mid 1960s. In 1967, Martin Dredging Company of Nome, Alaska, moved a suction dredge onto the Auric Lease and did some feasibility studies on the dredging of the undersea placer deposits. The Martin work was important because it demonstrated the economic feasibility of a suction dredge. It also proved that a suction dredge could mine gold in the marine environment.

In 1968, Aurora Mining Company conducted a core drilling program on 20 acres of the Auric Lease at the mouth of Daniels Creek. This survey outlined over $4 million worth of gold in the sediments above bedrock. Aurora plans to do additional exploration work on the property and to start mining in 1969.

GEOLOGY

The geology of the Bluff area is complex in its history, structure, and stratigraphy. The rock units and structural conditions present here are similar to those found throughout the Seward Peninsula. Conditions have been ideal for the concentration of heavy minerals in placer deposits.

Lithology

The oldest rock unit in the district is a meta-limestone which has been correlated with limestones of early Paleozoic age in the northwestern Seward Peninsula. This rock is a microcrystalline limestone and is dense and massive. It varies in color from dark gray, to white, to salmon-pink. There is insufficient data to determine the thickness of this unit, but it probably is several thousand feet thick. The higher hills in the district are massive limestone. Locally the limestone has been contorted into complexly folded and faulted structures.

Resting on the limestone, and interbedded with it at the contact, is a chlorite schist. The schist unit appears to be conformable with the limestone. The schists and limestones appear to have been golded and metamorphosed contemporaneously. The schist unit has been correlated with a sequence of shales and sands of Paleozoic age. There is insufficient data to determine the thickness of the schist.

The metamorphosed Paleozoic rocks constitute the "bedrock" of the area. Limestone is exposed on the crests of the hills while the

valleys are usually underlain by schist. The "bedrock" has been eroded to a surface of "maturity"; the hills and valleys are rounded.

Resting unconformably on the Paleozoic surface is a veneer of Quaternary sediments. The Quaternary sediments vary in thickness from zero feet at the edges of the valleys to 60 feet in the center of the Daniels Creek Channel. The Quaternary rocks vary from marine sands and clays to continental talus and tundra deposits and were complexly deposited due to repeated transgressions and regressions of sea level over the area. A complete study of the Quaternary sediments in the area has not been made. The enclosed cross section demonstrates the type of sediments found offshore from Bluff.

Mineralization

The Paleozoic rocks have been highly mineralized. In the cliff faces on the beach, quartz veins and veins of sulfide minerals can be observed. Arsenopyrite is one of the most common sulfides present in the veins. Cinnabar is a common constituent of the veins in the cliff east of Bluff. The mineralized areas vary in width from a fraction of an inch to many feet. The greatest concentration of mineralized veins is near the contacts between the schist and metalimestone but mineralization is present throughout the basement complex. The veins or mineralized zones have been highly contorted. As a hiatus occurs between the Paleozoic basement and the Quaternary sediments, it is impossible to assign a definite age to the mineralization.

Geologic Structure

Herreid, Geology of the Bluff area, (see enclosed map), maps the structure of the basement rocks at Bluff as an overturned anticline. Only the north half of the fold is exposed on shore. The crest which is exposed on shore is five miles long and two miles wide. The fold plunges to the north and is overturned to the east. The greatest

concentrations of placer gold have been found near the under side of the Bluff anticline at the contact of the schist and meta-limestone.

Geologic History

The Paleozoic metamorphozed sediments appear to have been deposited in a major geosyncline. This syncline probably extended east into Canada and west into Siberia.

The Seward Peninsula was part of a geanticline during most of the period between Paleozoic and Quaternary time. Cretaceous sediments are present east of the Seward Peninsula in the Koyukuk Basin, but none are present in the vicinity of Bluff.

The late Tertiary and Quaternary history of the area is of considerable importance as it was during this time the placer deposits were formed on the Seward Peninsula. David Hopkins, in The Bering Land Bridge, has contributed tremendously to the knowledge of the history of Norton Sound and the Seward Peninsula for that period.

During Tertiary time the Seward Peninsula was a mountainous area which extended southward for many miles beyond the present coast line. The Norton Sound was a broad valley which contained some hills and low mountains. The shore of the ocean was near the present edge of the Continental Shelf. A stream which was a continuation of the Koyuk River drained the valley and incised a channel into the bedrock of Norton Sound. The many streams which drained the Seward Peninsula also cut channels into bedrock. As the mountains were eroded placer deposits of gold were created along the channels of the various streams. The buried stream channels on the Auric Lease are good examples of these relict drainages.

During the latter part of Tertiary time and throughout most of Quaternary time sea level rose and fell numerous times because of the various glacial epochs. During periods of intense glaciation sea level is low, and during warmer periods sea level is higher than at present. The

various transgressions and regressions of the sea over Norton Sound and the low lands of the Seward Peninsula have created fossil beaches and buried channels which are particularly rich in gold and other heavy minerals. There is evidence of sea level having been several hundred feet above its present level, and there is evidence of sea level having been considerably lower than it is at present.

Aurora's drilling in 1968 on the Auric Lease demonstrated the channel deposits (red clay conglomerate) appear to have been deposited above sea level and were subjected to sub-aireal erosion before submergence.

