MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. _____ Docket No. OME-6839

Application
- [x] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

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

Folder No. 1:

Left Side

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

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. _____: Reports

- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

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

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

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

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.)*

Archie Q. Adams
Ethel M. Adams
Box 1058
Redding, Ca. 96001

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6839

DATE RECEIVED: 2/10/71

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE

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

ESTIMATED COST OF PROJECT: $71,612

PROPERTY NAME	LOCATION COUNTY	STATE
Kelly Mine	Trinity	California

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. 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.

February 3, 1971
DATED

× Archie Q Adams
× Ethel M. Adams
BY *(Signature)*

TITLE

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

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).]

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

February 8, 1971

OFFICIAL COPY
O. M. E.
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INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

Enclosed is one copy of the subject application received in the Field Office on February 5, 1971. A duplicate copy, except for Lien and Subordination Agreements, is retained in our file.

Requests for additional information are to be directed to the Applicant's consultant, Mr. John X. Murphy, 2552 Eureka Way, Redding, California 96001.

The application is incomplete with respect to the following numbered items.

1(a). Letters to the two banks are omitted. received 5/24/71

(b). The Applicant has an option dated October 20, 1970, to purchase the property from Clear Creek Lumber Company, the owner, who acquired ownership by a Grant Deed dated the same day from the Applicant. To establish financial eligibility, a financial statement from the owner may or may not be required. The position of the Department of the Interior should be ascertained before additional information is requested from the Applicant. we have LHS info

(c). The Applicant proposes to furnish his share of the costs by his own services and equipment. Depreciation on each item of equipment is computed for the life of the project regardless of the time used.

3(e). According to the geologic report by Mitchell and Brooks (or Brooke), "Future exploration may be guided by the presence of the coal black carbonaceous wall rock, and graphitic gouge, which is in direct relationship to the richness of the ore."

To appraise the probability of a significant discovery of high-grade ore, a map showing the location of black wall rock will be needed. The time required for this mapping is beyond the scope of an OME field examination.

3(f). Conclusion 5 by Mitchell and Brooke is that there is reason to expect more ore, particularly in the moderate-grade category, which could be mined in an open pit. The purpose of the proposed project is by inference to explore for small high-grade ore shoots. The reasons for ignoring the larger target are not clear.

5. Considering the highly shattered nature of the rock, poor core recovery would be expected from drill holes 1-1/2 inches in diameter--especially those drilled from the surface.

7. Cost estimates appear to be reasonable for most items, but high for bulldozer rent which is also included as an item of depreciation. Drilling costs are also high due to the low estimated advance of 15 feet per day.

R M Smith
for H. K. Stager

Enclosures

JOHN X. MURPHY
Mining Engineer
2552 Eureka Way
REDDING, CALIFORNIA 96001

February 2, 1971

U.S. Geological Survey
Office of Mineral Exploration
345 Middlefield Road
Menlo Park, California 94025

Attention Mr. Harold K. Stager, Geologist

Gentlemen:

Enclosed please find two copies of the application of Mr. Archie Q. Adams and Mrs. Ethel M. Adams for an exploration loan for the Kelley Mine in Trinity County, California.

Five copies of a Lien and Subordination Agreement are also enclosed. This agreement has been executed by Mr. Arthur L. Coggins, Executive Vice President of the Clear Creek Lumber Company, owner of the mine.

The estimated cost of the project is $71,612. A DDH program, both from the surface and underground is proposed to explore downward extensions of ore bodies and gold-bearing outcrops.

If further information is needed, kindly address the inquiries to me. Thank you for your consideration.

Sincerely,

John X. Murphy

JOHN X. MURPHY

JXM/d
enc.

Archie Q Adams
Box 1058 Redding Cal 96001

1. FINANCIAL ELIGIBILITY

(a) See Exhibit A

(b) The Clear Creek Lumber Company, in care of Mr. Lee Lopez, Attorney at Law, 1616 West Street, Redding, Ca. 96001, owns the property. Mr. Archie Q. Adams and Mrs. Ethel M. Adams have an unrecorded "Option to Purchase."

(c) Mr. Archie Q. Adams will furnish all necessary equipment and supervision.

2. APPLICANT'S RIGHTS IN LAND

(a) The unpatented mining claims of the Kelly Mine are owned by the Clear Creek Lumber Co. in care of Mr. Lee Lopez, Attorney at Law, 1616 West Street, Redding, Ca. 96001. See Exhibit B (Option to Purchase). There are no liens or encumbrances on the land.

(b) The land consists of unpatented mining claims. (See Exhibit C for recordation data in Trinity County Official Records, Weaverville, California.)

(c) See attached Lien and Subordination Agreements.

3. PHYSICAL DESCRIPTION

(a) For the past 40 years under the operation of the original owner, Mr. Tom Kelly and various lessors including the applicant, Mr. Archie Q. Adams, 4 levels and several sub-levels were developed for the exploration and extraction of ore. (See Exhibit D). During Mr. Adams' lease a 25 ton mill was built. This mill is still available but will have to be rehabilitated. A shop building was also constructed, but heavy snows have caved in the roof. This building will also have to be repaired.

An out crop approximately 1500 ft. long has been uncovered on the surface by bulldozing. (See Exhibit E).

Archie Q Adams
Box 1058 Redding Ca 96001

3. PHYSICAL DESCRIPTION - continued

(b) Mr. Archie Q. Adams and Ethel M. Adams, the applicants have an Option to Purchase the property.

(c) Records of production under the operation of Mr. Tom Kelly are not available, but Mr. Kelly made his living out of production for 25 years. Under Mr. Adams' lease a total of $125,053.63 of gold was produced in approximately 2 years. Settlement sheets, mint deposits and speciman rock sales are included in this application. (See Exhibit F).

(d) Practically all of the ore in the 4 levels has been mined so ore reserves are minimal.

(e) See Exhibit H , Pages 12-16

See Exhibit D.

(f) The outcrop exposed on the surface was sampled by cutting a channel across the vein. These samples were ground in a small mill and the ore was concentrated on a small Carter table. All of the samples taken showed gold.

Assay sheets of 4 samples taken (See Exhibit G) are included in the application.

The underground operation consisted of following stringers until an ore shoot was uncovered. The ore was mined and milled except for speciman rocks.

(g) A copy of a report by J. Kenneth Brooks Associates and one by Edward C. Uren are included. (See Exhibit H).

4. ACCESSIBILITY OF PROPERTY

Archie Q. Adams

Box 1058, Redding, California

Phone 243-6410 243-6635.

Archie O Adams
Box 1058 Redding Ca 96001

(a) The property is located 5 miles South and East of Hayfork, California. The highway from Redding, California to Hayfork is paved and travel time by automobile is approximately 1-1/2 hours. A county road, unpaved leads to the mine from Hayfork. The property and workings are accessible the entire year.

(b) Redding, California, 65 miles to the east is the shipping and supply point.

5. EXPLORATION WORK

(a) Approximately 200 ft. of x cutting 7' x 5' and enlarging the DDH stations is proposed. The DDH Stations will be enlarged off of the X cuts and will be approximately 20 ft. long, 14 ft. high and 8 ft. wide.

The total aggregate length of the DDH holes both underground and on the surface will be approximately 3000 ft. The holes will average 130 ft. in length and will have a diameter of 1-1/2 inches.

See Exhibits D & E.

EXPLORATION PROGRAM

The rocks comprising the formations of the Kelly Mine have been severely faulted and deformed. (See report). Mining during the past 40 years had no developed pattern, rather it amounted to searching for high grade ore shoots.

The proposed program has two phases.

1. Underground diamond drilling from extensions of x cuts in level # 3 to intersect the downward extensions of ore shoots found on level #3. These holes will have a vertical projection of 100 ft. If ore is found by this drilling program, a new level will be developed to extract the ore bodies.

Archie Q. Adams
Box 1058 Redding Ca 96001

The ore body found at the westerly end of level # 2 will be explored by holes drilled from the surface. The dip of this ore body is W SW and holes drilled from the surface due to the topography could intersect the downward extension on the #3 level.

2. An outcrop has been exposed on a ridge running north westerly from the portal of #3 level of the mine. This outcrop has been found for approximately 1500 ft., and panning has produced colors along the entire exposure. It is proposed to pioneer a road along the west slope of the ridge to develop the setups necessary for the drilling program. Holes are to be drilled at 100 ft. intervals and the estimated aggregated length is 2000 ft.

(b) Approximately 1500 ft. of skid road will have to be built for the surface diamond drilling program. This road will be 14 ft. wide and will be constructed by side casting with a dozer.

(c) If an OME contract is executed work can start immediately and will take 10 months to finish. It is estimated that the drilling will average 15 ft. a day and the x cutting and stations will average 4-1/2 ft. day.

6. MINING EXPERIENCE - ARCHIE Q. ADAMS

Operated the Kelly Mine - 1963-1967. Extracted approximately $130,000 gold.

Owns and is developing asbestos deposits in Trinity and Siskiyou Counties for the past 12 years.

Owned and developed the Leonard Mine in Shasta County.

Owns and is developing the Globe Mine in Trinity County.

At present he is building a mill to process the ore from the asbestos deposits.

ARCHIE O Adams
Box 1058 Redding Ca 96001

Invented and has patented two mills for the asbestos process.

1. Resiliant impact wheel mill.

   Patent number 3540664.

2. Resiliant paddle impact mill.

   Patent number 3545685.

7. EXPLORATION COSTS. Exhibit I

1. Bulldozing trenchs and DDH Setups,

Rental of bulldozer with operator and supplies		
400 hours @ $45/hr		$ 14,000.00
Supervision - 10 weeks		
5 days/ week @ $6.00/hr		2,400.00
Assaying and engineering		2,500.00
	Total	$ 18,900.00

Equals $47.25 per hour..

2. X cutting and DDH stations	Total	200 ft.
5 days/ week, advance 4 ft./ day	=	50 days
Miners (2) $5/hr.	=	20.00/ft.
Insurance, social security, etc @ 25%	=	5.00/ft.
Powder, fuse, detonaters	=	3.00/ft.
Timber	=	3.00/ft.
Compressor supplies	=	3.00/ft.
Steel and bits	=	2.00/ft.
Repairs	=	1.50/ft.
Engineering and accounting	=	6.50/ft.
Rental (housing)	=	2.00/ft/
Rental of equipment (see next page)	=	12.66/ft.
	Total	$58.66/ft.

Archie Q. Adams
Box 1058, Redding Ca 96001

The Operator will furnish all equipment

Drilling machines	$1300
Compressors	7000
Air Water hoses	1000
Water Pressure tank	100
Mine rails, spikes, fish plates, etc.	400
Air lines	100
Water Lines	100
Mine Cars (5)	750
Trucks (2)	2250
Tools	1000
Slusher	1000
Truck (pick-up)	2500
Cat (46-A)	40000 - see also depreciation
Front end loader(977)	10000
Total	$ 67500

Monthly Rental $\frac{67,500}{60}$ = $1125

Rental for 2.25 mos. = 2.25 x $1125 = $2531.25

$\frac{2531.25}{200}$ = $12.66/ft. (X cutting & (DDH Stations

Archie Q Adams
Box 1058, Redding Ca 96001

3. DIAMOND DRILLING

Total 3000 ft.

5/days/ week, advance 15 ft./day	= 200 days = 7 mo.	
Wages - drillers (2) = $80.00/day	=	$5.33 ft.
Insurance, social security, etc. @ 25%	=	1.33 ft.
Compressor supplies	=	1.00 ft.
Engineering, assaying & accounting	=	2.50 ft.
Rental housing	=	0.23 ft.
Rental of equipment (see next page)	=	3.27 ft.
	TOTAL	$ 13.66 ft.

Archie Q. Adams
Box 1058, Redding Ca. 96001

The Operator will furnish all equipment.

Compressors	$7,000
Air Water hoses	1,000
Water pressure tank	100
Air Lines	100
Water lines	100
Trucks (2)	2,250
Tools	1,000
Truck (pick-up)	2,500
Cat (46-A)	40,000
Front end loader (977)	10,000
Diamond drills (2)	20,000
TOTAL	$ 84,050

Monthly rental $\frac{84050}{60}$ = $1400

Rental for 7 months = 7 x $1400 = $9800

$\frac{9800}{3000}$ - $3.27/ft.

TOTAL COST OF PROJECT

Bulldozing trenches and DDH Setups	$18,000
200 X cutting & DDH Set ups	
$58.66 x 200	11,732
3000 ft. Diam. drill holes @ $13.66/ft/	40,980
TOTAL	$ 71,612

Archie Q Adams
Box 1058, Redding Ca 96001

7 - ESTIMATE OF COSTS

See Exhibit I

(a) It is not planned to have independent contracts.

(b) Personal services

Supervision - $1000/month for 10 months.

Surveying (3-man crew) $200/day for 8 days.

Mining Geologist $150/day for 34 days.

(c) Operating materials and supplies.

See Exhibit I

(d) Operating Equipment

See Exhibit I & J

(e) Repair roof of shop building - $2500.

(f) None

(g) See Exhibit I

FINANCIAL ELIGIBILITY EXHIBIT A

No 1

Archie Q Adams
Box 1058 Redding Ca 96001

UNITED CALIFORNIA BANK

WEED OFFICE • 303 MAIN STREET • WEED, CALIFORNIA • 916/938-4401
MAILING ADDRESS: BOX 338 • WEED, CALIFORNIA 96094

November 6, 1970

Adams Mining, Milling & Mfg.
P.O. Box 1058
Redding, California 96001

Attention: Mr. Archie Q. Adams

Gentlemen:

Pursuant to your request for a loan of $75,000.00 for the rehabilation and exploration work on the Kelly Mine, we have reviewed your file and find that we must decline your request.

The principal reason for declining your request is the four year repayment plan--which we can not provide.

Sincerely,

Harold Campbell

Harold Campbell,
Manager

~~Ethel Q~~ Archie Q & Ethel M. Adams
GME-6839/6018

October 5, 1970

United California Bank
303 Main St.
Weed, California

Att'n: Mr. Campbell

Dear Mr. Campbell:

I am preparing to do approximately $75,000.00 worth of exploration work on the Kelly Mine to determine the size of the ore body. This work will consist of approximately 5000 feet of diamond core drilling, bulldozing the surface veins and cleaning off the face of the existing tunnels as well as cleaning out, re-timbering, sampling and assaying in these tunnels.

As you know I have a D8 tractor, model 46A, diamond core drill, 2 large air compressors and the other equipment necessary to do this work. The money will be needed for labor, gas, oil, diamond bits, misc. supplies, etc.

Since you are aware of my capabilities and know that I operated this mine successfully for 3 years I am applying to United California Bank for the loan. Could I obtain such a loan from United California Bank and if so at what rate of interest? I would need 4 years in which to repay the loan; one year to complete the exploration work and then 3 years of operation to pay the loan.

I am ready to proceed with this work so will appreciate an early reply.

Yours truly,
Adams Mining Milling & Mfg.
Archie Q. Adams

Archie Q. Adams

FINANCIAL ELIGIBILITY EXHIBIT A

No 1.

(1)

Archie Q Adams

Cable Address—BANKAMERICA Box 1058, Redding Ca 96001

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

REDDING MAIN OFFICE • 1810 MARKET STREET • REDDING, CALIFORNIA 96001

November 10, 1970

Adams Mining, Milling & Mfg.
P. O. Box 1058
Redding, California 96001

Attention: Archie Q. Adams

Dear Mr. Adams:

Thank you for your letter dated November 9, in which you are applying for a $75,000.00 loan to do necessary work on the Kelly Mine which you propose to rehabilitate. We would be unable to make this type a loan since the purpose of the loan is on a speculative basis and also, we normally do not make commercial loans with the maturity mentioned in your letter.

Sincerely yours,

Julius Martin

Julius Martin
Vice President & Manager

JM:bd

243-1294
Ext: 21

Archie Q & Ethel M. Adams
6 MF-6839 (Gold)

Nov. 9, 1970

Bank of America
1810 Market St.
Redding, Calif.

Att'n: Manager

Dear Sir:

I am writing with regards to procuring a loan to open up, develop and block ore in a gold mine which I own near Hayfork, California. This mine is known as the Kelly Mine and has been worked successfully since 1932. I operated the mine profitably for three years myself. The mine has now reached the point that it requires extensive work and development towards blocking out future ore. I estimate it will take $75,000.00 to do the work necessary in the way of diamond drilling, extending tunnels and the surface work which requires the use of a bulldozer.

I would need four to five years to repay the loan.

I have discussed this with my bank, United California Bank, of Weed, California, but oweing to the four to five years needed to repay the loan they could not help me.

I am wondering if it is possible to obtain such a loan through your bank. I would be glad to come in and discuss it further if you feel it is possible for you to handle a loan of this type. You may feel free to contact Mr. Campbell, manager of the United California Bank at Weed as to my capabilities. For your information I am enclosing a copy of my letter to United California Bank and their reply to same.

I am ready to proceed with this work as soon as I can arrange financing.

Yours truly,
Adams Mining, Milling & Mfg.

Archie Q. Adams

Archie Q. Adams

Enc'l. UCB correspondence

Archie Q & Ethel M Adams
QME 6839 (6016)

Fill all blanks, writing "no" or "none" where necessary to complete information.

TO **UNITED CALIFORNIA BANK**

FROM—NAME ADAMS, Archie Q. & Ethel M.

FINANCIAL STATEMENT
INDIVIDUAL FORM

For the purpose of procuring and establishing credit from time to time with you for negotiable paper of the undersigned or any or either of them, or otherwise, the undersigned furnish the following as a true and accurate statement of the FINANCIAL CONDITION OF THE UNDERSIGNED ON April 1, 1971. The undersigned agree to and will notify you immediately in writing of any material change in the financial condition of the undersigned and in the absence of such notice or of a new and full written statement, this may be considered as a continuing statement and substantially correct; and it is hereby expressly agreed that upon application for further credit, this statement shall have the same force and effect as if delivered as an original statement of the financial condition of the undersigned at the time such further credit is requested. In consideration of the granting of such credit the undersigned and each of them agree that if the undersigned or any or either of them, or any endorser or guarantor of the obligations of the undersigned or any or either of them at any time fail or become insolvent or commit an act of bankruptcy, or if any deposit account of the undersigned or any or either of them with you, or any other property of the undersigned or any or either of them held by you be attempted to be obtained or held by writ of execution, garnishment, attachment, or other legal process, or if any of the representations made below prove to be untrue or if the undersigned or any or either of them fail to notify you of any material change as above agreed, or if any such material change occurs, then and in either case all obligations of the undersigned or any or either of them held by you shall immediately become due and payable without demand or notice. The undersigned and each of them hereby give you a continuing lien upon the balance of any deposit account of the undersigned or any or either of them existing with you from time to time, and upon any other personal property of the undersigned or any or either of them in your possession, from time to time, to secure all obligations of the undersigned and each of them, either as borrower or guarantor, held by you, and further agree that all obligations or any part thereof, of the undersigned or any or either of them held by you, both matured and unmatured, may at any time be charged against the balance of any deposit account of the undersigned or any or either of them with you, without notice to the undersigned.

ASSETS	$		LIABILITIES	$	
Cash on hand and in bank	2,000	00	Notes payable to Wch 617 bank	7,500	00
Accounts receivable—current			Other notes payable, due within one year		
Notes receivable—current			Open accounts, not due		
Stocks and bonds listed on exchanges (detail on schedule)			Open accounts, past due		
Other current assets and of what composed:			Due to relatives		
Acct Rec.-Ross Bros	4,750	00	Trust deeds, mortgages or other liens on real estate, due within one year		
" " A. Imhoff	1,200	00	Chattel mortgages (autos, etc.)		
" " J. Wollman	500	00	Other liabilities: due within one year		
			Income taxes due and/or accrued		
TOTAL CURRENT ASSETS	8,450	00	**TOTAL CURRENT LIABILITIES**	7,500	00
Notes secured by first trust deeds, mortgages or other liens on real estate, all good			Trust deeds, mortgages, or other liens on real estate, due after one year	16,500	00
~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ other liens on real estate, ~~xxxxxxxx~~ Kelly Mine	30,000	00	Notes and bills payable, due after one year		
Accounts and notes receivable, slow			Other liabilities, and of what composed:		
~~xxxxxxxxxxxx~~ Mines & Claims	365,000	00	Arthur L. Coggins-Security	82,798	23
Stocks and bonds not listed on exchange (detail on schedule)			Agreement on equipment		
Real estate (detail on schedule)	16,500	00	Coggins on Kelly Mine	55,000	00
Present cash surrender value of life insurance (report amount borrowed in other liabilities)			Security Agreement on equipment	23,000	00
Automobile: make _____ year _____					
Autos, trucks, trlrs	16,750	00			
Other assets and of what composed:					
US Patents #3545685	11,000	00			
#3540664 & in foreign countries					
Machinery, Equipment & supplies	~~193,026~~	~~00~~	Total indebtedness	184,798	23
	257,776	00	Net worth	~~461,927~~	~~77~~
				520,677	77
Total	$ ~~646,726~~	~~00~~	Total	$ ~~646,726~~	~~00~~
	705,476.00			705,476.00	

CONTINGENT LIABILITIES

For endorsements or guarantees $ _____ For other purposes $ _____

Give details _____

ANNUAL INCOME AND EXPENSE FOR PERIOD FROM _____ **TO** _____

INCOME:		EXPENSE:	
Salary	$	Interest	$
Rentals	$	Taxes and assessments	$
Dividends	$	Upkeep on real estate	$
Interest	$	Payments upon mortgages, contracts, etc.	$
Other income	$	Personal living expense	$
	$	Other expense	$
Total income	$	Total expense	$

INSURANCE

Fire insurance on buildings $ _____ Company _____

Accident insurance $ _____ Company _____ Beneficiary _____

Health insurance $ _____ Company _____ Beneficiary _____

Life insurance $ _____ Company _____ Beneficiary _____

(List cash surrender value, if any, under assets, and loan predicated thereon, if any, under liabilities)

Automobiles: Fire & theft $ _____ Public liability $ _____ Collision $ _____ Property damage $ _____

CL-304 9-63L (630-C)

Fill all blanks, writing "no" or "none" where necessary to complete information.

