MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the ~~County of~~ First Judicial District, State of Alaska,

described as follows:[2] Those certain four (4) unpatented lode mining claims owned by Ray Renshaw and located in the State of Alaska, First Judicial District, Admiralty Island, known as the Pyrola claims, numbers 1 through 4

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and RED ROCK MINES, INC. 202, 640 West Hastings Street Vancouver 2, British Columbia, Canada[3] hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

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

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

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

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

Lease and Option Agreement dated October 21, 1969, between Ray Renshaw, as owner, and Red Rock Mines, Inc.

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

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

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

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

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

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

Dated this 22 day of February, 1971.

Roy Renshaw (Seal)	192 Douglas Highway	(Street)
Ray Renshaw	Juneau, Alaska	(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)

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

_____ (Corporate Seal)

INT.-DUP. SEC., WASH., D.C. 21103

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
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FOR GOVERNMENT USE ONLY
Operator
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6. Added provisions ____ None ____ (State "None" or "See Annex No.____".)

Dated this 22 day of February, 19 71.

Ray Renshaw (Seal) — 192 Douglas Highway (Street) — Juneau, Alaska (City & State)

Ray Renshaw

(Seal) ____ (Street) ____ (City & State)

(Seal) ____ (Street) ____ (City & State)

(Seal) ____ (Street) ____ (City & State)

(Seal) ____ (Street) ____ (City & State)

(Seal) ____ (Street) ____ (City & State)

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Dated this _____ day of February, 19 71.

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	Juneau, Alaska	(City & State)
Ray Renshaw		
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)

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Ray Renshaw

_____ (Seal) — _____ (Street), _____ (City & State)

_____ (Seal) — _____ (Street), _____ (City & State)

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Ray Renshaw		
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____ (Seal)	____	(City & State)
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MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. _____ Docket No. 6837

Application
- [x] Denied
- [x] 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

- [x] 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

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 20 1971
INITIALS | CODE

January 19, 1971

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
First Judicial District, Alaska

Enclosed is one copy of an application received in the Field Office on January 18, 1971. A duplicate copy is retained in our files.

The following numbered items in the application are incomplete or require supplementing:

1(b). Financial Eligibility. Red Rock Mines is wholly owned by Alakon Metals Ltd. (N.P.L.), a Canadian corporation. Financial statements of both corporations are needed. A Performance Bond may also be required.

2(a). A copy of the Bill of Sale for the Pam Claims would be desirable.

(c). Lien and Subordination Agreements from Ray Renshaw for Pyrola 1-4 Claims is required.

3. Physical Description. Dave Brew in Washington, D. C., is familiar with the geology of Admiralty Island.

5. Exploration Work. A property map showing relation of proposed three drill holes to the land boundaries would be needed if a contract is approved.

7. Estimate of Costs. If only one bid is obtainable, the application should so state. The bid price of $24.00 per foot may be reasonable since it includes (paragraph 7 of bid) all costs. The provision for a matching bonus (paragraph 14) ought to have a limitation. Since the starting date (paragraph 2) was October 22, 1970, OME should be reassured that the bid is still valid.

R. M. Smith

for H. K. Stager

Enclosures

TELEPHONE 681-7207
AREA CODE 604

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W. JOHN THOMPSON
LEONARD C. HANSON

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

PLEASE REPLY ATTENTION OF MR. Hanson

January 14, 1971

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 20 1971
MINERALS CODE

Mr. Harold K. Stager
U.S. Geological Survey
Office of Minerals Exploration
Building 2
345 Middlefield Road
Menlo Park, California, 94025

Dear Sir:

Re: Red Rock Mines, Inc.

Please find enclosed an Application for financial assistance in minerals exploration made by Red Rock Mines, Inc., an Alaska corporation holding mineral claims on Admiralty Island. We would appreciate your processing the Application and will be pleased to answer any of your inquiries with regard thereto. As the Officers of the Company are resident at Vancouver, British Columbia, we would appreciate your directing all correspondence to this office.

Yours truly,

WARNER & THOMPSON

Per: Leonard C. Hanson

LCH/cg
Encl.

RECEIVED
JAN 18 1971
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

MME Form 40
(Revised Nov. 68)

Budget Bureau No. 42-R1368
Approval expires Dec. 1971

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.)*

Red Rock Mines, Inc.
c/o Banfield, Boochever & Doogan
201, 311 N. Franklin Street
Juneau, Alaska 99801
U.S.A.

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6837

DATE RECEIVED 1-20-71

REGION II

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: Alaska

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
William L. Warner	202, 640 W. Hastings St., Vancouver, B.C. Canada	Director & Secretary
Donald W. Tully	2222 Bellevue West Vancouver, B.C.	Director & President
Lewie Williams	712 Jones Building Seattle, Wash., 98101	Director

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

ESTIMATED COST OF PROJECT: $89,400.00

PROPERTY NAME	LOCATION COUNTY	STATE
PAM & PYROLA Mineral Claims Admiralty Island	First Judicial District	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. II). 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 Department of the Interior, U.S. Geological Survey, Office of Minerals Exploration, 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.

January 12, 1971
DATED

Wm L Warner
BY *(Signature)*

Secretary
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.

SEE SCHEDULE ENCLOSED

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 (1) true copies of your letters to credit sources which show date of loan request, amount and terms requested, and proposed use of loan funds and (2) true copies of 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 signed by owner on MME Form 52. If the agreements cannot be obtained, state reasons and whether you can furnish a performance bond.

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.

(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) 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. State your reasons for expecting to find ore.

(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, address, and telephone number 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 time and materials *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 price 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).]

Application for Financial Assistance in Minerals Exploration

SCHEDULE

1. Financial Eligibility:

(a) Application for Financing (see Appendix A):

(i) Letter dated December 17th, 1970 from Red Rock Mines, Inc. to Canadian Imperial Bank of Commerce, Main Branch, Granville & Hastings Streets, Vancouver, B.C.

(ii) Letter dated December 30th, 1970 from Red Rock Mines, Inc. to The B.M. Behrends Bank, Head Office, Juneau, Alaska, U.S.A.

(iii) Letter dated December 22, 1970 from Canadian Imperial Bank of Commerce to Red Rock Mines, Inc.

(iv) Letter dated January 7, 1971 from The B.M. Behrends Bank to Red Rock Mines, Inc.

(b) Affiliated, Parent or Controlling Companies:

Alakon Metals Ltd. (N.P.L.), a Canadian corporation with registered office at Suite 202, 640 West Hastings Street, Vancouver, B.C., presently holds all of the issued shares in the capital stock of Red Rock Mines, Inc.

(c) Share of Red Rock Mines, Inc. in cost of exploration work:

The share in the cost of exploration work for which Red Rock Mines, Inc. is responsible will be provided by the parent company, Alakon Metals Ltd., advanced as debt financing to Red Rock Mines, Inc. and secured by debenture.

2. Applicants Rights in Land:

(a) By lease and option dated the 21st day of October, 1969, between Ray Renshaw of 192 Douglas Highway, Juneau, Alaska, U.S.A. and Red Rock Mines, Inc., Red Rock Mines, Inc. obtained a working lease upon and became entitled to purchase the "Pyrola" 1-4 mineral claims on Admiralty Island, Alaska. (See Appendix B - Lease and Option Agreement).

W.G. Stevenson & Associates Ltd. on September 10th and 14th, 1969 staked on behalf of Red Rock Mines, Inc. 34 claims and 4 mill sites covering the grounds surrounding and over the Pyrola 1-4 claims. These claims and mill sites have, by Bill of Sale, been transferred by W.G. Stevenson & Associates Ltd. to Red Rock Mines, Inc.

(b) (i) Those certain four (4) unpatented lode mining claims located in the State of Alaska, First Judicial

District, Admiralty Island, known as the Pyrola group, namely Pyrola 1, Pyrola 2, Pyrola 3 and Pyrola 4, the location notices of which are recorded in Lode Book 34, pages 13-16 in the office of the Recorder for the Juneau Recording District of Alaska;

(ii) Twelve (12) lode claims named PAM No.'s 11-22, the location notices of which are recorded in Lode Book 34, pages 33-44, in the office of the said Recorder;

(iii) Twelve (12) lode claims named PAM No.'s 31-42, the location notices of which are recorded in Lode Book 34, pages 45-56, in the office of the said Recorder;

(iv) Ten (10) lode claims named PAM No.'s 51-60, the location notices of which are recorded in Lode Book 34, pages 57-66, in the office of the said Recorder;

being thirty-eight (38) mineral claims in all and forming one contiguous group.

(c) Not applicable.

3. Physical Description:

(a) Mining and Exploration Operations - See Appendix C - Report of W.G. Stevenson & Associates Ltd. pages 4-6 and Report of W.G. Stevenson & Associates Ltd. dated September 10th, 1970 pages 5-7.

(b) All operations are conducted for or on behalf of Red Rock Mines, Inc.

(c) No past or current production.

(d) No proven body of commercial ore or reserves.

(e) See Appendix C - Reports of W.G. Stevenson & Associates Ltd. dated August 25th, 1969 and September 10th, 1970.

(f) See Appendix C.

(g) Two copies each of the Reports of W.G. Stevenson & Associates Ltd. dated August 25th, 1969 and September 10th, 1970 are included in Appendix C to this application. The return of the Reports to Red Rock Mines, Inc. is hereby requested.

4. Accessibility of Property:

(a) OME representatives may contact Mr. W.G. Stevenson, 475 Howe Street, Vancouver, B.C. (Telephone No. 685-1123), who will provide directions for reaching the property and describe the accessibility of the property.

(b) The property containing the mineral claims hereinbefore referred to is located on Admiralty Island, 28 miles - South - South West of Juneau, Alaska, positioned at 57° 58' North Latitude and 134° 33' West Longitude. The mineral claims extend over the precipitous southern slopes of a mountain between 2,400 and 2,900 feet above sea level. The claims extend

approximately 800 feet east and west of Pyrola Gulch northerly from its junction with Kathleen Creek. Access can be gained to the property by trail from Kathleen Lake, approximately seven miles south westerly. Kathleen Lake, at an elevation of 473 feet, two miles from tidewater is accessible by float plane. The easiest access to the property is by helicopter to a landing site near Pyrola Gulch at an elevation of 2,900 feet. The nearest shipping and supply point is Juneau, Alaska, twenty-eight miles distant from the mineral claims.

5. Exploration Work:

(a) The exploration work program will follow the recommendations of W.G. Stevenson & Associates Ltd. as contained in their reports dated August 25, 1969 and September 10, 1970 respectively as follows:

(i) Report August 25, 1969 -

1. Stake additional minerals claims (completed).
2. Put down trenches to cross full width of mineralization and collect channel samples.
3. Map geology extending out from trench.
4. Cut combination heliport, drill site and accommodations for small camp near these trenches.
5. Put down three (3) diamond drill holes to test this zone of mineralization.
6. In the event the diamond rill results are favourable, underground work should be initiated.

(ii) Report September 10, 1970 -

1. Map the geology, collect additional geochemical soil samples, and conduct a detailed geophysical survey with magnetic and electromagnetic instruments.
2. Extend the trench across the mineralized zone and cut channel samples across the full width of mineralization.
3. Near the position of this trench cut out a heliport, drill site and accommodations for small camp.
4. From this drill site put down a drill hole to test this zone of mineralization.
5. In the event the diamond rill hole results are favourable, additional diamond drilling and underground work should be initiated.

(b) An access road is not contemplated until the results of Item 5(a) are evaluated.

(c) Dependant upon the evaluation report on the results of Item 5(a).

6. Experience:

W.G. Stevenson is a Consulting Geological Engineer, and graduate of the University of Utah with twenty-three years experience in his chosen field.