As sea level gradually rose, the channel deposits were buried by younger deposits of marine sands and clays. During the period of transgressions some additional winnowing of the sediments occurred which further concentrated the heavy minerals. During "still stands" of the sea, heavy minerals are concentrated in beach sands and in off-shore bars by normal marine erosion and wave action. The fossil beaches above sea level in the Nome district are good examples of the kind of structures where gold accumulations can occur at the "still stands". A fossil beach at Bluff was reportedly highly productive of gold. Hopkins, personal communication, has mentioned a "still stand" of the shore line at minus 30 to 36 feet and another at minus 55 to 65 feet in the Nome area. He has indicated there is a good possibility that similar conditions prevailed in the Bluff area.

GOLD RESERVES

Gold can be found in any alluvial material picked at random in the Bluff area. Gold in commercial amounts has been found in three different environments on land at Bluff: these are marine placer, stream placer, and lode deposits.

The lode deposits are obviously the source of the placer gold. Herreid, in Alaska Division of Mines & Minerals--Geologic Report No. 10, describes some of the vein, or lode deposits at Bluff.

Samples taken within the circled areas on the enclosed map of Bluff demonstrate a relatively high frequency of gold and silver. In a 13 acre area at the head of Daniels Creek, Herreid took seven samples which averaged $18.44 per ton or approximately $27.66 per cubic yard. Herreid took another series of samples in the cliff face 1,250 feet east of the mouth of Daniels Creek, and the average value of material in that area was $9.06 per cubic yard. Herreid, in his summary, states:

> "Gold deposits ranging in value from $1.00 to $2.00 per ton appear to be present over widths as great as several hundred feet."---------"The presence of disseminated gold ore assaying $14.70 per ton over a width of 20 feet on the Eskimo lode suggests that economic gold concentrations may be present in widths suitable for open pit mining."

Herreid covered a relatively large area in a short time, but his survey indicates a high frequency of gold within the bed rock in the Bluff drainage basin. He and other authors have mentioned the relationship between gold placers and contact zones.

Gold and other heavy minerals found in placer deposits have been eroded from bedrock. The lighter material goes into solution, or is broken into small particles which are transported to the ocean by stream particles which are transported to the ocean by stream action. The heavier minerals, including gold, are moved by gravity and water action to stream channels where they form placer deposits.

Marine placer deposits are formed at the mouths of turbulent streams where the stream drops its load of heavy minerals at its intersection with the relatively motionless sea water. Placer deposits are generally created at points where a stream gradient changes abruptly from steep to gentle or where some other outside force slows the movement of the material in the stream. The heavier material is dropped first, and the lighter material settles on top of it. Recent works by the United States Geological Survey, such as the Professional Paper 594-F

by Tourtelot, have assisted us greatly in evaluating placer deposits.

An examination of the topographic map of the Bluff area, Solomon C-4 Quadrangle, indicates that the clastic material of Quaternary age found in the stream channels and valleys in the Ryan, Eldorado, and Daniels Creek basin represents the remainder of approximately one cubic mile of material; thus it is possible to understand how a relatively small stream such as Daniels Creek could contain as much gold as it did.

The beach at the mouth of Daniels Creek was mined first because gold was discovered at that point. The U.S.G.S. Bulletin 328, page 288 states:

> "--about $600,000. in gold had been taken out of the sands from a strip of beach less than 1,000 feet long--probably the richest deposit of this kind ever found in the world."-------
> "It is estimated that the gold tenor of the pay streak must have averaged $150. to the cubic yard, or about $1.00 to the pan."

The beach deposit at Bluff was probably derived from the destruction of some of the placer deposits up-stream on Daniels Creek, and it was probably further enriched by the deposition of gold eroded from the cliffs east of Bluff. The deposit on the beach was approximately 600 feet by 60 feet by 3 feet according to the reports. It undoubtedly extends seaward, and subsequently a drag line was operated along the beach out to a distance of 40 or 50 feet beyond low water. It is likely that the enriched beach sands extend to the minus 30 foot depth; although insufficient samples have been taken offshore to confirm this supposition.

The creek channel at Bluff has been dredged to a distance of 2,600 feet above the mouth of the creek. It appears that approximately 250,000 cubic yards of material have been removed from the creek channel. According to the old reports, (U.S.G.S. Bulletin 328), the

best pay zones in the creek channel were sandy clays. It is estimated that approximately $900,000. in gold was removed from the creek deposits by 1920, (U.S.G.S. Bulletin 722). Using 1969 values for gold, this would mean that the value of the material in the channel averaged over $7.00 per cubic yard.

Placer deposits of gold were discovered on Ryan Creek in the early 1900s, but they were never developed because of a lack of water in the stream. Gold was also discovered on Eldorado Creek, but only sporadic development has occurred on that drainage because of the lack of water. No figures are available as to the values in either stream.

U.S.G.S. Bulletin 328, page 136, states:

> "Mr. Moffit found the average gold contents of the gravels of seventeen streams, on the data given in this report by Mr. Collier and Mr. Hess and based on statements by owners and operators, to be $5.93 per cubic yard."

If the above value were adjusted to today's prices for gold, it would be $11.80 per cubic yard.

It is obvious from the above data that gold reserves on land were great, and it is also obvious that the placer gold deposits on shore have not been fully exploited to date.

