DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 1491X

DO NOT DETACH THIS SLIP

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This document has been recorded as

_____

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Routing Slip

To:	Supply Division	Date	10/9/51
To:	Reports and Records	Date	OCT 11 1951
To:		Date	
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INT.-DUP. SEC., WASH., D.C. 98868

FILE COPY
SURNAME:
340

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Q.E.C.

OCT 11 1951

Memorandum

To: Reports and Records Unit

Through: Director, Supply Division

From: Manganese Branch

Subject: DMA-1491X Manganese, Exploration Project
M. B. Sheik
Brinnon, Washington

Property: 440 acres of claims in Mt. Constance Mining District
Jefferson County, Washington

The subject applicant has not answered our letter dated July 2, 1951, and we are therefore, marking our docket "withdrawn."

We are enclosing the following pertaining to the file:

3-bound copies MF-103 with attachments.

George B. Holderer
Chief, Manganese Branch

Attachments

Approved:

N.S
R+R.

Director, Supply Division

TJBallard:ll 10/5/51
CC: DMA Docket File
Adm. Reading File
Mr. Holderer

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Holderer

A.E.C. -

OCT 1 2 1951

Mr. [illegible] F. Sheik
Brannon
Washington

In reply please refer
to DMA-1491% - Manganese

Dear Mr. Sheik:

We have had no answer in reply to our letter of July 2, 1951. Therefore, we assume that you are no longer interested in a loan and have marked your docket "withdrawn."

This does not prevent you from applying for a loan in the future.

Very truly yours,

Tom Lyon

J.T. 10-12

[illegible] F. Parsons, Acting
Director, Supply Division

TJBallard:ec
10/9/51

CC: Adm. Reading File
DMA Docket File
Mr. Holderer

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

OCT 11 1951

Memorandum

To: Reports and Records Unit

Through: Director, Supply Division

From: Manganese Branch

Subject: DMA-1491X Manganese, Exploration Project
M. B. Sheik
Brinnon, Washington

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We are enclosing the following pertaining to the file:

3-bound copies MF-103 with attachments.

George B. Holderer
Chief, Manganese Branch

Attachments

Approved:

Director, Supply Division

FILE COPY
SURNAME:

Crittenden

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

July 2, 1951

Mr. M. B. Sheik
Brinnon
Washington

In reply please refer to
DMA-1491-X

Dear Mr. Sheik:

Your request for an exploration loan totaling $87,130.00 for exploration on the Elkhorn manganese claims in Jefferson County, Washington has been reviewed by Defense Minerals Administration. The work that has been done in this area by Government agencies since 1940 is sufficient to indicate that most of the material available will consist of manganese silicates averaging 20 to 25% manganese. Very high grade material, such as that represented by many of the assays enclosed with your report, is commonly formed at the surface by oxidation and enrichment of this primary ore, and probably would not be available in very large tonnages. For this reason it will be of assistance in considering your application if you will indicate what use you anticipate making of this material, and for what market it is intended. In this connection it is suggested that you might wish to contact the Continental Chemical Corporation in Salem, Oregon who use low-grade manganese ores for the production of synthetic manganese oxide. It is possible, but not certain, that they might be able to utlize material of the sort available on the Elkhorn claims.

Very truly yours,

George B. Holderer

George B. Holderer
Chief, Manganese Branch

MDCrittenden:ec

CC: Adm. Reading File
Mr. Stroble
Mr. Holderer
Files

DMA 1491

8-6

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

June 15, 1951

Mr. M. B. Sheik
Brinnon, Washington

Subject: DMA-1491X
Re: Exploration Loan
New Elkhorn Group of
Claims

My dear Mr. Sheik:

Receipt is acknowledged of your application and attachments of June 1, 1951 for an exploration loan under the Defense Production Act of 1950.

The application was assigned Docket Number DMA-1491X and was referred to Mr. P. R. Bradley, Chief, Manganese Branch on June 6, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1491X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL:js
cc: Strobel-2
Files
Bradley
Lyon

DMA 1491

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMA 1491X

Date received 6-1-51

Participation

M. B. SHEIK
BRINNON,
WASHINGTON

Name and address of applicant

Date May 25, 1951

FILL IN THIS BLOCK

Date of application May 25, 1951

Estimated cost $87,130.00

Mineral or metal Manganese

Percentage of Government participation 75%

Location of mine On the south slope of Mt. Constance 14 miles from Brinnon, Washington, up the Dosewallips River.

Date of filing MF-100

DMA Docket Number, if available 1491X

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation? An individual.

*2. If a partnership, state names and addresses of partners.

*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.

*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project. See appendage attached.

*5. Are you the owner or the lessee of the property? No. See appendage attached.

6. If owner, state what claims, liens, or encumbrances, if any, are against the property. See owner's statement attach.

7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement. (attached)

9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)? See appendage attached.

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property. **See appendage attached.**

(*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any. **New Elkhorn Group of Claims, Elkhorn Group**

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads. **See attached.**

*13. State source and quantity of water available for operations and its sufficiency at all seasons. **See attached.** State amount of power to be used, rate per hour or other cost, and source. **See attached.**

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work. **None exists - none required.**

15. State in detail how the ore could be shipped and how and where milled. **See attached.**

*16. History:

(*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations. **See attached.**

(*b*) State briefly the known history and production of adjoining and neighboring properties. **None**

(*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations. **See reports attached.**

*17. Production:

(*a*) If mine is in production, furnish the following information: **A prospect, not in production.**

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)

(*a*) Describe the ore or mineral deposits briefly.

(*b*) Submit available maps and assay data.

(*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions. **See attach.**

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted? **See attached.**

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it. **See attached.**

NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data. **See attached report & map.**

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:

(*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each. **See attached.**

(*b*) Supervisors, by numbers and positions, with salaries of each. " "

(*c*) Cost of necessary repairs to existing facilities, structures, and buildings. **None**

(*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings. **None**

(*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each. **None**

(*f*) Cost of rental for equipment which the operator proposes to rent. **See attached.**

(*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work. **See attached.**

(*h*) Cost of materials and supplies, including items of equipment costing less than $50 each. " "

(*i*) Cost of power, water, utilities, and any other items not provided for above. " "

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent. **See attached**

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

An Individual
(Name of company)

By M. B. Sheik
(Signature of authorized official)

May 25, 1951
(Date)

(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

May 25, 1951

Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Gentlemen:

This application for aid to explore the Elkhorn Group of Mining Claims, located in Jefferson County, State of Washington, for Manganese, is furnished you herewith in quadruplicate.

The applicant has, for the past two months, been prosecuting this work with personal funds to the extent of $15,000.00 and expects to continue until July 1, 1951.

Work has progressed sufficiently to indicate that this property has great possibilities; however, additional funds will be required over and above my ability to provide, if the property is to be thoroughly prospected and proven.

It has been the opinion of competent Geologists and Mining Engineers for the past twenty years that an enormous tonnage of high grade ore, easily mined and reasonably accessable to both water and rail transportation, exists in this deposit. It is the general concensus that this can be established in six months time, if financial assistance can be readily made available.

This presentation is submitted for your consideration.

Yours very truly

M B Sheik

M. B. Sheik

M
B
S
:
D
Encls.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 1 - 1951
LANSON F. STROBEL
Executive Secretary

M. B. SHEIK

THE APPLICANT

M. B. SHEIK

(4) EXPERIENCE

a. Mining and General Business

Two years underground in hard rock mines as mucker, machine man, timberman, head sampler and shifter.

Thirty years in heavy general construction work both domestic and foreign, covering highway, dam and irrigation, railroad, hydro-electric, quarrying and breakwater, bridge building, cement mill, steel mill, coal mine, iron ore mine, dock and wharf, complete Naval installations on outlying Pacific Islands. Individual unit costs of contracts ranged from five thousand dollars minimum to two hundred thirty six million dollars maximum.

Positions held were from mule skinner, to foreman, to Superintendent to Project Manager, to General Manager to Contractor.

Principal employers were: Utah Construction Company, Henry J. Kaiser, Morrison-Knudsen Co. and Columbia Steel Co., Defense Plant Division. Personally supervised over four hundred million dollars of various work.

Presently actively engaged in general contracting business in the various Hawaiian Islands, with headquarters in Honolulu and currently doing approximately three quarters of a million dollar annual business.

b. The investigation and prospecting of this property is being and will continue to be directed by myself, assisted by the following persons presently employed by me:

(4) Experience (cont'd) -2

(I) Prof. F. A. McMillin, Consulting Geologist and Head Geologist, College of Puget Sound, Tacoma, Washington.

(II) Amos Slater, E. M., Mining Engineer, 710 Summit No., Seattle, Washington, who has for many years specialized in Olympic Peninsula manganese investigations.

(III) Wayne C. Harrigan of Harrigan Associates. Surveyors and Engineers and U. S. Mineral Surveyor, Bureau of Land Management, Department of the Interior, Seattle, Washington.

(IV) LaFay Pace, Field Supt., who for 35 years has supervised many prospecting, tunneling and excavation projects.

5. Neither owner nor lessee. Have option to purchase the mineral rights of this group of claims on a conditional sales contract basis.

6. Attached is owners affidavit that no liens or encumbrances are against the property.

7. Attached is copy of option to purchase with an extension thereto;

   a. Also attached is copy of agreement between American Manganese Corporation and F. N. Jarnagin of Port Angeles, Washington, covering their sale of the property to him.

8. Attached is financial statement and profit and loss statement as of April 30, 1951.

9. Twenty five thousand dollars additional to that expended to date. This amount is in excess of one quarter of the estimated amount to perform the work, as detailed in question No. 23 of the application form.

10. (a) The mining property is situated in the Mount Constance Mining District (unorganized), Jefferson County, Washington and described by the following plat and the field notes on file in the office of the Registrar of the Spokane Land District, at Spokane, Washington, as follows; to-wit:

12. The property is located on the south slope of Mount Constance 13 miles west of Brinnon, Washington. It is reached from U. S. Highway 101, a paved road which encircles the Olympic Peninsula, by seven miles of county gravel surfaced road and six miles of Forest Service road. About three miles of Forest Service road is presently under reconstruction. Neither of these pieces of roads were designed for any heavy hauling. The Forest Service road is in good condition as to gravel surface and drainage. The Forest Service road is very narrow, with three miles never having been graveled. The upper two miles are on approximately 15% grade with occasional turnouts. It would be necessary to realign and reconstruct this road sufficient to permit the hauling of heavy loads.

Brinnon (unincorporated) consists of only one combination store and Post Office and a few scattered houses, with one small grade school. The town of Quilcene (population 600) is 14 miles north of Brinnon on Highway 101 and the town of Port Townsend (county seat) is beyond Brinnon 35 miles. Port Townsend, a deep water port, is also served by a railroad car ferry system from Seattle.

The town of Shelton Washington is 44 miles south of Brinnon, Washington on Highway 101 and is served by the Northern Pacific Railroad.

10.(a) cont'd.

Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears south 63°14' E. 1230.89 ft. dist.; thence N. 10°15' E. 3000 ft.; thence west 2400 ft.; thence S.10°15'W., 3000 ft.; thence south 1500.00 ft.; thence west 1800.00 ft.; thence south 1500.00 ft.; thence East 5400.00 ft.; thence north 3000.00 ft.; thence west 1200.00 ft.; to a point of beginning;

containing 440 acres, and forming one contiguous group of claims in

Section 19 (approx), Township 26 North, Range 3 West (unsurveyed);

Sections 13 and 24 (approx), Township 26 North, Range 4 West; (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

13. Water is available from Miners Creek which originates at approximately 5000 ft. elevation and flows parallel to and thru a part of the property on the East side, while Bull Elk Creek, a larger stream, flows thru the entire length of the property on the west side. Both of these streams flow the year around and ample water for all purposes is available on a gravity basis. In addition the Dosewallips river flows thru the property and carries a large volume of water throughout the year.

15. Ore from this property would be transported from mine to tide water, a distance of approximately 14 miles by truck. The present county road of 7 miles and the Forest Service road of 6 miles are not adequate for trucking except on a very small scale. It would be necessary to widen and realign the entire distance and build a road that would stand up under heavy loads. A grade of approximately 2% in favor of the loads could be laid out without any serious difficulties, a large portion of which would be thru Forest Service property.

Deep water exists quite close to shore in the area near Brinnon and the terrain is ideal to construct ore pockets instead of bunkers, from which to load cheaply any ocean-going vessels at a dock to be constructed in that vicinity. The Chicago, Milwaukee & St. Paul Railroad operates a car ferry service between Seattle and Port Townsend and this service could be extended to Brinnon, about the same distance from Seattle as Port Townsend, where railroad cars could be loaded alongside the dock by the belt conveyors without being removed from the car ferry. This ferry could connect with their lines at Seattle, Tacoma and Olympia and thus place all shipments on rail if at any time ships were denied the use of the high seas.

15. (cont'd)

Should it prove desirable to beneficiate any ore or produce ferromanganese, large acreages of cheap land on the Dosewallips River adjoin Brinnon and the Bonneville Power line passes over this area.

21. Continue the surface sampling across the East, Middle and West veins at existing outcrops and trenches to be dug by bulldozer and hand work, ranging in elevation from 1200 ft. elevation to the 5500 ft. elevation and comprising a total of 45 locations on the three veins. Make analysis of these samples in 5 foot intervals at each location to require 180 analyses of the surface samples. Split the diamond drill cores in half crushing and analyzing each 10 foot section, estimated to require 440 analyses. Take a tunnel sample in the face of each 5 ft. round for a total of 160 samples or a grand total of 780 analyses.
Run the entire 780 samples for Mn.
All samples running 35% Mn or over will, in addition, be run for Fe, SiO_2, Al_2O_3, P, Cu plus Pb + Zn.

It is estimated that it will require 130 working days or 26 weeks after funds are received to complete the proposed work.

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

HONOLULU, HAWAII - FINANCIAL STATEMENT AS OF APRIL 30, 1951

A S S E T S

CURRENT ASSETS:			
Cash in Bank of Hawaii, Honolulu, T.H.	10,870.40		
Cash in Bishop Bank " "	1,000.00		
Cash in Bishop Bank, Hilo, "	49,088.72		
Cash in National Bank of Commerce, Seattle, Washington	8,770.50	69,729.62	
Petty Cash		100.00	
Tanks in Los Angeles (prepaid)		5,460.00	
Accounts Receivable from Territory of Hawaii		4,711.58	
Employees Advances		1,004.36	
Prepaid Deposit		5.00	
Prepaid Const. Insurance		1,216.00	
Life Insurance (Cash surrender value)		8,250.00	
TOTAL CURRENT ASSETS			$90,476.56
FIXED ASSETS:			
Machinery & Equipment	118,485.22		
Less Reserve for depreciation	21,424.89	97,060.33	
Furniture & Fixtures (office)	3,000.37		
Less reserve for depreciation	1,557.38	1,442.99	
Real Estate	40,000.00		
Less reserve for depreciation	10,000.00	30,000.00	
Material on consignment in Glendale, Calif. & New York		15,000.00	
FIXED TOTAL ASSETS			143,503.32
TOTAL ASSETS			$ 233,979.88
LIABILITIES:			
Accounts Payable	3,226.93		
Wages & Taxes Payable	230.00		
Taxes & Fees Payable	260.72		
Mortgage on Real Estate	7,800.00		
TOTAL LIABILITIES			11,517.65
NET WORTH			$ 222,462.23

Dated May 22 1951

M. B. SHEIK

By M B Sheik

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

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PROFIT AND LOSS STATEMENT ON CONTRACT OPERATIONS
April 30, 1951

A S S E T S

CURRENT ASSETS:			
Cash in Bishop Bank, Hilo, Hawaii	$49,088.72		
Cash in Bishop Bank, Honolulu, "	1,000.00	50,088.72	
Petty Cash		100.00	
Washington Operations		13,933.49	
Los Angeles Tanks (prepaid)		5,460.00	
Accounts Receivable		4,711.58	
Prepaid Deposit		5.00	
Prepaid Insurance		1,216.00	
TOTAL CURRENT ASSETS			$ 76,519.15
FIXED ASSETS:			
Machinery & Equipment	45,385.22		
Less reserve for depreciation	21,424.89	23,960.33	
Furniture & Fixtures	1,000.37		
Less reserve for depreciation	557.38	442.99	24,403.32
TOTAL ASSETS			$ 100,992.47

LIABILITIES & CAPITAL

CURRENT LIABILITIES:			
Accounts Payable		3,226.93	
Wages & Taxes payable		230.00	
Taxes & Fees payable		260.72	
TOTAL CURRENT LIABILITIES			3,717.65
CAPITAL:	26,215.07		
Withdrawals	27,500.00		
TOTAL CAPITAL			- (1,284.93)
DEFERRED CAPITAL:			
Paid for Contracts		607,138.41	
Cost of Contracts		508,648.66	
DEFERRED PROFITS			98,489.75
TOTAL LIABILITIES & CAPITAL			$100,992.47

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

AFFIDAVIT OF
JOHN F. REED.

JOHN F. REED, being first duly sworn upon oath, deposes and and says:

That he is one of the Trustees, and Secretary and Treasurer, of the American Manganese Corporation and has been for a number of years last past. That said corporation is the owner and holder of the following described mining property situate in the Mount Constance Mining District (unorganized), Jefferson County, Washington, and described by the official plat and by the field notes on file in the Office of the Register of the Spokane Land District, at Spokane, Washington, as follows, to-wit:

> Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E. 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning,

containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

Affiant further states that there are no liens or encumbrances upon the said property and that application has been made for U. S. Letters Patent for the said property under Survey No. 1259, M. A. No. 020222, District Land Office, Spokane, Washington; that all governmental and other fees in connection therewith have been paid, including the purchase price of the said property to become due the United States upon the issuance of said letters patent.

This affidavit is made in connection with the Application for Aid for an Exploration Project Pursuant to Mineral Order No. 5

Defense Production Act of 1950, to be filed upon application made by M. B. Sheik.

John F. Reed

Subscribed and sworn to before me this 25 day of May, 1951.

Notary Public in and for the State of Washington, residing at Seattle.

OPTIONAL AGREEMENT TO PURCHASE.

THIS AGREEMENT, made and entered into at Seattle, Washington this 15th day of January, 1951, by and between F. H. JARNAGIN, of Port Angeles, Washington, herein designated the "SELLER", and M. B. SHEIK, herein designated the "PURCHASER".

W I T N E S S E T H :

WHEREAS, the Seller holds an optional agreement of purchase to a group of mining claims known as the Elkhorn Group, located on the south slope of Mt. Constance, Dosewallips River, Jefferson County, Washington, which said claims have been surveyed for U. S. Letters Patent, and application for letters patent of the United States are now pending in the U. S. District Land Office, Spokane, Washington as Survey No. 1259, M. A. No. 020222, the survey and correct description of which said property is on file in the said proceedings for U. S. Letters Patent; and

WHEREAS, the Purchaser desires to obtain all mineral rights of the Seller in the said property for the purpose of operating and mining the said property, particularly for the extraction benefication and sale of the manganese ore contained therein, and desires an option extending from date hereof until April 1, 1951 to determine whether or not he will want to undertake the operation and mining of the said property.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, it is agreed:

I. That the Seller will, and by these presents does, agree to assign to the Purchaser all of his mineral rights contained in his optional agreement of purchase for the above mentioned mining claims, dated September 9, 1947, executed by the American Manganese Corporation to the said Seller as purchaser therein, the said contract containing a description of the mining claims as originally located, but the

correct description of which is contained in the application for U. S. Letters Patent above set forth.

II. That for said option the Purchaser agrees to pay the Seller the sum of $530,000.00, said payment to be made at the time and in the manner set forth in the Seller's Optional Agreement of Purchase with the American Manganese Corporation, except at a rate of $1.50 per ton.

III. The Purchaser shall have the right to use such timber now standing on the said property as is requisite, necessary and useful in the mining operations; all timber, surfact and other rights are reserved by the Seller.

IV. The Purchaser agrees to observe and perform all of the other terms and agreements of the Seller's optional agreement of purchase with the American Manganese Corporation.

V. The Seller is to obtain from the American Manganese Corporation a modification of his agreement in the specification of the long ton of 2,240 pounds in the place and stead of a short ton of 2,000 pounds therein specified, as a basis of the sale price of the manganese ore, and to obtain from the American Manganese Corporation its approval and ratification of this assignment.

VI. The Purchaser is to notify the Seller immediately upon his acceptance of the terms and conditions of this agreement, and if he accepts the same that he will immediately within 15 days after April 1, 1951, begin operations upon the said property and will diamond drill at least 3,000 feet for the purpose of determining the ore values of the said property, said work to be continuous until the above number of specified feet shall have been drilled, and in any event to be completed on or before September 1st, 1951, and the obligation to perform said diamond drilling is a part of the consideration for this option.

VII. Upon the completion of the diamond drilling outlined in the preceding paragraph Purchaser shall have the right on or

before September 15th, 1951, to notify the American Manganese Corporation and the Seller in writing of his decision to withdraw from and abandon this agreement, in which event all his rights hereunder shall terminate, his contributions and work shall stand forfeited to Seller in lieu of liquidated damages, and he shall have no further obligations hereunder; whereupon possession of the property shall revert to the Seller.

IN WITNESS WHEREOF, the parties have hereunto set their han ds and seals in triplicate this 15th day of January, 1951.

F. H. JARNAGIN
SELLER.

M. B. SHEIK.
PURCHASER.

The AMERICAN MANGANESE CORPORATION hereby ratifies and approves the foregoing Agreement this 15th day of January, 1951.

AMERICAN MANGANESE CORPORATION

By F. A. KARNES
President.

By JOHN F. REED
Secretary.

Seattle, Wash., May 24, 1951.

Mr. M. B. Sheik,

Seattle, Wash.

Dear Mr. Sheik:

In view of the fact that you are making application for aid for an exploration project pursuant to Mineral Order 5 under Defense Production Act of 1950, and that in all probability more time will be required to economically explore the said mining property than the time specified in the Optional Agreement of Purchase given to you under date of January 15, 1951 by the undersigned, and approved by the American Manganese Corporation, and desiring to assist you and the Government in every possible way and to have the money expended in the most advantageous and economical way to advance the mobilization of the defense effort, I hereby agree to extend the time limits in your said Optional Agreement of Purchase under paragraphs VI and VII of the said Agreement for a period of nine months from the limitation dates therein specified, to-wit: September 1, 1951 and September 15, 1951, fixing July 1, 1952 and July 15, 1952 as the dates of termination of the said agreement.

Very truly yours,

F. H. Jarnagin

F. H. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

The American Manganese Corporation hereby ratifies and approves the offer of F. H. Jarnagin as set forth in the foregoing letter.

AMERICAN MANGANESE CORPORATION

By John T. Reed

Secretary-Treasurer.

(COPY)

OPTIONAL AGREEMENT OF PURCHASE

THIS AGREEMENT made at Seattle, Washington, this 9th day of ~~August~~ September, 1947, by and between the AMERICAN MANGANESE CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of Washington, with its principal place of business in the city of Seattle in said State, hereinafter designated as the Owner, and F. H. JARNAGIN, of Port Angeles, Washington, hereinafter designated as the purchaser, WITNESSETH:

WHEREAS, the owner has located, maintained and is now the owner and in possession of several unpatented mining claims hereinafter described, containing valuable deposits of manganese ore, and desires to sell the same, and

WHEREAS, the purchaser desires to purchase the said property and the terms and conditions of the purchase have been orally agreed upon, and

WHEREAS, it is the desire of both parties that a formal written agreement of the terms and conditions of the said purchase be executed,

NOW, THEREFORE, for and in consideration of the sum of Five Thousand ($5,000.00) Dollars in hand paid to the owner by the said purchaser, receipt of which is hereby acknowledged, and for the further considerations hereinafter stated, the said owner agrees to sell to the said purchaser all the right, title and interest which said owner has in and to those certain lode mining claims on the South slope of Mount Constance on the Dosewallips River in Jefferson County, State of Washington, known as the NEW ELKHORN GROUP OF CLAIMS, and more particularly described as follows, to-wit:

(Since the execution of this Optional Agreement September 9, 1947, the above named group of mining claims have been surveyed by Deputy United States Mineral Surveyor under Order for Mineral Survey dated April 7, 1948, establishing the description of the said mining claims for the purpose of application for United States Letters Patent under Survey No. 1259 M.A. No. 020222, District Land Office, Spokane, Washington, establishing the following description):

Commencing at Corner No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E., 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning, containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

Location notices are recorded as follows:

Claim No.	Located.	Date Filed.	Recorded in Volume of Mining Records.
1	July 23, 1928.	August 8, 1928.	8 page 10
2	July 23, 1928.	August 8, 1928.	8 page 11
3	July 23, 1928.	August 8, 1928.	8 page 12
6	July 24, 1928.	August 8, 1928.	8 page 15
7	July 24, 1928.	August 8, 1928.	8 page 16
8	July 24, 1928.	August 8, 1928.	8 page 17
9	July 25, 1928.	August 8, 1928.	8 page 18
10	July 25, 1928.	August 8, 1928.	8 page 20
11	July 25, 1928.	August 8, 1928.	8 page 20
14	July 26, 1928.	August 8, 1928.	8 page 23
15	July 26, 1928.	August 8, 1928.	8 page 24
16	July 26, 1928.	August 8, 1928.	8 page 25
17	July 27, 1928.	August 8, 1928.	8 page 26
18	July 27, 1928.	August 8, 1928.	8 page 27
19	July 27, 1928.	August 8, 1928.	8 page 28
20	July 27, 1928.	August 8, 1928.	8 page 29
21	July 27, 1928.	August 8, 1928.	8 page 30
22	July 28, 1928.	August 8, 1928.	8 page 31
23	July 28, 1928.	August 8, 1928.	8 page 32
25	July 30, 1928.	August 8, 1928.	8 page 34
26	July 30, 1928.	August 8, 1928.	8 page 35
27	July 30, 1928.	August 8, 1928.	8 page 36

1. That the total purchase price of the said property to be paid to the Owner by the Purchaser is the sum of Three Hundred and Fifty Thousand ($350,000.00) Dollars, payable at the rate of $1.00 per ton as ore is mined and removed from the said property, or treated or milled on the said property, or in any manner reduced to commercial value upon the said property during the preceding calendar month.

2. The Purchaser is to furnish the Owner on the 15th day of each calendar month a statement of the number of tons of ore sold, mined, removed, milled, treated, or otherwise reduced to value, for which payment is to be made on the 20th day of each calendar month, as above set forth. By a ton of ore herein referred to as the unit upon which payment is based is meant 2,000 pounds of ore as mined. The said ore is to be weighed, or its weight determined in some other manner to be agreed upon to the parties in event scales for weighing said ore are not available.

3. Should the purchaser, through an agreement for the operation of the said mining property be able to sell the said ore for an amount in excess of $1.00 per ton, then and in that event the Purchaser is to pay the Owner 50% of the amount so received in excess of the $1.00 per ton, said payment to be made at the time and in the manner as hereinabove set forth, and said additional payment is also to apply on purchase price.