7. Estimate of Costs:

(a) Diamond drill contract with Alcan Exploration Incorporated, Ketchikan, Alaska (See Appendix D). Cost of diamond drilling is $24.00 per foot. Fifteen hundred feet of drilling is planned for a total cost of $36,000.00.

(b) W.G. Stevenson & Associates charge at the rate of $200.00 per diem plus expenses. The cost is estimated at $4,000.00.

(c) All operating materials and supplies are under contract. (See Appendix D)

(d) Operating equipment is under contract. (See Appendix D)

(e) This is a raw project. There is no plant or structure of any kind on the property.

(f) Camp is provided under contract. (See Appendix D)

(g) No miscellaneous costs are envisioned as the work program is to be done under contract.

APPENDIX "A"

RED ROCK MINES, INC.
202, 640 West Hastings Street
Vancouver 2, B.C.

December 17, 1970

Canadian Imperial Bank of
Commerce
Granville & Hastings Streets
Vancouver 2, B.C.

Attention Mr. McGregor,
Assistant Manager

Dear Sirs:

Further to our recent discussions regarding the provision of debt financing for Red Rock Mines, Inc., please consider this letter to be our formal application for a loan of $30,000.00 from the Canadian Imperial Bank of Commerce.

It is our intention to commence a drilling and exploration program sometime after 1st June, 1971 on the Company's claims, twenty-eight miles from Juneau, in the State of Alaska, on Admiralty Island. The cost of the program will be in excess of $84,000.00. The funds requested from the Bank would supplement those already provided to the Company from other sources and would be repayable on a monthly instalment basis over as long a period of time as you are prepared to approve. We request as favourable an interest rate as the Bank is willing to allow to clients with comparable business operations and assets.

We will be happy to provide you with information regarding the corporate records of the Company and with any technical or geological information which you may require with regard to the Admiralty Island property.

Yours truly,

William L. Warner,
Secretary

PLEASE ADDRESS REPLY TO
THE MANAGER

CABLE ADDRESS:
"CANBANK"

WHEN REPLYING
PLEASE REFER TO

HASTINGS AND GRANVILLE
640 WEST HASTINGS ST.
VANCOUVER 2, B.C.

APPENDIX "A"

CANADIAN IMPERIAL
BANK OF COMMERCE

December 22, 1970.

Red Rock Mines, Inc.,
202 - 640 West Hastings Street,
Vancouver 2, B.C.

Attention: Mr. William L. Warner

Dear Sirs:

With reference to your letter dated December 17, we have given your application for a $30,000 line of credit our careful consideration but regret that we cannot grant the accommodation at this time.

Yours truly,

G.I. McGregor,
Assistant Manager.

GIM/sb

APPENDIX "A"

RED ROCK MINES, INC.
Ste. 202, 640 West Hastings Street
Vancouver 2, B.C.

December 30, 1970

The B.M. Behrends Bank
Juneau
ALASKA

Dear Sirs:

Further to our discussions with you regarding the provision of debt financing for Red Rock Mines, Inc., please consider this letter to be our formal application for a loan of $30,000.00 from The B.M. Behrends Bank.

It is our intention to commence a drilling and exploration program sometime after 1st June, 1971 on the Company's claims, twenty-eight miles from Juneau, on Admiralty Island. The cost of the program will be in excess of $84,000.00. The funds requested from your Bank would supplement those already provided to the Company from other sources and would be repayable on a monthly instalment basis over as long a period of time as you are prepared to approve. We request as favourable an interest rate as the Bank is willing to allow to clients with comparable business operations and assets.

We will be happy to provide you with information regarding the corporate records of the Company and with any technical or geological information which you may require with regard to the Admiralty Island property.

Yours truly,

William L. Warner,
Secretary

APPENDIX "A"

THE B. M. BEHRENDS BANK

OLDEST BANK IN ALASKA

JUNEAU · ALASKA

January 7, 1971

Red Rock Mines, Inc.
Ste. 202, 640 West Hastings St.
Vancouver 2, B. C. Canada

Attention: Mr. William L. Warner
Secretary

Gentlemen:

Due to our current lending policy, the availability of funds by our bank for a venture such as you propose is very doubtful.

Wishing you success in your attempts to secure these funds through some other institution or agency, I am,

Yours very truly,

J. R. Holmquist
Cashier

JRH/jb
cc: Norman Banfield

APPENDIX B

LEASE AND OPTION AGREEMENT

THIS AGREEMENT OF LEASE AND OPTION, Made and entered into this 21st day of October, 1969, by and between RAY RENSHAW, of 192 Douglas Highway, Juneau, Alaska, hereinafter called the OWNER, and RED ROCK MINES, INC., an Alaskan corporation, (a wholly owned subsidiary of RED ROCK MINES LTD. (N.P.L.), a British Columbia company), hereinafter called the COMPANY:

WITNESSETH: That the OWNER, for and in consideration of the payments in cash and stock and of the royalties hereinafter provided for and reserved, and the covenants and agreements hereinafter expressed, and by the COMPANY to be made, kept and performed, hereby leases, demises and lets to the COMPANY those certain four (4) unpatented lode mining claims owned by the OWNER and located in the State of Alaska, First Judicial District, Admiralty Island, known as the Pyrola Claims, Nos. 1 through 4, and which claims are more particularly described on Schedule "A" attached hereto and by this reference made a part of this agreement (and which said mining claims are hereinafter called the mining property).

TO HAVE AND TO HOLD the above-mentioned premises and appurtenances unto the COMPANY for a term of eleven (11) years, commencing on the 21st day of October, 1969, and expiring on the 20th day of October, 1980, unless sooner forfeited and terminated, or purchased by the COMPANY, as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The COMPANY shall be entitled forthwith upon the execution of this agreement, and upon having made the payments of cash and stock to OWNER hereinafter described in

Paragraph 2(a) and 2(b), to enter upon the mining property and to have exclusive and quiet possession thereof and to explore, develop and mine the same, all of which shall be carried out in a good and minerlike manner, subject only to the other agreements and covenants hereinafter provided, by the COMPANY to be made, kept and performed.

2. The consideration payable by the COMPANY to the OWNER for the aforesaid lease and the option hereinafter described in Paragraph 13 shall consist of the following:

(a) The sum of Two Thousand ($2,000) Dollars (U.S. Funds) paid to the OWNER upon execution of this agreement (the receipt whereof is hereby acknowledged by him);

(b) Delivery to the OWNER simultaneously with the execution of this agreement a certificate or certificates for fifty thousand (50,000) shares of the capital stock of Red Rock Mines Ltd. (N.P.L.), issued in the name of the OWNER, (the receipt whereof is hereby acknowledged by him);

(c) The issuance and delivery to OWNER of a further fifty thousand (50,000) shares of the capital stock of the said Red Rock Mines Ltd. (N.P.L.) at such time as an engineering report, reflecting completion of the recommended Phase 1 of the W. G. Stevenson & Associates Ltd. report, dated August 25, 1969, and containing a recommendation for further exploration, has been filed with and accepted by the Vancouver Stock Exchange.

The Company agrees to use all diligence in accomplishing the work of completing said Phase 1 mentioned in Paragraph 2(c) and to cause the engineering report mentioned in Paragraph 2(c) to be prepared and filed with the Vancouver Stock

Exchange and to notify OWNER thereof. The aforesaid delivery of such stock shall be made to the OWNER at The B. M. Behrends Bank, Juneau, Alaska;

(d) The payment to OWNER, subject to the Company's rights of the termination of this agreement, of the sum of One Hundred Thirty-Five Thousand ($135,000) Dollars (U.S. Funds) in ten (10) equal annual instalments of Thirteen Thousand Five Hundred ($13,500) Dollars each, commencing with the first such instalment on the first anniversary of the execution of this agreement and so continuing on each anniversary thereafter until the said One Hundred Thirty-Five Thousand ($135,000) Dollars shall have been paid in full. The aforesaid payments shall be made to OWNER at The B. M. Behrends Bank, Juneau, Alaska.

2.A In addition to all aforesaid payments due by the COMPANY to the OWNER there shall be reserved to OWNER a royalty of 2-1/2% of net smelter returns on all mineral ores or concentrates shipped from the ~~leased premises~~ Mining Property up to a total amount of One Hundred Thousand ($100,000) Dollars of royalty payments. The term "net smelter returns" shall mean the amount paid by any smelter or other ore purchaser for mineral, ores or concentrates sold, less assaying, sampling, smelting and treatment charges or deductions, custom duties and transportation charges from mine or mill to smelter. Net smelter value per ton shall be determined by dividing the actual Net Smelter Returns realized from the total quantity of all ore milled during any one quarter by the total

weight of such ore in dry short tons. Payments to OWNER of royalties shall be made within seven (7) days of settlement by smelter or buyer for each shipment of ore and shall be accomplished by a duplicate copy of smelter settlement sheet. All payments of royalty made as provided hereunder during the continuance of this agreement shall be made to OWNER at The B. M. Behrends Bank, Juneau, Alaska. The COMPANY reserves the right to sell ores, concentrates etc. to any buyer at optimum prevailing prices and the price received, be it at the mine site, dock site or smelter site, shall be deemed a smelter return.

3. OWNER represents and warrants that the area covered by said mining claims, and each of them has been and is properly and validly located under the mining laws of the United States of America and the State of Alaska; that assessment work on the mining claims, and each of them, has been performed at the time, in the manner, and to the extent required by law; that the mining claims are all in good standing, subsisting and valid at the date hereof, and are free and clear of all liens, encumbrances, leases and claims of third parties, except only rights reserved to the United States in respect of unpatented mining claims generally.

4. The COMPANY may install, maintain, replace and remove during the term of this agreement any and all mining machinery, equipment, tools and facilities now or subsequently placed thereon and which it may desire for use on or in connection with its exploration, development and mining operations hereunder on the said premises. The COMPANY shall pay in full for all labour performed upon or material furnished to the said premises at its instance or request, and shall keep the whole thereof, free and clear from any and all liens of mechanics or materialmen. The COMPANY shall

post, and keep posted, upon said premises notice to the effect that same are leased and that OWNER shall not, nor will the said premises, be liable for any labour performed upon or materials furnished to the said premises at the instance or request of the COMPANY.

5. The COMPANY shall at all times comply in all respects with all the laws and regulations relating to the performance of work within the leased premises. The COMPANY shall obtain such permits and provide Workmen's Compensation Insurance and such other insurances to cover personnel and all of its operations upon the premises in the amount and form as may be required by law. The COMPANY shall indemnify and hold the OWNER harmless of and from any and all claims, demands or liabilities arising out of or in connection with the operations or activities of the COMPANY hereunder. The COMPANY assumes full and sole responsibility for the operation and direction of the work done under this agreement on the leased premises and no employee or agent furnished by it shall under any circumstances be deemed an employee of the OWNER.

6. The COMPANY agrees to pay all taxes, if any, levied and assessed upon the leased premises or any part thereof, including taxes levied and assessed on improvements placed upon the leased premises by it during the continuance of this agreement, to make payment thereof, as required by the statutes of the State of Alaska, or the ordinances of any political subdivision thereof, so that no default in taxes upon the leased premises shall occur, and to deliver to the OWNER, upon request, the original or duplicate tax receipts for payment made. Should the COMPANY be in possession, under this lease, for only a portion of a year, the tax for that year shall be pro-rated between the OWNER and the COMPANY on the basis of taxes for the last preceding year.

7. During the term of this Lease, the COMPANY does

hereby agree to perform all assessment work required to be performed upon the mining claims by law, and for a period of not less than three (3) months after any termination thereof, and record all proper affidavits, notices and other documents required by law, to evidence the performance of said annual assessment work, and does further agree to furnish OWNER with copies of such affidavits, notices and other documents.

