MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. _____ Docket No. 6788

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- [ ] Withdrawn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
- [ ] 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
- [x] On-site Exam. Report (Tab) 8/4/70
- [ ] 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

DRAFT 8/11/70
WLEmerick/bsl

MME Form 51
July 1965

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

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME -6788	Copper-Molybdenum-Silver		Elko	Nevada

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

American Selco Incorporated

_____,

whose mailing address is 210 Clayton Street, Denver, Colorado 80206, hereinafter called the "Operator," as follows:

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

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $33,325.00. The Government will contribute 50 percent of the total fixed unit costs of the work performed, not in excess of $16,663.00 in accordance with the provisions of Articles 4 and 5.

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

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

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

SEE ANNEX I

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

SEE ANNEX I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 14. Changes and added provisions.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

AMERICAN SELCO INCORPORATED
(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____
Director, U. S. Geological Survey

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]

EXPLORATION CONTRACT
AMERICAN SELCO INCORPORATED
OME-6788

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract, consists of forty-five (45) unpatented lode mining claims in secs. 32, 33, and 34, T. 31 N., R. 53 E., and secs. 4, 5, and 9, T. 30 N., R. 53 E., MDBM, Railroad (Bullion) Mining District, Elko County, Nevada. The claims are shown on Figure 1 entitled, "Property map of Selco, et al., Group of Claims, Elko County, Nevada, showing proposed exploration," attached and made part hereof.

The unpatented claims, recorded in the Elko County Court House at Elko, Nevada in Book 98, pages 224-226, 339-356, and 508-525, and in Book 101, pages 56-61, are as follows:

Selco No. 1 through No. 37

John

Bardy

Maggie

Rob

Hannah

Ken

Peter

Pam

The Operator is the owner of the group of claims by location.

EXPLORATION CONTRACT
AMERICAN SELCO INCORPORATED
OME-6788

EXHIBIT A

The purpose of the project is to deepen three existing holes by diamond core drilling from depths of about 650 and 1,200 feet to total depths of 1,500 and 2,000 feet for copper-molybdenum-silver-bearing ore bodies in rhyolite porphyry of Oligocene age.

General Provisions

All drill holes shall be completed not less than BX wireline size, and shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

Facilities shall be provided for recovering diamond drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock and identified as to hole number and depths represented.

All drill core shall be stored in boxes identified as to hole number with markers in the core sections indicating the depths represented. Significantly mineralized core shall be split and one split assayed for copper, lead, zinc, molybdenum, gold, and silver. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge stored in suitable containers properly identified as to hole number and depths. Stored samples shall be made available for Government inspection and possible use, and may be disposed of by the Operator with prior Government approval.

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location, width, and assay value of all samples assayed shall be submitted with the Operator's monthly report.

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

The Government will not participate in the costs incurred for incomplete drill holes.

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

Description of the Work

The work shall consist of deepening three existing vertical diamond drill holes from surface sites. The objectives in each hole are as follows:

Hole No.	Deepen (in feet) From	To	Total Footage
2-1	1,200	2,000	800
2-5	670	1,500	830
2-9	630	1,500	870
			2,500

The locations of the holes are indicated in red on Figure 1 entitled "Property map of Selco, et al., Group of Claims, Elko County, Nevada, showing proposed exploration," attached and made part hereof.

Estimated Costs of the Project

Fixed Unit Costs[1/]

Diamond drilling, surface, 2,500 feet $21,800.00

Depth, feet	Price Per Foot NXWL	Price Per Foot BXWL
500-750	$ 7.50	$ 7.00
750-1,000	8.00	7.50
1,000-1,250	8.50	8.00
1,250-1,500	9.00	8.50
1,500-1,750	9.50	9.00
1,750-2,000	10.00	9.50

Incidental allowance for all other drilling costs,

2,500 feet @ $2.00/ft. 5,000.00

Coreboxes, cardboard,

250 @ $1.50/ea. 375.00

Supervision, geology and engineering,

2 months @ $800.00/mo. 1,600.00

Sampler,

2 months @ $500.00/mo. 1,000.00

Transportation,

3,000 miles @ $0.15/mi. 450.00

Office expense,

2 months @ $50.00/mo. 100.00

Preparation and transportation of samples,	
500 @ $1.00/spl.	$ 500.00
Assaying for copper, lead, zinc, and molybdenum,	
500 samples @ $4.00/splt.	2,000.00
Assaying for gold and silver,	
125 samples @ $4.00/spl.	500.00
Total Estimated Fixed Unit Costs	$33,325.00
Government Participation at 50 percent (rounded)	$16,663.00

1/ The Government retains no equity in any of the equipment or materials used.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6788
(Copper-Molybdenum)

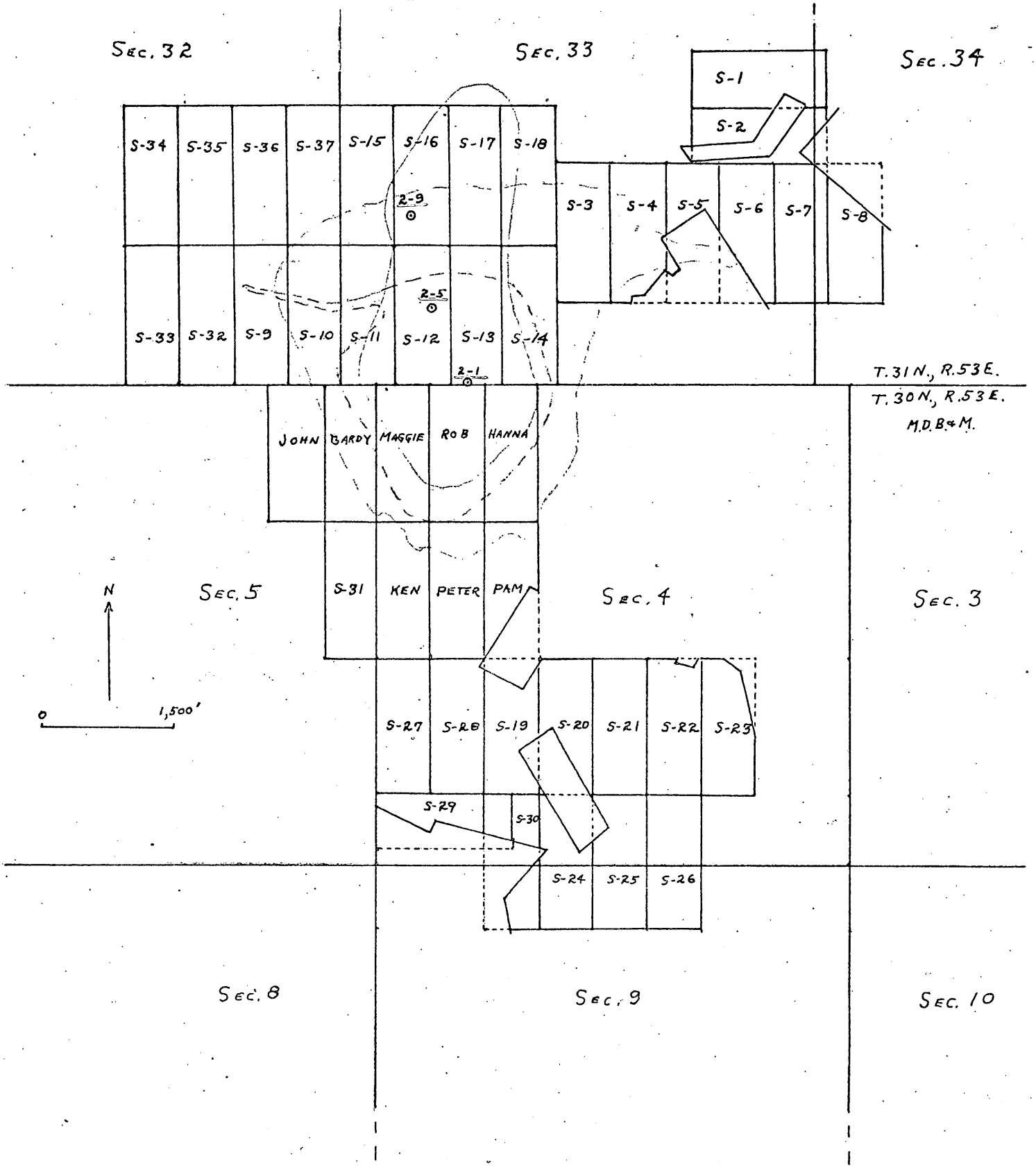

Figure 1.--Property map of Selco, et al., Group of Claims, Elko County, Nevada, showing proposed exploration.

McPHAR GEOPHYSICS

REPORT ON THE INDUCED POLARIZATION AND RESISTIVITY SURVEY ON THE RAILROAD GRID, RAILROAD MINING DISTRICT ELKO COUNTY, NEVADA FOR AMERICAN SELCO, INC.

1. INTRODUCTION

At the request of American Selco, Inc., McPhar has completed an induced polarization and resistivity survey on the company's Railroad property, Railroad mining district, Elko County, Nevada. A description of the geology of the Railroad mining district by Keatner and Smith is contained in U.S. Geological Survey Bulletin 1162-B, and is summarized below.

Within the Railroad district a Paleozoic sedimentary section is intruded by a composite Tertiary stock. The sedimentary section comprises a sequence of Ordovician, Silurian, and Devonian quartzites, limestones, and dolomites which are overlain by Missippian argillites and quartzites. The sequence was folded into an overturned anticline and then broken by high-angle normal and reverse faults. The stock consists of an outer shell of quartz monzonite and an inner core and outlying dikes of rhyolite porphyry. Andradite - diopside skarn occurs at the contact between the carbonate rocks and the intrusive. Both limestone and dolomite have been marbleized as much as a half mile from exposed parts of the stock.

APPENDIX "A"

Contact-replacement deposits of pyrite, chalcopyrite, galena, sphalerite, and tetrahedrite occur in marble and skarn host rocks along the eastern margin of the stock. Ore was found mainly along dikes and as vertical chimneys along the intersection of joints in carbonate rock of the Nevada Formation and the Devils Gate Limestone. All of the ore of the district was at least partially oxidized, and most of the adits were driven in on gossan zones. Microscopic amounts of sulphides occur within the rhyolite porphyry core, and geochemical samples taken within the core show more than average amounts of copper, molybdenum, and silver. Mineralization was apparently concentrated in two areas:

1) In the vicinity of the intersection of the rhyolite porphyry Bunker Hill dike and the Nevada Formation. This area constitutes the central part of the district and includes the Standing Elk and Delmas mines.

2) In the vicinity of the Copper Bell mine, within the Devils Gate Limestone in the northern part of the district.

The western edge of the district northwest of the stock and the extreme southern and eastern mineralized areas were not productive.

The purpose of the induced polarization and resistivity survey was to explore the district with the following targets in mind:

1) porphyry-copper-type mineralization and enrichment at depth within the composite intrusive.

2) hidden contact-replacement ore bodies within the following formations:

   a) Devils Gate Limestone (800 feet thick).
   This formation contains most of the mines in the district and is more extensively altered to skarn than any other unit.

   b) Nevada Formation (500 feet thick).
   The carbonate rocks of the Nevada Formation contain many of the known ore deposits. The Nevada is altered in places to marble and skarn, but is less susceptible to contact alteration than the Devils Gate.

c) Lone Mountain Dolomite (350 feet thick). This formation is mineralized locally at its contact with the eastern outcrop of rhyolite porphyry. The production from the unit probably was not great.

d) Hanson Creek Formation (130 feet thick), Eureka Quartzite (70 feet thick), and Pogonip Group (350 feet thick). Little or no ore was found in these Ordovician dolomites and quartzites.

3) Oxidized ore at depth below gossan zones, as suggested by Keltner and Smith.

A fourth consideration is the Missippian siliceous argillite and quartzite unit (Maq.), which is exposed in Lee Canyon. This unit contains carbon which, if metamorphosed to graphite, could give induced polarization effects. The same applies to the black siliceous argillite unit (Ma) which has been thrust over the argillite and quartzite unit. The argillite and quartzite unit contains secondary diopside and garnet near its base, and both of the Missippian units are intruded by rhyolite porphyry dikes approximately 3000 feet south of Lee Canyon.

The induced polarization and resistivity survey was run at 500-foot electrode intervals along surveyed grid lines spaced 1000 feet apart. The lines are designated Line 40N through Line 130N. Portions of Line 130N and Line 120N were detailed with 250-foot spreads. Line 110N was also run at 1000-foot electrode intervals to test for mineralization at depth below the Nevada Formation and the Devils Gate Limestone.

The staff of American Selco, Inc., provided soil geochemical sampling results for Cu, Mo, Pb, Zn, Ni, Hg, and Au, a map of fault systems controlling mineralization, and ground magnetometer survey results. They also provided geologic sections along the survey lines; this information is not

shown on the computer data plots, but was very helpful in assessing the induced polarization and resistivity results.

2. PRESENTATION OF RESULTS

The induced polarization and resistivity results are shown on the data plots listed below and are summarized on two plan maps, Dwg. I.P.P. 4567-1 and I.P.P. 4567-2.

Line	Electrode Intervals	Dwg. No.
130N	500 feet	IP 5395-1
130N	250 feet	IP 5395-2
120N	500 feet	IP 5395-3
120N	250 feet	IP 5395-4
110N	1000 feet	IP 5395-5
110N	500 feet	IP 5395-6
100N	500 feet	IP 5395-7
90N	500 feet	IP 5395-8
80N	500 feet	IP 5395-9
70N	500 feet	IP 5395-10
60N	500 feet	IP 5395-11
50N	500 feet	IP 5395-12
40N	500 feet	IP 5395-13

In this report percent frequency effect anomalies and metal factor anomalies are shown on separate plan maps. Percent frequency effect is a measure of the intensity of polarization, and anomalies are classified as very weak - very strong. The percent frequency effect anomaly map is useful in outlining polarizable areas without emphasis being given to the resistivity

of the areas. Metal factor is obtained by combining the percent frequency effect and the resistivity. A good conductor (low resistivity) that is strongly polarizable (high percent frequency effect) will give a well-defined or definite metal factor anomaly. Less well-defined metal factor anomalies are designated as probable or possible.

The percent frequency effect and metal factor parameters are complementary. The relative importance of each type of information depends upon the particular geophysical environment and the type of target expected. For example, a mineralized silicified zone will give a strong percent frequency effect anomaly, but may not give a definite metal factor anomaly. Alternatively, an oxidized ore zone may only give a weak percent frequency effect anomaly, but will give a definite metal factor anomaly pattern. Judicious consideration of both the percent frequency effect and the metal factor results permits a comprehensive evaluation of the geophysical environment.

The anomalies as shown on the data plots and plan maps represent the surface projection of the polarizable zones. Contacts or faults inferred from the resistivity patterns are also shown. Anomaly boundaries and fault locations should be considered accurate to the electrode interval used.

The anomalies shown on the plan maps are designated shallow, moderate, or deep. At larger dipole separations a greater volume of rock is averaged, in lateral extent as well as depth. The data plots, therefore, cannot represent true depth. Depths can be calculated from the apparent resistivity data in the case of ideal horizontal layers, but even this calculation depends on an assumed resistivity contrast between the zone at depth and the overlying

rock. Although ambiguous, the simple depth designations are useful for correlating or comparing anomalous zones obtained on adjacent survey lines. Drill hole information from one or more zones frequently permits one to make a fair depth estimate for other zones. The following depth generalizations apply to porphyry copper and contact-replacement bodies:

	Apparent Depth To Top (dipole separations)	Drill Hole Depth (in dipole lengths)
Shallow	1 - 2	$\frac{1}{2}$ - 1
Moderate	2 - 3	1 - $1\frac{1}{2}$
Deep	3 - 5	$1\frac{1}{2}$ - 2 +

Thus, a shallow zone is one detected at one - to - two dipole separations and should be tested by a drill hole from a half - to - one dipole length deep.

Two appendices are enclosed in this report: one on porphyry-copper-type zones and one on the interpretation of induced polarization anomalies from relatively small sources. The latter shows the desirability of detailing with shorter spreads when the anomaly is shallow and the source may be narrow.

The induced polarization method is a geophysical tool used to determine the electrical properties of the earth. The final evaluation of the induced polarization anomalies, e.g., which of the anomalies constitutes the most favourable exploration target, must be based on available geologic evidence and concepts.

3. DISCUSSION OF RESULTS

The results of laboratory induced polarization and resistivity

measurements on 17 specimens from the Railroad property are listed in Table 1 below.

Table 1 - Laboratory I.P. Results

Sample	Description	Res.	PFE	MF
1	Fresh porphyry	613	2.4	3.9
2	Monzonite	2150	1.2	0.56
3	Kaolinized porphyry	119	2.5	21.0
4	Grey porphyry	730	1.9	2.6
5	Monzonite with chalcopyrite	910	1.2	1.3
6	Kaolinized porphyry	510	2.0	3.9
7	Silicified porphyry	1170	1.8	1.5
8	Devils Gate Limestone	1250	0.8	0.64
9	Scarn mineral zone	410	0.6	1.46
10	Oxyoke sandstone	6700	0.5	0.075
11	Hanson Creek dolomite	1050	1.3	1.2
12	Eureka quartzite	12,400	0.4	0.032
13	Lone Mtn. dolomite	925	1.0	1.08
14	Siliceous limestone	4,300	1.3	0.3
15	Missippian conglomerate	1,060	2.0	1.9
16	Maq argillite and quartzite	590	1.2	2.0
17	Mu quartzite-argillite (chert)	146	1.7	11.6

None of the samples show high percent frequency effects. The effects for the samples of porphyry are the highest, but even these are weak. Most important, the results show that the black Hanson Creek dolomite and the carbonaceous Missippian rocks are not anomalous.

As seen on the percent frequency effect (PFE) anomaly map, the strongest percent frequency effects occur at shallow-moderate depth within the intrusive stock and in the Missippian formations to the west and southwest. Very strong PFE's also occur in the Missippian rocks in the vicinity of Lee Canyon to the south. Very weak-to-weak PFE's occur over some of the gossan zones east of the stock and along the easternmost body of rhyolite porphyry.

As seen on the metal factor (MF) anomaly map, a number of definite anomalous zones also occur within the stock, in the Missippian formations west of the stock, in the vicinity of Lee Canyon, and within the

Ordovician rocks along the easternmost body of rhyolite porphyry.

The anomalous zones are listed in Table 2 along with pertinent information and comments. Recommended drill hole locations and minimum depths to test the zones are also given.

4. CONCLUSIONS AND RECOMMENDATIONS

The best prospects for porphyry-copper-type mineralization, at depth, appear to be the definite MF zones and strong PFE zones within the rhyolite porphyry core. These are included within the broad magnetic low and are coincident with or near molybdenum high and copper low geochemical zones. In particular, the strong PFE and definite MF zone at 30E - 45E along Line 110N, and the definite MF zone at 37.5E - 47.5E along Line 100N should be tested by drilling. The shallow, definite MF zone at 27.5E - 32.5E along Line 100N should also be tested, for it appears to be a part of the deeper, definite zone to the east.

There appear to be several excellent prospects for contact-replacement-type mineralization that should be tested. In order of preference:

1) The strong, shallow MF anomaly in the vicinity of 20E on Line 110N. The definite MF anomaly at the western end of Line 100N may be part of the same zone.

2) The definite MF zones on Line 110N and Line 100N at the eastern margin of the stock.

3) The definite and probable MF zones southwest and northeast of the Delmas mine at the southern tip of the stock on Line 70N and Line 80N.

4) The definite MF anomalies adjacent to the easternmost body of rhyolite porphyry on Line 100N and Line 90N.

5) The PFE anomaly at depth in the Devils Gate Limestone on Line 50N and 40N.

6) The probable and possible MF anomalies and very weak-to-weak PFE anomalies throughout the gossan zones. Small, oxidized ore bodies could be expected to give very weak and possible responses.

The strong, definite MF zones in the Missippian rocks at the western ends of Line 130N, Line 120N, Line 110N, Line 90N, and Line 80N are somewhat of an enigma. The anomalies may be due to graphite in these rocks, but if surface examination and additional laboratory testing do not provide an answer, the source should be determined by drilling.

Since the rhyolite porphyry crops out over a wide area, it may be worthwhile to extend Lines 70N - 40N to the east and run additional lines at 30N, 20N, and 10N.

McPHAR GEOPHYSICS INCORPORATED

Anthony M. Hauck III

Anthony M. Hauck III
Geophysicist.

Robert A. Bell

Robert A. Bell,
Geologist.

Dated: December 5, 1969

Table 2 - I.P. Anomalies and Drill Hole Locations

Line	Electrode Intervals	Anomalous Zone	Comments	Drill Hole Location	Minimum Depth
130N	500-foot	?0E - 10E	MF anomaly at depth east of Ma-Mu contact; Rp outcrops in vicinity.	5E	750' - 1000'
130N	500-foot	37.5E - 45E	MF anomaly at moderate depth, the broad zone of anomalous PFE's suggests that the qm continues northward below Mu.	40E-45E	500'
130N	500-foot	70E-75E	Possible MF anomaly adjacent to Copper Bell mine gossan.	Need 100-foot detail spreads to spot drill hole.	
130N	500-foot	95E-100E?	Possible MF anomaly appears due to low resistivity Qac; PFE's are only background.	None	
130N	250-foot	37.5E-41.25E	MF anomaly due to both resistivity low and higher PFE's at depth.	37.5E-40E	500'
130N	250-foot	43.75E - 46.25E	Shallow, possible MF anomaly; very weak PFE's; shallow hole should be considered if results at 40E are encouraging.	45E	250' - 500'
120N	500-foot	?0E - 10E	Shallow MF anomaly in Ma, Maq, is open to west; high Ni and Au; surrounded by three Hg highs.	2.5E	500'
120N	500-foot	10E-20E	High PFE zone at shallow-moderate depth in Devils Gate Limestone (Dd); possible resistivity low at depth.	15E	500'

Table 2 (contd.)

120N	500-foot	22.5E-32.5E	Shallow MF anomaly in broad, high PFE zone in Dd and gm; resistivity low zones east and west of 25E-30E may be due to topography; Cu and Ni highs in vicinity; Rp dikes nearby.	27.5E (See 250-foot detail Line)	500'
120N	250-foot	30E-35E	MF anomaly at moderate depth, characterized by both high PFE's and resistivity low at depth in qm.	32.5E-35E	500' - 750'
120N	250-foot	41.25E - 43.75E	MF anomaly at moderate depth; may be a continuation of anomaly at 30E - 35E.	42.5E (pending results at 32.5E-35E)	500' - 750'
110N	1000-foot	30E-40E	Shallow MF anomaly appears at moderate depth with 500-foot dipoles; associated with Rp dike.	(See 500-foot dipole results)	
110N	1000-foot	45E-70E	Moderate PFE's at depth suggest an increase in sulphide content at depth in this interval.	65E	2000'
110N	1000-foot	80E-105E	MF high at depth is a possible deep replacement target.	85E	2000'
110N	500-foot	15E-25E	Strong, shallow MF and PFE anomaly along rp dike; Cu, Pb, Zn and Au high at western edge; surrounded by three Hg highs; adjacent to fairly large magnetic anomaly; possible replacement type mineralization.	20E (100-foot detail information would be helpful)	750' +

Table 2 (contd.)

110N	500-foot	30E-45E	High PFE's suggest increased sulphide content at depth; resistivities at depth are lower than those near surface; high Mo in vicinity; the PFE anomaly is a broad magnetic low; a porphyry-copper-type anomaly.	35E	1000' +
110N	500-foot	42.5E-52.5E	Shallow MF anomaly; Mo high at eastern edge.	47.5E, but zone should be detailed with 100-foot dipoles to select a better drill site	
110N	500-foot	60E-65E	Shallow MF and PFE anomaly over gossan adjacent to rp dike and northeast trending dike-type magnetic anomaly; Mo highs to northeast and Au high to southwest.	62.5E, but zone should be detailed with 100-foot dipoles.	
110N	500-foot	85E-95E?	Deep MF anomaly that is open to east; Au high in vicinity.	Line should be extended to east.	
100N	500-foot	10E-17.5E	The shallow, stronger PFE's to the west may be due to graphitic argillite (Ma); this zone is at shallow to moderate depth in Maq and should be tested as a possible replacement target. However, the resistivity and PFE patterns suggest that the Ma continues eastward beneath the Maq.	15E	500' - 750'
100N	500-foot	27.5E-32.5E	Strong, shallow MF and PFE anomaly in vicinity of Mo and Cu high; Hg high to south-southeast; zone may be part of deeper anomaly below 40E.	30E (100-foot detail spreads would be helpful)	500'

Table 2 (contd.)

100N	500-foot	37.5E-47.5E	Moderate-deep MF anomaly below a broad Mo high in rp; the anomaly includes a broad magnetic low; a porphyry-copper-type anomaly.	40E	1000' - 1500'
100N	500-foot	50E-55E	Shallow zone at rp-Nevada sandstone contact; Mo high; coincident with northeast-trending, dike-like magnetic anomaly; possible contact replacement deposit.	52.5E-55E	500'
100N	500-foot	62.5E-67.5E	Possible MF anomaly at shallow-moderate depth in Nevada Formation; IP anomaly is coincident with dike-type magnetic anomaly. Could be small oxidized ore body.	65E	500'
100N	500-foot	725E-77.5E	Deep, very weak PFE zone coincident with resistivity low at depth below gossan in Nevada Fm.; Mo, Hg, and Au high; I.P. anomaly is coincident with magnetic high. Possible deep replacement ore body.	75E	1500'
100N	500-foot	92.5E-97.5E	MF anomaly at moderate depth; deeper PFE anomaly; possible replacement zone in Pogonip dolomite.	95E	1000'
90N	500-foot	17.5E-25E	Shallow MF anomaly in Maq; zone is part of broad, shallow PFE high that extends to 35E; the PFE high may be accounted for by surface examination	22.5E	500'

Table 2 (contd.)

90N	500-foot	47.5E-52.5E	Shallow MF anomaly adjacent to Rp dike is Mo high; Hg highs to northwest and south.	50E (100-foot detail spreads would be helpful)	500'
90N	500-foot	67.5E-75E	Shallow MF zone near gossan in Devils Gate Limestone; PFE pattern suggests that sulphides persist in depth; Mo, Cu, Zn, Ni, and Hg highs to north; Pb and Zn highs to south; I.P. anomaly is adjacent to dike-type magnetic anomalies.	72.5E (one 1000-foot drill hole at 72.5E between Line 100N and Line 90N would test both geochemical highs and I.P. anomalies)	750'
90N	500-foot	90E-100E	MF high at moderate depth is possible replacement body at contact of rp with Ordovician host rocks.	95E	750 - 1000'
80N	500-foot	40E-50E	Shallow MF anomaly contains two higher PFE zones at moderate depth; eastern part of anomaly in Devils Gate Limestone is Cu, Mo, Pb, and Zn high; Delmas Mine to southwest shipped 240 tons which averaged 70 oz. of Ag, 10.4% Cu and 2.8% Pb; the anomaly includes a magnetic high in the Devils Gate Limestone adjacent to its contact with quartz monzonite; an excellent deep replacement target.	47.5E	750 - 1000'
80N	500-foot	57.5E-65E	Shallow and deep MF zones in Devils Gate Limestone adjacent to Bunker Hill rp dike; very deep resistivity low and weak PFE's; small gossan zone; Cu, Pb, Zn, Ni and Hg highs; oxidized replacement target.	62.5E	1000' - 1500'

Table 2 (contd.)

70N	500-foot	35E-45E	MF anomaly at moderate depth south of Delmas mine; Hg high; replacement-type target.	40E	500' - 750'
60N	500-foot	?25E-30E	Shallow MF zone in Maq.	27.5E	500'
60N	500-foot	42.5E-47.5E	Shallow MF anomaly in Devils Gate Limestone; very weak PFE's; Hg high; Au and Ni high to northwest; MF anomaly coincides with a pair of magnetic highs; possible oxidized replacement body.	45E	500'
50N	500-foot	?15E-25E	MF anomaly at shallow-moderate depth.	17.5E	750'
50N	500-foot	27.5E-35E	Deep MF anomaly in Devils Gate Limestone; the apparent resistivity low measured at wide dipole separations could be due to near-surface fill in Lee Canyon; scarn in vicinity; variable dips; the head of the Lee Canyon may be a structural intersection.	32.5E	1000' - 1500'
40N	500-foot	?15E-30E	MF anomaly at shallow-moderate depth; the broad apparent resistivity low measured at wide dipole separations could be due to near-surface fill in Lee Canyon; the high PFE anomaly at depth should be tested.	17.5E	1000' - 1500'

AMERICAN SELCO INCORPORATED
698 SOUTH FIFTH STREET ELKO, NEVADA 89801

TELEPHONE
(702) 738-6723

August 20, 1970

ORIGINAL
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D. M. S.
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Mr. W. L. Emerick, Assistant Chief
Office of Minerals Exploration
Geological Survey
U. S. Department of the Interior
Washington, D. C. 20242

Dear Mr. Emerick:

In your letter of August 13, 1970, you requested two true copies of our updated letters of request to the two banks whose letters of refusal we sent to you on July 30th, 1970.