4. The purchaser shall do and perform all work on the said property in a good workmanlike and minerlike manner, with due regard to the conservation and development of the said mine. All shafts, tunnels, drifts and other underground workings henceforth to be constructed and capable of further use shall be kept free and clear from debris, and at all times and at all places in said mine when and where necessary, the purchaser shall keep the same properly timbered to prevent caving. Waste shall be avoided, and any excessive waste or any work leading to unreasonable injury to the property may be restrained by the owners or their agents by appropriate proceedings either at law or in equity, but purchaser may selectively mind the property and freely choose the places wherefrom ore is to be taken and after mining, make such further election and segregation of material as purchaser may determine, however, preserving in a separate dump upon the property any discarded manganiferous material.

5. The said purchaser shall have the right and privilege, and the said owner does hereby grant to it, its agents, employees and representatives, the right and privilege to enter upon the above described mining claims and every part thereof, to work and operate the same for the purpose of mining, extracting, shipping, selling, treating or reducing to commercial value manganese ore contained on the said property, subject to the terms and conditions of this agreement, as herein set forth, and the purchaser

agrees to mine and remove, or otherwise reduce to commercial value, not less than 5,000 tons of ore per year from the said property. In event 5,000 tons of ore shall not have been mined and removed, or reduced to commercial value on the property during any one year, then and in that event the purchaser shall pay to the seller the sum of $5,000,or such sum as shall be necessary to make the total amount paid by the purchaser to the seller of $5,000 yearly. For the purpose of this agreement, the year is to begin August 1 and end July 31 each year. However, the first yearly minimum payment is to become due July 31, 1949.

6. For the protection of the said property and the interests of the seller and the purchaser therein, the purchaser agrees at his own expense to keep one man on the property continuously, or as continuously as it is practicable so to do.

7. The purchaser shall bear wholly and solely all expenses of every kind and nature whatsoever incurred in working, operating and developing the said property and in assaying and treating the ore as contemplated herein, and shall not suffer or permit any liens to be maintained against the said mining property or otherwise permit indebtedness to accrue against the said property for which the owner might or could become liable. But the purchaser shall not be liable for any previous obligations or debts or agreements of any kind and nature whatsoever that the owner may have incurred previous to this agreement.

8. During all of the time that this agreement shall be in force and effect, the owner shall have the right and privilege to have continuously kept posted in a conspicuous place or places on the said property, notices in writing, or printed notices, reading to the effect that the work and development being done on said property, or any improvements being placed thereon, is being done wholly and solely at the expense of the said purchaser, and stating that the owner will not be responsible for any indebtedness for labor, materials, or otherwise, or at all, created by said purchaser, or its assigns, in connection with the work and operation on said property.

9. As a further consideration for the purchase of the said property, and in addition to the work heretofore mentioned, the purchaser agrees to make all required improvements upon the several mining claims in addition to the work done and the improvements made by the owner of the said claims to complete the work and improvements required for the patenting of the several mining claims, and to cause said claims to be surveyed by a competent duly licensed United States Mineral Surveyor, or his deputy, and to take all necessary steps for the purpose of securing United States Letters Patent to the land covered by the said claims, and to pay all expenses of every kind and nature in connection therewith, including the payment of such sum or sums as shall be required by the laws of the United States of America for the issuing of Letters Patent to be taken out in the name of the owner, said work to be begun forthwith and to be continued as rapidly as

possible until said Letters Patent of the United States shall have been issued. All steps taken by the Purchaser in connection with the patenting of the said claims, including the employment of a mineral surveyor to survey the said claims are to be approved by the Owner or its authorized agent.

10. The Purchaser shall have the right to cut and use in connection with the said mining operations such timber as shall be suitable and necessary, but until such time as the purchase price shall have been fully paid, no timber suitable for mining operations shall be cut and removed from the said property. After Letters Patent of the United States shall have been issued to the said property, timber not suitable or required in the mining operations of the said property, may be cut and removed or sold by the Purchaser upon paying the Owner the sum of $6.00 per M, pursuant to Scribner's Decimal "C" Scale as determined by the Puget Sound Scaling Bureau; and all sums so paid shall be applied upon the purchase price of the said property. By "mining timber" is meant all usable timber having a maximum diameter of ten (10") inches at the butt (all larger timber shall not be considered mining timber).

11. The agent of the Owner, or his representative authorized in writing, may enter upon the said property and all parts thereof for the purpose of inspection; may sample the ore bodies and the ore mined, and for such purpose may use all means of ingress or egress, all, however, without unreasonable interference in the mining or other operations being conducted on the said property.

12. During the time that this agreement is in force and effect the purchaser agrees to do and perform all annual labor required by law upon each of the said mining claims

for the year beginning July 1, 1947, and all subsequent years, and the purchaser shall also cause to be recorded proof of said annual labor in the form, manner and within the time required by law applicable thereto, in the name of the owner,- the said annual assessment work to be completed for the current year by the first day of December and by the first day of December of each and every year that the purchaser is in possession of the said property under this agreement. In the event the said work shall not have been done or provided for to the satisfaction of the owner for any year by the first day of December, then the owner shall have the right to do and perform the said assessment work,- entering upon the said premises for said purpose,- and the failure of the purchaser to do and perform all of the said required assessment work shall work a termination and cancellation of this agreement. The purchaser further agrees to pay all taxes and governmental charges of every kind and nature levied against the said property and upon the improvements and extracted ore thereon before the same shall become delinquent.

13. The purchaser shall keep full, complete and accurate books of account showing the amount in short tons of 2000 lbs. of all ore mined, shipped and removed from the said property, or mined and treated, or in any other manner reduced to commercial value,- the said ore to be weighed by the purchaser or its weight determined in some other manner satisfactory to the owner, and the purchaser shall furnish the owner on or before the 15th day of each and every calendar month with a complete record of all ore mined and shipped, or smelted, or in any other way reduced to commercial value during the

preceding calendar month, and such books of account shall be open to the inspection of the owner or its duly authorized agent at all reasonable times.

14. That the purchaser in all his mining, smelting or other operations conducted under the terms of this agreement shall carefully keep and observe all laws of the United States and of the State of Washington.

15. As a part of this agreement the owner is to execute and deliver to THE NATIONAL BANK OF COMMERCE OF SEATTLE, WASHINGTON, a good and sufficient deed to the purchaser or his assigns, conveying to such grantee clear possessory title of all interest of the said owner to all of the mining claims in this instrument described, and shall deposit with the said deed in escrow a copy of this agreement, and said deed shall be held in escrow strictly in accordance with the terms of this agreement and upon full payment of the total purchase price herein stated said bank shall deliver said deed to said purchaser, his assigns or designated grantee,- otherwise, and in event of a breach of any condition in this agreement contained, resulting in a termination and cancellation of this instrument, such deed shall by said bank be returned to the owner.

16. During the time that this agreement is in force and effect, the purchaser shall furnish the owner with copies of all mining reports, reports of engineers and assayers, and other data showing the size, condition and character of the ore bodies and any and all information obtained by the purchaser of value and interest to an owner and operator of the said property.

17. It is further agreed between the parties hereto that time is of the essence of this agreement, and that any failure and neglect on the part of the purchaser or his assigns to make the cash payments at the time and in the manner herein provided, or to furnish the owner with the weights or tonnage of the ore, removed or treated, at the time and in the manner herein provided, and/or the failure on the part of the purchaser to do the required assessment work at the time specified herein, shall work a termination of this agreement at the election of the owner, and such termination shall work a forfeiture as hereinafter provided.

18. IT IS ALSO FURTHER AGREED AND UNDERSTOOD that, excepting violations of this agreement hereinbefore mentioned, all other violations of the terms, covenants and conditions of this agreement shall also work a forfeiture and termination at the election of the owner, but in such event the owner shall deliver by agency of registered mail to the purchaser at Port Angeles, Washington, a notice of the delinquency and setting forth clearly the grounds for such intended forfeiture and the purchaser shall be allowed thirty (30) days after the service of such notice within which to correct any such causes of forfeiture. Admission of correction shall automatically cancel the notice of intended forfeiture and upon the owner being satisfied as to such correction, shall thereupon duly notify the purchaser.

19. Any termination of this agreement - whether it be for failure to make payments of the purchase price, doing the assessment work, or violation of any other of the terms, covenants and conditions herein set forth, shall work a forfeiture of all payments made by the purchaser to the owner and of all structures and other improvements placed upon the said property of such a character as to form a part thereof, and all as agreed liquidated damages to the owner for violation of this agreement, and the purchaser shall immediately surrender to the owner, or its agent, quiet and peaceful possession of the said property and the owner, or its agent, may take possession of the said property, structures and improvements, but all machinery and equipment and structures capable of removal, placed thereon by the purchaser, may be removed by the purchaser within one hundred (100) days after such termination if such removal can be accomplished without physical injury to the mine and without injury to said property other than the actual loss of such machinery and equipment, but in any event strictly mine facilities installed shall remain undisturbed upon the surrender of the said property. The purchaser shall not be liable or held to account for loss or delay caused by Acts of God, fire, theft or strikes of workmen or other conditions beyong the reasonable control of the purchaser.

20. A waiver on the part of the owner to terminate this agreement by reason of any failure of performance on the part of the purchaser shall not constitute a waiver of the owner's right to terminate the agreement on account of

any subsequent failure of performance on the part of the purchaser.

21. IT is understood and agreed that a termination of this agreement shall not release the Purchaser from amounts due under the said agreement either on account of ore mined, timber cut or removed, or balance due upon minimum payments herein set forth, which have accrued previous to the date of said termination.

22. It is further understood and agreed that the owner will cooperate with the Purchaser in securing by location or in any other manner a powersite or sites for the development of hydro-electric power on Constance Creek and/or Dosewallips River, title to be taken or location made in the name of both parties, but wholly at Purchaser's expense, and that upon termination of this agreement - whether upon failure to perform on the part of the purchaser, or otherwise - all rights of Purchaser shall revert to and become the property of the Owner, and Purchaser shall immediately execute whatever conveyance is necessary to vest full title in Owner; but should this agreement be consummated and full purchase price paid, then the Owner shall execute to the Purchaser whatever conveyance is necessary to perfect title to the said site or sites in the Purchaser.

23. The covenants and conditions herein shall extend to and be binding upon the heirs, executors, administrators, successors and lawful assigns of the parties hereto, except that this agreement shall not be assigned by the Purchaser without the written consent and approval of the Owner.

24. IT IS FURTHER UNDERSTOOD AND AGREED that should it be deemed advisable during the time this agreement is in force and effect to locate one or more mining claims or a mill site in connection with the above described property, said location shall be made in the name of the owner and shall be subject to all of the terms and conditions herein set forth, and upon said locations being made, the owner shall immediately execute a deed to the property covered by the same, and deposit said deed in escrow in THE NATIONAL BANK OF COMMERCE of SEATTLE as herein provided for the deed to the hereinbefore described mining claims.

25. IT IS FURTHER UNDERSTOOD that the owner is to continue to occupy the miner's cabin now on the property during the time this agreement is in force and effect.

26. IT IS UNDERSTOOD AND AGREED that this agreement shall terminate 15 years from date hereof should the full payment of the purchase price have not been made prior to that date, and upon such termination of this agreement all payments made by the purchaser shall be forfeited as liquidated damages to the owner and the possession of the said property and all thereof shall be given to the owner, and the purchaser shall remove his personal property in the manner and way and within the time herein set forth in case of an earlier termination and forfeiture of purchaser's rights under this agreement.

EXECUTED in three original counterparts,- one for each of the parties hereto and one for deposit in escrow, as herein provided.

AMERICAN MANGANESE CORPORATION,
a corporation,

By F. A. KARNES /s/
Presidnet.

Attest:

JOHN F. REED /s/
Secretary.

(CORPORATE SEAL)
AMERICAN MANGANESE CORPORATION
Incorporated 1925
Seattle, Wn.

F. H. JARNAGIN /s/

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

September THIS IS TO CERTIFY: That on this 9th day of ~~August~~, 1947, before me, the undersigned Notary Public, personally appeared F. A. KARNES and JOHN F. REED, to me known to be the President and Secretary-Treasurer of the AMERICAN MANGANESE CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NELSON R. ANDERSON /s/
Notary Public residing at
Seattle, Washington.

(NOTARY SEAL)
NELSON R. ANDERSON
NOTARY PUBLIC
Commission Expires
March 1, 1950
STATE OF WASHINGTON

16. History

(a) Little work, other than assessment work was ever done on this property.

(b) None

(c) Report of Amos Slater, E. M., is attached.

Seattle, Wn.

Mr. M. B. Sheik
Brinnon, Wash.

This report covers numerous observations made on the Elkhorn Group and Elkhorn Extension Group of Mining Claims owned by the American Manganese Corporation.

General: The Elkhorn and Extension Group of Mining Claims of the American Manganese Corporation situated in Section 24 Twp. 26 N. Rg. 4 W., W. M. Jefferson County, Washington. These Claims are located on the southern slope of Mt. Constance on the North side of the Dosewallips river. The property may be reached from the Olympic Highway (101) near Brinnon by 7 miles of county road and 6 miles of Forest Service road, a distance of 13 miles.

Topography: The mountain on which the Claims are located rises steeply from the bed of the Dosewallips river and maintains an average slope of 40 to 45° showing a relief from 1000 to over 5000 feet in elevation above sea level. The entire Claim Area is heavily timbered, typical of the Olympic Mountains. The lower reaches is merchantable timber the upper suitable for general mine purposes. Aside from the Dosewallips river, water for general use may be obtained from Miners Creek on the east side of the property and Constance Creek to the West, which flows parallel to the claims the year around and would supply gravity water for mining.

Ore Deposits: Outcrops of manganiferous ore occur at numerous places over the Claims, extending from the Dosewallips river north up the slope of the mountain to elevations above 4500 feet. The ore bodies in general are masked by glacial drift, thinner at the upper reaches and thicker at the lower elevations. Outcrops of ore occur more frequent above the 1500 foot elevation, and indicate three general ore bodies which are called the West, Middle, and East ledges.

The strike of these three bodies is North 10 degrees East, and dip from 70 to 80 degrees from the horizontal. The ore occurs between altered basalt and argillaceous lime containing hematite which gives a red color, a marker for exploration. The West bed or vein is about 20 feet in thickness; the Middle bed from 35 to 40 feet in thickness; the East bed about 20 feet in thickness. Numerous outcrops on the surface from the 1500 foot elevation north to the 5000 foot elevation indicate that there are other ore bodies than the three ledges mentioned above.

The work done in maintaining assessment work necessary to hold the claims has been on outcrops of ore but only in a superficial manner, not sufficient to determine their thickness or to any depth. Such tunnels as have been driven do not cut across the ore bodies much below the weathering of such ore bodies. Most of the

numerous samples have come from weathered outcrops and in my opinion do not give a true value of the underlying ore. As these ore bodies are, more than probably of sedimentary origin and always have the red lime as one wall, this lime strata extending from the Dosewallips river north to the cliffs above the 5000 foot elevation there is a continuity established, but only exploration can determine whether the ore bodies show such continuity. In this connection the surface outcrops of ore do show to a limited extent such a continuity. Only exploration will prove whether the ore is continuous or in lenses along the strike of the measures.

As to the depth of these ore bodies, no work has been done much below the outcrop, hence diamond drilling will be necessary to determine this factor.

Transportation and Power: If at the conclusion of exploration the tonnage as well as grade of ore will warrant an operation, then development will determine extraction tonnage and the transportation to deep water on Hood Canal. Due to difference in elevation between operation at the property and Hood Canal a good road and trucks will be necessary to make the haul of about 13 miles, which will all be down an average 2% grade. Power can be brought in from the main transmission line of the Bonneville Administration at the Olympic Highway, a distance of about 12 miles.

Conclusions: To warrant exploration of these manganese deposits, there is sufficient evidence in the outcrops of the three manganese beds, namely, West, Middle and East ledges with a combined total of 75 feet in thickness and extending for a distance of over 6000 feet, from elevation 1000 feet to 5000 feet above sealevel.

To determine manganese content and depth of the beds sufficient diamond drilling, trenching and sampling will be required. This work when properly carried out will determine the method of extraction, and the equipment necessary for the operation.

There is sufficient water, timber and room for plant layout on the property. Power can be brought in from power line near the Olympic Highway.

If the base of operations is established at the 1200 foot level, it will be ideally situated to extract the ore from all three beds by central haulage tunnel on the Middle bed with crosscuts to the other ore bodies. From the 1200 foot elevation the road can be established on a 2% grade to Tidewater.

Finally in this exploration work will show the tonnage of metallurgical grade ore present as well as lower grades that can be beneficially treated for chemical purposes.

Respectfully submitted

Amos Slater

Dated: May 22,1951. Amos Slater, E.M. Mining Engineer

M. B. SHEIK

THE EXPLORATION

20. This exploration will be conducted for manganese.

21. The proposed work contemplates diamond drilling:

(a) 1 - 500 ft. vertical hole on each of the three veins of ore.

(b) 1 - 500 ft. horizontal hole on the West vein at the 2300' level.

(c) 2 -600 ft. horizontal holes to crosscut the West vein at a low level.

(d) 2 -600 ft. horizontal holes to crosscut the East vein at a low level

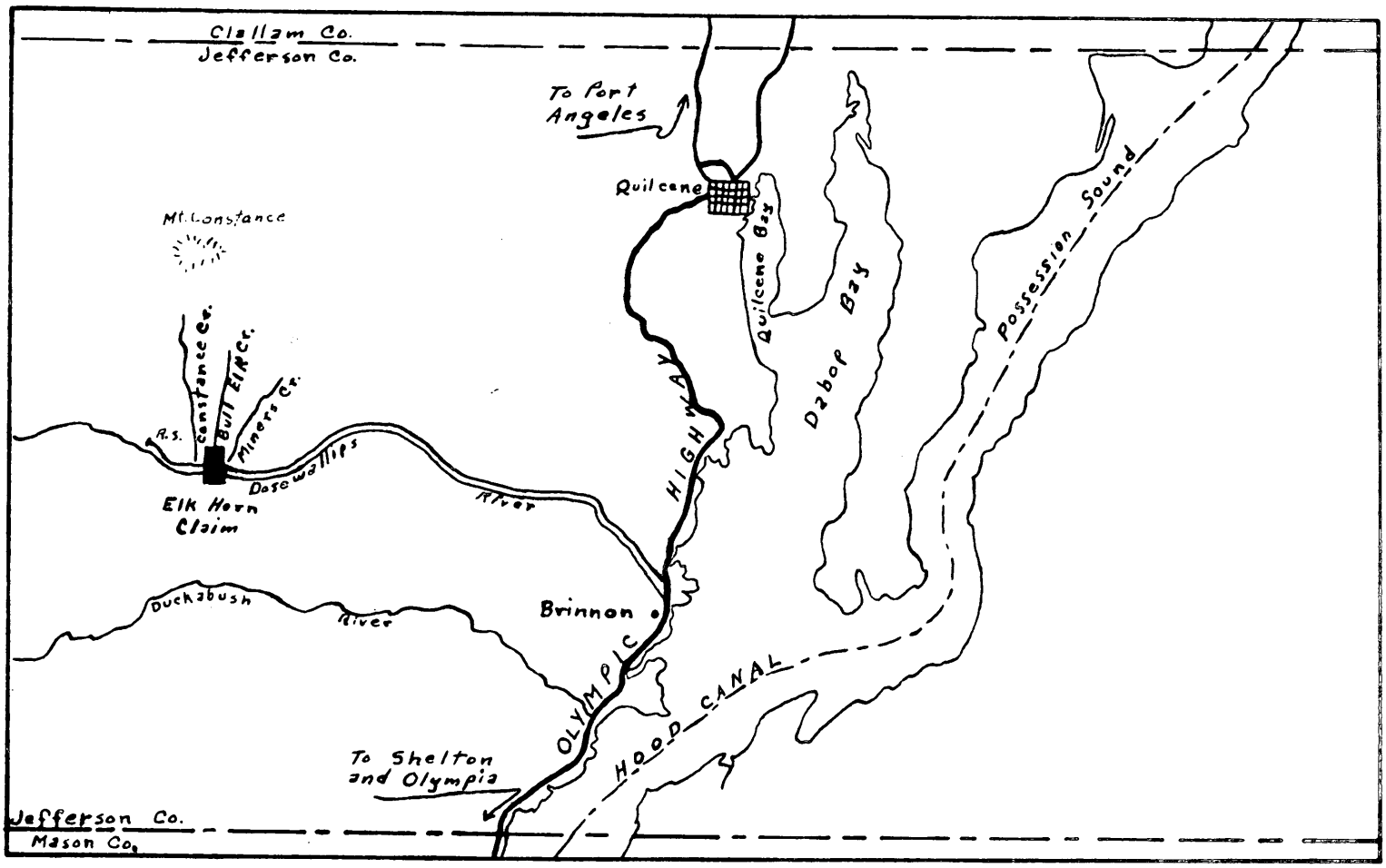
A total of 4400 feet of 1" holes.

(e) The driving of a 5'x7' drift 450 ft. into the East vein at elevation approximately 1625.

(f) The driving of a 5'x7' drift 450 ft. into the Middle vein at elevation approximately 1875.

(g) The surface sampling at existing outcrops, and trenches to be opened, by bulldozer and hand labor at various locations on the three veins.

A total of 45 locations on the three veins.


Clallam Co.
Jefferson Co.
To Port Angeles
Quilcene
Mt. Constance
Constance Cr.
Bull Elk Cr.
Miners Cr.
R.S.
Dosewallips
River
Elk Horn Claim
Quilcene Bay
Dabob Bay
Possession Sound
HIGHWAY
Duckabush
River
Brinnon
OLYMPIC
HOOD CANAL
To Shelton and Olympia
Jefferson Co.
Mason Co.

May 22, 1951

ELK HORN GROUP OF MINING CLAIMS

CONSTANCE MINING DISTRICT, JEFFERSON COUNTY

WASHINGTON.

INTRODUCTION: It has been seventeen years since I wrote my first report on this group of claims. I have had the opportunity to make occasional visits to the property and have kept some of the salient facts in mind. This spring the opportunity has been afforded me to go over part of the property and it seems desirable to revise some of the report.

LOCATION: The property may be reached under ordinary conditions by a county and Forest Service road from Brinnon on Hood Canal up the Dosewallips River. Two years ago, due to a flash flood, some of the road has been washed out. It is now under construction. The distance from Hood Canal to the east property line is twelve miles.

The property consists of 28 claims in one block. They have been held by the American Manganese Corporation by virtue of annual assessment work and are now in the process of patenting.

GEOGRAPHY: The general geography of the region is that of a mountain valley with precipitous walls. The relief is rugged and ranges from 850 feet in altitude at the Dosewallips River level to the crest of the claims of 5900 feet elevation. The average slope of the hillside is 30 to 44 degrees with many vertical cliffs.

The topography is the result of mountain building processes that have been sculptured by glacial and stream erosion. The canyons are

very narrow. The glacial valleys are now modified by stream erosion. Because of the steepness of the slope there is very little glacial debris except on the valley floors. The area is well watered and covered by a stand of Douglas Firs with some Cedar and Spruce. The drainage is mainly by creeks originating in high snow fields and occupying the minor canyons. These streams are tributaries to the Dosewallips River. Most of these minor streams are controlled by the general shear pattern of the region and is at right angles to the course of the river.

The rock exposures are mainly confined to the cliff faces. The remainder of the valley sides are covered by off fall from the cliffs and is now resting at the general angle of repose for the particular type of rock.

STRATIGRAPHY and PETROGRAPHY: The stratigraphy of the Olympic Mountains may be started at the canal and progress up the river to the core of the mountains. This is a convenience in layout of the column in the descending order with the older formations on the interior of the mountain area.

The basalts along the canal are probably lower Eocene belonging to the Metchosin volcanic series. Locally these are covered with Puget Sound Glacial drift and recent alluvium. This series rests upon a more steeply dipping basalt series that may correspond to the volcanism incident to the Laramide Orogeny of the Cretaceous. The Petrographic study of these rocks so indicate.

These two series rest upon the more steeply dipping elipsoidal basalt that probably is Franciscan of Jurassic age. In this basalt there are beds of tuff and breccia. The Manganiferous Belt is located in the lower part of this marine basalt. The dip now has reached 82 degrees to the east.

The sequence in original position on this bed was manganese ore, argillaceous lime in which a ferric oxide dust is suspended in various

amounts giving characteristic colors of red and brown. Jasper occurs at local horizons in the form of reddish lenses. The recurrence of beds indicate isoclinal folding with extensive shearing in the red limy argillite. This accounts for local thickening of the red lime beds and for the lime being on the wrong side of the particular fold.

Continuing down the column, the next is a striking formation of Elipsoidal basalt in which the elipsoids may measure as much as eight feet on the long axis and two or three on the short axis. This formation is 3000 feet thick. The ferromanganesium mineral have been altered and leached till the general appearance is a light gray color. Epidote is a common secondary mineral. The rocks as a whole show some development of Chlorite.

The fine-grained black shale immediately underlies this ellipsoidal basalt. The shale is at least 1000 feet thick. It has been compressed until it approaches a shist. The bedding plains are probably now represented by the cleavage pattern.

The next formation is 3500 feet of light gray ellipsoidal basalt. The ellipsoids are large. These basalts have been effected by the general shearing movement of the mountain building processes. They are exceptionally well exposed in the canyon of the Dosewallips River near the falls.

From these basalts at the falls until one has reached the summit of the divide at the head of the Dosewallips River in Dose Meadows, the formation is a sequence of argillites, type "Black Shale" and a graywacke type of sandstone.

Fossils have been found that indicate that the age of the shales are Mississippian. However, these fossils were poorly preserved and of a type not commonly used as indexes.

FOLDING and FAULTING: At some time in the late Mesozoic, possibly coincident with the Rocky Mountain orogeny of late Cretaceous times

and continuing into the Tertiary, there were great mountain building processes in the Olympic Peninsula. The forces operating were a domeing force that resulted in the elevation of the mountains, and, also, dragged up the basaltic outer fringe to very steep dips. The characteristic fold of the Manganiferous Belt is very close set isoclinal folds.

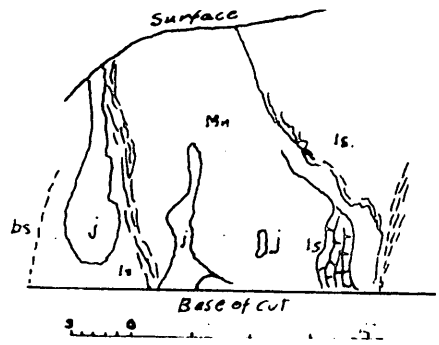
The fault system may be divided into two parts: the east west trending faults and the north south trending shear zones. The east west trending fault is mainly showing by the course of the Dosewallips River. The south block has been displaced to the west. There is a vertical component but the amount has not been ascertained.

The shears follow the manganese beds and the red lime is the incompetent member. Miner Creek and Bull Elk Canyon as well as several small streams paralleling the manganese beds are shear faults.

THEORY OF FORMATION OF THE MANGANESE: The source of the manganese has been the great thickness of ellipsoidal basalt. This basalt shows the type of alteration that would indicate leaching of the iron and manganese minerals. The plagioclase feldspars are much leached; this would give a source of the lime.

The characteristics of the manganiferous minerals are unique in that there is an intimate mixing of quartz and colloidal silica with the iron and manganese. The thing that has brought this to point is that the manganese may be dissolved in dilute acid. True silicates of manganese cannot be so treated.