8. The COMPANY agrees to keep accurate books of account showing the operations, and particularly showing mineral and ores mined and milled, or mined and shipped by the COMPANY, and to permit a representative of the OWNER to examine such books of account. The COMPANY shall furnish the OWNER with full, true and accurate information in response to any reasonable request in regard to the condition of underground workings of said premises, or any part thereof, or as to the general quality of ore exposed therein, and allow representatives of the OWNER to enter upon and into all parts of the said premises from time to time, and at all reasonable times and hours, accompanied by a duly authorized representative of the COMPANY, for the purpose of inspecting or surveying the same, or taking samples of ore therefrom.

9. In the event of termination of this lease by expiration of the term hereof, or for any reason whatsoever, the COMPANY agrees to surrender the leased premises to the OWNER in good condition. The COMPANY, however, shall have the right to remove machinery, equipment and supplies placed by it within the leased premises, including track, pipe, receivers and cables, provided that all fixed underground works required for access purposes shall be come the property of the OWNER. The COMPANY shall have the right to effect the removal of such machinery and equipment prior to the expiration of this Lease, or within a reasonable time thereafter.

Any such machinery or equipment not removed prior to the expiration of six (6) months following termination of said lease, shall be deemed affixed to the leased premises and become and remain the property of the OWNER. And in the event of any such termination the COMPANY agrees to deliver or cause to be transferred and delivered to OWNER the said mining property and all maps, reports, assays and information then in the hands of the COMPANY, or within its control, with respect to the property and work done by the COMPANY thereon.

10. For all purposes of this agreement the term "the mining property" shall include any additional mining claims acquired by either party within a radius of five (5) miles measured from the perimeter of the Pyrola claims Nos. 1 through 4. The COMPANY reserves the right, in accordance with prudent mining practise, to allow such claims as it shall deem redundant, to lapse.

11. If for any reason there shall be default on the part of the COMPANY, and it shall fail or refuse to comply with any of the terms or provisions hereof, then at the option of the OWNER, he may give notice in writing to the COMPANY of such default, specifying the nature and character thereof, and unless the default shall be corrected within thirty (30) days after the receipt by the COMPANY of such notice, then at the option of the OWNER this lease and all rights thereunder of the COMPANY shall be terminated and the COMPANY shall quietly and peaceably surrender the said premises unto the OWNER.

12. At any time during the term of this Lease, upon the COMPANY giving one (1) month's notice in writing to the OWNER, the COMPANY may terminate it by delivering possession of the premises to the OWNER, paying to the OWNER any accrued and unpaid royalties due him, and by delivering to OWNER a recordable instrument of surrender as provided in Exhibit "B"

attached hereto, whereupon all payments theretofore made and owing to the OWNER hereunder shall belong to him outright, and all obligations of the COMPANY, MM. to the owner accruing thereafter shall cease.

It is understood and agreed that should the COMPANY give OWNER the aforesaid notice of termination the COMPANY will not be liable to pay OWNER any further annual payments provided in Paragraph 2(d) which become due after the receipt by OWNER of the termination notice; provided, that the COMPANY shall pay OWNER any accrued and unpaid royalties due him as provided in Paragraph 2.A, and deliver to him the stock provided in Paragraph 2(c) if condition met and not previously delivered to OWNER.

13. It is further understood and agreed that at any time during the term of this Lease when the COMPANY shall have made, kept and performed all of its agreements and covenants herein provided, and shall have delivered and made to OWNER all of the payments of money and stock provided for in Paragraph2, subparagraphs (a), (b), (c) and (d), then the COMPANY shall be entitled to receive from the OWNER his deed in form and content contained in Exhibit "C" hereto conveying to the COMPANY all of his right, title and interest to the said mining property subject to a reservation in favour of the OWNER with respect to all unpaid royalties provided for in Paragraph 2.A.

14. In further consideration of the payments, agreements and covenants herein specified to be made, kept and performed by the COMPANY, the OWNER does hereby give and grant to the COMPANY, the sole, exclusive and irrevocable right and option to purchase subject to the royalties reserved by Paragraph 2.A hereof the whole of the mining property at any earlier time than otherwise provided herein upon the payment to OWNER of the purchase price of One Hundred Thirty-Seven Thousand ($137,000) Dollars (U.S. Funds) (as provided

in Paragraphs 2(a) and 2(d), in addition to the aforesaid one hundred thousand (100,000) shares of the capital stock of Red Rock Mines Ltd. (N.P.L.) (provided for in Paragraphs 2(b) and 2(c). Any of such payments, or delivery of stock, previously made and paid to OWNER by the COMPANY shall be credited upon the said purchase price.

15. It is further understood and agreed that should the COMPANY elect to purchase prior to full payment of the aforesaid royalty payments, but after payment of the One Hundred Thirty-Seven Thousand ($137,000) Dollars, it may do so whereupon the OWNER shall deliver his deed conveying the mining property to the COMPANY; preserving, however, to the OWNER any amounts of unpaid royalty.

16. The COMPANY and the OWNER respectively agree to execute and deliver to The B. M. Behrends Bank, Juneau, Alaska, as escrow holder, executed documents of transfer of the mining property together with a letter of instructions to the said Bank in form and content as attached hereto as Schedule "B" and from time to time deliver further transfers and other similar documents to said Bank as the circumstances and this Agreement may reasonably require. The costs of the said Bank as escrow holder shall be borne equally by the COMPANY and the OWNER.

17. Any notice required to be given by this Agreement by either party to the other shall be given in writing, by registered mail addressed to the party receiving the same at the addresses following:

OWNER: 192 Douglas Highway, Juneau, Alaska

COMPANY: 201-311 Franklin Street,
Box 1121, Juneau, Alaska, and

202, 640 West Hastings Street,
Vancouver 2, B.C.

or at such other address as he or it may hereafter designate.

18. The parties agree that this Agreement shall be construed under the laws of the State of Alaska, irrespective

of where the contract may be executed.

19. Time is of the essence of this Agreement.

20. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.

IN WITNESS WHEREOF the OWNER has hereunto set his hand and seal and the COMPANY has caused its Corporate Seal to be hereunto affixed in the presence of its duly authorized officers the day and year first above written.

SIGNED, SEALED AND DELIVERED by the OWNER in the presence of:)

Ray Renshaw

THE CORPORATE SEAL of RED ROCK MINES, INC. was hereunto affixed in the presence of:)

Donald L. Kelly, Pres.

Ann R. Warner, Sec.

STATE OF ALASKA)
: SS.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 21st day of October, 1969, in Juneau, Alaska, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared RAY RENSHAW, known to me and known to me to be the person he represents himself to be and the same identical person who executed the above and foregoing Agreement, and who acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

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

Notary Public, State of Alaska
My commission expires Nov 22 1970

STATE OF ALASKA)
: SS.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 21st day of October, 1969, in Juneau, Alaska, before me, the undersigned, a Notary Public in and for the state of Alaska, duly commissioned and sworn, personally appeared DONALD W. TULLY, the president, and WILLIAM L. WARNER, the secretary, of RED ROCK MINES, INC., an Alaskan corporation, each to me known and known to me to be the person they each represent themselves to be and the same persons who executed the above and foregoing instrument on behalf of their corporate principal, and who each individually and severally for himself and not one for the other acknowledged to me that he had full power and authority to and did execute the above and foregoing instrument on behalf of his corporate principal and as a free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and that the seal affixed to this instrument is the corporate seal of his corporate principal.

WITNESS my hand and official seal the day, month and year herein first above written.

Frederick V. Gruenstein
Notary Public, State of Alaska
My commission expires June 27, 1970

SCHEDULE "A"

THIS IS SCHEDULE "A" to Agreement dated the _____ day of October, 1969, between Ray Renshaw, of Juneau, Alaska, and Red Rock Mines Inc., of Suite 201, 311 Franklin Street, Juneau, Alaska.

Claim Name	Record No.	Expiry Date
Pyrola 1		
Pyrola 2		
Pyrola 3		
Pyrola 4		

SCHEDULE "B"

THIS IS SCHEDULE "B" to Agreement dated the _____ day of _____, 1969, between Ray Renshaw, and Red Rock Mines Inc.

October _____, 1969.

The Manager
The B. M. Behrends Bank
Juneau
Alaska 99801

Dear Sir:

The undersigned enclose an executed counterpart of that certain agreement dated the _____ day of October, 1969, between them as Owner, and the Company respectively, together with the following executed transfers referred to in the agreement.

We hereby authorize and direct you to hold the said transfers, and all such further transfers and other documents as may be submitted by the parties to be held by you, in trust subject to the following terms and conditions:

(a) Upon receipt by you of evidence in writing in form satisfactory to you that a total of One Hundred Thousand (100,000) shares of the capital stock of Red Rock Mines Ltd. (N.P.L.), and the sum of One Hundred Thirty-Seven Thousand ($137,000) Dollars (U. S. Funds), have been delivered and paid to Mr. Renshaw pursuant to said agreement, and there has been paid to Mr. Renshaw in addition any of the 2-1/2% royalty due and owing him as provided in said agreement, and in the absence of any uncorrected default on the part of the Company, you shall mail to the Company at Suite 202, 640 West Hastings Street, Vancouver 2, B. C. (or such other address as may have been stipulated) all transfers and other documents then in your possession and which have been delivered to you hereunder, excepting only the executed counterpart of the said agreement and this letter of instructions, and excepting further Mr. Renshaw's deed to the mining property which does not reserve to him the remainder of said royalty interest. Only in the event that the royalty provided in the agreement has also been fully paid to Mr. Renshaw will you include in such mailing his deed conveying his entire interest in the mining property without reservation of royalty.

(b) Upon receipt by you of notice in writing in form satisfactory to you, that default has been made by this Company in making any payment or performing any of its covenants required under the said agreement and that such failure has continued for thirty (30) days after receipt by this company of notice thereof, then you shall mail to us by prepaid registered mail addressed to us at Suite 202, 640 West Hastings Street, Vancouver 2, B. C. (or such other address as we may from time to time stipulate) a copy of the notice which you have received and a letter of notification stating that it is your intention within not less than twenty (20) days nor more than thirty (30) days after the mailing of such letter of notification, to

deliver to Mr. Ray Renshaw all transfers and other documents then in your possession and which have been delivered to you hereunder, except the executed counterpart of the said agreement and this letter of instructions.

In consideration of your acting herein as requested, we agree to pay your reasonable fees as escrow agent and all out of the pocket expenses which you may from time to time incur and to indemnify and hold you harmless for any liability in connection with your so acting providing all actions taken by you are bona fide and done pursuant to the terms of this letter of authority.

Will you please acknowledge receipt of this letter of authorization and instructions and of the transfers enclosed herewith on the copy of this letter enclosed for that purpose.

Yours truly,

RED ROCK MINES INC.

By _____

OWNER

_____
Ray Renshaw

To: Red Rock Mines Inc.

WE HEREBY ACKNOWLEDGE RECEIPT of the foregoing letter of authorization and instructions and of the transfers therein referred to and agree to act in accordance with its provisions.

Yours truly,

THE B. M. BEHRENDS BANK

By _____

EXHIBIT "B"

DEED

THIS INDENTURE, made this _____ day of October, 1969, by and between RED ROCK MINES, INC., an Alaskan corporation, with its registered office in Juneau, Alaska, Grantor and RAY RENSHAW, of Juneau, Alaska, Grantee, WITNESSETH:

For and in consideration of the sum of TEN ($10.00) DOLLARS, and other good and valuable considerations, the receipt whereof is hereby acknowledged, the Grantor does hereby release and quitclaim all of its right, title and interest in and to the following described mining property located on Admiralty Island, First Judicial District, State of Alaska, to-wit:

> Those certain four (4) unpatented lode mining claims known as the Pyrola group, namely, Pyrola No. 1, Pyrola No. 2, Pyrola No. 3, and Pyrola No. 4, together with other additional mining claims of record which are included in the mining property as defined in the Lease and Option Agreement dated October 21, 1969.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining thereto.