Offshore deposits of placer gold were found by Sullivan in 1937 and 1938 when he drilled a series of "core holes" through the ice and into the sediments off of the mouth of Daniels Creek. It appeared from the data obtained by Sullivan that reserves in the channel of Daniels Creek would average $75.00 per cubic yard. Sullivan set up a drag line operation with anchors set on the ice approximately 1,000 feet offshore and spent a part of two winters mining sand and gravel from the ocean bottom. He stock piled the material on shore until the summer and then sluiced the sediments for gold. There are conflicting reports

as to how much the Sullivans mined and how much gold was recovered, but it is our estimate, based upon interviews of employees present during the operation, that approximately 125,000 cubic yards of material were mined and approximately $600,000. in gold was recovered. The operation was discontinued because of World War II, and it was not started again.

Martin Dredging Co. of Nome, Alaska moved a suction dredge on to the Auric Lease in the summer of 1967. The dredge was converted from a 176 foot surplus minesweeper and was equipped with a 20 inch Thomas materials pump for lift. The dredge operated approximately 1,200 to 1,800 feet offshore and dredged in several locations. Samples of the material dredged contained gold, but the recovery system on board was unable to handle the volume of material mined. Thus no quantitative results were obtained.

In 1968 Aurora Mining Company conducted a drilling program on the Auric Lease. Twenty-five holes were drilled offshore at the mouth of Daniels Creek, and two holes were drilled on land near the high water level at the mouth of Daniels Creek. Two churn drills using 6 inch casings were used in the project. Samples were bailed from the casing in the manner in which placer deposits had been evaluated in the past. Enclosed are the maps drawn from the drilling program, and also enclosed is a summary of the data on each hole. The Aurora drilling indicated the presence of approximately $4 million worth of gold in the first thousand feet of the seaward extent of the stream channel. The "Channel" extends seaward, and it is approximately 70 feet below sea level at the outward extent of the survey. It is V shaped, and the slope of the sides varies from six degrees to seventeen degrees.

During 1968, the United States Geological Survey conducted a sub-bottom survey of the area opposite the mouth of Daniels Creek. A preliminary study of the seismic data indicates the continuation of the Daniels Creek Channel across the Auric Lease with roughly the same width and depth as that found by Aurora's drilling program. The survey of the U.S.G.S. also indicated that Ryan and Eldorado Creeks have cut channels into bedrock as deep or deeper than Daniels Creek,

and their stream channels are wider than the Daniels Creek Channel. Present data indicates at least 14,500 feet of undersea stream channel on the Auric Lease.

It can be deduced from our knowledge of the Quaternary history of the area that the channels which are presently unexplored will contain auriferous deposits similar to those which have been explored or mined.

The U.S.G.S. has established that during the recent geologic past, sea level has been static for an extensive period (a few thousand years) at several levels below present sea level. During these periods when sea level was static, beaches were formed which subsequently were buried by younger marine sediments. These fossil beaches would have been enriched by gold and other heavy minerals at and near the mouths of the stream channels. The fossil beaches and their rich gold deposits in the Nome area have been recognized since 1900. David Hopkins, personal communication, believes he can demonstrate evidence for "still stands" of the sea at minus 20 feet to minus 26 feet, minus 34 feet to minus 40 feet, minus 56 feet to minus 62 feet, and minus 64 feet to minus 70 feet. Where bedrock is at these depths below sea level, fossil beaches enriched with gold may exist. This would naturally increase the reserves on the property. Additional work is needed to determine the presence of these beaches.

The youngest marine sediments on the floor of the Norton Sound are being enriched with gold and other heavy minerals on a continuous basis. Every spring during "break-up" every gully on the shore of Norton Sound becomes a stream with an extremely high content of sediment which is transported seaward into the Sound. The material in the streams is derived from the mineralized country rock and from the destruction of older placer deposits. When the material enters the Sound the heavies are dropped first from the stream, and the lighter material is carried away by the tides and currents. Wave and tide action tend to concentrate gold in the marine sediments along the coast. Additional sea action disintegrates the lighter, less resistant minerals and

transports them away from the coast and out into the Bering Sea. The predominant current along the coast of Norton Sound is counter clockwise and the major storms during the summer are from the south or southwest. Thus wave action destroys the less resistant rocks during a storm and the heavy minerals are concentrated along the beaches out to the zone of wave action. An additional source of gold for the sediments on the shore of the Sound is the erosion of the mineralized cliffs on the shore of Norton Sound. Normal marine erosion is gradually destroying the cliffs at Bluff; thus a substantial amount of auriferous material is supplied to the sediments of Norton Sound annually.

During sampling offshore from Nome, the Bureau of Mines and U.S.G.S. found auriferous material in the recent sediments in all 49 holes drilled from the deck of the Virginia City. Aurora found placer gold in the shallow sediments in most of the holes drilled at the mouth of Daniels Creek. Where currents are ideal it is probable that economic deposits of placer gold will be found in the shallowest sands in the Sound.

A detailed study of the bottom sediments on the Auric Lease would be of value in finding and evaluating these shallow concentrations of gold.