The ores are primarily oxides in many states of oxidation and hydration. Carbonate and ankarite are present as well as some silicates but the main ore is oxide. The order of deposition is as would be expected from a warm shallow sea. The lack of coarse sediment indicates it is some considerable distance from shore.



Mn = manganese bearing rock
ls = red limestone
bs basalt // j = jasper
Shearing //

Middle bed
Elkhorn claims Dosewallips River.

U.S.G.S. Bulletin 931 R Page 451

U.S.G.S. Bulletin 725, Page 326: "There is nothing to suggest that the deposits are related to the intrusive masses, such as are generally thought to be the sources of metalliferous lodes in surrounding regions." - - - - - - "The deposits are thought most likely to be of manganiferous marine sediments greatly altered by regional metamorphism. - - - - - - This is supported by the fact that they are confined to certain sedimentary horizons." J. T. Pardee.

ECONOMICS: There are three beds: east, middle, and west with several lesser beds. The strike is N 10 - 12 E. Dip 70 - 85° E. There have been many samples taken from these manganiferous beds. However, these have not been carefully identified as to location and in many cases they only indicate a nice looking chunk of ore. These samples have run up to a little better than 50 per cent though the most of them have indicated ore of lesser grade.

U.S.G.S. Bulletin 725, Page 229. 1921: "Despite their small production, however, most of the deposits are decidedly interesting and not without future possibilities as profitable sources of considerable manganese." By F. L. Ransome and E. F. Burchard.

U.S.G.S. Bulletin 931-R, Page 452. 1941: "On these claims a great number of manganiferous deposits are known to occur within a small area than anywhere else on the Olympic Peninsula, and these deposits are comparatively accessible by road. Whether or not they have commercial value must remain uncertain until the size and grade of the individual lenses have been determined by further exploration and adequate sampling." By Charles F. Parks.

The claims have in the neighborhood of 75 to 80 outcrops. The exact location and the relation between them have not been established. It is thought that the beds are reasonably continuous even though much of their length is covered with talus. The beds get wider as one goes up the slope. The samples indicate the quality of the ore strengthens as one goes higher.

There are several considerations that have arisen but not answered. Is this increase in width due to the fact that the slope is cutting the ore farther back or is it due to the position in the depositional basin? These can only be answered as the property is developed.

The amount of the ore is very large whether the beds are continuous or are in large lenses. There can be no question but the beds will vary in width as the basin varies in topography.

RECOMMENDATIONS: That all known or found outcrops be sampled being careful to cut the sample so the same amount of the hard ore is taken as there is of the soft red lime.

At the earliest possible time a map should be constructed of all surface outcrops.

By the use of powder clean the faces at the lower outcrop of all three major beds to a distance of at least fifty feet of vertical face, or as near that amount as is practical.

Study the relations of the Miner Creek and Bull Elk Canyons to see if it is possible to economically reach the ore by diamond drilling.

Each vein should be drilled both horizontally and vertically to ascertain as much ore body as possible. The length of these holes should be continued as long as the drill can be kept within the ore bed or to a distance of approximately five hundred feet.

All drill cores should be sampled and analyzed. In all cases keeping a half portion of the core in the core box for future study.

The recommendations will show the extent of the ore and whether it is worth developing into a mining property.

22. The following is a list of analysis of Samples of Manganese ore taken from outcrops at various locations on the Elkhorn group of mining claims. The samples were taken over a period of years by reputable mining engineers and geologists. The analyses of those samples that could be definitely located have been placed on the Claim map and are indicated by an (*) on this chart.

	Mn.	Fe.	SiO_2	S	P	As
* Taken across West vein above tunnel portal	47.59	6.02	11.70			
* Footwall contact West vein above tunnel portal	22.43	27.08	15.36			
* Middle ledge ½ way up Claim No. 6	51.12	19.72	12.83			
* West wall East vein at outcrop	25.65	18.38	24.29			
2000 ft. level open pit Middle ledge 30 ft. ore exposed	43.54	11.04	9.75			
* At 1825 ft. level Middle ledge ore showing 53 ft.	46.71	10.83	15.49			
* East vein at 4200 ft. elevation	43.33	18.24	15.65			
* Middle vein 20 ft. above tunnel portal	56.80	3.99	28.10	0.096	0.041	0.07
* Middle vein 15 ft. above tunnel portal west contact to Middle of vein	40.10	10.6	21.50	0.056	0.087	0.03
* From trench near Discovery Post Claim No. 11	34.60	15.20	20.50	0.049	0.00	
Middle vein footwall	14.27	23.51	16.19			
* Middle vein 60' around nose of cliff nr. Discovery Post Claim 7	40.36	16.54	17.26			
Various locations (taken by state)	30.90	5.7	33.00			
" " " "	25.30	4.3	39.10			
" " " "	26.40	18.0	23.40			
" " " "	39.00	10.8	14.20			

M. B. SHEIK

THE REQUIREMENTS AND COSTS

M. B. SHEIK

SUMMARY

ESTIMATED COST OF WORK
(See detailed sheets attached)

DIAMOND DRILLING:			
4 holes - 500 ft. ea.	2000 ft.		
4 holes - 600 ft. ea.	2400 ft.	4400 ft. @ 6.00	$ 26,400.00
Contract to Seattle concern			
TUNNELING:			
2 tunnels - 400 ft. ea.		800 ft. @ 30.00	24,000.00
TECHNICAL ASSISTANCE:			
1 - Geologist			
1 - Mining Engineer			
1 - Civil Engineer			
1 - Survey Party			11,800.00
ANALYSIS:			
On diamond drilling at 10 ft. intervals		440 @ $ 10. 4400.00	
On tunneling at 5' intervals		160 @ $ 10. 1600.00	
On surface sampling, 45 locations x 4		180 @ $ 10. 1800.00	
Every 20th sample to be run as a check by a commercial assayer		39 @ $ 17. 660.00	
1 - Assayer			
1 - Sample grinder			8,460.00
SURFACE SAMPLING:			
Labor, supervision, transportation, Tools, powder & supplies 15 locations, 3 veins		45 @ 150.00 ea.	6,750.00
EQUIPMENT RENTAL: (Other than applicant's)			
Bulldozer, cars-track Compressor, Jackhammer, Drifter, Column & Bar, vent Fan			2,000.00
EQUIPMENT RENTAL VALUE (Applicant's)			
1-ton truck to transport crews and supplies -2 shift basis		840.00	
1- Sedan - 1 shift basis		800.00	
1- Complete Assay Plant & Eqpt.		1200.00	
1- Power Unit for Vent Fan		180.00	3,020.00
FUEL & LUBRICANTS			1,200.00
WATER & AIRLINES			1,500.00
MOVE-IN - MOVE-OUT			1,000.00
SMALL TOOLS & SUPPLIES (expendible)			1,000.00
TOTAL ESTIMATED COST OF PROJECT			87,130.00

23. LABOR

(a) (1) Tunnels - on two shift basis, 2 tunnels simultaneously.

4 Miners 85 shifts @ $2.00 hr. 85x4 = 340 x $16.00	$ 5440.00	
4 Muckers 85 shifts @ 1.75 hr. 85x4 = 340 x 14.00	4760.00	
4 Laborers: cut timber, lay water lines etc. 30 shifts @ 1.75 hr 120 x 14.00	1680.00	

(2) Surface Samples

4 hand drillers & samplers 90 shifts @ $2.00 hr. 360 x 16.00	5760.00	
Dozer operator @ $2.35 hr. 40 shifts	752.00	
Truck Driver @ 1.75 hr. 202 shifts @ 14.00	2828.00	
General labor @ 1.75 hr 40 shifts @ 14.00	560.00	
Assayer 5 months @ $450. Mo.	2250.00	
Sample Grinder 105 shifts @ 1.50 hr.	1260.00	
Direct labor		25,290.00
Taxes and insurance		2,705.00
Necessary to furnish board and lodging because of isolated location 1908 man days @ 5.00 (present rate)		9,540.00
TOTAL DIRECT LABOR		$ 37,535.00

M. B. SHEIK

23 (b) SUPERVISION

1 - Superintendent 6 mos. @ $750	4500.00		
Taxes and Ins.	250.00	4750.00	
Board & Lodging @ 150. mo.		900.00	5650.00
TECHNICAL ASSISTANCE (Professional Services)			
1 - Geologist (field & office) 3 mo. @ 900.00		2700.00	
1 - Mining Engineer" " 3 mo. @ 900.00		2700.00	
1 - Civil Engr. & Party 1 week (contract)		750.00	6150.00
Outside Accounting & Stenographic Services (contract) 6 mos. @ 300.00		1800.00	
Drafting, Mapping, preparing special Reports, partial contract (est.)		1375.00	3175.00
TOTAL SUPERVISOR AND SPECIAL SERVICES			$ 14,975.00

M. B. SHEIK

23 (f)	EQUIPMENT RENTALS (other than applicant's)		
	1 - D4 Bulldozer & Compressors 40 days @ 30.00	1200.00	
	Mine cars & Track 4 mos. @ 75.00	300.00	
	Ventilating Fan 4 mos. @ 25.00	100.00	
	Air & water pipe 4 mos. @ 100.00	400.00	2000.00
23 (g)	EQUIPMENT VALUE (Applicant's)		
	1 - 1-ton truck 6 mos. @ 140.00	840.00	
	1 - 4-door Sedan 6 mos. @ 133.33	800.00	
	1 - Complete Assay Plant 6 mos. @ 200.	1200.00	
	1 - Gasoline Power Unit (Vent fan) 6 mos. @ 30.00	180.00	3020.00
23 (h)	MATERIALS & SUPPLIES		
	Fuel & Lubricants	1200.00	
	Small tools, powder & accessories, Spikes, core boxes, lumber, ties, assay chemicals	1000.00	2200.00
23 (i)	MOVE-IN -- MOVE-OUT		1000.00
	SUB-TOTAL EQUIPMENT RENTALS, EQUIPMENT VALUE MATERIALS & SUPPLIES, MOVE-IN-MOVE-OUT		$ 8,220.00

24 **TIME SCHEDULE**

		Expenditure
1st month	- Begin all phases of work	$ 9,000.00
2nd "	- Continue all phases of work . . .	14,000.00
3rd "	- Continue all phases of work; Complete surface sampling	20,000.00
4th "	- Continue Diamond Drilling and Tunneling	15,000.00
5th "	- Continue Diamond Drilling and Tunneling	15,000.00
6th "	- Complete Project	14,130.00
		$ 87,130.00

M. B. SHEIK

STATEMENT BY LANDLORD

RE
SUBORDINATION AGREEMENT

Seattle, Wash., May 25, 1951.

Mr. M. B. Sheik,

Seattle, Wash.

Dear Mr. Sheik:

This is to assure you that in event your Application for Aid for an Exploration Project Pursuant to Order 5 under the Defense Production Act of 1950 receives favorable consideration, and an agreement is entered into between the Defense Mineral Administration and yourself, that the undersigned will sign and execute the necessary subrogation agreement required in connection therewith.

The above has application to the Elkhorn mining property described in the Optional Agreement of Purchase of the mining property, dated September 9, 1947, a copy of which has been furnished you to accompany your application.

Very truly yours,

F. H. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

AMERICAN MANGANESE CORPORATION

By John F. Reed
Secy.-Treas.
Owner of the mining property for which for U. S. Letters Patent is now pending under Survey No. 1259, M. W. No. 020222, District Land Office, Spokane, Washington.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMA 1491X

Date received 6-1-51

Participation

M. B. SHEIK
BRINNON,
WASHINGTON

Name and address of applicant

Date May 25, 1951

FILL IN THIS BLOCK

Date of application May 25, 1951

Estimated cost $87,130.00

Mineral or metal Manganese

Percentage of Government participation 75%

Location of mine On the south slope of Mt. Constance 14 miles from Brinnon, Washington, up the Dosewallips River.

Date of filing MF-100

DMA Docket Number, if available 1491X

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation? An individual.

*2. If a partnership, state names and addresses of partners.

*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.

*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project. See appendage attached.

*5. Are you the owner or the lessee of the property? No. See appendage attached.

6. If owner, state what claims, liens, or encumbrances, if any, are against the property. See owner's statement attach.

7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement. (attached)

9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)? See appendage attached.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 1 - 1951
LANDON F. STROBEL
Executive Secretary

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property. **See appendage attached.**
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any **New Elkhorn Group of Claims, Elkhorn Group**
*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads. **See attached.**
*13. State source and quantity of water available for operations and its sufficiency at all seasons. **See attached.**
State amount of power to be used, rate per hour or other cost, and source. **See attached.**
*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work. **None exists - none required.**
15. State in detail how the ore could be shipped and how and where milled. **See attached.**
*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations. **See attached.**
    (*b*) State briefly the known history and production of adjoining and neighboring properties. **None**
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations. **See reports attached.**
*17. Production:
    (*a*) If mine is in production, furnish the following information: **A prospect, not in production.**

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.
19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions **See attach.**

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted? **See attached.**
21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it. **See attached.**
    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.
22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data. **See attached report & map.**

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each. **See attached.**
    (*b*) Supervisors, by numbers and positions, with salaries of each. " "
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings **None**
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings. **None**
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each **None**
    (*f*) Cost of rental for equipment which the operator proposes to rent. **See attached.**
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the wor **See attached.**
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each. " "
    (*i*) Cost of power, water, utilities, and any other items not provided for above.
24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent. **See attached**

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

An Individual
(Name of company)

By M. B. Hirsch
(Signature of authorized official)

May 25, 1951
(Date)

(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

May 25, 1951

Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Gentlemen:

This application for aid to explore the Elkhorn Group of Mining Claims, located in Jefferson County, State of Washington, for Manganese, is furnished you herewith in quadruplicate.

The applicant has, for the past two months, been prosecuting this work with personal funds to the extent of $15,000.00 and expects to continue until July 1, 1951.

Work has progressed sufficiently to indicate that this property has great possibilities; however, additional funds will be required over and above my ability to provide, if the property is to be thoroughly prospected and proven.

It has been the opinion of competent Geologists and Mining Engineers for the past twenty years that an enormous tonnage of high grade ore, easily mined and reasonably accessable to both water and rail transportation, exists in this deposit. It is the general concensus that this can be established in six months time, if financial assistance can be readily made available.

This presentation is submitted for your consideration.

Yours very truly

M B Sheik

M. B. Sheik

MBS:D
Encls.

M. B. SHEIK

THE APPLICANT

(4) EXPERIENCE

a. Mining and General Business

Two years underground in hard rock mines as mucker, machine man, timberman, head sampler and shifter.

Thirty years in heavy general construction work both domestic and foreign, covering highway, dam and irrigation, railroad, hydro-electric, quarrying and breakwater, bridge building, cement mill, steel mill, coal mine, iron ore mine, dock and wharf, complete Naval installations on outlying Pacific Islands. Individual unit costs of contracts ranged from five thousand dollars minimum to two hundred thirty six million dollars maximum.

Positions held were from mule skinner, to foreman, to Superintendent to Project Manager, to General Manager to Contractor.

Principal employers were: Utah Construction Company, Henry J. Kaiser, Morrison-Knudsen Co. and Columbia Steel Co., Defense Plant Division. Personally supervised over four hundred million dollars of various work.

Presently actively engaged in general contracting business in the various Hawaiian Islands, with headquarters in Honolulu and currently doing approximately three quarters of a million dollar annual business.

b. The investigation and prospecting of this property is being and will continue to be directed by myself, assisted by the following persons presently employed by me:

(4) Experience (cont'd) -2

(I) Prof. F. A. McMillin, Consulting Geologist and Head Geologist, College of Puget Sound, Tacoma, Washington.

(II) Amos Slater, E. M., Mining Engineer, 710 Summit No., Seattle, Washington, who has for many years specialized in Olympic Peninsula manganese investigations.

(III) Wayne C. Harrigan of Harrigan Associates. Surveyors and Engineers and U. S. Mineral Surveyor, Bureau of Land Management, Department of the Interior, Seattle, Washington.

(IV) LaFay Pace, Field Supt., who for 35 years has supervised many prospecting, tunneling and excavation projects.

5. Neither owner nor lessee. Have option to purchase the mineral rights of this group of claims on a conditional sales contract basis.

6. Attached is owners affidavit that no liens or encumbrances are against the property.

7. Attached is copy of option to purchase with an extension thereto;

   a. Also attached is copy of agreement between American Manganese Corporation and F. E. Jarnagin of Port Angeles, Washington, covering their sale of the property to him.

8. Attached is financial statement and profit and loss statement as of April 30, 1951.

9. Twenty five thousand dollars additional to that expended to date. This amount is in excess of one quarter of the estimated amount to perform the work, as detailed in question No. 23 of the application form.

10. (a) The mining property is situated in the Mount Constance Mining District (unorganized), Jefferson County, Washington and described by the following plat and the field notes on file in the office of the Registrar of the Spokane Land District, at Spokane, Washington, as follows; to-wit:

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

HONOLULU, HAWAII -
FINANCIAL STATEMENT
AS OF APRIL 30, 1951

A S S E T S

CURRENT ASSETS:			
Cash in Bank of Hawaii, Honolulu, T.H.	10,870.40		
Cash in Bishop Bank " "	1,000.00		
Cash in Bishop Bank, Hilo, "	49,088.72		
Cash in National Bank of Commerce, Seattle, Washington	8,770.50	69,729.62	
Petty Cash		100.00	
Tanks in Los Angeles (prepaid)		5,460.00	
Accounts Receivable from Territory of Hawaii		4,711.58	
Employees Advances		1,004.36	
Prepaid Deposit		5.00	
Prepaid Const. Insurance		1,216.00	
Life Insurance (Cash surrender value)		8,250.00	
TOTAL CURRENT ASSETS			$90,476.56
FIXED ASSETS:			
Machinery & Equipment	118,486.22		
Less Reserve for depreciation	21,424.89	97,060.33	
Furniture & Fixtures (office)	3,000.57		
Less reserve for depreciation	1,557.88	1,442.69	
Real Estate	40,000.00		
Less reserve for depreciation	10,000.00	30,000.00	
Material on consignment in Glendale, Calif. & New York		15,000.00	
FIXED TOTAL ASSETS			143,503.32
TOTAL ASSETS			$ 233,979.88
LIABILITIES:			
Accounts Payable	3,226.93		
Wages & Taxes Payable	230.00		
Taxes & Fees Payable	260.72		
Mortgage on Real Estate	7,800.00		
TOTAL LIABILITIES			11,517.65
NET WORTH			$ 222,462.23

Dated May 22 1951

M. B. SHEIK

By M. B. Sheik

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
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SHEIK—HONOLULU

M. B. SHEIK

General Contractor

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•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

PROFIT AND LOSS STATEMENT ON CONTRACT OPERATIONS
April 30, 1951

ASSETS

CURRENT ASSETS:			
Cash in Bishop Bank, Hilo, Hawaii	$49,088.72		
Cash in Bishop Bank, Honolulu, "	1,000.00	50,088.72	
Petty Cash		100.00	
Washington Operations		13,833.49	
Los Angeles Tanks (prepaid)		5,460.00	
Accounts Receivable		4,711.88	
Prepaid Deposit		5.00	
Prepaid Insurance		1,216.00	
TOTAL CURRENT ASSETS			$ 76,519.15
FIXED ASSETS:			
Machinery & Equipment	45,385.22		
Less reserve for depreciation	21,424.89	23,960.33	
Furniture & Fixtures	1,000.37		
Less reserve for depreciation	557.38	442.99	24,403.32
TOTAL ASSETS			$ 100,992.47

LIABILITIES & CAPITAL

CURRENT LIABILITIES:			
Accounts Payable		3,226.93	
Wages & Taxes payable		230.00	
Taxes & Fees payable		260.72	
TOTAL CURRENT LIABILITIES			3,717.65
CAPITAL:			
	26,215.07		
Withdrawals	27,500.00		
TOTAL CAPITAL			- (1,284.93)
DEFERRED CAPITAL:			
Paid for Contracts		607,138.41	
Cost of Contracts		508,648.66	
DEFERRED PROFITS			98,489.75
TOTAL LIABILITIES & CAPITAL			$100,992.47

12. The property is located on the south slope of Mount Constance 13 miles west of Brinnon, Washington. It is reached from U. S. Highway 101, a paved road which encircles the Olympic Peninsula, by seven miles of county gravel surfaced road and six miles of Forest Service road. About three miles of Forest Service road is presently under reconstruction. Neither of these pieces of roads were designed for any heavy hauling. The Forest Service road is in good condition as to gravel surface and drainage. The Forest Service road is very narrow, with three miles never having been graveled. The upper two miles are on approximately 18% grade with occasional turnouts. It would be necessary to realign and reconstruct this road sufficient to permit the hauling of heavy loads.

Brinnon (unincorporated) consists of only one combination store and Post Office and a few scattered houses, with one small grade school. The town of Quilcene (population 600) is 14 miles north of Brinnon on Highway 101 and the town of Port Townsend (county seat) is beyond Brinnon 50 miles. Port Townsend, a deep water port, is also served by a railroad car ferry system from Seattle.

The town of Shelton Washington is 44 miles south of Brinnon, Washington on Highway 101 and is served by the Northern Pacific Railroad.

10.(a) cont'd.

Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears south 63°14' E. 1230.89 ft. dist.; thence N. 10°15' E. 3000 ft.; thence west 2400 ft.; thence S.10°15'W., 3000 ft.; thence south 1500.00 ft.; thence west 1800.00 ft.; thence south 1500.00 ft.; thence East 5400.00 ft.; thence north 3000.00 ft.; thence west 1200.00 ft.; to a point of beginning;

containing 440 acres, and forming one contiguous group of claims in

Section 19 (approx), Township 26 North, Range 5 West (unsurveyed);

Sections 13 and 24 (approx), Township 26 North, Range 6 East; (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

13. Water is available from Miners Creek which originates at approximately 5000 ft. elevation and flows parallel to and thru a part of the property on the East side, while Bull Elk Creek, a larger stream, flows thru the entire length of the property on the west side. Both of these streams flow the year around and ample water for all purposes is available on a gravity basis. In addition the Dosewallips river flows thru the property and carries a large volume of water throughout the year.

15. Ore from this property would be transported from mine to tide water, a distance of approximately 14 miles by truck. The present county road of 7 miles and the Forest Service road of 6 miles are not adequate for trucking except on a very small scale. It would be necessary to widen and realign the entire distance and build a road that would stand up under heavy loads. A grade of approximately 2% in favor of the loads could be laid out without any serious difficulties, a large portion of which would be thru Forest Service property.

Deep water exists quite close to shore in the area near Brinnon and the terrain is ideal to construct ore pockets instead of bunkers, from which to load cheaply any ocean-going vessels at a dock to be constructed in that vicinity. The Chicago, Milwaukee & St. Paul Railroad operates a car ferry service between Seattle and Port Townsend and this service could be extended to Brinnon, about the same distance from Seattle as Port Townsend, where railroad cars could be loaded alongside the dock by the belt conveyors without being removed from the car ferry. This ferry could connect with their lines at Seattle, Tacoma and Olympia and thus place all shipments on rail if at any time ships were denied the use of the high seas.

15. (cont'd)

Should it prove desirable to beneficiate any ore or produce ferromanganese, large acreages of cheap land on the Deschutes River adjoin Brinnon and the Bonneville Power line passes over this area.

21. Continue the surface sampling across the East, Middle and West veins at existing outcrops and trenches to be dug by bulldozer and hand work, ranging in elevation from 1200 ft. elevation to the 5500 ft. elevation and comprising a total of 45 locations on the three veins. Make analysis of these samples in 5 foot intervals at each location to require 180 analyses of the surface samples. Split the diamond drill cores in half crushing and analyzing each 10 foot section, estimated to require 440 analyses. Take a tunnel sample in the face of each 5 ft. round for a total of 160 samples or a grand total of 780 analyses.
Run the entire 780 samples for Mn.
All samples running 35% Mn or over will, in addition, be run for Fe, SiO_2, Al_2O_3, P, Cu plus Pb + Zn.

It is estimated that it will require 130 working days or 26 weeks after funds are received to complete the proposed work.

OPTIONAL AGREEMENT TO PURCHASE.

THIS AGREEMENT, made and entered into at Seattle, Washington this 15th day of January, 1951, by and between F. H. JARNAGIN, of Port Angeles, Washington, herein designated the "SELLER", and M. B. SMITH, herein designated the "PURCHASER".

W I T N E S S E T H :

WHEREAS, the Seller holds an optional agreement of purchase to a group of mining claims known as the Elkhorn Group, located on the south slope of Mt. Constance, Dosewallips River, Jefferson County, Washington, which said claims have been surveyed for U. S. Letters Patent, and application for letters patent of the United States are now pending in the U. S. District Land Office, Spokane, Washington as Survey No. 1259, M. A. No. 020222, the survey and correct description of which said property is on file in the said proceedings for U. S. Letters Patent; and

WHEREAS, the Purchaser desires to obtain all mineral rights of the Seller in the said property for the purpose of operating and mining the said property, particularly for the extraction benefication and sale of the manganese ore contained therein, and desires an option extending from date hereof until April 1, 1951 to determine whether or not he will want to undertake the operation and mining of the said property.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, it is agreed:

I. That the Seller will, and by these presents does, agree to assign to the Purchaser all of his mineral rights contained in his optional agreement of purchase for the above mentioned mining claims, dated September 9, 1947, executed by the American Manganese Corporation to the said Seller as purchaser therein, the said contract containing a description of the mining claims as originally located, but the

correct description of which is contained in the application for U. S. Letters Patent above set forth.

II. That for said option the Purchaser agrees to pay the Seller the sum of $530,000.00, said payment to be made at the time and in the manner set forth in the Seller's Optional Agreement of Purchase with the American Manganese Corporation, except at a rate of $1.50 per ton.

III. The Purchaser shall have the right to use such timber now standing on the said property as is requisite, necessary and useful in the mining operations; all timber, surfact and other rights are reserved by the Seller.

IV. The Purchaser agrees to observe and perform all of the other terms and agreements of the Seller's optional agreement of purchase with the American Manganese Corporation.

V. The Seller is to obtain from the American Manganese Corporation a modification of his agreement in the specification of the long ton of 2,240 pounds in the place and stead of a short ton of 2,000 pounds therein specified, as a basis of the sale price of the manganese ore, and to obtain from the American Manganese Corporation itsapproval and ratification of this assignment.

VI. The Purchaser is to notify the Seller immediately upon his acceptance of the terms and conditions of this agreement, and if he accepts the same that he will immediately within 15 days after April 1, 1951, begin operations upon the said property and will diamond drill at least 3,000 feet for the purpose of determining the ore values of the said property, said work to be continuous until the above number of specified feet shall have been drilled, and in any event to be completed on or before September 1st, 1951, and the obligation to perform said diamond drilling is a part of the consideration for this option.

VII. Upon the completion of the diamond drilling outlined in the preceding paragraph Purdhaser shall have the right on or

before September 15th, 1951, to notify the American Manganese Corporation and the Seller in writing of his decision to withdraw from and abandon this agreement, in which event all his rights hereunder shall terminate, his contributions and work shall stand forfeited to Seller in lieu of liquidated damages, and he shall have no further obligations hereunder; whereupon possession of the property shall revert to the Seller.