The present requests were made by telephone, since both bank managers were familiar with the project and a similar request had been made of them in February of 1969. We are enclosing an affidavit referring to our telephone conversations with the banks involved, and we trust that this will be satisfactory for the purposes of the application.

We are also enclosing the updated application forms.

Very truly yours,

AMERICAN SELCO INCORPORATED

R. N. Parkinson
Exploration Manager

RNP:bj

Enc.

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.)*

American Selco Incorporated
210 Clayton Street
Denver, Colorado 80206

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER

DATE RECEIVED

REGION

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	
CORPORATION	X
PARTNERSHIP	
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED: New York

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
A. Chester Beatty	London, England	President
P. C. MacCulloch	Toronto, Canada	Vice President & Executive Director
S. W. Ritchie	Toronto, Canada	Secretary-Treasurer
I. Freed	9 E. 44th Street New York, New York	Director

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

ESTIMATED COST OF PROJECT: $33,325.00

PROPERTY NAME	LOCATION COUNTY	STATE
American Selco Incorporated Aladdin, et al., Group of Claims	Elko County,	Nevada

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.

August 20, 1970
DATED

R. N. Parkinson
BY *(Signature)*

Exploration Manager
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).]

MME Form 40
(Revised Nov. 68)

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

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Denver, Colorado 80206

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER

DATE RECEIVED

REGION

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	
CORPORATION	X
PARTNERSHIP	
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED: New York

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
A. Chester Beatty	London, England	President
P. C. MacCulloch	Toronto, Canada	Vice President & Executive Director
S. W. Ritchie	Toronto, Canada	Secretary-Treasurer
I. Freed	9 E. 44th Street New York, New York	Director

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LOCATION COUNTY STATE: Elko County, Nevada

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(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).]

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.)*

American Selco Incorporated
210 Clayton Street
Denver, Colorado 80206

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER

DATE RECEIVED

REGION

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: New York

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
A. Chester Beatty	London, England	President
P. C. MacCulloch	Toronto, Canada	Vice President & Executive Director
S. W. Ritchie	Toronto, Canada	Secretary-Treasurer
I. Freed	9 E. 44th Street New York, New York	Director

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

ESTIMATED COST OF PROJECT: $33,325.00

PROPERTY NAME	LOCATION COUNTY	STATE
American Selco Incorporated Aladdin, et al., Group of Claims	Elko County,	Nevada

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.

August 20, 1970
DATED

R. N. Parkinson
BY *(Signature)*

Exploration Manager
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.

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(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.

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AMERICAN SELCO INCORPORATED
698 SOUTH FIFTH STREET ELKO, NEVADA 89801

TELEPHONE
(702) 738-6723

AFFIDAVIT

This is to certify that on July 27th, 1970, a request for a loan for mining exploration work in the amount of $33,000.00 was made to the First National Bank of Nevada in Elko, Nevada, and the Center State Bank in Denver, Colorado. In order to obtain a decision on these loan requests in the shortest possible time, the requests were made by telephone to the managers of the banks.

Since a request had been made to the banks in question in February, 1969, in the amount of $40,000.00 for a larger version of this project, the bank managers were familiar with the situation and no detailed explanation in writing was required.

R. N. Parkinson
Exploration Manager

Subscribed and sworn to before me
this 20th day of August, 1970,
Cleone M. Schweer
Notary Public in and for the County
of Elko, State of Nevada.

CLEONE M. SCHWEER
Notary Public - State of Nevada
Elko County, Nevada
Commission Expires July 24, 1971

RECEIVED
JUL 22 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

June 29, 1970

OFFICIAL COPY
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Mr. H. K. Stager
Office of Minerals Exploration
U.S. Geological Survey
Building 2, 345 Middlefield Road
Menlo Park, Calif ornia 94025

Dear Mr. Stager:

OME-6788 American Selco Incorporated

We understand, according to a letter dated January 19, 1970 from Mr. Harold Kirkemo, that our application for exploration assistance is being kept in an active status, and that this application has been referred to you for further action.

From our recent telephone conversation, we learned that you intended to carry out a field examination of the project about the end of June. At that time, we promised to prepare a report on the work done by us on the property during the 1969 field season and the effects of this work on our original application for assistance.

The enclosed series of maps and appendices illustrate the changes we have made in our original exploration plans, our field investigations during the 1969 field season and our revised proposal for assistance under the OME plan.

Original Exploration Plan, 1969:

Figure 1 illustrates the three Exploration Areas originally selected from geological and geochemical evidence, and the series of twenty-two 450-foot rotary drill holes laid out on a 1000-foot grid.

These holes were intended to define a series of definite targets which could be:

(a) a prophyry-copper type deposit - copper, molybdenum, or both;

(b) replacement deposits, adjacent to the contact of the intrusive stock with the host sedimentary rocks;

(c) either (a) or (b) beneath a relatively impervious capping of Mississippian shale, quartzite and argillite.

We selected dry rotary drilling as the least expensive method for this exploratory work, and drilling commenced late in July on Hole No. 2-6. Exploration Area 2.

Induced Polarization Survey:

In July, 1969, we contracted with McPhar Geophysics Limited of Tucson, Arizona, to conduct an Induced Polarization survey over the entire property, in an attempt to further define possible targets before entering into the final drilling phase.

Figure 2 is a graphic summary of the results of this I.P. survey, and the drill holes recommended by McPhar to investigate the series of anomalous areas encountered during the survey. Briefly, the results indicated a series of eleven anomalous areas, which we designate as "prospects" within the Railroad Mining Area.

The central, and probably the most important of these, is a possible porphyry-copper type mineralization zone, the Porphyry prospect, which will require deep drilling, to 2000 feet and possibly more. In addition, we have three possible contact replacement type anomalies surrounding the Porphyry prospect, three small oxidized replacement targets, two additional deeper replacement prospects associated with an intrusive dike in the east, a strong anomaly in the region of a major thrust fault in the northwest, and a final possibility of massive or disseminated mineralization in the vicinity of the old Grey Eagle property to the south.

By comparing Figure 2 to Figure 1, it can be seen that:

(1) The original Exploration Area 1 (Copper-silver-lead-zinc) is now represented by the Contact, Deep Rep, Oxide 1 and Oxide 2 prospects;

(2) Exploration Area 2 (Copper-molybdenum-gold) is now represented largely by the Porphyry prospect, and in part by the South Rep prospect;

(3) Exploration Area 3 (High mercury anomalies) is represented by the West Rep propsect, and a northern extension would include the Thrust;

(4) A new Exploration Area is represented by the Deep Rep and Dike prospects, evidently associated with a separate porphyry intrusive and a major fault system in the east;

(5) A new Exploration Area is represented by the Grey Eagle series of anomalies, which we believe to be associated with an additional buried intrusive stock in the south.

Appendix "A", and Figures A-1 to A-9 constitute a summary of the report presented by McPhar Geophysics on completion of the Survey.

The survey showed that the targets which we sought are generally deeper than the 450-foot depth of our original exploratory holes, and we were forced to change our drilling procedures in mid-season. Unfortunately, the rotary drill was already on the property and in action and diamond core drills were impossible to obtain at that time, so that we had to improvise with the rotary machine.

Drilling, 1969:

The drilling was begun on August 1st, 1969. The order in which the holes were drilled was not dependent so much upon a priority established by favorable geology or geochemistry as upon the actual logistics of moving the large drill rigs over the steep and twisting roads. We therefore towed the drill to the summit of the ridge which traverses the intrusive, with the idea of beginning there and gradually moving downwards toward the camp. Our intention at that time was simply to probe the intrusive and host sedimentary rocks, with generally shallow holes but with an occasional deep test, in the search for more specific targets.

Figure B-1 relates the drilling accomplished during 1969 to the prospect areas established by the Induced Polarization survey.

There are two main problems with drilling in this area. With increase in silica at depth, the intrusive rocks become very hard and drilling is slow. Every hole attempted made water at a depth of 200 to 300 feet with subsequent caving in some cases, which made sample collection difficult, especially with molybdenum. We therefore used what drill budget we had for rotary drilling in collaring and completing a number of holes to depths of 200 to 600 feet in preparation for diamond core drilling at greater depths where caving or excessive water might be expected. Unfortunately, in no case did our rotary drilling reach the anomaly depths indicated by the I.P. survey.

On October 18, a diamond core drill was moved on to the property to deepen rotary hole 2-1, within the intrusive, in hopes of reaching the anomaly depth at which it is predicted we will find porphyry-type sulfide mineralization. By the time December snow storms forced abandonment of this hole, a depth of only 1200 feet had been reached, which was still 300 feet short of the minimum depth required. In this work, a nationally-known drill contractor managed to drill 880 feet, using 19 bits, cost $15,000.00, or $17.00 per foot. There were several indications within this hole of encouraging sulfide mineralization, together with the appearance of added silica and potassic alteration in quartz veins. One five foot section at 1060 feet assayed 0.37% MoS_2.

Proposed Exploration 1970:

As can be seen in Figure 2, the most interesting prospect on the property, and the one with the greatest potential, remains the possible porphyry-copper type mineralization designated as the Porphyry prospect with its potential of disseminated copper-molybdenum sulfides at depth. This will be a similar target to that which Union Pacific Railroad have been investigating at Battle Mountain, and will involve more deep drilling than any of the other prospects recommended by McPhar Geophysics.

American Selco have therefore decided to commence drilling other smaller targets of promise which can be investigated in most bases by a single drill hole, such as the Thrust, Dike, Grey Eagle, South Rep and Contact prospects, and are requesting OME assistance in the deep drilling of the Porphyry prospect.

The Porphyry Prospect:

On Figure 1, submitted with our original application, the Porphyry prospect was outlined reasonably well by Area 2, designated for "Copper-Molybdenum-Gold Exploration." At the time of submission, it was not positive that the intrusive stock extended under the Mississippian sediments to the north; subsequent magnetometer work and the I.P. survey suggested this possibility, and Hole No. 2-8, drilled in 1969 encountered the stock at 500 feet. Sulfide mineralization was encountered in this hole, at and near the intrusive contact, as shown in Figure B-2. This is not economic mineralization, but the presence of molybdenum values to 0.1% MoS_2, copper to 0.34%, silver to 1 ounce per ton, and zinc and lead to 0.1% in the intrusive beneath the contact is encouraging, since the anomaly investigated by Hole No. 2-8 was not strong. This hole was continued to a depth of 904 feet, at which point copper, lead, zinc and molybdenum were still present in hundreds of parts per million. No further work is proposed on this hole.

As noted above, Hole No. 2-1 was drilled to 1200 feet, some 300 feet short of the indicated I.P. anomaly. However, a distinct rock change was noted at 600 - 700 feet from the surface granodiorite to a later intrusive quartz monzonite, and copper and molybdenum mineralization in quartz veins began to appear in the core between 900 feet and the hole bottom at 1200 feet. The one five foot section at 1060 feet which assayed 0.37% MoS_2 was the only intersection of economic interest.

A third hole, No. 2-5, was carried to only 635 feet, using a rotary drill with mud. Not only was this 400 feet short of the indicated I.P. anomaly, but the collection of adequate samples of molybdenum mineralization under these conditions was extremely difficult and the results indefinite.

As shown on Figure B-1, two additional holes, Nos. 2-2 and 2-9, were drilled within the Porphyry prospect area, but did not intersect the anomalous area; each of these holes requires to be deepened.

Appendix B is a review of the Induced Polarization survey by Anthony M. Hauck III, geophysicist for McPhar Geophysics, in which the 1969 drilling was reviewed and recommendations made for 1970. Briefly, the recommendations for the Porphyry prospect are:

(a) Hole 2-1 should be deepened from 1200 feet to at least 1500 feet, "and perhaps to 2000 feet or more."

(b) Hole 2-5 should be deepened from 670 feet to 1200 feet. "The hole may have to go to 2000 feet depth."

(c) Hole 2-9, which went to 630 feet and encountered chlorite and pyrite, should be deepened to at least 750 feet. If the results are encouraging, an additional hole could be drilled 1000 feet to the east.

(d) Hole 2-2, which went to 535 feet and encountered fair pyrite and some molybdenum values, should not be deepened until the anomaly is further detailed with 100-foot dipoles.

In June 1970, McPhar Geophysics carried out additional detailed Induced Polarization traverses, better determining the drill targets within the Porphyry anomaly area. Results of this work are pending.

Proposed Drilling Program:

Hole 2-1	To be deepened by core drilling from 1200 feet to 2000 feet.	Total Footage = 800'
Hole 2-5	To be deepened from 670 feet to 1500 feet.	Total Footage = 830'
Hole 2-9	To be deepened from 630 feet to 1500 feet.	Total Footage = 870'

Total drilling proposed = 2500 feet
Estimated drilling rate = 1500 feet per month
Time requirement = 2 months
Estimated drilling cost based on present Railroad drilling contract with Justice Drilling Company. (See Appendix C.)
Core size NQ wireline was selected as the best for good core recovery in badly fractured ground with mud seams and much water. It is understood that we may go to BX where necessary and advisable at depth.

Total Cost of Proposed Program:

Drilling:

Hole 2-1		
1200 - 1500	300' @ $11.50	$3450.00
1500 - 1750	250' @ $12.00	3000.00
1750 - 2000	250' @ $12.50	3250.00
		$9700.00
Hole 2-5		
670 - 750	80' @ $ 9.50	$ 760.00
750 - 1000	250' @ $10.00	2500.00
1000 - 1250	250' @ $10.50	2625.00
1250 - 1500	250' @ $11.00	2750.00
		$8635.00

Hole 2-9		
630 - 750	120' @ $ 9.50	$ 1140.00
750 - 1000	250' @ $10.00	2500.00
1000 - 1250	250' @ $10.50	2625.00
1250 - 1500	250' @ $11.00	2750.00
		$ 9015.00

Total Drilling Cost $27,350.00

Other Costs

Supervision Project Engineer, two months @ $800.00 per month	$ 1600.00	
Selco Labor (Sampler) 1 Man, two months @ $500.00 per month (wages and board)	$ 1000.00	
Transportation 60 miles/drilling day x 50 = 3000 miles @ $ .15	$ 450.00	
Office Overhead Costs Two months @ $50.00/month	$ 100.00	
Assay Charges 500 samples for copper, lead, zinc and molybdenum, 500 x $5.00	$ 2500.00	
Core Boxes 250 @ $1.50	$ 375.00	
Total Other Costs		$ 6,025.00
TOTAL PROJECT COSTS		$ 33,375.00

Note: The assaying charges have been based on the price list supplied by Skyline Labs, Inc., of Denver, whom we have found to be most reliable. (Appendix D.)

Until early September we will be able to carry out copper, lead, zinc and silver determinations in our own laboratory set up in Elko, Nevada, thus avoiding shipping costs and cutting actual assay costs somewhat. However, skilled lab technicians are difficult to obtain in Nevada and it is possible that all samples will have to be sent to Skyline after September 1st, so that the above costs will still apply.

The foregoing report is respectfully submitted for your early consideration.

Very truly yours,

AMERICAN SELCO INCORPORATED

Robert N. Parkinson
Exploration Manager

RNP:bj

APPENDIX C

Summary of Drilling Bids and Costs 1969-70

(1) Present Drilling Contract with Justice Core Drilling Company, providing the following scale of prices per foot:

0 - 250'	$ 6.50
250 - 500'	7.00
500 - 750'	7.50
750 - 1000'	8.00
1000 - 1250'	8.50
1250 - 1500'	9.00
1500 - 1750'	9.50
1750 - 2000'	10.00

To each of these prices, we have added, for our own cost estimates, the amount of 50 cents per foot for mud and $2.00 per foot to cover such additional costs as cementing, moves, casing removal, reaming, etc.

(2) Drill Contract with Joy Manufacturing Company for drilling done on Railroad property during 1969. The actual cost of this work, as noted on Page 3, paragraph 5, was $15,000 for 880 feet, or $17.00 per foot.

We consider Justice to be an efficient drilling concern and their bid to be reasonable judging by the work already accomplished during the 1970 season.

THIS AGREEMENT MADE:

[redacted]:- AMERICAN [illegible] INCORPORATED
698 South Fifth Street
Elko, Nevada 89801

Hereinafter called the "Company"
OF THE FIRST PART

AND:- [illegible] DRILLING CO.
[illegible] 1, Ustick Road
[illegible] Idaho 83642

[illegible] called the "Contractor"
[illegible] PART

W H E R E A S the Company [illegible] of or is otherwise well entitled to enter upon [illegible] of mining claims in the Railroad area in North Eastern Nevada, U. S. A., and which are herein called the "Claims".

NOW THEREFORE IT IS WITNESSED:

Clause 1 - The Contractor will diamond drill or cause to be diamond drilled a minimum of six thousand (6,000) feet upon the claims at drill sites to be selected by the Company.

Clause 2 - The work under this agreement will be continued by the Contractor with such number of working shifts as it may think advisable with reasonable diligence until completed.

Clause 3 - All holes shall be drilled with a standard size drill or drills producing NQ Wireline size core unless [illegible] agreed by both parties, in which case a new price [illegible] stated.

[illegible] - The dip of all holes shall be 45 degrees or [illegible] otherwise agreed by both parties.

[illegible] - No holes shall exceed a length of 2 thousand [illegible] unless otherwise agreed by both parties.

Clause 5 - The Contractor will furnish and use in performing the work hereunder the drill rig which must be of adequate capacity [illegible] the angles and depths of the holes contemplated, complete with all regular equipment, all necessary equipment, material and supplies necessary to properly perform the work hereunder, and all facilities and personnel required for moving the drill rig and necessary equipment. The Contractor will furnish sufficient skilled men to operate the drill on the specified shift basis.

Clause 7 - Measurements of all holes shall be made from the top of the casing.

oooooo

Clause 8 - The Company will pay for all regular core drilling and penetration of all overburden at the following rates:

Casing

$12.00 per hour

Casing

From	To	Price per foot
0'	250'	$6.50
250'	500'	7.00
500'	750'	7.50
750'	1000'	8.00
1000'	1250'	8.50
1250'	1500'	9.00
1500'	1750'	9.50
1750'	2000'	$10.00

Average to 1500': 7.75/ft
+ 0.50 mud
+ 2.00 contingency
= 10.00/foot !

[illegible] 9 - The Company agrees to pay for the following oper[illegible] field cost basis:

(a) All counting operat[illegible]

(b) Moving between drill[illegible] ing tooling down and setting up, up to thirty [illegible] hours.

(c) All wedging operatio[illegible]

(d) All reaming operatio[illegible]

(e) The removal of all [illegible] accumulated material upon completion of drill[illegible]

(f) The Company agrees [illegible] casing left in holes at the Company's request at c[illegible]

Clause 10 - All field cost operations will be charged to the Company [illegible] the following applications:

Labor	$ 6.00 per man hour
Standby	$12.00 per hour (total cost)
Material consumed	At cost plus 10%

Clause 11 - The Company agrees to pay for all material used in maintaining a mud circulation operation. Any delay charges up to a maximum of four hours caused by heavy sand or sludge will be paid for 50% by the Company and 50% by the Contractor.

.....

Clause 12 - All pumping operations from water supply to the drill site is the responsibility of the contractor. In cases of trucking water, a charge of $6.00 per hour to the Company will be in effect, covering labor, water truck, pumping.

Clause 13 - In the event of impossible or difficult penetration, the hole may be abandoned at the discretion of both the Company and the Contractor. In cases where drill pipe, bits or other tools are lost in drill hole because of drillers' neglect, the Contractor shall fish for these items at his expense.

Clause 14 - The Company will pay for all casing and testing of ho[illegible] the following rates:
$8.00 per foot
✓Tropari testing at $12.00

[illegible] - The Company shall have the right to have a repre[illegible] the drill rig at all times. The Contractor will move [illegible] loc as the Company desires and deliver the cores in [illegible]ed by the Company to the Company's representative [illegible]ite. The Contractor shall give the Company's representative [illegible] the end of each shift an accurate driller's report of each hole, showing the depth of the hole at the beginning and at the end of the shift, the position of casing, and condition of the hole.

Clause 16 - It is agreed that the foreman's daily reports will be signed by the Company's engineer and the Contractor's foreman.

It is further agreed that the cost items on the signed foreman's daily reports will be invoiced and paid for by the Company.

Clause 17 - Core boxes shall be supplied by the Company.

ooooo

Clause 18 - The Contractor will be subjected to operate under all applicable Nevada and State legislation regarding employees liability and Workmen's Compensation with respect to the Contractor's employees engaged in work upon the claims.

Clause 19 - The Contractor shall pay all bills for equipment, materials, supplies, and labor which may be furnished or performed in connection with the work hereunder on or before the date the same shall fall due under the terms of the Contractor's arrangements with suppliers and employees. The Contractor shall [illegible] hereby the Company against any claims filed against the Contractor, the Company, or the drill-site property by [illegible] employees and against any expense or loss to the [illegible] of any such claim. This provision shall [illegible] tion of this Agreement.

[illegible] The Contractor will at all times indemnify the [illegible] any loss, claims, or expenses which the Co[illegible]tor on account of loss occasioned to it, its [illegible], or property in its possession or control, [illegible] injuries to person or property sustained by other [illegible] corporations, including without limitation the Contractor [illegible] its employees, arising out of or in any manner [illegible] connected with the operations or activities of the Contractor [illegible] employees hereunder. Moreover, the Contractor shall not be liable [illegible] and the Company will indemnify it against any liability for damage [illegible] the surface of the premises upon which drilling is done or over which equipment is moved and any property thereon, to the extent such damage could not be avoided by the exercise of due care by the Contractor. The Contractor's obligations under this paragraph shall survive the term [illegible] of this agreement.

Clause 21 - The Contractor will not itself and will not permit any of its employees or agents to give any samples or any information whatever regarding the records and results of this drilling to any person, firm, or corporation other than the Company or its employees, nor will the Contractor or its employees or agents make any use of said information except in connection with the performance of the work hereunder. The Contractor acknowledges that a confidential relationship is hereby created by and between the parties hereto and that such relationship as to the matter contained in this paragraph shall survive the termination of this Agreement.

Clause 22 - Upon the completion of the work by the Contractor, the Contractor shall have the right to remove within a reasonable [illegible] of time all machinery, equipment, appliances and facilities [illegible] tractor placed upon the Claims.

[illegible] - The Contractor agrees to provide board and lodging [illegible] men at its own expense.

[illegible] It is the Contractors' responsibility to demobi[illegible] last hole to a place of his choice.

Clause 25 - The Company will pay to the Contractor for all work contemplated by this agreement as the work progresses as follows:

[illegible] For all work done on and before the last day of each calendar month, not later than the 15th day of the calendar month next following, interest at 1% per month will be charged on overdue accounts.

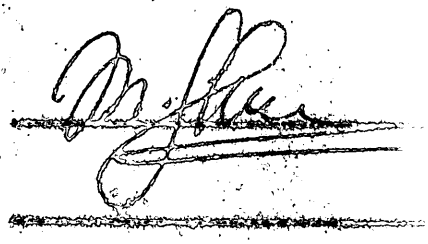
Clause 26 - At all times during the currency of this Agreement the Contractor agrees to carry with a reliable insurance company or [illegible] satisfactory to the Company, Workmen's Compensat[illegible] to protect its employees, [illegible] satisfactory to the Company. [illegible] Company, on request, suitable evidence [illegible]

been produced and is being maintained for the period this Agreement remains in effect.

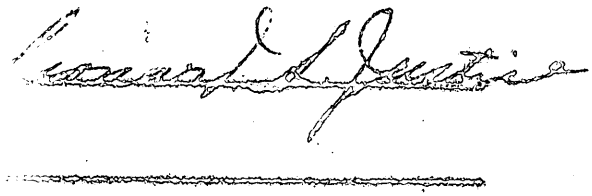
Clause 12 - This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have caused their respective seals to be affixed hereto as attested by the signature of their respective proper officers in that behalf.

AMERICAN SILICA INCORPORATED



JUNIOR CORE DRILLING CO.



DATE June 5.

AIR POWER DIVISION
JOY MANUFACTURING COMPANY
[illegible] WOODLAND AVENUE
MICHIGAN CITY, INDIANA 46360

September 4, 1969

219-872-7221

American Selco, Inc.
[illegible] South 5th Street
Elko, Nevada 89801

Attention: Mr. Peter N. R. Will[illegible]
Resident Geologist

Gentlemen:

Thank you for invit[illegible] bid on approximately 2,000 feet of core drilling on your pr[illegible] located approximately thirty miles southwest of Elko, Nevada.

Our Salt Lake area [illegible], Mr. Wallace Woodcock, has looked over the project area and has furnished us with a complete report of the work. Based on the information contained in his report, we are pleased to submit the following for your consideration.

Mobilization	$500.00.
Drilling and Related Work	$20.00 per hour.
Diamond Bits and Rotary Bits used up	At list price.
Mud and Mud Additives	At job site cost.
Core Boxes used	$1.25 each.
NX Casing lost or left in place	$3.50 per foot.
BX Casing lost or left in place	$2.50 per foot.
4" Pipe lost or left in place	$3.00 per foot.
Water Truck Rental	$300.00 per month plus 15¢ per mile.
Per Diem Allowance for drill crew	$5.00 per day per man.

Breakdown time - Selco pays for up to 2 [illegible] shifts only.

Sheet No. 2 To: American Selco, Inc.
September 4, 1969

Bulldozer work necessary to construct or maintain access roads, prepare drill sites or move the drill from one location to another will be performed at local cost, plus 20% to cover the cost of handling.

The above water truck rental rate covers rental of a late model F-600 Ford two-ton truck. If it is necessary to provide a four-wheel drive truck to haul water, we will rent the four-wheel drive truck and invoice you at our rental cost, plus 20% for handling. As an alternate to this arrangement, you may wish to furnish water at the drill site with your own equipment. No charge will be made for water truck rental if you furnish water at the drill locations.

Our prices are base[illegible] a machine and crew, which we now have working in the Elko [illegible] anticipate completing this project the latter part of Septe[illegible] our prices are acceptable to you, we will be in a position [illegible] your work no later than October 1st.

Thank you for the pri[illegible] quoting on your core drilling requirements.

Yours truly,

JOY MANUFACTURING COMPANY

W. B. Smith, General Superintendent
Contract Drill Division

[illegible]:rh

Selection Trust Limited
Annual Report to 31 March 1970

Selection Trust Limited

Directors' Report and Accounts
for the year ended 31 March 1970

Contents

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Chairman's statement
A statement by the Chairman, Mr A.Chester Beatty, will be made at the Annual General Meeting and copies will subsequently be sent to shareholders.

Notice of Meeting

Notice is hereby given that the 37th Annual General Meeting of Selection Trust Limited will be held at Winchester House, 100 Old Broad Street, London, EC2, on Thursday 9 July 1970, at 12 o'clock noon, for the purpose of considering and, if thought fit, passing the following resolutions :

1 'That the Directors' Report and the audited Statement of Accounts for the year ended 31 March 1970, now submitted, be and they are hereby received and adopted.'

2 'That a Final Dividend of 2s 0d per ordinary share for the year ended 31 March 1970 be paid on 13 July 1970 to Members registered at 12 June 1970.'

3 'That the undernamed be and they are hereby re-appointed Directors of the Company:
(*a*) Mr.T.H.Bradford
(*b*) Mr.H.J.L.Codrington
(*c*) Mr.C.B.Forgan
(*d*) Mr.R.H.MacWilliam
(*e*) Mr.L.G.Stopford-Sackville'
These appointments will be dealt with in one resolution unless any Member present or represented at the meeting requires otherwise.

4 'That the remuneration of the Auditors for the year ending 31 March 1971 shall be an amount to be fixed by the Board.'

5 'That the maximum number of Directors permitted under Article 75 of the Company's Articles of Association be increased from fifteen to eighteen.'

A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.

Dated this 16th day of June 1970

By Order of the Board, J.K.CHEESEMAN, *Secretary*

Selection Trust Building
Mason's Avenue, London, EC2

Selection Trust Limited

Directors	A.Chester Beatty, *Chairman* E.C.Wharton-Tigar, MBE, *Managing Director* T.H.Bradford H.J.L.Codrington J.P.Du Cane, OBE C.B.Forgan E.J.T.Goudie (*Alternate* L.A.Cook) H.J.Hinves R.H.MacWilliam W.T.Padgett R.M.Peterson (*Alternate* P.C.MacCulloch) Sir Ronald L.Prain, OBE (*Alternate* A.M.Macleod-Smith, CMG) S.Spiro, MC L.G.Stopford-Sackville M.W.Thomas
Secretary	J.K.Cheeseman
Registered office	Selection Trust Building Mason's Avenue, London, EC2 Telephone: 01-606 6000
Auditors	Annan, Dexter & Co. *Chartered Accountants*
Solicitors	Freshfields
Registrars and transfer office	Hill Samuel & Co. Limited 6 Greencoat Place, London, SW1 Telephone: 01-828 4321

London appointments

Technical	C.M.Richardson *(Chief consulting engineer)* D.G.Cooper *(Assistant consulting engineer)* Dr.E.Gerryts *(Senior exploration geologist)* H.L.Henry *(Assistant consulting engineer)* Dr.O.W.Nicolls *(Senior exploration geologist)* R.V.Rumble *(General manager–Engineering division)* S.D.Williams, MC *(Consulting engineer, diamonds)*
Administration	L.A.Cook *(Manager)* W.J.Baker *(Chief accountant)* G.S.Bowden *(Assistant secretary)* T.F.Jackson *(Taxation adviser)* A.R.Saunders *(Purchasing agent)*

Overseas offices and appointments

African Selection Trust Exploration (Pty) Limited Suite 1403, Standard Bank Centre, 78 Fox Street, Johannesburg	J.A.Devenish *(Resident director)* Dr.L.E.Wolhuter *(Exploration manager)*
American Selco Incorporated Suite 1207, 9 East 44th Street, New York	R.N.Parkinson *(Technical manager)*
Australian Selection (Pty) Limited 22/30 Bridge Street, Sydney, New South Wales	Air Commodore H.I.Edwards, VC, CB, DSO, OBE, DFC *(Resident director)* P.B.Andrews *(Technical director)* P.G.Nicholson *(Director and manager)*
5/13 Tupper Street, Kalgoorlie, Western Australia	J.E.Martin *(Exploration manager)*
Selco Exploration Company Limited 6th Floor, 55 Yonge Street, Toronto, Ontario	P.C.MacCulloch *(Executive director)* J.S.Auston *(Exploration manager)*
Selco Mining and Development Limited 6th Floor, 55 Yonge Street, Toronto, Ontario	M.A.Upham, MBE *(President)*

Report of the Directors

The Directors submit their Report together with the audited Accounts for the year ended 31 March 1970.