We have the following data to use for projections: The channel material on land had a value of $7.20 per cubic yard; U.S.G.S. Bulletin 328 gave the value of stream gravels in a number of streams as $11.80 per cubic yard at 1969 prices, and the drilling by Aurora gave a value of $3.68 per cubic yard. It is likely that Aurora's values are lowest because of inherent errors in the type of evaluation. Even though the figures obtained by Aurora are low compared to those established on land from mining, and they are also low compared to surveys by U.S.G.S. in the Seward Peninsula, the Aurora figures will be used for extrapolation purposes. In the first thousand feet of "Channel" offshore, Aurora's drilling established the presence of over $4 million in recoverable gold. The U.S.G.S. seismic work of 1968 indicated that

there are 6,000 feet of stream channels on the Auric Lease beyond the mouth of Daniels Creek. There are an additional 13,500 feet of channels cut into bedrock from other stream drainages. If all of these channels contain deposits as good as those which have been drilled out, then there will be as much as $78 million in gold in the channels on the Auric Lease. If the figures obtained from some of the U.S.G.S. publications were used for projecting possible reserves in the channels on the Auric Lease, then the reserve estimates would be two to three times as great as those listed above.

EXPLORATION

Our analysis of the data indicates that probably over $70 million worth of recoverable gold is present in the channel deposits on the Auric Lease. We are sure of the presence of over $4 million worth of gold in the 20 acres explored by Aurora. For an orderly and efficient development program it is advisable to explore the remainder of the lease to establish the extrapolated reserves, and to determine bedrock depths in detail. The sediments should be studied in order to efficiently develop the type of mining system suitable for a particular deposit, and to determine the sequence of the areas to be mined. Thus, it is recommended that a comprehensive exploration program be conducted on the property.

Magnetometer Survey

A magnetometer survey of the property should be of considerable value in locating the unexplored reserves. In all samples in the core drilling program, the gold was associated with magnetite, hematite, and rutile. These are magnetic minerals and when they were not present in the material, no gold was found. A detailed survey of the property with a magnetometer would provide a clue as to the location of the highest concentrations of megnetic material in the channels. It would then be possible to correlate the results of the survey on a known deposit of placer gold, such as has been drilled up by Aurora, with

undrilled deposits. The survey should be made during winter using the ice as a platform so that all magnetometer stations can be located accurately. It is recommended that approximately 15 miles of traverse should be run with the stations approximately 50 feet apart on the lines.

Drilling

The megnetometer survey of the property will delineate areas where high magnetic anomalies are present, but to properly evaluate those anomalies it will be necessary to obtain samples of the material above bedrock for an analyses of their gold content.

Conventional churn drills were used by Aurora in its 1968 drilling program. The operation of the drills was slow and costly, and the results were not entirely satisfactory to the staff of Aurora Mining Company. It is our opinion that a rotary drill equipped with a reverse circulation swivel and double drill pipe would recover a higher percentage of the bottom material with less loss of slurry than by the churn drill method. It is recommended that approximately 2,500 feet of hole should be drilled to bedrock across the Eldorado Creek Channel in the manner shown on the enclosed map. It is also recommended that at least 500 feet of hole should be drilled on the Daniels Creek Channel beyond the present exploration limit. The final location of any drill holes will be determined by the magnetometer survey.

Normally the ice on the Auric Lease is not frozen to the outer limit of the property. Therefore in order to drill the outer extent of the channels of Eldorado and Daniels Creek, it will be necessary to do some drilling during the summer months. The above described drill can be mounted on a barge equipped with spuds, and the remainder of the channels can be drilled. It is recommended that this procedure be followed for further evaluation of the property.

Sampling Program

The United States Bureau of Mines, The United States Geological Survey, and Shell Oil Company have reported high concentrations of gold in the sediments immediately below the water along the coast near Nome. These occurrences are due to current and tide action. It is reasonable to believe that similar occurrences of gold will be present on the Auric Lease. For example, high values of gold were found in the top three feet of the beach sand at the mouth of Daniels Creek in 1900. Present knowledge of wave action indicates that most beach deposits extend to the minus 30 foot depth. The normal drilling program does not aid in detecting these enriched deposits at the surface of the sediments; therefore it is necessary to use some other method of finding and evaluating these deposits.

It is proposed to sample the bottom with a small portable dredge at minus 50 foot stations starting at a point about 1,000 feet west of the mouth of Daniels Creek and going south 2,000 feet. Approximately one cubic yard of material will be removed at each station. This material will be analyzed for its gold content by putting it through a Denver Equipment Gold Saver. The United States Geological Survey noted an offshore bar between 1,300 and 2,000 feet from shore. The proposed line of sampling would cross this anomalous structure and give an indication of where the greatest concentrations of gold will be found in the shallower sediments.

ECONOMICS OF MINING

A company can own the richest mineral deposit in the world, but unless an economic method of mining the material and delivering it to a market is available, the deposit is valueless. Aurora Mining Company, through the experience of its personnel, has developed a mining and recovery system which can economically mine the placer deposits offshore at Bluff. This system is capable of mining at the rate of approximately 1,000 cubic yards of material per hour on a continuous basis. The cost of mining and processing the material is less than 20 cents

per cubic yard.