IN WITNESS WHEREOF, the parties have hereunto set their han ds and seals in triplicate this 15th day of January, 1951.

F. H. JARNAGIN
SELLER.

M. B. SHEIK.
PURCHASER.

The AMERICAN MANGANESE CORPORATION hereby ratifies and approves the foregoing Agreement this 15th day of January, 1951.

AMERICAN MANGANESE CORPORATION

By F. A. KARNES
President.

By JOHN F. REED
Secretary.

Seattle, Wash., May 24, 1951.

Mr. L. B. Sheik,

Seattle, Wash.

Dear Mr. Sheik:

In view of the fact that you are making application for aid for an exploration project pursuant to Mineral Order 5 under Defense Production Act of 1950, and that in all probability more time will be required to economically explore the said mining property than the time specified in the Optional Agreement of Purchase given to you under date of January 15, 1951 by the undersigned, and approved by the American Manganese Corporation, and desiring to assist you and the Government in every possible way and to have the money expended in the most advantageous and economical way to advance the mobilization of the defense effort, I hereby agree to extend the time limits in your said Optional Agreement of Purchase under paragraphs VI and VII of the said Agreement for a period of nine months from the limitation dates therein specified, to-wit: September 1, 1951 and September 15, 1951, fixing July 1, 1952 and July 15, 1952 as the dates of termination of the said agreement.

Very truly yours,

F. H. Jarnagin

F. H. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

The American Manganese Corporation hereby ratifies and approves the offer of F. H. Jarnagin as set forth in the foregoing letter.

AMERICAN MANGANESE CORPORATION

By John T. Reed

Secretary-Treasurer.

(COPY)

OPTIONAL AGREEMENT OF PURCHASE

THIS AGREEMENT made at Seattle, Washington, this 9th day of ~~August~~ September, 1947, by and between the AMERICAN MANGANESE CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of Washington, with its principal place of business in the city of Seattle in said State, hereinafter designated as the Owner, and F. H. JARNAGIN, of Port Angeles, Washington, hereinafter designated as the purchaser, WITNESSETH:

WHEREAS, the owner has located, maintained and is now the owner and in possession of several unpatented mining claims hereinafter described, containing valuable deposits of manganese ore, and desires to sell the same, and

WHEREAS, the purchaser desires to purchase the said property and the terms and conditions of the purchase have been orally agreed upon, and

WHEREAS, it is the desire of both parties that a formal written agreement of the terms and conditions of the said purchase be executed,

NOW, THEREFORE, for and in consideration of the sum of Five Thousand ($5,000.00) Dollars in hand paid to the owner by the said purchaser, receipt of which is hereby acknowledged, and for the further considerations hereinafter stated, the said owner agrees to sell to the said purchaser all the right, title and interest which said owner has in and to those certain lode mining claims on the South slope of Mount Constance on the Dosewallips River in Jefferson County, State of Washington, known as the NEW ELKHORN GROUP OF CLAIMS, and more particularly described as follows, to-wit:

(Since the execution of this Optional Agreement September 9, 1947, the above named group of mining claims have been surveyed by Deputy United States Mineral Surveyor under Order for Mineral Survey dated April 7, 1948, establishing the description of the said mining claims for the purpose of application for United States Letters Patent under Survey No. 1259 M.A. No. 020222, District Land Office, Spokane, Washington, establishing the following description):

Commencing at Corner No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E., 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning, containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

Location notices are recorded as follows:

Claim No.	Located.	Date Filed.	Recorded in Volume of Mining Records.
1	July 23, 1928.	August 8, 1928.	8 page 10
2	July 23, 1928.	August 8, 1928.	8 page 11
3	July 23, 1928.	August 8, 1928.	8 page 12
6	July 24, 1928.	August 8, 1928.	8 page 15
7	July 24, 1928.	August 8, 1928.	8 page 16
8	July 24, 1928.	August 8, 1928.	8 page 17
9	July 25, 1928.	August 8, 1928.	8 page 18
10	July 25, 1928.	August 8, 1928.	8 page 20
11	July 25, 1928.	August 8, 1928.	8 page 20
14	July 26, 1928.	August 8, 1928.	8 page 23
15	July 26, 1928.	August 8, 1928.	8 page 24
16	July 26, 1928.	August 8, 1928.	8 page 25
17	July 27, 1928.	August 8, 1928.	8 page 26
18	July 27, 1928.	August 8, 1928.	8 page 27
19	July 27, 1928.	August 8, 1928.	8 page 28
20	July 27, 1928.	August 8, 1928.	8 page 29
21	July 27, 1928.	August 8, 1928.	8 page 30
22	July 28, 1928.	August 8, 1928.	8 page 31
23	July 28, 1928.	August 8, 1928.	8 page 32
25	July 30, 1928.	August 8, 1928.	8 page 34
26	July 30, 1928.	August 8, 1928.	8 page 35
27	July 30, 1928.	August 8, 1928.	8 page 36

1. That the total purchase price of the said property to be paid to the Owner by the Purchaser is the sum of Three Hundred and Fifty Thousand ($350,000.00) Dollars, payable at the rate of $1.00 per ton as ore is mined and removed from the said property, or treated or milled on the said property, or in any manner reduced to commercial value upon the said property during the preceding calendar month.

2. The Purchaser is to furnish the Owner on the 15th day of each calendar month a statement of the number of tons of ore sold, mined, removed, milled, treated, or otherwise reduced to value, for which payment is to be made on the 20th day of each calendar month, as above set forth. By a ton of ore herein referred to as the unit upon which payment is based is meant 2,000 pounds of ore as mined. The said ore is to be weighed, or its weight determined in some other manner to be agreed upon to the parties in event scales for weighing said ore are not available.

3. Should the purchaser, through an agreement for the operation of the said mining property be able to sell the said ore for an amount in excess of $1.00 per ton, then and in that event the Purchaser is to pay the Owner 50% of the amount so received in excess of the $1.00 per ton, said payment to be made at the time and in the manner as hereinabove set forth, and said additional payment is also to apply on purchase price.

4. The purchaser shall do and perform all work on the said property in a good workmanlike and minerlike manner, with due regard to the conservation and development of the said mine. All shafts, tunnels, drifts and other underground workings henceforth to be constructed and capable of further use shall be kept free and clear from debris, and at all times and at all places in said mine when and where necessary, the purchaser shall keep the same properly timbered to prevent caving. Waste shall be avoided, and any excessive waste or any work leading to unreasonable injury to the property may be restrained by the owners or their agents by appropriate proceedings either at law or in equity, but purchaser may selectively mind the property and freely choose the places wherefrom ore is to be taken and after mining, make such further election and segregation of material as purchaser may determine, however, preserving in a separate dump upon the property any discarded manganiferous material.

5. The said purchaser shall have the right and privilege, and the said owner does hereby grant to it, its agents, employees and representatives, the right and privilege to enter upon the above described mining claims and every part thereof, to work and operate the same for the purpose of mining, extracting, shipping, selling, treating or reducing to commercial value manganese ore contained on the said property, subject to the terms and conditions of this agreement, as herein set forth, and the purchaser

agrees to mine and remove, or otherwise reduce to commercial value, not less than 5,000 tons of ore per year from the said property. In event 5,000 tons of ore shall not have been mined and removed, or reduced to commercial value on the property during any one year, then and in that event the purchaser shall pay to the seller the sum of $5,000,or such sum as shall be necessary to make the total amount paid by the purchaser to the seller of $5,000 yearly. For the purpose of this agreement, the year is to begin August 1 and end July 31 each year. However, the first yearly minimum payment is to become due July 31, 1949.

6. For the protection of the said property and the interests of the seller and the purchaser therein, the purchaser agrees at his own expense to keep one man on the property continuously, or as continuously as it is practicable so to do.

7. The purchaser shall bear wholly and solely all expenses of every kind and nature whatsoever incurred in working, operating and developing the said property and in assaying and treating the ore as contemplated herein, and shall not suffer or permit any liens to be maintained against the said mining property or otherwise permit indebtedness to accrue against the said property for which the owner might or could become liable. But the purchaser shall not be liable for any previous obligations or debts or agreements of any kind and nature whatsoever that the owner may have incurred previous to this agreement.

8. During all of the time that this agreement shall be in force and effect, the owner shall have the right and privilege to have continuously kept posted in a conspicuous place or places on the said property, notices in writing, or printed notices, reading to the effect that the work and development being done on said property, or any improvements being placed thereon, is being done wholly and solely at the expense of the said purchaser, and stating that the owner will not be responsible for any indebtedness for labor, materials, or otherwise, or at all, created by said purchaser, or its assigns, in connection with the work and operation on said property.

9. As a further consideration for the purchase of the said property, and in addition to the work heretofore mentioned, the purchaser agrees to make all required improvements upon the several mining claims in addition to the work done and the improvements made by the owner of the said claims to complete the work and improvements required for the patenting of the several mining claims, and to cause said claims to be surveyed by a competent duly licensed United States Mineral Surveyor, or his deputy, and to take all necessary steps for the purpose of securing United States Letters Patent to the land covered by the said claims, and to pay all expenses of every kind and nature in connection therewith, including the payment of such sum or sums as shall be required by the laws of the United States of America for the issuing of Letters Patent to be taken out in the name of the owner, said work to be begun forthwith and to be continued as rapidly as

possible until said Letters Patent of the United States shall have been issued. All steps taken by the Purchaser in connection with the patenting of the said claims, including the employment of a mineral surveyor to survey the said claims are to be approved by the Owner or its authorized agent.

10. The Purchaser shall have the right to cut and use in connection with the said mining operations such timber as shall be suitable and necessary, but until such time as the purchase price shall have been fully paid, no timber suitable for mining operations shall be cut and removed from the said property. After Letters Patent of the United States shall have been issued to the said property, timber not suitable or required in the mining operations of the said property, may be cut and removed or sold by the Purchaser upon paying the Owner the sum of $6.00 per M, pursuant to Scribner's Decimal "C" Scale as determined by the Puget Sound Scaling Bureau; and all sums so paid shall be applied upon the purchase price of the said property. By "mining timber" is meant all usable timber having a maximum diameter of ten (10") inches at the butt (all larger timber shall not be considered mining timber).

11. The agent of the Owner, or his representative authorized in writing, may enter upon the said property and all parts thereof for the purpose of inspection; may sample the ore bodies and the ore mined, and for such purpose may use all means of ingress or egress, all, however, without unreasonable interference in the mining or other operations being conducted on the said property.

12. During the time that this agreement is in force and effect the purchaser agrees to do and perform all annual labor required by law upon each of the said mining claims

for the year beginning July 1, 1947, and all subsequent years, and the purchaser shall also cause to be recorded proof of said annual labor in the form, manner and within the time required by law applicable thereto, in the name of the owner,- the said annual assessment work to be completed for the current year by the first day of December and by the first day of December of each and every year that the purchaser is in possession of the said property under this agreement. In the event the said work shall not have been done or provided for to the satisfaction of the owner for any year by the first day of December, then the owner shall have the right to do and perform the said assessment work,- entering upon the said premises for said purpose,- and the failure of the purchaser to do and perform all of the said required assessment work shall work a termination and cancellation of this agreement. The purchaser further agrees to pay all taxes and governmental charges of every kind and nature levied against the said property and upon the improvements and extracted ore thereon before the same shall become delinquent.

13. The purchaser shall keep full, complete and accurate books of account showing the amount in short tons of 2000 lbs. of all ore mined, shipped and removed from the said property, or mined and treated, or in any other manner reduced to commercial value,- the said ore to be weighed by the purchaser or its weight determined in some other manner satisfactory to the owner, and the purchaser shall furnish the owner on or before the 15th day of each and every calendar month with a complete record of all ore mined and shipped, or smelted, or in any other way reduced to commercial value during the

preceding calendar month, and such books of account shall be open to the inspection of the owner or its duly authorized agent at all reasonable times.

14. That the purchaser in all his mining, smelting or other operations conducted under the terms of this agreement shall carefully keep and observe all laws of the United States and of the State of Washington.

15. As a part of this agreement the owner is to execute and deliver to THE NATIONAL BANK OF COMMERCE OF SEATTLE, WASHINGTON, a good and sufficient deed to the purchaser or his assigns, conveying to such grantee clear possessory title of all interest of the said owner to all of the mining claims in this instrument described, and shall deposit with the said deed in escrow a copy of this agreement, and said deed shall be held in escrow strictly in accordance with the terms of this agreement and upon full payment of the total purchase price herein stated said bank shall deliver said deed to said purchaser, his assigns or designated grantee,- otherwise, and in event of a breach of any condition in this agreement contained, resulting in a termination and cancellation of this instrument, such deed shall by said bank be returned to the owner.

16. During the time that this agreement is in force and effect, the purchaser shall furnish the owner with copies of all mining reports, reports of engineers and assayers, and other data showing the size, condition and character of the ore bodies and any and all information obtained by the purchaser of value and interest to an owner and operator of the said property.

17. It is further agreed between the parties hereto that time is of the essence of this agreement, and that any failure and neglect on the part of the purchaser or his assigns to make the cash payments at the time and in the manner herein provided, or to furnish the owner with the weights or tonnage of the ore, removed or treated, at the time and in the manner herein provided, and/or the failure on the part of the purchaser to do the required assessment work at the time specified herein, shall work a termination of this agreement at the election of the owner, and such termination shall work a forfeiture as hereinafter provided.

18. IT IS ALSO FURTHER AGREED AND UNDERSTOOD that, excepting violations of this agreement hereinbefore mentioned, all other violations of the terms, covenants and conditions of this agreement shall also work a forfeiture and termination at the election of the owner, but in such event the owner shall deliver by agency of registered mail to the purchaser at Port Angeles, Washington, a notice of the delinquency and setting forth clearly the grounds for such intended forfeiture and the purchaser shall be allowed thirty (30) days after the service of such notice within which to correct any such causes of forfeiture. Admission of correction shall automatically cancel the notice of intended forfeiture and upon the owner being satisfied as to such correction, shall thereupon duly notify the purchaser.

19. Any termination of this agreement - whether it be for failure to make payments of the purchase price, doing the assessment work, or violation of any other of the terms, covenants and conditions herein set forth, shall work a forfeiture of all payments made by the purchaser to the owner and of all structures and other improvements placed upon the said property of such a character as to form a part thereof, and all as agreed liquidated damages to the owner for violation of this agreement, and the purchaser shall immediately surrender to the owner, or its agent, quiet and peaceful possession of the said property and the owner, or its agent, may take possession of the said property, structures and improvements, but all machinery and equipment and structures capable of removal, placed thereon by the purchaser, may be removed by the purchaser within one hundred (100) days after such termination if such removal can be accomplished without physical injury to the mine and without injury to said property other than the actual loss of such machinery and equipment, but in any event strictly mine facilities installed shall remain undisturbed upon the surrender of the said property. The purchaser shall not be liable or held to account for loss or delay caused by Acts of God, fire, theft or strikes of workmen or other conditions beyong the reasonable control of the purchaser.

20. A waiver on the part of the owner to terminate this agreement by reason of any failure of performance on the part of the purchaser shall not constitute a waiver of the owner's right to terminate the agreement on account of

any subsequent failure of performance on the part of the purchaser.

21. IT is understood and agreed that a termination of this agreement shall not release the Purchaser from amounts due under the said agreement either on account of ore mined, timber cut or removed, or balance due upon minimum payments herein set forth, which have accrued previous to the date of said termination.

22. It is further understood and agreed that the owner will cooperate with the Purchaser in securing by location or in any other manner a powersite or sites for the development of hydro-electric power on Constance Creek and/or Dosewallips River, title to be taken or location made in the name of both parties, but wholly at Purchaser's expense, and that upon termination of this agreement - whether upon failure to perform on the part of the purchaser, or otherwise - all rights of Purchaser shall revert to and become the property of the Owner, and Purchaser shall immediately execute whatever conveyance is necessary to vest full title in Owner; but should this agreement be consummated and full purchase price paid, then the Owner shall execute to the Purchaser whatever conveyance is necessary to perfect title to the said site or sites in the Purchaser.

23. The covenants and conditions herein shall extend to and be binding upon the heirs, executors, administrators, successors and lawful assigns of the parties hereto, except that this agreement shall not be assigned by the Purchaser without the written consent and approval of the Owner.

24. IT IS FURTHER UNDERSTOOD AND AGREED that should it be deemed advisable during the time this agreement is in force and effect to locate one or more mining claims or a mill site in connection with the above described property, said location shall be made in the name of the owner and shall be subject to all of the terms and conditions herein set forth, and upon said locations being made, the owner shall immediately execute a deed to the property covered by the same, and deposit said deed in escrow in THE NATIONAL BANK OF COMMERCE of SEATTLE as herein provided for the deed to the hereinbefore described mining claims.

25. IT IS FURTHER UNDERSTOOD that the owner is to continue to occupy the miner's cabin now on the property during the time this agreement is in force and effect.

26. IT IS UNDERSTOOD AND AGREED that this agreement shall terminate 15 years from date hereof should the full payment of the purchase price have not been made prior to that date, and upon such termination of this agreement all payments made by the purchaser shall be forfeited as liquidated damages to the owner and the possession of the said property and all thereof shall be given to the owner, and the purchaser shall remove his personal property in the manner and way and within the time herein set forth in case of an earlier termination and forfeiture of purchaser's rights under this agreement.

EXECUTED in three original counterparts,- one for each of the parties hereto and one for deposit in escrow, as herein provided.

AMERICAN MANGANESE CORPORATION,
a corporation,

By F. A. KARNES /s/
Presidnet.

Attest:

JOHN F. REED /s/
Secretary.

(CORPORATE SEAL)
AMERICAN MANGANESE CORPORATION
Incorporated 1925
Seattle, Wn.

F. H. JARNAGIN /s/

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

September THIS IS TO CERTIFY: That on this 9th day of ~~August~~, 1947, before me, the undersigned Notary Public, personally appeared F. A. KARNES and JOHN F. REED, to me known to be the President and Secretary-Treasurer of the AMERICAN MANGANESE CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NELSON R. ANDERSON /s/
Notary Public residing at
Seattle, Washington.

(NOTARY SEAL)
NELSON R. ANDERSON
NOTARY PUBLIC
Commission Expires
March 1, 1950
STATE OF WASHINGTON

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

AFFIDAVIT OF
JOHN F. REED.

JOHN F. REED, being first duly sworn upon oath, deposes and and says:

That he is one of the Trustees, and Secretary and Treasurer, of the American Manganese Corporation and has been for a number of years last past. That said corporation is the owner and holder of the following described mining property situate in the Mount Constance Mining District (unorganized), Jefferson County, Washington, and described by the official plat and by the field notes on file in the Office of the Register of the Spokane Land District, at Spokane, Washington, as follows, to-wit:

> Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E. 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning,

containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

Affiant further states that there are no liens or encumbrances upon the said property and that application has been made for U. S. Letters Patent for the said property under Survey No. 1259, M. A. No. 020222, District Land Office, Spokane, Washington; that all governmental and other fees in connection therewith have been paid, including the purchase price of the said property to become due the United States upon the issuance of said letters patent.

This affidavit is made in connection with the Application for Aid for an Exploration Project Pursuant to Mineral Order No. 5

Defense Production Act of 1950, to be filed upon application made by M. B. Sheik.

Salem F. Reed

Subscribed and sworn to before me this 25 day of May, 1951.

Walsow R. Anderson

Notary Public in and for the State of Washington, residing at Seattle.

16. History

(a) Little work, other than assessment work was ever done on this property.

(b) None

(c) Report of Amos Slater, E. M., is attached.

Seattle, Wn.

Mr. M. B. Sheik
Brinnon, Wash.

This report covers numerous observations made on the Elkhorn Group and Elkhorn Extension Group of Mining Claims owned by the American Manganese Corporation.

General: The Elkhorn and Extension Group of Mining Claims of the American Manganese Corporation situated in Section 24 Twp. 26 N. Rg. 4 W., W. M. Jefferson County, Washington. These Claims are located on the southern slope of Mt. Constance on the North side of the Dosewallips river. The property may be reached from the Olympic Highway (101) near Brinnon by 7 miles of county road and 6 miles of Forest Service road, a distance of 13 miles.

Topography: The mountain on which the Claims are located rises steeply from the bed of the Dosewallips river and maintains an average slope of 40 to 45° showing a relief from 1000 to over 5000 feet in elevation above sea level. The entire Claim Area is heavily timbered, typical of the Olympic Mountains. The lower reaches is merchantable timber the upper suitable for general mine purposes. Aside from the Dosewallips river, water for general use may be obtained from Miners Creek on the east side of the property and Constance Creek to the West, which flows parallel to the claims the year around and would supply gravity water for mining.

Ore Deposits: Outcrops of manganiferous ore occur at numerous places over the Claims, extending from the Dosewallips river north up the slope of the mountain to elevations above 4500 feet. The ore bodies in general are masked by glacial drift, thinner at the upper reaches and thicker at the lower elevations. Outcrops of ore occur more frequent above the 1500 foot elevation, and indicate three general ore bodies which are called the West, Middle, and East ledges.

The strike of these three bodies is North 10 degrees East, and dip from 70 to 80 degrees from the horizontal. The ore occurs between altered basalt and argillaceous lime containing hematite which gives a red color, a marker for exploration. The West bed or vein is about 20 feet in thickness; the Middle bed from 35 to 40 feet in thickness; the East bed about 20 feet in thickness. Numerous outcrops on the surface from the 1500 foot elevation north to the 5000 foot elevation indicate that there are other ore bodies than the three ledges mentioned above.

The work done in maintaining assessment work necessary to hold the claims has been on outcrops of ore but only in a superficial manner, not sufficient to determine their thickness or to any depth. Such tunnels as have been driven do not cut across the ore bodies much below the weathering of such ore bodies. Most of the

numerous samples have come from weathered outcrops and in my opinion do not give a true value of the underlying ore. As these ore bodies are, more than probably of sedimentary origin and always have the red lime as one wall, this lime strata extending from the Dosewallips river north to the cliffs above the 5000 foot elevation there is a continuity established, but only exploration can determine whether the ore bodies show such continuity. In this connection the surface outcrops of ore do show to a limited extent such a continuity. Only exploration will prove whether the ore is continuous or in lenses along the strike of the measures.

As to the depth of these ore bodies, no work has been done much below the outcrop, hence diamond drilling will be necessary to determine this factor.

Transportation and Power: If at the conclusion of exploration the tonnage as well as grade of ore will warrant an operation, then development will determine extraction tonnage and the transportation to deep water on Hood Canal. Due to difference in elevation between operation at the property and Hood Canal a good road and trucks will be necessary to make the haul of about 13 miles, which will all be down an average 2% grade. Power can be brought in from the main transmission line of the Bonneville Administration at the Olympic Highway, a distance of about 12 miles.

Conclusions: To warrant exploration of these manganese deposits, there is sufficient evidence in the outcrops of the three manganese beds, namely, West, Middle and East ledges with a combined total of 75 feet in thickness and extending for a distance of over 6000 feet, from elevation 1000 feet to 5000 feet above sealevel.

To determine manganese content and depth of the beds sufficient diamond drilling, trenching and sampling will be required. This work when properly carried out will determine the method of extraction, and the equipment necessary for the operation.

There is sufficient water, timber and room for plant layout on the property. Power can be brought in from power line near the Olympic Highway.

If the base of operations is established at the 1200 foot level, it will be ideally situated to extract the ore from all three beds by central haulage tunnel on the Middle bed with crosscuts to the other ore bodies. From the 1200 foot elevation the road can be established on a 2% grade to Tidewater.

Finally in this exploration work will show the tonnage of metallurgical grade ore present as well as lower grades that can be beneficially treated for chemical purposes.

Respectfully submitted

Amos Slater

Dated: May 22,1951. Amos Slater, E.M.-Mining Engineer

M. B. SHEIK

THE EXPLORATION

20. This exploration will be conducted for manganese.

21. The proposed work contemplates diamond drilling:

(a) 1 - 500 ft. vertical hole on each of the three veins of ore.

(b) 1 - 500 ft. horizontal hole on the West vein at the 2300' level.

(c) 2 -600 ft. horizontal holes to crosscut the West vein at a low level.

(d) 2 -600 ft. horizontal holes to crosscut the East vein at a low level

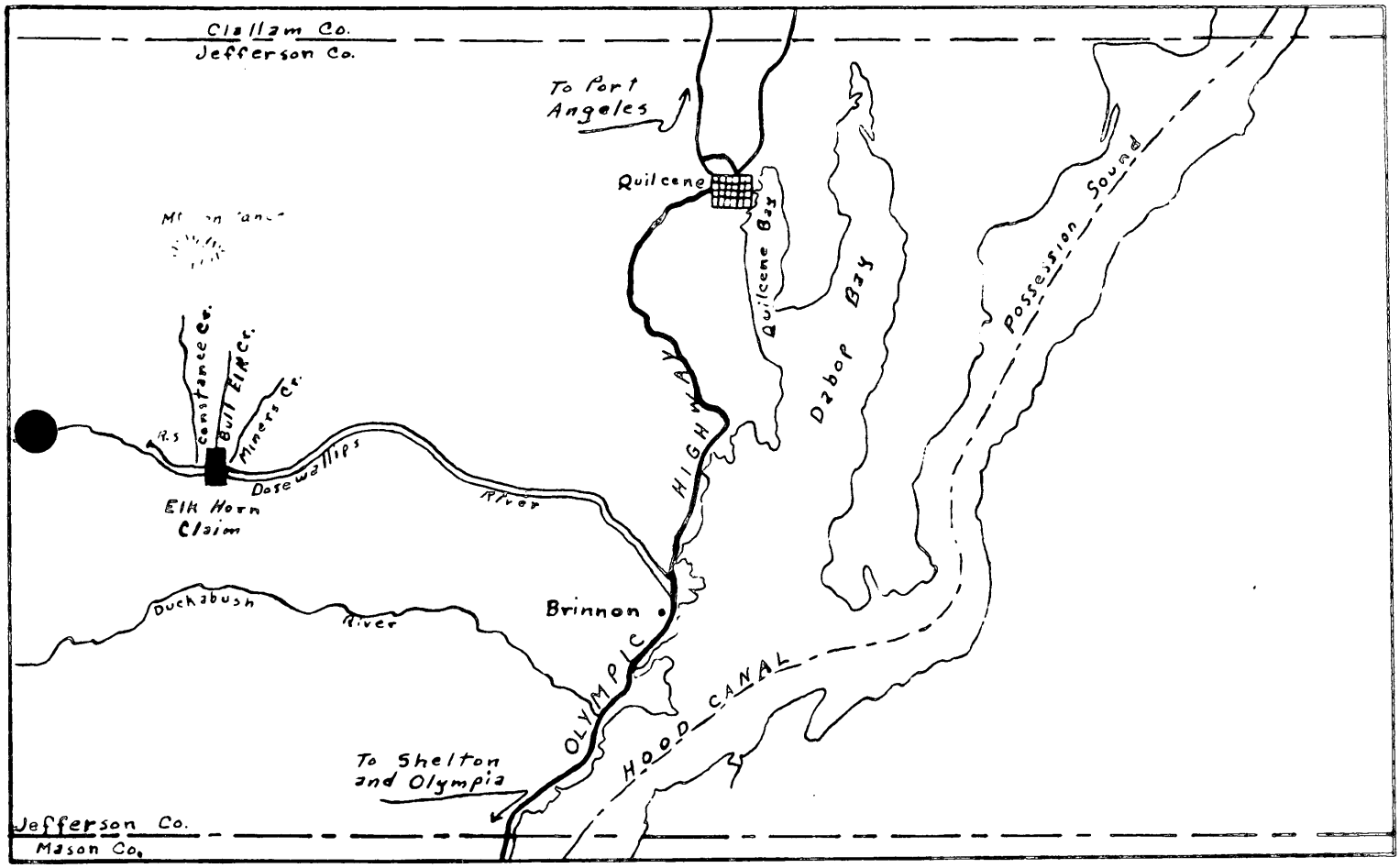
<u>A total of 4400 feet of 1" holes.</u>

(e) The driving of a 5'x7' drift 450 ft. into the East vein at elevation approximately 1625.