SCHEDULE OF STOCKS AND BONDS—LISTED

NUMBER OF SHARES OR PAR VALUE OF BONDS	NAME OF COMPANY	CLASS OF STOCK OR RATE AND MATURITY	PAR VALUE	MARKET VALUE	VALUE ON MY BOOKS
		TOTAL		$	$

SCHEDULE OF STOCKS AND BONDS—UNLISTED

		TOTAL		$	$

SCHEDULE OF REAL ESTATE AND IMPROVEMENTS

LEGAL DESCRIPTION & ADDRESS IF VALUED AT OTHER THAN COST, GIVE DETAILS (ALSO GIVE BRIEF PHYSICAL DESCRIPTION)	VALUATION		MORTGAGE OR LIEN		MONTHLY PAYMENT	INT. RATE	MORTGAGEE
	LAND	IMPROVEMENTS	AMOUNT	MATURITY			
Homesite and shop Keswick, Ca	7,500		-0-				
2 5/8 acres, Keswick, Ca	6,000		2,000	$1,000/yr	pl.	7	Massey
6 lots Keswick, Ca	3,000		3,000	1,200	$100/mo		Jones
TOTAL	$	$	$		$		

IS ANY OF ABOVE REAL ESTATE SUBJECT TO DECLARATION OF HOMESTEAD? _____ IF SO, HAS DECLARATION BEEN FILED AND ON WHAT PARCELS? _____

TITLE TO ABOVE REAL ESTATE STANDS ON COUNTY RECORDS IN NAME OF _____

IF IN MORE THAN ONE NAME, GIVE DETAILS AS TO VESTING OF TITLE OF EACH PARCEL _____

BANKING CONNECTIONS:

NAMES OF BANKS IN WHICH YOU CARRY ACCOUNTS _____

HAVE YOU PREVIOUSLY BORROWED FROM OTHER BANKS? _____

WERE YOUR BORROWINGS UNSECURED, SECURED OR ENDORSED? _____

PREVIOUS MAXIMUM AMOUNT BORROWED FROM BANKS $ _____

PAST AND PRESENT BUSINESS CONNECTIONS:

NAME OF EMPLOYERS OR ASSOCIATES	LOCATION	DATE OF CONNECTION	DATE CONNECTION TERMINATED

GENERAL INFORMATION:

AGE _____ ARE YOU MARRIED? _____ IF SO, GIVE NAME OF SPOUSE _____

ARE YOU LEASING ANY REAL OR PERSONAL PROPERTY? _____

IF SO, GIVE DETAILS AS TO TERMS OF LEASES _____

ARE ANY OF YOUR STOCKS, BONDS OR NOTES RECEIVABLE HELD IN JOINT TENANCY? _____ IF SO, GIVE DETAILS _____

ARE ANY OF YOUR ASSETS PLEDGED, OR IN ANY OTHER MANNER UNAVAILABLE FOR PAYING DEBTS? _____

IF UNAVAILABLE OR PLEDGED, GIVE DETAILS _____

ARE THERE ANY SUITS, JUDGMENTS, EXECUTIONS OF ATTACHMENTS AGAINST YOU PENDING? _____

IF SO, GIVE DETAILS _____

HAVE YOU EVER FAILED IN BUSINESS OR COMPROMISED DEBTS WITH YOUR CREDITORS? _____

IF SO, GIVE DETAILS _____

DATE SIGNED 4/23/71

OCCUPATION Machinery & Investments

ADDRESS Box 1058 Redding, Ca 96001

TELEPHONE 243-6410

S/Archie Q. Adams
(SIGNATURE)

_____
(SIGNATURE)

ADAMS, Archie Q. & Ethel M.
April 1, 1971

Mines and Mining Claims:

100%	Globe Mt. Mine - 4 Clai	$10,000.00	
100%	Sherer Mine	5,000.00	
100%	Kelley Mine	100,000.00	
60%	Asbestos Properties (Mt. Eddy, Siskiyou Co., Ca & on North Fork of the Trinity River, Trinity County, Ca)	250,000.00	$ 365,000.00

NOTE: Other Owners of Asbestos Properties:

Magruder	20%
Adams Bros.	10%
Alf Johansen	5%
Allen	5%

ADAMS, Archie Q. & Ethel M.
April 1, 1971

Trucks, Trailers, and Rubber Tired Equipment:

Back Hoe	2,000.00	
White Dump	2,000.00	
White Tractor	2,000.00	
Chevrolet Dump	750.00	
Dodge Dump	750.00	
3/4 Ton Ford Pickup	2,500.00	
Ford Custom 2-Door	750.00	
2 - House Trailers	3,000.00	
1 - House Trailer	3,000.00	
		16,750.00

ADAMS, Archie Q. & Ethel M.
April 1, 1971

Machinery, Equipment, and Supplies:

One Complete Gold Mill (at the Kelley Mine in Trinity Co., Ca), w/bins, conveyors, crusher, concentrate tables, generator, motors, etc.	$ 20,000.00	
Pipe and Pelton Wheel	5,000.00	
Misc. Supplies, and Mining tools and equipment	10,000.00	
Fox Mill	2,500.00	
2 - Adams Impact Mills	15,000.00	
Miscellaneous Asbestor Equipment	1,500.00	
Asbestos Mill and Equipment from John Day, Oregon	31,000.00	
Caterpillar D4 Dozer	4,000.00	
IR Gyro Flo 125CFM Compressor	3,000.00	
Diamond Core Drill (2)	~~1,250.00~~	20,000.00
Drill Steel, core barrels, Diamond Bits and spare parts	2,500.00	
1 Tank - 12,000 gal.	500.00	
Electric Diesel Pumps	750.00	
100 ft. Conveyor & Belts	2,000.00	
2 Buildings at Trinity	2,200.00	
1 Building at Weed	200.00	
Office at Keswick	2,500.00	
1 - 50 Ton Steel Ore Bin	2,500.00	
1 - Timken Bearing Jaw Crusher	8,000.00	
1 - 3' x 24' Dryer	2,500.00	
General Electric Oil Burner	150.00	
7½ HP Gearhead Motor for driving dryer and belt conveyor	250.00	
Troughing rolls, Head & Tail Pulleys, Steel Frame and 5 HP motor to drive conveyor, & Disconnect	740.00	
5 - Vibrating Screens	4,000.00	140,790.00
Sub-Total		$ 122,040.00

ADAMS, Archie Q. & Ethel M.
April 1, 1971

Machinery, Equipment, and Supplies - (Continued):

Sub-Total - Forward		$ ~~122,040.00~~ 140,790.00
5 - 3 HP Electric Motors for Screens	200.00	
5 - Magnetic Switches for Screens	150.00	
5 - Disconnect Switches for Screens	50.00	
1 - Hammermill with Hopper & Belt Feeder 75 HP Motor, 75 HP Disconnect Switch, and 75 HP Starter Switch	4,500.00	
1 - 10 HP Gear head to drive Belt Feeder	350.00	
1 - 977 Caterpillar Loader w/Bucket & Forks	8,000.00	
8 - Round Steel Ore Bins	2,500.00	
50 Tons Miscellaneous Steel	5,000.00	
1 - 40' x 100' Steel Bldg. w/out corrugated	3,000.00	
4 - Cyclones	500.00	
3 - Blowers	300.00	
Other Miscellaneous Equipment used in connection with Building this mill	1,000.00	
1 - Tow Motor Lift Truck	2,000.00	
1 - 36" Lippmen Feeder, Complete	7,000.00	
1 - 10 HP Electric Motor for Feeder	300.00	
1 - Disconnect for Feeder	50.00	
1 - Magnetic Starter for Feeder	75.00	
1 - Steel Fiber Storage Bin with Live Bottom	6,000.00	
2 - Steel Fiber Bind w/ live bottoms & Bag Att'ch	12,000.00	
3 - Cyclones	300.00	
2 - Blowers	200.00	
1 - 52" Resilient Impact Mill - Adams	10,000.00	
1 - 40 HP Electric Motor for Resilient Imp. Mill	400.00	
1 - 3 HP Electric Motor for Resilient Imp. Mill) 1 - Gear Head for Resilient Impact Mill)	200.00	
4 - 1 Ton Containers for Testing	300.00	205,165.00
Sub-Total		$ ~~186,415.00~~

ADAMS, Archie Q. & Ethel M.
April 1, 1971

Machinery, Equipment, and Supplies - (Continued):		
Sub-Total - Forward		$ ~~186,415.00~~ 205,165.00
2 - 8" Augers for Unloading Fiber	300.00	
1 - Set 1 Ton Capacity Scales	211.00	
1 - 40' Conveyor w/head & tail pulleys and troughing rolls	250.00	
1 - Hammermill with Hopper, belt Feeder 40 HP Electric motor for Hammer Mill 1 - Disconnect for Hammer Mill Motor 1 - Magnetic Starter Switch for Hammer Mill 1 - 3 HP Gear Head motor for Feeder	10,000.00	
1 - Electric Panel with bus bar, including 7 - Disconnects 7 - Magnetic Starters	500.00	
6 - Misc. Electric Motors	600.00	
1 - 46A Cat	40,000.00	
1½ Tons Misc. Electrical Wire	750.00	
Total		$ ~~192,026.00~~ 257,776.00

Archie Q & Ethel M Adams
OME-6839 (Gold)

MARY K DEC. 9 1934 VOL. 42 PAGE 112	MARY JAN. 9 1934 VOL. 40 PAGE 377	MARY #1 APRIL 5 1935 VOL. 42 PAGE 195	MARY #2 APRIL 5 1935 VOL. 42 PAGE 194
MARY K EXTENSION VOL. 42 PAGE 113 DEC. 9 1934	MARY EXTENSION JULY 18 1934 VOL. 41 PAGE 323	KELLY MAR. 30 1933 VOL. 39 PAGE 298	KELLY #1 MAR. 30 1933 VOL. 39 PAGE 299

SECS. 17 & 20
T. 31 N. R. 11 W.
M.D.M.

STAR
SEPT. 28 1946
VOL. 50
PAGE 476

KELLY AFTERTHOUGHT
JULY 10 1936
VOL. 43
PAGE 460

KELLY AFTERTHOUGHT EXTENSION ← No. 1
JULY 10 1936
VOL. 43
PAGE 461

EXHIBIT B

Received 5/24/71

①

2. Applicants Rights in Land (b)

Mary K
Dec 4 1934
Vol 42
Page 112

Mary
Jan 4, 1934
Vol. 40
Page 377

Mary #1
APR. 5 1935
Vol. 42
Page 194

Mary #2
Apr. 5, 1935
Vol 42
Page 195

Secs 17 & 20
T. 31 N., R 11 W
MDM

Mary Extension
Mary K
Dec. 4, 1934
Vol 42
Page 112

Mary K Extension
July 18 1934
Vol 41
Page 323

Kelly
Mar. 30, 1933
Volume 39
Page 298

Kelly #1
Mar. 30, 1933
Vol 39
Page 299

Archie Q Adams
Box 1058
Redding Ca 96001

Star
Sept 28 1946
Vol 50
Page 476

Kelly Afterthought
July 10 1936
Vol. 43
Page 460

Kelly Afterthought #1
July 10, 1936
Vol 43
Page 461

Exhibit B

See revised map received 5/29/71

2(a)

Applicants Rights in Land

Exhibit B

Archie Q Adams
Box 1058, Redding Ca 96001

OPTION TO PURCHASE

THIS OPTION AGREEMENT, made and entered into this 20 day of Oct., 1970, by and between CLEAR CREEK LUMBER CO., a California Corporation, hereinafter referred to as "Clear Creek", and ARCHIE Q. ADAMS and ETHEL M. ADAMS, husband and wife, hereinafter referred to as "Adams";

W I T N E S S E T H:

The parties hereto agree to the following recitals:

1. Clear Creek is the owner of an unpatented mining claim, the description of which is attached hereto, marked Exhibit "A", and by this reference made a part hereof.

2. That it is the desire of Clear Creek to grant unto Adams an option to purchase said unpatented mining claim in Exhibit "A" described.

NOW, THEREFORE, in consideration of the sum of Ten Dollars ($10.00), paid by Adams to Clear Creek, the receipt of which is hereby acknowledged by Clear Creek, Clear Creek has agreed and does agree to grant unto Adams an exclusive option to purchase the unpatented mining claim in Exhibit "A" described, on the terms and for the conditions hereinafter set forth:

(1) That the Adams shall have the option to purchase the real property in Exhibit "A" described for a period of three years from the date of this agreement;

(2) In the event the option to purchase is exercized, Adams will pay unto Clear Creek for the unpatented mining claim in Exhibit "A" described the sum of $58,712.50,

EXHIBIT "A"

plus interest thereon at the rate of ten percent (10%) per annum from the date of this agreement, and in addition, Adams will pay to Clear Creek all taxes paid by Clear Creek, and shall pay the cost of any and all improvements placed on the property by Clear Creek, and in the event that the unpatented mining claim is patented, Adams will pay to Clear Creek all costs and expenses incurred in connection with patenting the mining claim, including but not limited to attorney fees.

(3) The option shall be exercised by the Adams herein by giving written notice thereof to Clear Creek, c/o Lopez, Kennedy & Srite, 1616 West Street, Redding, California, the attorneys for Clear Creek, and within ten (10) days thereafter, Adams will deposit in escrow with the firm of Lopez, Kennedy & Srite the purchase price to be paid for the property as hereinabove set forth. Such written notice of intention to exercise the option shall be post marked on or before the 30th day of September, 1973.

(4) This option shall be binding upon the heirs, executors and successors of the parties hereto.

(5) Adams shall not have the right to assign this option without first obtaining the written consent of Clear Creek, and in the event that Adams shall assign this option without obtaining the consent of Clear Creek, then at the option of Clear Creek, this option may be terminated and of no further force and effect.

(6) In the event that the option is exercised within the time as within this agreement set forth, and a dispute arises concerning the amount to be paid therefor, i.e., the taxes, expenses, etc., and the parties cannot reconcile their differences within five (5) days, then each party shall appoint an arbitrator, and the two arbi-

trators so appointed shall appoint a third arbitrator, and the decision of two of the three arbitrators shall be binding upon both parties hereto. The costs and expenses of the three arbitrators shall be paid one-half (1/2) by Clear Creek, and one-half (1/2) by Adams.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

CLEAR CREEK LUMBER CO.,
a California Corporation

By _____

By _____

_____
ARCHIE Q. ADAMS

_____
ETHEL M. ADAMS

EXHIBIT "A"

The following described mining claims situated in the Hayfork Mining District in the County of Trinity, State of California:

1. Mary No. 1 Quartz Mining Claim, location notice of which was recorded on April 5, 1935, Volume 42 of Mining Records, page 195, Records of Trinity County, California, to which reference is hereby made for a more full and particular description;

2. Mary Extension Quartz Mining Claim, location notice of which was recorded on July 18, 1934, Volume 41 of Mining Records, page 323, Records of Trinity County, California, to which reference is hereby made for a more full and particularly description;

3. Mary No. 2 Quartz Mining Claim, location notice of which was recorded on April 5, 1935, Volume 42 of Mining Records, page 194, Records of Trinity County, California, to which reference is hereby made for a more full and particular description;

4. Mary Quartz Mining Claim, location notice of which was recorded on January 4, 1934, Volume 40 of Mining Records, page 377, Records of Trinity County, California, to which reference is hereby made for a more full and particular description;

5. Mary K Extension Quartz Mining Claim, location notice of which was recorded on December 4, 1934, Volume 42 of Mining Records, page 113, Records of Trinity County, California, to which reference is hereby made for a more full and particular description;

6. Mary K Quartz mining claim, location notice of which was recorded on December 4, 1934, Volume 42 of Mining Records, page 112, Records of Trinity County, California, to which reference is made for a more full and particular description;

7. Kelly Quartz Mining Claim, location notice of which was recorded on March 30, 1933, Volume 39 of Mining Records, page 298, Records of Trinity County, California, to which reference is made for a more full and particular description;

8. Kelly No. 1 Quartz Mining Claim, location notice of which was recorded on March 30, 1933, Volume 39 of Mining Records, page 299, Records of Trinity County, California, to which reference is made for a more full and particular description;

9. Kelly Afterthought Quartz Mining Claim, location notice of which was recorded on July 10, 1936, Volume 43 of Mining Records, page 460, Records of Trinity County, California, to which reference is made for a more full and particular description;

10. Kelly Afterthought No. 1 Quartz Mining Claim, location notice of which was recorded on July 10, 1936, Volume 43 of Mining Records, page 461 thereof, to which reference is made for a more full and particular description;

11. Star Quartz Mining Claim, location notice of which was recorded on September 28, 1946, Volume 50 of Mining Records, page 476 thereof, Records of Trinity County, California, to which reference is made for a more full and particular description;

The following described Mill sites situated in the Hayfork Mining District in the County of Trinity, State of California:

1. The Kelly Mill Site No. 1, location notice of which was recorded August 19, 1954, Book No. 54 Mining Records, page 340, Records of Trinity County, California, to which reference is hereby made for a more full and particular description;

2. The Kelly Mill site No. 2, location notice of which was recorded August 19, 1954, Book No. 54 Mining Records, page 339, Records of Trinity County, California, to which reference is hereby made for a more full and particular description.

2(b)
Exhibit C

RECORDING REQUESTED BY

LOPEZ, KENNEDY & SRITE

AND WHEN RECORDED MAIL TO

Name: LOPEZ, KENNEDY & SRITE
Street Address: Attorneys at Law
Post Office Box 1826
City & State: Redding, California 96001

RECORDED AT REQUEST OF
Lopez + Kennedy
05 MIN. PAST 4 PM
OCT 29 1970
TRINITY COUNTY RECORDS
Helen J. Smith
RECORDER FEE 2.80 pd.

BOOK 143 PAGE 403

2890

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO

Name: CLEAR CREEK LUMBER CO.
Street Address: 964 Indian Rock Avenue
City & State: Berkeley, California

DOCUMENTARY TRANSFER TAX $ 64.35 pd.
X COMPUTED ON FULL VALUE OF PROPERTY CONVEYED,
OR COMPUTED ON FULL VALUE LESS LIENS AND ENCUMBRANCES REMAINING AT TIME OF SALE.
Lee A. Lopez
Signature of Declarant or Agent determining tax. Firm Name

Grant Deed

D.T.T. $

TO 405 CA (9-68)

THIS FORM FURNISHED BY TITLE INSURANCE AND TRUST COMPANY

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

ARCHIE Q. ADAMS and ETHEL M. ADAMS, his wife,

hereby GRANT(S) to CLEAR CREEK LUMBER CO., a California Corporation,

the following described real property in the Hayfork Mining District,
County of Trinity, State of California: , described as

UNPATENTED MINING CLAIMS, as more particularly described in Exhibit "A" attached hereto.

Dated October 20th, 1970

Archie Q. Adams
ARCHIE Q. ADAMS
Ethel M. Adams
ETHEL M. ADAMS

STATE OF CALIFORNIA
COUNTY OF Shasta } SS.
On October 20, 1970 before me, the undersigned, a Notary Public in and for said State, personally appeared ARCHIE Q. ADAMS and ETHEL M. ADAMS,

, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.
WITNESS my hand and official seal.