When Aurora first obtained the Auric Lease early in 1968, several methods of mining and recovering the gold were proposed. All methods were analyzed and compared; and the conclusion reached by Aurora was that a suction dredge supplemented by a jet assist would the the most economical means of mining the material from the channel at Bluff. Among the methods of mining proposed and considered were: Sauerman drag scraper, clam shell dredge, bucket dredge, air lift dredge, water life dredge, cutterhead suction dredge, and the suction dredge with a jet assist or water lift. Parameters which affected the decision as to type of mining equipment were:

1. Ability to operate in the marine environment.
2. Initial capital investment.
3. Number of personnel required to operate it.
4. Amount of material which can be moved per day.
5. Cost of daily operation.
6. Horsepower requirements.

Less important parameters were used to evaluate mining methods when there was an apparent conflict.

In 1966, Martin Dredging Co. of Nome, Alaska, designed and built a suction dredge on the hull of a surplus LCM. This dredge was equipped with a 10 inch suction pump, and the suction was boosted with water injection near the intake. A simple, but effective, recovery system was placed on board the dredge. This dredge operated on offshore prospecting permits owned by Shell Oil Company. The dredge was capable of mining approximately 200 cubic yards of material per hour. All individuals who observed the tests of this dredge were satisfied that it was effective and efficient in shallow water and in shallow sediments.

In 1967, Martin Dredging Co. purchased a surplus mine sweeper and converted it to a sea going dredge with much greater capabilities than those of the Mermaid I. It was capable of mining 250 to 500 cubic yards of material per hour down to depths of 75 feet. This dredge was sailed to Bluff, Alaska, under its own power, and numerous tests were made on the Auric Lease. The dredge was highly successful,

but the recovery system for processing the material was inadequate.

The magagement of Aurora Mining Company and some of its staff were associated with the work on the second dredge of Martin Dredging. Based upon their experience on the Mermaid II and subsequent research, Aurora designed a suction dredge for operating offshore from the Seward Peninsula. This dredge is equipped with two 12 inch Thomas Materials pumps. Two jet pumps have been installed near the suction and the equipment has been placed on the hull of a surplus Navy YNG 12, a net gate tender. The pumps are powered by 397 caterpillar diesel engines. The dredge is equipped with five anchor windlasses for proper positioning and moving of the dredge. The suction ladder is 110 feet long, and it can mine to depths of 75 feet below sea level. Each side of the suction is capable of handling 500 or more cubic yards of material per hour. The material is loosened ahead of the suction by high pressure water jets called monitors. A closed circuit television system has been installed on the suction to enable the operator to observe the progress of the mining. This has been found to be tremendously useful for controling the mining system.

RECOVERY SYSTEM

Aurora Mining Company has designed a recovery system capable of handling the volume of material mined. The material is pumped to the top deck of the dredge where a portion of the heavy minerals are removed by a hydraulic classification system. The remainder of the material is transported to a settling tank where two-thirds of the material moves over the stern of the dredge on a sluice box designed tc catch nuggets over a half inch in size. One-third of the material will pass from the settling tank through a series of screens; the material is classified according to size. From the screens the material is transported by gravity and water action over a series of oscillating sluice boxes which are adjustable as to slope and volume of material which they can handle. The heavy minerals captured in the sluice boxes will be taken to a refining shed on shore for final refinement and classification.

SUMMARY AND CONCLUSIONS

Offshore deposits of placer gold have been found on the Auric Lease at Bluff, Alaska. These deposits are recoverable by present mining methods. Over $4 million dollars worth of gold was found by Aurora Mining Company, Inc., in its exploration of twenty acres at the mouth of Daniels Creek. Present geologic data indicates that over $70 million dollars in recoverable gold may be present in channel deposits on the Auric Lease.

Present mining methods are capable of recovering the gold in the placers on the Auric Lease.

In order to efficiently plan a mining program a comprehensive exploration program should be conducted. Included in the exploration should be a detailed magnetometer survey of the lease and a drilling program which will outline the placer deposits. A bottom sampling program is also recommended.

It is recommended that Aurora Mining Co., Inc., start mining on the property at the earliest opportunity.

Max R. Mott 1/20/69

Max R. Mott
Director of Research
P. E. #4377

Hole #	Depth	Sediment Thickness	Thickness Mineable Material	Volume Material Analyzed	Milligrams Gold/cu.yd. (Corrected	Value per cu. yd.
1	19 ft.	14.5 ft.	14.5 ft.	.96 ft.^{3}	102.5	.136
2	58.6	55.2	55	3.343	935	1.22
3	61	55	55	2.54	338	.44
* 4	51.5	43.6	43.6	2.33		21.34
* 5	60	52.3	52.3	3.08		.66
6	49	32.6	29.6	1	374	.49
7	45	30.4	30.4	1.92	225	.29
8	70.75	57.6	57.6	5	23.2	.03
9	24.5	13.5	13.5	.433	810	1.05
10	53	39.5	39.5	2.33	17,200	22.60
11	34.8	25.6	19	.54	150	.195
12	18.16	6.3	5.1	.54	2,350	3.06
13	20.17	8	6	.57	762	1.00
14	19.3	6.6	6	.374	3,680	4.77
15	27	14.5	14.5	.33		
16	48	37	36	1.85		
17	30	18	18	1.06	650	.845
18	62.2	50.6	50.6	3.8	5,700	7.50
19	66	52.6	52.6	2.2	905	1.17
20	57	38.3	38.3	3.1	363	.474
21	50.2	39.4	39.4	3.55	159	.208
22	66	52.5	53.5	4.5	3,590	4.67
23	69	52.1	52.1	4.25	2,620	3.40
24	42.6	34.3	34.3	.585	295	.38
*25	60	57	57	1.08		.92
*X	57	57	57			.42
*X-1	53	53	53			2.68

NOTE: Holes 4, 5, 25, X, and X-1 were analyzed in part by the atomic absorption method. The figures used are averages of the individual levels.