(f) The driving of a 5'x7' drift 450 ft. into the Middle vein at elevation approximately 1875.

(g) The surface sampling at existing outcrops, and trenches to be opened, by bulldozer and hand labor at various locations on the three veins.

<u>A total of 45 locations on the three veins.</u>


Clallam Co.
Jefferson Co.
To Port Angeles
Quilcene
Quilcene Bay
Dabob Bay
Possession Sound
Constance Cr.
Bull Elk Cr.
Miners Cr.
Dosewallips
River
Elk Horn Claim
HIGHWAY
Brinnon
Duckabush
River
OLYMPIC
HOOD CANAL
To Shelton and Olympia
Jefferson Co.
Mason Co.

May 22, 1951

ELK HORN GROUP OF MINING CLAIMS

CONSTANCE MINING DISTRICT, JEFFERSON COUNTY

WASHINGTON.

INTRODUCTION: It has been seventeen years since I wrote my first report on this group of claims. I have had the opportunity to make occasional visits to the property and have kept some of the salient facts in mind. This spring the opportunity has been afforded me to go over part of the property and it seems desirable to revise some of the report.

LOCATION: The property may be reached under ordinary conditions by a county and Forest Service road from Brinnon on Hood Canal up the Dosewallips River. Two years ago, due to a flash flood, some of the road has been washed out. It is now under construction. The distance from Hood Canal to the east property line is twelve miles.

The property consists of 28 claims in one block. They have been held by the American Manganese Corporation by virtue of annual assessment work and are now in the process of patenting.

GEOGRAPHY: The general geography of the region is that of a mountain valley with precipitous walls. The relief is rugged and ranges from 850 feet in altitude at the Dosewallips River level to the crest of the claims of 5000 feet elevation. The average slope of the hillside is 30 to 44 degrees with many vertical cliffs.

The topography is the result of mountain building processes that have been sculptured by glacial and stream erosion. The canyons are

F. A. McMILLIN
ECONOMIC GEOLOGIST

very narrow. The glacial valleys are now modified by stream erosion. Because of the steepness of the slope there is very little glacial debris except on the valley floors. The area is well watered and covered by a stand of Douglas Firs with some Cedar and Spruce. The drainage is mainly by creeks originating in high snow fields and occupying the minor canyons. These streams are tributaries to the Dosewallips River. Most of these minor streams are controlled by the general shear pattern of the region and is at right angles to the course of the river.

The rock exposures are mainly confined to the cliff faces. The remainder of the valley sides are covered by off fall from the cliffs and is now resting at the general angle of repose for the particular type of rock.

STRATIGRAPHY and PETROGRAPHY: The stratigraphy of the Olympic Mountains may be started at the canal and progress up the river to the core of the mountains. This is a convenience in layout of the column in the descending order with the older formations on the interior of the mountain area.

The basalts along the canal are probably lower Eocene belonging to the Metchosin volcanic series. Locally these are covered with Puget Sound Glacial drift and recent alluvium. This series rests upon a more steeply dipping basalt series that may correspond to the volcanism incident to the Laramide Orogeny of the Cretaceous. The petrographic study of these rocks so indicate.

These t o series rest upon the more steeply dipping elipsoidal basalt that probably is Franciscan of Jurassic age. In this basalt there are beds of tuff and breccia. The Manganiferous Belt is located in the lower part of this marine basalt. The dip no has reached 82 degrees to the east.

The sequence in original position on this bed was manganese ore, argillaceous lime in which a ferric oxide dust is suspended in various

amounts giving characteristic colors of red and brown. Jasper occurs at local horizons in the form of reddish lenses. The recurrence of beds indicate isoclinal folding with extensive shearing in the red limy argillite. This accounts for local thickening of the red lime beds and for the lime being on the wrong side of the partisular fold.

Continuing down the column, the next is a striking formation of Ellipsoidal basalt in which the ellipsoids may measure as much as eight feet on the long axis and two or three on the short axis. This formation is 3000 feet thick. The ferromanganesium mineral have been altered and leached till the general appearance is a light gray color. Epidote is a common secondary mineral. The rocks as a whole show some development of Chlorite.

The fine grained black shale immediately underlies this ellipsoidal basalt. The shale is at least 1000 feet thick. It has been compressed until it approaches a shist. The bedding plains are probably now represented by the cleavage pattern.

The next formation is 3500 feet of light gray ellipsoidal basalt. The ellipsoids are large. These basalts have been effected by the general shearing movement of the mountain building processes. They are exceptionally well exposed in the canyon of the Dosewallips River near the falls.

From these basalts at the falls until one has reached the summit of the divide at the head of the Dosewallips River in Dose Meadows, the formation is a sequence of argillites, type "Black Shale" and a graywacke type of sandstone.

Fossils have been found that indicate that the age of the shales are Mississippian. However, these fossils were poorly preserved and of a type not commonly used as indexes.

FOLDING and FAULTING: At some time in the late Mesozoic, possibly coincident with the Rocky Mountain orogeny of late Cretaceous times

and continuing into the Tertiary, there were great mountain building processes in the Olympic Peninsula. The forces operating were a domeing force that resulted in the elevation of the mountains, and, also, dragged up the basaltic outer fringe to very steep dips. The characteristic fold of the Manganiferous Belt is very close set isoclinal folds.

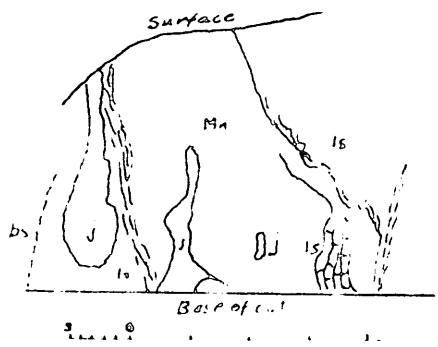
The fault system may be divided into two parts: the east west trending faults and the north south trending shear zones. The east west trending fault is mainly showing by the course of the Dosewallips River. The south block has been displaced to the west. There is a vertical component but the amount has not been ascertained.

The shears follow the manganese beds and the red lime is the incompetent member. Minor Creek and Bull Elk Canyon as well as several small streams paralleling the manganese beds are shear faults.

THEORY OF FORMATION OF THE MANGANESE: The source of the manganese has been the great thickness of ellipsoidal basalt. This basalt shows the type of alteration that would indicate leaching of the iron and manganese minerals. The plagioclase feldspars are much leached; this would give a source of the lime.

The characteristics of the manganiferous minerals are unique in that there is an intimate mixing of quartz and colloidal silica with the iron and manganese. The thing that has brought this to point is that the manganese may be dissolved in dilute acid. True silicates of manganese cannot be so treated.

The ores are primarily oxides in many states of oxidation and hydration. Carbonate and ankerite are present as well as some silicates but the main ore is oxide. The order of deposition is as would be expected from a warm shallow sea. The lack of coarse sediment indicates it is some considerable distance from shore.



Manganese bearing rock
ls = red limestone
bs basalt ; J = jasper
Shearing

Middle bed
Elkhorn Claims Dosewallips
River.

U.S.G.S. Bulletin 931 R Page 451

U.S.G.S. Bulletin 725, Page 326: "There is nothing to suggest that the deposits are related to the intrusive masses, such as are generally thought to be the sources of metalliferous lodes in surrounding regions." - - - - - - "The deposits are thought most likely to be of manganiferous marine sediments greatly altered by regional metamorphism. - - - - - - This is supported by the fact that they are confined to certain sedimentary horizons." J. T. Pardee.

ECONOMICS: There are three beds: east, middle, and west with several lesser beds. The strike is N 10 - 12 E. Dip 70 - 85° E. There have been many samples taken from these manganiferous beds. However, these have not been carefully identified as to location and in many cases they only indicate a nice looking chunk of ore. These samples have run up to a little better than 50 per cent though the most of them have indicated ore of lesser grade.

U.S.G.S. Bulletin 725, Page 229. 1921: "Despite their small production, however, most of the deposits are decidedly interesting and not without future possibilities as profitable sources of considerable manganese." By F. L. Ransome and E. F. Burchard.

U.S.G.S. Bulletin 931-R, Page 452. 1941: "On these claims a great number of manganiferous deposits are known to occur within a small area than anywhere else on the Olympic Peninsula, and these deposits are comparatively accessible by road. Whether or not they have commercial value must remain uncertain until the size and grade of the individual lenses have been determined by further exploration and adequate sampling." By Charles F. Parks.

The claims have in the neighborhood of 75 to 80 outcrops. The exact location and the relation between them have not been established. It is thought that the beds are reasonably continuous even though much of their length is covered with talus. The beds get wider as one goes up the slope. The samples indicate the quality of the ore strengthens as one goes higher.

There are several considerations that have arisen but not answered. Is this increase in width due to the fact that the slope is cutting the ore farther back or is it due to the position in the depositional basin? These can only be answered as the property is developed.

The amount of the ore is very large whether the beds are continuous or are in large lenses. There can be no question but the beds will vary in width as the basin varies in topography.

RECOMMENDATIONS: That all known or found outcrops be sampled being careful to cut the sample so the same amount of the hard ore is taken as there is of the soft red lime.

At the earliest possible time a map should be constructed of all surface outcrops.

By the use of powder clean the faces at the lower outcrop of all three major beds to a distance of at least fifty feet of vertical face, or as near that amount as is practical.

Study the relations of the Miner Creek and Bull Elk Canyons to see if it is possible to economically reach the ore by diamond drilling.

Each vein should be drilled both horizontally and vertically to ascertain as much ore body as possible. The length of these holes should be continued as long as the drill can be kept within the ore bed or to a distance of approximately five hundred feet.

All drill cores should be sampled and analyzed. In all cases keeping a half portion of the core in the core box for future study.

The recommendations will show the extent of the ore and whether it is worth developing into a mining property.

F. A. McMillin

F. A. McMILLIN
ECONOMIC GEOLOGIST

28. The following is a list of analysis of Samples of Manganese ore taken from outcrops at various locations on the Elkhorn group of mining claims. The samples were taken over a period of years by reputable mining engineers and geologists. The analyses of those samples that could be definitely located have been placed on the Claim map and are indicated by an (*) on this chart.

	Mn.	Fe.	SiO_2	S	P	As
* Taken across West vein above tunnel portal	47.59	6.02	11.70			
* Footwall contact West vein above tunnel portal	22.45	27.00	15.36			
* Middle ledge ½ way up Claim No. 6	51.12	10.72	12.80			
* West wall East vein at outcrop	25.65	10.38	24.29			
2000 ft. level open pit Middle ledge 30 ft. ore exposed	43.54	11.04	9.75			
* At 1825 ft. level Middle ledge ore showing 35 ft.	46.71	10.83	15.49			
* East vein at 4200 ft. elevation	43.33	15.24	15.65			
* Middle vein 20 ft. above tunnel portal	38.30	5.99	28.10	0.096	0.041	0.07
* Middle vein 15 ft. above tunnel portal west contact to Middle of vein	40.10	10.6	21.50	0.056	0.037	0.05
* From trench near Discovery Post Claim No. 11	34.60	15.20	20.50	0.249	0.00	
Middle vein footwall	14.27	23.51	16.19			
Middle vein 60' around nose of cliff nr. Discovery Post Claim 7 *	49.36	15.54	17.26			
Various locations (taken by state)	30.90	5.7	35.00			
" " " "	25.30	4.3	39.10			
" " " "	26.40	10.0	23.40			
" " " "	30.00	10.8	14.20			

M. B. SHEIK

THE REQUIREMENTS AND COSTS

M. B. SHEIK

SUMMARY

ESTIMATED COST OF WORK
(See detailed sheets attached)

DIAMOND DRILLING:			
4 holes - 500 ft. ea.	2000 ft.		
4 holes - 600 ft. ea.	2400 ft.	4400 ft. @ 6.00	$ 26,400.00
Contract to Seattle concern			
TUNNELING:			
2 tunnels - 400 ft. ea.		800 ft. @ 30.00	24,000.00
TECHNICAL ASSISTANCE:			
1 - Geologist			
1 - Mining Engineer			
1 - Civil Engineer			
1 - Survey Party			11,800.00
ANALYSIS:			
On diamond drilling at 10 ft. intervals		440 @ $ 10. 4400.00	
On tunneling at 5' intervals		160 @ $ 10. 1600.00	
On surface sampling, 45 locations x 4		180 @ $ 10. 1800.00	
Every 20th sample to be run as a check by a commercial assayer		39 @ $ 17. 660.00	
1 - Assayer			
1 - Sample grinder			8,460.00
SURFACE SAMPLING:			
Labor, supervision, transportation, Tools, powder & supplies 15 locations, 3 veins		45 @ 150.00 ea.	6,750.00
EQUIPMENT RENTAL: (Other than applicant's)			
Bulldozer, cars-track Compressor, Jackhammer, Drifter, Column & Bar, vent Fan			2,000.00
EQUIPMENT RENTAL VALUE (Applicant's)			
1-ton truck to transport crews and supplies -2 shift basis	840.00		
1- Sedan - 1 shift basis	800.00		
1- Complete Assay Plant & Eqpt.	1200.00		
1- Power Unit for Vent Fan	180.00		3,020.00
FUEL & LUBRICANTS			1,200.00
WATER & AIRLINES			1,500.00
MOVE-IN - MOVE-OUT			1,000.00
SMALL TOOLS & SUPPLIES (expendible)			1,000.00
TOTAL ESTIMATED COST OF PROJECT			87,130.00

23. LABOR

(a) (1) Tunnels - on two shift basis, 2 tunnels simultaneously.

4 Miners 85 shifts @ $2.00 hr. 85x4 = 340 x $16.00		$ 5440.00
4 Muckers 85 shifts @ 1.75 hr. 85x4 = 340 x 14.00		4760.00
4 Laborers: cut timber, lay water lines etc. 30 shifts @ 1.75 hr 120 x 14.00		1680.00

(2) Surface Samples

4 hand drillers & samplers 90 shifts @ $2.00 hr. 360 x 16.00		5760.00
Dozer operator @ $2.35 hr. 40 shifts		752.00
Truck Driver @ 1.75 hr. 202 shifts @ 14.00		2828.00
General labor @ 1.75 hr 40 shifts @ 14.00		560.00
Assayer 5 months @ $450. Mo.		2250.00
Sample Grinder 105 shifts @ 1.50 hr.		1260.00
Direct labor		25,290.00
Taxes and insurance		2,705.00
Necessary to furnish board and lodging because of isolated location 1908 man days @ 5.00 (present rate)		9,540.00
TOTAL DIRECT LABOR		$ 37,535.00

23 (b) SUPERVISION

1 - Superintendent 6 mos. @ $750	4500.00			
Taxes and Ins.	250.00	4750.00		
Board & Lodging @ 150. mo.		900.00	5650.00	
TECHNICAL ASSISTANCE (Professional Services)				
1 - Geologist (field & office) 3 mo. @ 900.00		2700.00		
1 - Mining Engineer" " 3 mo. @ 900.00		2700.00		
1 - Civil Engr. & Party 1 week (contract)		750.00	6150.00	
Outside Accounting & Stenographic Services (contract) 6 mos. @ 300.00		1800.00		
Drafting, Mapping, preparing special Reports, partial contract (est.)		1375.00	3175.00	
TOTAL SUPERVISOR AND SPECIAL SERVICES				$ 14,975.00

M. B. SHEIK

23 (f)	EQUIPMENT RENTALS (other than applicant's)		
	1 - D4 Bulldozer & Compressors 40 days @ 30.00	1200.00	
	Mine cars & Track 4 mos. @ 75.00	300.00	
	Ventilating Fan 4 mos. @ 25.00	100.00	
	Air & water pipe 4 mos. @ 100.00	400.00	2000.00
23 (g)	EQUIPMENT VALUE (Applicant's)		
	1 - 1-ton truck 6 mos. @ 140.00	840.00	
	1 - 4-door Sedan 6 mos. @ 133.33	800.00	
	1 - Complete Assay Plant 6 mos. @ 200.	1200.00	
	1 - Gasoline Power Unit (Vent fan) 6 mos. @ 30.00	180.00	3020.00
23 (h)	MATERIALS & SUPPLIES		
	Fuel & Lubricants	1200.00	
	Small tools, powder & accessories, Spikes, core boxes, lumber, ties, assay chemicals	1000.00	2200.00
23 (i)	MOVE-IN -- MOVE-OUT		1000.00
	SUB-TOTAL EQUIPMENT RENTALS, EQUIPMENT VALUE MATERIALS & SUPPLIES, MOVE-IN-MOVE-OUT		$ 8,220.00

24 TIME SCHEDULE

		Expenditure
1st month	- Begin all phases of work	$ 9,000.00
2nd "	- Continue all phases of work . . .	14,000.00
3rd "	- Continue all phases of work; Complete surface sampling	20,000.00
4th "	- Continue Diamond Drilling and Tunneling	15,000.00
5th "	- Continue Diamond Drilling and Tunneling	15,000.00
6th "	- Complete Project	14,130.00
		$ 87,130.00

M. B. SHEIK

STATEMENT BY LANDLORD

RE

SUBORDINATION AGREEMENT

Seattle, Wash., May 25, 1951.

Mr. M. B. Sheik,

Seattle, Wash.

Dear Mr. Sheik:

This is to assure you that in event your application for Aid for an Exploration Project Pursuant to Order 5 under the Defense Production Act of 1950 receives favorable consideration, and an agreement is entered into between the Defense Mineral Administration and yourself, that the undersigned will sign and execute the necessary subrogation agreement required in connection therewith.

The above has application to the Aldhorn mining property described in the Optional Agreement of Purchase of the mining property, dated September 9, 1947, a copy of which has been furnished you to accompany your application.

Very truly yours,

F. N. Jarnagin

F. N. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

AMERICAN MANGANESE CORPORATION

By John F. Reed

Secy.-Treas.

Owner of the mining property for which for U. S. Letters Patent is now pending under Survey No. 1259, L. M. No. 020222, District Land Office, Spokane, Washington.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMA 1491X

Date received 6-1-51

Participation

[redacted]
[redacted]
[redacted]

Name and address of applicant

Date [redacted]

FILL IN THIS BLOCK

Date of application [redacted]

Estimated cost $87,130.00

Mineral or metal [redacted]

Percentage of Government participation 75%

Location of mine On the south slope of Mt. Constance 14 miles from Brinnon, Washington, up the Dosewallips River.

Date of filing MF-100

DMA Docket Number, if available 1491X

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation? An individual.

*2. If a partnership, state names and addresses of partners.

*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.

*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project. See appendage attached.

*5. Are you the owner or the lessee of the property? No. See appendage attached.

6. If owner, state what claims, liens, or encumbrances, if any, are against the property. See owner's statement attach.

7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement. (Attached)

9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)? See appendage attached.

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 1 - 1951
LANDON F. STROBEL
Executive Secretary

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property. See appendage attached.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any. New Elkhorn Group of Claims, Elkhorn Group
*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads. See attached.
*13. State source and quantity of water available for operations and its sufficiency at all seasons. See attached.
State amount of power to be used, rate per hour or other cost, and source. See attached.
*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work. None exists - none required.
15. State in detail how the ore could be shipped and how and where milled. See attached.
*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations. See attached.
    (*b*) State briefly the known history and production of adjoining and neighboring properties. None
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations. See reports attached.
*17. Production:
    (*a*) If mine is in production, furnish the following information: A prospect, not in production.

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.
19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions. See attach.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted? See attached.
21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it. See attached.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.
22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data. See attached report & map.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each. See attached.
    (*b*) Supervisors, by numbers and positions, with salaries of each. " "
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings. None
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings. None
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each. None
    (*f*) Cost of rental for equipment which the operator proposes to rent. See attached.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work. See attached.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each. " "
    (*i*) Cost of power, water, utilities, and any other items not provided for above.
24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent. See attached

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

An Individual
(Name of company)

By M. B. Sheik
(Signature of authorized official)

May 25, 1951
(Date)

(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

May 25, 1951

Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Gentlemen:

This application for aid to explore the Elkhorn Group of Mining Claims, located in Jefferson County, State of Washington, for Manganese, is furnished you herewith in quadruplicate.

The applicant has, for the past two months, been prosecuting this work with personal funds to the extent of $15,000.00 and expects to continue until July 1, 1951.

Work has progressed sufficiently to indicate that this property has great possibilities; however, additional funds will be required over and above my ability to provide, if the property is to be thoroughly prospected and proven.

It has been the opinion of competent Geologists and Mining Engineers for the past twenty years that an enormous tonnage of high grade ore, easily mined and reasonably accessable to both water and rail transportation, exists in this deposit. It is the general concensus that this can be established in six months time, if financial assistance can be readily made available.

This presentation is submitted for your consideration.

Yours very truly

M B Sheik

M. B. Sheik

MBS:D
Encls.

M. B. SHEIK

THE APPLICANT

M. B. SHEIK

(4) EXPERIENCE

a. Mining and General Business

Two years underground in hard rock mines as mucker, machine man, timberman, head sampler and shifter.

Thirty years in heavy general construction work both domestic and foreign, covering highway, dam and irrigation, railroad, hydro-electric, quarrying and breakwater, bridge building, cement mill, steel mill, coal mine, iron ore mine, dock and wharf, complete Naval installations on outlying Pacific Islands. Individual unit costs of contracts ranged from five thousand dollars minimum to two hundred thirty six million dollars maximum.

Positions held were from mule skinner, to foreman, to Superintendent to Project Manager, to General Manager to Contractor.

Principal employers were: Utah Construction Company, Henry J. Kaiser, Morrison-Knudsen Co. and Columbia Steel Co., Defense Plant Division. Personally supervised over four hundred million dollars of various work.

Presently actively engaged in general contracting business in the various Hawaiian Islands, with headquarters in Honolulu and currently doing approximately three quarters of a million dollar annual business.

b. The investigation and prospecting of this property is being and will continue to be directed by myself, assisted by the following persons presently employed by me:

(4) Experience (cont'd) -2

(I) Prof. F. A. McMillin, Consulting Geologist and Head Geologist, College of Puget Sound, Tacoma, Washington.

(II) Amos Slater, E. M., Mining Engineer, 710 Summit No., Seattle, Washington, who has for many years specialized in Olympic Peninsula manganese investigations.

(III) Wayne C. Harrigan of Harrigan Associates. Surveyors and Engineers and U. S. Mineral Surveyor, Bureau of Land Management, Department of the Interior, Seattle, Washington.

(IV) LaFay Pace, Field Supt., who for 35 years has supervised many prospecting, tunneling and excavation projects.

5. Neither owner nor lessee. Have option to purchase the mineral rights of this group of claims on a conditional sales contract basis.

6. Attached is owners affidavit that no liens or encumbrances are against the property.

7. Attached is copy of option to purchase with an extension thereto;

   a. Also attached is copy of agreement between American Manganese Corporation and F. N. Jarnagin of Port Angeles, Washington, covering their sale of the property to him.

8. Attached is financial statement and profit and loss statement as of April 30, 1951.

9. Twenty five thousand dollars additional to that expended to date. This amount is in excess of one quarter of the estimated amount to perform the work, as detailed in question No. 23 of the application form.

10. (a) The mining property is situated in the Mount Constance Mining District (unorganized), Jefferson County, Washington and described by the following plat and the field notes on file in the office of the Registrar of the Spokane Land District, at Spokane, Washington, as follows; to-wit:

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII

P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728

MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

HONOLULU, HAWAII -
FINANCIAL STATEMENT
AS OF APRIL 30, 1951

A S S E T S

CURRENT ASSETS:			
Cash in Bank of Hawaii, Honolulu, T.H.	10,870.40		
Cash in Bishop Bank " "	1,000.00		
Cash in Bishop Bank, Hilo, "	40,088.72		
Cash in National Bank of Commerce, Seattle, Washington	5,770.50	59,729.62	
Petty Cash		100.00	
Tanks in Los Angeles (prepaid)		5,460.00	
Accounts Receivable from Territory of Hawaii		4,711.58	
Employees Advances		1,004.36	
Prepaid Deposit		5.00	
Prepaid Const. Insurance		1,216.00	
Life Insurance (Cash surrender value)		8,250.00	
TOTAL CURRENT ASSETS			$90,478.58
FIXED ASSETS:			
Machinery & Equipment	118,455.22		
Less Reserve for depreciation	21,424.89	97,030.33	
Furniture & Fixtures (office)	3,000.37		
Less reserve for depreciation	1,557.38	1,442.99	
Real Estate	40,000.00		
Less reserve for depreciation	10,000.00	30,000.00	
Material on consignment in Glendale, Calif. & New York		15,000.00	
FIXED TOTAL ASSETS			143,503.32
TOTAL ASSETS			$ 233,979.88
LIABILITIES:			
Accounts Payable	3,226.93		
Wages & Taxes Payable	230.00		
Taxes & Fees Payable	260.72		
Mortgage on Real Estate	7,800.00		
TOTAL LIABILITIES			11,517.65
NET WORTH			$ 222,462.23

Dated May 22 1951

M. B. SHEIK

By M. B. Sheik

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
[illegible]LE ADDRESS:
[illegible]K—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

PROFIT AND LOSS STATEMENT ON CONTRACT OPERATIONS
April 30, 1951

A S S E T S

CURRENT ASSETS:			
Cash in Bishop Bank, Hilo, Hawaii	$49,083.72		
Cash in Bishop Bank, Honolulu, "	1,000.00	50,083.72	
Petty Cash		100.00	
Washington Operations		13,983.49	
Los Angeles Tanks (prepaid)		5,450.00	
Accounts Receivable		4,711.58	
Prepaid Deposit		5.00	
Prepaid Insurance		1,216.00	
TOTAL CURRENT ASSETS			$ 70,519.15
FIXED ASSETS:			
Machinery & Equipment	45,385.22		
Less reserve for depreciation	21,424.89	23,960.33	
Furniture & Fixtures	1,000.37		
Less reserve for depreciation	557.38	442.99	24,403.32
TOTAL ASSETS			$ 100,992.47

LIABILITIES & CAPITAL

CURRENT LIABILITIES:			
Accounts Payable		3,226.93	
Wages & Taxes payable		230.00	
Taxes & Fees payable		260.72	
TOTAL CURRENT LIABILITIES			3,717.65
CAPITAL:	26,215.07		
Withdrawals	27,500.00		
TOTAL CAPITAL			- (1,284.93)
DEFERRED CAPITAL:			
Paid for Contracts		507,132.41	
Cost of Contracts		508,643.68	
DEFERRED PROFITS			99,559.76
TOTAL LIABILITIES & CAPITAL			$100,992.47

12. The property is located on the south slope of Mount Constance 13 miles west of Brinnon, Washington. It is reached from U. S. Highway 101, a paved road which encircles the Olympic Peninsula, by seven miles of county gravel surfaced road and six miles of Forest Service road. About three miles of Forest Service road is presently under reconstruction. Neither of these pieces of roads were designed for any heavy hauling. The Forest Service road is in good condition as to gravel surface and drainage. The Forest Service road is very narrow, with three miles never having been graveled. The upper two miles are on approximately 15% grade with occasional turnouts. It would be necessary to realign and reconstruct this road sufficient to permit the hauling of heavy loads.