Signature Cheryl A. Strathman

CHERYL A. STRATHMAN
Name (Typed or Printed)

OFFICIAL SEAL
CHERYL A. STRATHMAN
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
SHASTA COUNTY
My Commission Expires Apr. 24, 1973
P. O. Box 1826, Redding, Calif. 96001

(This area for official notarial seal)

Title Order No. Escrow or Loan No.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

over

EXHIBIT "A"

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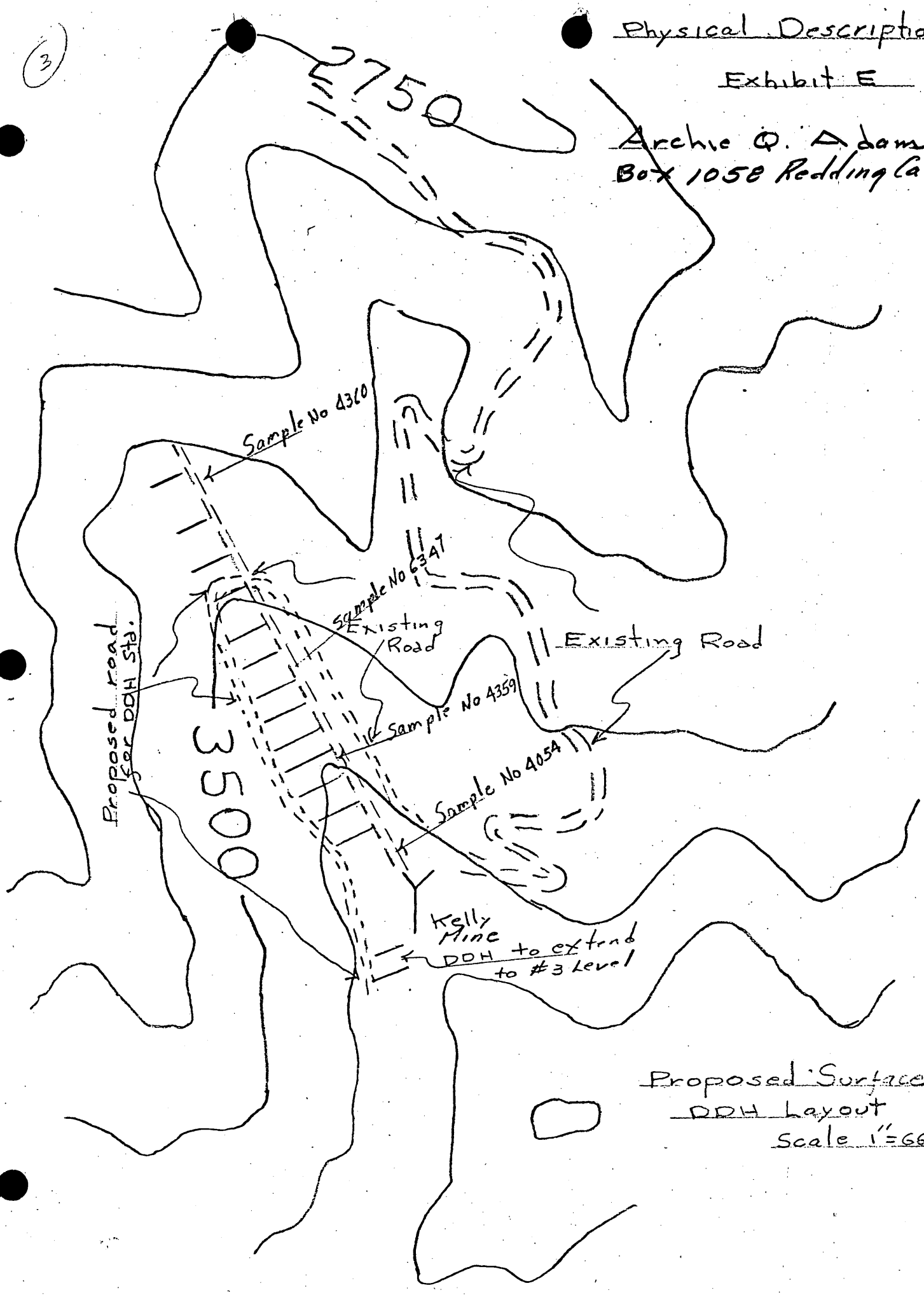
2. The Kelly Mill site No. 2, location notice of which was recorded August 19, 1954, Book No. 54 Mining Records, page 339, Records of Trinity County, California, to which reference is hereby made for a more full and particular description.

(3)

Physical Description

Exhibit E

Archie Q. Adams
Box 1058 Redding Ca 96001



Proposed Surface
DDH Layout
Scale 1" = 660 Approx

4(a) Accessibility of Property

Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Topography from aerial photographs by multiplex methods
Aerial photographs taken 1947. Field check 1951

Polyconic projection. 1927 North American datum
10,000-foot grid based on California coordinate system, zone 1.

Certain land lines are omitted because of insufficient data
All recovered corners are shown

Dashed land lines indicate approximate locations

Unchecked elevations are shown in brown

1000-meter Universal Transverse Mercator grid ticks, zone 10, shown blue

UTM GRID AND 1951 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET
(GN, MN; 0°05' / 1 MIL; 19° / 338 MILS)

SCALE 1:62500

1 ½ 0 1 2 3 4 MILES

3000 0 3000 6000 9000 12000 15000 18000 21000 FEET

1 .5 0 1 2 3 4 5 KILOMETERS

CONTOUR INTERVAL 50 FEET
DATUM IS MEAN SEA LEVEL

QUADRANGLE LOCATION (CALIF)

FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225 OR WASHINGTON, D. C. 20242
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

Kelly Mine
Laymad Mine
3500
3500

3(c)

Physical Description Exhibit E

Archie Q Adams

Box 1058 Redding Ca 96001

UNITED STATES MINT
AT SAN FRANCISCO CALIF.

1963- #1
2 parts

BULLION DEPOSIT - MEMO R. OR™

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 514 Date Sept 11, 1963 Memos Required by Depositor 5 Silver Price or Class 1.29 State Calif.

Depositor Archie Q. Adams & Stella Other Data County Trinity Mine Kelly Mine

Kelly, Box 492 Hayfork, Calif. (Ex. Melting Chge.)

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	Assay Certificate Fineness Gold	Assay Certificate Fineness Silver	Assay Certificate Fineness Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Grains	546	12.90		3.55		812½	082½	105½	11	2.867	.29
Dirty & Sand											

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Melting	5.50	VALUES, $	100.35
Refining	.39	NET VALUE	94.58
Handling	.25	Bars	
Other Chg.		Cash	
TOTAL CHRGS.	6.14	Check	

.37
100.35
100.72

6.5

Calculator

GPO 943492

UNITED STATES MINT
AT SAN FRANCISCO CALIF.

1963 1963 Shipment #1 (2 Parts)

BULLION DEPOSIT - MEMO RI ORT

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 488 Date Sept. 8, 1963 Memos Required by Depositor 5 Silver Price or Class 1.29 State Calif.

Depositor Archie Q. Adams & Stella L. Kelly - Box 492 Hayfork, Calif. Other Data County Trinity Mine Kelly Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces Dec	Weights After Melt Ounces Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amalgam	520	6.05	5.40	802½	184½	013	10	4.333	.99

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Melting	3.50	VALUES, $	151.66	1.28
Refining	.54	NET VALUE	148.52	151.66
Handling	.38	Bars		
Other Chg.		Cash	94.58	152.94
TOTAL CHRGS.	4.42	Check	243.10	

Calculator

GPO 943492

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

1963

BULLION DEPOSIT - MEMO POF Shipment #2

Mint Form 42k
(Revised)
SOURCE DATA

Deposit No. 1009 Date Dec. 23, 1963 Memos Required by Depositor 5 Silver Price or Class 1.29 State Calif.

Depositor Archie Q. Adams & Stella L. Kelly Box 492 Hayfork, Calif. Other Data Extra Melting Chg. County Trinity Mine Kelly

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amalgam & Grs.	1086	49.00		35.55		772	186	042	10	27.444	6.61

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Melting	5.50	VALUES, $	960.54	8.53
Refining	3.56	NET VALUE	957.61	
Handling	2.40	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	11.46	Check		

Calculator

GPO 939881

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

First Shipment 1964-

1964- #6

Mint Form 42R
(Revised)
SOURCE DATA

BULLION DEPOSIT - MEMO REPORT

Deposit No. 351 Date 8/14/64 Memos Required by Depositor 5 Silver Price or Class 1.29 State Calif.

Depositor Archie Q. Adams & Stella L. Kelly Box 492 Hayfork, Calif.

Other Data

County Trinity

Mine Kelly

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	Assay Certificate Fineness Gold	Assay Certificate Fineness Silver	Assay Certificate Fineness Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ
Amalgam cakes	365	76.80		71.02		761 3/4 #2646 oz.	193	045 1/4	10	54.099	18.70

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Bank of America NT & SA
Weaverville, Calif.

GPO 939881

Melting	3.50	VALUES, $	1893.46	17.67
Refining	7.10	NET VALUE	1895.80	
Handling	4.73	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	15.33	Check		

Calculato

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT 1964

#2 Mint Form 42R (Revised) SOURCE DATA

Deposit No. 440 Date 8/26/64 Memos Required by Depositor 5 Silver Price or Class 1.29 State Calif.

Depositor Archie Q. Adams & Stella Kelly Other Data County Trinity

Box 492 Hayfork, Calif. Mine Kelly Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
3 bars & Buttons	457	38.91		38.75		764 3/4	189	046 1/4	10	29.634	7.32

PAYABLE BY CHECK EXCEPT AS NOTED — Weigh Clerks — Asst. Assayer — Assayer

Check & 2 memos to Bank of America, SA, Weaverville, Calif.
GPO 939881 3 memos to depositor
3 memos to Depositor

Melting	3.50	VALUES, $	1,037.19	9.44
Refining	3.88	NET VALUE	1,036.66	
Handling	2.59	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	9.97	Check		

Calculator

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

1964 #3

BULLION DEPOSIT - MEMO REPORT

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 529 Date 9/11/64 Memos Required by Depositor 5 Silver Price or Class 1.29 State California

Depositor Archie Q. Adams & Stella Other Days Lolly County Trinity

Box 492 Hayfork, California Mine Kelley Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces Dec	Weights After Melt Ounces Dec	Assay Certificate Fineness Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Grs. & Ngts.	550	43.00	40.90	800	184	016	10	32.720	7.52

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 memos. to Bank of Ameri

3 3 memos to depositor

Melting MT SA	3.50	VALUES, $	1,145.20 9.70
Refining	4.09	NET VALUE	1,144.45
Handling	2.86	Bars	
Other Chg.		Cash	
TOTAL CHRGS:	10.45	Check	

Calculator

GPO 939881

UNITED STATES MINT
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT

Mint Form 42R (Revised) SOURCE DATA

1964

Deposit No. ~~XXX~~ 593 Date 9/22/64 Memos Required by Depositor 5 Silver Price or Class 1.29 State Calif. #4

Depositor Archie Q. Adams & Stella Kelly, Box 492 Hayfork, Calif. Other Data County Trinity Mine Kelly Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	Assay Certificate Fineness Gold	Assay Certificate Fineness Silver	Assay Certificate Fineness Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amal.	616	93.09		86.98		798½	184½	.017	10	69.453	16.04

PAYABLE BY CHECK EXCEPT AS NOTED — D Weigh Clerks PFM Asst. Assayer Assayer

Melting	3.50	VALUES, $	2,430.86
Refining	8.70	NET VALUE	2,433.27
Handling	6.08	Bars	
Other Chg.		Cash	
TOTAL CHRGS.	18.28	Check	

20.69

Check & 2 memos. to Bank of America Weaverville, Calif.
3 memos to depositor

GPO 943492

Calculator

UNITED STATES MINT
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT

1964-45

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 706 Date 10/12/64 Memos Required by Depositor Silver Price or Class 1.29 State Calif.

Depositor Archie Q. Adams & Stella Kelly - Box 492 - Hayfork, Calif. Other Data County Trinity Mine Kelly

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amalgam	733	39.20		38.29		797	184	019	10	30.517	7.04

PAYABLE BY CHECK EXCEPT AS NOTED D Weigh Clerks DM Asst. Assayer Assayer

Check & 2 memos to:
Bank of America NT & SA
Weaverville, Calif.

3 memos for depositor.

GPO 943492

Melting	3.50	VALUES, $	1,068.09
Refining	3.83	NET VALUE	1,067.17
Handling	2.67	Bars	
Other Chg.		Cash	15% Bank Com
TOTAL CHRGS.	10.00	Check	$160.20

9.08
1068.09
1,077.17

Calculator

UNITED STATES ASSAY OFFICE
- AT SAN FRANCISCO CALIF.

1964 ~~6~~ 16

Mint Form 42R
(Revised)
SOURCE DATA

BULLION DEPOSIT - MEMO RE[illegible]

Deposit No. 1182 Date 12/29/64 Memos Required by Depositor 5 Silver Price or Class $1.29 State Calif.

Depositor Archie Q. Adams & Stella Kelly - Box 492 Hayfork, Calif. Other Data County Trinity Mine Kelly Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amal.	1254	37.00		36.07		719¼	180½	100¼	11	25.949	6.51

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 memos to Bank & 3 memos to Depositor.

GPO 939881

Check payable to Bank of America N.T. & S.A. Weaverville, Calif.

Melting	3.50	VALUES, $	908.01	8.40
Refining	3.97	NET VALUE	906.67	909.01
Handling	2.27	Bars		
Other Chg.	9.74	Cash		
TOTAL CHRGS.		Check		

Calculator

1965 #1

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

Mint Form 42R
(Revised)
SOURCE DATA

BULLION DEPOSIT - MEMO REP

Deposit No. 1808 Date 5/5/65 Memos Required by Depositor 5 Silver Price or Class $1.29 State Calif.

Depositor Archie Q. Adams & Stella L. Kelley, Box 492 Hayfork, Calif. Other Data County Trinity Mine Kelley Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces Dec	Weights After Melt Ounces Dec	Assay Certificate Fineness Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
amalgam	1911	51.80	47.00	789	193	018	10	37.083	9.07

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 memos to Bank of America Weaverville, Calif. acct. of depositor
3 memos to depositor

Melting	3.50	VALUES, $	1,297.991	11.70
Refining	4.770	NET VALUE	1,298.17	
Handling	3.224	Bars		
Other Chg.	11.44	Cash		
TOTAL CHRGS.		Check		

MEM

Calculator

GPO 939881

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT

1965 #2

Mint Form 42K
(Revised)
SOURCE DATA

Deposit No. 1905 Date 5/25/65

Memos Required by Depositor 5

Silver Price or Class 1.29

State Calif.
County Trinity
Mine Kelley Mine

Depositor Archie Q. Adams & Stella Kelley
Box 545 Hayfork, California

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
amalgam	2014	146.00		139.60		799	190	011	10	111.540	26.52

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 memos to Bank of America Weaverville, Calif.
(3 memos to depositors) Acct. of depositor

GPO 939881

Melting	8.50	VALUES, $	3,903.90	84.21
Refining	13.96	NET VALUE	3,910.39	
Handling	9.76	Bars		
Other Chg.	27.22	Cash		
TOTAL CHRGS.		Check		

MEH
Calculator

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

1965- #3

Mint Form 42K
(Revised)
SOURCE DATA

ULLION DEPOSIT - MEMO REPORT

Deposit No. 24 Date 6/24/65 Memos Required by Depositor 5 Silver Price or Class $1.29 State Calif.
Depositor Other Data County Trinity
Mine Kelley Mine

Description of Deposit	Assay Number	Weights				ASSAY CERTIFICATE FINENESS			Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
		Before Melt		After Melt							
		Ounces	Dec	Ounces	Dec	Gold	Silver	Base			
amalgam	24	102.00		100.30		808	183	009	10	81.042	18.35

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 memos to Bank of America Weaverville, Calif., acct. of depositor
3 memos to depositor.

Melting	3.50	VALUES, $	2,836.47	23.67
Refining	10.03	NET VALUE	2,839.52	
Handling	7.09	Bars		
Other Chg.	20.62	Cash		
TOTAL CHRGS.		Check		

Calculator

GPO 939881

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT 1965 #4

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 257 Date 8/5/65 Memos Required by Depositor 5 Silver Price or Class $1.29 State Calif.
County Trinity
Mine Kelley

Depositor Archie Q. Adams & Stella Kelly Box 545, Hayfork, Calif. Other Data

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ
Amal.	264	56.00		53.94		803	185	012	10	43.313	9.97

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 memos to Bank of America Weaverville, Calif., acct. of depositor.
3 memos to depositor

Melting	3.50	VALUES, $	1515.95	12.86
Refining	5.39	NET VALUE	1516.13	
Handling	3.79	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	12.68	Check		

GPO 939881

Calculato

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

1965 #5

BULLION DEPOSIT - MEMO REPORT

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 510 Date 9/17/65 Memos Required by Depositor 5 Silver Price or Class $1.29 State California

Depositor Archie Q. Adams & Stella Kelley
Box 545 - Hayfork, California

Other Data

County Trinity
Mine Kelley Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amalgam & bar	530	120.10		115.17		798	183	019	10	91.905	21.07

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check and two (2) memos to B of A
Three (3) memos to depositor.

GPO 939881

Melting	3,50	VALUES, $	3,216.68	27.18
Refining	11.52	NET VALUE	3,220.80	
Handling	8.04	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	23.06	Check		

Bof Am 1590 483 12

Calculator

'INITED STATES ASSAY OFFICE
T SAN FRANCISCO CALIF.

1965 #6

BULLION DEPOSIT - MEMO REPORT

Mint Form 42R
(Revised)
SOURCE DATA

eposit No. 753 Date 10/27/65 Memos Required by Depositor 5 Silver Price or Class

P.O. Depositor Archie Q. Adams & Stella Kelly Other Data

Box 545 Hayfork, Calif

State Calif.
County Trinity
Mine Kelly Mine

RECEIVED NOV 29 1965 WEAVERVILLE BRANCH BANK OF AMERICA NT & SA

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amalgam	782	219.30		214.25		794	189	017	10	170.114	40.49

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 memos to Bank Of America
Weaverville, Calif.

GPO 939881
3 memos to depositor

Melting	3.50	VALUES, $ 5,953.99	52.23
Refining	21.43	NET VALUE 5,966.41	
Handling	14.88	Bars	
Other Chg.		Cash	
TOTAL CHRGS.	39.81	Check	

BofAm 15% 90093

Calculator

UNITED STATES MINT
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT 1965-#7

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 320 11/5/65

Months Required by Depositor 5

Silver Price or Class [illegible].29

State California
County Trinity
Mine Kelly Mine

Depositor Archie G. Adams & Stella E. Kelly, P.O. Box 545, Weaverville, California

Other Data

GPO 873760

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	Gold—FINE OZ.	SILVER—FINE OZ.
Amalgam	8.9	60.00		58.40		797½	188½	014½	10	46.559	11.00
Check & 2 Memos to Bank of America Weaverville, California						5.90 5.84				1,629.57 1,620.35	14.19
3 Memos to Depositor						4.07 13.41					

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks | Asst. Assayer | Assayer

Melting	VALUES, $
Refining	NET VALUE
Handling	Bars
Other Chg.	Cash
TOTAL CHRGS.	Check

Calculator

UNITED STATES MINT
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT

F165 - #8

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 1008 12/6/65

mos Required by Depositor 5

Silver Pr. or Class $1.29

State California
County Trinity
Mine Kelly GPO: 873760

Depositor Archie Q. Adams & Stella L. Kelly

Other Data

P.O. Box 545 Hayfork, California

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	Gold—FINE OZ.	SILVER—FINE OZ.
Amalgam	1043	151.69		143.75		786½	168½	025	10	113.059	27.09

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Check & 2 Names to Bank of America, Weaverville, California

3 Names to Depositor

Melting	3.50	VALUES, $	3,957.06	34.95
Refining	14.38	NET VALUE	3,964.24	
Handling	9.89	Bars Bank Dem	598.80	15%
Other Chg.		Cash		
TOTAL CHRGS.	27.77	Check 15%		

Calculator

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT 1966 #1

Mint Form 42R (Revised) SOURCE DATA

Deposit No. 1949 Date 5/11/66 Memos Required by Depositor 5 Silver Price or Class 1.29 State California

Depositor ARCHIE Q. ADAMS & STELLA L. KELLY P.O. BOX 545 HAYFORK, CALIF. 96041 Other Data County Trinity Mine Kelly

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ
Retort Sponge	2006	32.10		27.77		788	182	030	10	21.882	5.05

PAYABLE BY CHECK EXCEPT AS NOTED T. Weigh Clerks Asst. Assayer Assayer

Melting	3.50	VALUES, $	765.87	6.51
Refining	2.78	NET VALUE	766.19	
Handling	1.91	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	8.19	Check		

Calculator

GPO 939881

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT

1966 #2

Mint Form 42R
(Revised)
SOURCE DATA

Deposit No. 2119 Date 6/14/66 Memos Required by Depositor 5 Silver Price or Class 1.29 State CALIFORNIA

Depositor ARCHIE Q. ADAMS and STELLA L. KELLY P.O. BOX 545 HAYFORK, CALIF. 96041 Other Data County TRINITY Mine KELLY

Description of Deposit	Assay Number	Weights Before Melt Ounces Dec	Weights After Melt Ounces Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
retort sponge	2183	68.97	67.62	793¾	191	010¼	12	54.011	12.91

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks [illegible] Asst. Assayer [illegible] Assayer

Melting	4.00	VALUES, $	1,890.38	16.65
Refining	8.11	NET VALUE	1,890.19	
Handling	4.73	Bars		
Other Chg.		Cash		
TOTAL CHRGS:	16.84	Check		

GPO 939881

Calculator

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

1966 #3

Mint Form 42R
(Revised)
SOURCE DATA

BULLION DEPOSIT - MEMO REPORT

Deposit No. 2162 Date 6/20/66 Memos Required by Depositor 5 Silver Price or Class 1.29 State CALIFORNIA

Depositor ARCHIE Q. ADAMS and STELLA L. KELLY P.O. BOX 516 HAYFORK, CALIF. 96041 Other Data County TRINITY Mine KELLY

Description of Deposit	Assay Number	Weights Before Melt Ounces Dec	Weights After Melt Ounces Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
retort sponge & grains	2229	58.30	56.80	789	189	022	12	44.815	10.73

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks [illegible] Asst. Assayer [illegible] Assayer

Melting	4.00	VALUES, $	1,568.52	13.84
Refining	6.82	NET VALUE	1,567.62	
Handling	3.92	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	14.74	Check		

Calculator

GPO 903-742

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

1966- #4

Mint Form 42R
(Revised)
SOURCE DATA

BULLION DEPOSIT - MEMO REPORT

Deposit No. 85 Date 7/7/66 Memos Required by Depositor 5 Silver Price or Class 1.39 State CALIFORNIA

Depositor ARCHIE Q. ADAMS and STELLA L. KELLY BOX 545 HAYFORK, CALIF. 96041 Other Data County TRINITY Mine KELLY

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	Assay Certificate Fineness Gold	Assay Certificate Fineness Silver	Assay Certificate Fineness Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ
retort sponge & grs.	88	100.73		89.60		786½	188	025½	12	70.492	16.84

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks [illegible] Asst. Assayer [illegible] Assayer

Melting	4.00	VALUES, $	2,467.22	21.72
Refining	10.75	NET VALUE	2,468.02	
Handling	6.17	Bars		
Other Chg.		Cash		
TOTAL CHRGS.	20.92	Check		

Calculator

GPO 903-742

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT

1966

#5 Mint Form 42R (Revised) SOURCE DATA

Deposit No. 217 Date 8/1/66 Memos Required by Depositor 5 Silver Price or Class 1.29 State CALIFORNIA

Depositor ARCHIE Q. ADAMS AND STELLA L. KELLY P.O. BOX 645 HAYFORK, CALIF. 96041 (see mail chgs.) Other Data County TRINITY Mine KELLY

Description of Deposit	Assay Number	Weights Before Melt Ounces Dec	Weights After Melt Ounces Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ
retort sponge	223	60.20	33.57	795	188	016	12	26.721	6.31

PAYABLE BY CHECK EXCEPT AS NOTED @ Weigh Clerks [illegible] Asst. Assayer [illegible] Assayer

Melting	6.30	VALUES, $	935.23
Refining	4.03	NET VALUE	930.70
Handling	2.34	Bars	
Other Chg.		Cash 1590 141.51	
TOTAL CHRGS:	12.67	Check Adams ck #4179	

8.34
935.23
943.37

Calculator

GPO 903-742

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

1966 — #6

Mint Form 42R
(Revised)
SOURCE DATA

BULLION DEPOSIT - MEMO REPORT

Last Shipment 1966

Deposit No. 588 Date 10-11-66 Memos Required by Depositor 5 Silver Price or Class 1.29 State Calif.