The concentrate from hole #15 was lost in transport.

Hole #16 was mined out.

Area explored encompasses 90,000 sq. yds.; average 12.5 yds. deep.

1,122,300 cu. yds. proven.

$4,125,000 reserves.

FIG. 1

John H. DeYoung, Jr.
12 Aug 77

Summary of OME 6767 File

Location: Solomon quad, Alaska; at mouth of Daniels Creek near Bluff in Norton Sound

Commodity: Au (placer)

Property name(s): Alaska Division of Lands offshore mining lease No. 22618 (1964?); Auric Lease

Operator: Aurora Mining Co., Inc. was assigned lease from Auric Offshore Mining Co., Inc. on 15 Mar 68 to conduct a drilling program and to mine any deposits found. Auric would receive a royalty of 50 percent of "net recoverable values" from gold, silver, platinum, and other minerals. "Net recoverable values" is calculated by substracting defined costs and state mining taxes from gross income. The lease was issued in 1964 with a primary term of 20 years and an area of 1287.3 acres.

Geology: Report by Max R. Mott (20 Jan 69) attached.

History: First application to OME on 20 Jan 69. Request was for a $99,279.15 exploration program on all but 20 acres of the lease that had been drilled in 1968. Lack of immediate available funding and failure to submit a revised application were reasons for considering the application withdrawn on 20 Oct 69.

Resource information: Placer gold deposits of 3.6 million g of gold "outlined" in the first 200 m of the seaward continuation of the Daniels Creek channel. Estimates of 53 to 69 million g of gold in the total area of the lease (5 million m^2 or 5 km^2).

References: USGS Bull 328 and 722 on placer production from Daniels Creek and vicinity; USGS PP 594-F on gold placers; Herreid, Alaska Division of Mines and Minerals Geologic Report 10 on Bluff area.

John H. DeYoung, Jr.
12 Aug 77

6767

Information compiled from M.R. Mott's Maps
(~~distance~~ linear measure in feet)

Hole #	Bedrock Depth	Water Depth	Sediment Thickness	Mineable Area ?
1	18.5	4	14.5	No
2	58	3.8	55.2	
3	60	4.5	55	
4	50	7.33	44.2	
5	60+	7.66	52.3	
6	49	15.4	32.6	
7	45	14.6	30.4	
8	70	13.5	51.5	No
9	23	9.5	13.8	
10	53	13.5	39.5	
11	34	9.2	24.8	
12	18	12.5	6.3	
13	20	11	9	
14	19	12.5	6.8	
15	27	12.5	14.5	
16	48	11	37	
17	30	12	18	
18	62	11.8	50.6	
19	66	12.4	52.6	
20	50	11.7	38.3	
21	50	10.8	39.4	
22	66	12.5	53.5	
23	66	14.4	52.1	
24	42	8	34.3	
25	66	8.7	57	No
X	53	-	53	
X-1	57	-	57	

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(2/63)

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Date	Surname	Code
10/20/69	Kirkemo	120
		120
		220

October 20, 1969

Memorandum

To: The File

From: Edward C. Peterson
Office of Minerals Exploration

Subject: OME-6767 (Gold)
Aurora Mining Company, Inc.
Auric Lease ADL. 22618
Nome Recording District, Alaska

The Applicant has not replied to our letter of September 18, 1969. Accordingly, the subject docket is referred to the inactive file and the application considered as having been withdrawn.

Edward C. Peterson

Edward C. Peterson

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

ECPeterson/bsl 10/20/69

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(2/63)

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	Emerick	120
9/18	Case	220
		120M

AIRMAIL

SEP 18 1969

Mr. M. C. Terry, President
Aurora Mining Company, Inc.
P. O. Box 2246
La Jolla, California 92037

Re: OME-6767 (Gold)
Aurora Mining Company, Inc.
Auric Lease ADL. 22618
Nome Recording District, Alaska

Dear Mr. Terry:

On August 7 we wrote you outlining the current situation regarding the processing of pending applications for OME financial assistance. Will you please inform us of your plans regarding your application. If you have decided not to pursue it further, will you please so inform us.

If we do not receive a reply from you within 30 days from the date of this letter, we will assume that you are no longer interested in your application and we shall consider it as having been withdrawn.

Sincerely yours,

William L. Emerick (gla)

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

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

ECPeterson/bsl 9/18/69

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(2/63)

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		120
8/7	cbc	220
		120M

AIRMAIL

AUG 7 1969

Mr. M. C. Terry, President
Aurora Mining Company, Inc.
P. O. Box 2246
La Jolla, California 92037

Re: OME-6767 (Gold)
Aurora Mining Company, Inc.
Auric Lease ADL. 22618
Nome Recording District, Alaska

Dear Mr. Terry:

We have not received a reply to our letter of May 15 concerning the subject application for assistance.