Grantor hereby covenants to execute any further instruments necessary to convey such additional mining claims.

In Witness Whereof, the said Grantor has hereunto set its hand and seal the day and year hereinabove first written.

_____(Seal)

STATE OF ALASKA)
: SS.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 21st day of October, 1969, in Juneau, Alaska, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and

sworn, personally appeared Donald W. Tully, the president, and William L. Warner, the secretary, of RED ROCK MINES, INC., an Alaskan corporation, each to me known and known to me to be the person they each represent themselves to be and the same persons who executed the above and foregoing instrument on behalf of their corporate principal, and who each individually and severally for himself and not one for the other acknowledged to me that he had full power and authority to and did execute the above and foregoing instrument on behalf of his corporate principal and as a free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and that the seal affixed to this instrument is the corporate seal of his corporate principal.

WITNESS my hand and official seal the day, month and year herein first above written.

_____
Notary Public, State of Alaska.
My commission expires June 27, 1970.

EXHIBIT C

DEED

THIS INDENTURE, made this _____day of October, 1969, by and between RAY RENSHAW, of Juneau, Alaska, Grantor and RED ROCK MINES, INC., an Alaskan corporation, with its registered office in Juneau, Alaska, Grantee, WITNESSETH:

For and in consideration of the sum of TEN ($10.00) DOLLARS, and other good and valuable consideration, the receipt whereof is hereby acknowledged, the Grantor does hereby convey all of his right, title and interest in and to the following described mining property located on Admiralty Island, First Judicial District, State of Alaska, to-wit:

> Those certain four (4) unpatented lode mining claims known as the Pyrola group, namely, Pyrola No. 1, Pyrola No. 2, Pyrola No. 3, and Pyrola No. 4, together with other additional mining claims of record which are included in the mining property as defined in the Lease and Option Agreement dated October 21, 1969.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining thereto.

SUBJECT HOWEVER, to the reservation in the said Grantor, and to his heirs and assigns, a mineral interest or royalty of two and one-half (2 1/2%) percent of net smelter returns on all mineral or ore shipped from the aforesaid mining property up to a total amount of one hundred thousand ($100,000) Dollars. Net smelter returns are herein defined as meaning the amount paid by any smelter or other ore purchaser ofr mineral, ores or concentrates sold, less assaying, sampling, smelting, and treatment charges or deductions, custom duties and transportation charges from mine or mill to smelter.

Grantor hereby covenants to execute any further instruments necessary to convey such additional mining claims.

For himself, his heirs and assigns, the said Grantor does hereby warrant to the said Grantee, its successors and assigns, that he has a good right to convey the same to said Grantee, and that the said four unpatented mining claims are free and clear of all liens and encumbrances arising out of any fault of the Grantor.

In Witness Whereof, the said Grantor has hereunto set his hand and seal the day and year hereinabove first written.

_____(Seal)

STATE OF ALASKA)
: SS.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____day of October, 1969, in Juneau, Alaska, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared RAY RENSHAW, known to me and known to me to be the person he represents himself to be and the same identical person who executed the above and foregoing Deed, and who acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

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

_____
Notary Public, State of Alaska.
My commission expires: _____

APPENDIX "D"

THIS AGREEMENT dated the 8th day of October, 1970

BETWEEN:

RED ROCK MINES, INC., an Alaska Corporation having its registered office at Suite 201, 311 Franklin Street, Juneau, Alaska,

(Herein called "The Company")

OF THE FIRST PART

AND:

ALCAN EXPLORATION INCORPORATED, an Alaska Corporation having its registered office at Ketchican, Alaska,

(Herein called "The Contractor")

OF THE SECOND PART

WHEREAS the Company is the owner of or is otherwise well entitled to enter upon and explore groups of mining claims on Admiralty Island in the Juneau area of Alaska, United States of America, described as the "Pam" and "Pyrola" groups (herein called "the Claims").

NOW THEREFORE IT IS WITNESSED:

1. The Contractor will diamond drill or cause to be diamond drilled not less than fifteen hundred (1500) feet upon the claims at drill sites to be selected by the Company.

2. The Contractor will commence drilling on or before the 22nd day of October, 1970.

3. The work under this Agreement will be continued by the Contractor with such number of working shifts as it may think advisable with reasonable diligence until completed.

4. All holes shall be drilled with a standard size drill producing AW or if necessary EW size core.

5. The Contractor agrees that no holes shall be less than one hundred and fifty (150) feet or exceed three hundred (300) feet unless otherwise agreed by both parties. Measurement of all holes shall be made from the drill collar.

6. The Company will pay for all regular core drilling and penetration of overburden at the rate of $24.00 (U.S.) per foot.

7. The Contractor agrees that the aforesaid footage price shall include all labour, materials, water supply, camp facilities, mobilization and transportation costs, casing as required, demobilization and removal of equipment, supplies and transportation of core as designated by the Company's engineer, provided this shall not be farther distant than the City of Juneau.

8. The Company has appointed W. G. Stevenson as supervising engineer for this project and the Contractor agrees to comply with his directions on all engineering matters including particularly the number, siting and length and angle of drill holes and to deliver all core to Mr. Stevenson or his associate properly laid out in core boxes which shall be supplied by the Contractor. The Contractor agrees that it will set up its drill on the site over the cut in Pyrola Creek designated by Mr. Stevenson.

9. The Contractor covenants that it has complied and will comply with all laws and regulations of the governments of the United States of America and the State of Alaska including particularly but without limiting the generality hereof, all requirements of the Workmen's Compensation Act, Unemployment Insurance Act, Hours or Work and Vacations with Pay Act, and generally all federal and state acts and regulations applicable to the Contractor's operations including obtaining all necessary permits and licenses and agrees to indemnify the Company against all claims, loss, damage and expenses incurred by the Contractor's failure to make the necessary returns or payments or by any violation of such acts or regulations. Any delays or standby caused by adverse weather conditions, strikes,

or other conditions generally know as "Force Majeur" shall entitle either party to an extension of time for completion of any obligation under this contract, but all additional costs occasioned thereby shall be for the account of the Contractor.

10. The Contractor agrees that it will not nor will any of its employees give out any information regarding drill results or permit access to any drill core to any person other than the Company's authorized representative except upon specific permission of responsible officials of the Company.

11. The Contractor shall continuously maintain adequate protection of all work from damage and shall protect the Company's property from injury or loss arising in connection with this contract and the Contractor shall remain responsible for any damage, injury or loss to property except such as may be caused directly by the agents or employees of the Company. The Contractor further assumes all liability and indemnifies the Company against liability for injuries or damages to the Contractor's employees or equipment or to any other person or persons incident to or relating from the operationsof the Contractor hereunder. The Contractor specifically represents that in performing its obligations under this contract its status is that of an independent Contractor and that its employees and the employees of any sub-contractors are not the employees of the Company for any purpose whatsoever.

12. The Company agrees to pay the Contractor and initial cash payment of Ten Thousand ($10,000.00) Dollars (U.S.) to apply against the per footage rate hereinbefore mentioned and that the balance due to the Contractor shall be paid upon ~~completion of this contract and~~ receipt of invoices therefore duly approved by the Company's supervising

engineer.

13. The Contractor shall maintain such insurance as will protect it from all claims and damages for personal injury including death resulting therefrom and from claims for property damage arising from its operations under this contract. Certificates of such insurance shall be provided to the Company upon request.

14. The Company agrees that it will match any bonus offered to the Contractor's employees by the Contractor for core recovery of ninety-five (95%) percent or better the amount of such bonus to be determined and paid by Mr. Stevenson, the Company's supervising engineer, whose decision in that regard shall be final.

15. The Contractor agrees that the aforesaid footage price includes a contingency amount to provide for establishing an expanded landing area for supply storage at or near the drill site and ~~xxxx~~ platform preparation and removal costs to any new drill site (not exceeding 4) as designated by the Company's engineer.

This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF the respective corporate seals of the Company and the Contractor have been hereunto affixed by the hands of their duly authorized officers the day and year first above written.

The Corporate Seal of Red Rock Mines, Inc. was hereunto affixed in the presence of:

[illegible]

[illegible] Sec.

The Corporate Seal of Alcan Exploration Incorporated was hereunto affixed in the presence of:

David C. McCullie

OME Form 7
(2/63)

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Date	Surname	Code
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Mr. Leonard C. Hanson
Warner & Thompson
Barristers & Solicitors
Suite 202, Canadian Imperial Bank
Commerce Building
640 West Hastings Street
Vancouver 2, B. C., Canada

DEC 27 1971

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Dear Mr. Hanson:

Thank you for your letter of November 30, 1971, and the report by W. G. Stevenson & Associates Ltd. of the results of exploration work on the Pam and Pyrola claims in August and September 1971.

We have reviewed the data in this report and while the drilling provided additional information on two mineralized structures, the results do not offer sufficient promise of making a significant discovery for the Government to participate in the proposed additional exploration. Therefore, we do not believe further consideration of the application is warranted and we reaffirm our previous denial. The consultants' report is returned herewith.

Thank you for bringing the property to our attention again.

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading file
OME Region II
Mr. Kirkemo
130

HKirkemo/gla 12-22-71

United States Department of the Interior

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

December 20, 1971

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Memorandum

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

From: Field Officer
Region II

Subject: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

I have reviewed the report, by W. G. Stevenson & Associates Ltd., that summarizes the results of work done on the subject property during the 1971 season. These results indicate the deposits to be small and low grade, as stated in my Application Report dated July 9, 1971. I concur in your proposed letter reaffirming our denial of the application.

H. K. Stager

Enclosures

DRAFT 12/13/71
HKirkemo/gla

Mr. Leonard C. Hanson
Warner & Thompson
Barristers & Solicitors
Suite 202, Canadian Imperial Bank
Commerce Building
640 West Hastings Street
Vancouver 2, B. C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Dear Mr. Hanson:

Thank you for your letter of November 30, 1971, and the report by W. G. Stevenson & Associates Ltd. of the results of exploration work on the Pam and Pyrola claims in August and September 1971.

We have reviewed the data in this report and while the drilling provided additional information on two mineralized structures, the results do not offer sufficient promise of making a significant discovery for the Government to participate in the proposed additional exploration. Therefore, we do not believe further consideration of the application is warranted and we reaffirm our previous denial. The consultants' report is returned herewith.

Thank you for bringing the property to our attention again.

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W JOHN THOMPSON
LEONARD C. HANSON
GORDON J. BITNEY

TELEPHONE 681-7207
AREA CODE 604

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

4461 Interior

PLEASE REPLY ATTENTION OF MR. Hanson

November 30, 1971

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

Attention Mr. Harold Kirkemo

Re: OME - 6837 (Silver) Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims,
Admiralty Island, First Judicial District,
Alaska

Dear Sir:

Please refer to your letter of July 16th, 1971, to Red Rock Mines, Inc.

We enclose the exploration report of W.G. Stevenson & Associates Limited, consulting geologists, of Vancouver, B.C. This report deals with exploration work completed subsequent to the reports which we filed with the application made early in 1971. We would appreciate your reading Mr. Stevenson's report and providing us with your comments thereon. With your approval, Red Rock Mines, Inc. wishes to renew its application for financial assistance. Please advise whether or not, in the light of the most recent report on the property, it is your opinion that renewal of the application is justified.

Thank you for your attention to this matter.

Yours truly,

WARNER & THOMPSON

Per: Leonard C. Hanson

LCH/adh
Enc.