The Company is a British mining finance house with total net assets valued at approximately £150 million at 31 March 1970. It has a valuable portfolio of mining investments which provide it with interests in a wide range of metals and minerals. It also seeks additional interests throughout the world by conducting its own exploration programme for new ore deposits, as well as by participating in the development of mining properties and allied businesses controlled by others.

The Company's principal shareholdings and other interests are reviewed in the following pages. A list of subsidiary companies and of companies in which an equity interest of 10% or more is held is given on page 12.

An analysis of the assets and of the income appears on pages 26 and 27. Approximately 96% of the assets represented by the Company's interests are located outside the United Kingdom. The main sources of income are shown in the summary below.

Summary of Results		1970		1969
	£	£	£	£
Dividends and interest–				
American Metal Climax		2,276,868		2,033,462
Tsumeb Corporation		1,894,562		1,833,748
Consolidated African Selection Trust		700,614		690,614
Vaal Reefs Exploration & Mining Company		309,931		473,403
Others		433,036		424,924
		5,615,011		5,456,151
Profit on realisation of investments		1,293,669		1,653,452
Net revenue from mining operations		399,863		—
Sundry revenue		757,806		396,763
		8,066,349		7,506,366
Expenses		787,319		621,557
		7,279,030		6,884,809
Taxation		2,482,965		2,136,662
		4,796,065		4,748,147
Amount attributable to outside shareholders in subsidiaries		43,084		47,500
		4,752,981		4,700,647
Transfers to–				
General reserve	400,000		—	
Investment reserve	—		771,879	
Exploration reserve	1,000,000		700,000	
		1,400,000		1,471,879
		3,352,981		3,228,768
Dividends on 20,301,672 shares–				
Interim dividend of 1s 3d per share paid 8 January 1970 (1969 1s 3d on 18,690,159 shares)	1,268,855		1,168,135	
Final dividend of 2s 0d per share recommended for payment on 13 July 1970 (1969 2s 0d on 20,247,672 shares)	2,030,167		2,024,767	
		3,299,022		3,192,902
Unappropriated profit for the year		53,959		35,866
Add: Unappropriated profits at 1 April 1969		1,869,143		1,833,277
Unappropriated profits at 31 March 1970		£1,923,102		£1,869,143

Accounts
The results for the year, as can be seen from the summary opposite, are very similar to those of the previous year. Slightly higher dividends were received from American Metal Climax and Tsumeb Corporation and revenue started to accrue from the Mount Newman iron ore project.

Profit on realisation of investments amounting to £1,293,669 arose mainly from the sale of shares in Palabora Mining Company. The holding in that company was substantially reduced by these sales and by those referred to in the next paragraph.

A surplus on the realisation of investments by the subsidiary, Seltrust Investments Limited, of £394,501 after providing for the relevant corporation tax, is not available for dividend and has been added to Capital Reserve, as required by its Articles of Association.

There was a net depreciation of £206,014 in the value of certain investments which has been debited to the Investment Reserve. The basis of valuation of investments is shown in Note 11 on page 23.

Exploration expenditure is dealt with through the Exploration Reserve, the year's charge amounting to £1,248,874 after deducting £116,387 in respect of provisions previously made but no longer required; this charge was some £416,000 more than that for the previous year.

The expenditure by South Bay Mines Limited, a Canadian subsidiary, on developing its copper-zinc-silver orebody at Uchi Lake in north-western Ontario and the expenditure on the Sar Cheshmeh copper property in Iran are carried in the accounts as assets at cost.

Now that production has commenced at Mount Newman the Company's direct interest in the assets of the project, less depreciation thereon, has been allocated over appropriate headings in the consolidated balance sheet instead of being shown as a single item.

The transfer to General Reserve of £400,000 was made by the subsidiary, Seltrust Iron Ore Limited, which owns the Mount Newman interest, in recognition of the fact that revenue from the project is being reinvested in further development.

Capital
The authorised capital remained unchanged at £6,250,000 but the issued capital was increased to £5,075,418 in 20,301,672 ordinary shares of 5s each by the issue in July 1969 of 54,000 new shares of 5s each, fully paid, to the trustees of The Selection Trust Share Trust (1969). As a result of this issue an amount of £512,174 has been added to Share Premium Account.

The new shares were subscribed by the trustees at 195s each with funds borrowed by them from the Company, pursuant to "The Selection Trust Employees Share Trust Scheme". At 31 March 1970 the loan to the trustees was £524,517, having been reduced under the terms of the Scheme by a payment out of the net dividend received by the trustees on the shares during the year.

Also in July 1969, options were granted at 3d per share to overseas members of the staff to call for an allotment at 195s each of a total of 16,250 shares of 5s each between 22 July 1971 and 22 July 1976. This grant of options was made pursuant to "The Selection Trust Share Option Scheme".

As a result of the foregoing, 129,750 shares of 5s each of the Company remained available at 31 March 1970 for issue under the Trust Scheme and the Option Scheme, which were both approved by the shareholders at the last Annual General Meeting.

Exploration
Exploration activities in the past year continued to be concentrated in North America, Australia and southern Africa and were on an increased scale compared with previous years. Consolidated African Selection Trust Limited has a 40% participation in all exploration ventures, except those for diamonds in which it has 60%.

Most of the exploration work in Canada was undertaken on 82 square miles of mining claims held in the Uchi Lake area of Ontario and encompassing the small high-grade copper-zinc-silver deposit of our subsidiary, South Bay Mines Limited, discovered at the end of 1968 and referred to separately below. Continuing exploration work in the area has comprised drilling of other geophysical targets, but so far without discovery of other ore deposits.

Drilling is just beginning on interesting geophysical targets contained within a further 30 square miles of mining claims held by our Canadian exploration subsidiary, Selco Exploration Company Limited, in the nearby Sturgeon Lake area where a great deal of exploration activity has

resulted from a recent major base metal discovery by another company.

Apart from the extensive programmes being carried out in these two areas, investigations are in progress elsewhere in north-western Ontario and in the United States.

Our work in Australia has been concentrated almost exclusively on areas in Western Australia where rights are held over approximately 1,000 square miles of land.

As announced last November, one of our subsidiaries, Selcast Minerals (Pty) Limited, has exercised its option to acquire from Hampton Gold Mining Areas Limited a 42-year lease over the northern portion of that company's East Location 48, comprising 18,500 acres in the vicinity of Kalgoorlie. This was done to enable us to continue the examination of the ground which remains an important exploration target. As a result of the exercise of the option, Hampton Gold Mining Areas has a one-third interest in the issued share capital of Selcast Minerals.

At Spargoville, 40 miles south of Kalgoorlie, diamond drilling has indicated three small nickel sulphide ore shoots. These are encouraging results, but at this time these shoots, neither singly nor together, contain sufficient ore to make an economic mining operation possible. Accordingly, the work at Spargoville is being directed to seeing if additional ore can be delineated in these shoots and to the finding of further nickel deposits in the vicinity.

Elsewhere in Western Australia, in areas north of Kalgoorlie, the rate of surface investigation for base metals has been increased in the past year. Some diamond drilling was carried out without yielding results of economic significance.

Our exploration programme in southern Africa is much smaller than those in Australia and North America. However, several areas are being investigated for diamonds and for base and precious metals but it is too early to draw firm conclusions from the work, including drilling, accomplished to date.

We continued to remain interested in the search for oil and gas in the North Sea. In the Dutch sector, the second well drilled by the Noordwinning Group, in which we are a participant, was dry. No further drilling by the Group is at present envisaged. In the United Kingdom sector, Total Oil Marine succeeded Amax Petroleum Corporation as operator of the Group in which we have an interest. Some seismic work was carried out by the Group over its two licence areas during the year but this failed to establish any worthwhile drill targets.

South Bay Mines Limited

The development of the South Bay mine is proceeding very satisfactorily under the direction of Selco Mining and Development Limited. Fifty miles of access road have been built by South Bay Mines Limited under the auspices of the Ontario Provincial Government. The shaft has been collared and surface plant construction has commenced.

Production at the rate of 500 tons of ore per day is forecast for the middle of 1971 based on reserves established above the 300 foot horizon. After shaft sinking has been completed to 700 feet, mineral intersections already indicated from surface drilling and favourable geological features will be explored laterally and in depth by development and diamond drilling from underground.

Iran

Under the agreement with our Iranian partners, Mr. Mahmoud Rezai and the Kerman Mining Company, we had to decide by 31 December 1969 whether we wished to participate with them in the development of the Sar Cheshmeh copper property on which we had been carrying out investigations for the previous two years. Shareholders were informed in the Chairman's Statement to the Annual General Meeting of Consolidated African Selection Trust Limited on 10 December 1969 that the Boards of both that company and Selection Trust Limited had decided that this should be done and notice to this effect was duly given.

Current work is concerned with the feasibility of operating at an initial capacity involving the milling of 30,000 metric tons of ore per day. Economic studies on this basis are nearing completion and a great deal of work has been carried out in investigating possible sources of finance. During the year, for reasons connected with this financing, our interest in Kerman Copper Industries, the intended operating company in Iran, was transferred from Iranian Selection Trust Limited to Luxembourg Selection S.A., a wholly-owned subsidiary of Iranian Selection Trust which is beneficially owned as to 60% by the Company and as to 40% by Consolidated African Selection Trust.

Directors

It is with deep regret that the Directors record the death in December last year of Mr S.D.H.Pollen, M.B.E., T.D., who was appointed a Director of the Company in 1959. Although Mr Pollen retired from the Board on 17 April 1969, his valued advice continued to be available through his directorship of Seltrust Investments Limited and he will be greatly missed.

A list of the Directors and alternate directors appears on page 4. All of them were in office at 31 March 1970 and had served throughout the year except Mr S.Spiro, M.C. and Mr L.G.Stopford-Sackville who were appointed to the Board on 17 April and 18 September 1969 respectively.

At the forthcoming Annual General Meeting five Directors retire pursuant to the Articles of Association. They are Mr T.H.Bradford, Mr H.J.L.Codrington, Mr C.B.Forgan and Mr R.H.MacWilliam who retire by rotation and Mr L.G. Stopford-Sackville who has been appointed since the last Meeting. Resolutions for their re-appointment will be submitted.

With the continuing growth in the Company's activities it is considered desirable to provide for possible further appointments to the Board. Shareholders will therefore see in the Notice of Meeting a resolution to increase from fifteen to eighteen the maximum number of Directors permitted under the Articles of Association.

General Information

Other particulars as required by the Companies Acts, which constitute part of this report, together with certain miscellaneous information, will be found on pages 34 and 35.

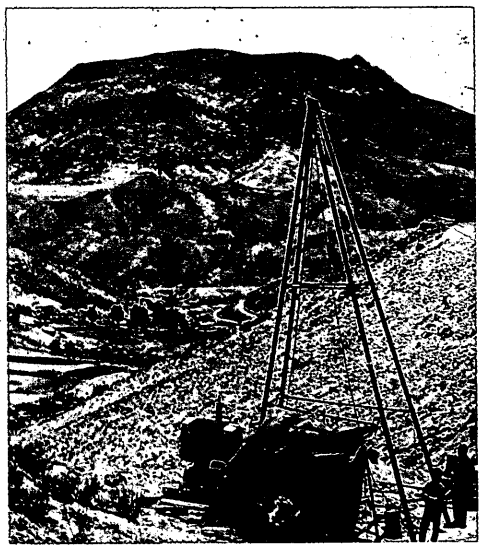
Annual General Meeting

The Annual General Meeting will be held on 9 July at Winchester House, 100 Old Broad Street, London, E.C.2. A Form of Proxy for use at the meeting is enclosed for the convenience of shareholders who are unable to attend the meeting. To be effective, Forms of Proxy must reach the Registered Office not later than 12 noon on 7 July 1970. Lodgement of a proxy will not prevent a shareholder from attending and voting in person at the meeting if he desires to do so.

By Order of the Board, J.K.CHEESEMAN, *Secretary*

Selection Trust Building
Mason's Avenue, London, E.C.2.

28th May 1970



Iran—The photographs above illustrate two of the many important aspects of the investigation of the Sar Cheshmeh copper property. First, a drill rig in operation—some 95,000 ft. of diamond drilling having been accomplished since the investigation commenced early in 1968. Second, underground development from adits driven into the mountain to allow more detailed examination of geological features and to facilitate bulk sampling of ore.

Australia—A vital part of any exploration programme is the drilling undertaken to obtain information on structural geology and to test below surface indications of mineralisation. During last year some 85,000 ft. of diamond drilling were completed by our Drilling Division in Western Australia. The photograph on the right shows drill core laid out for examination and logging prior to sampling. On the left is the field geologists' office at Spargoville.

Canada—The recent work in north-western Ontario has included construction of an all-weather access road from Ear Falls to our South Bay mine. Despite unfavourable weather conditions the road was completed on time to enable equipment and supplies to be brought into the area for the development of the mine and to service the continuing exploration programme. Construction of the road is pictured on the right; prior to its completion, 'planes fitted either with skis in the winter to land on the frozen lakes or with floats in the summer, as illustrated above, were the principal means of transport.

Subsidiary companies and principal interests

at 31 March 1970

Subsidiaries of Selection Trust Ltd.	Country of Incorporation	Proportion of Issued Capital held* Parent Company	Group Interest
African Selection Trust Ltd.	England	100%	100%
African Selection Trust Exploration (Pty) Ltd.	South Africa	100%	100%
American Selco Inc.	U.S.A.	100%	100%
Auselex Exploration (Pty) Ltd.	Australia	Nil	100%
Auselex Investment Holding (Pty) Ltd.	Australia	100%	100%
Australian Selection (Pty) Ltd.	Australia	100%	100%
Australian Selection Trust Ltd.	England	100%	100%
Bikita Minerals (Pvt) Ltd.	Rhodesia	50%	50%
Iranian Selection Trust Ltd.	England	60%	60%
Iran Selection Exploration Ltd.	England	100%	100%
Luxembourg Selection S.A.	Luxembourg	Nil	60%
Noordzee Selection N.V.	Netherlands	60%	60%
North Sea Selection Company Ltd.	England	100%	100%
North Sea Selection Netherlands Company Ltd.	England	100%	100%
Selco Exploration Company Ltd.	Canada	100%	100%
Selco Holdings Ltd.	Canada	100%	100%
Selection Trust Exploration Ltd.	England	100%	100%
Seltrust Investments Ltd.	England	100% 20%†	100% 20%†
South West African Selection Trust (Pty) Ltd.	S.W.Africa	100%	100%
Subsidiaries of Auselex Investment Holding (Pty) Ltd.			
Selcast Exploration (Pty) Ltd.	Australia	Nil	56·5%
Selcast Holdings (Pty) Ltd.	Australia	Nil	60%
Selcast Minerals (Pty) Ltd.	Australia	Nil	40%
Selcast Mining & Investment (Pty) Ltd.	Australia	Nil	60%
Shield Exploration (Pty) Ltd.	Australia	Nil	60%
Western Nickel (Pty) Ltd.	Australia	Nil	60%
Western Selcast (Pty) Ltd.	Australia	Nil	60%
Subsidiaries of Selco Holdings Ltd.			
Saracen Mines Ltd.	Canada	Nil	60%
Selcast Canadian Holdings Ltd.	Canada	Nil	60%
Selco Mining & Development Ltd.	Canada	Nil	60%
South Bay Mines Ltd.	Canada	Nil	56·5%
Subsidiaries of Seltrust Investments Ltd.			
African Selection Trust (Pty) Ltd.	South Africa	Nil	100%
Seltrust Iron Ore Ltd.	England	Nil	100%
Principal companies in which a Group interest of 10% or more of the equity capital was held:			
American Metal Climax, Inc.	U.S.A.	1·5%	11·8%
Consolidated African Selection Trust Ltd.	England	7·0%	37·3%
Tsumeb Corporation Ltd.	S.W.Africa	4·3%	14·3%
Vaal Reefs Exploration & Mining Company Ltd.	South Africa	10·2%	10·2%
Western Mining Corporation Ltd.	Australia	10·1%	10·1%

*Ordinary shares or their equivalent, except where stated
†4½% cumulative redeemable preference shares

Accounts

Report of the Auditors

to the Members of Selection Trust Limited

In our opinion the accounts and notes set out on pages 15 to 24 and the statement of subsidiary companies and principal interests on page 12 give a true and fair view of the state of affairs and the profit of the Company and the Group and comply with the Companies Acts 1948 and 1967.

The accounts of the overseas subsidiaries have been audited by other firms.

Annan, Dexter & Co. *Chartered Accountants*
21 Ironmonger Lane, London, EC2

28 May 1970

Consolidated Profit and Loss Account for the year ended 31 March 1970

Selection Trust Limited and subsidiary companies

	Notes		1970		1969
Revenue		£	£	£	£
Dividends and interest from–					
Quoted investments		3,714,156		3,611,524	
Unquoted investments		1,900,855		1,844,627	
			5,615,011		5,456,151
Profit on realisation of investments	2		1,293,669		1,653,452
Net revenue from mining operations	2		399,863		—
Sundry revenue			757,806		396,763
			8,066,349		7,506,366
Expenditure					
Administration and property expenses		720,206		590,400	
Interest on bank loans		67,113		31,157	
			787,319		621,557
			7,279,030		6,884,809
Taxation	3		2,482,965		2,136,662
Net profit for the year (*see note below*)			4,796,065		4,748,147
Deduct: Interest of outside shareholders in profits of subsidiaries			43,084		47,500
Net profit for the year available for appropriation			4,752,981		4,700,647
Dealt with in accounts of the parent company		3,962,259		3,862,000	
Retained by subsidiary companies		790,722		838,647	
Transfers to					
General reserve		400,000		—	
Investment reserve		—		771,879	
Exploration reserve		1,000,000		700,000	
			1,400,000		1,471,879
			3,352,981		3,228,768
Dividends on 20,301,672 shares					
Interim dividend of 1s 3d per share (1969 1s 3d on 18,690,159 shares)		1,268,855		1,168,135	
Final dividend of 2s 0d per share recommended (1969 2s 0d on 20,247,672 shares)		2,030,167		2,024,767	
			3,299,022		3,192,902
Unappropriated profit for the year			53,959		35,866
Add: Unappropriated profits at 1 April 1969			1,869,143		1,833,277
Unappropriated profits at 31 March 1970			£1,923,102		£1,869,143

Note: Exploration expenditure £1,248,874 and depreciation in value of investments £206,014 have been charged against reserves (1969 £832,317 and £100,385)

Consolidated Balance Sheet 31 March 1970

Selection Trust Limited
and subsidiary companies

	Notes		1970		1969
		£	£	£	£
Capital	**14**				
Authorised–25,000,000 shares of 5s each		6,250,000		6,250,000	
Issued–20,301,672 ordinary shares of 5s each, fully paid			5,075,418		5,061,918
Share premium account	**4**		15,640,235		15,128,061
Reserves					
Capital reserve	**5**	2,097,285		1,702,257	
General reserve	**6**	3,364,028		2,928,294	
Investment reserve	**7**	1,451,946		1,657,960	
Exploration reserve	**8**	1,110,946		1,359,820	
Unappropriated profits		1,923,102		1,869,143	
			9,947,307		9,517,474
			30,662,960		29,707,453
Outside interests in subsidiary companies	**9**		3,207,519		1,948,956
			£33,870,479		£31,656,409

A.Chester Beatty, *Director*

E.C.Wharton-Tigar, *Director*

J.K.Cheeseman, *Secretary*

	Notes		1970		1969
		£	£	£	£
Fixed assets	**10**				
Freehold property			980,330		971,325
Mining claims and equipment			5,813,618		3,866,205
Exploration equipment			328,865		210,086
Office equipment, furniture and vehicles			200,357		160,518
			7,323,170		5,208,134
Shares in subsidiary company not consolidated, at cost	**1**		435,261		435,261
Investments	**11**				
	Stock Exchange value 1970 / 1969				
Quoted	£130,064,679 / £127,291,704	17,670,922		12,943,322	
	Directors' valuation 1970 / 1969				
Unquoted	£6,500,000 / £6,500,000	562,993		345,514	
			18,233,915		13,288,836
Sar Cheshmeh copper property, at cost			3,659,038		1,497,063
Interests in mining investigations, at cost		3,837,784		2,167,561	
Less: Provision		3,837,784		2,151,345	
			—		16,216
Loan to trustees of employees share trust scheme			524,517		—
Net current assets					
Debtors and payments in advance		3,235,518		1,988,886	
Mine stores, at cost		117,151		—	
Mineral ore in stock, at cost		41,654		—	
Deposit fixed to February 1972		500,000		—	
Treasury bills, at cost		490,902		1,961,678	
Cash and short-term deposits		7,972,645		11,540,431	
		12,357,870		15,490,995	
Less:					
Creditors		1,552,501		1,053,122	
United Kingdom corporation tax payable 1 January 1971		556,297		745,326 deduct	
Bank loans		3,693,624		1,947,533	
Loan repayable February 1972		830,703		—	
Final dividend recommended for the year ended 31 March 1970		2,030,167		2,024,767	
		8,663,292		4,280,096	
			3,694,578		11,210,899
			£33,870,479		£31,656,409

Balance Sheet 31 March 1970

Selection Trust Limited

	Notes		1970		1969
		£	£	£	£
Capital	**14**				
Authorised–25,000,000 shares of 5s each		6,250,000		6,250,000	
Issued–20,301,672 ordinary shares of 5s each, fully paid			5,075,418		5,061,918
Share premium account	**4**		15,640,235		15,128,061
Reserves					
Capital reserve		827,847		827,847	
General reserve	**6**	764,028		728,294	
Investment reserve	**7**	598,021		857,726	
Exploration reserve	**8**	1,110,946		1,359,820	
Unappropriated profits		1,016,881		639,492	
			4,317,723		4,413,179
			£25,033,376		£24,603,158

A.Chester Beatty, *Director*

E.C.Wharton-Tigar, *Director*

J.K.Cheeseman, *Secretary*

	Notes		1970		1969
		£	£	£	£
Fixed assets	**10**				
Freehold property			920,382		920,382
Office equipment, furniture and vehicles			172,469		129,541
			1,092,851		1,049,923
Subsidiary companies					
Shares, at cost *less* provision		1,452,035		1,452,035	
Unsecured loans, at cost *less* provision		4,605,830		4,006,072	
		6,057,865		5,458,107	
Current accounts		176,466		91,657	
			6,234,331		5,549,764
Investments	**11**				
	Stock Exchange value 1970 / 1969				
Quoted	£65,548,582 / £59,276,999	13,637,493		9,641,063	
	Directors' valuation 1970 / 1969				
Unquoted	£2,240,000 / £2,134,000	431,514		201,428	
			14,069,007		9,842,491
Interests in mining investigations, at cost		279,940		243,452	
Less: Provision		279,940		243,452	
			—		—
Loan to trustees of employees share trust scheme			524,517		—
Net current assets					
Debtors and payments in advance		1,148,214		1,022,092	
Dividend recommended by subsidiary company		3,250,000		1,218,750	
Deposit fixed to February 1972		500,000		—	
Treasury bills, at cost		—		980,839	
Cash and short-term deposits		2,500,857		8,037,712	
		7,399,071		11,259,393	
Less:					
Creditors		630,580		568,792	
United Kingdom corporation tax payable 1 January 1971		346,054		523,634 deduct	
Bank loans		1,279,600		1,028,488	
Final dividend recommended for the year ended 31 March 1970		2,030,167		2,024,767	
		4,286,401		3,098,413	
			3,112,670		8,160,980
			£25,033,376		£24,603,158

Notes on the Accounts

1 Subsidiary companies

Details of the Company's holdings in all of its subsidiaries, with countries of incorporation, are shown on page 12.
In view of present circumstances concerning Rhodesia it has again been decided not to consolidate the accounts of the Rhodesian subsidiary, Bikita Minerals (Pvt) Limited.

2 Turnover

Proceeds from sale of investments £2,074,686 (1969 £2,947,410)
Proceeds from sale of mineral ore £1,118,934 (1969—Nil)

3 Taxation

	1970		1969	
	£	£	£	£
Based on the profit for the year–				
United Kingdom corporation tax	2,589,446		2,148,664	
Less: Double taxation relief	1,784,075		1,797,958	
		805,371		350,706
Overseas taxation		1,805,707		1,870,250
		2,611,078		2,220,956
Less: Adjustments in respect of previous years		128,113		84,294
		£2,482,965		£2,136,662

4 Share premium account

	£
Balance at 1 April 1969	15,128,061
Add: Premium of 190s per share on 54,000 shares, less share issue expenses	512,174
Balance at 31 March 1970	£15,640,235

5 Capital reserve

	Group £
Balance at 1 April 1969	1,702,257
Add: Profit on realisation of investments by Seltrust Investments Limited, less United Kingdom corporation tax thereon	394,501
Exchange adjustment	527
Balance at 31 March 1970	£2,097,285

6 General reserve	Parent company £	Group £
Balance at 1 April 1969	728,294	2,928,294
Appropriation for the year	—	400,000
	728,294	3,328,294
Add: Provision no longer required against possible exchange differences on eventual repayment of bank loans	35,734	35,734
Balance at 31 March 1970	£764,028	£3,364,028

7 Investment reserve	Parent company £	Group £
Balance at 1 April 1969	857,726	1,657,960
Less: Net depreciation in the value of investments	259,705	206,014
Balance at 31 March 1970	£598,021	£1,451,946

8 Exploration reserve	Parent company and Group £
Balance at 1 April 1969	1,359,820
Appropriation for the year	1,000,000
	2,359,820
Less: Expenditure on abandoned investigations and provision for expenditure on current investigations	1,248,874
Balance at 31 March 1970	£1,110,946

9 Outside interests in subsidiary companies

	£
Seltrust Investments Limited	
Preference shares of £1 each	1,000,000
Preference share redemption premium reserve	52,500
	1,052,500
Other subsidiary companies	2,155,019
	£3,207,519

The preference shares of Seltrust Investments Limited are redeemable on 31 March 1979, or earlier at that company's option, at a premium of 1s 6d per share

10 Fixed assets and depreciation

(a) Bases of valuation

(i) Freehold property in London was revalued during the year to 31 March 1965 at £900,000. The remaining freehold property has been purchased in the last seven years and is included at cost.

(ii) Other fixed assets are included at cost or, where replacements are charged to revenue, at cost of original assets.

(b) Changes in fixed assets and depreciation

	Parent company	Group				
	Office equipment, furniture and vehicles £	Freehold property £	Mining claims and equipment £	Exploration equipment £	Office equipment, furniture and vehicles £	Total £
Totals at 1 April 1969	181,973	971,325	3,866,205	449,514	257,092	5,544,136
Additions	60,531	9,005	2,128,741	262,753	64,568	2,465,067
Disposals	*3,172*	—	—	*33,280*	*4,430*	*37,710*
Totals at 31 March 1970	239,332	980,330	5,994,946	678,987	317,230	7,971,493
Provision for Depreciation						
Totals at 1 April 1969	52,432	—	—	239,428	96,574	336,002
Disposals	*1,965*	—	—	*30,504*	*3,741*	*34,245*
Charge for the year*	16,396	—	181,328	141,198	24,040	346,566
Totals at 31 March 1970	66,863	—	181,328	350,122	116,873	648,323
Net Book Values at 31 March 1970	£172,469	£980,330	£5,813,618	£328,865	£200,357	£7,323,170

*£90,102 (1969 £46,088) charged to exploration reserve, £7,581 (1969 £7,312) included in administration expenses, £180,000 (1969—Nil) deducted from net revenue from mining operations. The remainder is borne by outside interests.

11 Investments

Quoted investments are included at the lower of cost or Stock Exchange value. Unquoted investments are included at the lower of cost or Directors' valuation.
In arriving at the Stock Exchange value of the quoted investments, account has been taken, where applicable, of the investment dollar premium of 28¾% at 31 March 1970 amounting in total to £12,165,798 (1969–45⅜% £15,532,112). The full amount of premium would not be obtained on a realisation of the investments concerned as existing exchange control regulations require the surrender to the Treasury of 25% of the premium.