For your information, since our letter it has become necessary for us to postpone the processing of all applications received pending definite information regarding availability of funds for the fiscal year beginning July 1, 1969. Although appropriations have not yet been made for the current year, we understand that funds will be much less than were available for the year that ended June 30, and we are authorized to operate only at the level of the anticipated reduced funds. Under this situation, action on pending applications must be postponed, as proposed contracts already drafted and awaiting execution will require more funds than are available. When we can again process applications, first priority will be given to those offering the best opportunities for making significant discoveries.

We regret that we must take this action; however, if you wish to submit the additional information requested, and when circumstances permit, we will continue to process your application within the limitations stated above.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo, Chief
Office of Minerals Exploration

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

ECPeterson/bsl 8/7/69

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(2/63)

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Date	Surname	Code
5/15/69	Sherman	120
		120
	5/15 cae	220
		120M

AIRMAIL

Mr. M. C. Terry, President
Aurora Mining Company, Inc.
P. O. Box 2246
La Jolla, California 92037

MAY 1 5 1969

Re: OME-6767 (Gold)
Aurora Mining Company, Inc.
Auric Lease ADL. 22618
Nome Recording District, Alaska

Dear Mr. Terry:

This is in response to your recent inquiry to Mr. Harold Stager concerning the present status of your application for financial assistance.

Before we can continue the processing of the application it will be necessary for you to submit a revised cost estimate. As we previously informed you, allowances for the purchase of equipment to the extent where these expenses constitute the major portion of the estimated costs cannot be justified under the OME program.

In addition, we note that several of the estimated cost items appear to be exceedingly high, in particular the rental of a bulldozer. Because the rental of a bulldozer including operator and supplies amounts to an independent contract, your estimated costs for this item should be supported by bids from at least two contractors if possible.

Under an OME exploration contract $900.00 to $1,000.00 per month is considered reasonable allowance for the services of a supervisor-engineer-geologist.

Transportation of personnel from California to Alaska and return would not be an allowable cost. It seems that qualified drillers, helpers, and camp helpers would be available locally or at least in the State.

We suggest that you submit a revised cost estimate reflecting the cost of rental equipment and changes in other cost items in accordance with the above.

We shall be pleased to continue the processing of the application upon receipt of the requested material. Nothing in this letter should be construed as a commitment to grant an exploration contract.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo, Chief
Office of Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region II
Mr. Peterson

ECPeterson/bsl 5/15/69

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(2/63)

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Date	Surname	Code
2/13/69	Peterson	120
2/13/69	Kirkemo	120
		110
		220
		120M

FEB 19 1969

AIRMAIL

Mr. M. C. Terry, President
Aurora Mining Company, Inc.
P. O. Box 2246
La Jolla, California 92037

Re: OME-6767 (Gold)
Aurora Mining Company, Inc.
Auric Lease ABL. 22618
Nome Recording District, Alaska

Dear Mr. Terry:

This will acknowledge your letter of February 6 concerning the cited application for exploration assistance.

You are correct; OME funds remaining in this fiscal year are limited to the support of our current obligations. Additional monies for contracting purposes are expected to be appropriated about July 1, the beginning of the new fiscal year. Meanwhile, we suggest that applications continue to be submitted for processing as 3 to 4 months are usually required to complete this action. Depending upon availability of funds after July 1, exploration contracts will be offered to the Applicants of approved programs.

It is not necessary for your representative to come east solely to discuss the proposed exploration with us. However, should he be in the Washington area on other business, we would be pleased to meet with him. Our office is open daily Monday thru Friday from 7:45 a.m., to 4:15 p.m.

Sincerely yours,

FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region II w/copy of incoming ltr. dtd 2/6/69
Mr. Peterson/bsl 2/12/69

AURORA MINING COMPANY, INC.

1901 TIDEWATER ROAD
ANCHORAGE, ALASKA 99501
(907) 279-4222

P. O. BOX 2246
LA JOLLA, CALIFORNIA 92037
(714) 274-0622

OFFICIAL
COPY
O. M. E.
RECEIVED
FEB 10 1969

INITIALS	CODE
	~~130~~
	120
	~~110~~
	110

6 February 1969

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

Re: OME-6767 (Gold)
Aurora Mining Company, Inc.
Auric Lease ADL. 22618
Nome Recording District, Alaska

Dear Mr. Johnson:

I have carefully read your letter of January 29, 1969, and believe I understand what you are trying to say. It appears as though you are out of allocated funds for the fiscal year for this purpose and will not get your new allocation until 1 July, the beginning of the new fiscal year. Am I correct in this assumption? What we are really saying then is that we should file any or all applications on what we hope for approval in the period of time just prior to 1 July in order to "get on the wagon" money wise.

We do of course wish to pursue OME 6767 (Gold) as well as OME 6752 (Gold) and are in the process of preparing an application for one of our claims in the Golovnin Bay.

Perhaps I should explain to you also that Aurora has undertaken the task of exploration on more than 25% of all the offshore prospecting permits in the State of Alaska to date. No one more than you can understand the enormity of this task and this is why we are asking for help from your department when we have zeroed in on specific targets. Do you feel that it would be advisable for Mr. Max Mott, our Geologist and Director of Research, to meet with you in your office to discuss our program? Because we are pretty much the forerunner of ocean gold mining in this country we feel that it sometimes necessitates "spreading the gospel" and we have not seen fit to spend much of our time publishing widely circulated and speculative articles on the subject of ocean mining.