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(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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		130

DEC 1 3 1971

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6837 (Silver) (Denied)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Please review the enclosed report, and if you concur in the proposed letter reaffirming our denial, please so indicate and return the consultant's report to us. If you have any suggestions to revise the proposed letter, please offer them.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo

HKirkemo/gla 12-13-71

TELEPHONE 681-7207
AREA CODE 604

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W. JOHN THOMPSON
LEONARD C. HANSON
GORDON J. BITNEY

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

4461 Interior

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PLEASE REPLY ATTENTION OF MR. Hanson

November 30, 1971

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

Attention Mr. Harold Kirkemo

Re: OME - 6837 (Silver) Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims,
Admiralty Island, First Judicial District,
Alaska

Dear Sir:

Please refer to your letter of July 16th, 1971, to Red Rock Mines, Inc.

We enclose the exploration report of W.G. Stevenson & Associates Limited, consulting geologists, of Vancouver, B.C. This report deals with exploration work completed subsequent to the reports which we filed with the application made early in 1971. We would appreciate your reading Mr. Stevenson's report and providing us with your comments thereon. With your approval, Red Rock Mines, Inc. wishes to renew its application for financial assistance. Please advise whether or not, in the light of the most recent report on the property, it is your opinion that renewal of the application is justified.

Thank you for your attention to this matter.

Yours truly,

WARNER & THOMPSON

Per: Leonard C. Hanson

LCH/adh
Enc.

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JUL 20 1971

Red Rock Mines, Inc.
c/o Warner and Thompson
Barrister and Solicitors
202, 640 West Hastings Street
Vancouver 2, B. C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

In accordance with the request in your application for return of the geological reports on the subject property by W. G. Stevenson & Associates Ltd., we enclose the following reports:

Geological Report, Pyrola Mineral Claims, dated August 25, 1969.

Geological Report on the Pam and Pyrola Mineral Claims and Cyn Mill Site Claims, dated September 10, 1970.

Geophysical Report on Reconnaissance Magnetometer Survey on the Pam & Pyrola Claim Group, by Tri-Con Exploration Surveys Ltd. (Appendix G).

Supplemental Geological Report on the Pam and Pyrola Mineral Claims and Cyn Mill Site Claims, dated February 19, 1971.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Ch8ef, Office of
Minerals Exploration

Enclosures

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

HKirkemo/gla 7-19-71

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AIRMAIL

JUL 16 1971

Red Rock Mines, Inc.
c/o Warner and Thompson
Barrister and Solicitors
202, 640 West Hastings Street
Vancouver 2, B. C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

Careful study of your application for financial assistance in exploring the referenced property and of other information available to us indicates that the probability of disclosing significant silver ore reserves is not sufficiently promising to justify Government participation in the proposed exploration. Accordingly, we regret to inform you that your application is denied.

We wish to thank you for your interest in the minerals exploration program.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's reading file
Mineral Resources
OME reading file
Region II
Mr. Kirkemo
130

HKirkemo/cac 7/14/71

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(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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July 14, 1971

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Justification for Denial of Application

The Applicant proposed to explore a silver-zinc-bearing deposit by trenching, geochemical and geophysical work, and if results were favorable, by diamond drilling about three holes totalling 1,500 feet. Total cost of the project was estimated to be $88,400.

The property as presently developed can be considered still a prospect because additional geologic work, prospecting, sampling and assaying are needed to determine the nature of the deposit, and to define exploration targets. Drilling on the property by Cyprus Mines Corporation in 1967 failed to determine the nature of the deposit, and the assays of samples from the drill holes indicated a low content of silver and zinc.

The Applicants' drilling plan is based on the assumption that the mineralized zone is a vein structure. This assumption is not yet verified by geologic mapping. Further, the average low content of silver and zinc in the mineralized rock, which has been sampled, suggests that the possibility is remote of a minable ore body being discovered by the proposed exploration.

I concur in the recommendation of the Field Officer to deny the application.

Harold Kirkemo

Harold Kirkemo

cc: Director's reading file
Mineral Resources
OME reading file
Region II
Mr. Kirkemo

HKirkemo/cac 7/14/71

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

July 9, 1971

OFFICIAL
COPY
O. M. E.
RECEIVED
JUL 12 1971
INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Enclosed is an Application Report on the subject property recommending that the application be denied on the basis that the geologic probability of making a significant discovery of minable silver ore as a result of the proposed work is too small to justify Government participation.

H. K. Stager

Enclosure

UNITED STATES

DEPARTMENT OF THE INTERIOR

ROGERS C.B. MORTON, SECRETARY

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

APPLICATION REPORT

OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

By

H. K. Stager
Field Officer
OME, Region II

July 9, 1971

ON-SITE
EXAM. REPORT

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ILLUSTRATIONS

Figure 1. Index map of Alaska.

INTRODUCTION

Red Rock Mines, Inc., 201, 311 N. Franklin Street, Juneau, Alaska 99801, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6837, to explore for silver at the Pam and Pyrola Groups of Claims, on Admiralty Island, First Judicial District, Alaska. The Applicant infers the presence of minable silver ore bodies, in schists of the Cannery Formation of Permian age, and wishes to explore for these ore bodies by diamond drilling from surface sites.

A review, field examination if warranted, and recommendations were requested by the Office of Minerals Exploration. Inasmuch as geologists of the Branch of Alaskan Geology, stationed in Menlo Park, were familiar with the geology and mineral deposits of the claim area, a field examination was not considered warranted. A review of the application was made by H. C. Berg of the Alaskan Branch and the geology and mineral deposits of Admiralty Island were discussed with E. H. Lathram, R. A. Loney, and G. D. Eberlein, all geologists of the Alaskan Branch.

SUMMARY

The Pam and Pyrola Groups of Claims cover a mineralized area in argillite and schist of Permian age. Lenses and beds of sulfide-rich material containing minor amounts of zinc and silver are exposed but there has been no production from the area and no minable grade ore has been found. Results of the review, and of reconnaissance geology done in the area by geologists of the Branch of Alaskan Geology, indicate that there are many small concentrations of low to moderate grade zinc- and silver-bearing material in this part of Admiralty Island but none are of sufficiently high grade or large size to be economically mined.

The Applicant proposed to explore the deposit by a two-stage project consisting of diamond drilling from surface sites, followed by underground exploration and additional drilling. Total estimated cost for the program was $328,800. The application for a project estimated to cost $88,400 over for the first stage of the proposed program. Insufficient prospecting, trenching, sampling, and geology have been done to justify the high costs of a diamond drilling project in this inaccessible area.

RECOMMENDATIONS

It is recommended that the application be denied on the basis that the geologic probability of discovering minable silver-bearing ore bodies as a result of the proposed work is too small to justify Government participation.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Pam and Pyrola claims are on the northwest side of Admiralty Island, Alaska, at about 57°58' north latitude and 134°33' west longitude at an altitude of about 2,400 to 2,900 feet (Fig. 1).

To reach the property, that is about 28 miles south-southwest of Juneau (the nearest major town), it is necessary to fly by float plane to Kathleen Lake, or take a boat by way of Chatham Strait to Jims Cove and then hike about 2 miles upstream to the lake. From Kathleen Lake a trail leads up Kathleen Creek about 7 miles to Pyrola Creek. The property extends about 1,000 feet east and west of Pyrola Creek and about 6,000 feet upstream from its junction with Kathleen Creek. Easier access is by helicopter from Juneau directly to landing sites on the claims. Flying time from Juneau to the property is about one-half hour, depending on weather conditions.

Labor, mining equipment, and supplies, mail, shipping, telephone, and other services are available in Juneau. There is ample water on the property. Assay services are available in Fairbanks, Alaska, from the State Division of Mines, or in Seattle, Washington.

PROPERTY

History and Production

The mineralized zone on Pyrola Creek was first noted by Mr. Ray Renshaw, prospector and airline pilot, while flying over the area in 1954. Mr. Renshaw visited the area on foot in July 1967 and staked the first claims. During 1967 and 1968 Cyprus Mines Corporation obtained an option on the property and conducted a geological mapping program and drilled two diamond drill holes. The results of this work were not encouraging and in 1969 Cyprus Mines dropped their option. In August 1969 the property was examined by Mr. W. G. Stevenson, consulting geologist, for Red Rock Mines Ltd. During August 1970 additional geologic mapping, geochemical sampling, and geophysical surveying were done by Mr. Stevenson and by Tri-Con Exploration Surveys Ltd. As a result of this work the exploration outlined in the subject application was proposed.

There has been no mining or production from the property or from other properties in the vicinity.

Ownership

The property consists of 38 unpatented lode mining claims. Of these claims four (Pyrola 1 to 4) are owned by Mr. Ray Renshaw of 192 Douglas Highway, Juneau, Alaska, and are covered by a Lease and Option Agreement dated October 21, 1969. Lien and Subordination Agreements, signed by Mr. Renshaw, were furnished by the Applicant. The remaining 34 claims (PAM Nos. 11-22, 31-42, and 51 to 60) are owned by the Applicant.

Inasmuch as the Applicant, Red Rock Mines, Inc., is a wholly-owned subsidiary of Alakon Metals Ltd., a Canadian corporation, assurance was requested from the Applicant that, in the event an OME contract was approved, a performance bond in the amount of the Government's contribution could be furnished by a U. S. bonding company. The Applicant proposed, on June 8, 1971, to transfer $30,000 in U. S. Government bonds to the B. M. Behrends Bank of Juneau, Alaska, to be placed in escrow to assure the availability of a performance bond.

Financial Eligibility

The Applicant furnished copies of letters to two banks requesting loans for the proposed work and also copies of letters denying the loans. The Applicant proposed to furnish its share of the exploration costs in cash to be advanced as debt financing from the parent company, Alakon Metals Ltd., and secured by debenture. Financial statements for Red Rock Mines, Inc., and Alakon Metals Ltd. were submitted on February 23, 1971.

Development

Except for a trench about 50 feet in length, and from 2 to 7 feet in depth, there is no surface or underground development on the property. A temporary camp site has been established at the lower end of the property near the junction of Pyrola Creek and Kathleen Creek, and there are several heliport sites in the claim area.

GEOLOGY

Geologic Setting

The geology of Admiralty Island is described in detail in USGS Bulletin 1181-R.[1] Rocks in the vicinity of the Pam and Pyrola Groups of Claims are

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[1] Reconnaissance Geology of Admiralty Island, Alaska, by E. H. Lathram, J. S. Pomeroy, H. C. Berg, and R. A. Loney, U. S. Geological Survey Bulletin 1181-R, 1965.

---

chiefly argillite, graywacke, chert, and phyllite of the Cannery Formation of Permian age. Some lenses and beds of limestone and marble are also present locally. These rocks are underlain by schists, argillites, and marbles of the Retreat Group of Devonian age.

The rocks in general strike northwest and dip moderately to steeply southwest. There is intense deformation and drag folding caused by faulting and folding along a series of northwest-trending anticlines and synclines.

The nearest known intrusive rocks are about 10 miles to the south of the claim area.

Ore Deposits

The mineralized material exposed on the property consists of sulfide-rich concentrations in argillite and schist. The principal mineralized area is a roughly oval-shaped area about 500 feet by 800 feet in diameter. This area is visible from the air as a dark-colored gossan zone but on the ground is found to consist of numerous iron-rich lenses and beds. Henry C. Berg (personal communication) considers these bodies to have been formed by

concentration of sulfides from the enclosing bedded rocks during regional metamorphism. He further states that there are many of these small bodies on Admiralty Island, some locally of relatively high zinc and silver content, but none have been mined and he knows of no geologic information that suggests increase in size or grade with depth and none that might indicate large low-grade minable deposits.

Sampling

Assays of samples taken by the Applicant indicate the silver content of the deposit ranges from 0.27 ounce to 19.7 ounces per ton. Zinc content ranges from 0.07 to 3.42 percent. Only a trace of gold is present and geochemical sampling indicates minor amounts of lead and copper.