12 Emoluments of directors and employees

	1970	1969
(i) Aggregate emoluments of directors of Selection Trust Limited from the Company and its subsidiaries:	£	£
As directors, including £8,537(1969 £7,581) additional remuneration under Article 83	24,775	23,100
As executives	67,512	51,970
	£92,287	£75,070

(ii) Details of emoluments, excluding pension contributions:		
Emoluments of the Chairman	£4,358	£4,329
Emoluments of the highest paid director	£24,247	£20,395

Number of directors whose emoluments were:

	1970	1969
Nil to £2,500:	9	7
£2,501 to £5,000:	3	5
£5,001 to £7,500:	2	1
£7,501 to £10,000:	1	Nil
£20,001 to £22,500:	Nil	1
£22,501 to £25,000:	1	Nil

(iii) One employee received emoluments, excluding pension contributions, of between £10,001 and £12,500 (1969 Nil)

13 Auditors' remuneration

Parent Company £4,200 (1969 £4,578)
Group £11,437 (1969 £12,014)

14 Capital
Details of share options granted and shares available for issue under the employees' share incentive schemes are given on page 7 of the Directors' Report.

15 Capital commitments
(i) £4.5 million in respect of 5% participation in Mount Newman iron ore project.

(ii) £1·4 million in respect of participation in financing of Southvaal Holdings Limited.

(iii) Exploration participations and development guarantees in respect of mining projects, the total amount of which is not capable of determination.

16 Foreign currencies
Basis of conversion—assets and liabilities and Stock Exchange value of investments at rates ruling at 31 March 1970.

Ten-year Financial Summary

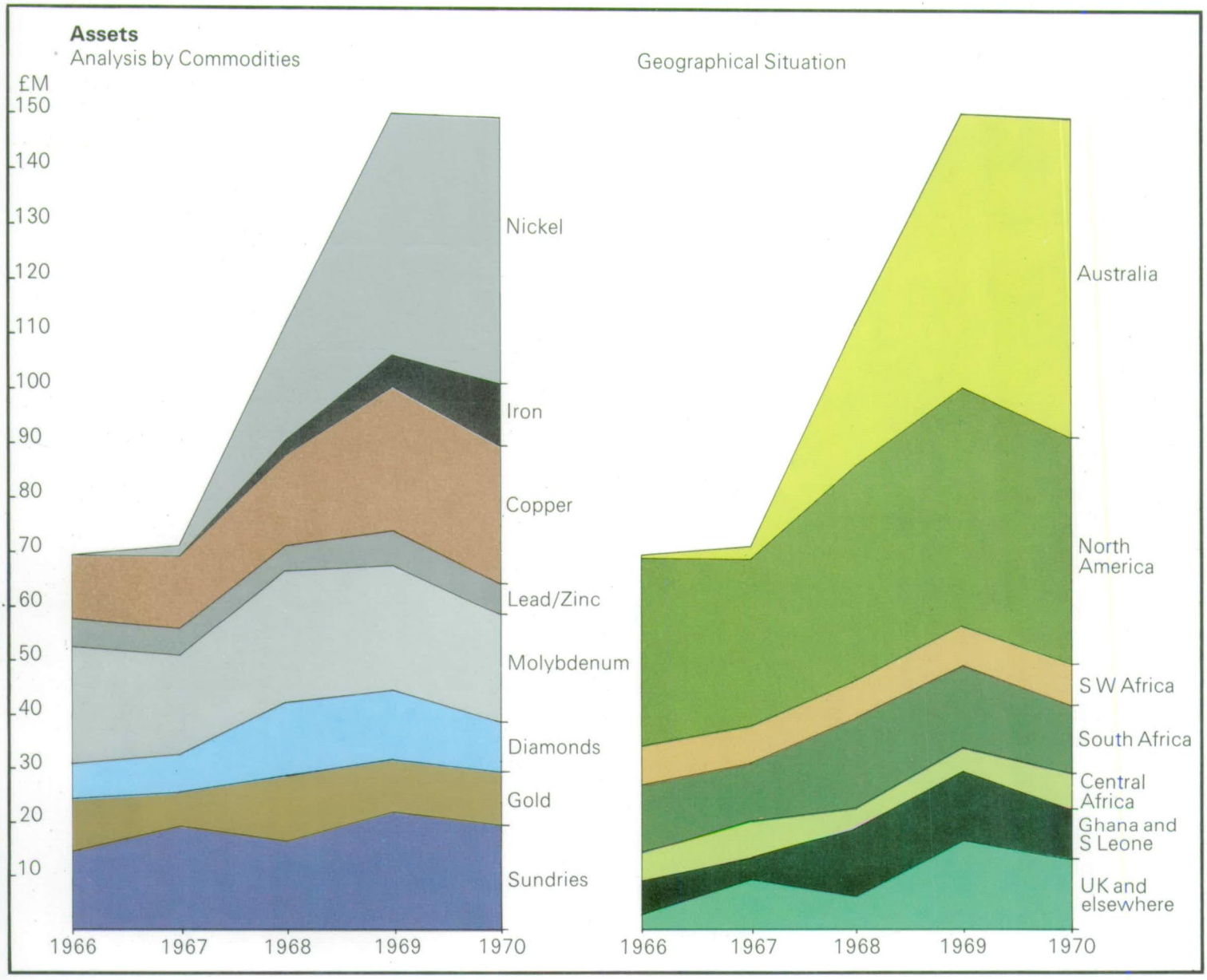
Selection Trust Limited
and subsidiary companies

Net assets (£000's)	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
Investments at book values–										
Quoted	17,671	12,943	11,019	7,682	7,164	6,077	5,865	5,599	5,257	5,048
Unquoted (*1*)	4,657	2,278	571	527	580	460	261	384	569	602
Net current assets	3,695	11,210	5,150	9,098	2,744	2,915	2,583	2,415	2,137	2,095
Other assets less liabilities	7,848	5,225	2,616	1,190	995	838	143	119	47	31
Outside interests in subsidiary companies	*3,208*	*1,949*	*1,163*	*1,146*	*1,216*	*1,133*	*1,089*	*1,069*	*1,032*	*1,030*
	30,663	29,707	18,193	17,351	10,267	9,157	7,763	7,448	6,978	6,746
Appreciation of investments over book values (*2*)	118,102	120,503	93,895	53,656	58,916	47,265	41,036	38,984	31,623	27,856
Total net assets (*3*)	£148,765	£150,210	£112,088	£71,007	£69,183	£56,422	£48,799	£46,432	£38,601	£34,602
Net assets per share (*4*)	146s 7d	148s 0d	110s 5d	69s 11d	68s 2d	55s 7d	48s 1d	45s 9d	38s 0d	34s 1d
Earnings (£000's)										
Profit before taxation	7,279	6,885	6,192	6,087	6,382	4,635	3,841	3,756	3,521	3,497
Taxation	2,483	2,137	1,990	1,298	3,229	2,225	1,864	1,801	1,724	1,611
Profit after taxation	4,796	4,748	4,202	4,789	3,153	2,410	1,977	1,955	1,797	1,886
Amount attributable to outside shareholders	*43*	*48*	*48*	*48*	*29*	*30*	*30*	*30*	*30*	*30*
Profit after tax (before exploration expenditure)	£4,753	£4,700	£4,154	£4,741	£3,124	£2,380	£1,947	£1,925	£1,767	£1,856
Dividends paid per share (*5*)	3s 3d	3s 3d	3s 3d	3s 3d	3s 3d	3s 0d	2s 9d	2s 6d	2s 3½d	2s 2¼d
Total cost of dividends (*6*)	3,299	3,193	3,037	2,700	1,929	1,485	1,399	1,272	1,153	1,113
Transfers to reserves or surplus	1,454	1,507	1,117	2,041	1,195	895	548	653	614	743
	£4,753	£4,700	£4,154	£4,741	£3,124	£2,380	£1,947	£1,925	£1,767	£1,856
Charged against reserves–										
Exploration	£1,249	£832	£694	£415	£411	£447	£414	£392	£461	£360
Investment	206	100	*Cr.37*	63	16	*Cr.159*	*Cr.106*	*Cr.110*	*Cr.26*	196

(*1*) *Including subsidiary company not consolidated and interest in Sar Cheshmeh copper property.*
(*2*) *Taking quoted investments at Stock Exchange prices and unquoted investments at Directors' valuation.*
(*3*) *During the period of ten years £16,000,000 has been raised by share issues.*
(*4*) *Based on present issued capital of 20,301,672 shares.*
(*5*) *Dividends paid per share for 1961 to 1963 have been adjusted in respect of the sub-division of shares and capitalisation issue in January 1964.*
(*6*) *Dividends paid to 5 April 1966, are shown net; thereafter they are shown gross.*

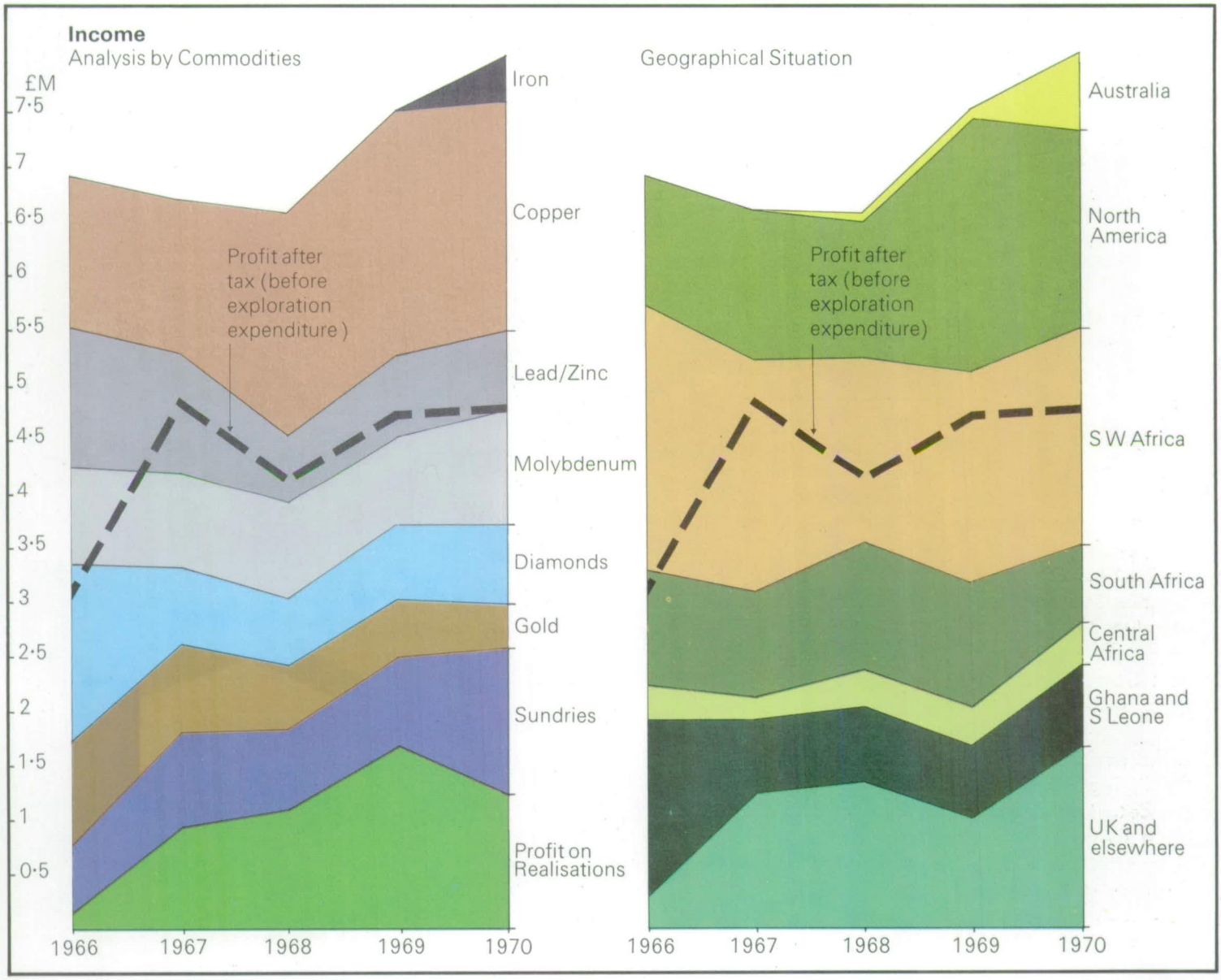
Analysis of Interests

These diagrams show the division of the Company's net assets at valuation, and the sources of its income, when analysed by reference to commodities and geographical locations. The analyses have been traced through the investments concerned to take account of the indirect interests as well as direct interests ; they are therefore necessarily only approximate.



Analysis of Assets 1970 – Percentages

	Australia	North America	S West Africa	South Africa	Central Africa	Ghana and S Leone	UK and elsewhere	Total %
Nickel	32				1			33
Iron	8							8
Copper		4	3	3	3		4	17
Lead/Zinc		2	2					4
Molybdenum		13						13
Diamonds						6		6
Gold				6				6
Sundries		9					4	13
Total	40	28	5	9	4	6	8	100



Analysis of Income 1970 – Percentages

	Australia	North America	S West Africa	South Africa	Central Africa	Ghana and S Leone	UK and elsewhere	Total %
Iron	5							5
Copper		1	17	4	5			27
Lead/Zinc		1	8					9
Molybdenum		13						13
Diamonds						9		9
Gold				5				5
Sundries	1	6					9	16
Profit on Realisations	3	1		1			11	16
Total	9	22	25	10	5	9	20	100

Review of Interests

American Metal Climax, Inc.

Amax is a major American mining and industrial organisation concerned with the production of a wide variety of metals and minerals and with interests across the United States, in Canada, the United Kingdom, Continental Europe, Africa and Australia.

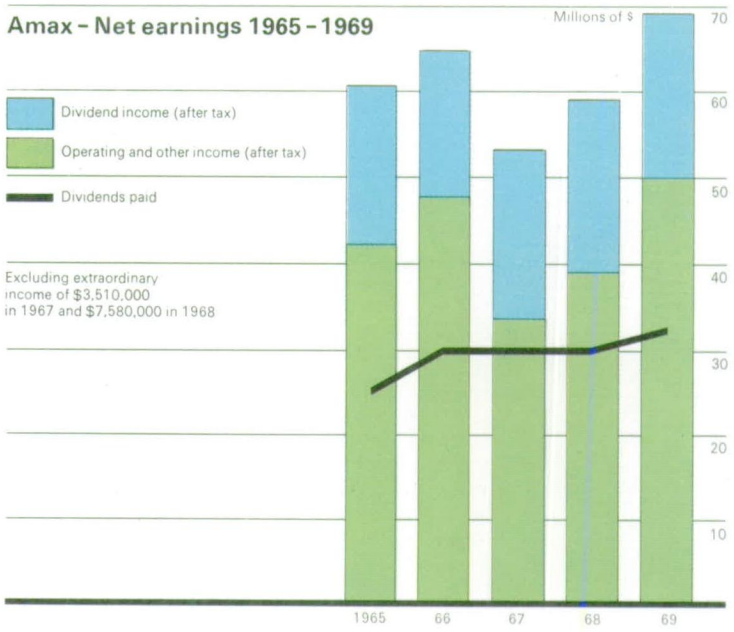
Amax enjoyed record trading in 1969 and paid higher dividends to shareholders, completing a decade of notable achievement by the company. The total net sales in 1969 amounted to $753 million and were 32% higher than in the previous year. The average level of sales in the decade was $471 million and showed growth at the rate of 8.4% per annum. The growth in net earnings during the ten years to 1969 averaged 7.2% per annum and earnings in 1969, excluding extraordinary income, were up by 15.6% at $69.1 million. Dividends per share of common stock amounted to $1.33 compared with $1.27 in 1968, adjusted for the three-for-two stock split last September. Amax is now paying quarterly dividends of 35 cents per share.

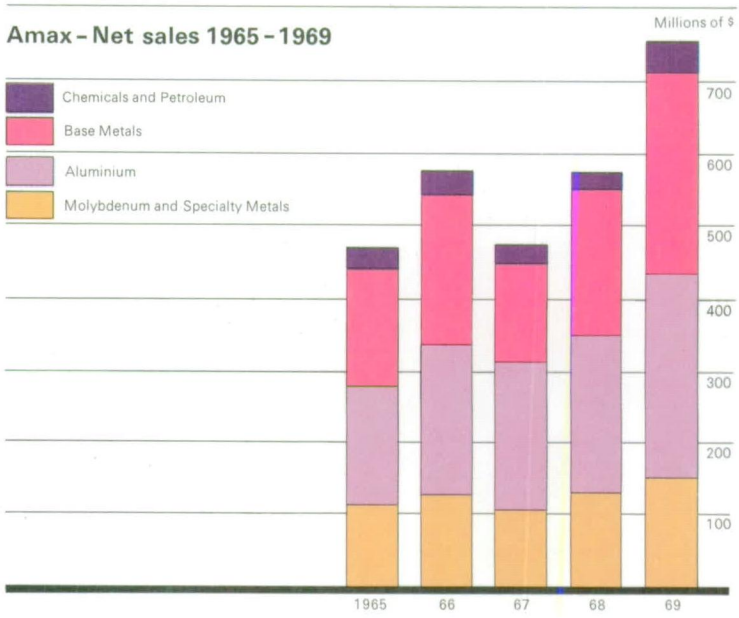
During 1969 a merger was arranged which absorbed Ayrshire Collieries Corporation into the Amax group and introduced an important new activity in coal mining. Ayrshire ranked eleventh among bituminous coal producers in the United States during 1968, with a production of 8.7 million tons.

The other major new developments for Amax in 1969 were the signing of preliminary agreements with Penarroya of France to develop a nickel mining complex in New Caledonia in the South Pacific and the beginning of iron ore shipments in April 1969 from the Mount Newman iron ore project in Western Australia in which Amax has a 25% interest.

In its established fields, Amax maintained its leadership in the production of molybdenum. World consumption in 1969 was 132 million lbs., 7.3% higher than in 1968. With a continuing growth rate of 7% per annum demand could reach 200 million lbs. by 1975 which is the year in which Amax is scheduled to start producing from its new Henderson Mine in Colorado. Sales of the Molybdenum and Specialty Metals Group reached a record figure of $155 million in 1969, 25% above the 1968 level.

The Aluminum Group continued to expand with sales of $280 million, an increase of over 23% compared with 1968. The 50% owned Intalco operation at Ferndale, Washington, was in full production at its rated 265,000 tons capacity for the first time for a full year. In the production and sales of





secondary aluminium and of aluminium products new high levels were also attained. Amax is making progress in putting together a consortium of alumina users to bring into production its important bauxite reserves in Western Australia.

In the Base Metals Group, refining and selling mainly copper, silver, lead, zinc and cadmium, and in the newly formed Fuels and Chemicals Group, expansion and production programmes were maintained satisfactorily. Activities in which Amax is interested outside the United States were dominated by the

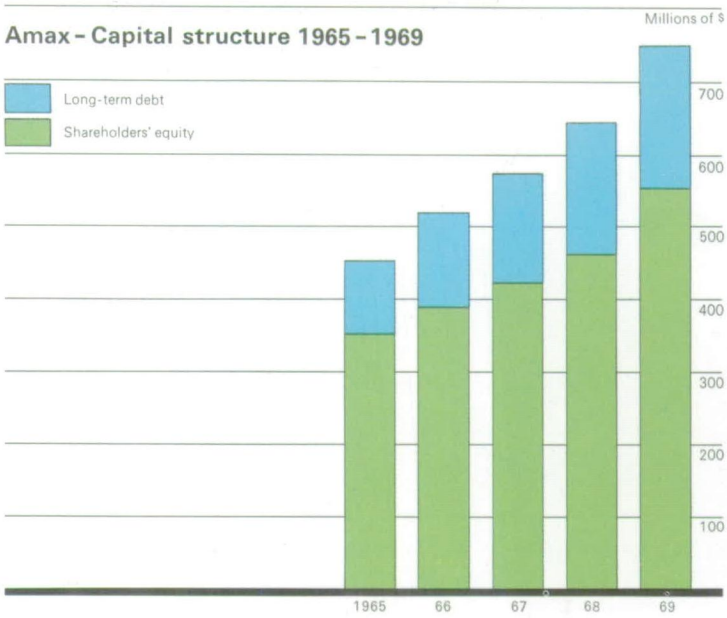
Mount Newman iron ore project in Western Australia, where shipments of 4 million long tons were made in 1969 and 12 million are anticipated in 1970. Mount Newman began to contribute to Amax earnings in 1969 and this contribution will grow as Mount Newman expands.

During 1969 negotiations with the Zambian Government resulted in an agreement to reconstruct Roan Selection Trust, the company controlling various copper mining operations in Zambia in which Amax has 42% of the equity. The RST operating companies are to be merged into a Zambian company, Roan Consolidated Mines Limited, which will be owned as to 51% by the Zambian Government, 36¾% by RST and the balance by other shareholders. It is proposed then to distribute some of RST's assets to its non-Amax shareholders and to amalgamate RST and Amax who feel that this scheme of reorganisation offers the best and most equitable means of utilising RST's remaining substantial assets for the benefit of the shareholders in both companies.

For the second consecutive year, RST set records in 1969 for copper production, sales and profits. Shipments of copper were in excess of 350,000 long tons and dividends paid by RST amounted to $0.77 per share which was nearly 43% above the 1968 level of $0.54. The total income from RST attributable to Amax in 1969 amounted to $14,280,000, before United States income taxes, compared with $10,110,000 in 1968 and formed the greater part of its dividend income for the year.

RST and Amax each own approximately 30% of the issued capital of Botswana RST Limited, which in turn owns about 61% of the shares of Bamangwato Concessions Limited. Following the reorganisation mentioned above, Amax's interest in Botswana RST would be approximately 42.6%. Bamangwato Concessions holds a copper-nickel prospect with reported proven ore reserves of 31.8 million short tons averaging 1.32% copper and 1.25% nickel which could be mined to produce copper-nickel matte, yielding 15,800 long tons of copper and 13,700 long tons of nickel per year. The cost of the project is put at $100 million, in addition to the supporting infrastructure to be financed by Government. If the prospect goes into production Botswana RST's interest in Bamangwato Concessions drops to 51% due to Botswana Government participation.

Amax's long sustained search for new sources of minerals continued with increased expenditures in 1969. Major programmes directed toward finding molybdenum and copper in the United States accounted for about 45% of the activities of its exploration division. Another 40% related to exploration in Canada to find molybdenum, copper and nickel and approximately 10% to expanded exploration in Australia.



To keep Amax abreast of the accelerating opportunities and requirements of base metals technology, an integrated research and development facility is under construction at Carteret, New Jersey. Research will be pursued in extractive and physical metallurgy with the object of developing new processes and products.

Environmental protection is also receiving the attention of Amax. Its plants and mines have intensified their programmes for improving air and water quality control and environmental factors are emphasised in planning new projects and developments.

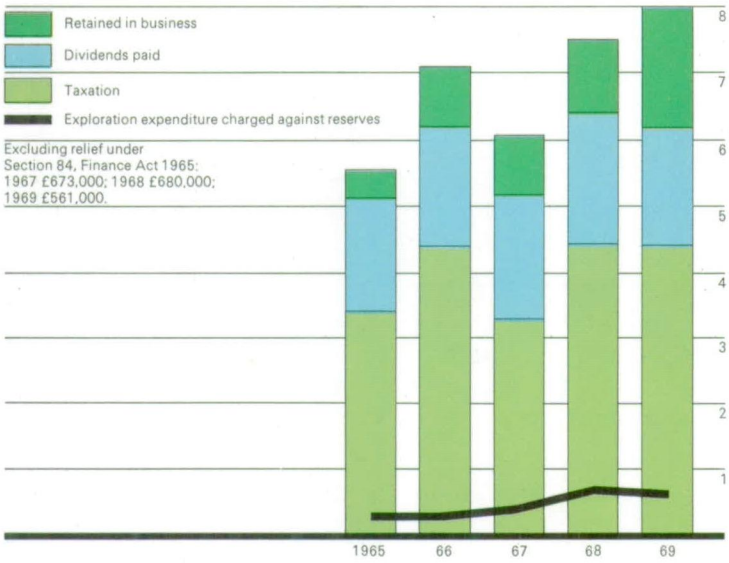
Selection Trust holds approximately 11.8% of the issued common stock of Amax. The Stock Exchange value on 31 March 1970 of this holding, including investment dollar premium, was approximately £55 million.

The full Annual Report of American Metal Climax can be obtained from Selection Trust.

Consolidated African Selection Trust Limited

C.A.S.T.'s primary business is the mining of alluvial diamonds in Ghana and, through its subsidiary Sierra Leone Selection Trust, in Sierra Leone. It also joins with Selection Trust in exploration outside West Africa as described more fully on pages 7 and 8.

CAST - Allocation of profits 1965 - 1969



Consolidated earnings after tax by C.A.S.T. in the year to 30 June 1969 were £3,653,000 compared with £2,947,000 for the previous year and dividends paid were maintained at 2s 0d per share. C.A.S.T. has paid an interim dividend of 1s 0d per share in respect of the year to 30 June 1970.

Exploration expenditure of £603,000 was charged to exploration reserve in the year to 30 June 1969, against £681,000 in the previous year.

In December 1969, the Government of Sierra Leone announced its intention to buy a majority interest in all the major mining operations in that country. Negotiations between representatives of the Sierra Leone Government and of C.A.S.T. were concluded on 6 May 1970, and heads of agreement have been reached between the two parties. All meetings have been adjourned and no further announcement is to be expected until the heads of agreement are formally signed.

Illicit diamond mining operations in Sierra Leone continue to be a cause of grave concern. The ravages of illicit diamond miners during the greater part of 1969 appreciably shortened the life of Sierra Leone Selection Trust's mine while hampering current mining. In announcing its new mining policy the Government of Sierra Leone acknowledged that any Government owning a majority interest in a mining venture had an accentuated responsibility to protect the profitability of that interest. It is hoped that when the new policy is implemented this responsibility will be fully met.

Selection Trust owns approximately 37% of the issued shares of Consolidated African Selection Trust Limited and, on the basis of the London Stock Exchange price at 31 March 1970, this investment was valued at some £16 million.

Western Mining Corporation Limited

Production of nickel began from the Silver Lake Shaft in Western Mining's Lunnon Shoot in June 1967. During the last quarter of 1969 production started from the Durkin Shoot, where it is anticipated that the rate of mining will eventually reach 500,000 tons of ore per year, and from the smaller, easily accessible, Otter Shoot. Production of high grade concentrates by the company was 51,140 tons averaging 11.9% nickel in the year to 30 June 1969 and 102,926 tons averaging 11.52% nickel in the nine months to 31 March 1970. Western Mining is aiming at an annual output of 30,000 tons of contained nickel.

For the year ended 30 June 1969 Western Mining had a consolidated net profit attributable to it of A $2,600,000, slightly higher than in the previous year, but as the material increase in nickel production began in the last quarter of that financial year any indication of the measure of the company's future profitability cannot be expected until the current year's figures are available. Dividends paid amounted to A $1,129,000 against A $849,000 in the year to June 1968.

In the quarterly report covering the twelve week period to 31 March 1970 Western Mining announced that its Kwinana Nickel Refinery in Western Australia was virtually completed, with production scheduled to commence in the June quarter. The refinery will initially cater for an annual production of 15,000 tons of nickel metal and this figure should gradually increase. A feasibility study on the erection of a nickel smelter in Western Australia is also under way and a decision on its construction is likely this year.

Apart from its nickel operations which have brought world wide recognition, Western Mining has an interest in aluminium through its 20% shareholding in Alcoa of Australia Limited,

in gold and in iron ore, and it is conducting an active exploration programme in many parts of Australia.

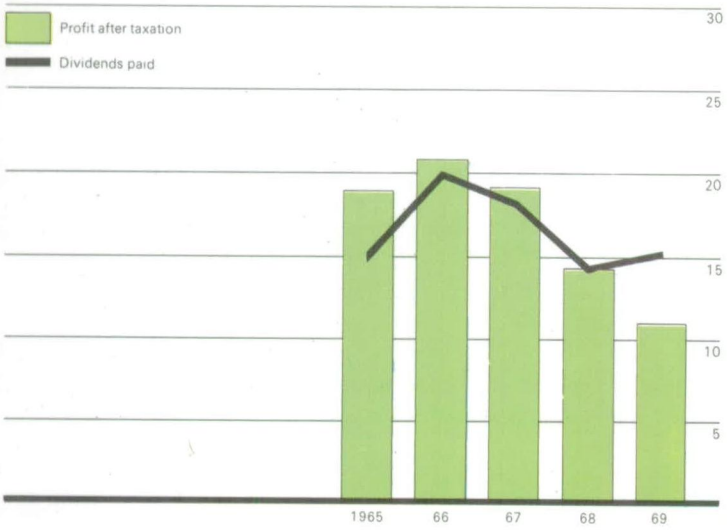
The expansion of Alcoa of Australia is going ahead rapidly and its Kwinana Alumina Refinery is scheduled to reach a production rate of 1,250,000 tons a year by the end of 1970 which will make it one of the largest alumina refineries in the world. Profits earned by Alcoa of Australia reached A$10,400,000 in 1969, compared with A$5,800,000 in 1968 and are expected to show continued growth as a result of current expansion of production. A maiden dividend of 5% was declared by Alcoa of Australia in April 1970.