Please advise the course of action we should now take in order to take advantage of any financial help you might be able to offer us at the earliest possible date.

Incidentally, I might note in passing that if you have knowledge of qualified geologists, engineer supervisors who will work for $900.00 to $1,000.00 a month, would you please advise us. They must of course be qualified and with sufficient background to be of value to us.

Very truly yours,

M. C. "Bill" Terry
President

MCT/jt

REFERENCE REQUEST—FEDERAL RECORDS CENTERS

NOTE: Use a separate form for each request.

SECTION I—TO BE COMPLETED BY REQUESTING AGENCY

RECORD GROUP NO.	ACCESSION NO.	AGENCY BOX NUMBER	RECORDS CENTER LOCATION NUMBER
57	80-004	31 OF	~~11/36:36-4-1~~ 11/43:29-1-1

DESCRIPTION OF RECORD(S) OR INFORMATION REQUESTED *(Include file number and title.)*

6767 Aurora Mining Co in Alaska

REMARKS

NATURE OF SERVICE

☐ FURNISH COPY OF RECORD(S) ONLY ☐ PERMANENT WITHDRAWAL ☐ TEMPORARY LOAN OF RECORD(S) ☐ REVIEW ☐ OTHER *(Specify)*

NAME OF REQUESTER: Jane Spence

TELEPHONE NO.: 776-5608 ☑ FTS

DATE: 3/10/88

NAME AND ADDRESS OF AGENCY *(Include street address, building, room no. and ZIP Code)*: Dept. of Interior/MMS Div. Attn: Gary Lore Chief/Offshore Resource Eval Sec., MS 643 Reston, VA 22091

(In Washington, D.C. area also include STOP number)

RECEIPT OF RECORDS

Requester please sign, date and return this form, for file item(s) listed above, *ONLY* if the block to right has been checked by the Records Center. ☐

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TO: General Services Administration
Federal Records Center NARS

(City) *(State)* *(Zip Code)*

NOTE: In Washington, D.C. area send to STOP 386

REFERENCE REQUEST—FEDERAL RECORDS CENTERS

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6967 Aurora Mining Co in Alaska

REMARKS

NATURE OF SERVICE

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NAME OF REQUESTER	TELEPHONE NO.	☐ FTS	DATE
Jane Grace	776-5608		3/10/88

NAME AND ADDRESS OF AGENCY *(Include street address, building, room no. and ZIP Code)*

Dept. of Interior/MMS Div.
Attn: Gary Lore
Chief Offshore Resource Evaluation,
MS 643 Reston, VA 22091

(In Washington, D.C. area also include STOP number)

RECEIPT OF RECORDS

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☐ RECORDS PREVIOUSLY CHARGED OUT TO *(Name, agency and date):*

Wrong location

REMARKS

DATE	SERVICE	TIME REQUIRED	SEARCHER'S INITIALS
3-14			RW

SECTION III—TO BE COMPLETED BY REQUESTING AGENCY

TO

General Services Administration
Federal Records Center NARS

(City) *(State)* *(Zip Code)*

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(2/63)

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Date	Surname	Code
1/27/69	Peterson	120
1/27/69	Kirkham	120
"	Johnson	110
1/28	Kjelsgaard	
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AIRMAIL

JAN 29 1969

Aurora Mining Company, Inc.
P. O. Box 2246
La Jolla, California 92037

Re: OME-6767 (Gold)
Aurora Mining Company, Inc.
Auric Lease ADL. 22618
Nome Recording District, Alaska

Gentlemen:

A preliminary review has been made of your application for financial assistance to explore for gold in Norton Sound, Alaska. We have also noted your comments concerning the necessity of expediting action on the application.

Unfortunately, at this time OME funds for contracting purposes are limited to current contracts and applications already approved. Consequently, should your application be approved, we would be unable to offer a contract until after July 1 the beginning of a new fiscal year. Actually, if funds were immediately available, it is doubtful that a contract could be prepared in time for you to commence work during the current season as outlined in the application. We find that 3 to 4 months are usually required to process an application from the date it is received to when a contract is approved and signed. Perhaps you may wish to pursue the application further with work commencing next season.

Please note that under the exploration assistance program the Government will participate in the necessary and reasonable cost of purchasing equipment needed on a project. However, allowances for the purchase of equipment to the extent where these expenses constitute the major portion of the estimated costs cannot be justified. Generally on these programs where the Operator does not own the necessary equipment, funds are provided for its rental, or the contract may allow for a contractor to perform all or any part of the work. Normally, $900.00 - $1,000.00 per month is considered a reasonable allowance for the services of a supervisor-engineer-geologist.

We shall continue to hold your application until we have been advised of your plans regarding the application. Nothing in this letter should 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
Economic Geology File
OME Docket
OME Reading File
Region II
Mr. Peterson

ECPeterson/bsl 1/27/69

January 23, 1969

Mr. M. C. Terry President
Aurora Mining Company, Inc.
P. O. Box 2246
La Jolla, California 92037

Subject: OME-6767

Dear Mr. Terry:

Your application for exploration assistance, dated January 20, 1969, submitted to our office at Washington, D. C., has been assigned Docket No. OME - 6767.

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 R-II with all attachments