Brinnon (unincorporated) consists of only one combination store and Post Office and a few scattered houses, with one small grade school. The town of Quilcene (population 600) is 14 miles north of Brinnon on Highway 101 and the town of Port Townsend (county seat) is beyond Brinnon 85 miles. Port Townsend, a deep water port, is also served by a railroad car ferry system from Seattle.

The town of Shelton Washington is 44 miles south of Brinnon, Washington on Highway 101 and is served by the Northern Pacific Railroad.

10.(a) cont'd.

Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears south 63°14' E. 1230.89 ft. dist.; thence N. 10°15' E. 3000 ft.; thence west 2400 ft.; thence S.10°15'W., 3000 ft.; thence south 1500.00 ft.; thence west 1800.00 ft.; thence south 1500.00 ft.; thence East 5400.00 ft.; thence north 3000.00 ft.; thence west 1200.00 ft.; to a point of beginning;

containing 440 acres, and forming one contiguous group of claims in

Section 19 (approx), Township 26 North, Range 3 West (unsurveyed);

Sections 13 and 24 (approx), Township 26 North, Range 4 West; (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

13. Water is available from Miners Creek which originates at approximately 5000 ft. elevation and flows parallel to and thru a part of the property on the East side, while Bull Elk Creek, a larger stream, flows thru the entire length of the property on the west side. Both of these streams flow the year around and ample water for all purposes is available on a gravity basis. In addition the Dosewallips river flows thru the property and carries a large volume of water throughout the year.

15. Ore from this property would be transported from mine to tide water, a distance of approximately 14 miles by truck. The present county road of 7 miles and the Forest Service road of 6 miles are not adequate for trucking except on a very small scale. It would be necessary to widen and realign the entire distance and build a road that would stand up under heavy loads. A grade of approximately 8% in favor of the loads could be laid out without any serious difficulties, a large portion of which would be thru Forest Service property.

Deep water exists quite close to shore in the area near Brinnon and the terrain is ideal to construct ore pockets instead of bunkers, from which to load cheaply any ocean-going vessels at a dock to be constructed in that vicinity. The Chicago, Milwaukee & St. Paul Railroad operates a car ferry service between Seattle and Port Townsend and this service could be extended to Brinnon, about the same distance from Seattle as Port Townsend, where railroad cars could be loaded alongside the dock by the belt conveyors without being removed from the car ferry. This ferry could connect with their lines at Seattle, Tacoma and Olympia and thus place all shipments on rail if at any time ships were denied the use of the high seas.

20. (cont'd)

Should it prove desirable to beneficiate any ore or produce ferromanganese, large acreages of cheap land on the Dosewallips River adjoin Brinson and the Bonneville Power line passes over this area.

21. Continue the surface sampling across the East, Middle and West veins at existing outcrops and trenches to be dug by bulldozer and hand work, ranging in elevation from 1200 ft. elevation to the 5500 ft. elevation and comprising a total of 45 locations on the three veins. Make analysis of these samples in 5 foot intervals at each location to require 180 analyses of the surface samples. Split the diamond drill cores in half crushing and analyzing each 10 foot section, estimated to require 460 analyses. Take a tunnel sample in the face of each 5 ft. round for a total of 160 samples or a grand total of 780 analyses.
Run the entire 780 samples for Mn.
All samples running 35% Mn or over will, in addition, be run for Fe, SiO_2, Al_2O_3, P, Cu plus Pb + Zn.

It is estimated that it will require 130 working days or 26 weeks after funds are received to complete the proposed work.

OPTIONAL AGREEMENT TO PURCHASE.

THIS AGREEMENT, made and entered into at Seattle, Washington this 15th day of January, 1951, by and between F. H. JARNAGIN, of Port Angeles, Washington, herein designated the "SELLER", and M. B. SHEIK, herein designated the "PURCHASER".

W I T N E S S E T H :

WHEREAS, the Seller holds an optional agreement of purchase to a group of mining claims known as the Elkhorn Group, located on the south slope of Mt. Constance, Dosewallips River, Jefferson County, Washington, which said claims have been surveyed for U. S. Letters Patent, and application for letters patent of the United States are now pending in the U. S. District Land Office, Spokane, Washington as Survey No. 1259, M. A. No. 020222, the survey and correct description of which said property is on file in the said proceedings for U. S. Letters Patent; and

WHEREAS, the Purchaser desires to obtain all mineral rights of the Seller in the said property for the purpose of operating and mining the said property, particularly for the extraction benefication and sale of the manganese ore contained therein, and desires an option extending from date hereof until April 1, 1951 to determine whether or not he will want to undertake the operation and mining of the said property.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, it is agreed:

I. That the Seller will, and by these presents does, agree to assign to the Purchaser all of his mineral rights contained in his optional agreement of purchase for the above mentioned mining claims, dated September 9, 1947, executed by the American Manganese Corporation to the said Seller as purchaser therein, the said contract containing a description of the mining claims as originally located, but the

correct description of which is contained in the application for U. S. Letters Patent above set forth.

II. That for said option the Purchaser agrees to pay the Seller the sum of $530,000.00, said payment to be made at the time and in the manner set forth in the Seller's Optional Agreement of Purchase with the American Manganese Corporation, except at a rate of $1.50 per ton.

III. The Purchaser shall have the right to use such timber now standing on the said property as is requisite, necessary and useful in the mining operations; all timber, surfact and other rights are reserved by the Seller.

IV. The Purchaser agrees to observe and perform all of the other terms and agreements of the Seller's optional agreement of purchase with the American Manganese Corporation.

V. The Seller is to obtain from the American Manganese Corporation a modification of his agreement in the specification of the long ton of 2,240 pounds in the place and stead of a short ton of 2,000 pounds therein specified, as a basis of the sale price of the manganese ore, and to obtain from the American Manganese Corporation itsapproval and ratification of this assignment.

VI. The Purchaser is to notify the Seller immediately upon his acceptance of the terms and conditions of this agreement, and if he accepts the same that he will immediately within 15 days after April 1, 1951, begin operations upon the said property and will diamond drill at least 3,000 feet for the purpose of determining the ore values of the said property, said work to be continuous until the above number of specified feet shall have been drilled, and in any event to be completed on or before September 1st, 1951, and the obligation to perform said diamond drilling is a part of the consideration for this option.

VII. Upon the completion of the diamond drilling outlined in the preceding paragraph Purchaser shall have the right on or

before September 15th, 1951, to notify the American Manganese Corporation and the Seller in writing of his decision to withdraw from and abandon this agreement, in which event all his rights hereunder shall terminate, his contributions and work shall stand forfeited to Seller in lieu of liquidated damages, and he shall have no further obligations hereunder; whereupon possession of the property shall revert to the Seller.

IN WITNESS WHEREOF, the parties have hereunto set their han ds and seals in triplicate this 15th day of January, 1951.

F. H. JARNAGIN
SELLER.

M. B. SHEIK.
PURCHASER.

The AMERICAN MANGANESE CORPORATION hereby ratifies and approves the foregoing Agreement this 15th day of January, 1951.

AMERICAN MANGANESE CORPORATION

By F. A. KARNES
President.

By JOHN F. REED
Secretary.

Seattle, Wash., May 24, 1951.

Mr. E. B. Sheik,

Seattle, Wash.

Dear Mr. Sheik:

In view of the fact that you are making application for aid for an exploration project pursuant to Mineral Order 5 under Defense Production Act of 1950, and that in all probability more time will be required to economically explore the said mining property than the time specified in the Optional Agreement of Purchase given to you under date of January 15, 1951 by the undersigned, and approved by the American Manganese Corporation, and desiring to assist you and the Government in every possible way and to have the money expended in the most advantageous and economical way to advance the mobilization of the defense effort, I hereby agree to extend the time limits in your said Optional Agreement of Purchase under paragraphs VI and VII of the said agreement for a period of nine months from the limitation dates therein specified, to-wit: September 1, 1951 and September 15, 1951, fixing July 1, 1952 and July 15, 1952 as the dates of termination of the said agreement.

Very truly yours,

F. H. Jarnagin

F. H. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

The American Manganese Corporation hereby ratifies and approves the offer of F. H. Jarnagin as set forth in the foregoing letter.

[illegible]

By John F. Reed

Secretary-Treasurer.

(COPY)

OPTIONAL AGREEMENT OF PURCHASE

THIS AGREEMENT made at Seattle, Washington, this 9th day of ~~August~~ September, 1947, by and between the AMERICAN MANGANESE CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of Washington, with its principal place of business in the city of Seattle in said State, hereinafter designated as the Owner, and F. H. JARNAGIN, of Port Angeles, Washington, hereinafter designated as the purchaser, WITNESSETH:

WHEREAS, the owner has located, maintained and is now the owner and in possession of several unpatented mining claims hereinafter described, containing valuable deposits of manganese ore, and desires to sell the same, and

WHEREAS, the purchaser desires to purchase the said property and the terms and conditions of the purchase have been orally agreed upon, and

WHEREAS, it is the desire of both parties that a formal written agreement of the terms and conditions of the said purchase be executed,

NOW, THEREFORE, for and in consideration of the sum of Five Thousand ($5,000.00) Dollars in hand paid to the owner by the said purchaser, receipt of which is hereby acknowledged, and for the further considerations hereinafter stated, the said owner agrees to sell to the said purchaser all the right, title and interest which said owner has in and to those certain lode mining claims on the South slope of Mount Constance on the Dosewallips River in Jefferson County, State of Washington, known as the NEW ELKHORN GROUP OF CLAIMS, and more particularly described as follows, to-wit:

(Since the execution of this Optional Agreement September 9, 1947, the above named group of mining claims have been surveyed by Deputy United States Mineral Surveyor under Order for Mineral Survey dated April 7, 1948, establishing the description of the said mining claims for the purpose of application for United States Letters Patent under Survey No. 1259 M.A. No. 020222, District Land Office, Spokane, Washington, establishing the following description):

Commencing at Corner No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E., 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning, containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

Location notices are recorded as follows:

Claim No.	Located.	Date Filed.	Recorded in Volume of Mining Records.
1	July 23, 1928.	August 8, 1928.	8 page 10
2	July 23, 1928.	August 8, 1928.	8 page 11
3	July 23, 1928.	August 8, 1928.	8 page 12
6	July 24, 1928.	August 8, 1928.	8 page 15
7	July 24, 1928.	August 8, 1928.	8 page 16
8	July 24, 1928.	August 8, 1928.	8 page 17
9	July 25, 1928.	August 8, 1928.	8 page 18
10	July 25, 1928.	August 8, 1928.	8 page 20
11	July 25, 1928.	August 8, 1928.	8 page 20
14	July 26, 1928.	August 8, 1928.	8 page 23
15	July 26, 1928.	August 8, 1928.	8 page 24
16	July 26, 1928.	August 8, 1928.	8 page 25
17	July 27, 1928.	August 8, 1928.	8 page 26
18	July 27, 1928.	August 8, 1928.	8 page 27
19	July 27, 1928.	August 8, 1928.	8 page 28
20	July 27, 1928.	August 8, 1928.	8 page 29
21	July 27, 1928.	August 8, 1928.	8 page 30
22	July 28, 1928.	August 8, 1928.	8 page 31
23	July 28, 1928.	August 8, 1928.	8 page 32
25	July 30, 1928.	August 8, 1928.	8 page 34
26	July 30, 1928.	August 8, 1928.	8 page 35
27	July 30, 1928.	August 8, 1928.	8 page 36

1. That the total purchase price of the said property to be paid to the Owner by the Purchaser is the sum of Three Hundred and Fifty Thousand ($350,000.00) Dollars, payable at the rate of $1.00 per ton as ore is mined and removed from the said property, or treated or milled on the said property, or in any manner reduced to commercial value upon the said property during the preceding calendar month.

2. The Purchaser is to furnish the Owner on the 15th day of each calendar month a statement of the number of tons of ore sold, mined, removed, milled, treated, or otherwise reduced to value, for which payment is to be made on the 20th day of each calendar month, as above set forth. By a ton of ore herein referred to as the unit upon which payment is based is meant 2,000 pounds of ore as mined. The said ore is to be weighed, or its weight determined in some other manner to be agreed upon to the parties in event scales for weighing said ore are not available.

3. Should the purchaser, through an agreement for the operation of the said mining property be able to sell the said ore for an amount in excess of $1.00 per ton, then and in that event the Purchaser is to pay the Owner 50% of the amount so received in excess of the $1.00 per ton, said payment to be made at the time and in the manner as hereinabove set forth, and said additional payment is also to apply on purchase price.

4. The purchaser shall do and perform all work on the said property in a good workmanlike and minerlike manner, with due regard to the conservation and development of the said mine. All shafts, tunnels, drifts and other underground workings henceforth to be constructed and capable of further use shall be kept free and clear from debris, and at all times and at all places in said mine when and where necessary, the purchaser shall keep the same properly timbered to prevent caving. Waste shall be avoided, and any excessive waste or any work leading to unreasonable injury to the property may be restrained by the owners or their agents by appropriate proceedings either at law or in equity, but purchaser may selectively mind the property and freely choose the places wherefrom ore is to be taken and after mining, make such further election and segregation of material as purchaser may determine, however, preserving in a separate dump upon the property any discarded manganiferous material.

5. The said purchaser shall have the right and privilege, and the said owner does hereby grant to it, its agents, employees and representatives, the right and privilege to enter upon the above described mining claims and every part thereof, to work and operate the same for the purpose of mining, extracting, shipping, selling, treating or reducing to commercial value manganese ore contained on the said property, subject to the terms and conditions of this agreement, as herein set forth, and the purchaser

agrees to mine and remove, or otherwise reduce to commercial value, not less than 5,000 tons of ore per year from the said property. In event 5,000 tons of ore shall not have been mined and removed, or reduced to commercial value on the property during any one year, then and in that event the purchaser shall pay to the seller the sum of $5,000,or such sum as shall be necessary to make the total amount paid by the purchaser to the seller of $5,000 yearly. For the purpose of this agreement, the year is to begin August 1 and end July 31 each year. However, the first yearly minimum payment is to become due July 31, 1949.

6. For the protection of the said property and the interests of the seller and the purchaser therein, the purchaser agrees at his own expense to keep one man on the property continuously, or as continuously as it is practicable so to do.

7. The purchaser shall bear wholly and solely all expenses of every kind and nature whatsoever incurred in working, operating and developing the said property and in assaying and treating the ore as contemplated herein, and shall not suffer or permit any liens to be maintained against the said mining property or otherwise permit indebtedness to accrue against the said property for which the owner might or could become liable. But the purchaser shall not be liable for any previous obligations or debts or agreements of any kind and nature whatsoever that the owner may have incurred previous to this agreement.

8. During all of the time that this agreement shall be in force and effect, the owner shall have the right and privilege to have continuously kept posted in a conspicuous place or places on the said property, notices in writing, or printed notices, reading to the effect that the work and development being done on said property, or any improvements being placed thereon, is being done wholly and solely at the expense of the said purchaser, and stating that the owner will not be responsible for any indebtedness for labor, materials, or otherwise, or at all, created by said purchaser, or its assigns, in connection with the work and operation on said property.

9. As a further consideration for the purchase of the said property, and in addition to the work heretofore mentioned, the purchaser agrees to make all required improvements upon the several mining claims in addition to the work done and the improvements made by the owner of the said claims to complete the work and improvements required for the patenting of the several mining claims, and to cause said claims to be surveyed by a competent duly licensed United States Mineral Surveyor, or his deputy, and to take all necessary steps for the purpose of securing United States Letters Patent to the land covered by the said claims, and to pay all expenses of every kind and nature in connection therewith, including the payment of such sum or sums as shall be required by the laws of the United States of America for the issuing of Letters Patent to be taken out in the name of the owner, said work to be begun forthwith and to be continued as rapidly as

possible until said Letters Patent of the United States shall have been issued. All steps taken by the Purchaser in connection with the patenting of the said claims, including the employment of a mineral surveyor to survey the said claims are to be approved by the Owner or its authorized agent.

10. The Purchaser shall have the right to cut and use in connection with the said mining operations such timber as shall be suitable and necessary, but until such time as the purchase price shall have been fully paid, no timber suitable for mining operations shall be cut and removed from the said property. After Letters Patent of the United States shall have been issued to the said property, timber not suitable or required in the mining operations of the said property, may be cut and removed or sold by the Purchaser upon paying the Owner the sum of $6.00 per M, pursuant to Scribner's Decimal "C" Scale as determined by the Puget Sound Scaling Bureau; and all sums so paid shall be applied upon the purchase price of the said property. By "mining timber" is meant all usable timber having a maximum diameter of ten (10") inches at the butt (all larger timber shall not be considered mining timber).

11. The agent of the Owner, or his representative authorized in writing, may enter upon the said property and all parts thereof for the purpose of inspection; may sample the ore bodies and the ore mined, and for such purpose may use all means of ingress or egress, all, however, without unreasonable interference in the mining or other operations being conducted on the said property.

12. During the time that this agreement is in force and effect the purchaser agrees to do and perform all annual labor required by law upon each of the said mining claims

for the year beginning July 1, 1947, and all subsequent years, and the purchaser shall also cause to be recorded proof of said annual labor in the form, manner and within the time required by law applicable thereto, in the name of the owner,- the said annual assessment work to be completed for the current year by the first day of December and by the first day of December of each and every year that the purchaser is in possession of the said property under this agreement. In the event the said work shall not have been done or provided for to the satisfaction of the owner for any year by the first day of December, then the owner shall have the right to do and perform the said assessment work,- entering upon the said premises for said purpose,- and the failure of the purchaser to do and perform all of the said required assessment work shall work a termination and cancellation of this agreement. The purchaser further agrees to pay all taxes and governmental charges of every kind and nature levied against the said property and upon the improvements and extracted ore thereon before the same shall become delinquent.

13. The purchaser shall keep full, complete and accurate books of account showing the amount in short tons of 2000 lbs. of all ore mined, shipped and removed from the said property, or mined and treated, or in any other manner reduced to commercial value,- the said ore to be weighed by the purchaser or its weight determined in some other manner satisfactory to the owner, and the purchaser shall furnish the owner on or before the 15th day of each and every calendar month with a complete record of all ore mined and shipped, or smelted, or in any other way reduced to commercial value during the

preceding calendar month, and such books of account shall be open to the inspection of the owner or its duly authorized agent at all reasonable times.

14. That the purchaser in all his mining, smelting or other operations conducted under the terms of this agreement shall carefully keep and observe all laws of the United States and of the State of Washington.

15. As a part of this agreement the owner is to execute and deliver to THE NATIONAL BANK OF COMMERCE OF SEATTLE, WASHINGTON, a good and sufficient deed to the purchaser or his assigns, conveying to such grantee clear possessory title of all interest of the said owner to all of the mining claims in this instrument described, and shall deposit with the said deed in escrow a copy of this agreement, and said deed shall be held in escrow strictly in accordance with the terms of this agreement and upon full payment of the total purchase price herein stated said bank shall deliver said deed to said purchaser, his assigns or designated grantee,- otherwise, and in event of a breach of any condition in this agreement contained, resulting in a termination and cancellation of this instrument, such deed shall by said bank be returned to the owner.

16. During the time that this agreement is in force and effect, the purchaser shall furnish the owner with copies of all mining reports, reports of engineers and assayers, and other data showing the size, condition and character of the ore bodies and any and all information obtained by the purchaser of value and interest to an owner and operator of the said property.

17. It is further agreed between the parties hereto that time is of the essence of this agreement, and that any failure and neglect on the part of the purchaser or his assigns to make the cash payments at the time and in the manner herein provided, or to furnish the owner with the weights or tonnage of the ore, removed or treated, at the time and in the manner herein provided, and/or the failure on the part of the purchaser to do the required assessment work at the time specified herein, shall work a termination of this agreement at the election of the owner, and such termination shall work a forfeiture as hereinafter provided.

18. IT IS ALSO FURTHER AGREED AND UNDERSTOOD that, excepting violations of this agreement hereinbefore mentioned, all other violations of the terms, covenants and conditions of this agreement shall also work a forfeiture and termination at the election of the owner, but in such event the owner shall deliver by agency of registered mail to the purchaser at Port Angeles, Washington, a notice of the delinquency and setting forth clearly the grounds for such intended forfeiture and the purchaser shall be allowed thirty (30) days after the service of such notice within which to correct any such causes of forfeiture. Admission of correction shall automatically cancel the notice of intended forfeiture and upon the owner being satisfied as to such correction, shall thereupon duly notify the purchaser.

19. Any termination of this agreement - whether it be for failure to make payments of the purchase price, doing the assessment work, or violation of any other of the terms, covenants and conditions herein set forth, shall work a forfeiture of all payments made by the purchaser to the owner and of all structures and other improvements placed upon the said property of such a character as to form a part thereof, and all as agreed liquidated damages to the owner for violation of this agreement, and the purchaser shall immediately surrender to the owner, or its agent, quiet and peaceful possession of the said property and the owner, or its agent, may take possession of the said property, structures and improvements, but all machinery and equipment and structures capable of removal, placed thereon by the purchaser, may be removed by the purchaser within one hundred (100) days after such termination if such removal can be accomplished without physical injury to the mine and without injury to said property other than the actual loss of such machinery and equipment, but in any event strictly mine facilities installed shall remain undisturbed upon the surrender of the said property. The purchaser shall not be liable or held to account for loss or delay caused by Acts of God, fire, theft or strikes of workmen or other conditions beyong the reasonable control of the purchaser.

20. A waiver on the part of the owner to terminate this agreement by reason of any failure of performance on the part of the purchaser shall not constitute a waiver of the owner's right to terminate the agreement on account of

any subsequent failure of performance on the part of the purchaser.

21. IT is understood and agreed that a termination of this agreement shall not release the Purchaser from amounts due under the said agreement either on account of ore mined, timber cut or removed, or balance due upon minimum payments herein set forth, which have accrued previous to the date of said termination.

22. It is further understood and agreed that the owner will cooperate with the Purchaser in securing by location or in any other manner a powersite or sites for the development of hydro-electric power on Constance Creek and/or Dosewallips River, title to be taken or location made in the name of both parties, but wholly at Purchaser's expense, and that upon termination of this agreement - whether upon failure to perform on the part of the purchaser, or otherwise - all rights of Purchaser shall revert to and become the property of the Owner, and Purchaser shall immediately execute whatever conveyance is necessary to vest full title in Owner; but should this agreement be consummated and full purchase price paid, then the Owner shall execute to the Purchaser whatever conveyance is necessary to perfect title to the said site or sites in the Purchaser.

23. The covenants and conditions herein shall extend to and be binding upon the heirs, executors, administrators, successors and lawful assigns of the parties hereto, except that this agreement shall not be assigned by the Purchaser without the written consent and approval of the Owner.

24. IT IS FURTHER UNDERSTOOD AND AGREED that should it be deemed advisable during the time this agreement is in force and effect to locate one or more mining claims or a mill site in connection with the above described property, said location shall be made in the name of the owner and shall be subject to all of the terms and conditions herein set forth, and upon said locations being made, the owner shall immediately execute a deed to the property covered by the same, and deposit said deed in escrow in THE NATIONAL BANK OF COMMERCE of SEATTLE as herein provided for the deed to the hereinbefore described mining claims.

25. IT IS FURTHER UNDERSTOOD that the owner is to continue to occupy the miner's cabin now on the property during the time this agreement is in force and effect.

26. IT IS UNDERSTOOD AND AGREED that this agreement shall terminate 15 years from date hereof should the full payment of the purchase price have not been made prior to that date, and upon such termination of this agreement all payments made by the purchaser shall be forfeited as liquidated damages to the owner and the possession of the said property and all thereof shall be given to the owner, and the purchaser shall remove his personal property in the manner and way and within the time herein set forth in case of an earlier termination and forfeiture of purchaser's rights under this agreement.

EXECUTED in three original counterparts,- one for each of the parties hereto and one for deposit in escrow, as herein provided.

AMERICAN MANGANESE CORPORATION,
a corporation,

By F. A. KARNES /s/
Presidnet.

Attest:

JOHN T. REED /s/
Secretary.

(CORPORATE SEAL)
AMERICAN MANGANESE CORPORATION
Incorporated 1925
Seattle, Wn.

F. H. JARNAGIN /s/

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

September THIS IS TO CERTIFY: That on this 9th day of ~~August~~, 1947, before me, the undersigned Notary Public, personally appeared F. A. KARNES and JOHN F. REED, to me known to be the President and Secretary-Treasurer of the AMERICAN MANGANESE CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NELSON R. ANDERSON /s/
Notary Public residing at
Seattle, Washington.

(NOTARY SEAL)
NELSON R. ANDERSON
NOTARY PUBLIC
Commission Expires
March 1, 1950
STATE OF WASHINGTON

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

AFFIDAVIT OF
JOHN F. REED.

JOHN F. REED, being first duly sworn upon oath, deposes and and says:

That he is one of the Trustees, and Secretary and Treasurer, of the American Manganese Corporation and has been for a number of years last past. That said corporation is the owner and holder of the following described mining property situate in the Mount Constance Mining District (unorganized), Jefferson County, Washington, and described by the official plat and by the field notes on file in the Office of the Register of the Spokane Land District, at Spokane, Washington, as follows, to-wit:

> Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E. 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning,

containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

Affiant further states that there are no liens or encumbrances upon the said property and that application has been made for U. S. Letters Patent for the said property under Survey No. 1259, M. A. No. 020222, District Land Office, Spokane, Washington; that all governmental and other fees in connection therewith have been paid, including the purchase price of the said property to become due the United States upon the issuance of said letters patent.

This affidavit is made in connection with the Application for Aid for an Exploration Project Pursuant to Mineral Order No. 5

Defense Production Act of 1950, to be filed upon application made by M. B. Sheik.

John F. Reed

Subscribed and sworn to before me this 25 day of May, 1951.

Reed

Nelson T. Anderson
Notary Public in and for the State of Washington, residing at Seattle.

16. History

(a) Little work, other than assessment work was ever done on this property.

(b) None

(c) Report of Amos Slater, E. M., is attached.

Seattle, Wn.

Mr. M. B. Sheik
Brinnon, Wash.

This report covers numerous observations made on the Elkhorn Group and Elkhorn Extension Group of Mining Claims owned by the American Manganese Corporation.

General: The Elkhorn and Extension Group of Mining Claims of the American Manganese Corporation situated in Section 24 Twp. 26 N. Rg. 4 W., W. M. Jefferson County, Washington. These Claims are located on the southern slope of Mt. Constance on the North side of the Dosewallips river. The property may be reached from the Olympic Highway (101) near Brinnon by 7 miles of county road and 6 miles of Forest Service road, a distance of 13 miles.