Selection Trust owns approximately 10% of the issued shares of Western Mining and, on the basis of the London Stock Exchange price on 31 March 1970, this investment was valued at some £45 million.

Tsumeb Corporation Limited

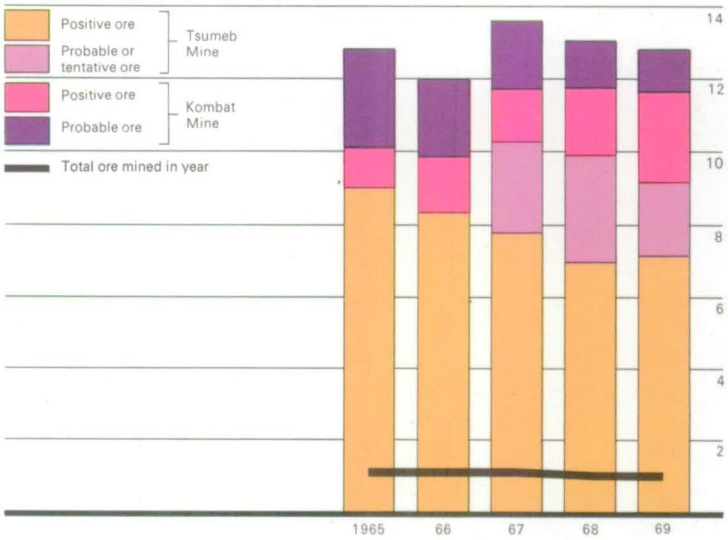
Tsumeb's base metal mines in South West Africa operated at approximately the same levels in the year to 30 June 1969 as in the previous year, but metal sales were marginally lower and this, combined with higher operating costs and an increased incidence of tax, resulted in a fall in net earnings to R10.9 million from R14.4 million in the year to 30 June 1968. However, profits for the nine months to 31 March 1970 show a considerable increase compared with those for the nine months to 31 March 1969 due to higher metal prices and increased production of lead and zinc.

Tsumeb - Net profits 1965 - 1969



The average price of copper in the year to June 1969 was much the same as in the previous year though lead, zinc and cadmium prices all showed significant increases. Since the year end, however, the company has sold its copper production at notably better prices and dividends received

Tsumeb - Ore reserves 1965 - 1969



by Selection Trust in its year to 31 March 1970 amounted to R4.00 per share compared with R3.875 and R3.50 in the two previous years.

Ore reserves were satisfactorily maintained and at 30 June 1969 the average grade of the positive ore reserves was 17.23% combined copper, lead and zinc at the Tsumeb mine and 4.60% combined copper and lead at the Kombat mine, compared with 18.97% and 5.01% respectively at June 1965, the first year shown in the accompanying illustration.

The economic analysis of the Matchless mine was completed during the year to 30 June 1969 and it is due to be brought back into production in 1970 which should further increase the company's productive and profit earning capacity. The probable ore reserves at Matchless at 30 June 1969 were 2,440,000 tons averaging 1.71% copper and 12.04% sulphur.

Exploration continued at the same tempo as in the previous year and at June 1969 several outside prospects were under examination.

Selection Trust owns 14.25% of Tsumeb's issued shares and has an indirect interest in a further 29.13% held by Amax.

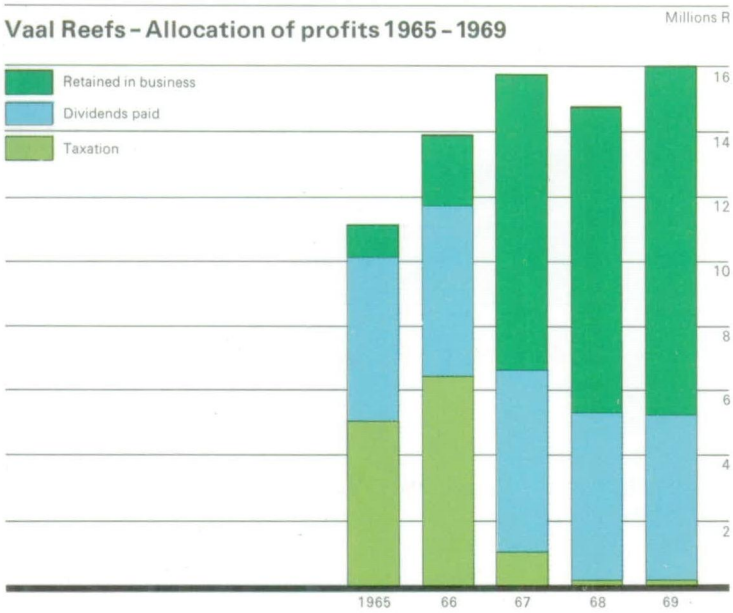
Vaal Reefs Exploration & Mining Company Limited

Vaal Reefs, a gold and uranium producing mine in the Transvaal, is developing satisfactorily into a mining complex considerably more diverse than the normal gold mine.

In 1969 some 2,200,000 metric tons of ore were milled and this will increase to 2,400,000 tons in 1970. Profits from gold mining amounted to R12,075,000 in 1969 compared with R11,247,000 in 1968. An expected reduction in unit costs, with an unchanged grade of ore, should see these profits satisfactorily maintained this year. Development of the Vaal Reefs South Mine, referred to in the next section, is proceeding according to schedule.

The company's own uranium plant operated at full capacity throughout 1969. Although some of the uranium oxide produced remained unsold and had to be added to stockpile, profits from the uranium operations rose from R3,440,000 in 1968 to R4,010,000 mainly as a result of lower operating costs. Because of a decrease in the treatment capacity available to Vaal Reefs at the Western Reefs uranium plant, the total tonnage of slimes treated in 1969 fell by 302,803 metric tons to 1,863,255 metric tons. However, spare capacity at the Western Reefs plant became available once again from mid-December 1969 and it is being utilised by Vaal Reefs.

Vaal Reefs - Allocation of profits 1965 - 1969



Production of uranium oxide should be further increased in 1970 as the result of the installation of a solvent extraction plant, which will increase the precipitation capacity of the Vaal Reefs uranium plant.

Vaal Reefs also operates a pyrite flotation plant which was commissioned in January 1969 and it has entered into a contract to produce sulphuric acid for which a plant is in the course of erection.

Part of the northern area of Vaal Reefs' property is being opened up by the development of a new haulage by Western Reefs, which is also providing Vaal Reefs with hoisting capacity at the No. 3 joint shaft on their common boundary and with spare treatment capacity in its uranium plant. The close collaboration of what is effectively a block of three mines in Western Reefs and Vaal Reefs North and South, should have substantial long term benefits for shareholders in the respective companies.

The capital expenditure requirements at both Vaal Reefs North and South will continue to limit the funds available for distribution during 1970 but the company expects that it should be possible to maintain the dividend rate at 50 cents a share.

Selection Trust holds 10% of the issued capital of Vaal Reefs and, on the basis of the London Stock Exchange price on 31 March 1970, this investment was valued at some £6 million.

Southvaal Holdings Limited

Southvaal Holdings is committed to lending Vaal Reefs 78% of its after tax requirements to develop and equip the new South Mine to which reference is made in the preceding section, and has the right to receive 60% of the profits derived from that area. Development of the property is proceeding satisfactorily and it is expected that production will commence at a milling rate of some 45,000 metric tons per month towards the end of 1971.

Work is currently concentrated on the provision of housing, the construction of the reduction plant, the sinking of the twin shaft system roughly in the centre of the lease area, and on developing twin haulages from Vaal Reefs North No. 2 shaft to link up with the new shaft system. Sampling the reef in these haulages has given values averaging 504 inch dwts. and 690 inch dwts. in the last quarter of 1969 and the first quarter of 1970 respectively, which are significantly higher than the boreholes in the area indicated.

Capital expenditure on the South mine up to the end of 1969 totalled nearly R25 million and a further R11 million is scheduled for 1970, but savings in lease and tax payments in the hands of Vaal Reefs will meet a large proportion of the

total. Loans from Southvaal to meet their proportion of the capital expenditure amounted to R8,038,000 by the end of 1969.

Selection Trust was one of the original subscribers to the share capital of Southvaal and is contributing by way of loans towards the funds required by it. In return for its proportion of this commitment, the Company has the right to subscribe for further Southvaal shares which would bring its holding to 10.81% when all the shares are issued and options are converted.

Mount Newman Project

The participants in this project, in which Selection Trust has a direct interest of 5% through its subsidiary, Seltrust Iron Ore Limited, and a further indirect interest through the 25% held by Amax, are working a large iron ore deposit in the Pilbara region of Western Australia.

Deliveries of Mount Newman iron ore began on 1 April 1969 and shipments to customers in the initial year of trading operations totalled 6.45 million long tons. During the year additional contracts were negotiated for the sale of more than 60 million long tons to Japanese and European steel mills, increasing the total of orders so far arranged by the Mount Newman participants to more than 270 million long tons. To meet these commitments, and provide for potential new markets, the expansion of the project has been further accelerated and it is expected that at least 12 million long tons of ore will be shipped in the year to March 1971. The programme of development now being implemented provides for a production capacity of at least 30 million long tons of ore per annum to be reached by 1974 and it is estimated that the total cost of facilities to this level will be more than £200 million.

The ore reserves in the leases held by the Mount Newman joint venturers are still being assessed. As a result of further drilling carried out during the year the proved reserves in the Mount Whaleback sector, where mining is currently taking place, were re-calculated at 500 million long tons of high grade ore with a potential reserve exceeding 1,000 million long tons. There are other iron ore deposits within the lease area which have yet to be examined.

As a result of the higher scale of operations, Seltrust Iron Ore's share of the cost of development is now estimated at some £10 million but a significant part of this will be met out of the revenue.

The currencies and exchange rates applicable to the companies dealt with in this Review are as follows:

Australian Dollar	A$ 1 = 9s 4d	A$ 2.147 = £1
South African Rand	R 1 = 11s 8d	R 1.714 = £1
United States Dollar	US$ 1 = 8s 4d	US$ 2.40 = £1

General Information

Directors' interests

The interests of the Directors and alternate directors, including their families, in the ordinary shares of the Company as at 31 March 1970, with comparative figures as at 1 April 1969, were as follows:

Directors	31 March 1970	1 April 1969
A.Chester Beatty	(a) 320,583	335,583
T.H.Bradford	(b, c & d) 464,363	644,363
H.J.L.Codrington	433	433
J.P.Du Cane	788	638
C.B.Forgan	5,144	5,144
E.J.T.Goudie	17,035	8,035
H.J.Hinves	(b, c & e) 428,954	604,154
R.H.MacWilliam	(f) 1,950	1,950
W.T.Padgett	(b) 416,361	596,361
R.M.Peterson	800	800
Sir Ronald L.Prain	4,875	4,875
S.Spiro	(f) 400	(g) 400
L.G.Stopford-Sackville	400	(h) 400
M.W.Thomas	433	400
E.C.Wharton-Tigar	9,000	8,666
Alternates		
L.A.Cook	Nil	Nil
P.C.MacCulloch	Nil	Nil
A.M.Macleod-Smith	40	40

(a) Includes 19,500 shares held as trustee (1969–19,500)
(b) Includes 415,191 shares held jointly as co-trustee (1969 – 595,191)
(c) Includes 8,072 shares held jointly as co-trustee (1969 – 8,072)
(d) Includes 40,000 shares held as nominee (1969 – 40,000)
(e) Includes 4,800 shares held as trustee (1969–nil)
(f) Held as nominee
(g) As at date of appointment 17 April 1969
(h) As at date of appointment 18 September 1969

In addition to the interests shown above, at 31 March 1970 Mr P.C.MacCulloch had an option to subscribe for 1,500 shares of the Company, granted during the year pursuant to The Selection Trust Share Option Scheme, and Mr H.J.Codrington, Mr L.A.Cook, Mr J.P.Du Cane, Mr H.J.Hinves, Mr A.M.Macleod-Smith, Mr M.W. Thomas and Mr E.C.Wharton-Tigar were among those beneficially interested in The Selection Trust Share Trust (1969) which at that date comprised 54,000 shares of the Company, subscribed during the year pursuant to The Selection Trust Employees Share Trust Scheme.

Mr W.T.Padgett held 500 4½% cumulative redeemable preference shares of Seltrust Investments Limited at 31 March 1970, the same as at the beginning of the year.

At 31 March 1970, Mr T.H.Bradford, Mr C.B.Forgan, Mr E.J.T.Goudie, Mr H.J.Hinves, Mr W.T.Padgett, Mr R.M.Peterson and Mr E.C.Wharton-Tigar each held 2,500 common shares of Canadian $1 each of South Bay Mines Limited and Mr P.C.MacCulloch held 8,000 shares of that company, the same as at the beginning of the year.

Mr H.J.L.Codrington, Mr J.P.Du Cane, Mr H.J. Hinves, Sir Ronald L.Prain, Mr M.W.Thomas and Mr E.C.Wharton-Tigar each held at 31 March 1970 2,000 ordinary shares of Australian $1, paid up to the extent of 10 cents each, of Selcast Exploration (Pty) Ltd.; these shares were acquired during the year.

Apart from the foregoing, none of the Directors and alternate directors, nor their families, had any other interest in the subsidiary companies at the beginning or end of the year.

Employees

The average number of employees per week in the year ended 31 March 1970, including salaried directors but excluding persons working wholly or mainly outside the United Kingdom, was 467 and their aggregate remuneration during the year was £1,226,399. These totals include persons employed by the Company under arrangements whereby it provides staff for associated companies, and the aggregate remuneration was borne as follows:

	£
By the Company and its subsidiaries	321,588
By associated companies	904,811
	£1,226,399

Substantial Shareholdings

The Company has been notified that Charter Consolidated Limited and its subsidiaries together hold approximately 27% of the Company's issued share capital.

Documents for Inspection

In accordance with the General Undertaking which the Company has given to The Stock Exchange, London, the following will be available for inspection at the Registered Office of the Company during the usual business hours on any weekday (Saturdays excluded) until the date of the Annual General Meeting and at Winchester House, 100 Old Broad Street, London, EC2, on 9 July 1970 from 11.45 am until the conclusion of the Annual General Meeting:

(a) Particulars of transactions during the past year of the Directors and of their 'family interests' in the shares of the Company and its subsidiaries;
(b) Copies of all contracts of service whereunder Directors of the Company are employed by the Company or by any subsidiary of the Company.

Finance Act 1965

(a) Capital gains tax

The prices of the undermentioned securities on 6 April 1965 for the purposes of the capital gains tax were as follows:

Selection Trust ordinary shares – 43s 1½d
Seltrust Investments preference shares – 15s 0d

(b) Close company provisions

These provisions do not apply to the Company.

Dates for reference

Half-year results and interim dividend announced	27 November 1969
Interim dividend:	
Shares quoted ex-dividend	8 December 1969
Record date	8 December 1969
Dividend paid	8 January 1970
Year's results and final dividend announced	28 May 1970
Final dividend:	
Shares quoted ex-dividend	1 June 1970
Record date	12 June 1970
Dividend payable	13 July 1970
Report and Accounts posted to shareholders	16 June 1970
Annual General Meeting to be held on	9 July 1970

Registrars and Transfer Office

Documents for registration, and notifications of change of address, should be sent to:
Hill Samuel & Co. Limited
6 Greencoat Place, London, SW1

RAILROAD MINING DISTRICT, NEVADA - PLAN OF PROSPECT AREAS

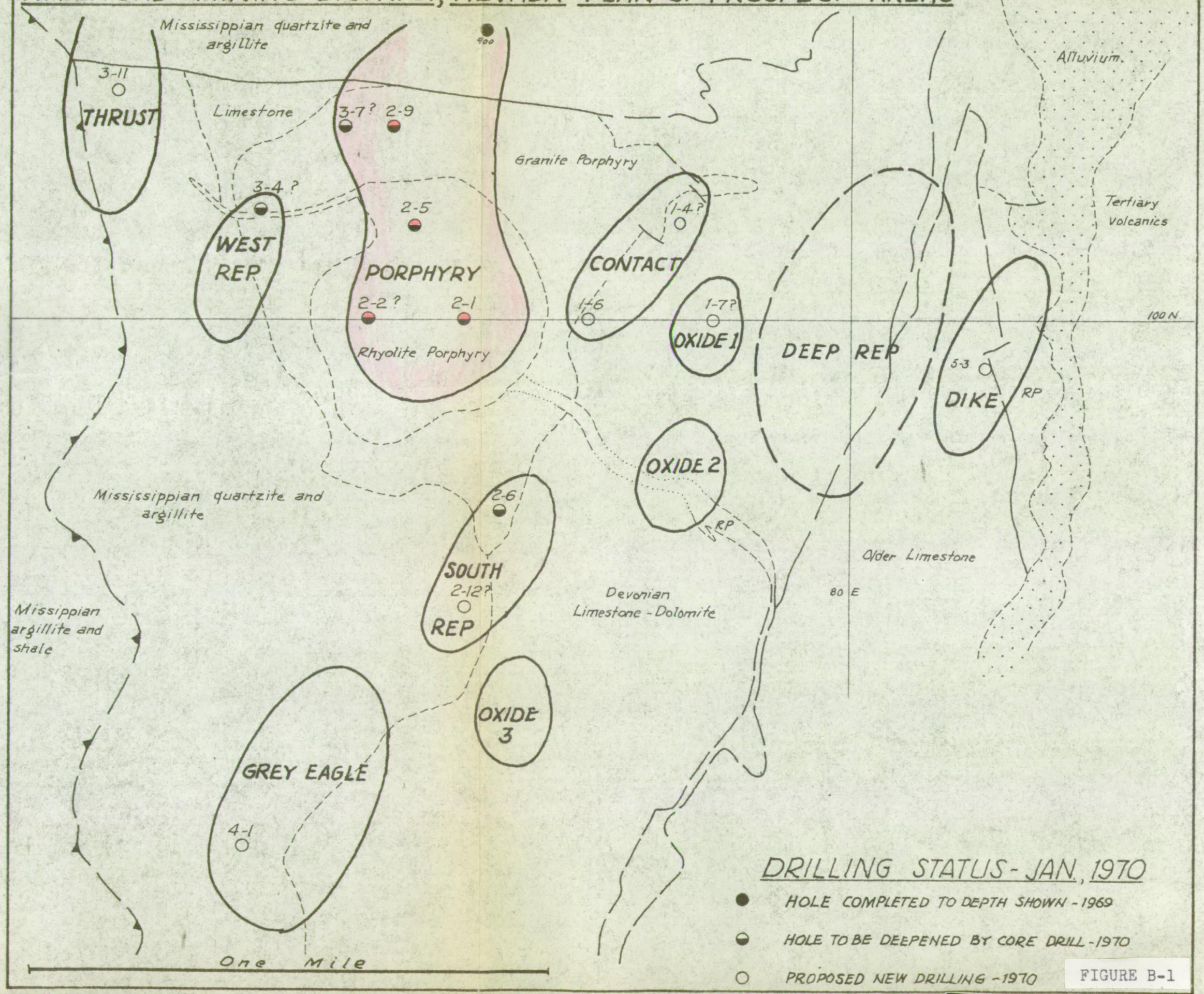


FIGURE B-1

Maps - Revised Proposal

Annual Report to March 31, 1970

INSTRUCTIONS FOR USE

1. Void Previously Used Block
2. Identify Agency of Addressee
3. Write Clearly
4. Send Surplus Envelopes to Supply Room for Reissue

U.S. Government Messenger Envelope

Standard Form No. 65
November 1961
General Services Administration
FPMR (41 CFR) 101-11.6

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UN ADDRESS, AND ROOM
~~Richard Meyer~~ Rm ~~# 5525 MOG~~	STOP	
Mr. Davidson Geological Survey, Cono. Div. Room [redacted] GSA Bldg.	STOP	
~~4 236, GSA~~	STOP	
Bill Connick ~~Room 4450~~ ~~Orlando Bldg~~	STOP	
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Use other side

Use STOP only when messenger service between Government buildings in Washington, D.C., is required or whe system is used. Your mail room has STOP information.

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

April 25, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
APR 28 1969

INITIALS	CODE

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Copper-Molybdenum-Silver)
American Selco Incorporated
Aladdin, et al., Groups of Claims
Elko County, Nevada

Enclosed are copies of bids for drilling and bulldozing, and other data listed in the Applicant's transmittal letter, to supplement the application which was mailed to you April 24, 1969.

R M Smith
for H. K. Stager

Enclosures

AMERICAN SELCO INCORPORATED
SUBSIDIARY OF SELECTION TRUST LIMITED, LONDON, ENGLAND

210 CLAYTON STREET
DENVER, COLORADO
80206

TELEPHONE (303) 322-0027

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

Attention: Mr. Roscoe Smith

Dear Mr. Smith:

Thank you for your assistance and advice during my visit to your office last week. I am sorry to have delayed in sending to you the drilling and bulldozing bids, but as you can see, I have rearranged some of the original report, especially the costing. I think that it will be a much better presentation with these changes.

As I mentioned in your office, the Lien and Subordination agreements (MME Form 52) will be supplied in the very near future by the Aladdin Sweepstakes Mining Company. They have no objections whatsoever, but wished to see where the holes would be drilled before completing the forms.

Also, we did not mention in the application that American Selco will have the funds to pay our portion of the work involved in the application in cash.

The attachments to this letter will involve the following changes in the two green volumes which I left on your desk:

1. The total cost of the project is now $65,150.00.
2. The new pages of Introduction will replace the old.
3. The pages of costing will follow the Introduction.
4. The cover page for Plate XVI has been changed and will have to be replaced.
5. Finally, I am enclosing one cover page for Plate XV, which I believe has been omitted from one of the applications which you have.

I apologize for landing all of this on you, but I realize that these changes have to be made in order to make our application acceptable.

Thank you again for your help.

Yours very truly,

AMERICAN SELCO INCORPORATED

Robert N. Parkinson

RECEIVED
APR 24 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

April 24, 1969

OFFICIAL COPY
O. M. E.
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APR 28 1969
INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Copper-Molybdenum-Silver)
American Selco Incorporated
Aladdin, et al., Groups of Claims
Elko County, Nevada

Enclosed is one copy of a new application delivered to this office April 17, 1969, by Robert N. Parkinson. A duplicate copy is retained in our files.

Although the application is well documented, the questions on the application form are not answered per se. Mr. Parkinson supplied the following information orally in reply to our preliminary questions.

1. Financial Eligibility: An annual report of parent company can be furnished. Funds sufficient to perform the proposed exploration are not available from the parent company, however, owing to National fiscal policies. A performance bond could be furnished if necessary. The Applicant's share of the costs will be furnished in cash.

2. Property Rights: Lien and Subordination Agreements can be obtained.

3. Physical Description: A previous exploration project (DMEA-4425, Contract 1083) for lead-copper in a part of the project area was unsuccessful and a certification was not issued.

5. Exploration Work: The proposed 22 holes are arranged in a grid pattern which suggests their purpose is prospecting. Each hole, however, has a specific target which can be illustrated by superimposing the various geochemical and magnetic surveys on the map (Plate V) of hydrothermal alteration.

7. Estimate of Costs: (See third page.) The Applicant proposes a fixed unit cost of $4.25 per foot for all direct drilling charges. As this is lower than most actual costs, it would be in the Government's interest to accept it. The proposal to furnish all personal services and office expenses in order to reduce the overall cost to the Government is a cooperative gesture that we may not be able to accept. OME contracts require adequate supervision and reports, but we may not be able to insist on them if their costs are not included in the contract.

Assay costs are included at $6.00 per sample which is a commercial rate and includes profit. The Applicant prefers to use its own personnel and equipment, which would reduce the cost. An estimate on that basis has not been requested but could be obtained during a field examination. //

Bids from independent contractors were to be mailed to this office so they could be included in the application. They have not been received, but rather than hold the application here any longer, we will forward them separately.

R. W. Smith

for H. K. Stager

Enclosures

NEW ADDRESS

210 Clayton Street
Denver, Colorado 80206

MME Form 40
Jan. 65

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY O. & G. RECEIVED APR 28 1969 OFFICIAL CODE

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

AMERICAN SELCO INCORPORATED
Suite 1207 - 9 East 44th. Street
New York, N.Y., 10017

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6788

DATE RECEIVED: 4-28-69

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION (*Check one*)

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

STATE IN WHICH FIRM IS ORGANIZED: New York

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Please see attached list.		

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

ESTIMATED COST OF PROJECT: $ 65,150.00

PROPERTY NAME: Bullion, or Railroad Mining District

LOCATION — COUNTY: Elko — STATE: Nevada

GENERAL INSTRUCTIONS

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

CERTIFICATION

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

4-1-69
DATED

P. A. Allen
BY (Signature)

Director
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

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

MME Form 40
(Revised Nov. 68)

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

extra copy

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)

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New York, N.Y., 10017

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STATE IN WHICH FIRM IS ORGANIZED New York

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NAME	ADDRESS	TITLE
Please See Attached List.		

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

ESTIMATED COST OF PROJECT $65,150.00
~~$64,880.00~~

PROPERTY NAME	LOCATION COUNTY	STATE
Bullion, or Railroad Mining District	Elko	Nevada

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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.

April 1, 1969
DATED

P. A. Miller
BY *(Signature)*

Director
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INTRODUCTION

American Selco Incorporated is applying for financial assistance to carry out a program of exploratory drilling on mineral targets, outlined by the Company in the Railroad or Bullion mining district, Elko County, Nevada.

As amply described in a previous application by the Aladdin Mining Company (Contract No. 1083 - DMEA 4425) the Railroad area is an old mining district which has produced roughly four million dollars in silver, lead, copper and gold, with its most productive period being at the turn of the century.

The old workings were small and shallow, following "lodes" of lead-silver mineralization, or extracting rich pods of copper; in the copper workings only high-grade material, generally over 7%, was extracted, and this was all from the zone of oxidized mineralization. As can be seen from Plate VII, a great deal of copper ore was left behind in the dumps, since in the early days, it did not pay to mine any 2, 3, or 4% copper.

At that time, no thought was given to the possibility or significance of structural control of the mineralization or the possibilities of disseminated mineralization at depth; high-grade pods were mined out and the area virtually abandoned.

In late 1967 American Selco Engineers conducted a brief inspection of the area and noted, among other things, the presence of molybdenum and copper mineralization in the porphyry intrusive, a possible zoning of the metallic minerals, and numerous gossan zones apparently unexplored.

During the field season of 1968, as shown in Plate VI, we carried out an extensive program of surface investigation, the object being the delineation of specific targets for follow up exploration by drilling. The program included geochemical surveys of both the soil and rock exposures, ground magnetic surveys, and a limited amount of trenching.

In the progress of this work, as detailed in the various sections of the report which follows, we found definite evidence of fault control of mineralization (by geochemistry and magnetics) leaching and extensive alteration of both sediments and intrusive rocks (by trenching) unexpected gold mineralization apparently associated with a distinctly different system of fractures (Plate XXI) molybdenum associated with quartz vein systems throughout a large portion of the intrusive, and chalcocite, assaying over 2.5 per cent copper, in road cuts through the intrusive.

There seems little doubt that we have many of the criteria necessary for a porphyry type copper deposit, as shown on Figure 1 overleaf. At the same time, however, our surface work has indicated several zones of concentration of many of the minerals (Plates XIII-XIV) which could be replacement orebodies in themselves.

We feel that additional surface investigation will provide little more information of value except for limited trenching to examine the narrow gold zones indicated by the geochemical sampling. We have, therefore, planned a series of drill holes on a grid pattern to a depth of 450 feet as shown in Plate XVI. While these are spaced on a grid, it can be seen that almost every one of the holes is investigating a concentration of metallic minerals, a leached capping, or a particularly heavy and extensive gossan zone.

The drilling will be carried out by rotary air-driven rig, $5\frac{1}{4}$" diameter holes, instead of diamond drill, because of cost and the larger amount of material provided for sampling purposes.

A further description of the work planned will be found after Plate XVI.

While American Selco is prepared to carry out additional geochemical and geophysical surveys utilizing our own staff, as well as some limited trenching, we are requiring financial assistance for the drilling, road construction and sample assaying.

AMERICAN SELCO INCORPORATED

Robert N. Parkinson
Technical Manager

PROJECT COST ESTIMATES

(A) ROAD CONSTRUCTION FOR DRILLING AND GENERAL ACCESS:

Two bids were submitted, of which copies are attached hereto. Of the two, we prefer Worthington, for the following reasons:

1. He performed satisfactory work of the same type on the property during 1968;

2. He operates with a hydraulic angle dozer, which we prefer to the cable equipment for rough sidehill work:

3. The equipment is generally available to us at short notice, and there would be no mobilization charge.

Estimated Cost:

240 hours of D-7 bulldozer operation = $ 6,000.00

$25/hr.

WORTHINGTON CONSTRUCTION CO,

Box 543 Elko, Nev.