The highest grade material was obtained from a prospect trench at the north edge of the gossan zone. Ten samples, each representing 5 feet of material, averaged 7.3 ounces of silver per ton and 2.2 percent zinc. Two samples within this zone averaged 19.5 ounces of silver and 2.3 percent zinc. A sample, over a length of 20 feet, along the east side of Pyrola Creek, assayed 1.4 ounces of silver per ton and 0.31 percent zinc. Samples from the two diamond drill holes, put down by Cyprus Mines Corporation in 1968, assayed 9.9 ounces of silver per ton over a length of 10 feet in one hole and 4.5 ounces of silver per ton over a length of 15 feet in the other hole.

Ore Reserves

The application stated that there are no reserves of minable grade ore known on the property. The Applicant's samples across a width of 50 feet at the most favorable exposure averaged only 7.3 ounces of silver per ton

and 2.2 percent zinc. Material of this low grade could not be mined profitably and there is no evidence that the deposit increases in size or grade with depth.

EXPLORATION

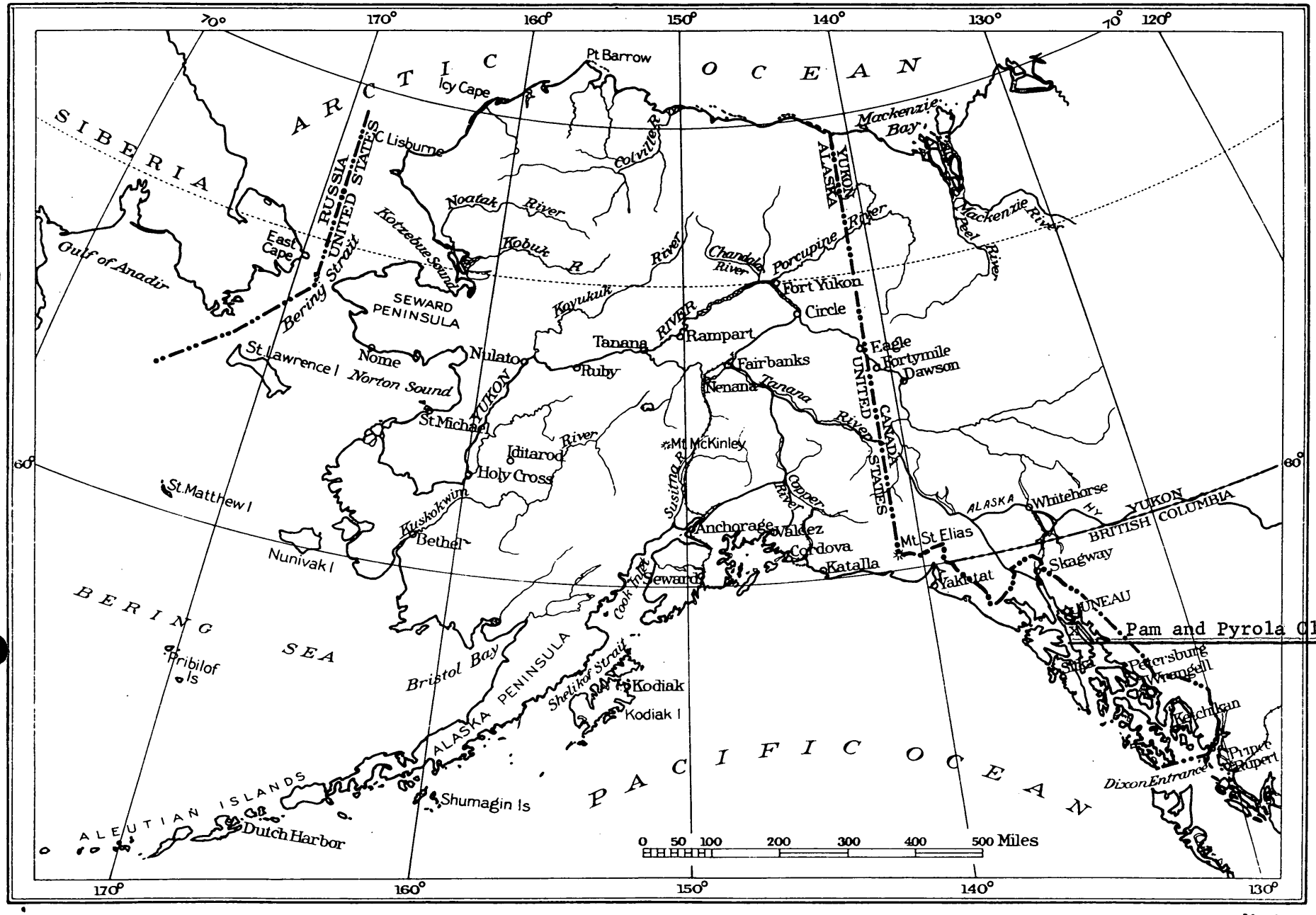
Applicant's Proposal

The Applicant proposed to explore the property by a first stage consisting of 1,500 feet of diamond drilling in three holes from a single surface site. Estimated cost of this work, including mobilization, helicopter support, supervision, equipment rental, assaying, camp costs, and contingencies was $88,800. About two months' time would be required to complete the work.

This proposed drilling would explore a narrow mineralized zone that strikes about northwest and dips 50° to 70° SW. If the results of this drilling were favorable, additional underground exploration and drilling would be proposed (in an amended application), costing an estimated $240,000. Total costs for all work under the two stages would be $328,800, of which the Government's share would be $246,600.

The Applicant's proposed program is not warranted by the apparent size and grade of the mineralized zones. Additional prospecting, trenching, and detailed geology and sampling must be done before the high costs of a diamond drilling project in this inaccessible area can be justified.

OME-6837
(Silver)



39602

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

June 10, 1971

COPY
O. M. E.
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JUN 14 1971

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HK	420

Red Rock Mines, Inc.
c/o Warner and Thompson
Barristers & Solicitors
Suite 202, 640 West Hastings Street
Vancouver 2, B.C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

Thank you for your letter of June 8, 1971, concerning your proposal for providing a performance bond in the event an OME contract is approved. Your letter is sufficient for the present and if the action proposed is required, you will be notified by the Chief, Office of Minerals Exploration, Washington, D. C.

The subject application has been under study and review by this office, and by geologists of the Branch of Alaskan Geology (headquartered here in Menlo Park) who are familiar with the geology and ore deposits of Admiralty Island. The results of these reviews will be reported to Washington, D. C., within the next few weeks.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

TELEPHONE 681-7207
AREA CODE 604

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W. JOHN THOMPSON
LEONARD C. HANSON

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

PLEASE REPLY ATTENTION OF MR. Hanson

June 8, 1971

United States Department of
the Interior
Geological Survey
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Attention Mr. H.K. Stager

Dear Sirs:

Re: OME-6837 (Silver) - Red Rock Mines, Inc. - Pam and Pyrola Groups of Claims, Admiralty Island, First Judicial District, Alaska

We note from your letter of May 24th, 1971 that a bond for the period of the contract would be necessary only in the event that an OME contract is granted. You have requested independent assurances that Red Rock Mines, Inc. would be able to obtain a performance bond from a domestic (U.S.) bonding company. We are not anxious to secure a bond until this is absolutely necessary. We therefore propose to transfer $30,000.00 in U.S. Government Bonds to The B.M. Behrends Bank of Juneau, Alaska. We will place the bonds in escrow with the Bank against the possibility that it will be necessary for Red Rock Mines, Inc. to post a performance bond in accordance with Standard Form 25, upon the granting of the OME contract. We will ask The B.M. Behrends Bank to provide you with their assurance that they are holding $30,000.00 in U.S. Government Bonds for the aforementioned purpose. Upon the granting of the OME contract,

we propose to secure the performance bond and will in that event secure the release of the U.S. Government Bonds to ourselves. We would appreciate your advising if these suggested arrangements are satisfactory and upon your confirmation that we may proceed in this manner, we will secure from The B.M. Behrends Bank the required assurances.

Yours truly,

WARNER & THOMPSON

Per: Leonard C. Hoxter

LCH/cg

RECEIVED
JUN 10 1971
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

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May 24, 1971

Red Rock Mines, Inc.
c/o Warner and Thompson
Barristers & Solicitors
Suite 202, 640 West Hastings Street
Vancouver 2, B.C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

Attached is a copy of Standard Form 25, Performance Bond, for your information and use in your investigations with U.S. bonding companies relative to the availability of a performance bond for an OME contract.

In the event an OME contract is granted, you would be required to furnish such a bond for the period of the contract (10 years if a certification of possible production is issued as a result of successful exploration) and for the amount of the Government's contribution (75 percent of the estimated total cost of the project in the case of silver). Bond premium rates are usually about 1 to 2 percent of the penal sum per year.

If you, or any of the bonding companies you may contact, have any questions, please call or write this office.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Dir. RF
ACG RF
OME, Wash., D.C.
Docket
MP RF

HKStager:mkh

Enclosure

Form 7
2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/20/71		120
5/20	CAC	220
		130

AIRMAIL

MAY 20 1971

Red Rock Mines, Inc.
c/o Warner and Thompson
Barrister and Solicitors
202, 640 West Hastings Street
Vancouver 2, B. C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

Thank you for your letter of May 13, 1971, and for the two remaining copies of the Lien and Subordination Agreements signed by Mr. Roy Renshaw.

We hope you can assure us soon that a performance bond with a U. S. company can be obtained in the event of an OME contract.

Sincerely yours,

Harold Kirkemo
gla

Harold Kirkemo
Chief, Office of
Minerals Exploration

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

HKirkemo/gla 5-20-71

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W. JOHN THOMPSON
LEONARD C. HANSON

TELEPHONE 681-7207
AREA CODE 604

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

SPECIAL COPY
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MAY 19 1971
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PLEASE REPLY ATTENTION OF MR. Hanson

May 13, 1971

United States Department of
the Interior
Geological Survey
Office of Minerals Exploration
Region II
Building 2
345 Middlefield Road
Menlo Park, California 94025

RECEIVED
MAY 17 1971
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

Attention Mr. H. K. Stager,
Field Officer

Dear Sirs:

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Please find enclosed two Lien and Subordination Agreements (MME Form 52) signed by Mr. Renshaw and forwarded to you in response to Mr. Kirkemo's letter to us of April 14th, 1971. All of the Lien and Subordination Agreements signed by Mr. Renshaw should dated February 22nd, 1971.

Red Rock Mines, Inc. is investigating the possibility of obtaining a performance bond with a U.S. bonding company. We are quite sure that a satisfactory bond is obtainable and will advise you further as soon as we have more information in this regard.

Yours truly,

WARNER & THOMPSON

Per: Leonard C. Hanson
per cg.

LCH/cg

Encls.

MME Form 7
(2/63)

OFFICIAL FILE COPY

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APR 1 5 1971

AIRMAIL

Red Rock Mines, Inc.
c/o Warner and Thompson
Barristers and Solicitors
202, 640 W. Hastings Street
Vancouver 2, B.C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

In our letter to you of April 14, 1971 we neglected to point out that all of the information requested in paragraph 2 in our letter dated January 29, 1971 had not been submitted.

Would you please give assurance that Red Rock Mines, Inc., having a Canadian base control, can post a performance bond with a domestic (U.S.) bonding company in the amount of the Government's share of the contract, in the event an OME contract is executed.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources File
OME Docket
OME ReadingFile
Mr. Emerick
R-II

WLEmerick/bsl 4/15/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

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		130
4/14	Case	220
		120M

APR 14 1971

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

The subject application is referred to you for further study, a field examination if warranted, and recommendations.