Topography: The mountain on which the Claims are located rises steeply from the bed of the Dosewallips river and maintains an average slope of 40 to 45° showing a relief from 1000 to over 5000 feet in elevation above sea level. The entire Claim Area is heavily timbered, typical of the Olympic Mountains. The lower reaches is merchantable timber the upper suitable for general mine purposes. Aside from the Dosewallips river, water for general use may be obtained from Miners Creek on the east side of the property and Constance Creek to the West, which flows parallel to the claims the year around and would supply gravity water for mining.

Ore Deposits: Outcrops of manganiferous ore occur at numerous places over the Claims, extending from the Dosewallips river north up the slope of the mountain to elevations above 4500 feet. The ore bodies in general are masked by glacial drift, thinner at the upper reaches and thicker at the lower elevations. Outcrops of ore occur more frequent above the 1500 foot elevation, and indicate three general ore bodies which are called the West, Middle, and East ledges.

The strike of these three bodies is North 10 degrees East, and dip from 70 to 80 degrees from the horizontal. The ore occurs between altered basalt and argillaceous lime containing hematite which gives a red color, a marker for exploration. The West bed or vein is about 20 feet in thickness; the Middle bed from 35 to 40 feet in thickness; the East bed about 20 feet in thickness. Numerous outcrops on the surface from the 1500 foot elevation north to the 5000 foot elevation indicate that there are other ore bodies than the three ledges mentioned above.

The work done in maintaining assessment work necessary to hold the claims has been on outcrops of ore but only in a superficial manner, not sufficient to determine their thickness or to any depth. Such tunnels as have been driven do not cut across the ore bodies much below the weathering of such ore bodies. Most of the

numerous samples have come from weathered outcrops and in my opinion do not give a true value of the underlying ore. As these ore bodies are, more than probably of sedimentary origin and always have the red lime as one wall, this lime strata extending from the Dosewallips river north to the cliffs above the 5000 foot elevation there is a continuity established, but only exploration can determine whether the ore bodies show such continuity. In this connection the surface outcrops of ore do show to a limited extent such a continuity. Only exploration will prove whether the ore is continuous or in lenses along the strike of the measures.

As to the depth of these ore bodies, no work has been done much below the outcrop, hence diamond drilling will be necessary to determine this factor.

Transportation and Power: If at the conclusion of exploration the tonnage as well as grade of ore will warrant an operation, then development will determine extraction tonnage and the transportation to deep water on Hood Canal. Due to difference in elevation between operation at the property and Hood Canal a good road and trucks will be necessary to make the haul of about 13 miles, which will all be down an average 2% grade. Power can be brought in from the main transmission line of the Bonneville Administration at the Olympic Highway, a distance of about 12 miles.

Conclusions: To warrant exploration of these manganese deposits, there is sufficient evidence in the outcrops of the three manganese beds, namely, West, Middle and East ledges with a combined total of 75 feet in thickness and extending for a distance of over 6000 feet, from elevation 1000 feet to 5000 feet above sealevel.

To determine manganese content and depth of the beds sufficient diamond drilling, trenching and sampling will be required. This work when properly carried out will determine the method of extraction, and the equipment necessary for the operation.

There is sufficient water, timber and room for plant layout on the property. Power can be brought in from power line near the Olympic Highway.

If the base of operations is established at the 1200 foot level, it will be ideally situated to extract the ore from all three beds by central haulage tunnel on the Middle bed with crosscuts to the other ore bodies. From the 1200 foot elevation the road can be established on a 2% grade to Tidewater.

Finally in this exploration work will show the tonnage of metallurgical grade ore present as well as lower grades that can be beneficially treated for chemical purposes.

Respectfully submitted

Dated: May 22,1951.

Amos Slater, E.M. Mining Engineer

M. B. SHEIK

THE EXPLORATION

20. This exploration will be conducted for manganese.

21. The proposed work contemplates diamond drilling:

(a) 1 - 500 ft. vertical hole on each of the three veins of ore.

(b) 1 - 500 ft. horizontal hole on the West vein at the 2300' level.

(c) 2 -600 ft. horizontal holes to crosscut the West vein at a low level.

(d) 2 -600 ft. horizontal holes to crosscut the East vein at a low level

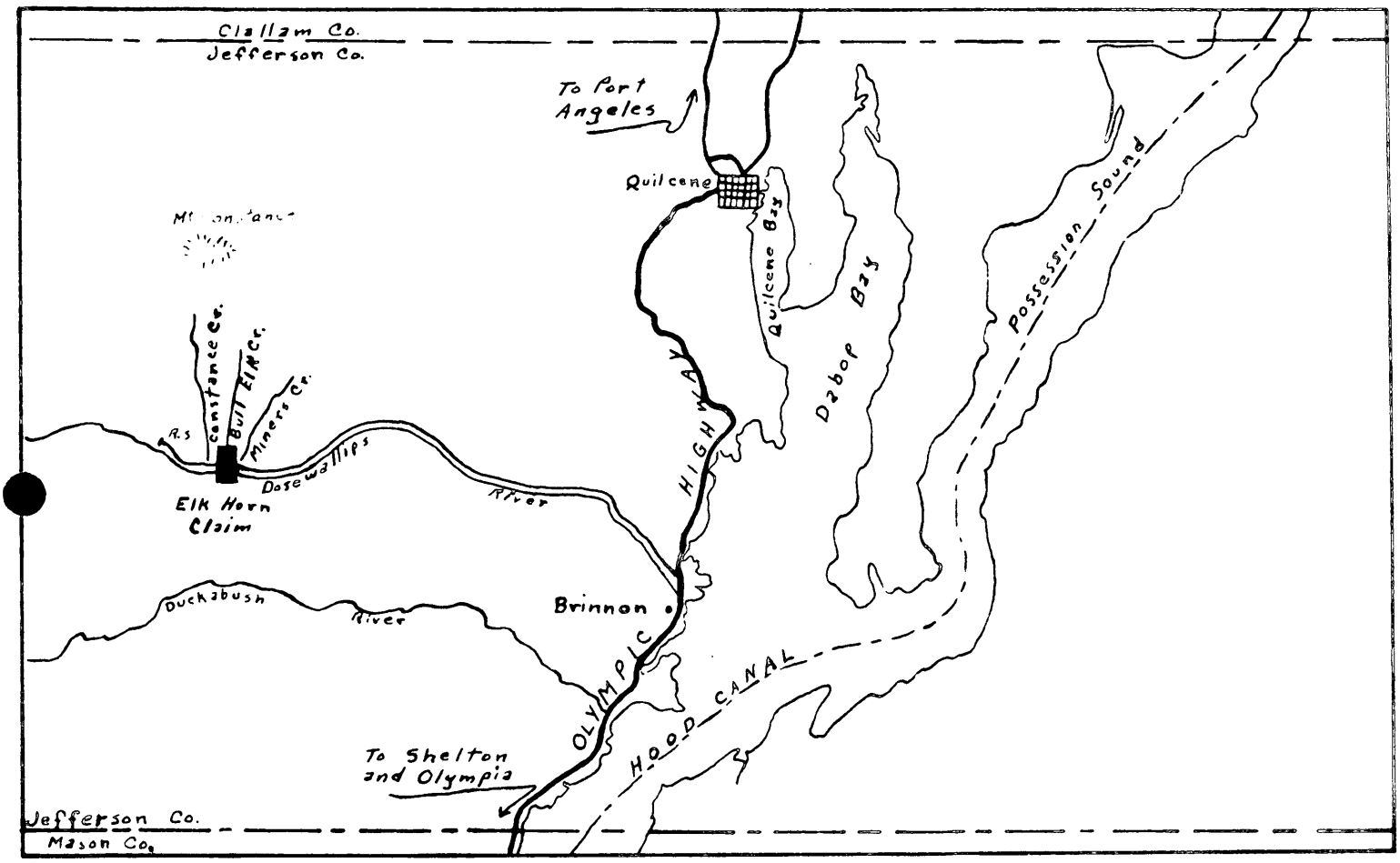
<u>A total of 4400 feet of 1" holes.</u>

(e) The driving of a 6'x7' drift 450 ft. into the East vein at elevation approximately 1625.

(f) The driving of a 5'x7' drift 450 ft. into the Middle vein at elevation approximately 1675.

(g) The surface sampling at existing outcrops, and trenches to be opened, by bulldozer and hand labor at various locations on the three veins.

<u>A total of 45 locations on the three veins.</u>


Clallam Co.
Jefferson Co.
To Port Angeles
Quilcene
Quilcene Bay
Dabob Bay
Possession Sound
Constance Cr.
Bull Elk Cr.
Miners Cr.
R.S
Dosewallips
River
Elk Horn Claim
HIGHWAY
Duckabush
River
Brinnon
OLYMPIC
HOOD CANAL
To Shelton and Olympia
Jefferson Co.
Mason Co.

May 22, 1951

ELK HORN GROUP OF MINING CLAIMS

CONSTANCE MINING DISTRICT, JEFFERSON COUNTY

WASHINGTON.

INTRODUCTION: It has been seventeen years since I wrote my first report on this group of claims. I have had the opportunity to make occasional visits to the property and have kept some of the salient facts in mind. This spring the opportunity has been afforded me to go over part of the property and it seems desirable to revise some of the report.

LOCATION: The property may be reached under ordinary conditions by a county and Forest Service road from Brinnon on Hood Canal up the Dosewallips River. Two years ago, due to a flash flood, some of the road has been washed out. It is now under construction. The distance from Hood Canal to the east property line is twelve miles.

The property consists of 28 claims in one block. They have been held by the American Manganese Corporation by virtue of annual assessment work and are now in the process of patenting.

GEOGRAPHY: The general geography of the region is that of a mountain valley with precipitous walls. The relief is rugged and ranges from 350 feet in altitude at the Dosewallips River level to the crest of the claims of 5000 feet elevation. The average slope of the hillside is 30 to 44 degrees with many vertical cliffs.

The topography is the result of mountain building processes that have been sculptured by glacial and stream erosion. The canyons are

F. A. McMILLIN
ECONOMIC GEOLOGIST

very narrow. The glacial valleys are now modified by stream erosion. Because of the steepness of the slope there is very little glacial debris except on the valley floors. The area is well watered and covered by a stand of Douglas Firs with some Cedar and Spruce. The drainage is mainly by creeks originating in high snow fields and occupying the minor canyons. These streams are tributaries to the Dosewallips River. Most of these minor streams are controlled by the general shear pattern of the region and is at right angles to the course of the river.

The rock exposures are mainly confined to the cliff faces. The remainder of the valley sides are covered by off fall from the cliffs and is now resting at the general angle of repose for the particular type of rock.

STRATIGRAPHY and PETROGRAPHY: The stratigraphy of the Olympic Mountains may be started at the canal and progress up the river to the core of the mountains. This is a convenience in layout of the column in the descending order with the older formations on the interior of the mountain area.

The basalts along the canal are probably lower Eocene belonging to the Metchosin volcanic series. Locally these are covered with Puget Sound Glacial drift and recent alluvium. This series rests upon a more steeply dipping basalt series that may correspond to the volcanism incident to the Laramide Orogeny of the Cretaceous. The petrographic study of these rocks so indicate.

These two series rest upon the more steeply dipping ellipsoidal basalt that probably is Franciscan of Jurassic age. In this basalt there are beds of tuff and breccia. The Manganiferous Belt is located in the lower part of this marine basalt. The dip no has reached 62 degrees to the east.

The sequence in original position on this bed was manganese ore, argillaceous lime in which a ferric oxide dust is suspended in various

amounts giving characteristic colors of red and brown. Jasper occurs at local horizons in the form of reddish lenses. The recurrence of beds indicate isoclinal folding with extensive shearing in the red limy argillite. This accounts for local thickening of the red lime beds and for the lime being on the wrong side of the particular fold.

Continuing down the column, the next is a striking formation of Ellipsoidal basalt in which the ellipsoids may measure as much as eight feet on the long axis and two or three on the short axis. This formation is 3000 feet thick. The ferromanganesium mineral have been altered and leached till the general appearance is a light gray color. Epidote is a common secondary mineral. The rocks as a whole show some development of Chlorite.

The fine grained black shale immediately underlies this ellipsoidal basalt. The shale is at least 1000 feet thick. It has been compressed until it approaches a shist. The bedding plains are probably now represented by the cleavage pattern.

The next formation is 3500 feet of light gray ellipsoidal basalt. The ellipsoids are large. These basalts have been effected by the general shearing movement of the mountain building processes. They are exceptionally well exposed in the canyon of the Dosewallips River near the falls.

From these basalts at the falls until one has reached the summit of the divide at the head of the Dosewallips River in Dose Meadows, the formation is a sequence of argillites, type "Black Shale" and a graywacke type of sandstone.

Fossils have been found that indicate that the age of the shales are Mississippian. However, these fossils were poorly preserved and of a type not commonly used as indexes.

FOLDING and FAULTING: At some time in the late Mesozoic, possibly coincident with the Rocky Mountain orogeny of late Cretaceous times

and continuing into the Tertiary, there were great mountain building processes in the Olympic Peninsula. The forces operating were a doming force that resulted in the elevation of the mountains, and, also, dragged up the basaltic outer fringe to very steep dips. The characteristic fold of the Manganiferous Belt is very close set isoclinal folds.

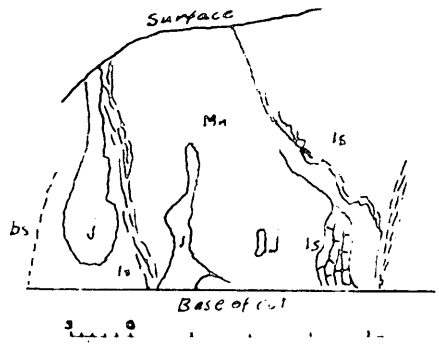
The fault system may be divided into two parts: the east west trending faults and the north south trending shear zones. The east west trending fault is mainly showing by the course of the Dosewallips River. The south block has been displaced to the west. There is a vertical component but the amount has not been ascertained.

The shears follow the manganese beds and the red lime is the incompetent member. Miner Creek and Bull Elk Canyon as well as several small streams paralleling the manganese beds are shear faults.

THEORY OF FORMATION OF THE MANGANESE: The source of the manganese has been the great thickness of ellipsoidal basalt. This basalt shows the type of alteration that would indicate leaching of the iron and manganese minerals. The plagioclase feldspars are much leached; this would give a source of the lime.

The characteristics of the manganiferous minerals are unique in that there is an intimate mixing of quartz and colloidal silica with the iron and manganese. The thing that has brought this to point is that the manganese may be dissolved in dilute acid. True silicates of manganese cannot be so treated.

The ores are primarily oxides in many states of oxidation and hydration. Carbonate and rhodorite are present as well as some silicates but the main ore is oxide. The order of deposition is as would be expected from a warm shallow sea. The lack of coarse sediment indicates it is some considerable distance from shore.



Mn = manganese bearing rock
ls = red limestone
bs basalt
J = jasper
Shearing

Middle bed
Elkhorn Claims Dosewallips River.

U.S.G.S. Bulletin 931 R Page 451

U.S.G.S. Bulletin 725, page 326: "There is nothing to suggest that the deposits are related to the intrusive masses, such as are generally thought to be the sources of metalliferous lodes in surrounding regions." - - - - - - "The deposits are thought most likely to be of manganiferous marine sediments greatly altered by regional metamorphism. - - - - - - This is supported by the fact that they are confined to certain sedimentary horizons." J. T. Pardee.

ECONOMICS: There are three beds: east, middle, and west with several lesser beds. The strike is N 10 - 12 E. Dip 70 - 85° E. There have been many samples taken from these manganiferous beds. However, these have not been carefully identified as to location and in many cases they only indicate a nice looking chunk of ore. These samples have run up to a little better than 50 per cent though the most of them have indicated ore of lesser grade.

U.S.G.S. Bulletin 725, page 229. 1921: "Despite their small production, however, most of the deposits are decidedly interesting and not without future possibilities as profitable sources of considerable manganese." By F. L. Ransome and E. F. Burchard.

U.S.G.S. Bulletin 901-B, page 45[illegible]. 1941: "On these claims a great number of manganiferous deposits are known to occur within a small area than anywhere else on the Olympic Peninsula, and these deposits are comparatively accessible by road. Whether or not they have commercial value must remain uncertain until the size and grade of the individual lenses have been determined by further exploration and adequate sampling." By Charles P. Parks.

The claims have in the neighborhood of 75 to 80 outcrops. The exact location and the relation between them have not been established. It is thought that the beds are reasonably continuous even though much of their length is covered with talus. The beds get wider as one goes up the slope. The samples indicate the quality of the ore strengthens as one goes higher.

There are several considerations that have arisen but not answered. Is this increase in width due to the fact that the slope is cutting the ore farther back or is it due to the position in the depositional basin? These can only be answered as the property is developed.

The amount of the ore is very large whether the beds are continuous or are in large lenses. There can be no question but the beds will vary in width as the basin varies in topography.

RECOMMENDATIONS: That all known or found outcrops be sampled being careful to cut the sample so the same amount of the hard ore is taken as there is of the soft red lime.

At the earliest possible time a map should be constructed of all surface outcrops.

By the use of powder clean the faces at the lower outcrop of all three major beds to a distance of at least fifty feet of vertical face, or as near that amount as is practical.

Study the relations of the Miner Creek and Bull Elk Canyons to see if it is possible to economically reach the ore by diamond drilling.

Each vein should be drilled both horizontally and vertically to ascertain as much ore body as possible. The length of these holes should be continued as long as the drill can be kept within the ore bed or to a distance of approximately five hundred feet.

All drill cores should be sampled and analysed. In all cases keeping a half portion of the core in the core box for future study.

The recommendations will show the extent of the ore and whether it is worth developing into a mining property.

F. A. McMillin

F. A. McMILLIN
ECONOMIC GEOLOGIST

22. The following is a list of analysis of Samples of Manganese ore taken from outcrops at various locations on the Elkhorn group of mining claims. The samples were taken over a period of years by reputable mining engineers and geologists. The analyses of those samples that could be definitely located have been placed on the Claim map and are indicated by an (*) on this chart.

	Mn.	Fe.	SiO_2	S	P	As
* Taken across West vein above tunnel portal	47.59	6.02	11.70			
* Footwall contact West vein above tunnel portal	22.43	27.08	15.56			
* Middle ledge ½ way up Claim No. 6	61.12	10.72	12.83			
* West wall East vein at outcrop	25.65	10.38	24.20			
2000 ft. level open pit Middle ledge 30 ft. ore exposed	42.54	11.04	9.75			
* At 1825 ft. level Middle ledge ore showing 65 ft.	46.71	10.85	15.49			
* East vein at 4200 ft. elevation	48.55	15.24	16.65			
* Middle vein 20 ft. above tunnel portal	56.50	5.99	20.10	0.096	0.041	0.07
* Middle vein 15 ft. above tunnel portal west contact to Middle of vein	40.10	10.6	21.50	0.056	0.087	0.03
* From trench near Discovery Post Claim No. 11	34.60	15.20	20.50	0.049	0.00	
Middle vein footwall	14.27	23.51	16.19			
Middle vein 60' around nose of cliff nr. Discovery Post Claim 7 *	40.36	16.54	17.26			
Various locations (taken by state)	30.90	6.7	33.60			
" " " "	26.30	4.3	39.10			
" " " "	26.40	18.0	25.40			
" " " "	39.00	10.8	14.20			

M. B. SHEIK

THE REQUIREMENTS AND COSTS

M. B. SHEIK

SUMMARY

ESTIMATED COST OF WORK
(See detailed sheets attached)

DIAMOND DRILLING:			
4 holes - 500 ft. ea.	2000 ft.		
4 holes - 600 ft. ea.	2400 ft.	4400 ft. @ 6.00	$ 26,400.00
Contract to Seattle concern			
TUNNELING:			
2 tunnels - 400 ft. ea.		800 ft. @ 30.00	24,000.00
TECHNICAL ASSISTANCE:			
1 - Geologist			
1 - Mining Engineer			
1 - Civil Engineer			
1 - Survey Party			11,800.00
ANALYSIS:			
On diamond drilling at 10 ft. intervals		440 @ $ 10. 4400.00	
On tunneling at 5' intervals		160 @ $ 10. 1600.00	
On surface sampling, 45 locations x 4		180 @ $ 10. 1800.00	
Every 20th sample to be run as a check by a commercial assayer		39 @ $ 17. 660.00	
1 - Assayer			
1 - Sample grinder			8,460.00
SURFACE SAMPLING:			
Labor, supervision, transportation,			
Tools, powder & supplies			
15 locations, 3 veins		45 @ 150.00 ea.	6,750.00
EQUIPMENT RENTAL: (Other than applicant's)			
Bulldozer, cars-track			
Compressor, Jackhammer,			
Drifter, Column & Bar, vent Fan			2,000.00
EQUIPMENT RENTAL VALUE (Applicant's)			
1-ton truck to transport crews and supplies -2 shift basis		840.00	
1- Sedan - 1 shift basis		800.00	
1- Complete Assay Plant & Eqpt.		1800.00	
1- Power Unit for Vent Fan		180.00	3,020.00
FUEL & LUBRICANTS			1,200.00
WATER & AIRLINES			1,500.00
MOVE-IN - MOVE-OUT			1,000.00
SMALL TOOLS & SUPPLIES (expendible)			1,000.00
TOTAL ESTIMATED COST OF PROJECT			87,130.00

23. LABOR

(a) (1) Tunnels - on two shift basis, 2 tunnels simultaneously.

4 Miners 85 shifts @ $2.00 hr. 85x4 = 340 x $10.00	$ 3440.00
4 Muckers 85 shifts @ 1.75 hr. 85x4 = 340 x 14.00	4760.00
4 Laborers: cut timber, lay water lines etc. 30 shifts @ 1.75 hr 120 x 14.00	1680.00

(2) Surface Samples

4 hand drillers & samplers 90 shifts @ $2.00 hr. 360 x 16.00	5760.00
Dozer operator @ $2.35 hr. 40 shifts	752.00
Truck Driver @ 1.75 hr. 202 shifts @ 14.00	2828.00
General labor @ 1.75 hr 40 shifts @ 14.00	560.00
Assayer 5 months @ $450. Mo.	2250.00
Sample Grinder 105 shifts @ 1.50 hr.	1260.00
Direct labor	25,290.00
Taxes and insurance	2,705.00
Necessary to furnish board and lodging because of isolated location 1908 man days @ 5.00 (present rate)	9,540.00
TOTAL DIRECT LABOR	$ 37,535.00

M. B. SHEIK

23 (b) SUPERVISION

1 - Superintendent 6 mos. @ $750	4500.00			
Taxes and Ins.	250.00	4750.00		
Board & Lodging @ 150. mo.		900.00	5650.00	

TECHNICAL ASSISTANCE (Professional Services)

1 - Geologist (field & office) 3 mo. @ 900.00	2700.00	
1 - Mining Engineer" " 3 mo. @ 900.00	2700.00	
1 - Civil Engr. & Party 1 week (contract)	750.00	6150.00
Outside Accounting & Stenographic Services (contract) 6 mos. @ 300.00	1800.00	
Drafting, Mapping, preparing special Reports, partial contract (est.)	1375.00	3175.00

TOTAL SUPERVISION AND SPECIAL SERVICES $ 14,975.00

M. B. SHEIK

23 (f) EQUIPMENT RENTALS (other than applicant's)

1 - D4 Bulldozer & Compressors 40 days @ 30.00	1200.00		
Mine cars & Track 4 mos. @ 75.00	300.00		
Ventilating Fan 4 mos. @ 25.00	100.00		
Air & water pipe 4 mos. @ 100.00	400.00		2000.00

23 (g) EQUIPMENT VALUE (Applicant's)

1 - 1-ton truck 6 mos. @ 140.00		840.00	
1 - 4-door Sedan 6 mos. @ 133.33		800.00	
1 - Complete Assay Plant 6 mos. @ 200.		1200.00	
1 - Gasoline Power Unit (Vent fan) 6 mos. @ 30.00		180.00	3020.00

23 (h) MATERIALS & SUPPLIES

Fuel & Lubricants	1200.00	
Small tools, powder & accessories, Spikes, core boxes, lumber, ties, assay chemicals	1000.00	2200.00

23 (i) MOVE-IN -- MOVE-OUT 1000.00

SUB-TOTAL EQUIPMENT RENTALS, EQUIPMENT VALUE MATERIALS & SUPPLIES, MOVE-IN-MOVE-OUT @ 8,220.00

24 TIME SCHEDULE

		Expenditure
1st month	- Begin all phases of work	$ 9,000.00
2nd "	- Continue all phases of work . . .	14,000.00
3rd "	- Continue all phases of work; Complete surface sampling	20,000.00
4th "	- Continue Diamond Drilling and Tunneling	15,000.00
5th "	- Continue Diamond Drilling and Tunneling	15,000.00
6th "	- Complete Project	14,130.00
		$ 87,130.00

M. B. SHEIK

STATEMENT BY LANDLORD

RE

SUBORDINATION AGREEMENT

Seattle, Wash., May 25, 1951.

Dr. M. B. Cheik,

Seattle, Wash.

Dear Mr. Cheik:

This is to assure you that in event your application for Aid for an Exploration Project Pursuant to Order 5 under the Defense Production Act of 1950 receives favorable consideration, and an agreement is entered into between the Defense Mineral Administration and yourself, that the undersigned will sign and execute the necessary subrogation agreement required in connection therewith.

The above has application to the Aldhorn mining property described in the Optional Agreement of Purchase of the mining property, dated September 9, 1947, a copy of which has been furnished you to accompany your application.

Very truly yours,

F. W. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

AMERICAN MANGANESE CORPORATION

By John F. Rea

Secy.-Treas.

Owner of the mining property for which for U. S. Patent is now pending under Survey No. 1259, M. S. No. 020222, District Land Office, Spokane, Washington.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMA 1491X

Date received 6-1-51

Participation

M. B. SHEIK
BRINNON,
WASHINGTON

Name and address of applicant

Date May 25, 1951

FILL IN THIS BLOCK

Date of application May 25, 1951

Estimated cost $87,130.00

Mineral or metal Manganese

Percentage of Government participation 75%

Location of mine On the south slope of Mt. Constance 14 miles from Brinnon, Washington, up the Dosewallips River.

Date of filing MF-100

DMA Docket Number, if available 1491X

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation? An individual.

*2. If a partnership, state names and addresses of partners.

*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.

*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project. See appendage attached.

*5. Are you the owner or the lessee of the property? No. See appendage attached.

6. If owner, state what claims, liens, or encumbrances, if any, are against the property. See owner's statement attach.

7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement. (attached)

9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)? See appendage attached.