AMERICAN SELCO INC.
Field Office: 1168 Idaho St.
Elko, Nevada

ATTENTION: P.M.R. Willis, Resident Geologist

Dear Mr. Willis:

Regarding your letter of December 31st, 1968, we are definately interested in the work you have outlined.

As to an estimate, we charge $25.00 per h our for both our model D-7E Caterpillar tractors, both which have a hydrolic angle dozer and ripper. This would amount to $3,000 for 120 hours of work, or $2,500 for 100 hours of work. If the work is continuous, there will be no mobilization ch arge.

We are also very interested in your drilling program, and we could supply you with an air track drill and air compressor. This could be set up on either an hourly or footage basis. Please contact me if you are interested in further information.

Sincerely,

Ronald C. Worthington

Ronald C. Worthington
424 South Seventh St.
Elko, Nevada

Eureka
Custom
Contractors

E
C
C

Phone [illegible]381 or
2921

EXCAVATING
GRADING
BULLDOZING

LEO G. DAMELE
ANTONE J. DAMELE

P. O. Box 96
Eureka, Nevada 89316

January 22 1969

American Selco
1168 Idaho St.
Elko, Nevada

Gentlemen:

We would like to submit a bid on your up coming work at the Bullion Mine. We understand that the country is very rough and that there will be a lot of ripping.

The hours, we understand, will be a Max. of 120 hours and it is to be completed within 20 days.

The dozer that we use is a D-8 Cat with Ateco rippers and a cable angle dozer.

In view of the rough country and the hours, we wish to submit a bid of $3240 for the max. of 120 hours or $27 per hour.

Sincerely Yours

Leo G Damele
Eureka Custom Contractors
P.O. Box 96
Eureka, Nevada 89316

PROJECT COST ESTIMATES (continued)

(B) ROTARY DRILLING:

We asked for bids on the drilling of twenty-two $5\frac{1}{4}$" diameter holes to a depth of 450 feet on the Railroad property in Elko County.

Five bids were received, but we understand that Eklund is no longer available, having acquired a large contract in Wyoming recently. Of the remainder, we feel that both Boyles and Jensen have the equipment and the experience for the job, and our estimate is based on the bids from these two companies.

Estimated Cost:

Mobilization	$ 400.00
Drilling - 9,900 feet @ $4.50/foot	44,950.00
TOTAL	$ 45,350.00

This estimated cost is based on an assumed overall cost, including moves, lost bits, down time, mud drilling and any other extras.

F. Duane Jensen
President

Telephone
(801) 489-4800

Jensen Construction and Drilling Company

Mapleton Box 187
SPRINGVILLE, UTAH 84663

March 27, 1969

American Selco
Elko, Nevada

Attn: Mr. Peter Willis.

Dear Sir:

Our proposal for drilling at the railroad mining dist., southwest of Elko is as follows:

1. Mobilization of rotary drill to location - lump sum - $500.00.
2. Mobilization of four wheel drive water truck to location (if required) - $150.00.
3. Mobilization of D-4 cat dozer to location (if required) - $175.00.
4. Rotary drilling with air and down-the-hole hammer - $4.00 per ft
5. Rotary drilling with mud (where air drilling is unproductive) - $25.00 per hour plus bits and mud, etc.
6. Water truck and driver if required - $5.00 per hour.
7. D-4 cat dozer (with winch) - $12.00 per hour while operating.
8. Time spent moving rig between holes; rig and crew - $15.00 per hour

Yours truly,

JENSEN CONSTRUCTION & DRILLING CO.

F. Duane Jensen

F. Duane Jensen

FDJ/cj

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros.
DRILLING COMPANY
CONTRACTORS-ENGINEERS-GEOLOGISTS
600 Industrial Way
SPARKS, NEVADA
Phone: 358-5188

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone 487-3671

BRANCH OFFICES
ARIZONA (PHOENIX)
CALIFORNIA (AUBURN)
COLORADO (GOLDEN)
NEVADA (SPARKS)
WASHINGTON (SPOKANE)
CHILE (SANTIAGO)
CABLE: BOYLESBROS
MEXICO, D.F.
PERU (LIMA)
CABLE: BOYLESCOP

January 7,1969

Mr. C.M.R. Willis
American Selco Inc.
1168 Idaho Street
Elko, Nevada 89801

Dear Mr. Willis:

This is in reply to your request for prices for drilling at your property southwest of Elko, Nevada. Since it is not possible to examine the area to be drilled at this time because of the snow, these are only approximate quotes and we want to reserve the right to make adjustments and give you a firm price later in the year after we have visited the area.

1. Mobilization - $300.00

2. Drilling rates - Rotary - $4.00 per foot, drilling with air using Ducon sampler.
In event water is encountered in sufficient quantity to preclude the use of air, the hole would either be abandoned or continued by use of drilling mud. Drilling with fluid would be charged at $27.50 an hour plus cost of bits and materials such as aquagel, additives, and lost circulation material. Coring at intervals in the hole would be charged at $27.50 an hour plus bits and materials. Hourly rate to apply from the time the rotary bit was stopped until it was back on bottom again ready to drill.

3. Cementing, if necessary and lost circulation time would be charged at $20.00 an hour.

4. Roads and drill sites to be furnished at no cost to Boyles Bros.

I would like to repeat that these are only tenative prices. Whenever the conditions permit, we would like to visit the area and give you firm prices, but the prices that I have quoted will no doubt be quite close.

Thank you for calling us,

Yours truly,

Joe Fetterhoff

Joe Fetterhoff
District Manager

JF:sc

Eklund Drilling Company

L. W. EKLUND, Owner

1400 Western Federal Savings Building • Denver, Colorado 80202

January 24, 1969

American Selco Incorporated
1168 Idaho Street
Elko, Nevada

Gentlemen:

Thank you for the invitation to bid on your proposed drilling program. We are pleased to quote the following prices:

0 - 200 ft.	@ $2.00 per ft.
200 - 400 ft.	@ $2.50 per ft.
400 - 500 ft.	@ $3.00 per ft.

Coring @ $25.00 per hour plus material used.

Standby at your request @ $22.50 per hour.

Lost circulation - first four (4) hours at contractors expense, thereafter chargable to American Selco @ $25.00 per hour, plus materials.

Rigs can be converted to core at will.

Sincerely,

L. W. Eklund

L. W. Eklund

WORTHINGTON CONSTRUCTION CO.
Box 543
Elko, Nevada 89801
February 5, 1969

AMERICAN SELCO INC.
Field Office
1168 Idaho St.
Elko, Nevada

ATTENTION. P.M.R. WILLIS, Resident Geologist

Dear Mr. Willis:

The drill which I am offering is a new Mayhue No. 1,000. The price for just rotery drilling is $25.00 per hr. However, we have a 250 hammer bit drill, which is run by a 600 Gardner-Denver air compressor and the additional price for it is $7.00 per hr.

The Mayhue No. 1,000 is equipped with hydrolic chain pull-down, which like all drilling rigs can put complete rig weight on the drill bit. This rig has a No. 5 x 6 mud pump, mounted in case it runs into too much water. This rig also has three cable drumbs, one which could be used as a wire line for coreing. Of course, under these circumstances, a core barrel attachment would be needed.

As far as footage, this drill is capable in drilling 1,000 feet in depth. In moderately hard rock, one should average 20 ft. per hr.

My drilling price is based on $25.00 per hr, which consists of a competent driller and his helper. However, if you would agree to have your sampler also act as drillers' helper, I can deduct the helpers wage from the original price. Also considering that the working season in this area is limited, I can offer an additional $1.00 per hour discount if you will allow me to work a double shift. The double shift allows meto get and hold a bigger volume ofwork during suitable working conditions.

I feel that I can eliminate some of the contamination of samples with this equipment. First, the 600 aircompressor, especially working at the altitude that you specfy, would have more than enough air to blow cuttings and keep a cleaner hole. With other rigs, a 250 psi. air compressor would usually be adequate, however, at a high elevation they have trouble supplying enough air for hammer drilling. Second, by replacing the canvas dust apron with a galvanized metal apron, the problem of the cuttings sticking, and later falling into the sample pan would be eliminated.

My firm also has the equipment for the trenching and building of roads, which price I quoted you earlier. In case of bad working conditions, such as snow ormud, we could have one of the crawler tractors available for insurance of work continuance. Also, we have a Caterpiller No 12 motor grader, which could be used for improving access roads.

Our company is interested in under-ground work also. If you need drifts reopened forgeological and sampling information, we could arrange this ona time and material basis.

SUMMARY

Rotary drilling - - - - - - - - $25.00 per hr.

With 600 air compressor and
down-the-hole hammar - - - - - - - - - - -$32.00 per hr.

With discounts described

Rotary drilling - - - - - - - - $22.00 per hr.

With 600 air compressor and
down-the-hole hammar - - - - - - - - - - -$29.00 per hr.

If additional information is needed, please feel free to contact me.

Sincerely,

Bob Worthington

Worthington Construction Co.

Phone (702) 878-7757

DRILLING & PUMPS INC.

3521 SPRING MOUNTAIN ROAD
LAS VEGAS, NEV. 89102

January 22, 1969

American Selco, Inc.
1168 Idaho Street
Elko, Nevada 89801

Attention: Mr. P.M.R. Willis

Dear Sir:

We appreciate the opportunity to offer our services to you for your forthcoming drilling program.

We would like to meet with you, at your convenience, to see the area in which we would be drilling and to further discuss the program with you.

Please contact us so that we may arrange an appointment.

Very truly yours,

DRILLING & PUMPS, INC.

Lloyd R. Lemon

Lloyd R. Lemon,
President

LRL/mh

MAYHEW + WESTERN RIGS
$25.00 PER HR + BITS + MUD
COMP. RENTAL OVER AND ABOVE
DRILL COSTS

PROJECT COST ESTIMATES (continued)

(C) SAMPLE ANALYSES:

Assuming samples taken every five feet, the drilling will produce a total of 1980 samples (say 2000) to be analyzed for copper, lead, zinc, silver, gold and molybdenum.

We have used two custom laboratories in the past, and results were satisfactory in both cases. Their charges are as follows: (Based on 2000 samples)

Skyline Labs (Denver)	Per Sample
Copper, lead and zinc	$ 2.10
Gold ($1.80 less 10%)	1.62
Silver ($1.50 less 10%)	1.35
Molybdenum ($1.00 less 10%)	.90
Total per sample	$ 5.97

Rocky Mountain Geochemical (Salt Lake City)	
Copper, lead, zinc and molybdenum	$ 2.00
Gold	2.00
Silver (to 1 part per million only)	3.00
Less Quantity Discount (5%)	.35
Total per sample	$ 6.65

Estimated Cost of Transportation and Analysis of Samples:

2,000 samples at $6.25 per sample = $12,500.00

SKYLINE LABS, INC.
SPECIALISTS IN GEOCHEMICAL EXPLORATION
12090 WEST 50TH PLACE, WHEAT RIDGE, COLORADO 80033 TEL.: (303) 424-7718

TRACE ANALYSIS PRICE LIST
June 15, 1967

ELEMENT	LOWER LIMIT OF DETECTION parts per million in sample submitted	PRICE per determination
ANTIMONY	1	$ 2.00
ARSENIC	10	1.25
BISMUTH	10	2.00
CADMIUM	0.1	1.00
CHROMIUM	100	1.50
COBALT	10	2.00
COPPER	5	1.00
GOLD	0.1	1.80
GOLD	0.02	2.00
GOLD	0.005	2.50
LEAD	5	1.00
MANGANESE	50	1.25
MERCURY	~~0.03~~ .01	~~2.00~~ 1.00
MOLYBDENUM	2	1.00
NICKEL	25	1.50
PHOSPHORUS	50	3.00
SILVER	0.2	~~2.00~~ 1.50
TELLURIUM	0.2	2.50
TELLURIUM	0.05	3.00
TIN	10	3.00
TUNGSTEN	20	1.50
URANIUM	4	2.00
VANADIUM	50	3.00
ZINC	5	1.00
CITRATE-SOLUBLE HEAVY METALS	0.5	.75
COLD ACID-EXTRACTABLE COPPER	0.5	.75

- All determinations made either by atomic absorption or colorimetric methods, according to feasibility.

- Prices and sensitivities for elements not listed, or prices for lower sensitivities than those listed for some elements can be obtained upon request.

- Semiquantitative spectrographic analyses for 30 elements available. Details upon request.

SKYLINE LABS, INC.

SPECIALISTS IN GEOCHEMICAL EXPLORATION
12090 WEST 50TH PLACE, WHEAT RIDGE, COLORADO 80033 TEL.: (303) 424-7718

DISCOUNT POLICY

We will analyze any number of samples in one group. No group of samples is too small nor too large to receive our closest attention and care in processing.

Economies in analysis can be achieved principally when handling large numbers of samples to be processed by the same method. Accordingly, we offer the following quantity discounts from our list prices:

> Samples submitted in lots of 250 to 1000 at one time to be run for the same elements: 5 percent discount.
>
> Samples submitted in lots of 1000 or more at one time to be run for the same elements: 10 percent discount.

A contract for analyzing large numbers of samples can be negotiated.

Under certain ideal conditions, samples of similar material can be run for multiple elements from the same digestion. However, the highly variable bulk composition of most materials submitted for analysis frequently requires certain modifications in the analytical method used in order to obtain optimum results. Therefore, because of our intent to provide only the finest in analytical service, we feel that discounts for multiple elements from the same digestion are not feasible.

Rocky Mountain Geochemical Corporation

P. O. BOX 2217
SALT LAKE CITY, UTAH 84110
PHONE: (801) 322-2396

$ 20

1967 TRACE ANALYSIS PRICE SCHEDULE 1967

Element	Analytical Method	Sensitivity & Range (ppm & ppb)	Charge
Aluminum	A.A. & Colorimetric	100 to 10,000	$5.00
Antimony	A.A. & Colorimetric	1 to 300	2.50
Arsenic	Colorimetric	5 to 1000	1.00
Barium	A.A. & Colorimetric	100 to 10,000	5.00
Beryllium	A.A.	1 to 1000	5.00
Bismuth	A.A. & Colormetric	5 to 1000	3.00
Cadmium	A.A.	1 to 1000	1.00
Calcium	A.A.	10 to 10,000	3.00
Chromium	A.A. & Colorimetric	10 to 10,000	2.00
Cobalt	A.A. & Colorimetric	10 to 1000	2.00
Copper	A.A. & Colorimetric	5 to 1000	1.00
Oxide Copper	A.A. & Colorimetric	5 to 1000	1.00
Fluorine	Colorimetric	100 to 10,000	7.50
Gold	A.A.	0.1 to 100	2.00
Iron	A.A.	10 to 100,000	1.50
Lead	A.A. & Colorimetric	5 to 1000	1.00
Lithium	A.A. & Flame Photo	10 to 10,000	4.00
Magnesium	A.A.	10 to 10,000	3.00
Manganese	A.A. & Colorimetric	10 to 10,000	1.50
Mercury	Vapor Detector	1ppb to 10ppm	2.00
Molybdenum	Colorimetric	1 to 300	1.00
Oxide Molybdenum	Colorimetric	1 to 300	2.00
Nickel	A.A.	10 to 1000	1.50
Phosphorus	Colorimetric	100 to 10,000	5.00
Potassium	A.A. & Flame Photo	10 to 10,000	4.00
Selenium	Colorimetric	5 to 1000	3.00
Silicon	A.A. & Colorimetric	100 to 100,000	5.00
Silver	A.A. & Colorimetric	50ppb to 1ppm	3.00
Silver	A.A.	1 to 1000	1.00
Sodium	A.A. & Flame Photo	10 to 10,000	4.00
Strontium	A.A. & Flame Photo	10 to 10,000	4.00
Sulfur	Gravimetric	100 to 100,000	2.00
Tellurium	Colorimetric	20ppb to 1ppm	5.00
Tin	A.A.	10 to 1000	5.00
Titanium	A.A. & Colorimetric	100 to 100,000	5.00
Tungsten	Colorimetric	1 to 200	3.00
Uranium	Fluorimetric	0.01 to 10	4.00
Uranium	Colorimetric	10 to 1000	3.50
Vanadium	A.A. & Colorimetric	10 to 1000	5.00
Zinc	A.A.	5 to 1000	1.00
Zirconium	Colorimetric	100 to 10,000	$6.00

ASSAYS

If the total metal content of an element is desired (above the part per million range) a complete assay can be made. The cost for a complete assay of any element is the trace analysis charge plus $1.00.

GEOCHEMICAL SPECIAL

Copper - Molybdenum - Lead - Zinc

(the above four elements accurately determined in the trace range)

1. All four (4) elements .....$2.00/sample (50¢/element)
2. Any three (3) elements ..... 1.80/sample (60¢/element)
3. Any two (2) elements ..... 1.50/sample (75¢/element)
4. Any one (1) element 1.00/sample

LARGE LOT DISCOUNTS

The following discount rates apply to samples submitted in large lots. To be valid for the discount rate, the minimum number of samples must be received at the same time in one lot.

Number of Samples in Lot	Discount
Less than 1000	none
1001 to 2500	5%
2501 to 5000	10%
5001 to 10,000	15%
over 10,000	20%

CONTRACTS

A contract rate can be negotiated when a large number of samples is involved over a period of 1 or more years. Please write, giving detailed information for a firm quotation.

ANALYTICAL FACILITIES

Rocky Mountain Geochemical Corporation has one of the finest equipped analytical laboratories in the West. Atomic Absorption analyses are done with the Perkin-Elmer models "303" and the "290." The "303" model is equipped with a digital concentration readout devise (DCR-1), additional power supply, all types of regular burners and nitrous oxide burner heads. The laboratory contains complete colorimetric facilities, fluorimeter, mercury vapor detector, and other up-to-date analytical equipment. Clients are invited to inspect our facilities at any time.

All analytical values reported by us are total or absolute and, for the most part, the precision and accuracy of the analyses are within + or − 10% or better at mid range. National Bureau of Standards samples are analyzed periodically with close agreement of analytical values. Known rock standards and blanks are run concurrently with each day's work to avoid any possibility of error.

NOTE: A.A. = Atomic Absorption
ppm = part per million
ppb = part per billion

PROJECT COST ESTIMATES (continued)

(D) TOTAL ESTIMATED COST OF PROJECT:

Road Construction	$ 6,000.00
Rotary Drilling	45,350.00
Sample Analyses	12,500.00
Supervision (One man-month at $800.00)	800.00
Sampler Assistant (One man-month at $500.00)	500.00
TOTAL	$65,150.00

PLATE XVI

PROPOSED EXPLORATION DRILLING UNDER
THE O.M.E. ASSISTANCE PROGRAM

PLATE XVI

PROPOSED DRILLING PROGRAM

Number of Holes	-	22
Proposed Depth	-	450' depending on water conditions at depth
Type of Drill	-	Air-driven rotary, $5\frac{1}{4}$ inch diameter, with down-the-hole hammer and 600 cf compressor to assure complete collection of cuttings
Access Roads	-	Under separate contract - D-7 with rippers on rental basis
Sampling	-	Five foot samples to be riffled and bagged on site. Determinations to be made for copper, lead, zinc, molybdenum and gold at a custom laboratory such as Skyline Labs in Denver or Rocky Mountain Geochemical in Salt Lake City, or if acceptable, on our own atomic absorption unit in Elko, Nevada
Location of Holes	-	As much as possible the holes are spotted on a 1000 foot grid. However, by comparison of the drillhole pattern with Plates XIII and XIV, it can be seen that holes 1-2, 1-5, 1-8 1-11, for example, follow a clearly defined N-S target concentration of all minerals; holes 1-1 and 1-4 investigate a thoroughly leached and altered surface zone; hole 1-3 penetrates a concentration of copper and molybdenum, and so on. Each hole is designed to explain a mineralization target as well as provide information.

PLATE XV

MAGNETOMETER SURVEY

PLATE XV

MAGNETOMETER SURVEY:

The main features of the ground magnetic survey are:

1. The northwest-trending faults are certainly confirmed, as well as a number of the north-south set.

2. North of A-A, the sedimentary formations are obviously highly disturbed, in contrast to the area south of A-A. Practically all of the older workings lie within this zone of confused magnetic patterns.

3. South of B-B, a band of relatively higher magnetic intensity appears in the southwest. The relationship between this magnetic zone and fault B-B is striking. The higher values in gold and mercury are found within this band.

4. A similar band of higher magnetic intensity is found to the north of the intrusive stock.

5. North of the stock is a sharp magnetic low of more than 2000 gammas. This may be related to the corresponding high which outlines the band of magnetite found along the intrusive contact; however, it occurs within a zone of intense alteration and leaching within both sediments and monzonite, and corresponds to high arsenic values in the soil.

In 1969, the magnetometer survey will be extended to the north and to the southwest.

AMERICAN SELCO INCORPORATED

INCORPORATION

New York State - February 27, 1965.

PRINCIPAL OFFICE

City of New York.

NATURE OF BUSINESS

All types of mineral exploration.

OFFICERS AND DIRECTORS

Mr. Alfred Chester Beatty, Director and President
Owley,
Wittersham,
Kent, England.

and 76, Park Street,
London, W.1, England.

Mr. Edward Clement Wharton-Tigar, Director and Vice-President
22, Campden Street,
London, W.8, England.

Mr. I. Freed, Director
Suite 1207,
9 East 44th Street,
NEW YORK, New York 10017.

Mr. Patrick Campbell MacCulloch, Executive Director
5 Burnham Road
Toronto 17, Ontario.

Mr. S. Warren Ritchie, Acting Secretary Treasurer
925 Longfellow Avenue,
Port Credit, Ontario.

Mr. Robert N. Parkinson, Technical Manager
3060 Ohm Way,
Denver, Colorado 80209.

ADDRESSES

Canada	Suite 1201 121 Richmond Street W. Toronto 1, Ontario
Denver	210 Clayton Street Denver, Colorado 80206
Nevada	698 South 5th Street Elko, Nevada 89801
New York	Suite 1207 9 East 44th Street New York, New York 10017

BANK

The Center State Bank
234 Columbine
Denver, Colorado 80206

First National Bank of Nevada
487 Railroad Street
Elko, Nevada 89801

AUDITORS

Haskins & Sells
New York, New York

PARENT COMPANY

Selection Trust Limited
Masons Avenue
Coleman Street
London, E.C.2, England

FISCAL YEAR END

March 31

INTRODUCTION

American Selco Incorporated is applying for financial assistance to carry out a program of exploratory drilling on mineral target, outlined by the Company in the Railroad or Bullion mining district, Elko County, Nevada.

As amply described in a previous application by the Aladdin Mining Company (Contract No. 1083, DMEA-4425 (Pb-Cu)) the Railroad area is an old mining district which has produced roughly four million dollars in silver, lead, copper and gold, with its most productive period being at the turn of the century.

The old workings were small and shallow, following "lodes" of lead-silver mineralization, or extracting rich pods of copper; in the copper workings only high-grade material, generally over 7%, was extracted, and this was all from the zone of oxidized mineralization. As can be seen from Plate VII, a great deal of copper ore was left behind in the dumps, since in the early days, it did not pay to mine any 2,3, or 4% copper.

At that time, no thought was given to the possibility or significance of structural control of the mineralization or the possibilities of disseminated mineralization at depth; high-grade pods were mined out and the area virtually abandoned.

In late 1967 American Selco Engineers conducted a brief inspection of the area and noted, among other things, the presence of molybdenum and copper mineralization in the porphyry intrusive, a possible zoning of the metallic minerals, and numerous gossan zones apparently unexplored.

During the field season of 1968, as shown in Plate VI, we carried out an extensive program of surface investigation, the object being the delineation of specific targets for follow up exploration by drilling. The program included geochemical surveys of both the soil and rock exposures, ground magnetic surveys, and a limited amount of trenching.

In the progress of this work, as detailed in the various sections of the report which follows, we found definite evidence of fault control of mineralization (by geochemistry and magnetics) leaching and extensive alteration of both sediments and intrusive rocks (by trenching) unexpected gold mineralization apparently associated with a distinctly different system of fractures (Plate XXI) molybdenum associated with quartz vein systems throughout a large portion of the intrusive, and chalcocite, assaying over 2.5 percent copper, in road cuts through the intrusive.

There seems little doubt that we have many of the criteria necessary for a porphyry type copper deposit, as shown on Figure 1 overleaf. At the same time, however, our surface work has indicated several zones of concentration of many of the minerals (Plates XIII-XIV) which could be replacement orebodies in themselves.

We feel that additional surface investigation will provide little more information of value although we may undertake some limited trenching to examine the narrow gold zones indicated by the geochemical sampling. We have therefore planned a series of drill holes on a grid pattern to a depth of 500 feet as shown in Plate XVI . While these are spaced on a grid, it can be seen that almost every one of the holes is investigating a concentration of metallic minerals, a leached capping, or a particularly heavy and extensive gossan zone.

The drilling will be carried out by rotary air-driven rig. 5¼" diameter holes instead of diamond drill, because of cost and the amount of meterial provided for sampling purposes.

A further description of the work planned will be found after Plate XVI, with an estimate of costs for the work.

While American Selco is prepared to carry out additional geochemical and geophysical surveys utilizing our own staff, as well as some limited trenching we are requiring financial assistance for the drilling, pad construction and sample assaying.

AMERICAN SELCO INCORPORATED

Robert H. Parkinson
Technical Manager

COSTING

The request for assistance covers only the major costs involved in the contract services for drilling, road construction and assaying of drill cuttings. Such items as office expenses, supervision, incidental labor associated with sample collection and transportation, and consulting services, the company is prepared to furnish.

1. Rotary Drilling: (Based on five bids received)

   Average is apparently $4.00/foot to the depth required or $32.00 - $37.50 per hour depending on the equipment used.

   Estimate: 10,800 feet at $4.25/foot all-inclusive = $45,900.00

2. Road Construction:

   Average of bids received for D-7 bulldozer is $25.00/hr.

   Estimate: 240 hours @ $25.00/hour = $ 6,000.00

3. Sampling:

   Total number of assays = 2,160 for cu.,pb., Zrl., Mo., Ag., Au.
   Skyline Lab proposal = $6.00/sample for all
   Rocky Mt. Geochemical = approximately the same.

   Estimate: 2,160 samples at $6.00/sample = $12,960.00

Total Project Cost = $64,860.00

Note that the cost of the assaying of samples can be considerably decreased if it is possible for us to use our own personnel and the atomic absorption unit which could be obtained on a temporary basis from our associate company in Canada - Selco Exploration Ltd.

AMERICAN
SELCO INCORPORATED
SUBSIDIARY OF SELECTION TRUST LIMITED, LONDON, ENGLAND

210 CLAYTON STREET
DENVER, COLORADO
80206

TELEPHONE (303) 322-0027

March 17, 1969

Mr. Norman E. Rarick, President
CENTER STATE BANK
234 Columbine Street
Denver, Colorado 80206

Dear Mr. Rarick:

Several weeks ago, I had occasion to discuss with you the mining exploration activities of our company in Elko County, Nevada, and mentioned at the time that we might require financial assistance for at least a part of this work.

I believe I made clear our relationship with our parent organization, Selection Trust Limited of England, and explained that we are operating in the United States on a very small budget due to the difficulty of obtaining dollars from the United Kingdom.

We are prepared to undertake some phases of the exploration work, but as a result of our preliminary surveys of last year we wish to include a drilling program to investigate the possibilities at depth. For this part of the program, we require assistance in the amount of forty thousand dollars, ($40,000.00) for the actual drilling, road construction and assaying.

Would you please advise me whether or not you are prepared to consider a loan of this nature, and if so, what the terms of interest and repayment would be.

Yours very truly,

AMERICAN SELCO INCORPORATED

R. N. Parkinson

Robert N. Parkinson
Technical Manager

RNP/vt

CENTER STATE BANK
IN THE CENTER OF DENVER

234 COLUMBINE STREET · DENVER, COLORADO 80206 · TELEPHONE 388-6331

March 24, 1969

Mr. Robert N. Parkinson
Technical Manager
American Selco Incorporated
210 Clayton Street
Denver, Colorado 80206

Dear Mr. Parkinson:

Thank you for the opportunity to consider your request for a $40,000.00 exploration loan.

We regret that in this present tight money market that we are unable to accommodate your needs. The nature of the work you are doing because of its speculative nature also creates a problem as to making it a bankable loan situation.

We hope that you will permit us to consider your other needs as they arise.

Sincerely,

Norman E. Rarick

Norman E. Rarick
President

NER:lsc

AMERICAN
SELCO INCORPORATED
SUBSIDIARY OF SELECTION TRUST LIMITED, LONDON, ENGLAND

210 CLAYTON STREET
DENVER, COLORADO
80206

TELEPHONE (303) 322-6027

February 25, 1969.

The Manager,
First National Bank of Nevada
Elko, Nevada.

Dear Sir:

I understand that our Mr. Kitchener has already spoken to you about our need for a loan to cover certain exploration work which we wish to carry out in the Bullion or Railroad mining area.

I trust that he has made clear our relationship with Selection Trust Limited of England, and explained that we are operating in the United States on a very small budget due to the present difficulty in obtaining dollars from the United Kingdom.

We are prepared to undertake some phases of the exploration work, but as a result of our preliminary surveys of last year, we want to include a drilling program to investigate the possibilities at depth. For this part of the program, we require assistance in the amount of $ 40,000.00 for the actual drilling, road construction and assaying.