Depositor ARCHIE Q. ADAMS & STELLA L. KELLY, P.O. BX 545, HAYFORD, CALIF. 96041 Other Data County Trinity

Mine Kelly Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces	Weights Before Melt Dec	Weights After Melt Ounces	Weights After Melt Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
~~Retort Sponge~~	~~610~~	~~21.50~~	~~18.85~~	~~795¼~~	~~189½~~	~~015¼~~			~~12~~	~~14.990~~	~~3.57~~
Retort Sponge	610	21.50	18.85	795¼	189½	015¼			12	14.990	3.57

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Melting	4.00	VALUES, $	524.65 4.61
Refining	2.26	NET VALUE	521.69 524.65
Handling	1.31	Bars	15 oz 79.38 529.46
Other Chg.		Cash	
TOTAL CHRGS	7.57	Check	Ck # 4327

GPO 903-742

Calculator

Jos. H. Redmon Paid Mrs. Kelly out of Escrow funds - for final Cleaning of Adams Workings as follows -

		Royalty
15% 3 Tons Concentrates @ 1000.00 per ton	3000.00	$ 450.00
30% High Grade Ore + Spec Rock bed @	15,000.00	4500.00
91 oz of amalgam at average recovery and price (15% roylty)	49.54	73.74
Total -	18,491.54	$ 5023.74

Jos H Redmon -
Ck # dated 12-15-1966

Jos. H. Redmon Ck # 12-23-1966 7719.15
on Value of 25,730.50

To complete escrow funds to
Stella L. Kelly

December 15, 1966
P. O. Box 545
Hayfork, California

Mr. Joseph H. Redmon
Attorney at Law
1610 West Street
Redding, California

Re: Adams--Ferrel, Cox, et al, Escrow

Dear Mr. Redmon:

You are hereby authorized to withdraw from the foregoing Escrow such sum as shall be sufficient to pay Mrs. Kelly the royalties to which she is entitled for the following ore and products:

1. 3 tons of concentrates;

2. 4 tons of high grade specimen ore; and

3. 5 1/2 lbs. of amalgam.

1. 224 pieces of specimen rock.

It is understood and agreed that in connection with this authorization that there will be a corresponding reduction in the total sum to be paid to Mrs. Kelly in accordance with the terms of said Escrow.

Very truly yours,

s/ Archie Q. Adams

ARCHIE Q. ADAMS

ch

The total on the above is as follows:

1. Concentrates — $1150.00
2. High grade ore & specimen rock — 1500.00
3. Amalgam — 73.74

$5623.74.

s/ Archie Q. Adams

AMERICAN SMELTING AND REFINING COMPANY

Paid to Shipper of Co. sold by our packing no. 3 bbls

ASARCO

SELBY SMELTER
SELBY, CALIFORNIA

SETTLEMENT STATEMENT

SELBY LOT NO. 1119

SETTLEMENT STATEMENT DATE SETTLED: AUG 25 1966

ORTANT: If not advised to the contrary within ten days from date settled, we assume that returns are satisfactory and the product covered by this settle- will be placed in process. American Smelting and Refining Company

SHIPPER Archie B Adams & Stella L. Kelly
P.O. Box 545
Hayfork, California 96041

MATERIAL 3 drs 1" concentrates
SHIPPER'S NO.
DATE RECEIVED 7-29-66
SHIPPING POINT Hayfork, Calif
MINE NAME Kelly
CARRIER Pnt Sel RR
FREIGHT CHARGES
T. G. LICENSE NO.

GROSS WEIGHT (LBS.)	2886	
TARE	125	
NET (WET)		2761
MOISTURE .8 % Min 1%		28
SAMPLES TO SHIPPER		
NET DRY WEIGHT (LBS.)		2733

ASSAYS & ANALYSIS			
GOLD	22	26	OZS.P.T.
SILVER	5	56	OZS.P.T.
LEAD	0		%
COPPER	0		%
ARSENIC	9	1	%
ANTIMONY		2	%
TIN			%
BISMUTH			%
INSOLUBLE	27	0	%
IRON	30	4	%
LIME	0		%
ZINC	0		%
SULPHUR	25	6	%
			%

PERCENTAGES & PRICES	$-DEBITS		$-CREDITS	
LESS — % @ $ 32.81775 PER OZ.			730	52
LESS — % LESS 1 OZ. @ 128.9 ¢ LESS 1.5 ¢ PER OZ.			5	81
LESS ____ UNITS LESS ____ % @ ____ ¢ LESS ____ ¢ PER LB.				
LESS ____ UNITS @ ____ ¢ LESS ____ ¢ PER LB.				
Tin in excess of 1% @ 50¢ per unit	4	15		
HANDLING CONTAINERS	2	50		
EXCESS MOISTURE ____ UNITS @ ____ ¢ PER UNIT				
LEAD ____ UNITS @ ____ ¢ PER UNIT				
EXCESS VALUE OVER $ 30.00 @ 10 % MAX.	7	50		
BASE CHARGE	15	00		
TOTALS	29	15	736	33
VALUE PER TON			707	18
VALUE OF 2733 LBS. @ $ 707.18 PER TON			966	36
SAMPLING & ASSAYING	20	00		
FREIGHT ____ LBS. ____ @				
HAULING ____ LBS. ____ @				
TOTALS				
DUE AMERICAN SMELTING AND REFINING COMPANY				
NET PROCEEDS DUE SHIPPER			946	36
ROYALTY				
NET			0	

SETTLEMENT PAYABLE TO:

VOUCHER NO. 8245

15% 149.32 Ck # 4267

AMERICAN SMELTING AND REFINING COMPANY

ASARCO

SELBY SMELTER
SELBY, CALIFORNIA

SETTLEMENT STATEMENT

ORE SETTLEMENT STATEMENT — DATE SETTLED: OCT 18 1966

SELBY LOT NO. 12/9

PORTANT: If not advised to the contrary within ten days from date settled, we ll assume that returns are satisfactory and the product covered by this settle- nt will be placed in process. American Smelting and Refining Company

1	1V350	2.13	1V087
2	8900	8.27	8164

SHIPPER Archie D. Adams & Stella L. Kelly
P.O. Box 5W
Hayfork, Calif. 96041

MATERIAL Bulk Concs.
SHIPPER'S NO.
DATE RECEIVED 9-20-66
SHIPPING POINT Hayfork, Calif.
MINE NAME Kelly
CARRIER Own Truck
FREIGHT CHARGES
T. G. LICENSE NO.

GROSS WEIGHT (LBS.)		
TARE		
NET (WET)		21V50
MOISTURE 4.70 %		999
SAMPLES TO SHIPPER		
NET DRY WEIGHT (LBS.)		20251

ASSAYS & ANALYSIS				PERCENTAGES & PRICES	$-DEBITS		$-CREDITS	
GOLD	10	70	OZS.P.T.	LESS ___ % @ $ 3V.56638 PER OZ.			33V18	
SILVER	33		OZS.P.T.	LESS ___ % LESS 1 OZ. @ 128.9 ¢ LESS 1.5 ¢ PER OZ.			2 99	
LEAD		0	%	LESS ___ UNITS LESS ___ % @ ___ ¢ LESS ___ ¢ PER LB.				
COPPER		1	%	LESS ___ UNITS @ ___ ¢ LESS ___ ¢ PER LB.				
ARSENIC	4	0	%					
ANTIMONY		1	%	As + Sb Excess 3.1 @ 50	1	55		
TIN			%					
BISMUTH			%					
INSOLUBLE			%					
IRON			%					
LIME			%					
ZINC		0	%					
SULPHUR			%					
			%	HANDLING CONTAINERS				
				EXCESS MOISTURE ___ UNITS @ ___ ¢ PER UNIT				
				LEAD ___ UNITS @ ___ ¢ PER UNIT				
				EXCESS VALUE OVER $ ___ @ ___ %				
				BASE CHARGE	21	50		
				TOTALS	24	05	335	17
				VALUE PER TON			311	1V
				VALUE OF 20251 LBS. @ $ 311.1V PER TON			3150	78
				SAMPLING & ASSAYING	15	00		
				FREIGHT ___ LBS. ___ @				
				HAULING ___ LBS. ___ @				

SETTLEMENT PAYABLE TO:
Above

TOTALS			
DUE AMERICAN SMELTING AND REFINING COMPANY			
NET PROCEEDS DUE SHIPPER		3135	78
ROYALTY			
NET			

VOUCHER NO. 10207

15% $476.14 Ck# 4345

Form: H506

~~3(c)~~ 3(c)

Physical Description
Exhibit F

	Initials	Date
Prepared By		
Approved By		

Archie Q. Adams - Hayfork Calif

Gold Sales from Kelly Mine

Archie Q Adams
Box 1058, Redding Ca 96001

		(1)	(2)	(3)	(4) Oz	(5) Receipts	(6)
	1963						
1	Sept 5	U.S. Mint			5.4	$ 14852	✓
2	Sept 11	U.S. Mint			3.53	9458	✓
3	Nov 15	Sterling Carter			12.00	36000	
4	Dec 3	U.S Mint			35.55	95761	✓
5	Dec 20	Doris LaBeck			1.1	3300	
6	1964						
7	Aug 14	U.S. Mint			71.02	189580	✓
8	26	U.S. Mint			38.75	103666	✓
9	Sept 11	U.S. Mint			40.90	114445	✓
	22	U.S. Mint			86.93	243327	✓
11	Oct 12	U.S Mint			38.29	106717	✓
12	13	Stella L Kelly			1.20	3600	
13	Dec 29	U.S. Mint			36.07	90667	✓
14	1965						
15	May 5	U.S. Mint			47.00	129817	✓
16	25	U.S. Mint			139.60	391089	✓
17	June 24	U.S. Mint			100.30	283952	✓
18	Aug 5	U.S Mint			53.94	151613	✓
19	Sept 17	U.S. Mint			115.17	322080	✓
20	Oct 27	U.S. Mint			214.25	596641	✓
21	Nov 5	U.S. Mint			58.40	163035	✓
22	Nov. 13	A.Q. Adams Spec Rock				10000	
23	Dec 8	U.S. Mint			143.75	396424	✓
24	1966						
25	Mar 31	A.Q. Adams Specimen Rock				250000	
26	May 11	U.S. Mint			27.77	76419	✓
27	June 14	U.S. Mint			67.62	189019	✓
28	June 20	U.S. Mint			56.80	156762	✓
29	July 7	U.S. Mint			89.60	246802	✓
30	19	A.Q. Adams Specimen Rock				165000	
31	Aug 1	U.S Mint			33.57	93070	✓
32	Oct 11	U.S. Mint			18.85	52169	✓
33	Dec 15	A.Q. Adams - Settle Mill rock, Cons, + gold on Hand				1849154	
34	Aug 25	American Smelting 2733# Cons				94636	
35	Dec 18	✓ ✓ 20,251# ✓				3,135.25	
36	Dec 23	A.Q. Adams Specimen rock -				2570050	
37	Jan 11, 1967	Wilson Mercury Co				140000	
38		Gorham Jewelry Co				70000	
39	Jan 14, 1967	Bailey Bros Engrg Co.				75000	
40	~~Tropico Mine~~	Tropico Mines				40000	
41		Glen Settle				36000	
42		~~Grant Bradley~~				350000#	1056630
43		R.B. Maynard				330000	

Form H506

	Initials	Date
Prepared By		
Approved By		

Charles Q. Adams — Hayfork, Calif

		(1)	(2)	(3)	(4)	(5)	(6)
	Gold Sales from Kelly Mine						
1	Bal Forward					$ 10556630	
2							
3	Bruce Huffington					10000	
4	Gem & Mineral Club					50000	
5	Jim Hays					20000	
6	Frank Dale					100000	
7	Carabear Refrigeration					4000	
8	Los Angeles County Museum					20000	
9	J Burke					7000	
10	Real Jewels					1337733	
11							
12						$ 12105363	
13	1970 -						
14	Charles Adams, Jim Brown, Mike Green						
15	+ M.E. Porter, Specimen Rock and						
16	Milling Ores					200000	
17							
18							
19						$ 12305363	
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
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42							
43							

FORM A-8

3(g)

Exhibit G

REPORT OF ASSAY

J. F. HARRIGAN

ANALYTICAL CHEMIST AND ASSAYER

541 HARTNELL AVENUE

REDDING, CALIFORNIA

DEPOSITED BY Mr. A. Adams Box 1058
May 15, 1968 Redding Ca 96001

SAMPLE OF

Labty. No.	Mark	GOLD, per ton of 2,000 lbs.		SILVER, per ton of 2,000 lbs.		Percentages
		Troy Ounces	Val. @ $35 oz.	Troy Ounces	Val. @	
6346	B.B. No. 3	00.70	$24.50	Trace		
6347	B.B. No.4	1.22	42.70	00.36	$00.72	
6348	B. D. No.1	.01	.35	None found		

J. F. HARRIGAN

J. F. Harrigan

FORM A-8

REPORT OF ASSAY

J. F. HARRIGAN

ANALYTICAL CHEMIST AND ASSAYER

541 HARTNELL AVENUE

REDDING, CALIFORNIA

DEPOSITED BY A. Adams
9 - 10 -64

SAMPLE OF

Labty. No.	Mark	GOLD, per ton of 2,000 lbs.		SILVER, per ton of 2,000 lbs.		Percentages
		Troy Ounces	Val. @ $35 oz.	Troy Ounces	Val. @	
4051	No. 1 B	00.42	$14.70	----------	----------	
4052	No. 2 B	4.12	$144.20	----------	----------	
4053	No. 3 B	00.02	00.70	----------	----------	
4054	NO. 4 B	.40	14.00			

J. F. HARRIGAN

J. F. Harrigan

FORM A-8

REPORT OF ASSAY

J. F. HARRIGAN

ANALYTICAL CHEMIST AND ASSAYER

541 HARTNELL AVENUE

REDDING, CALIFORNIA

DEPOSITED BY Adams & Harrigan
5 - 8 - 65

SAMPLE OF

Labty. No.	Mark	GOLD, per ton of 2,000 lbs.		SILVER, per ton of 2,000 lbs.		Percentages
		Troy Ounces	Val. @ $35 oz.	Troy Ounces	Val. @	
4357	NO. 1	8.43	$295.75	None found		
4358	No. 2	2.30	80.50	" "		
4359	No. 3	.84	29.40	" "		
4360	No. 4	.61	21.35	" "		

J. F. HARRIGAN

J. F. Harrigan

FORM A-8

REPORT OF ASSAY

J. F. HARRIGAN

ANALYTICAL CHEMIST AND ASSAYER

541 HARTNELL AVENUE

REDDING, CALIFORNIA

DEPOSITED BY Adams & Harrigan
5 - 8 - 65

SAMPLE OF

Labty. No.	Mark	GOLD, per ton of 2,000 lbs.		SILVER, per ton of 2,000 lbs.		Percentages
		Troy Ounces	Val. @ $35 oz.	Troy Ounces	Val. @	
4357	NO. 1	8.43	$295.75	None found		
4358	No. 2	2.30	80.50	"	"	
4359	No. 3	.84	29.40	"	"	
4360	No. 4	.61	21.35	"	"	

J. F. HARRIGAN

J. F. Harrigan

3(9)

COPY Physical Description

Exhibit H

Archie Q Adams
Box 1058, Redding Ca 96001

PRELIMINARY REPORT

ON

KELLY GOLD MINE

TRINITY COUNTY, CALIFORNIA

by

MILES J. MITCHELL, GEOLOGIST

AND

J. K. BROOKES MINING ENGINEER

May 8, 1968

J. Kenneth Brooke Associates
1321 Webster Street
Palo Alto, California

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Kelly Gold Mine Location	8
Detailed Location of Kelly Gold Mine in Relation to Nearby Mines	9
Kelly Mine Level Map	13

PRELIMINARY REPORT ON

KELLY GOLD MINE, TRINITY COUNTY, CALIFORNIA

CONCLUSIONS

1. The Kelly Mine has produced an authenticated and substantial amount of gold from small bodies of rich ore since its discovery in 1932. The most productive period was from 1963 to 1966 under the lease operation of Mr. Archie Adams.

2. There are several sampled exposures in the underground workings from which ore of good but not sensational grade could be mined in small quantities. This could be put through the existing small mill to defray a part of the cost of continuing exploration for either:

   a. Small bodies of very rich ore as sought and mined in the past.

   or,

   b. A much larger tonnage of moderate grade ore within the Kelly Mine itself and the adjoining Layman and Mueller groups of claims, which are described as having geology and ore occurrence similar to the Kelly.

3. If an exploration campaign were to be successful in developing a large tonnage of moderate but commercial grade

ore, this could be mined by either open cut or underground methods. It is pointed out that in the event of mining the larger tonnage of lower grade ore that the rich ore stringers and pockets sought in earlier work would be mined to enrich the average mill head and income. The larger tonnage operation would call for larger capital outlay in plant.

4. The future price of gold, since it has become virtually a commodity like the base metals, is speculative. The tendency so far, since gold has been traded on the free market, is for the buying price to rise gradually to the present approximately $40 per troy ounce. The mine producer should bear in mind that the cost of marketing his gold to private buyers may be higher than when selling to the U.S. Mint.

5. There is considered to be a reasonable expectation of finding more profitable ore, particularly in the moderate grade category, through a well-organized and directed exploration campaign.

Yours very truly,

J. KENNETH BROOKE ASSOCIATES

by J. K. Brooke, Mining Engineer

PRELIMINARY REPORT ON

KELLY GOLD MINE, TRINITY COUNTY, CALIFORNIA

The material that follows is based on observations by Miles J. Mitchell, Geologist and associate of J. Kenneth Brooke Associates, at the property near Hayfork on April 26-28, 1968.

Subsequently, Mr. Mitchell conferred with Mr. J. K. Brooke in Palo Alto and turned over the field notes to him for his review and assembly of them into report form and concurrence as to conclusions. Some slight additions were made based principally on California Division of Mines publications. Incidentally, Brooke visited but did not critically examine the Kelly Mine in 1963.

ABSTRACT

The district encompassing the Kelly Mine has been a fair producer of gold, won largely from small but rich quartz veins. The production of the Layman and Mueller Mines, which adjoin the Kelly group, to the south and west, dates back to the early days of mining in the area, beginning in the late 1800's. The Kelly Mine, discovered in 1932, is new by comparison. Erosion of many of these lode deposits no doubt led to the deposition of the placers which were mined in the stream valleys of the Hayfork district.

From information obtained by the writer, the Kelly Mine produced during the era of Thomas Kelly, the original claim locator, some $100,000.00 in free gold, recovered primarily in the rather antiquated milling installation located below the Kelly home. No figures are available as to the number of tons of ore processed during this period.