The information to accompany the application appears to be fairly complete now. Copies of all the material requested in our letter to the applicant dated January 29, 1971 are enclosed for your use. In addition, a copy of a supplemental geological report is also enclosed.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME 130
Mr. Emerick

WLEmerick/bsl 4/13/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/13/71	Emerick	120
		120
		220
		120M

AIRMAIL

APR 1 - 1

Red Rock Mines, Inc.
c/o Warner and Thompson
Barristers and Solicitors
202, 640 W. Hastings Street
Vancouver 2, B.C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

Thank you for the remaining information enclosed in your letter dated April 8, 1971, which we requested in paragraphs 3, 4, and 7 of our letter to you dated January 29, 1971. We note that only three Lien and Subordination Agreements were enclosed instead of five. Please have the two enclosed blank forms executed by Mr. Renshaw and return them to this office.

The application, however, is now being referred to Mr. H. K. Stager, Field Officer, Region II, Office of Minerals Exploration, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

Mr. Stager will notify you if he requires additional information concerning the application and possibly to make arrangements for an on-site examination of the property.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Emerick
WLEmerick/bsl 4/13/71

TELEPHONE 681-7207
AREA CODE 604

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W. JOHN THOMPSON
LEONARD C. HANSON

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

PLEASE REPLY ATTENTION OF MR. Hanson

April 8, 1971

APR 13 1971
CODE
WE NOTE

Mr. Harold Kirkemo
Chief, Office of Minerals
Exploration
U.S. Geological Survey
Department of the Interior
Washington, D.C. 20242

Dear Sir:

Re: OME 6837 (Silver)
Red Rock Mines, Inc. - PAM and PYROLA Groups of Claims - Admiralty Island - First Judicial District, Alaska

Further to the above described application, please find enclosed two copies of the Bill of Sale transferring the PAM claims from W.G. Stevenson & Associates to Red Rock Mines, Inc., copies of the Lien and Subordination Agreement from Ray Renshaw for Pyrola 1 through 4 claims and two copies of a letter signed by the President of Red Rock Mines, Inc. providing the company's assurance that the drilling agreement dated October 8th, 1970 is still valid. This will complete the documentation as requested in your letter to us of January 29th, 1971.

We would appreciate your advising if you require any further documents from Red Rock Mines, Inc. With the forwarding of the enclosed documents it is our assumption that we have completed the application as far as documentation is concerned. Please advise if we may be of further assistance to you.

Yours truly,

WARNER & THOMPSON

Per:

LCH/cg
Encls.

RED ROCK MINES, INC.
569 Howe Street
Vancouver, B.C.
Canada

February 23, 1971

Mr. Harold Kirkemo
Chief, Office of Minerals
Exploration
Department of the Interior
Geological Survey
Washington, D.C. 20242

Dear Mr. Kirkemo:

Re: OME 6837 (Silver)
Red Rock Mines, Inc. - PAM and
PYROLA Groups of Claims - Admiralty
Island - First Judicial District,
Alaska

We confirm that the drilling agreement between Red Rock Mines, Inc. and Alcan Exploration Incorporated, dated the 8th day of October, 1970, remains in effect and for all purposes is a valid contract. Both parties intend to proceed as soon as weather permits.

Yours truly,

RED ROCK MINES, INC.

Donald W. Tully

D. W. Tully, President

FAULKNER, BANFIELD, BOOCHEVER & DOOGAN
ROOM 201, 311 FRANKLIN ST. PHONE 586-2210
JUNEAU, ALASKA

DEED OF UNPATENTED MINING CLAIMS

THE GRANTOR, W. G. STEVENSON, of Suite 209, 475 Howe Street, Vancouver 1, British Columbia, for and in consideration of the sum of Two Thousand Five Hundred Dollars ($2,500.00) of lawful money of Canada to him in hand paid, the receipt whereof is acknowledged has bargained, sold, transferred and conveyed unto RED ROCK MINES, INC., Suite 202, 640 West Hastings Street, Vancouver 2, British Columbia, as grantee, all interest which the grantor has in the following described unpatented mineral claims, situated on Admiralty Island near Pyrola Creek in the Juneau Recording District, First Judicial District, State of Alaska, the location notices of which are recorded in Lode Book No. 34 in the office of the Recorder for said district and which claims are respectively named and recorded on the pages in said book with the serial numbers hereinafter stated, to wit:

Name	Page of Recording	Recording Serial No.
PAM 11	33	69-1601
PAM 12	34	69-1602
PAM 13	35	69-1603
PAM 14	36	69-1604
PAM 15	37	69-1605
PAM 16	38	69-1606
PAM 17	39	69-1607
PAM 18	40	69-1608
PAM 19	41	69-1609
PAM 20	42	69-1610
PAM 21	43	69-1611
PAM 22	44	69-1612
PAM 31	45	69-1613
PAM 32	46	69-1614
PAM 33	47	69-1615
PAM 34	48	69-1616
PAM 35	49	69-1617
PAM 36	50	69-1618
PAM 37	51	69-1619
PAM 38	52	69-1620
PAM 39	53	69-1621
PAM 40	54	69-1622
PAM 41	55	69-1623
PAM 42	56	69-1624
PAM 51	57	69-1635
PAM 52	58	69-1636
PAM 53	59	69-1637
PAM 54	60	69-1638

JUNEAU
Serial No. 71-610

PAM 55	61	69-1639
PAM 56	62	69-1640
PAM 57	63	69-1641
PAM 58	64	69-1642
PAM 59	65	69-1643
PAM 60	66	69-1644

TO HAVE AND TO HOLD, the above-described mineral claims together with the lodes, veins and ores therein and all dips, spurs, angles and extra-lateral rights appertaining thereto unto the grantee, its successors and assigns forever.

The grantor covenants and warrants that he has good title to the mineral claims aforesaid and the right to transfer the same to the grantee.

DATED at Vancouver, British Columbia, this 19th day of March, 1971.

W. G. Stevenson

DOMINION OF CANADA)
) ss.
PROVINCE OF BRITISH COLUMBIA)

THIS CERTIFIES that on this 19th day of March, 1971, before me, the undersigned, a Notary Public in and for the Province of British Columbia, Dominion of Canada, personally appeared W. G. STEVENSON to me known and known to me to be the person named as grantor in the foregoing deed and he acknowledged to me that he executed the 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.

Notary Public in and for the
Province of British Columbia

Residing at Vancouver

My commission ~~expires~~ is unlimited

RECORDED - FILED
REC. DIST.
DATE 3-25 1971
TIME 4:20 P.M.
Requested by FBBJD
Address ~~A.A. N.C. Smith~~

LEONARD C. HANSON NOTARY PUBLIC BRITISH COLUMBIA

FAULKNER, BANFIELD, BOOCHEVER & DOOGAN
ROOM 201, 311 FRANKLIN ST. PHONE 586-2210
JUNEAU, ALASKA

ALAKON METALS LTD. (N.P.L.)
(Formerly Red Rock Mines Ltd. (N.P.L.))

AND

RED ROCK MINES, INC. A WHOLLY OWNED SUBSIDIARY

AUDITOR'S REPORT

I have examined the accompanying consolidated financial statements of Alakon Metals Ltd. (N.P.L.) and Red Rock Mines, Inc. for the year ended September 30, 1970 comprising the consolidated balance sheet as at that date and the consolidated statements of development and pre-production expenses, and consolidated source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances. No depreciation has been taken on equipment.

In my opinion and subject to the foregoing, the aforementioned consolidated statements present fairly the financial position of the companies as at September 30, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

West Vancouver, B.C.
November 12, 1970.

James Brown C.A.
Auditor

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

ALAKON METALS LTD. (N.P.L.)
(Formerly Red Rock Mines Ltd. (N.P.L.) and
RED ROCK MINES, INC. A WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 1970.

ASSETS

CURRENT		
Cash in banks		$ 596.67
MINING CLAIMS - Details per Schedule "1"		50,902.00
OTHER ASSETS		
Equipment (at cost)	$ 414.35	
Incorporation and preliminary expenses	1,407.31	
Commission on shares sold	87.50	1,909.16
DEVELOPMENT AND PRE-PRODUCTION EXPENSES		
Balance as at September 30, 1969	103,385.10	
Add expenditures during the year	48,322.36	151,707.46
		$205,115.29

LIABILITIES

CURRENT		
Cheques issued, not yet presented	$ 3,205.70	
Bank loan	10,000.00	
Accounts payable and tax deductions	6,191.94	$ 19,397.64
SHARE CAPITAL		
Authorized - 5,000,000 shares of no par value, with a maximum price or consideration of 50 cents each		
Issued -		
for properties- 300,000 shares @ 12½ cents each	37,500.00	
- 20,000 shares @ 37½ cents each	7,500.00	
	45,000.00	
for cash - 85,041 shares @ 12½ cents each	10,630.15	
- 158,600 shares @ 25 cents each	39,650.00	
- 1,400 shares @ 31¼ cents each	437.50	
- 240,000 shares @ 37½ cents each	90,000.00	185,717.65
		$205,115.29

APPROVED ON BEHALF OF THE BOARD:

Donald W. Tully Director

R. B. Warner Director

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

ALAKON METALS LTD. (N.P.L.)
(Formerly Red Rock Mines Ltd. (N.P.L.)) and
RED ROCK MINES, INC. A WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED STATEMENT OF DEVELOPMENT AND PRE-PRODUCTION EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1970

Mine expenses, claim work, engineering, etc.		$ 28,174.86
ADMINISTRATION EXPENDITURES		
Advertising and promotion	$ 966.81	
Bank charges	350.58	
Legal and audit	6,076.74	
Licences and registration	939.00	
Management salaries (paid to Director)	4,600.00	
Meeting expenses - Directors	747.50	
Office expenses, stationery	2,103.80	
Trust company fees	997.24	
Vancouver Stock Exchange -		
Listing fees, etc.	950.00	
Travelling, helicopter charters, etc.	2,050.13	
Federal pension	134.38	
Rent and telephone	1,138.46	21,054.64
		49,229.50
INCOME		
Interest from term deposits		907.14
NET EXPENDITURES FOR THE YEAR		$ 48,322.36

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

ALAKON METALS LTD. (N.P.L.)
(Formerly Red Rock Mines Ltd. (N.P.L.)) and
RED ROCK MINES, INC. A WHOLLY-OWNED SUBSIDIARY
SCHEDULE OF CLAIMS AS AT SEPTEMBER 30, 1970.

Schedule "1"

KAMLOOPS DIVISION (Highland Valley)	
Ture 1 Fractional and 1 - 14 inclusive (at cost)	$ 13,751.00
Omineca Division (Beaverdell)	
Ed 1 - 14 inclusive - for staking costs - 90% interest	1,000.00
EHL 1 - 12 inclusive - for staking costs - 90% interest	1,200.00
Greenwood Division (Beaverdell)	
Rocco Platta 1 - 10 inclusive	
- for cash consideration	1,700.00
- for share consideration	23,750.00
Van 1 - 4 inclusive	
- for cash consideration	1.00
Admiralty Island, Alaska	
34 claims and 4 millsites	9,500.00
	$ 50,902.00

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

ALAKON METALS LTD. (N.P.L.)
(Formerly Red Rock Mines Ltd. (N.P.L.)) and
RED ROCK MINES, INC. A WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1970

FUNDS PROVIDED		
From the issue of treasury shares	$ 7,500.00	
From term deposits	907.14	$ 8,407.14
FUNDS APPLIED		
Development and pre-production expenses	49,229.50	
Less expenditure by subsidiary during prior period	8,361.13	
	40,868.37	
Acquisition of mining claims, less abandonments	9,700.00	
Incorporation expenses	307.31	50,875.68
DECREASE IN WORKING CAPITAL		$ 42,468.54

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

THE GOVERNMENT OF
THE PROVINCE OF BRITISH COLUMBIA

Certificate

"COMPANIES ACT"

Canada
Province of British Columbia

I Hereby Certify *that* Red Rock Mines Ltd., (Non-Personal Liability), incorporated on the twenty-sixth day of January, one thousand nine hundred and fifty-nine under Certificate No. 43,704, has pursuant to section 48 of the "Companies Act", this day changed its name to the name ALAKON METALS LTD. (N.P.L.)