Would you please advise me whether or not you are prepared to consider a loan of this nature, and if so, what the terms of interest and repayment would be.

Yours very truly,

AMERICAN SELCO INCORPORATED

R. Parkinson

Robert K. Parkinson
Technical Manager

FIRST NATIONAL BANK OF NEVADA
ELKO OFFICE • 487 RAILROAD STREET
P.O. Box 471, Elko, Nevada • 89801

February 28, 1969

Mr. Robert N. Parkinson
Technical Manager
American Selco Incorporated
210 Clayton Street
Denver, Colorado

Dear Mr. Parkinson:

At the present time we would be unable to consider your loan request of $40,000.00 for mining exploration work in the Elko area.

Our loan policies preclude extension of this type of credit.

Very truly yours,

R. M. Wetzel
Manager

RMW: wc

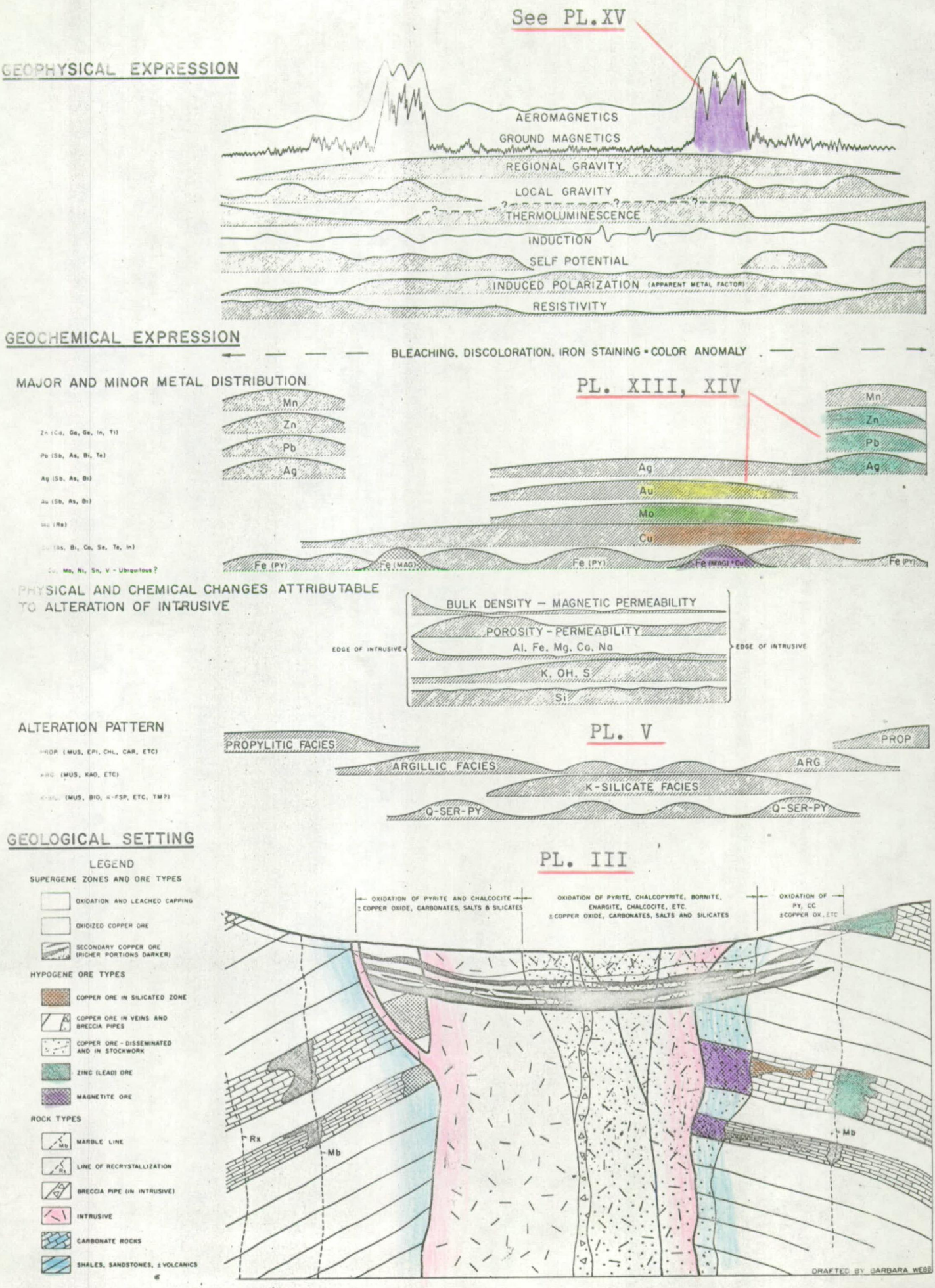

FIGURE 1.—Some generalizations and speculations, porphyry copper districts.

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PLATE II	SURVEY OF 1000 FOOT GRID, SHOWING SELCO CLAIMS
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ADDITIONAL MAPS IN ENVELOPE ACCOMPANYING THIS REPORT

GEOCHEMICAL SOIL SURVEY - DETAILED MAPS:

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PLATE XVIII	COPPER IN P.P.M.	PLATE XXIII	ARSENIC IN P.P.M.
PLATE XIX	LEAD IN P.P.M.	PLATE XXIV	MOLYBDENUM IN P.P.M.
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PLATE XXI	GOLD IN P.P.M.	PLATE XXVI	MERCURY IN P.P.M.

PLATES I-II
LAND STATUS

PLATE I

LAND STATUS

PLATE I

LAND STATUS:

All land shown in red, both patented and unpatented, is owned or controlled by Aladdin Sweepstake Consolidated Mining Corporation, 300 South Virginia Street, Reno, Nevada. American Selco acquired from Aladdin Sweepstake the right or option to purchase these claims at any time up to December 31, 1972; a copy of this agreement is on file in the Elko County Courthouse as File Number 36150.

Land shown in yellow was staked by American Selco in 1968. The exact location of these claims is shown on a map filed with the Elko County Recorder on May 15, 1968, as Instrument Number 36999, and is also shown on Plate II.

Land shown in blue is not controlled by American Selco and does not come under the terms of this application.

All discovery work has been completed, as well as the required assessment work for unpatented claims for 1968 and work in lieu of tax payments for patented claims for the same year.

Selco claims are filed under:

Book	Pages	Date
98	224 - 226	July 9, 1968
98	339 - 356	July 12, 1968
98	508 - 525	July 18, 1968
101	56 - 61	Sept.12. 1968

in the Elko County Court House, Elko, Nevada.

1. Selco owns unpatented claims on which drilling will be done so don't need any L + S Agreements.

2. May need new bank letters.

3. Letter Kukemo to Selco Oct. 1, 1969, says no performance bond will be required.

4. $33,375 @ 50% = $16,687.50 or rounded $16,690.

Standard Form 63 (rev.)
March 1959
63-103

MEMORANDUM OF CALL

Date	Time

TO—

☐ YOU WERE CALLED BY— ☐ YOU WERE VISITED BY—

TELEPHONE:	Number or code	Extension

☐ PLEASE CALL
☐ WILL CALL AGAIN
☐ RETURNING YOUR CALL
☐ IS REFERRED TO YOU BY:
☐ WAITING TO SEE YOU
☐ WISHES AN APPOINTMENT

LEFT THIS MESSAGE: folder with maps in next file cabinet

Received By—

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MME Form 7
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AIRMAIL

SEP 28 1970

American Selco Incorporated
210 Clayton Street
Denver, Colorado 80206

Re: OME-6788 (Copper-Molybdenum-Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko County, Nevada

Gentlemen:

We phoned Mr. Robert N. Parkinson, Exploration Manager, American Selco, Inc., at Elko, Nevada on September 23, 1970 to inform him that the application for financial assistance to explore the Aladdin property had been denied. We contacted him directly because the end of the operating season is approaching, and the extent of drilling to be completed may have depended on whether or not financial assistance from OME would be forthcoming.

This letter is to explain the reason for our decision.

Public Law 85-701, which authorizes the minerals exploration financial assistance program, provides under Section 2(f) that "No funds shall be made available under this Act unless the applicant shall furnish evidence that funds from commercial sources are unavailable on reasonable terms." Information submitted with your application and the financial statements furnished recently indicate that assets of the parent company are sufficient to underwrite a loan from commercial sources.

Under the circumstances, we sincerely regret that we cannot be of assistance to you. The merits of the proposed exploration in your well prepared application did not contribute to the decision made on this application.

We wish you success with the exploration at the Aladdin property.

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 - 130

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MME Form 7
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September 25, 1970

Memorandum

To: The File

From: Harold Kirkemo
Chief, Office of Minerals Exploration

Subject: OME-6788 (Copper-Molybdenum-Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko County, Nevada

Justification for Denial of Application

The decision to deny American Selco's application is based solely on the provision commonly referred to as the pauper's oath, Section 2(f), in Public Law 85-701. The proposed exploration program warranted a contract, but it was determined that the Applicant is ineligible under Section 2(f) for assistance under the program.

The Applicant being a wholly owned subsidiary of Selection Trust Ltd., London, is dependent on the parent company for funds. National fiscal policy by the English Government and decisions by the parent company led to limited funding for American Selco in 1969 and 1970. As a consequence, American Selco submitted an application for OME assistance because the estimated cost of the proposed exploration project at the Aladdin property exceeded available funds, and assets were insufficient to secure a bank loan.

Based on favorable geological factors and a seemingly acceptable financial situation, a proposed contract was drafted. Subsequently, the Annual Report to March 31, 1970 for Selection Trust Limited was received and on the basis of it, the Applicant was determined to be ineligible for the OME program as stated in the memorandum dated September 22, 1970 to the Chief, OME, from the Associate Solicitor - Mineral Resources and General Legal Services.

This is the second denial since 1966 based solely on Section 2(f) of P.L. 85-701. Preliminary review of some other applications led to withdrawals because of affiliations with larger companies. These instances emphasize the need to remove this restriction from the OME program as recommended in Issue Support Paper 71-30-3. Worthy exploration projects are denied assistance under the existing provision.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/bsl 9/25/70

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

SEP 22 1970

Memorandum

To: Chief, Office of Minerals Exploration

From: Associate Solicitor--Mineral Resources and General Legal Services

Subject: OME-6788 (Copper-Molybdenum-Silver)
American Selco, Inc.
Aladdin et al., Group of Claims
Elko County, Nevada

We have examined the proposed contract, application and supporting documents submitted by American Selco, Inc. Our examination disclosed that American Selco is a wholly owned subsidiary of Selection Trust Limited, London, England and, according to Mr. Robert N. Parkinson, Exploration Manager of American Selco, receives funds from Selection Trust for its exploration activities in the United States. Mr. Parkinson further advised that Selection Trust owns a Canadian subsidiary which has discovered an attractive mineral deposit in Canada and that the funds available to American Selco would be limited in 1969 and 1970 as a result of this discovery, but indicated that funds would be available from Selection Trust if American Selco made a discovery of a mineral deposit. In letters to the First National Bank of Nevada and the Center State Bank in Denver, dated February 25, and March 17, 1969, respectively, requesting a loan for the proposed exploration, Mr. Parkinson stated that American Selco was operating on a very small budget due to the present difficulty of obtaining dollars from the United Kingdom.

It would appear from these statements that American Selco has applied for financial assistance from OME for the reason that its parent company, Selection Trust Limited, has, for business reasons, decided not to make sufficient funds available to American Selco to conduct exploratory operations on the subject claims and because, according to Mr. Parkinson, it is difficult to obtain dollars from the U. K. An examination of the Selection Trust Limited annual report dated March 31, 1970 disclosed that Selection Trust and its subsidiaries have assets of £33,870,479 or approximately $81,289,150 at the current rate of exchange of $2.40 per English pound.

The conclusion appears inescapable that American Selco's parent company, Selection Trust Limited, could easily underwrite a loan from a commercial source for the proposed exploration activities.

In a similar case in 1966 (OME-6529 (Silver)) the application of Rosario Exploration Company, a subsidiary of New York and Honduras Rosario Mining Company, was denied on the basis that the applicant was ineligible to participate in the minerals exploration assistance program under section 2 (f) of Public Law 85-701 (72 Stat. 700). Section 2(f) reads as follows:

> "No funds shall be made available under this chapter unless the applicant shall furnish evidence that funds from commercial sources are unavailable on reasonable terms."

It was determined that the applicant's parent company with assets slightly over $5 million was capable of underwriting a loan from commercial sources.

We believe that the conclusion reached in the Rosario case was correct and that the factual situation in the subject case is essentially the same as in the Rosario case.

We, therefore, recommend that in accordance with the OME's decision in the Rosario case American Selco's application be denied.

Bruce Wright
Associate Solicitor
Mineral Resources and
General Legal Services

American Seleo

Elko, Nevada

Mr. Prochnau - Engineer

Phone 702 738-6723

AMERICAN
SELCO INCORPORATED
SUBSIDIARY OF SELECTION TRUST LIMITED, LONDON, ENGLAND

210 CLAYTON STREET
DENVER, COLORADO
80206

TELEPHONE (303) 322-0027

September 11, 1970

6788

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

Dear Mr. Kirkemo;

Herewith two copies of the latest Annual Report of Selection Trust as requested through Mr. Stager this afternoon.

From this report, it can be seen that:

1. Selection Trust has no interest in Roan Selection Trust whatsoever, and there has been no connection between the two organizations since 1929. Therefore, any agreement between R.S.T. and Amax will have no effect on American Selco Incorporated.

2. American Selco is a wholly owned subsidiary of Selection Trust Ltd. (see page 12), upon whom we depend for our exploration funds.

3. Selection Trust does own 11.8% of the shares of Amax (see bottom of page 12), but this again does not affect the finances of American Selco. We are in fact exploration competitors of Amax within the United States, and have no association with their exploration organization.

Forwarded with our original application was a copy of the Balance Sheet and the Statement of Exploration Expenses and Deficit for the year ended March 31, 1969; I do not have a more recent issue of these Statements

American Selco does not issue a separate Annual Report, and in the present stage of its development is simply listed on pages 12 and 5 of the Selection Trust Report.

Yours very truly,

AMERICAN SELCO INCORPORATED

Robert N. Parkinson, Exploration Manager.

MME Form 7
(2/63)

OFFICIAL FILE COPY

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8/13/70	Emerick	120E
8/13	Case	220
		120M

AIRMAIL

AUG 13 1970

American Selco Incorporated
210 Clayton Street
Denver, Colorado 80206

Re: OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko County, Nevada

Gentlemen:

Enclosed are three copies of the application form which should be updated to reflect the estimated total cost of $33,325 of your revised proposed exploration work. The original application, dated April 1, 1969, shows the estimated total cost ($65,150) of your original proposal.

We also request that you return with the updated application forms true copies of your updated letters of request to the two banks whose letters of refusal you sent us on July 30, 1970.

Receipt of this material should be all that is necessary to complete processing the application.

Sincerely yours,

W. L. Emerick

W. L. Emerick
Assistant Chief, Office of
Minerals Exploration

Enclosures

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

WLEmerick/gla 8-13-70

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

August 4, 1970

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Memorandum

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

From: Field Officer
Region II

Subject: OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin-Selco, et al., Groups of Claims
Elko County, Nevada

Enclosed is an Application Report on the subject property recommending that the Government participate in a contract to explore for a porphyry-type copper-molybdenum deposit by diamond drilling. A project consisting of 2,500 feet of diamond drilling in three holes at an estimated total cost of $33,325, of which the Government's share would be $16,662.50, is justified.

Extra copies of Figure 2 are also enclosed for your use if a contract is approved.

H. K. Stager

Enclosures

UNITED STATES

DEPARTMENT OF THE INTERIOR

WALTER J. HICKEL, SECRETARY

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

On-Site Exam Report

APPLICATION REPORT

OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin-Selco, et al., Groups of Claims
Elko County, Nevada

By

H. K. Stager
Field Officer
OME, Region II

August 4, 1970

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ILLUSTRATIONS

Figure 1. Index map of Elko County, Nevada.

Figure 2. Property map of Selco, et al., Group of Claims, Elko County, Nevada, showing proposed exploration.

INTRODUCTION

American Selco Incorporated, 210 Clayton Street, Denver, Colorado 80206, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6788, to explore for copper, molybdenum, and silver in the Railroad Mining District, Elko County, Nevada. The Applicant infers the presence of a large low-grade, porphyry-type ore body in rhyolite of Tertiary age, and wishes to explore the deposit by diamond drilling from surface sites.

A field examination was requested by the Office of Minerals Exploration and was made by H. K. Stager, Field Officer, on July 16, 1970, accompanied by Mr. Mirko Skripski, geologist, and Mr. Kenneth Kitchener, field assistant for the Applicant. The Applicant's maps, cross sections, geochemical and geophysical data, and assays were examined and compared with surface exposures in the proposed project area.

A previous exploration project (DMEA-4425, Contract 1083) for lead-copper in the Davis adit, in the eastern part of the district, was unsuccessful and a certification was not issued.

SUMMARY

The mines of the Railroad Mining District have yielded copper, lead, and silver with an estimated value of about $2 million from replacement-type ore bodies in marbleized limestone of Ordovician age. The results of the Applicant's geochemical, geophysical, and drilling program during 1969, and to date this year, indicate that the geologic probability of finding a large porphyry-type copper-molybdenum ore body as a result of the proposed exploration is good. The revised exploration program consists of 2,500 feet of

additional diamond drilling in three existing holes to test deeper mineralized horizons. The program will require about two months to complete, if weather conditions are favorable. The project site is readily accessible, during the summer and fall months, and facilities for accomplishing the work are available on the property.

RECOMMENDATIONS

It is recommended that the Government enter into a contract with American Selco Incorporated to provide 50 percent of the costs of the revised program to explore the copper- and molybdenum-bearing rhyolite intrusive at greater depth. The program will require about two months to complete and the Government's share of the estimated total cost of $33,325.00 would be $16,662.50. To facilitate administration of the contract the work should be based on unit costs rather than actual costs.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Aladdin-Selco, et al., Claims are in secs. 32, 33, and 34, T. 31 N., R. 53 E., and secs. 3, 4, 5, 8, and 9, T. 30 N., R. 53 E., MDBM, Railroad (Bullion) Mining District, Elko County, Nevada (Fig. 1), on the crest of the Piñon Range, at an altitude of from 6,500 to 8,500 feet.

To reach the property, that is about 30 miles southwest of Elko (the closest town), drive southwest on Wilson Street (just south of the Humboldt River bridge), take the right-hand fork of the graveled road about 2 miles from town and drive about 28 miles through low foothills to the mine camp. The project area is about 2 miles, by steep access road, from the camp. A four-wheel-drive vehicle is necessary to reach the project area. During the winter and spring months the road is closed by deep snow drifts. In dry weather (June to November) the drive from Elko requires about one hour.

Labor, supplies, and services are available in Elko. There is ample water available, from springs and reservoirs, on the property. The Applicant has complete office and assay laboratory facilities in Elko.

PROPERTY

History and Production

Silver ore was discovered in the 1860's and the Railroad Mining District was organized in June 1869. By 1873 two furnaces had been erected to smelt the silver-rich ores and nearly 300 people inhabited the town of Bullion. Production continued during the 1870's and 1880's, mostly by the Empire Mining Company of New York City. In 1905 the Nevada Bunker Hill Mining Company was formed, and the principal mines of the district were consolidated. Various ore bodies were opened for lease and production continued to 1920, with the ore being shipped to smelters in the Salt Lake City area. The district was idle from 1920 to 1928 when the Bunker Hill Mining Company was reorganized and the Aladdin Mines Company was formed. This company extended the Davis adit several hundred feet and in 1946 the Newmont Mining Corporation did some additional work in the same adit. In 1946 John H. Uhalde and Ben Parker of Reno obtained a lease and option to the Aladdin Mines Company property and operated it under the name of Lead-Copper Mines, Incorporated. Production under this lease was continued to May 1952, when the New World Exploration, Research and Development Corp. of Seattle, Washington, obtained an assignment of the Lead-Copper Mines Lease and Option. However, the lease was dropped and the property reverted to Uhalde who continued operations until about 1956. In April 1957 Uhalde was granted a DMEA contract for exploration in the Davis adit for lead and copper. This project, completed

during March 1959, was unsuccessful and the property was not certified. Total recorded production, for the period 1871 to 1956, was valued at $1,710,000.

The Applicant obtained options and leases to most of the claims in the district in 1968 and located a large group of claims in its own name. Geologic mapping and geophysical and geochemical work were carried out during 1968 and 1969. Exploration drilling was started during 1969 and is continuing at present.

Ownership

The property to be included in the revised proposal consists of 45 unpatented lode mining claims (Fig. 2) owned by the Applicant. These claims are known as the Selco Group and consist of the Selco No. 1 through No. 37, and the John, Bardy, Maggie, Rob, Hannah, Ken, Peter, and Pam Claims. They are recorded at Elko, Nevada, in Book 98, pages 224 to 226, 339 to 356, 508 to 525, and in Book 101, pages 56 to 61.

Financial Eligibility

The Applicant furnished copies of letters to two banks requesting loans for the original program and also copies of letters denying the loans. New bank letters, based on the smaller revised program, have been requested and will be furnished by the Applicant as soon as available. The Applicant proposes to furnish its share of the exploration costs in cash.

Development

The district is developed by several mines and more than 100 small prospect adits with more than two miles of underground workings, most of which are inaccessible. The largest mine is the Standing Elk, that was developed on

seven levels over a vertical range of 600 feet and several thousands of feet of workings. The Tripoli, Red Bird, Copper Belle, and Delmas Mines are other properties with extensive workings and production. The Davis adit, the site of the previous DMEA project, is 700 feet below the lowest level of the Standing Elk Mine and contains more than 6,000 feet of workings. There are no mines in the area of the proposed exploration, on the unpatented Selco Claims, and except for a few old caved prospect pits and adits the only development consists of access roads and several sample trenches excavated by the Applicant. Surface facilities consist of a small mill, in operating condition, near the portal of the Davis adit and a mine camp consisting of several buildings and cabins in fair condition that are presently in use by the drilling contractor's employees.

GEOLOGY

Geologic Setting

The geology of the district has been described by Ketner and Smith.[1]

---

[1] Ketner, Keith B., and Smith, J. Fred, Jr., 1963, Geology of the Railroad Mining District, Elko County, Nevada: U.S.G.S. Bull. 1162-B.

Much of the following brief description is taken from this report.

The Railroad Mining District straddles the highest ridge of the Piñon Range. Relief is steep and the rocks are well exposed. The Piñon Range consists mainly of Paleozoic rocks consisting of limestones and quartzites of early Paleozoic age, totaling about 3,000 feet in thickness; overlain by chert, shale, and mudstone of early Paleozoic age carried from the west on the Roberts Mountains thrust fault; and by conglomerate, sandstone, shale,

and limestone of late Paleozoic age which overlap both sequences of lower Paleozoic rocks. These rocks are folded in an anticline nearly parallel with the northerly trend of the range. The anticline is broken by both normal and reverse faults of moderate displacement.

The sedimentary rocks are intruded by dikes and a stock of granitic rocks of Oligocene age. The stock consists of an outer shell of medium-grained granite, monzonite, and quartz diorite and a core and marginal bodies of rhyolite porphyry. Large dikes of rhyolite porphyry extend from the rhyolite core east and west through the outer shell of the stock and into the sedimentary rocks on Bunker Hill. The rhyolite, and locally the monzonite, are porphyritic. Samples of these rocks contain more than average amounts of copper, molybdenum, titanium, tungsten, nickel, cobalt, and silver.

Ore Deposits

The ore deposits that have been mined in the Railroad District were principally replacement-type bodies of lead, zinc, copper, and silver minerals in marbleized limestone. These deposits are thought to be genetically related to the rhyolite porphyry dikes, to which they are adjacent.

The primary ore minerals are argentiferous galena, chalcopyrite, bornite, and sphalerite. The principal secondary ore minerals are cerussite, cerargyrite, pyromorphite (or duftite), malachite, azurite, chrysocolla, cuprite, and chalcocite. The most abundant gangue minerals are quartz, calcite, pyrite, pyrrhotite, iron and manganese oxides, and barite. Oxidation extends to a depth of about 500 feet.

The principal ore bodies, in the Standing Elk workings, occur as chimneys of ore at the intersection of dikes or faults. The exact length and width

of the largest ore body are not known, and the workings are not accessible, however, more than 50,000 tons of high-grade lead-copper-silver ore averaging 18.2 percent lead, 5.4 percent copper, and 19 ounces of silver per ton was mined through a vertical range of about 400 feet.

Samples of the intrusive rocks, and the results of geochemical and geophysical programs by the Applicant indicate an anomalously high content of molybdenum and copper in the rhyolite porphyry. Drill holes in the rhyolite porphyry indicate increasing amounts of molybdenite and chalcopyrite with depth and the possibility of discovering a large copper-molybdenum porphyry-type ore body appears good.

Sampling

No samples were taken during the examination. Maps and assays, attached to the application, show the distribution and zoning of copper, molybdenum, silver, gold, lead, zinc, arsenic, and mercury in mine dumps and soil samples throughout the district. Figure B-2, submitted by the Applicant, shows the metal content of cuttings from Drill Hole No. 2-8 and illustrates the sharp increase of copper, molybdenum, lead, and zinc at the contact of sedimentary and granitic rocks. The high copper-molybdenum content of the granitic rock from 500 feet to the bottom of the hole at 900 feet is particularly significant and is one of the major justifications for the proposed exploration.

Ore Reserves

Estimates of ore reserves were not made by the Applicant. The target of the proposed exploration is a deeply buried copper-molybdenum porphyry-type deposit of sufficiently high grade to be economically mined by underground

methods. The body of mineralized rock to be tested is more than 2,000 feet in length, 1,000 feet in width, 1,000 feet in thickness, and probably contains more than 100,000,000 tons of copper- and molybdenum-bearing material. There is insufficient information available from which to estimate the probable grade. Only one hole (No. 2-8) has penetrated the mineralized material at depth and yielded assays of about 0.01 to 0.3 percent copper and 0.01 to 0.09 percent molybdenum (0.15 percent MoS_2). The silver content is less than one ounce per ton.

EXPLORATION

Applicant's Proposal

The Applicant originally proposed (April 1969) to explore an area about one mile square by rotary drilling in 22 holes, each about 450 feet in depth, from surface sites. This project was estimated to cost about $65,150 and require about two months to complete.

Additional field work, rotary and diamond drilling, and geochemical and geophysical work during 1969 and the spring of 1970 allowed the Applicant to revise the original proposal to a smaller favorable area and a specific target in the core of the intrusive body. The revised proposal consists of the deepening of three existing holes by diamond core drilling from depths of about 650 and 1,200 feet to total depths of 1,500 and 2,000 feet. Total drilling proposed is 2,500 feet at a cost of about $33,325 and requiring about two months to complete.

The revised proposal is well planned, relatively inexpensive, and will indicate the presence or absence of a mineable copper-molybdenum porphyry-type ore deposit.

Examiner's Proposal

The Applicant's revised proposal is adequate to test the potential of the deposit and no changes are proposed in the location, number, or targets of the drill holes. The three holes that are to be deepened under the proposed program are shown on Figure 2. Hole No. 2-1 will be deepened from 1,200 feet to a total depth of about 2,000 feet; Hole No. 2-5 from 670 feet to 1,500 feet; and Hole No. 2-9 from 630 feet to 1,500 feet. All holes are vertical and will be core drilled at NQ-wireline size if possible or reduced to BX-wireline size where necessary to reach the required depth.

Inasmuch as the revised program is limited to the area of the rhyolite porphyry body on the Selco Group of unpatented claims, owned by the Applicant, the land to be included in the proposed contract is limited to this group of 45 claims. The original proposal included holes in areas of known significant silver mineralization and the Government's participation would have been at the rate of 62.5 percent of the costs. However, the revised program is for the exploration of a copper-molybdenum ore body with only minor amounts of silver indicated and therefore should be at the rate of 50 percent participation. The Applicant is agreeable to these changes.

Proposed Exploration Costs

The Applicant has presented detailed cost estimates based upon costs of the diamond drilling done during the 1969 season and the much lower costs by the present contractor. These costs are realistic and are lower than the going prices for other projects in this region. Only a few minor changes have been made in the estimates. The allowance for all other drilling costs has been reduced from $2.50 per foot to $2.00 per foot, based on the Applicant's latest cost reviews for the drilling in progress

and similar allowances on other projects in the region. The cost for BX-wireline drilling is estimated at $0.50 per foot less than NQ size, based on prevailing costs on other projects and the contractor's willingness to accept this reduction if it is found necessary to reduce the size of the hole. The cost of assaying for copper, lead, zinc, and molybdenum is reduced from $5.00 to $4.00 per sample to comply with the listed prices by Skyline Labs, Inc. The cost of gold and silver assaying, for 125 samples, has been added at an estimated cost of $4.00 per sample. Also added is the estimated handling and transportation of 500 samples at $1.00 per sample.