In 1963, Archie Adams of Redding, California, obtained a lease and purchase contract with the widow of Thomas Kelly and immediately proceeded to rehabilitate the caved adits. Subsequently, as ore was developed, a new mill was constructed and during the following three years, Adams sold sponge gold (retort gold) slightly in excess of $100,000.00, plus $5,000.00 in specimen gold (quote Archie Adams). The writer viewed metal sales receipts, currently held by Mr. Adams in Redding, California,

During the period of mill operation, 1,200 tons of ore were processed. An idea of the grade of the ore fed to the mill during this period can be derived as follows:

$$\frac{\$100,000}{1,200\ T.} = \$83.33/T. \text{ (Calc. @ \$35/oz.)}$$

Sponge gold derived from retorting of amalgam, was sold to the U.S. Mint, San Francisco, California, for $35/oz. Table concentrates were sold to the Selby, California smelter of American Smelting and Refining Company. The specimen gold was sold to individuals. Native gold was the chief ore metal, although some mint receipts indicated silver content as high as 15% of the retort sponge. Although accurate production figures from the mine during the Thomas Kelly era are not available, Mr. Adams states that through his association with Mrs. Kelly, he is able to establish the value of gold which was sold and produced at the Kelly Mine before his connection with the property. Mrs. Kelly has mint receipts totaling $60,000.00 which were inspected by Mr. Adams. Reputedly, tellurium has been associated with some of the ore bodies; however, the writer has not been able to identify any telluride minerals. The chief accessory ore mineral evident in all the levels is pyrite. The rocks occupying the area of the Kelly Mine are a series of NW trending metamorphics, which have been subjected to extreme deformation. Exploration in the past has been haphazard at best, as the complexity of the host rocks was indeed puzzling to the miners of the day. This is borne out by the erratic and sinuous courses of the adits in the search for new ore.

No estimate of ore reserve, neither as to tonnage or grade, can be made. There are commercial ore exposures underground, as will be referred to later, but the sinuous courses of the workings does not lend itself to an understanding of the possible projections and continuity of individual orebodies.

Ore exposures were most prevalent in Adit No. 2. However, the two upper levels revealed gold bearing quartz in several locations. The underground flashlight photographs at the end of the report illustrate the nature of the ore.

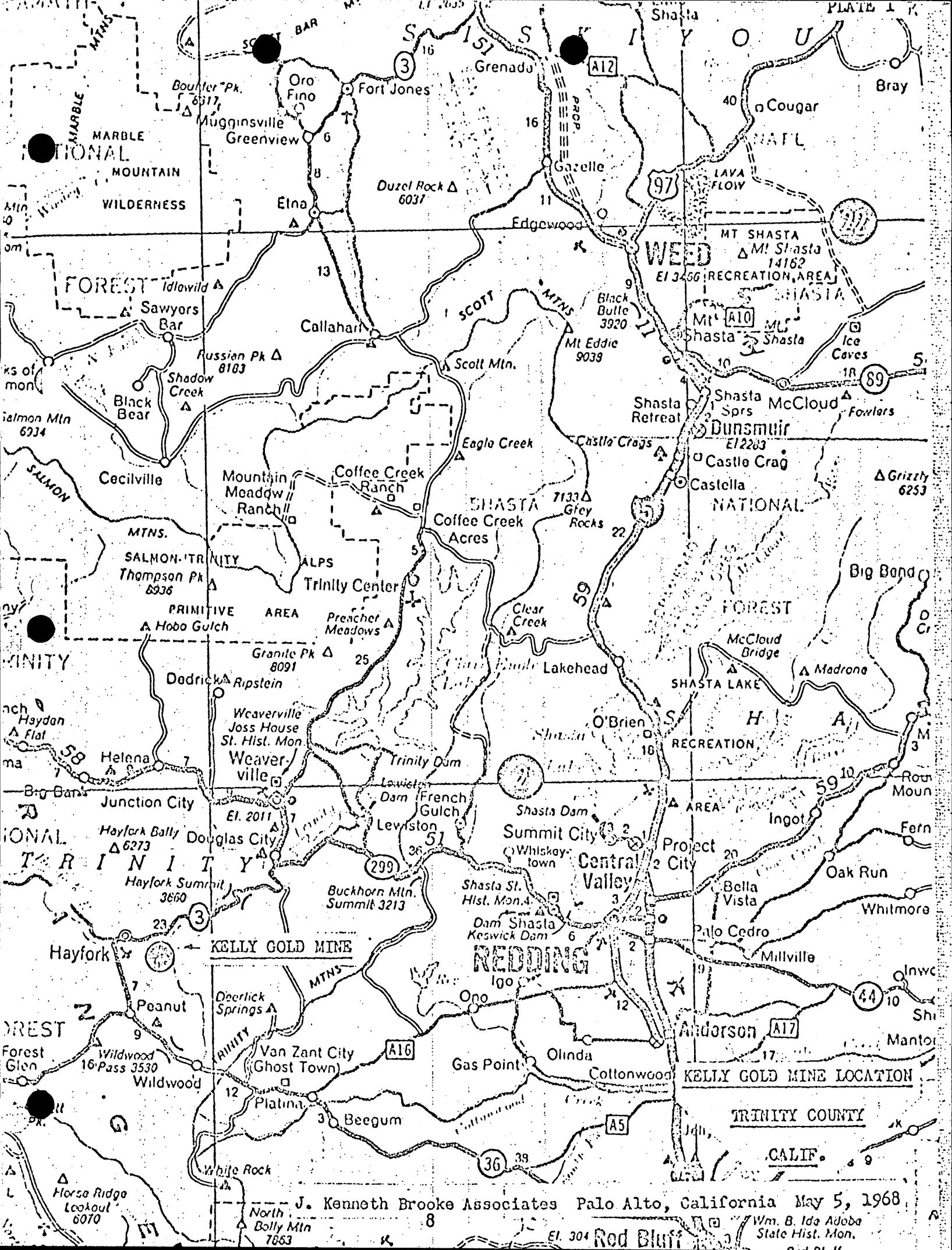
The overall gold bearing area, with which this report is concerned, aggregates 520 acres, from which free gold has been recovered essentially by amalgamation, from a number of individual adits. This acreage includes mining claims on the Mueller, Layman and Kelly properties, aggregating thirty-one lode claims, plus three mill sites.

INTRODUCTION

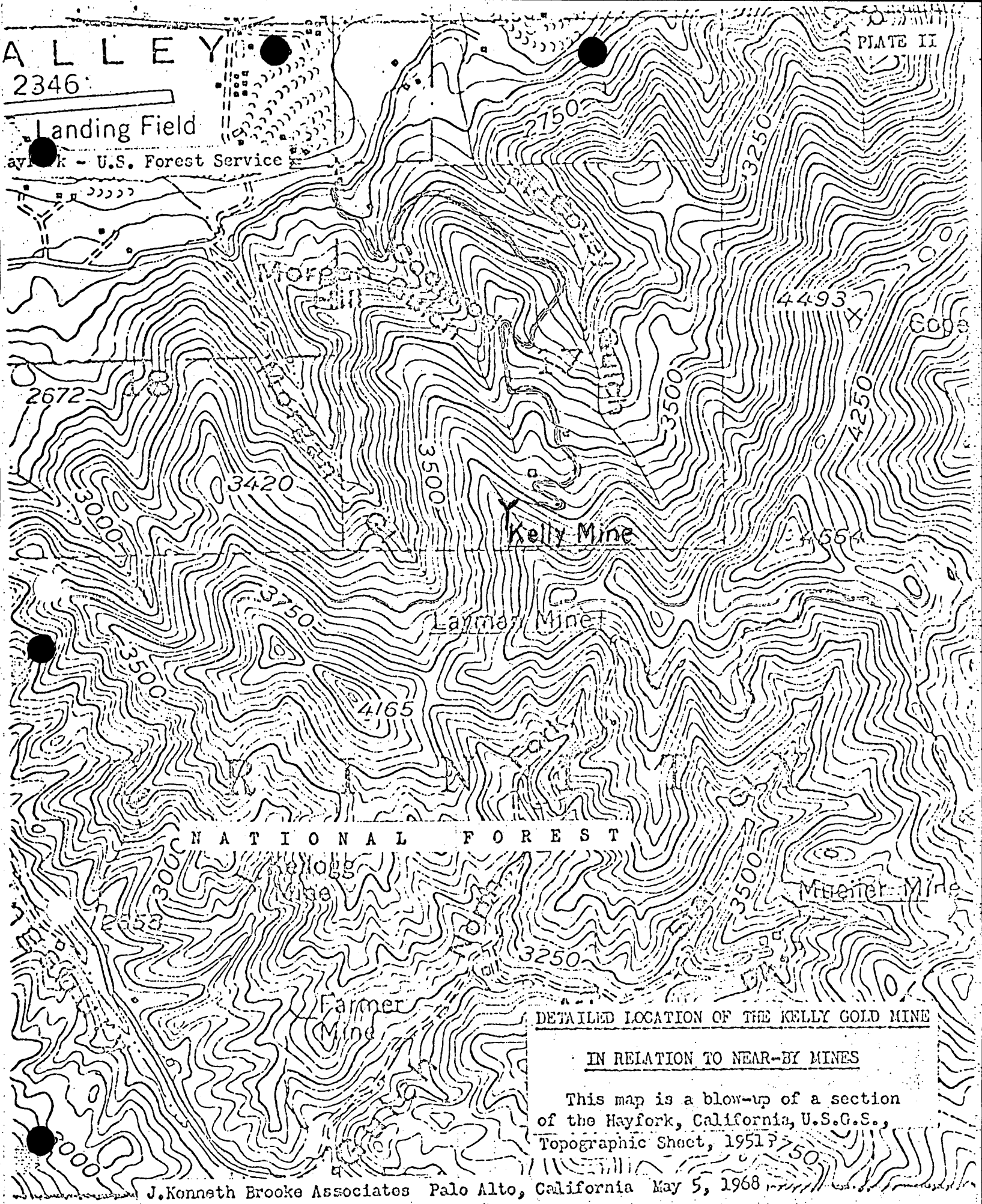
The Kelly Mine is located in Trinity County, California, about 67 miles west of Redding. It is reached by California State Highway 233, west to Hayfork Junction 39 miles; thence left on California State Highway 3 into Hayfork, a lumbering community of approximately 2,300 population. Proceed south on Oak Street; thence turn left on Morgan Hill Road for 1.8 miles to Kelly Mine sign; thence proceed to right up to Kelly Mine, which is 5.3 road miles from Hayfork and 1,350 feet above the Hayfork Valley floor, or 3,500-3,900 feet above sea level.

The property consists of eleven unpatented lode mining claims and two mill sites, containing some 230 acres. Lying within the Trinity National Forest, at an elevation of 3,500 feet, in section 17, T.31N, R.11W, the Kelly Mine has made a small production from very rich gold ores since its discovery in 1932. The stream valleys around Hayfork have been extremely productive of placer gold, resulting from erosion of lode deposits in the adjacent mountains.

The Kelly Mine lies within the north slopes of a mountain range southeast of Hayfork in an area densely covered with pine, fir, cedar, madrone and oak timber. The topography is moderately rugged, rising from the valley floor to a maximum elevation of 4,664 feet in approximately two miles. Slopes



J. Kenneth Brooke Associates Palo Alto, California May 5, 1968



DETAILED LOCATION OF THE KELLY GOLD MINE

IN RELATION TO NEAR-BY MINES

This map is a blow-up of a section of the Hayfork, California, U.S.G.S., Topographic Sheet, 1951

J. Konneth Brooke Associates Palo Alto, California May 5, 1968

at mine site average 28 degrees. Hayfork has an excellent small airport with a good approach suitable for small aircraft. Redding, some 67 miles east, is the nearest railhead and supply center. The nearest power transmission lines are located 2.7 miles north of the mine site. Precipitation in the form of snow can be expected during a period from December through February at the mine site to depths up to three feet. This should not be a serious obstacle to access or milling, as the road all the way to the Kelly Mine is a county road and is bladed free of snow during winter months. Well organized ore haulage and stockpile methods should permit milling operations to continue uninterrupted during winter weather.

The surface structures include Mrs. Kelly's home, the main mill building, a 50' x 100' shop building and several small housing and out-buildings. The original Kelly Mill lies just below the Kelly home and is in a state of disrepair. The Adams Mill, a semi-modern amalgamation and table plant, was constructed in 1963 by Archie Adams, and is rated at one ton of ore feed per hour. Electric power for the mill is supplied by a diesel-electric generating plant. Water for the camp is piped in from McCovey Gulch, while mill demands are satisfied by a four-inch line originating at Adit No. 3. A 7,000-gallon reserve water tank is located above the mill.

Mine excavations consist of "O" Adit (Highest), No. 1 Adit, No. 2 Adit, No. 3 Adit (lowest). The ore haulage road does not exceed 15% gradient, while haulage distance from Adit No. 2 to the mill site totals 0.4 miles. Haulage roads

are in good condition due to the thin soil overburden in the area. Other development of the deposit consists of tractor trenching west of the main adit location. The Kelly Mine was sold to a Nevada group by Archie Adams in 1966. Currently, this company is in default and the matter is to be resolved in the county courts during the week ending May 4th (quote Bob Allsop). Mr. Adams informed the writer that he has two interested groups, who wish to purchase the property.

GEOLOGY

The schists, carbonaceous slates and quartzites, which comprise the country rocks in the area of the Kelly Mine have suffered rather severe deformation. Ore shoots exposed in the underground excavations, exemplify not only emplacement of the gold-bearing quartz within strong shear and fault zones, but post mineral movement as well, which has shattered the hard and brittle quartz veins. This weakened structural characteristic of the host rocks at the Kelly Mine is prominent by comparison with any other locations either east or west along the main ridge above the adits; although the writer noted shearing west of the mine, but of a lesser degree.

Easterly dipping faults, which closely paralleled the original bedding of the slates, are prominent in Adits No. 1 and No. 2. Strong east-west stresses, which subsequently resulted in emplacement of ores along this axis, are exemplified by the Eight Dollar Vein at the mouth of "O" Adit. Ore shoots and veins thus oriented generally have steep dip angles to the south. Former miners bent on high grading the richest ores followed an erratic route in pushing the exploratory crosscuts and drifts ahead. This has led to rather serious support problems in wall rock squeezed, broken, and faulted, by deformation.

The general trend of mineralization is northwest-southeast

The most important host rock noted in a black carbonaceous slate, bounded on the east by a hard gray quarzite. The gangue is a white quartz containing free gold and pyrite. In some ore faces, pyrite constitutes as much as 5% of the rock. The native gold is disseminated throughout the quartz gangue in small grains, and in clusters surrounded by pyrite. A metallurgical observation is that fairly fine grinding would have to be practiced to effect liberation of gold from quartz for gold recovery by any method.

The ore shoots commonly contain several parallel veins ranging in size from 1 inch to 16 inches in thickness for each stringer. Ore faces in Adits No. 1 and No. 2 exhibited from 4' to 8' of this ribbon ore. It is not possible to mine single narrow stringers profitably, but an overall width of 4-8' is typical of gold lodes workable profitably throughout the world.

The largest stope viewed by the writer was located on the west drift of Adit No. 1. Here the 45% dipping ore shoot measured 30' long by 30' wide in plan and contained 5 feet of quartz. According to Glen Adams (son of Archie), $40,000.00 in free gold was recovered from this ore body; therefore, this shoot had a mean recoverable value of $111.00 per ton.

Another small body of extremely rich, iron-stained ore mined from a raise in the uppermost adit, within 10' of the surface, and below the Eight Dollar Ledge outcrop, yielded $9,500.00 in coarse gold from 24 tons of ore.

The richest ore mined by Archie Adams originated at the

No. 2 Adit, on the west drift, in a shoot enclosed between two walls of coal black carbonaceous slate. The quartz was mined through a winze and two short drifts totaling 20' in strike length. Much specimen gold ore was mined from this orebody.

Future exploration may be guided by the presence of the coal black carbonaceous wall rock, and graphitic gouge, which is in direct relationship to the richness of the ore. This is clearly shown on No. 2 level in the winze, on the west drift, where extremely rich ore was encountered, much of it the specimen variety. Sample K-2-5, which yielded 5.61 ounces of gold per ton, being cut across the back of the east drift over a 4' width. Sample K-2-4 was cut across east drift face, over a 5' width, containing 2.31 ounces of gold per ton. Sample K-0-1 yielded 0.80 ounces of gold per ton, 6' below surface of Eight Dollar Vein near portal of Adit "O". This is significant to the writer as it indicates a strong probability of surface or near surface values. The so-called Eight Dollar Vein strikes westerly from Adit "O" and has been exposed for some 200 yards along the strike. The age of the metamorphic rocks of the Hayfork area has been labeled by J. S. Diller, U.S.G.S., as Carboniferous.

Archie Adams stated that the mill table concentrates had an assay value of $3,000.00 per ton. No figures were available as to percent of recovery, grade of mill feed, etc., however, the writer believes the mill was efficiently operated.

A comment is injected here by Brooke that amalgamation,

which is an old and minimum cost gold recovery method, makes notoriously low recoveries. Recorded gold recoveries have been in the 40-80% range. The Homestake, S.D. mill recorded a 72% recovery back in the 1920's. No criticism of the past use of amalgamation at the Kelly Mine is implied. The thought derived is that mill heads, even though not sampled and assayed, have been considerably higher than heads calculated from milled tonnage and the amount of gold recovered.

Tunnel No. 3 was lacking in ore exposures, although raises driven from this level encountered ore a few feet above the back of the crosscut and drifts. The walls are stained with red iron oxide and white calcium carbonate deposits, which are being transported downward, by percolating ground water through the porous deformed rock. The presence of calcite seams and general limey nature of the rock at this level suggests lenses of carbonate rich beds not seen in any of the underground workings.

RECOMMENDATIONS

It is the opinion of Miles Mitchell that the mining district, which includes the Layman, Mueller and Kelly Mines, has a definite potential for important gold production. As was the custom in a great many mines, the richer veins were mined with no thought to future production. The result has isolated many good ore shoots, and made their extraction hazardous. The northern portion of the district examined by the writer indicates that the area contains gold deposits of an extremely rich nature. Although time did not permit examination of the Mueller property, some reconnaisance work was done near the Layman Mine, which is contiguous with the Mueller, to the west. Free gold can be panned in the overburden, generally over entire ridge. Small quartz stringers are in evidence over the greater portion of the area traversed by the writer, and they are generally gold-bearing to some degree. Archie Adams informed Miles Mitchell that the Mueller and Layman mines have in the past produced ore of the same tenor as the Kelly. This was verified by conversing with local residents in the area. This points up to the strong possibility that a future operation, based upon sound engineering practice, and preceded by detailed geologic study and evaluation of the entire district, could be sustained with ample ore reserves. Much of the terrain is amenable to bench or open

pit mining, which is particularly attractive at this time when so much emphasis is put upon low cost large scale surface mining. A centrally located mill site with ample acreage for tailing ponds is available in the Hayfork Valley. Water and power are also readily available.

Assuming that the court action now under way to clear title is favorably resolved, the writer recommends the following procedure upon acquisition of the Kelly Mine and the adjoining claims:

1. Obtain services of a competent land surveyor, and establish claim boundaries and monument corners for the Kelly Mine, followed by the Layman and Mueller groups.

This will precede application for patent of the mining claims, which is strongly advised; however, only after the ore zones have been delineated and their extensions placed on the new maps. The writer learned that a representative of the Forest Service had stressed to the owners that the Forest Service wished to establish the status of the land in the area, and encouraged the Kelly Mine owners to file for a patent. During the examination of the Kelly Mine, the writer had failed to locate any claim corners, and information regarding the boundaries of the claims is obscure.

2. Simultaneously rehabilitate Adit No. 1 and No. 2 and refurbish the mill.

Labor Estimate: 40-man shifts for mine and mill.

These levels are in reasonably good condition. Rail, air and water lines are intact, and 90% of the timber

is sound. There are four headings which can be advanced in ore.

3. Utilization of long hole underground percussion exploration drilling in search for new displaced ore bodies and extensions of known ore.

4. Purchase or lease of a one-yard, track-laying, diesel loader.

5. Mill: Former operators used one man to operate ore production facilities. It is the belief of the writer that as soon as sufficient ore is stockpiled; that the mill should be activated to defray part of the cost of exploration and development of the area. Patenting procedures should coincide with milling and mining.

6. In conjunction with percussion drilling, underground diamond core drilling utilizing AX hole should be initiated where deeper penetration is required. A geological and feasibility study should be advanced as soon as practical for development of the Mueller and Layman area.

7. Surface Resources:

Surface rights to the unpatented claims encompassing the Kelly, Mueller and Layman properties are held by the respective mine owners. Prime fir and pine timber abound on the Kelly claims with lesser amounts on the Meuller and Layman properties. Archie Adams, a former Oregon logging operator, stated that five million feet of marketable timber exists on the Kelly claims and three million on the Mueller-Layman group. Although cutting of this timber is permissable for mining uses,

marketing this resource must be preceded by patenting of the claims.