Given *under my hand and seal of office at Victoria, B.C., this* -fourth- *day of* May, *one thousand nine hundred and* seventy

Registrar of Companies.

RED ROCK MINES, INC.

AUDITOR'S REPORT

I have examined the accompanying financial statements of Red Rock Mines, Inc. for the year ended September 30, 1970 comprising the balance sheet as at that date and the statements of development and pre-production expenses and source and application of funds for the period then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion the aforementioned statements present fairly the financial position of the company as at September 30, 1970 and the results of its operations and the source and application of its funds for the year under review, in accordance with generally accepted accounting principles.

West Vancouver, B.C.
November 12, 1970

James Brown C.A.
Auditor

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

RED ROCK MINES, INC.
BALANCE SHEET AS AT SEPTEMBER 30, 1970

ASSETS

CURRENT		
Cash in Canadian Imperial Bank of Commerce - Vancouver	$ 438.40	
Cash in B.M. Behrends Bank - Juneau, Alaska (Note 1)	95.67	534.07
MINING CLAIMS		
Admiralty Island, Alaska		
34 claims and 4 millsites (Note 2)		9,500.00
OTHER		
Incorporation expenses		307.31
DEVELOPMENT AND PRE-PRODUCTION EXPENSES - per Schedule "1"		18,814.25
		$ 29,155.63

LIABILITIES

CURRENT	
Accounts payable	$ 60.00
DUE TO PARENT COMPANY	
Alakon Metals Ltd. (N.P.L.) - (Note 3)	28,095.63
SHARE CAPITAL	
Authorized and issued -	
1,000 shares of no par value, issued at $1.00 per share	1,000.00
	$ 29,155.63

APPROVED ON BEHALF OF THE BOARD:

Donald W. Zully Director

Ian K. Manner Director

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

RED ROCK MINES, INC.
NOTES ACCOMPANYING BALANCE SHEET OF
SEPTEMBER 30, 1970.

NOTE 1. The $95.67 balance in bank is in U.S. Funds and has not been converted to Canadian Funds on the statement.

NOTE 2. On October 21, 1969 the company entered into an agreement with Ray Renshaw to lease 4 claims in the State of Alaska, First Judicial District, Admiralty Island, known as Pyrola Claim 1 - 4. The lease is for an eleven year term expiring October 20, 1980 and consideration is as under:

(a) $2,000.00 U.S. and 50,000 shares of Red Rock Mines Ltd. (N.P.L.) (later converted to 20,000 shares of Alakon Metals Ltd.) on execution of agreement.

(b) a further 50,000 shares of Red Rock Mines Ltd. (N.P.L.) (later converted to 20,000 shares of Alakon Metals Ltd. (N.P.L.)) after completion of Phase 1 of engineering recommendations and further report is accepted by and filed with Vancouver Stock Exchange.

(c) a further $135,000.00 payable in U.S. Funds is payable annually over ten years with the first installment due October 21, 1970.

(d) a 2½% of net smelter returns, with a clause that this shall cease when these payments total $100,000.00.

The company has an option to acquire these claims outright at any time by a payment of $137,000.00 U.S. plus 2½% royalties as specified in (d) above.

An analysis of the cost of these claims is as under:

Cash consideration	$ 2,000.00
Share consideration- 50,000 shares of Red Rock Mines Ltd. @ 15¢	7,500.00
	$ 9,500.00

W.G. Stevenson & Associates Ltd. on September 10 and 14, 1969 staked on behalf of the company 34 claims and 4 millsites covering the Pyrola 1 - 4 claims.

NOTE 3. Subsequent to the preparation of this balance sheet, all advances by the parent company were secured by a floating debenture on all assets of the company.

Schedule "1"

RED ROCK MINES, INC.
DEVELOPMENT AND PRE-PRODUCTION EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1970

MINE EXPENSES - Engineering, surveying, geologist, etc.		$ 16,010.63
ADMINISTRATION EXPENDITURES		
Accounting and audit	$ 160.00	
Bank charges and exchange	239.63	
Legal	1,209.39	
Travelling	1,194.60	2,803.62
TOTAL EXPENDITURES		$ 18,814.25

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

RED ROCK MINES, INC.
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1970

FUNDS PROVIDED (see Note 1)		
From sale of treasury shares	$ 1,000.00	
From parent company - Alakon Metals Ltd. (N.P.L.)	28,095.63	$ 29,095.63
FUNDS APPLIED		
Payments re lease of claims	9,500.00	
Incorporation expenses	307.31	
Development and preliminary expenses	18,814.25	28,621.56
INCREASE IN WORKING CAPITAL		$ 474.07

NOTE 1

Of these funds $8,361.13 was advanced by the parent company between September 23, 1969 and September 30, 1969.

JAMES BROWN
CHARTERED ACCOUNTANT
VANCOUVER, B.C.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/7/71	Emerick	120
Mr.	cc	220
		120M

APR 7 1971

AIRMAIL

Red Rock Mines, Inc.
c/o Warner and Thompson
Barristers and Solicitors
202, 640 W. Hastings Street
Vancouver 2, B.C., Canada

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

This is to thank you for the information enclosed with your letter of February 24, 1971 covering paragraphs 1, 2, 5, and 6 of our letter of request to you dated January 29, 1971.

We assume that in the meantime you have been accumulating the remaining information requested in paragraphs 3, 4, and 7 of the above letter. Would you please inform us if we can expect to receive this additional information at an early date.

Sincerely yours,

William L. Emerick

William L. Emerick
Assistant Chief
Office of Minerals Exploration

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

WLEmerick/bsl 4/7/71

TELEPHONE 681-7207
AREA CODE 604

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W. JOHN THOMPSON
LEONARD C. HANSON

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

PLEASE REPLY ATTENTION OF MR. Hanson

February 24, 1971

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 26 1971
INITIALS | CODE
HBO
bol / 120 NW
HK HBO
WE/RC

Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
U.S. Geological Survey
Department of the Interior
Washington, D.C. 20242

Dear Sir:

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
PAM and PYROLA Groups of Claims
Admiralty Island
First Judicial District, Alaska

Thank you for your letter of January 29th, 1971. In response to your request for further documentation we enclose the following:

1. Two copies of a certificate issued by the Registrar of Companies for the Province of British Columbia certifying that Red Rock Mines Ltd. has changed its name to Alakon Metals Ltd. as at the 4th day of May, 1970.

2. Two copies of the latest Financial Statements of Red Rock Mines, Inc. and two copies of the Financial Statements for Alakon Metals Ltd. The Auditor's Report in each case is dated November 12th, 1970.

3. Supplemental Geological Report prepared by W.G. Stevenson & Associates Limited including a property map showing the location of proposed drill holes and their relation to land boundaries and a detailed cost estimate for both stages of work. Mr. Stevenson's

report is forwarded to you in duplicate.

A copy of the Bill of Sale transferring the PAM claims from W.G. Stevenson & Associates to Red Rock Mines, Inc., Lien and Subordination Agreement from Ray Renshaw for Pyrola 1 through 4 claims and a letter signed by the President of Red Rock Mines, Inc. providing the assurance that the drilling agreement dated October 8th, 1970 is still valid, will all be forwarded to you as soon as we have the documents in our possession. We do not anticipate any difficulty in meeting all of the requests made in your letter to us of January 29th, and will be pleased to answer any of your inquiries as these arise.

Yours truly,

WARNER & THOMPSON

Per:

LCH/cg
Encls.

TELEPHONE 685-1123
RESIDENCE: 987-6967

W. G. STEVENSON & ASSOCIATES LIMITED
CONSULTING GEOLOGISTS
209 STOCK EXCHANGE BUILDING
475 HOWE STREET
VANCOUVER 1, B.C.

February 19,1971.

Mr. Harold Kirkemo,
Chief, Office of Minerals Exploration,
Department of the Interior,
Geological Survey,
Washington, D.C. 20242

Dear Mr. Kirkemo: Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Lyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska.

The President of Red Rock Mines, Inc., has asked me to prepare a report supplemental to those dated August 25,1969 and September 10, 1970 to provide the additional information asked for in paragraphs 5 and 6 of your letter of January 29,1971 pertaining to the subject property.

Two copies of this report with a map drawn to a scale of 1" = 500 feet are attached.

In the event you desire additional data or information I will be pleased to provide this for you.

Yours very truly,

W.G.Stevenson, P.Eng.

WGS:L
Encl.

CC - Mr.Donald W. Tully
W.L.Warner
L. Hansen

TELEPHONE 681-7207
AREA CODE 604

WARNER & THOMPSON
Barristers & Solicitors

WILLIAM L. WARNER
W. JOHN THOMPSON
LEONARD C. HANSON

SUITE 202, CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
640 WEST HASTINGS STREET
VANCOUVER 2, CANADA

PLEASE REPLY ATTENTION OF MR. Hanson

February 2, 1971

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 4 1971

INITIALS	CODE
[illegible]	30
[illegible]	20 MU
HK	20
WE	20

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

Attention Mr. Harold Kirkemo

Dear Sirs:

Re: Docket No. OME-6837

We acknowledge receipt of your letter dated January 20th, 1971 addressed to Red Rock Mines, Inc. care of Banfield, Boochever & Doogan, Attorneys of Juneau, Alaska. We would appreciate your forwarding all future correspondence with regard to the application for exploration assistance assigned Docket No. OME-6837 to:

Red Rock Mines, Inc.
c/o Warner & Thompson
Barristers and Solicitors
202, 640 W. Hastings Street
Vancouver 2, B.C.

Yours truly,

WARNER & THOMPSON

Per: [signature]

LCH/cg

OFFICIAL FILE COPY

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120

AIRMAIL

JAN 29 1971

~~130~~

Red Rock Mines, Inc.
c/o Warner and Thompson
Attention: Mr. L. C. Hanson
Suite 202, Canadian Imperial Bank
of Commerce Building
640 West Hastings Street
Vancouver 2, Canada

1 2a/cc 220

120M

Re: OME-6837 (Silver)
Red Rock Mines, Inc.
Pam and Pyrola Groups of Claims
Admiralty Island
First Judicial District, Alaska

Gentlemen:

Your application for financial assistance in mineral exploration has been referred to this office and a preliminary review indicates that the following additional information is required before we can continue its processing.

1. A document explaining the change in ownership of Red Rock Mines, Inc. from Red Rock Mines Ltd. to Alakon Metals Ltd.

2. Copies of the latest financial statements of Red Rock Mines, Inc. and Alakon Metals Ltd. so that we can determine the eligibility for OME assistance. Because the applicant has a Canadian base control, we must have assurance that it can post a performance with a domestic bonding company in the amount of the Government's share of a contract in the event an OME contract is executed.

3. A copy of the Bill of Sale transferring the Pam claims from W. G. Stevenson & Associates to Red Rock Mines, Inc.

4. Lien and Subordination Agreements from Ray Renshaw for Pyrola 1 through 4 claims. Copies of the Agreements, MME Form 52, are enclosed for your use.

5. A property map showing location of proposed drill holes and their relation to land boundaries.

6. Detailed cost estimates for both stages of work if the proposed exploration is to be done in 2 stages.

7. Assurance that the drilling agreement dated October 8, 1970 and specifying a starting date of October 22, 1970, is still valid.

We shall be pleased to continue the processing of your application upon receipt of the requested information. However, nothing in this letter should be construed as a committment by the Government to grant an exploration contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

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

WLEmerick/bsl 1/28/71

January 20, 1971

Red Rock Mines, Inc.
c/o Banfield, Boochever & Doogan
201, 311 N. Franklin Street
Juneau, Alaska 99801

Subject: OME-6837

Gentlemen:

Your application for exploration assistance, dated January 12, 1971, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6837.

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

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to R-II