Cost Estimate

Fixed Unit Costs

Diamond core drilling from surface sites, 2,500 feet..... $21,800.00

Depth, Feet	Rate/Foot NQWL	Rate/Foot BXWL
500-750	$7.50	7.00
750-1,000	8.00	7.50
1,000-1,250	8.50	8.00
1,250-1,500	9.00	8.50
1,500-1,750	9.50	9.00
1,750-2,000	10.00	9.50

Allowance for all other drilling costs, 2,500 feet at $2.00/ft.....	5,000.00
Core boxes, cardboard, 250 at $1.50/ea.....	375.00
Supervision, geology, and engineering, 2 months at $800.00/mo.....	1,600.00
Sampler, 2 months at $500.00/mo.....	1,000.00
Transportation, 3,000 miles at 15¢/mi.....	450.00
Office overhead costs, 2 months at $50.00/mo.....	100.00
Assaying for copper, lead, zinc, and molybdenum, 500 samples at $4.00/spl.....	2,000.00
Assaying for gold and silver, 125 samples at $4.00/spl....	500.00
Preparation and transportation of samples, 500 at $1.00/spl.....	500.00
Total estimated cost of project.....	$33,325.00
Government participation at 50 percent.....	$16,662.50

UNITED STATES DEPARTMENT THE INTERIOR
GEOLOGICAL SURVEY

OME-6788
(Copper, Molybdenum, Silver)

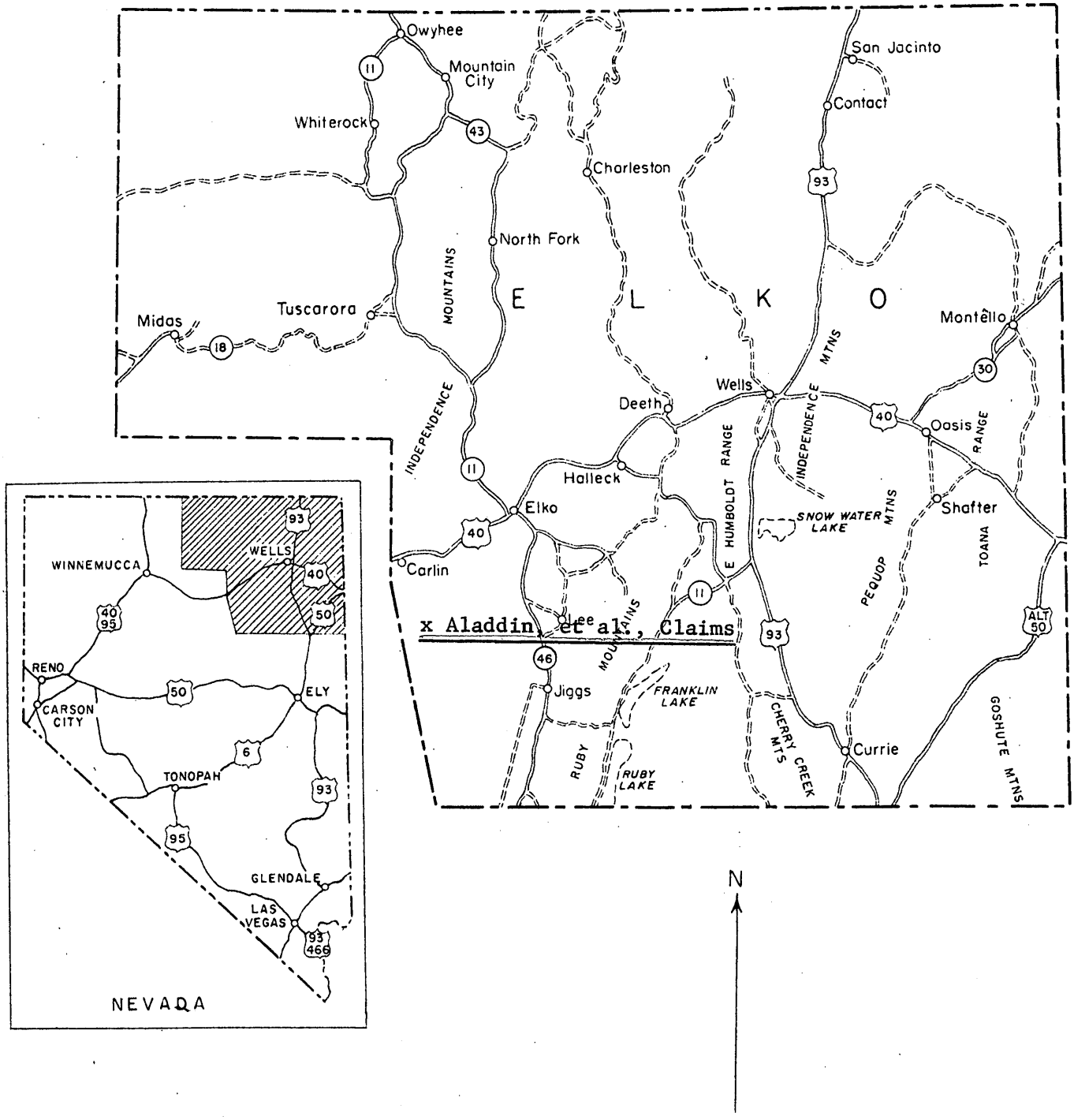

Figure I. INDEX MAP OF ELKO COUNTY, NEVADA

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UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6788
(Copper-Molybdenum)

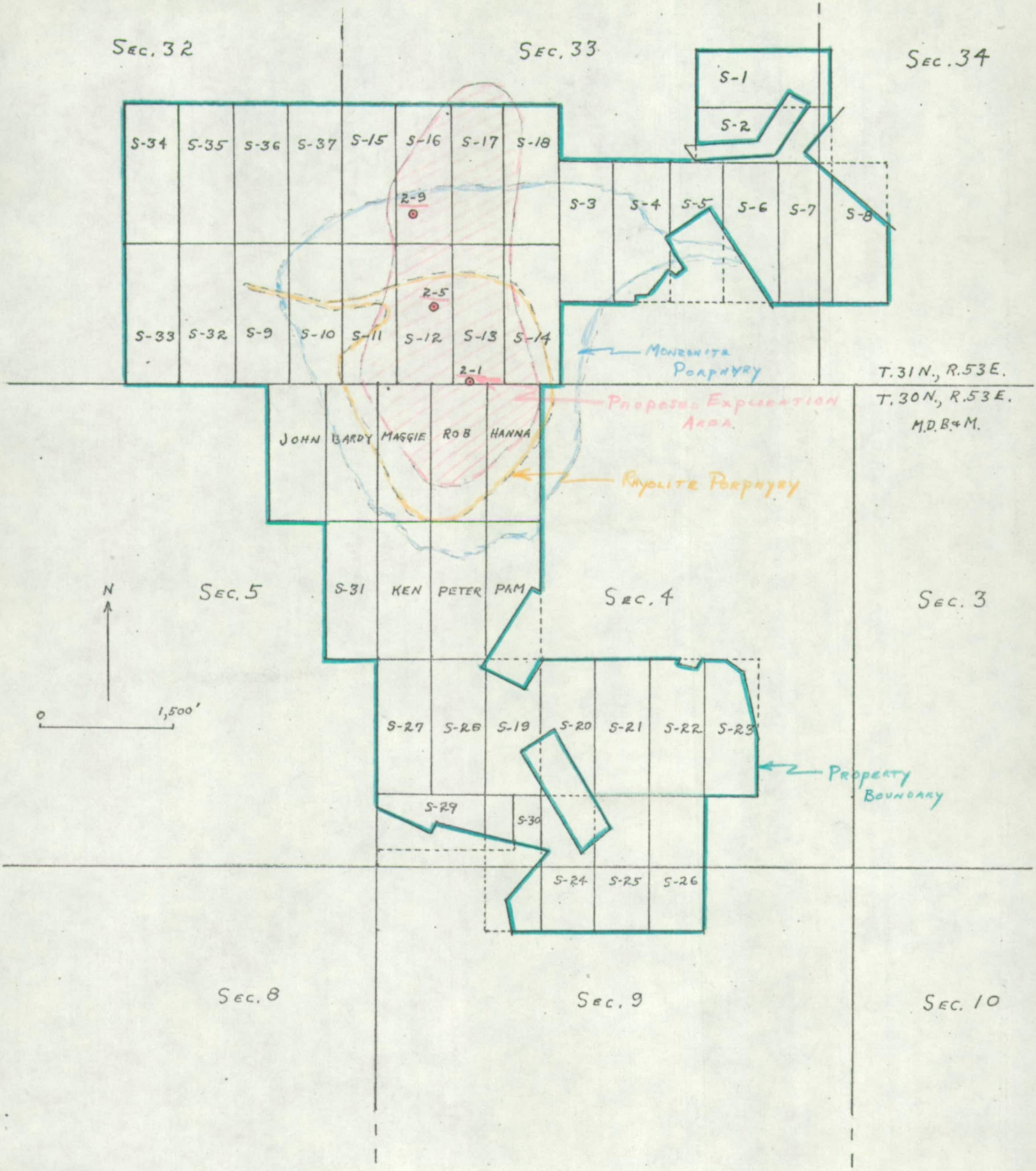

Figure 2.--Property map of Selco, et al., Group of Claims, Elko County, Nevada, showing proposed exploration.

AMERICAN SELCO INCORPORATED
698 SOUTH FIFTH STREET ELKO, NEVADA 89801

TELEPHONE
(702) 738-6723

July 30, 1970

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

Dear Mr. Stager:

Enclosed herewith are updated copies of the letters of refusal originally submitted with our application Request No. OME-6788 in 1969, as you requested.

Very truly yours,

AMERICAN SELCO INCORPORATED

R. N. Parkinson
Exploration Manager

RNP:bj

Enc.

RECEIVED
AUG - 5 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

CENTER STATE BANK
IN THE CENTER OF DENVER

Our Telephone number has been changed to 321-1234

234 COLUMBINE STREET · DENVER, COLORADO 80206 · TELEPHONE 388-6331

July 28, 1970

Mr. Robert N. Parkinson
c/o American Silco
698 South 5th Street
Elko, Nevada 89801

Dear Mr. Parkinson:

Thank you for permitting us to consider a commercial loan in the amount of $33,000.00. We must, unfortunately, decline your request as your operations are primarily outside our trade area, and are somewhat speculative in nature.

We look forward to considering any future requests in another area of your operation at any time.

Very truly yours,

John W. Graves
Assistant Vice President

JWG:mje

RECEIVED
AUG - 5 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

FIRST NATIONAL BANK
OF NEVADA

July 27, 1970

Mr. Robert N. Parkinson
Technical Manager
American Selco Incorporated
210 Clayton Street
Denver, Colorado

Dear Mr. Parkinson:

At the present time we would be unable to consider your loan request of $33,000.00 for mining exploration work in the Elko area.

Our loan policies preclude extension of this type of credit.

Very truly yours,

R.M. Wetzel
Manager

RMW/jl

RECEIVED
AUG - 5 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

ELKO OFFICE, BOX 471, ELKO, NEVADA 89801

$65,150
62½

$40,718.75 = 62½%
Govt. Share

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/19/70	Emerick	120
		120
1/19	Cal	220
		120M

JAN 19 1970

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko County, Nevada

In accordance with the Applicant's request of January 5, 1970 we are resuming the processing of his application for exploration assistance, and we are referring it to you for further study, a field examination if warranted when you are in the vicinity of the property on other field work of the program, and recommendations.

Corrected Lien and Subordination Agreements have been requested of the Applicant. Cost estimates are acceptable.

Harold Kirkemo (gla)

Harold Kirkemo

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

WLEmerick/bsl 1/19/70

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(2/63)

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Date	Surname	Code
1/19/70	Emerick	120
		120
		220
		120M

JAN 19 1970

AIRMAIL

American Selco Incorporated
210 Clayton Street
Denver, Colorado 80206

Re: OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko County, Nevada

Gentlemen:

This will acknowledge receipt of your letter of January 5, 1970 requesting that we keep your application for exploration assistance in an active status.

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

Mr. Stager will notify you if he requires additional information concerning the application. However, please refer to the fourth and fifth paragraphs of our letter to you dated October 1, 1969 regarding resubmittal to this office of Lien and Subordination Agreements that were returned to you for corrections. Additional copies of MME Form 52 are enclosed for your use.

Further processing of the application will follow the action outlined in our letter to you dated December 19, 1969.

Sincerely yours,

Harold Kirkemo (gh)

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosures

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

WLEmerick/bsl 1/19/70

AMERICAN
SELCO INCORPORATED
SUBSIDIARY OF SELECTION TRUST LIMITED, LONDON, ENGLAND

210 CLAYTON STREET
DENVER, COLORADO
80206

TELEPHONE (303) 322-0027

January 5, 1970

OFFICIAL
COPY
O. M. E.
RECEIVED
JAN 9 1970

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

Dear Sir:

Thank you for your letter of December 19,1969 regarding the status of our application No. OME - 6788.

We would like to keep our application in active status for the present, and would appreciate any information which you may be able to forward to us on the processing of this application.

We would also like to request that future correspondence concerning OME - 6788 be addressed to American Selco Incorporated at the following address:

210 Clayton Street
Denver, Colorado 80206

Yours very truly,

AMERICAN SELCO INCORPORATED

Robert N. Parkinson
Exploration Manager

cc: Mr. MacCulloch, Toronto
Railroad File

Copy to R-II

MME Form 7
(2/63)

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Date	Surname	Code
12/19/69	Emerick	120
		120
12/19	CWC	220
		120M

AIRMAIL

DEC 19 1969

American Selco Incorporated
Suite 1207, 9 East 44th Street
New York, New York 10017

Re: OME-6788 (Copper-Molybdenum-Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko County, Nevada

Gentlemen:

We wrote you on October 1, 1969, to advise that our funding situation then precluded full consideration of your application for financial assistance to explore the Aladdin Group of claims. In late November 1969 we learned that funds for contracting purposes in the fiscal year ending June 30, 1970, are sufficient for only a few new contracts. The extent of future contracting will depend on availability of funds.

Owing to curtailment of the program, the processing of applications is being delayed. Therefore, field examinations necessary to reach decisions on applications are being made largely in connection with other field work of the program. In due course of time we will inform you whether or not your application can be approved for a contract when funds are available. Priority on available funds will be given to approved applications offering the best opportunities for making significant discoveries.

Under these circumstances, should you wish to withdraw your application, please so advise. If you wish to keep your application in active status, we will process it as explained above.

We regret that this action is necessary, but under present funding circumstances we cannot offer better service at this time.

Sincerely yours,

Harold Kirkemo (glm)

Harold Kirkemo
Chief, Office of
Minerals Exploration

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

erick/bsl 12/19/69

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Date	Surname	Code
10/1/69		120
10/1	cc	220
		120M

American Selco Incorporated
Suite 1207, 9 East 44th Street
New York, New York 10017

OCT 1 1969

Re: OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko County, Nevada

Gentlemen:

Since our conversation early in June 1969 and our letter to you dated June 26, the funding situation for OME in Fiscal Year 1970 has not improved.

Although appropriations have not yet been made for the current year, we understand that funds will be much less than were available for the year that ended June 30, and we are authorized to operate only at the level of the anticipated reduced funds. Under this situation, action on pending applications must be postponed, as proposed contracts already drafted and awaiting execution will require more funds than are available.

We regret that we could not be of assistance to you for work proposed this summer or fall, and we are unable to estimate when we may be in a position to resume consideration of your request. However, pending resumption of application reviews and from the material you have submitted, we can state that properly executed Lien and Subordination Agreements would suffice to protect the Government's interest in the unowned land in the event of a contract. A Performance Bond would not be required as we had stated earlier.

The Lien and Subordination Agreements provided with your letter of June 20 refers to an agreement dated December 18, 1968, and does not identify the corporation of which Messrs. John H. Uvalde and Joseph F. McDonald are vice president and secretary, respectively. We assume that the agreement referred to was the one submitted with the application. The date of this is incomplete. The year (1967) does not agree with the year stated for the agreement in the Lien and Subordination Agreements and the title of the signators are not identified. We are returning the copies of these documents.

When we can again consider your application, we will ask you to resubmit these documents, properly corrected, together with the results of any exploration completed and other developments since your application was prepared initially.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of Minerals Exploration

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
HKirkemo/gla 10-1-69

OME Region II
Mr. Kirkemo
OME Reading File

MME Form 7
(2/63)

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Date	Surname	Code
6/26/69	Emerick	120
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6/26	CAC	220
		120M

JUN 2 6 1969

AIRMAIL

American Selco Incorporated
Suite 1207, 9 East 44th Street
New York, New York 10017

Re: OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin, et al., Group of Claims
Elko, Nevada
County

Gentlemen:

This letter is to acknowledge receipt of the additional information requested in our letter of May 20, 1969, pertaining to the subject application. With the addition of this new information, your application appears to be complete. We will, therefore, review the application for its technical and financial aspects.

With respect to the funding situation for OME in Fiscal Year 1970 beginning July 1, 1969, we cannot add any further information to what you were told in our telephone conversation early this month. Should the situation change, we will advise you.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology file
OME docket
OME Reading File
OME Region II w/cy incoming letter dtd June 20, 1969
Mr. Emerick

WLEmerick/gla 6-26-69

AMERICAN
SELCO INCORPORATED
SUBSIDIARY OF SELECTION TRUST LIMITED, LONDON, ENGLAND

210 CLAYTON STREET
DENVER, COLORADO
80206

TELEPHONE (303) 322-0027

OFFICIAL
COPY
O. M. E.
RECEIVED
JUN 23 1969
INITIALS | CODE
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120
120

June 20, 1969

Mr. W. L. Emerick
Office of Minerals Exploration
Department of the Interior
Geological Survey
Washington, D. C. 20242

Re: OME - 6788 - American Selco Inc.

Dear Mr. Emerick:

With reference to your letter of May 20, 1969, we are enclosing the following items requested by your office:

1. Annual Report, Selection Trust Limited, to March 31, 1968.

2. Balance Sheet and Statement of Exploration expenses and deficit for the year ending March 31, 1969, for American Selco Incorporated.

3. Four copies of Lien and Subordination Agreements concerning all land holdings of Aladdin Sweepstakes Consolidated Mining Company in Elko County, Nevada. This covers all land on which our exploration program will be conducted, with the exception of the unpatented claims held by American Selco Incorporated.

With regard to the association between American Selco and our parent organization, Selection Trust Limited, it should be noted that the bulk of Selection Trust's exploration fund is spent in Australia, which is of course a sterling area, and in which the British company can obtain full value for each pound spent. A smaller portion of the exploration budget then goes to the Canadian company, Selco Exploration, where Selection Trust is

Copy letter (without enclosures) to OME Region II

bound to pay approximately $1.50 for each Canadian dollar spent. Finally, a small fund is set aside for preliminary exploration in the United States, by American Selco, for which the exchange premium increases the cost of each dollar by an additional ten per cent.

Within the last year, the Canadian company has discovered an attractive mineral deposit which now requires a large amount of development drilling, and it is obvious that the funds available to American Selco will definitely be limited in 1969 and 1970. Therefore, although nominally we are a directly owned subsidiary of Selection Trust Limited, we are operating as U.S. company with limited funds until such time as the discovery of a mineral deposit will allow us to expand our operations in the United States.

We can definitely arrange, through the Royal Bank of Canada and their agents in New York, for the Canadian Company, Selco Exploration, to provide a fund to cover the United States Government's share of an OME contract should this be executed. This would be in the form of bank bonds or securities, or in cash if need be, held by the bank for the United States Government in the event of our not completing the contract as laid down in the specifications.

Finally, the two claims - Gladstone and Androssa - have not been optioned by us at this stage in our exploration program. We already have a great deal of ground, and do not wish to increase our annual cost by acquiring additional claims whose value is as yet unproven. Our present feeling is that the more promising areas lie to the north and west of the above-mentioned claims. However, if the granting of a contract should depend upon our acquiring these two claims, we would do so; if not, our money will go into drilling and assaying on the ground already held.

From a recent telephone conversation with Mr. Kirkemo, we understand that the preparation of our application this year is probably more of an academic exercise than anything else, since no OME funds appear to be on the horizon as yet. In order to have any drilling done this year, we have had to commit ourselves to an August 1 commencement date, and it appears unlikely that any decision will be reached before that date.

However, we will probably still have to complete our shallow drilling program next year, with the addition of deep diamond drilling, and our need for assistance will undoubtedly be as great, if not greater, at that time.

Thank you for your assistance.

Yours sincerely,

AMERICAN SELCO INCORPORATED

R. Parkinson

Robert N. Parkinson
Technical Manager

RNP/gs

cc: Warren Ritchie - Toronto

DELOITTE, PLENDER, HASKINS & SELLS

Offices throughout Canada and associated firms throughout the world *Chartered Accountants*

55 YONGE STREET TORONTO 1, CANADA

INDEPENDENT ACCOUNTANTS' OPINION

To the Shareholder of
American Selco Incorporated:

We have examined the balance sheet of American Selco Incorporated as at March 31, 1969 and the statement of exploration expenses and deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1969 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte, Plender, Haskins & Sells

May 1, 1969.

AMERICAN SELCO INCORPORATED

(Incorporated under the Laws of the State of New York)

BALANCE SHEET AS AT MARCH 31, 1969

(with 1968 figures for comparison)

ASSETS

	1969	1968
CURRENT ASSETS:		
Cash	$ 7,576	$22,458
Accounts receivable:		
Advances to employees	5,156	5,089
Affiliated company	50	-
Other	303	-
Total current assets	13,085	27,547
FIXED ASSETS - at cost:		
Exploration equipment	17,271	13,541
Less accumulated depreciation	5,815	6,223
Net fixed assets	11,456	7,318
EXPENDITURES ON CURRENT INVESTIGATIONS	122,708	54,032
INCORPORATION EXPENSE	2,000	2,000
TOTAL	$149,249	$90,897

LIABILITIES AND CAPITAL DEFICIENCY

	1969	1968
CURRENT LIABILITIES:		
Accounts payable and accrued charges	$ 1,239	$ 902
Employees' income tax deductions	830	402
Total current liabilities	2,069	1,304
INTEREST-FREE LOANS - repayable in sterling (See Note):		
Selection Trust Limited, parent company (1969 - £144,343; 1968 - £87,112)	306,992	203,763
CAST Developments Limited, affiliated company (1969 - £113,341; 1968 - £75,187)	246,646	177,827
Total interest-free loans	553,638	381,590
CAPITAL DEFICIENCY:		
Capital stock:		
Authorized - 50,000 common shares of a par value of $1 each		
Issued and fully paid - 10,000 common shares	10,000	10,000
Deficit	(416,458)	(301,997)
Net capital deficiency	(406,458)	(291,997)
TOTAL	$ 149,249	$ 90,897

NOTE: The interest-free sterling loans ha e been translated to United States dollars at the rates of exchange prevaili g at the dates on which the funds were advanced, less any applicable Uni ed Kingdom investment dollar premium.

AMERICAN SELCO INCORPORATED

STATEMENT OF EXPLORATION EXPENSES AND DEFICIT

FOR THE YEAR ENDED MARCH 31, 1969

(with 1968 figures for comparison)

	1969	1968
GENERAL EXPLORATION EXPENSES	$ 30,689	$ 24,982
AUDIT FEES	347	497
DEPRECIATION	4,137	3,246
EXPENDITURE ON ABANDONED INVESTIGATIONS:		
Current year	32,723	11,158
Prior years	46,565	60,702
EXPLORATION EXPENSES FOR THE YEAR	114,461	100,585
DEFICIT AT BEGINNING OF THE YEAR	301,997	201,412
DEFICIT AT END OF THE YEAR	$416,458	$301,997

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/20/69	Emerick	120
	(on leave)	120
		120
5/20	Cal	220
		120M

American Selco Incorporated
Suite 1207
9 East 44th Street
New York, New York 10017

MAY 20 1969

Re: OME-6788 (Copper, Molybdenum, Silver)
American Selco Incorporated
Aladdin, et al., Groups of Claims
Elko County, Nevada

Gentlemen:

A preliminary review of your application for assistance indicates that before we can continue its processing additional information is needed on items 1(b) and 2(c) of the application.

We note that Selection Trust Limited is the parent company of American Selco Incorporated. Inasmuch as the Applicant is under control of another company, we request that you provide us with a copy of the latest financial statements of Selection Trust Limited and of American Selco Incorporated so that we may determine whether the Applicant company is eligible for OME assistance. Because of the foreign base control of the Applicant, we also must have assurance that the Applicant can post a performance bond with a domestic bonding company in the amount of the Government's share of a contract in the event an OME contract is executed.

Lien and subordination agreements are required for all land or mineral rights not owned. This would apply to the unpatented and patented claims belonging to Aladdin Sweepstake Consolidated Mining Company and held by American Selco Incorporated under an agreement dated December 18, 1967. Likewise, the two claims - Gladstone and Andressa - must also be covered by lien and subordination agreements from Nevada Enner Jones who is indicated by your land status map as the owner of these two claims.

This request for additional information should not be construed as a commitment by the Government to grant an exploration contract. We shall hold your application in our active file pending receipt of the data requested.

Sincerely yours,

William L. Emerick

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

cc: Director's Reading File
Economic Geology File
OME Docket
OME ReadingFile
Region II

Mr. Peterson/bsl 5/20/69

April 28, 1969

American Selco Incorporated
Suite 1207
9 East 44th Street
New York, New York 10017

Subject: OME-6788

Gentlemen:

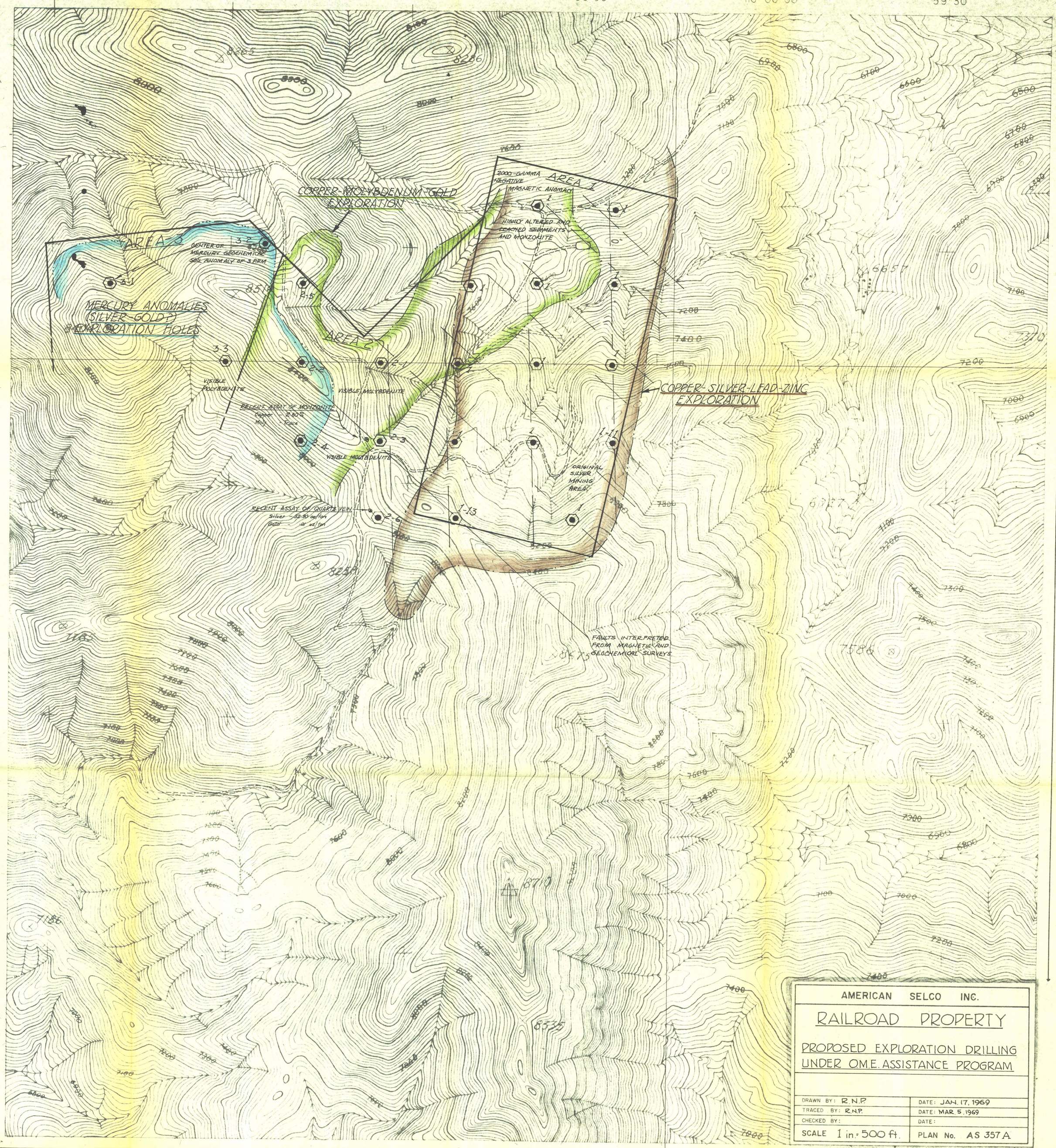
Your application for exploration assistance, dated April 1, 1969, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6788.

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

Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy R-II



Compiled by Special Maps Branch, USGS
November 1957

FIGURE 1