8. The planned exploitation of ores at the Kelly Mine will require either the rehabilitation and modification of the extreme lower adit into a much straighter haulage tunnel or the location of a new haulage tunnel, preferably in the foot wall of and parallel to the ore zone. The portal location will be dictated by the results of sub-surface exploration. Seven samples were cut in Adits No. 1 and No. 2, and one sample was taken from Adit "O". The mean average value of this ore was $51.93 in gold per ton, and represents ore which former miners passed up, probably because richer ore was available. The writer believes that development of this richer ore at the Kelly Mine can be accomplished through application of sound exploration practice.

The samples taken were cut by hammer and moil after thorough cleaning of the surface with a wire brush.

The assay certificate from Abbot A. Hanks follows. No silver assays were specifically requested because of the tight time schedule involved.

ASSAY - CHEMICAL DIVISION

ABBOT A. HANKS, INC.

ESTABLISHED 1866

P. O. BOX 77265 • SAN FRANCISCO, CALIFORNIA 94107 • TELEPHONE (415) 282-0600

REPORT OF ASSAY

MILES J. MITCHELL
10 Santa Margarita Drive
San Rafael, California

May 1, 1968

Report No. 2350

Lab. No.	Mark	GOLD, per ton of 2,000 lbs. Troy Ounces	Value at $35.00 oz.	SILVER, per ton of 2,000 lbs. Troy Ounces	Value at	Percentages
385-1	K-2-5	5.61	196.35	4	(Cut sample width in feet added by J.K.H.)	
-2	K-2-4	2.31	80.85	5		
-3	K-0-1	0.80	28.00	4		
-4	K-1-2	1.24	43.40	5		
-5	K-1-1	0.59	20.65	6		
-6	K-2-3	0.07	2.45	4		
-7	K-2-2	0.47	16.45	6		
-8	K-2-1	0.78	27.30	4		
			$415.45		equals $51.93	

Sample mark coding:

N for Kelly Mine
Second digit is Adit No.
Third digit lists Adit samples in sequence.

ABBOT A. HANKS, INC.

By Charles J. Taylor

Charles J. Taylor

MILL MAIN ELEMENTS

25-ton coarse ore bin

10" x 14" jaw crusher

25-ton fine ore bin

36" x 72" rod mill

Pan American jig

Classifier

2 - 5' x 14' Wilfley conc. tables

1 - 3' x 7' Carter table

2 - 4' x 5' amalgam plates

4-foot dia. muller

1 - amalgam retort

Cummins diesel 37.5 kva generator

MISCELLANEOUS INVENTORY

125-cfm gyro. compressor

2 - 7.5 kw diesel generators

1 - GI 4 x 4 dump truck

2 - 2-axle dump trucks

5 - ore cars, rail, etc.

Misc. pipe, fittings, etc.

1 - diesel engine (new CAT-D4)

Electric welder 200 amp

REFERENCES TO PUBLISHED LITERATURE

Taken from: Mines and Mineral Resources of Trinity County, California.
By J.C. O'Brien,
County Report No. 4,
California Division of Mines and Geology,
San Francisco, 1965.

This is the most recent publication pertinent to the Kelly and nearby mines.

KELLY MINE. Location Sec 17, T31N, R11W, MD, about 4 miles southeast of Hayfork. Ownership; T.C.Kelly, Hayfork.

The Kelly mine includes eleven quartz claims and four mill sites. It is developed by four adits. Number 1 adit was driven S. 15° E., 60° feet through a crushed diorite and limonite-stained slate to a fault striking N. 15° E., dipping 74° E., and showing some moist blue gouge. The slate includes stringers and fragments of white quartz. Number 2 adit, 30 feet above Number 1 adit, was driven S. 12° W., 160 feet through yellow, brown, and black slate, including a few stringers of quartz. At 150 feet from the portal, a crosscut was driven 200 feet west through slate in which there were a few quartz stringers showing. Number 3 adit, 60 feet below Number 2 adit, was driven S. 70° E. 180 feet through yellow and brown slate. A raise to Number 2 adit was holed through near the portal. At 30 feet south of the portal of Number 3 adit and at a height of 4 feet above the floor, a crosscut was run west for 100 feet. A fault at the face of the adit strikes north and dips 78° E. A band of broken quartz fragments and a yellow clay gouge about 18 inches wide shows near the face of the adit. Some of the quartz is stained black. Number 4 adit, 80 feet below Number 3, was driven S. 40° E. for 650 feet. At 200 feet, a crosscut was driven east 100 feet, and at 500 feet a raise was run to Number 3 adit.

Gold occurs in white quartz associated with pyrite, arsenopyrite, and galena. Some very rich specimen ore has been taken from this mine. A small mill on the property includes a 2-foot diameter gyratory crusher and a Chilian mill. The ore is crushed to minus 40 mesh and flows over a Stephans amalgamator and a copper plate to a Gibson impact amalgamator followed by a Wilfley table. Much of the gold is free and amalgamates readily. The table concentrate is shipped to the smelter at Selby. Power is furnished by a 35-horsepower Continental engine. The mine has been worked intermittently in recent years.

TABULATION OF LODE GOLD MINES

GOLD, LODE—Continued

Map no.	Name of claim, mine, or group	Location	Owner (Name, address)	Geology	Remarks and references
63	Kelly	Sec. 17, T 31 N, R 11 W, MDB&M	T. C. Kelly, Hayfork	Stringers of white quartz in slate. Gold in quartz associated with pyrite, arsenopyrite and galena.	Rich specimen ore. Worked intermittently. (Averill 41:42-43; herein.)
65	Layman	Sec. 20, T 31 N, R 11 W, MDB&M	Alonzo Layman, Hayfork; leased to George Martin, Box 716, Hayfork		Adjoins Kelly mine about 3 mi. SE of Hayfork. An open cut 100 ft. long and a new adit were driven to the vein. Worked intermittently. (Averill 41:49-50.)
76	Mueller (Hayfork)	Sec. 21, T 31 N, R 11 W, MDB&M	Mueller Estate, c/o Otto R. and Ernest A. Mueller, 3721 25th St., San Francisco	Fissure veins carrying quartz, gouge, free gold, and sulfides occur in a series of slate and chert. Veins strike N 80° W, dip 46° N; average width 4 ft.	Group of unpatented claims 4 mi. SE of Hayfork. Main adit 400 ft. long, of which 320 ft. is on vein; several cross veins developed. Some ore treated in 10-stamp mill and by flotation. (Brown 16:892; Tucker 22:207, 600; Averill 41:49-20.)

Note that the California Division of Mines and Geology no production figures for individual mines. Production statistics are field of the U.S. Bureau of Mines, which will release the production of a specific mine only on the written request of the owner.

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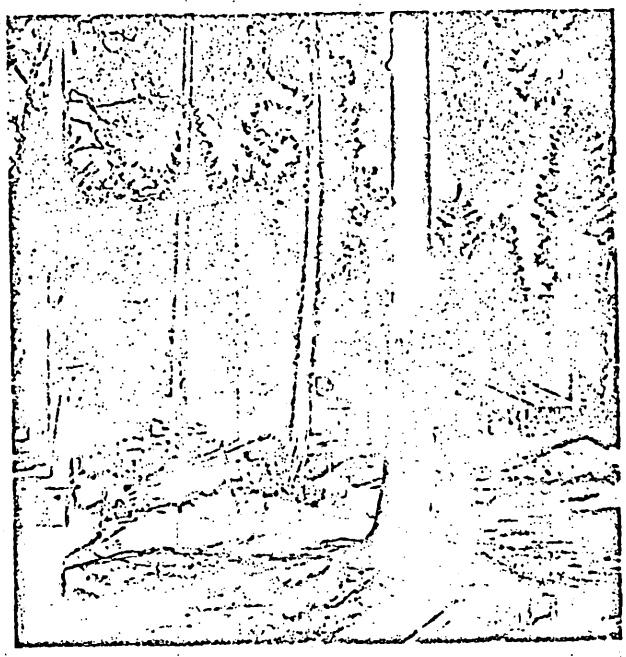
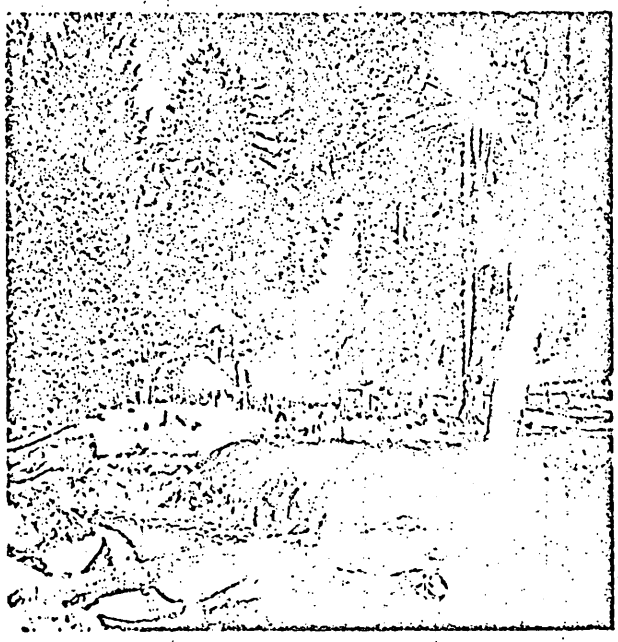
COLOR PHOTOGRAPHS

(All taken by Mil[illegible] Mitchell)

SURFACE PHOTOGRAPHS

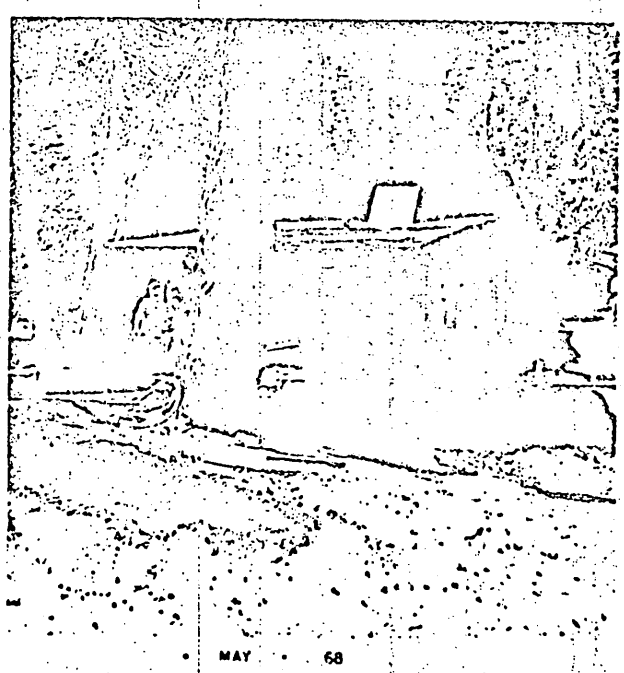


View looking East, showing Kelly home. Typical Douglas fir in background.

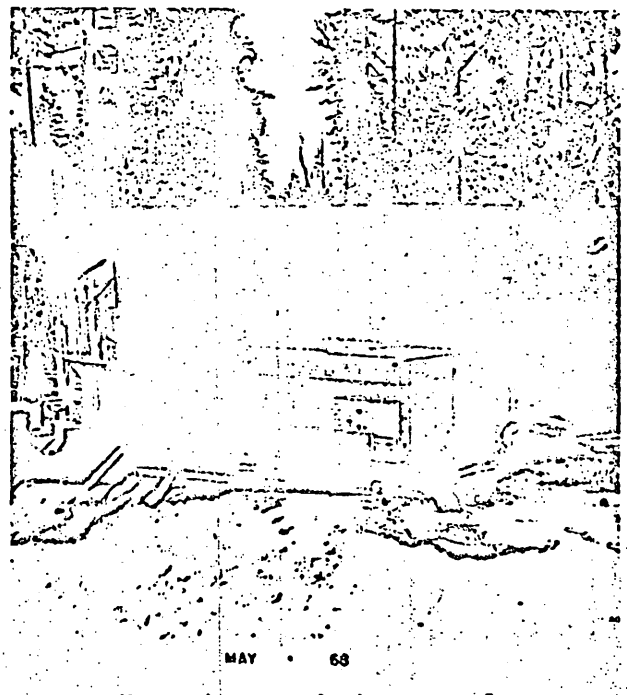


View looking South east showing the the Kelly home. Note gentle slope of beach.

View looking West showing coarse ore bin. Jaw crusher is in center of picture.

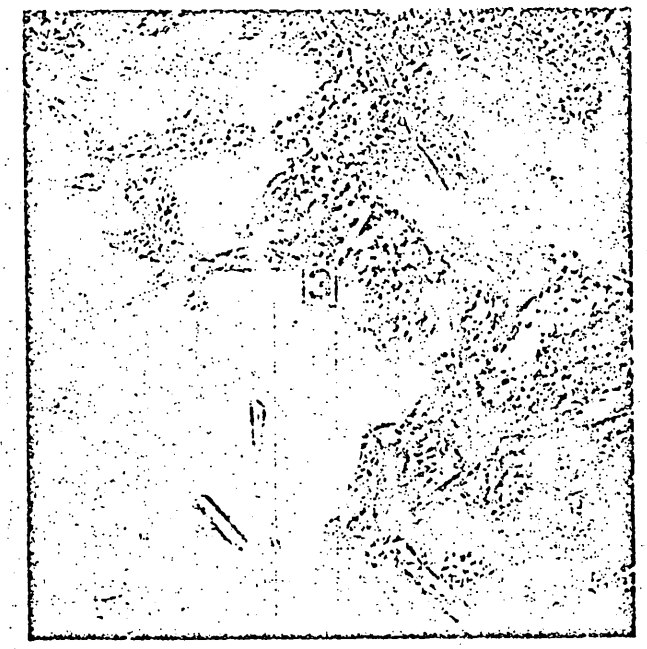


View looking Southwest showing lower end of mill.



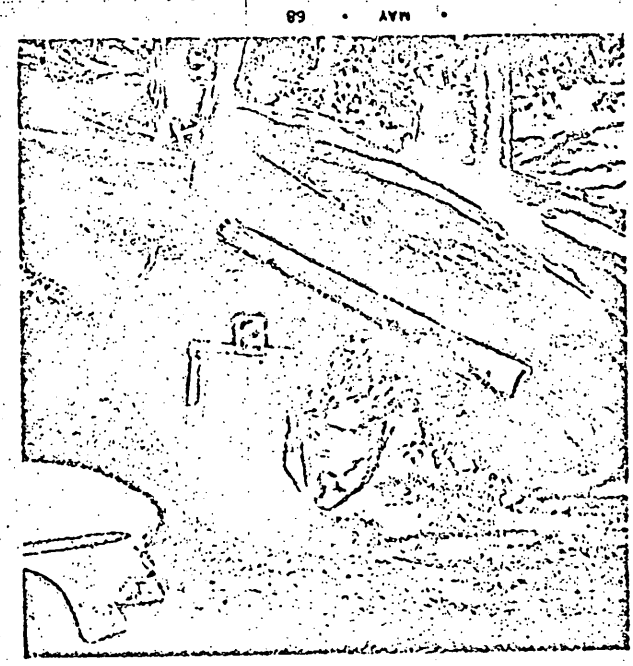
Repair workshop and
garage, looking North.

Repair workshop and
garage, looking South.



Portal of Adit No. 3.

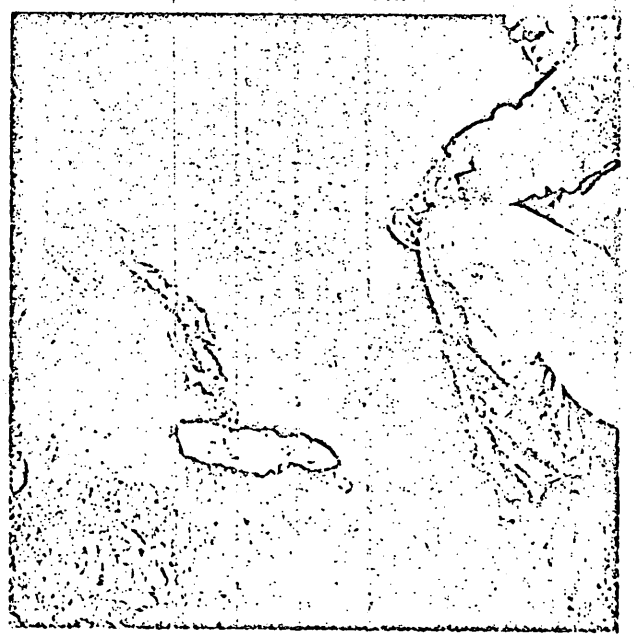
This is the lowest adit.
Assumed elevation, "0" feet.



Closeup view of Portal No. 2.

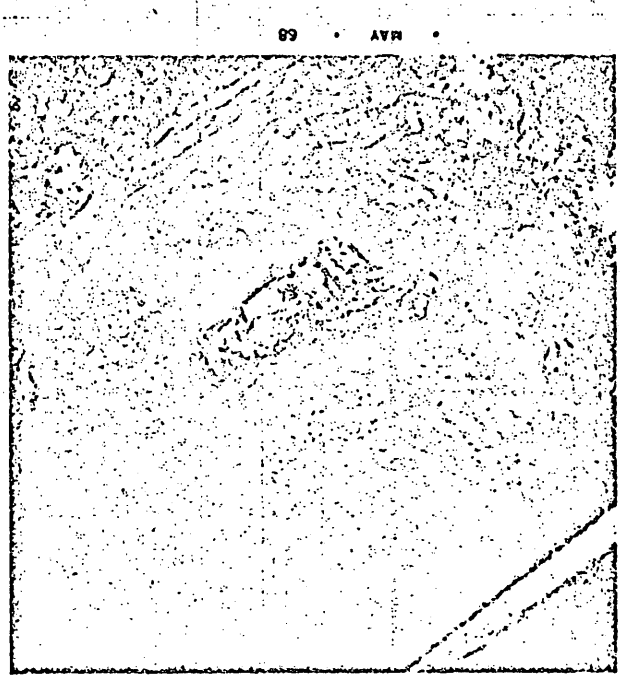
Elevation 72 feet

View looking Southwest showing Portal No. 2 Adit in lower left, while Adit No. 1 is visible at center right of photograph.

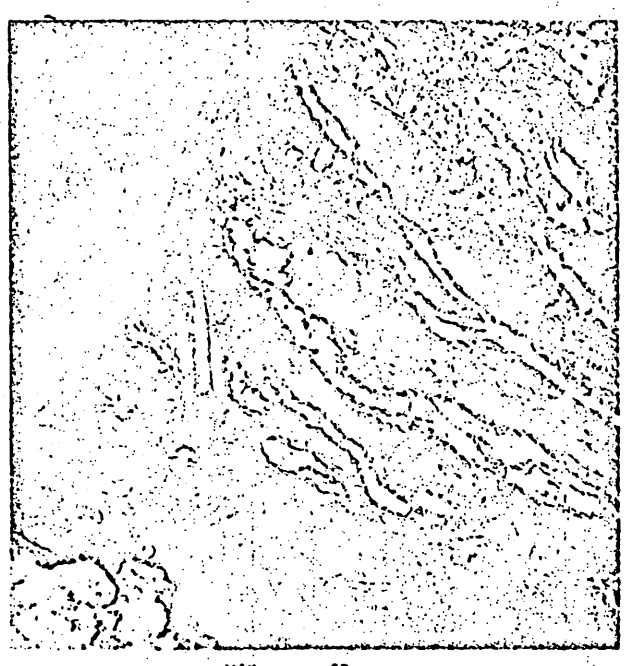


Bottom of East drift, winze, showing ore at face, in black slate gouge. Rusty stain above resulted from residue remaining after dewatering winze. Adit No. 2.

View in east drift, back looking West, showing characteristic of quartz veins.



West drift, in winze, Adit No. 2, showing quartz in ore face and in back. Blue is carbonaceous slate ang gouge.



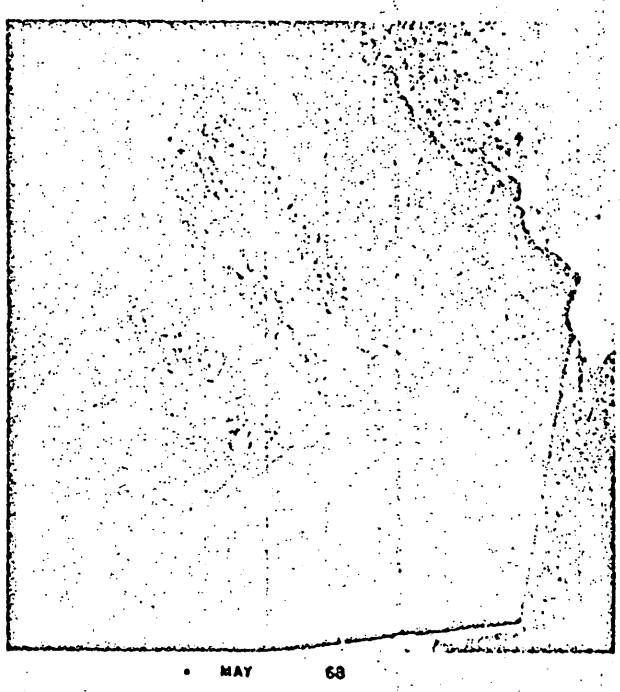
• MAY • 68

View showing ribbon ore Adit No. 2, West drift north wall. Assay value $16.45 gold over 7 foot channel.

Sample A-2-2 on Abbot A. Banks report

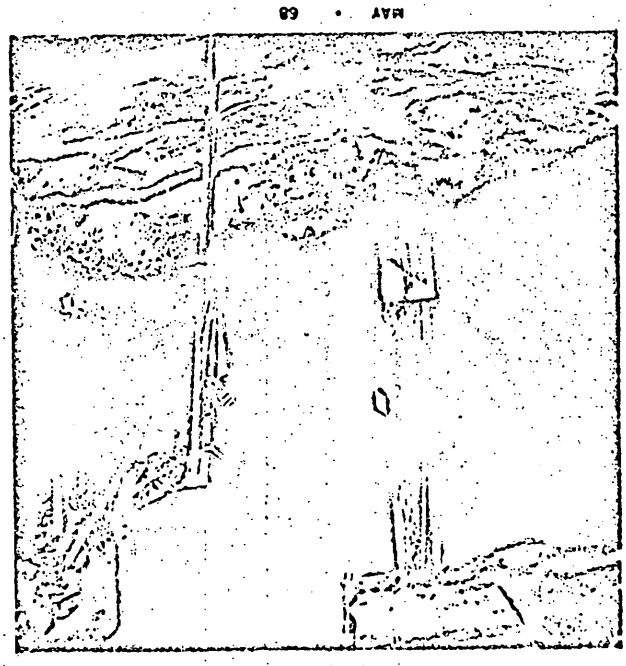
• MAY 68

Ribbon and massive ore just above West drift off of Winze in No. 2 Adit.



No. 2 Adit. West drift in winze, looking East, showing character of banded ore.

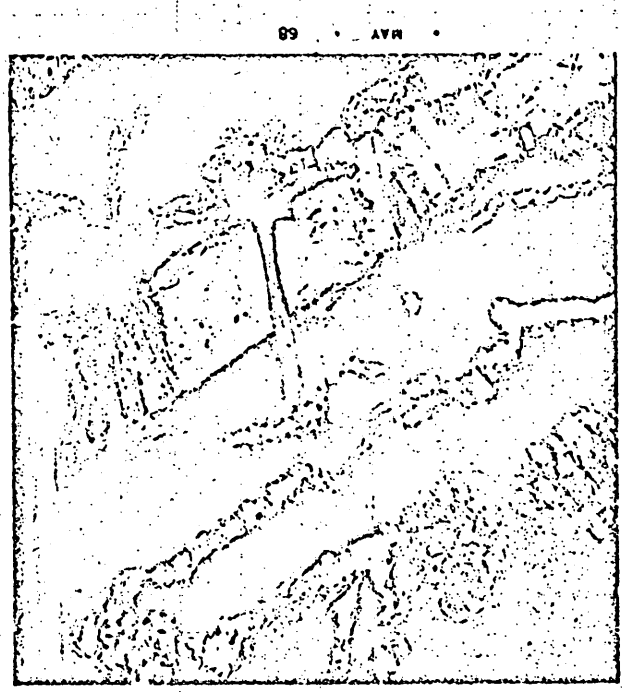
ADIT No. 1 Elev. 94 feet.



View showing Portal Adit 1.

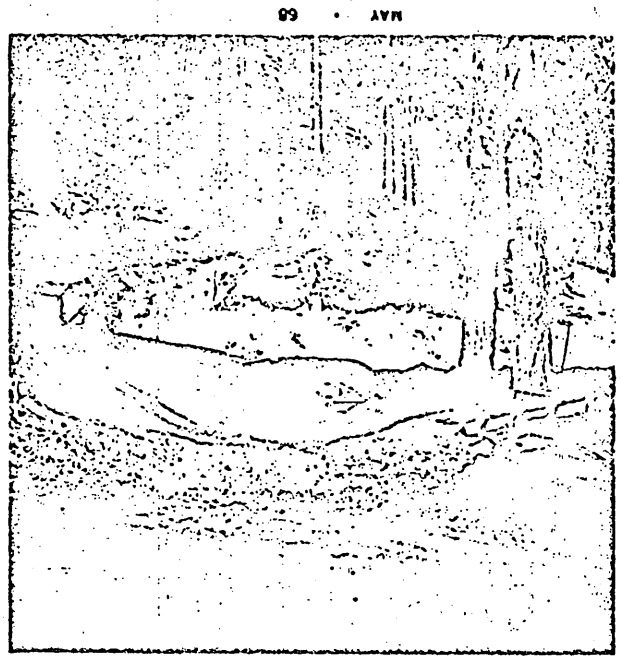
Adit No. 1, end of East drift. face showing variation in veinlets and dips.

View to North, showing Top of portal, Adit No. 1. 125 CFM air compressor to left of picture.



Adit No. 1 East drfit, shows excellent orebody, assay value $43.40 (shows free gold.) Entire drift is in ore 25 feet long.

ADIT O Elev. 116 feet.



View looking Southwest, showing portal Adit O. Top of ridge separating Kelly and Mueller mine in background.

Closeup view of outcrop of eight dollar vein, near portal O Adit.

3(g)
Physical Description
Exhibit H

UREN REPORT

THE KELLY MINE*. HAYFORK, CALIFORNIA

Archie Q Adams
Box 1052, Redding Ca 96001

This property consists of eight quartz locations located on the steep westerly slope of the range rising some 1800 feet above the floor of Hayfork Creek and three miles south of Hayfork, Trinity County, California.

Hayfork is on a paved highway leading to the Coast. It is 65 miles west of Redding, the County Seat of Shasta County.

Hayfork Creek, a tributary of the Trinity River, flows through a broad and fertile valley. The bars along its bed have yeilded large amounty of gold from placer and dredging operations.

Hayfork is about 2450 feet above sea level. The hills to the South rise rapidly within three miles to a height of about 4200 feet. They are covered with a heavy growth of pine, spruce, fir, oak and madrone. Trees three feet or more in diameter and well over one hundred feet in height are common on the Kelly claims and afford a great abundance of timber for mining purposes.

The Hayfork area has never been mapped by the U. S. Geologic Survey, but there is abundant evidence of its mineral character on every hand, particularly in the Kelly area where the ravines have been sluiced and the decomposed porphyries and slates, lying below the Kelly workings to the Northwest, have been penetrated to shallow depths by numbrous cuts and drifts which are said to have yielded large amounts of gold.

On account of the dense timber and undergrowth on the North slope of the hills, there is a considerable depth of soil and overburden, so that it is impossible to trace the outcrop of any ledge.

In 1932 Thomas Kelly set out to find the source of the gold which had for many years been gleaned from the ranines and workings along the steep side hill above Hayfork Creek. He followed up the hill testing the ground as he went, until his pannings indicated he had passed above the vein.

By digging through the loose shales and top soil he located the vein first at Tunnel No. 1 along the 57 fault, and as he drove south in the tunnel he soon lost the quartz, which was more or less drag from the faulted vein. He then came back north, near the mouth of the tunnel and sant a winze on the drag of the vein fro about 18 feet before finding the vein in place.

Water was so much of a handicap in the winze that he soon drove No. 2 tunnel 31 feet vertically beneath, a distance of 90 feet where he again intercepted the vein and at 110 feet encountered another fault plance dipping 80 to the east, which thrown the vein downward about 9 feet, where it is seen along the bottom of the No. 2 Tunnel directly opposite No. 1 raise.

On account of the squeezing of the triangular shaped Block of ground between faults 1 and 2 a quantity of post-fault ore mixed with the black slates is found in drift A and the stope B, where it is as much as 5 feet in thickness. The ore at A and B is noticeably different than that found in the raise No. 1 and in my opinion was formed for the most part after the faulting took place.

There could be no particular use in my taking samples of this ore. It was obviously high in value as one could see free gold sprinkled through it and small samples taken in ore of this character are necessarily very erratic. The best evidence of mass value is from the actual milling of several tons.

From what I saw of the ore, I do not questing the recovery credited to Kelly's milling at $167 per ton, from No. 1 winze.

FAULTING

I made an accurate survey of the undergound exposures in all three tunnels in order to more fully understand the faulting which has taken place. This faulting may be more simply illustrated by referring to the block sketch. The blocks of ground displaced by the faults are so small that the displacement has been but a few feet, although the size and amount of gouge on fault No. 1 indicates that the throw there is probably considerably greater than on fault 2.

Fault 3 is exposed in the end of the drift from No. 3 tunnel almost under the mouth of No. 2 Tunnel. It has a dip of about 63 Northeast and its throw is unknown as yet. No. 4 stands vertical and No. 5, at the extreme south end of No. 3 Tunnel dips 80 east.

EQUIPMENT

The equipment consits of a 3½ foot Huntington Mill, capable of crushing about 11 tons of ore in 24 hours. From the mill the tailings pass over the usual amalgamating plates, through an amalgam trap, a set of amalgamated baffle fiffles, and finally over corduroy gold saving cloth. The plant is ideally adapted to work this type of free milling ore and I believe will save over 90% of the values.

CONCLUSIONS

The Kelly Mine is in a territory as yet unproven as to the depth or continuity of its veins. Is is in its exrême infancy, so to speak, as a mine, and the present plant, while small, is quite adequate to work the property for some time to come.

The country rock, which consists of schist, fine grained porphry and carbonaceous slate, is very much disorganized by numerous small faults. The surface is hidden by deep soil and talus and sufficient development has not yet been done to properly coordinate the geology.

In order to block out future ore while the ore body in No. 2 is being depleted, it is adviseable to continue the drift C from the end of No. 3 Tunnel as shown on the accompanying map in section.

Another advisable development is to clean out the No. 1 Tunnel and raise on the fault at the end of the extreme south. For quick returns this is the most desirable because it is evidently right in the pay shoot and when the vein is encountered drifting can be continued along its strike and the ore dropped down through No.2 Tunnel into the drift at A.

There is a probable 800 tons of ore available in block 2 and the continuation of the vein in Block 3 seems assured because it is already visible along the bottom of the tunnel in the east side of Tunnel No. 2, opposite No. 1 raise. There is no doubt in my mind but that the vein can be readily picked up again above No. 1 Tunnel.

With the grade of ore now being produced - about $50. per ton - or even half that value, the mine is really a small bonanza, and by keeping the development advanced well ahead of the mill capacity the Company can always see its way safely not only to meet the payments as they come due, but to make a nice profit from its operations while determining the future extent of the mine.

The Kelly operation will necessarily be on a small scale for a considerable length of time because the ore body as exposed at present is of very limited extent, but the amount of gold yield reported from various cuts, tunnels, and ravines lying below the vein would indicate the eroded portion of the ore shoot to have been extensive.

By keeping one shift steadily on development the tenor of the ore should be known many months in advance.

Conditions as to climate, timber, supplies and labor are favorable for economic mining and the richness of the ore is probably unequalled anywhere in the northern part of the state, in fact there is no property anywhere within the scope of my knowledge of mines in the state where ore of this value is being worked.

The nature of the vein however makes it advisable to keep ore development well ahead of milling until the pay shoot can be better outlined and the displaced segments of the vein are found and correlated.

Respectfully submitted

Edw. C. Uren, M. E.

Nevada City, California
June 26th, 1936

Archie & Adams
Box 1058, Redding Ca 96001

(1)

7(d)

Estimate of costs Exhibit J

Ingersoll-Rand Gyro Flo.
Compressor 125 CFM-Rental # R2006
Serial # 125CR6625

Ingersoll Rand 2 Stage Model 250
Ser # 250A128 Speed 830 Pressure 100#
11 Broadway - New York, N.Y.

Gardner Denver Air Leg
Ser # S48F1SA Another # on Leg E470

Gardner Denver Stoper (From Kelly) 10-9-69
R941A B583 Casting # on BBL R94

12-31-70
Longyear Drill
Diesel powered type
CORB-6006-B Ser #'s 8326-C
8-T, HC3357, E21923, 172 CT B
55 - 10 ft lengths drilling steel
11 (Elbows) 4 ft lengths drill steel

3000 Wt. A.C. Generator with
Wisconsin Motor

30 KVA A.C. Allis Chalmers Generator w
Cummins diesel Motor

46 A Caterpillar Tractor D8
with hydraulic tilt dozer
and Ateco Ripper
31967-V Ser # 12301

Caterpillar 977 with bucket
and logging forks

EXHIBIT D

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 TRINITY, State of CALIFORNIA,

described ~~XXXXXXXXX~~:[2] (see attached exhibit)

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

ARCHIE Q. ADAMS and ETHEL M. ADAMS [3]

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

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

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

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

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

NONE

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

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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 26 day of Jan, 1974.

CLEAR CREEK LUMBER CO.	(Seal)	964 Indian Rock Ave (Street) Berkeley, Cal. 94707 (City & State)
J Arthur H Coggins Exec Vice Pres	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)

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

X Arthur L Coggins

(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

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To the United States of America:

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ARCHIE Q. ADAMS and ETHEL M. ADAMS[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]

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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 21 day of Jan, 1971.

CLEAR CREEK LUMBER CO.	(Seal)	964 Indian Rock Ave (Street) Berkeley Cal 94707 (City & State)
By Arthur L Coggins Its Vice Pres	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)

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

X _____ (Corporate Seal) Arthur L Coggins

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/

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ARCHIE Q. ADAMS and ETHEL M. ADAMS 3/

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

Dated this 16 day of Jan, 1974.

	964 Indian Rock Ave (Street)
CLEAR CREEK LUMBER CO. (Seal)	Berkeley Cal 94707 (City & State)
J. Arthur L. Coggins Exec Vice Pres (Seal)	_____ (Street)
	_____ (City & State)
	_____ (Street)
_____ (Seal)	_____ (City & State)
	_____ (Street)
_____ (Seal)	_____ (City & State)
	_____ (Street)
_____ (Seal)	_____ (City & State)
	_____ (Street)
_____ (Seal)	_____ (City & State)

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Arthur L. Coggins

_____ (Corporate Seal)

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Dated this 26 day of January, 1974.

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	(Seal)	(Street) (City & State)
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MME Form 52
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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 26 day of Jan, 1971.

		Glen Indian Road Ave (Street)
CLEAR CREEK LUMBER CO.	(Seal)	Berkeley, Cal 94707 (City & State)
J Arthur L Coggins Jr Vice Pres.	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)

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

* (Corporate Seal)

Arthur L Coggins

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/29/71	Kirkemo	
6/30	Kilgore	

JUN 30 1971

Mr. and Mrs Archie Q. Adams
Box 1058
Redding, California 96001

Re: OME-6839 (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

Dear Mr. and Mrs. Adams:

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 gold 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
c/o

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy of letter to Mr. John X. Murphy
Mining Engineer
2552 Eureka Way
Redding, Ca. 96001

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

Kirkemo/cac 6/29/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

June 29, 1971

Memorandum

To: The Record

From: Chief, Office of Minerals Exploration

Subject: OME-6839 (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

Justification for Denial of Application

The Applicant proposes diamond drilling from underground and surface sites to explore for new gold ore bodies in quartz veins extending beyond present mine workings, and diamond drilling from surface sites to explore a new vein previously untested at depth. Total estimated cost of the project is $71,612.

The Field Officer noted that geologic factors do not favor exploration by drilling. The only practical program would be to explore the deposit by crosscutting, drifting, and raising. The cost of such a program, however, very likely would exceed the value of gold to be found, and for this reason the Field Officer recommended denial of the application.

Geologic factors unfavorable to the occurrence of significant ore bodies in the area of proposed exploration included erratic values ranging from a trace to several hundred ounces gold per ton in short distances along the veins, narrow veins, limited horizontal and vertical dimensions, and high arsenic content in the concentrates which result in a penalty for smelter treatment. The fact that no ore has been found previously on or below the lower level (No. 3) of the mine does not encourage future exploration at depth.

I concur in the Field Officer's recommendation to deny the application.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/cac 6-29-71

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 25, 1971

OFFICIAL COPY
O. M. E.
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HK 120
120 m

Memorandum

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

From: Field Officer
Region II

Subject: OME-6839 (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

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 gold 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-6839 (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

By

H. K. Stager
Field Officer
OME, Region II

June 25, 1971

ON-SITE
APPL. REPORT

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ILLUSTRATIONS

Figure 1. Index map of Trinity County, California.

INTRODUCTION

Mr. Archie Q. Adams and Mrs. Ethel M. Adams (his wife), P.O. Box 1058, Redding, California 96001, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6839, to explore for gold at the Kelly Mine, Trinity County, California. The Applicants infer the presence of minable gold ore shoots in quartz veins, in metamorphic rocks of Permian age, on the property and wish to explore for these ore shoots by diamond drilling from surface and underground sites.

A review and field examination was requested by the Office of Minerals Exploration and was made by H. K. Stager, Field Officer, on June 15, 1971, accompanied by Mr. Archie Q. Adams, one of the Applicants, and Mr. John X. Murphy, consulting mining engineer. The Applicants' maps, reports, and other data were examined and compared with surface and underground exposures on the property.

SUMMARY

The Kelly Mine contains several gold-bearing quartz veins in argillite and chert of Permian age. Most of the underground workings are blocked by caved portals and flooding. The surface area is covered by dense vegetation and soil with poor rock exposures. The results of the field examination indicate that the quartz veins that have been mined are narrow, of short strike length, and complicated by cross faulting. The ore shoots, although of high grade, are small and costly to explore and mine.

The Applicants proposed to explore the deposit by 3,000 feet of diamond drilling from surface and underground sites. This work, including bulldozing of access roads, crosscutting, drill site preparation, supervision, assaying,

etc., was estimated to cost about $71,612 and require about 10 months to complete.

RECOMMENDATIONS

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

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Kelly Mine is in secs. 17 and 20, T. 31 N., R. 11 W., MDBM, Hayfork mining district, Trinity County, California (Fig. 1), on the south side of Hayfork Creek on Morgan Hill at an altitude of about 3,500 feet.

To reach the property, that is about 2 miles southwest of Hayfork (the nearest town), drive southwest on the graded dirt road that crosses Morgan Gulch and climbs the northeast side of Morgan Hill, to the end of the road at the Kelly Mine camp and mill. The drive from Hayfork requires about 15 minutes in good weather. The mine road is passable to ordinary passenger vehicles except in winter when it may be blocked by snow or washed out by heavy rains.

Mail and telephone service, fuel, mine timber, and minor auto repairs are available in Hayfork. Labor, mining equipment, and supplies are available in Weaverville (30 miles) or Redding (65 miles). There are ample water and rough timber on the property. Assay service, at a cost of about $5 per sample for gold and silver, is available in Redding.

PROPERTY

History and Production

Placer gold was discovered in the Trinity River basin in the early 1850's and gold production from about 1880 through 1959 was 1,750,000 ounces, mostly

from placers. In 1932 Thomas Kelly is reported to have found the veins on Morgan Hill and drove the No. 1 tunnel that became the mine bearing his name. Indications of older prospect pits and dumps on the property, however, point to some mining activity prior to Mr. Kelly's discovery. An estimated $100,000 in gold was produced by Mr. Kelly between 1932 and 1963. In 1963 Archie Adams, the Applicant, obtained a lease and purchase contract with the widow of Mr. Kelly, and between 1963 and 1966 produced an additional $125,000 in gold. Except for small amounts of high-grade ore, mined by the watchman and other individuals, there has been no production or mining during the past five years.

Ownership

The property consists of 11 unpatented lode quartz mining claims and 2 unpatented mill sites recorded in Weaverville, California, as follows:

Claim Name	Book	Page
Kelly	39	298
Kelly No. 1	39	299
Mary	40	377
Mary Extension	41	323
Mary K	42	112
Mary K Extension	42	113
Mary No. 1	42	195
Mary No. 2	42	196
Kelly Afterthought	43	460
Kelly Afterthought No. 1	43	461
Star	50	476
Kelly Mill Site No. 1	54	340
Kelly Mill Site No. 2	54	339

The Applicants purchased the claims from Mrs. Kelly, the widow of the original locator, in 1970. In order to raise the necessary cash for the final payment, a Grant Deed was given to Clear Creek Lumber Co., a California corporation, who in turn gave the Applicants an Option to Purchase dated October 20, 1970, for a period of 3 years. A Lien and Subordination Agreements executed by Clear Creek Lumber Company was furnished with the application.

Financial Eligibility

The Applicants furnished copies of letters to two banks requesting loans for the proposed work and also copies of letters denying the loans. The Applicants proposed to furnish their share of the exploration costs by furnishing the equipment and supervision. A financial statement for the Applicants was also furnished.

Development

The property is developed by crosscut adits and drifts on four levels with interconnecting stopes and raises. Only the lowermost (No. 3) adit is readily accessible. The No. 2 and 0 adits are caved and flooded in part. The No. 1 adit is accessible with difficulty over caving rock at the portal. Underground workings total about 2,500 feet of drifts, crosscuts, and raises. The mine is equipped with ore bins, mine cars, compressors, air and water lines, a 25-tons-per-day mill, several well-built cabins, storage buildings, shop, water and electrical systems, and numerous pieces of mining machinery and tools. Water supply is sufficient for mining, milling, and domestic use. Most of the surface facilities are in fair condition and the mine could

readily be placed in operation. The mill lacks a rod or ball mill and this piece of machinery would be required before the plant could operate.

GEOLOGY

Geologic Setting

The Kelly Mine is in an area of steep relief and much of the surface is covered by slope wash and dense vegetation. Outcrops are sparse but some exposures are available for study in roadcuts and bulldozer trenches. The rocks that are exposed are chiefly argillite, siliceous shale, and chert of Permian age. Some graywacke, greenstone, and small lenticular bodies of limestone are also exposed nearby. The Kelly and the other mines in the district are all about equidistant from the western contact of the sedimentary rocks with a belt of metavolcanic rocks to the east.

Much of the argillite contains carbonaceous material and there is some indication that the richer ore shoots occur where the carbon is most abundant. Rocks exposed in the lower (No. 3) level of the mine are less carbonaceous and there are no known ore shoots in the veins at this level. All of the rocks in the mine area are highly sheared and cut by numerous faults that strike from about N. 45° W. to N. 45° E. and dip moderately to steeply SW. or SE. Lenses and veins of quartz occur in the faults and it is within these quartz bodies that the gold-bearing ore shoots occur.

Ore Deposits

The ore bodies that have been mined at the Kelly Mine consist of gold-bearing ore shoots in quartz veins along faults that strike northwest to northeast and dip moderately to steeply southwest to southeast. The quartz veins range from a few inches to about 18 inches in thickness, but where

mined several parallel veins may aggregate about 3 to 4 feet in total width. Ore shoots range from a few feet to 30 feet in length and have been mined down dip for as much as 40 feet. Most of the ore shoots are much smaller in size, however, and yield less than 100 tons of minable ore before pinching out along strike and down dip.

Ore minerals are reported to be native gold, auriferous pyrite and arsenopyrite, and galena. Gangue minerals are quartz, calcite, and iron and manganese oxides. The gold content ranges from a trace to several hundred ounces per ton and part of the production has been rich specimen rock sold to museums and collectors as mineral specimens. The silver content is not significant and in the bullion sold to the U.S. Mint the gold to silver ratio was about 4 to 1. The high arsenic content (4 to 9 percent) in the concentrates sold to the Selby Smelter resulted in penalties being added to the treatment charges.

Sampling

There were no samples taken at the time of the examination. Assays contained in the application indicate gold content of from 0.01 to 8.43 ounces per ton and silver content from none to 0.36 ounce per ton. Because of the extremely erratic amounts of gold present in the veins over short distances, ranging from traces to hundreds of ounces per ton over a few feet, samples are rarely if ever representative. One small ore shoot yielded $9,500 in gold from 24 tons of ore, or about 11 ounces per ton. A larger shoot yielded $40,000 from about 375 tons of ore, or about 3 ounces per ton. Between ore shoots the quartz veins contain only a trace to about 0.2 ounce of gold per ton.

Ore Reserves

The application did not contain an estimate of ore reserves. All known minable ore has been mined. Although other high-grade ore shoots may remain in the unexplored segments of the veins that have been mined, the cost of exploration and production will probably exceed the value of the gold.

EXPLORATION

Applicants' Proposal

The Applicants proposed to explore the Kelly Mine by 3,000 feet of diamond drilling from surface and underground sites. This work, including bulldozing of access roads, crosscutting, drill site preparation, supervision, assaying, etc., was estimated to cost about $71,612 and would require about 10 months to complete.

The surface drilling would explore a narrow (1 to 2 feet thick) quartz vein that crops out for about 1,500 feet along the ridge, that strikes about N. 30° W., from near the portal of the upper (no. 1) level. This vein dips about 35° to 40° SW. and prospecting has indicated traces of gold along the entire outcrop but no minable ore shoots. Drilling at 100-foot intervals might indicate continuity of the vein to the depth of the No. 1 or No. 2 levels but probably would not discover an ore shoot having the average strike length (10 to 20 feet) of the deposit. Drifting and raising along the vein from the No. 1 or No. 2 level would be the only practical way to explore this vein, but the cost of the work would probably greatly exceed the value of the gold.

The underground drilling, from crosscuts to be driven eastward from the No. 3 adit workings, would explore the downward extent of a quartz vein (or

veins) that strikes north and dips moderately to steeply east. This vein has yielded some ore, from shoots found between the No. 2 and No. 3 levels, but no ore has been found on or below the No. 3 level although the level is the most extensive working in the mine. Here again diamond drilling would probably be inconclusive and the best method of exploration would be to drive a new drift adit, with raises and crosscuts, at a lower elevation. Because of the high cost of underground exploration, the small size of the ore shoots, and the high costs of mining and milling, it is not probable that the value of the ore that might be discovered would justify the necessary expenditures.

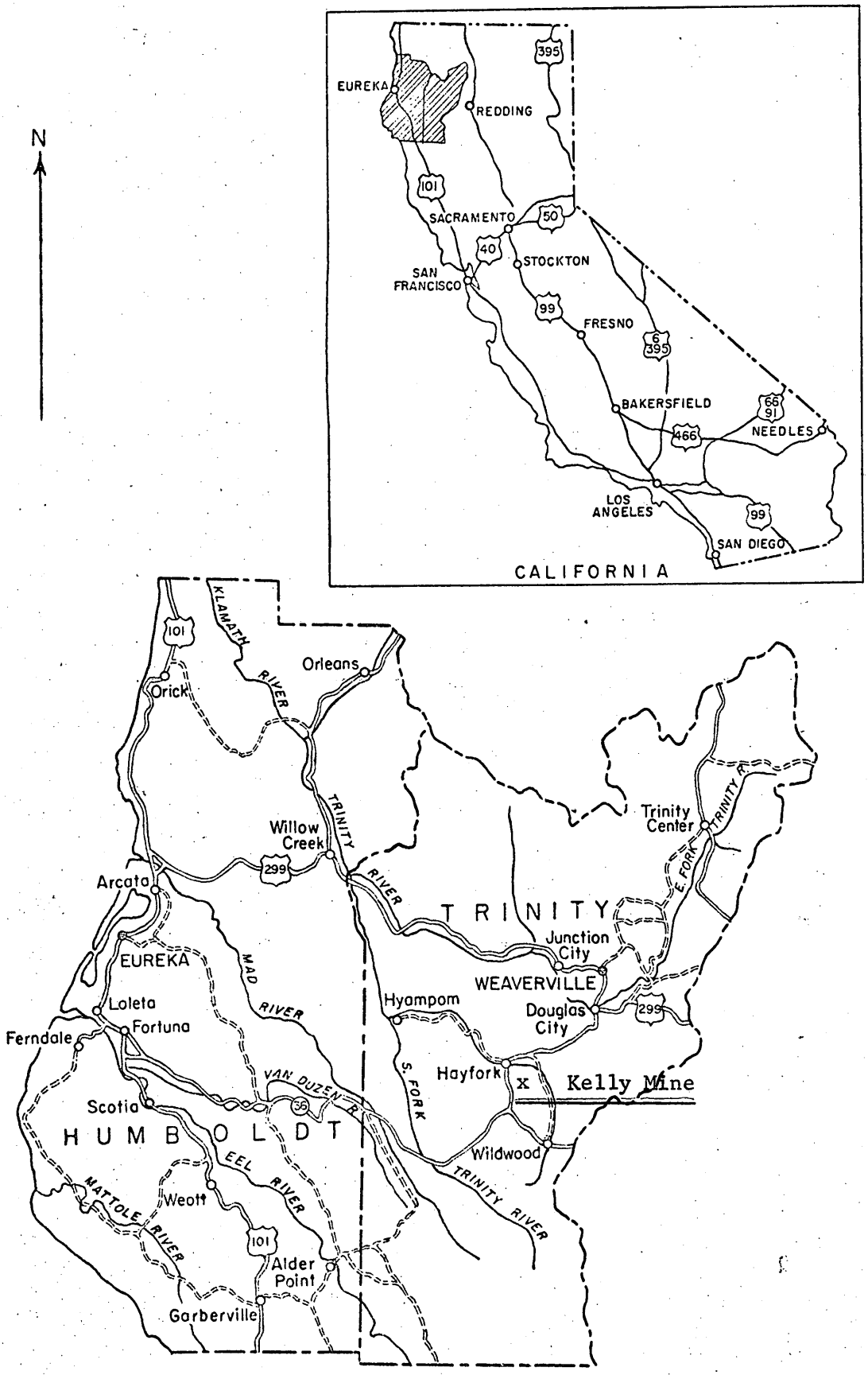

Figure 1. INDEX MAP OF HUMBOLDT AND TRINITY COUNTIES, CALIFORNIA

0 20 40 60 Miles

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(2/63)

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AIRMAIL

MAY 26 1971

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6839 (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

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

The applicant has submitted all of the information requested in our letter of February 19, 1971. In the event you make a field examination, please ask for clarification of the following minor problems:

1. On the Lien and Subordination Agreements executed by Arthur L. Coggins for Clear Creek Lumber Company, the entry for the land description is "(see attached exhibit)". There is no document attached to the agreements. Perhaps it was intended that Exhibit "A" accompanying the "Option to Purchase" should be attached. If so, copies could be made of Exhibit "A" for this purpose.

2. In the "Option to Purchase", Exhibit B, reference throughout is to "an unpatented mining claim". However, the attached Exhibit A lists 11 unpatented lode claims and two millsites as does the Grant Deed. Obviously all of these claims should be included in the option, but only one unidentified claim is referred to.

Harold Kirkemo
Harold Kirkemo

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

H. Kirkemo/cac 5/26/71

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(2/63)

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MAY 26 1971

AIRMAIL

Mr. John X. Murphy
2552 Eureka Way
Redding, California 96001

Re: OME-6839 (Gold)
Archie Q. and
Ethel M. Adams
Kelly Mine
Trinity County, California

Dear Mr. Murphy:

The application for financial assistance to explore the Kelly mine has been reviewed by the Washington Office and referred to Mr. Harold K. Stager, Field Officer, Region II, Office of Minerals Exploration, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

The Regional Office will notify you if additional information is needed.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

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

Copy to Archie Q. and
Ethel M. Adams

HKirkemo/cac 5/26/71

JOHN X. MURPHY
Mining Engineer
2552 Eureka Way
REDDING, CALIFORNIA

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| 1 20

Redding, Ca. 96001
May 18, 1971

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

Re: OME 6839 (Gold)
Archie Q. & Ethel M. Adams
Kelly Mine
Trinity County, Calif.

Attn: Mr. Harold Kirkemo

Gentlemen:

The additional information requested for the above referenced subject is enclosed.

Copies sent to Region I 5/24/71

1. True copies of letters to two banks requesting a loan to explore ore deposits in the Kelly Mine. ✓
2. Financial statement of the applicants. ✓
3. Corrected Claim Map. ✓
4. Map showing black wall rock. ✓

In our efforts to contact Mr. Brooks, one of the authors of the geologic report, we learned that he has been deceased for the past two years. We were successful in locating Mr. Mitchell who lives in San Rafael, California. He informed us that he did not do any mapping of the mine and that his observation about the "black carbonaceous" wall rock was a theory that he intended to pursue if his clients purchased the mine.

On Saturday, May 15, 1971, I visited the mine to map the wall rock. I found that the 3 upper levels are inaccessible. The lower level is open and the enclosed map is a result of our mapping of the wall rock. The main portion of the adit from the portal to the face to the south along with the x-cuts to the east and west have been driven through a light-grayish rhyolite. The main portion of the adit driven to the west is in a black rhyolite interspersed with quartz stringers and mineralized with iron pyrites. The black rhyolite, in my opinion, is due to the presence of manganese. The gouge in the fault planes is a black, crumbly calcium carbonate.

It is not the intention of Mr. Adams to explore for high grade shoots as an end result of the proposed program. Approximately two-thirds of the work will be done to explore out-croppings that show values on the surface. The program as outlined has a dual purpose.

1. To explore the downward extensions of the ore bodies already mined. Any significant discovery at a lower elevation would enable Mr. Adams to generate his own capital from the exploitation of the ore. We are not convinced at this time an open pit mine is feasible.

2. The surface DDH program is designed to prove a large enough body of ore to interest "venture capital" in a larger operation. At this time a 25 ton mill is available to process the richer ore. Any mining and milling of a low to moderate grade ore-body would necessitate an investment beyond the capacity of Mr. Adams, but if a large enough body of ore can be blocked, investors would be interested.

I apologize for the delay in answering your request for the additional information.

Very truly yours,

John X. Murphy

John X. Murphy

JXM/ls
Encl.

JOHN X. MURPHY
Mining Engineer
2552 Eureka Way
REDDING, CALIFORNIA 96001

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April 30, 1971

Copy to R-II

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

Dear Mr. Kirkemo:

Re: OME- 6839 (Gold)
Archie Q. & Ethel M. Adams
Kelly Mine, Trinity County, California

In connection with the above-referenced application, we should like to inform you that the additional information requested by your Department will be ready for submittal shortly. It will be necessary to make another trip to the mine to finish the mapping. This should be accomplished next week.

Thank you for your cooperation in this matter.

Sincerely,

John X. Murphy

John X. Murphy

JXM/d

JOHN X. MURPHY
Mining Engineer
2552 Eureka Way
REDDING, CALIFORNIA 96001

April 5, 1971

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Copy - R-II

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

Dear Mr. Kirkemo:

Re: OME-6839 (Gold)
Archie Q. & Ethel M. Adams
Kelly Mine, Trinity County, California

Please accept my apologies for the delay in transmitting the information that you requested in your letter of February 19, 1971, in connection with the above-referenced subject. The greater part of the information is ready for submittal. However, this is snow country and after several attempts we were able to reach the mine only to find that the upper portals were caved in. A preliminary examination of the lower adit was made, but additional mapping has to be done.

I was able to contact Mr. Mitchell in San Rafael and he informs me that his reference to the black fault gorge, as an indicator to the richness of the ore was a theory that he planned to explore if his clients purchased the mine. Mr. Brookes, the other principal of the submitted report, has been deceased for two years.

I am hopeful that I will be able to furnish the necessary information in the near future, but if I find that this is impossible, I will request an extension.

Sincerely,

John X. Murphy

JOHN X. MURPHY

JXM/d

MME Form 7
(2/63)

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APR 1 1971

AIRMAIL

Mr. John X. Murphy
2552 Eureka Way
Redding, California 96001

Re: OME-6839 (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

Dear Mr. Murphy:

On February 19, 1971, we requested additional information which is necessary for the processing of your application.

If you need additional time to prepare this information, please let us know. If we do not receive a reply from you within thirty days from the date of this letter, we must assume that you are no longer interested in proceeding with your application and we shall consider it as having been withdrawn.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

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

HKX
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FEB 19 1971

OFFICIAL FILE COPY

AIRMAIL

Mr. John X. Murphy
2552 Eureka Way
Redding, California 96001

2/19/71

120

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2/19 cc 220

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Re: OME-6839 (Gold)
Archie Q. and Ethel M. Adams
Kelly Mine
Trinity County, California

Dear Mr. Murphy:

Preliminary review of the above application for financial assistance in exploring the Kelly Mine indicates that additional information is needed before we can complete the review.

Please submit true copies of the applicant's letter to the two banks, as requested under item 1(a) of the application, showing date of loan request, amount and terms requested, and proposed use of loan funds.

The applicant proposes to furnish its share of the contract costs by providing supervision and using its own equipment on the project. We note that supervision is included under the estimate of costs as one of the items of personal services, and that equipment is included in the estimate of costs either on a straight rental basis or as part of the price per foot of the crosscutting, drill site preparation, and drilling.

We find that allowance for this type of contribution usually is not sufficient to cover the operator's share of the costs. The operator's share of the costs of an exploration project may be contributed entirely in cash, or partly in cash and partly through depreciation of necessary equipment owned by the operator (1/60th of fair market value or reasonable rental cost for each month used on project). The Government pays its share of the costs at the end of each month after a voucher for the costs incurred has been submitted and approved. It usually takes two or three weeks to process such a voucher. An applicant, therefore, should have sufficient funds on hand to pay for all costs of the project for the first two or three months. Under the circumstances, we would appreciate a financial statement from the applicant.

The claim map, Exhibit B, shows two Mary K claims but omits the Mary Extension claim which is included in Exhibit A. A revised map showing these claims correctly named and positioned should be submitted.

We note in Mitchell and Brooke's geologic report that "future exploration may be guided by the presence of the coal black carbonaceous wall rock, and graphitic gouge, which is in direct relationship to the richness of the ore." To appraise the probability of a significant discovery of high-grade ore being made by the proposed work, a map showing the location of black wall rock will be needed. The cost of preparing such a map cannot be included as an item in an OME contract.

Mitchell and Brooke also offer reason to expect more ore particularly in the moderate-grade category which possibly could be mined in an open pit. However, the purpose of the proposed project seems to be to explore small high-grade ore shoots. The reasons for ignoring the larger target are not clear.

We shall be pleased to continue processing your application upon receipt of the above information. Nothing in this letter should be construed as a commitment by the Government to grant an exploration contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to: Mr. Archie Q. Adams and
Mrs. Ethel M. Adams

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

WLEmerick/bsl 2/18/71

February 10, 1971

Mr. Archie Q. Adams and
Mrs. Ethel M. Adams
Box 1058
Redding, California 96001

Subject: OME-6839

Dear Mr. and Mrs. Adams:

Your application for exploration assistance, dated February 3, 1971, submitted to our office at Menlo Park, California, has been assigned Docket No. OME - 6839.

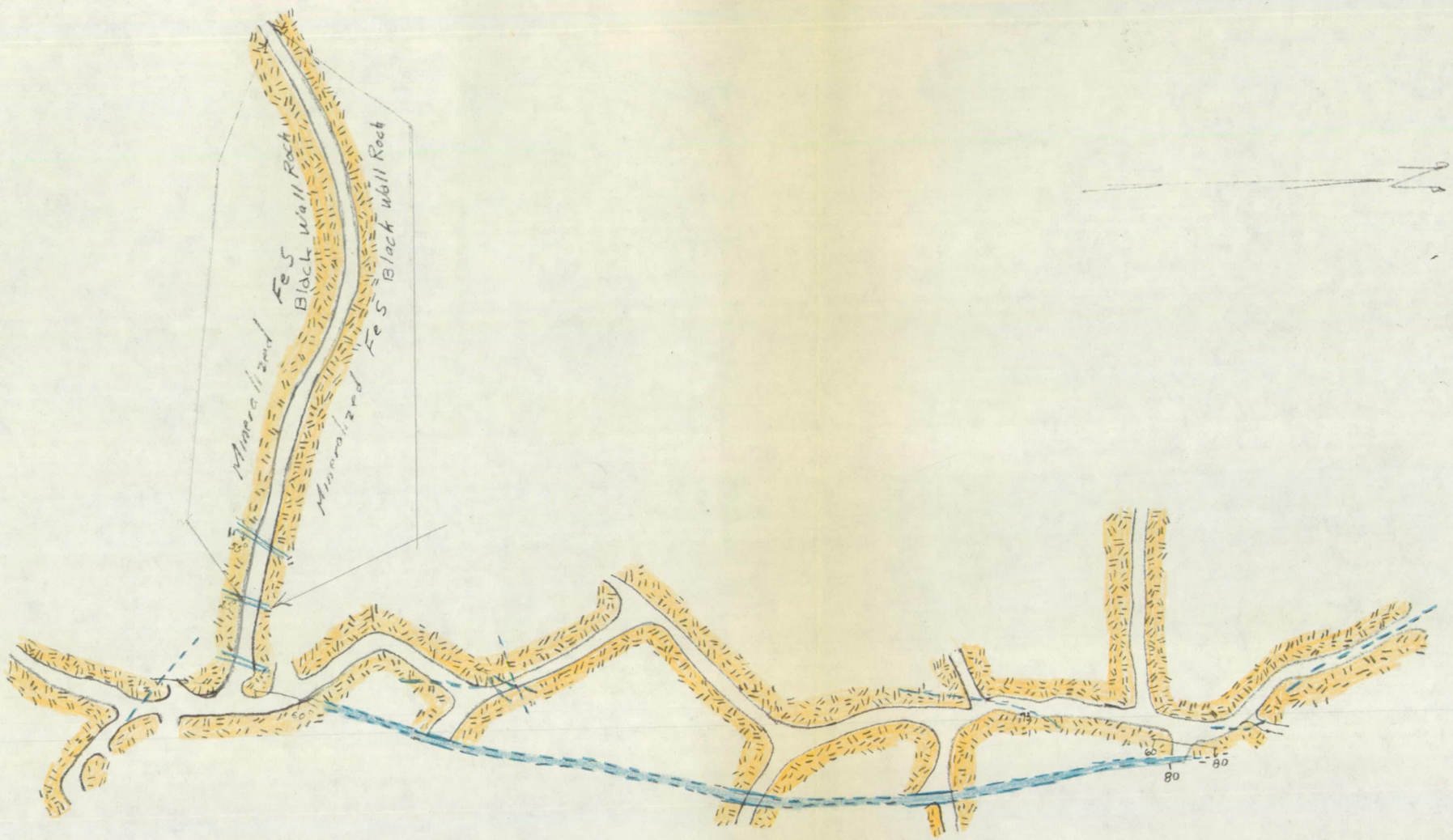
Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: to Region II

Archie Q. Ethel M. Adams
OME 6839 (Gold)



Rhyolite

Calcium Carbonate Gouge

KELLY MINE TRINITY COUNTY CA.

LEVEL No. 3

Scale 1" = 40'

May 1971

Received 5/24/71