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property. **See appendage attached.**
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any. **New Elkhorn Group of Claims, Elkhorn Group**
*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads. **See attached.**
*13. State source and quantity of water available for operations and its sufficiency at all seasons. **See attached.**
State amount of power to be used, rate per hour or other cost, and source. **See attached.**
*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work. **None exists - none required.**
15. State in detail how the ore could be shipped and how and where milled. **See attached.**
*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations. **See attached.**
    (*b*) State briefly the known history and production of adjoining and neighboring properties. **None**
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations. **See reports attached.**
*17. Production:
    (*a*) If mine is in production, furnish the following information: **A prospect, not in production.**

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.
19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions. **See attach.**

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted? **See attached.**
21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it. **See attached.**
    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.
22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data. **See attached report & map.**

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each. **See attached.**
    (*b*) Supervisors, by numbers and positions, with salaries of each. " "
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings. **None**
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings. **None**
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each. **None**
    (*f*) Cost of rental for equipment which the operator proposes to rent. **See attached.**
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work. **See attached.**
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each. " "
    (*i*) Cost of power, water, utilities, and any other items not provided for above. " "
24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent. **See attached**

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

An Individual
(Name of company)

By M. B. Sheek
(Signature of authorized official)

May 25, 1951
(Date)

(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

May 25, 1951

Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Gentlemen:

This application for aid to explore the Elkhorn Group of Mining Claims, located in Jefferson County, State of Washington, for Manganese, is furnished you herewith in quadruplicate.

The applicant has, for the past two months, been prosecuting this work with personal funds to the extent of $15,000.00 and expects to continue until July 1, 1951.

Work has progressed sufficiently to indicate that this property has great possibilities; however, additional funds will be required over and above my ability to provide, if the property is to be thoroughly prospected and proven.

It has been the opinion of competent Geologists and Mining Engineers for the past twenty years that an enormous tonnage of high grade ore, easily mined and reasonably accessable to both water and rail transportation, exists in this deposit. It is the general concensus that this can be established in six months time, if financial assistance can be readily made available.

This presentation is submitted for your consideration.

Yours very truly

M B Sheik

M. B. Sheik

M
B
S
:
D
Encls.

M. B. SHEIK

THE APPLICANT

(4) EXPERIENCE

a. Mining and General Business

Two years underground in hard rock mines as mucker, machine man, timberman, head sampler and shifter.

Thirty years in heavy general construction work both domestic and foreign, covering highway, dam and irrigation, railroad, hydro-electric, quarrying and breakwater, bridge building, cement mill, steel mill, coal mine, iron ore mine, dock and wharf, complete Naval installations on outlying Pacific Islands. Individual unit costs of contracts ranged from five thousand dollars minimum to two hundred thirty six million dollars maximum.

Positions held were from mule skinner, to foreman, to Superintendent to Project Manager, to General Manager to Contractor.

Principal employers were: Utah Construction Company, Henry J. Kaiser, Morrison-Knudsen Co. and Columbia Steel Co., Defense Plant Division. Personally supervised over four hundred million dollars of various work.

Presently actively engaged in general contracting business in the various Hawaiian Islands, with headquarters in Honolulu and currently doing approximately three quarters of a million dollar annual business.

b. The investigation and prospecting of this property is being and will continue to be directed by myself, assisted by the following persons presently employed by me:

(4) Experience (cont'd) -2

(I) Prof. F. A. McMillin, Consulting Geologist and Head Geologist, College of Puget Sound, Tacoma, Washington.

(II) Amos Slater, E. M., Mining Engineer, 710 Summit No., Seattle, Washington, who has for many years specialized in Olympic Peninsula manganese investigations.

(III) Wayne C. Harrigan of Harrigan Associates. Surveyors and Engineers and U. S. Mineral Surveyor, Bureau of Land Management, Department of the Interior, Seattle, Washington.

(IV) LaFay Pace, Field Supt., who for 35 years has supervised many prospecting, tunneling and excavation projects.

5. Neither owner nor lessee. Have option to purchase the mineral rights of this group of claims on a conditional sales contract basis.

6. Attached is owners affidavit that no liens or encumbrances are against the property.

7. Attached is copy of option to purchase with an extension thereto;

   a. Also attached is copy of agreement between American Manganese Corporation and F. E. Jarnagin of Port Angeles, Washington, covering their sale of the property to him.

8. Attached is financial statement and profit and loss statement as of April 30, 1951.

9. Twenty five thousand dollars additional to that expended to date. This amount is in excess of one quarter of the estimated amount to perform the work, as detailed in question No. 23 of the application form.

10. (a) The mining property is situated in the Mount Constance Mining District (unorganized), Jefferson County, Washington and described by the following plat and the field notes on file in the office of the Registrar of the Spokane Land District, at Spokane, Washington, as follows; to-wit:

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
SHEIK—HONOLULU

M. B. SHEIK

General Contractor

TELEPHONE 823245-886135-78471

HILO DIVISION:
P. O. BOX 336
HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

HONOLULU, HAWAII -
FINANCIAL STATEMENT
AS OF APRIL 30, 1951

A S S E T S

CURRENT ASSETS:			
Cash in Bank of Hawaii, Honolulu, T.H.	10,870.40		
Cash in Bishop Bank " "	1,000.00		
Cash in Bishop Bank, Hilo, "	49,088.72		
Cash in National Bank of Commerce, Seattle, Washington	8,770.50	69,729.62	
Petty Cash		100.00	
Tanks in Los Angeles (prepaid)		5,460.00	
Accounts Receivable from Territory of Hawaii		4,711.58	
Employees Advances		1,004.36	
Prepaid Deposit		5.00	
Prepaid Const. Insurance		1,216.00	
Life Insurance (Cash surrender value)		8,250.00	
TOTAL CURRENT ASSETS			$90,476.56
FIXED ASSETS:			
Machinery & Equipment	118,485.22		
Less Reserve for depreciation	21,424.89	97,060.33	
Furniture & Fixtures (office)	3,000.37		
Less reserve for depreciation	1,557.38	1,442.99	
Real Estate	40,000.00		
Less reserve for depreciation	10,000.00	30,000.00	
Material on consignment in Glendale, Calif. & New York		15,000.00	
FIXED TOTAL ASSETS			143,503.32
TOTAL ASSETS			$ 233,979.88
LIABILITIES:			
Accounts Payable	3,226.93		
Wages & Taxes Payable	230.00		
Taxes & Fees Payable	260.72		
Mortgage on Real Estate	7,800.00		
TOTAL LIABILITIES			11,517.65
NET WORTH			$ 222,462.23

Dated May 22 1951

M. B. SHEIK

By M. B. Sheik

MAIN OFFICE:
202 MOKAUEA ST.
HONOLULU, HAWAII
•
P. O. BOX 3258
CABLE ADDRESS:
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M. B. SHEIK

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HILO, HAWAII
PHONE 4728
•
MINING DIVISION
BRINNON, WASH.
PHONE QUILCENE 92

PROFIT AND LOSS STATEMENT ON CONTRACT OPERATIONS
April 30, 1951

A S S E T S

CURRENT ASSETS:			
Cash in Bishop Bank, Hilo, Hawaii	$49,088.72		
Cash in Bishop Bank, Honolulu, "	1,000.00	50,088.72	
Petty Cash		100.00	
Washington Operations		13,933.49	
Los Angeles Tanks (prepaid)		5,460.00	
Accounts Receivable		4,711.58	
Prepaid Deposit		5.00	
Prepaid Insurance		1,216.00	
TOTAL CURRENT ASSETS			$ 76,519.15
FIXED ASSETS:			
Machinery & Equipment	45,385.22		
Less reserve for depreciation	21,424.89	23,960.33	
Furniture & Fixtures	1,000.37		
Less reserve for depreciation	557.38	442.99	24,403.32
TOTAL ASSETS			$ 100,992.47

LIABILITIES & CAPITAL

CURRENT LIABILITIES:			
Accounts Payable		3,226.93	
Wages & Taxes payable		230.00	
Taxes & Fees payable		260.72	
TOTAL CURRENT LIABILITIES			3,717.65
CAPITAL:	26,215.07		
Withdrawals	27,500.00		
TOTAL CAPITAL			- (1,284.93)
DEFERRED CAPITAL:			
Paid for Contracts		607,138.41	
Cost of Contracts		508,648.66	
DEFERRED PROFITS			98,489.75
TOTAL LIABILITIES & CAPITAL			$100,992.47

12. The property is located on the south slope of Mount Constance 13 miles west of Brinnon, Washington. It is reached from U. S. Highway 101, a paved road which encircles the Olympic Peninsula, by seven miles of county gravel surfaced road and six miles of Forest Service road. About three miles of Forest Service road is presently under reconstruction. Neither of these pieces of roads were designed for any heavy hauling. The Forest Service road is in good condition as to gravel surface and drainage. The Forest Service road is very narrow, with three miles never having been graveled. The upper two miles are on approximately 15% grade with occasional turnouts. It would be necessary to realign and reconstruct this road sufficient to permit the hauling of heavy loads.

Brinnon (unincorporated) consists of only one combination store and Post Office and a few scattered houses, with one small grade school. The town of Quilcene (population 600) is 14 miles north of Brinnon on Highway 101 and the town of Port Townsend (county seat) is beyond Brinnon 35 miles. Port Townsend, a deep water port, is also served by a railroad car ferry system from Seattle.

The town of Shelton Washington is 44 miles south of Brinnon, Washington on Highway 101 and is served by the Northern Pacific Railroad.

10.(a) cont'd.

Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears south 63°14' E. 1220.00 ft. dist.; thence N. 10°15' E. 5000 ft.; thence west 2400 ft.; thence S.10°15'E., 5000 ft.; thence south 1500.00 ft.; thence west 1500.00 ft.; thence south 1000.00 ft.; thence East 5400.00 ft.; thence north 3000.00 ft.; thence west 1200.00 ft.; to a point of beginning;

containing 440 acres, and forming one contiguous group of claims in

Section 19 (approx), Township 20 North, Range 3 West (unsurveyed);

Sections 13 and 24 (approx), Township 26 North, Range 4 West; (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

13. Water is available from Miners Creek which originates at approximately 5000 ft. elevation and flows parallel to and thru a part of the property on the East side, while Bull Elk Creek, a larger stream, flows thru the entire length of the property on the west side. Both of these streams flow the year around and ample water for all purposes is available on a gravity basis. In addition the Dosewallips river flows thru the property and carries a large volume of water throughout the year.

15. Ore from this property would be transported from mine to tide water, a distance of approximately 14 miles by truck. The present county road of 7 miles and the Forest Service road of 6 miles are not adequate for trucking except on a very small scale. It would be necessary to widen and realign the entire distance and build a road that would stand up under heavy loads. A grade of approximately 2% in favor of the loads could be laid out without any serious difficulties, a large portion of which would be thru Forest Service property.

Deep water exists quite close to shore in the area near Brinnon and the terrain is ideal to construct ore pockets instead of bunkers, from which to load cheaply any ocean-going vessels at a dock to be constructed in that vicinity. The Chicago, Milwaukee & St. Paul Railroad operates a car ferry service between Seattle and Port Townsend and this service could be extended to Brinnon, about the same distance from Seattle as Port Townsend, where railroad cars could be loaded alongside the dock by the belt conveyors without being removed from the car ferry. This ferry could connect with their lines at Seattle, Tacoma and Olympia and thus place all shipments on rail if at any time ships were denied the use of the high seas.

15. (cont'd)

Should it prove desirable to beneficiate any ore or produce ferromanganese, large acreages of cheap land on the Bonneville River adjoin Brinnon and the Bonneville Power line passes over this area.

21. Continue the surface sampling across the East, Middle and West veins at existing outcrops and trenches to be dug by bulldozer and hand work, ranging in elevation from 1200 ft. elevation to the 6600 ft. elevation and comprising a total of 45 locations on the three veins. Make analysis of these samples in 5 foot intervals at each location to require 180 analyses of the surface samples. Split the diamond drill cores in half crushing and analyzing each 10 foot section, estimated to require 440 analyses. Take a tunnel sample in the face of each 5 ft. round for a total of 160 samples or a grand total of 780 analyses.
Run the entire 780 samples for Mn.
All samples running 35% Mn or over will, in addition, be run for Fe, SiO_2, Al_2O_3, P, Cu plus Pb + Zn.

It is estimated that it will require 180 working days or 26 weeks after funds are received to complete the proposed work.

OPTIONAL AGREEMENT TO PURCHASE.

THIS AGREEMENT, made and entered into at Seattle, Washington this 15th day of January, 1951, by and between F. H. JARNAGIN, of Port Angeles, Washington, herein designated the "SELLER", and M. B. SHEIK, herein designated the "PURCHASER".

W I T N E S S E T H :

WHEREAS, the Seller holds an optional agreement of purchase to a group of mining claims known as the Elkhorn Group, located on the south slope of Mt. Constance, Dosewallips River, Jefferson County, Washington, which said claims have been surveyed for U. S. Letters Patent, and application for letters patent of the United States are now pending in the U. S. District Land Office, Spokane, Washington as Survey No. 1259, M. A. No. 020222, the survey and correct description of which said property is on file in the said proceedings for U. S. Letters Patent; and

WHEREAS, the Purchaser desires to obtain all mineral rights of the Seller in the said property for the purpose of operating and mining the said property, particularly for the extraction benefication and sale of the manganese ore contained therein, and desires an option extending from date hereof until April 1, 1951 to determine whether or not he will want to undertake the operation and mining of the said property.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, it is agreed:

I. That the Seller will, and by these presents does, agree to assign to the Purchaser all of his mineral rights contained in his optional agreement of purchase for the above mentioned mining claims, dated September 9, 1947, executed by the American Manganese Corporation to the said Seller as purchaser therein, the said contract containing a description of the mining claims as originally located, but the

correct description of which is contained in the application for U. S. Letters Patent above set forth.

II. That for said option the Purchaser agrees to pay the Seller the sum of $530,000.00, said payment to be made at the time and in the manner set forth in the Seller's Optional Agreement of Purchase with the American Manganese Corporation, except at a rate of $1.50 per ton.

III. The Purchaser shall have the right to use such timber now standing on the said property as is requisite, necessary and useful in the mining operations; all timber, surfact and other rights are reserved by the Seller.

IV. The Purchaser agrees to observe and perform all of the other terms and agreements of the Seller's optional agreement of purchase with the American Manganese Corporation.

V. The Seller is to obtain from the American Manganese Corporation a modification of his agreement in the specification of the long ton of 2,240 pounds in the place and stead of a short ton of 2,000 pounds therein specified, as a basis of the sale price of the manganese ore, and to obtain from the American Manganese Corporation itsapproval and ratification of this assignment.

VI. The Purchaser is to notify the Seller immediately upon his acceptance of the terms and conditions of this agreement, and if he accepts the same that he will immediately within 15 days after April 1, 1951, begin operations upon the said property and will diamond drill at least 3,000 feet for the purpose of determining the ore values of the said property, said work to be continuous until the above number of specified feet shall have been drilled, and in any event to be completed on or before September 1st, 1951, and the obligation to perform said diamond drilling is a part of the consideration for this option.

VII. Upon the completion of the diamond drilling outlined in the preceding paragraph Purdhaser shall have the right on or

before September 15th, 1951, to notify the American Manganese Corporation and the Seller in writing of his decision to withdraw from and abandon this agreement, in which event all his rights hereunder shall terminate, his contributions and work shall stand forfeited to Seller in lieu of liquidated damages, and he shall have no further obligations hereunder; whereupon possession of the property shall revert to the Seller.

IN WITNESS WHEREOF, the parties have hereunto set their han ds and seals in triplicate this 15th day of January, 1951.

F. H. JARNAGIN
SELLER.

M. B. SHEIK.
PURCHASER.

The AMERICAN MANGANESE CORPORATION hereby ratifies and approves the foregoing Agreement this 15th day of January, 1951.

AMERICAN MANGANESE CORPORATION

By F. A. KARNES
President.

By JOHN F. REED
Secretary.

Seattle, Wash., May 24, 1951.

Mr. M. B. Sheik,

Seattle, Wash.

Dear Mr. Sheik:

In view of the fact that you are making application for aid for an exploration project pursuant to Mineral Order 5 under Defense Production Act of 1950, and that in all probability more time will be required to economically explore the said mining property than the time specified in the Optional Agreement of Purchase given to you under date of January 15, 1951 by the undersigned, and approved by the American Manganese Corporation, and desiring to assist you and the Government in every possible way and to have the money expended in the most advantageous and economical way to advance the mobilization of the defense effort, I hereby agree to extend the time limits in your said Optional Agreement of Purchase under paragraphs VI and VII of the said Agreement for a period of nine months from the limitation dates therein specified, to-wit: September 1, 1951 and September 15, 1951, fixing July 1, 1952 and July 15, 1952 as the dates of termination of the said agreement.

Very truly yours,

F. H. Jarnagin

F. H. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

The American Manganese Corporation hereby ratifies and approves the offer of F. H. Jarnagin as set forth in the foregoing letter.

AMERICAN MANGANESE CORPORATION

By John F. Keel

Secretary-Treasurer.

(COPY)

OPTIONAL AGREEMENT OF PURCHASE

THIS AGREEMENT made at Seattle, Washington, this 9th day of ~~August~~ September, 1947, by and between the AMERICAN MANGANESE CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of Washington, with its principal place of business in the city of Seattle in said State, hereinafter designated as the Owner, and F. H. JARNAGIN, of Port Angeles, Washington, hereinafter designated as the purchaser, WITNESSETH:

WHEREAS, the owner has located, maintained and is now the owner and in possession of several unpatented mining claims hereinafter described, containing valuable deposits of manganese ore, and desires to sell the same, and

WHEREAS, the purchaser desires to purchase the said property and the terms and conditions of the purchase have been orally agreed upon, and

WHEREAS, it is the desire of both parties that a formal written agreement of the terms and conditions of the said purchase be executed,

NOW, THEREFORE, for and in consideration of the sum of Five Thousand ($5,000.00) Dollars in hand paid to the owner by the said purchaser, receipt of which is hereby acknowledged, and for the further considerations hereinafter stated, the said owner agrees to sell to the said purchaser all the right, title and interest which said owner has in and to those certain lode mining claims on the South slope of Mount Constance on the Dosewallips River in Jefferson County, State of Washington, known as the NEW ELKHORN GROUP OF CLAIMS, and more particularly described as follows, to-wit:

(Since the execution of this Optional Agreement September 9, 1947, the above named group of mining claims have been surveyed by Deputy United States Mineral Surveyor under Order for Mineral Survey dated April 7, 1948, establishing the description of the said mining claims for the purpose of application for United States Letters Patent under Survey No. 1259 M.A. No. 020222, District Land Office, Spokane, Washington, establishing the following description):

Commencing at Corner No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E., 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning, containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

Location notices are recorded as follows:

Claim No.	Located.	Date Filed.	Recorded in Volume of Mining Records.
1	July 23, 1928.	August 8, 1928.	8 page 10
2	July 23, 1928.	August 8, 1928.	8 page 11
3	July 23, 1928.	August 8, 1928.	8 page 12
6	July 24, 1928.	August 8, 1928.	8 page 15
7	July 24, 1928.	August 8, 1928.	8 page 16
8	July 24, 1928.	August 8, 1928.	8 page 17
9	July 25, 1928.	August 8, 1928.	8 page 18
10	July 25, 1928.	August 8, 1928.	8 page 20
11	July 25, 1928.	August 8, 1928.	8 page 20
14	July 26, 1928.	August 8, 1928.	8 page 23
15	July 26, 1928.	August 8, 1928.	8 page 24
16	July 26, 1928.	August 8, 1928.	8 page 25
17	July 27, 1928.	August 8, 1928.	8 page 26
18	July 27, 1928.	August 8, 1928.	8 page 27
19	July 27, 1928.	August 8, 1928.	8 page 28
20	July 27, 1928.	August 8, 1928.	8 page 29
21	July 27, 1928.	August 8, 1928.	8 page 30
22	July 28, 1928.	August 8, 1928.	8 page 31
23	July 28, 1928.	August 8, 1928.	8 page 32
25	July 30, 1928.	August 8, 1928.	8 page 34
26	July 30, 1928.	August 8, 1928.	8 page 35
27	July 30, 1928.	August 8, 1928.	8 page 36

1. That the total purchase price of the said property to be paid to the Owner by the Purchaser is the sum of Three Hundred and Fifty Thousand ($350,000.00) Dollars, payable at the rate of $1.00 per ton as ore is mined and removed from the said property, or treated or milled on the said property, or in any manner reduced to commercial value upon the said property during the preceding calendar month.

2. The Purchaser is to furnish the Owner on the 15th day of each calendar month a statement of the number of tons of ore sold, mined, removed, milled, treated, or otherwise reduced to value, for which payment is to be made on the 20th day of each calendar month, as above set forth. By a ton of ore herein referred to as the unit upon which payment is based is meant 2,000 pounds of ore as mined. The said ore is to be weighed, or its weight determined in some other manner to be agreed upon to the parties in event scales for weighing said ore are not available.

3. Should the purchaser, through an agreement for the operation of the said mining property be able to sell the said ore for an amount in excess of $1.00 per ton, then and in that event the Purchaser is to pay the Owner 50% of the amount so received in excess of the $1.00 per ton, said payment to be made at the time and in the manner as hereinabove set forth, and said additional payment is also to apply on purchase price.

4. The purchaser shall do and perform all work on the said property in a good workmanlike and minerlike manner, with due regard to the conservation and development of the said mine. All shafts, tunnels, drifts and other underground workings henceforth to be constructed and capable of further use shall be kept free and clear from debris, and at all times and at all places in said mine when and where necessary, the purchaser shall keep the same properly timbered to prevent caving. Waste shall be avoided, and any excessive waste or any work leading to unreasonable injury to the property may be restrained by the owners or their agents by appropriate proceedings either at law or in equity, but purchaser may selectively mind the property and freely choose the places wherefrom ore is to be taken and after mining, make such further election and segregation of material as purchaser may determine, however, preserving in a separate dump upon the property any discarded manganiferous material.

5. The said purchaser shall have the right and privilege, and the said owner does hereby grant to it, its agents, employees and representatives, the right and privilege to enter upon the above described mining claims and every part thereof, to work and operate the same for the purpose of mining, extracting, shipping, selling, treating or reducing to commercial value manganese ore contained on the said property, subject to the terms and conditions of this agreement, as herein set forth, and the purchaser

agrees to mine and remove, or otherwise reduce to commercial value, not less than 5,000 tons of ore per year from the said property. In event 5,000 tons of ore shall not have been mined and removed, or reduced to commercial value on the property during any one year, then and in that event the purchaser shall pay to the seller the sum of $5,000,or such sum as shall be necessary to make the total amount paid by the purchaser to the seller of $5,000 yearly. For the purpose of this agreement, the year is to begin August 1 and end July 31 each year. However, the first yearly minimum payment is to become due July 31, 1949.

6. For the protection of the said property and the interests of the seller and the purchaser therein, the purchaser agrees at his own expense to keep one man on the property continuously, or as continuously as it is practicable so to do.

7. The purchaser shall bear wholly and solely all expenses of every kind and nature whatsoever incurred in working, operating and developing the said property and in assaying and treating the ore as contemplated herein, and shall not suffer or permit any liens to be maintained against the said mining property or otherwise permit indebtedness to accrue against the said property for which the owner might or could become liable. But the purchaser shall not be liable for any previous obligations or debts or agreements of any kind and nature whatsoever that the owner may have incurred previous to this agreement.

8. During all of the time that this agreement shall be in force and effect, the owner shall have the right and privilege to have continuously kept posted in a conspicuous place or places on the said property, notices in writing, or printed notices, reading to the effect that the work and development being done on said property, or any improvements being placed thereon, is being done wholly and solely at the expense of the said purchaser, and stating that the owner will not be responsible for any indebtedness for labor, materials, or otherwise, or at all, created by said purchaser, or its assigns, in connection with the work and operation on said property.

9. As a further consideration for the purchase of the said property, and in addition to the work heretofore mentioned, the purchaser agrees to make all required improvements upon the several mining claims in addition to the work done and the improvements made by the owner of the said claims to complete the work and improvements required for the patenting of the several mining claims, and to cause said claims to be surveyed by a competent duly licensed United States Mineral Surveyor, or his deputy, and to take all necessary steps for the purpose of securing United States Letters Patent to the land covered by the said claims, and to pay all expenses of every kind and nature in connection therewith, including the payment of such sum or sums as shall be required by the laws of the United States of America for the issuing of Letters Patent to be taken out in the name of the owner, said work to be begun forthwith and to be continued as rapidly as

possible until said Letters Patent of the United States shall have been issued. All steps taken by the Purchaser in connection with the patenting of the said claims, including the employment of a mineral surveyor to survey the said claims are to be approved by the Owner or its authorized agent.

10. The Purchaser shall have the right to cut and use in connection with the said mining operations such timber as shall be suitable and necessary, but until such time as the purchase price shall have been fully paid, no timber suitable for mining operations shall be cut and removed from the said property. After Letters Patent of the United States shall have been issued to the said property, timber not suitable or required in the mining operations of the said property, may be cut and removed or sold by the Purchaser upon paying the Owner the sum of $6.00 per M, pursuant to Scribner's Decimal "C" Scale as determined by the Puget Sound Scaling Bureau; and all sums so paid shall be applied upon the purchase price of the said property. By "mining timber" is meant all usable timber having a maximum diameter of ten (10") inches at the butt (all larger timber shall not be considered mining timber).

11. The agent of the Owner, or his representative authorized in writing, may enter upon the said property and all parts thereof for the purpose of inspection; may sample the ore bodies and the ore mined, and for such purpose may use all means of ingress or egress, all, however, without unreasonable interference in the mining or other operations being conducted on the said property.

12. During the time that this agreement is in force and effect the purchaser agrees to do and perform all annual labor required by law upon each of the said mining claims

for the year beginning July 1, 1947, and all subsequent years, and the purchaser shall also cause to be recorded proof of said annual labor in the form, manner and within the time required by law applicable thereto, in the name of the owner,- the said annual assessment work to be completed for the current year by the first day of December and by the first day of December/of each and every year that the purchaser is in possession of the said property under this agreement. In the event the said work shall not have been done or provided for to the satisfaction of the owner for any year by the first day of December, then the owner shall have the right to do and perform the said assessment work,- entering upon the said premises for said purpose,- and the failure of the purchaser to do and perform all of the said required assessment work shall work a termination and cancellation of this agreement. The purchaser further agrees to pay all taxes and governmental charges of every kind and nature levied against the said property and upon the improvements and extracted ore thereon before the same shall become delinquent.

13. The purchaser shall keep full, complete and accurate books of account showing the amount in short tons of 2000 lbs. of all ore mined, shipped and removed from the said property, or mined and treated, or in any other manner reduced to commercial value,- the said ore to be weighed by the purchaser or its weight determined in some other manner satisfactory to the owner, and the purchaser shall furnish the owner on or before the 15th day of each and every calendar month with a complete record of all ore mined and shipped, or smelted, or in any other way reduced to commercial value during the

preceding calendar month, and such books of account shall be open to the inspection of the owner or its duly authorized agent at all reasonable times.

14. That the purchaser in all his mining, smelting or other operations conducted under the terms of this agreement shall carefully keep and observe all laws of the United States and of the State of Washington.

15. As a part of this agreement the owner is to execute and deliver to THE NATIONAL BANK OF COMMERCE OF SEATTLE, WASHINGTON, a good and sufficient deed to the purchaser or his assigns, conveying to such grantee clear possessory title of all interest of the said owner to all of the mining claims in this instrument described, and shall deposit with the said deed in escrow a copy of this agreement, and said deed shall be held in escrow strictly in accordance with the terms of this agreement and upon full payment of the total purchase price herein stated said bank shall deliver said deed to said purchaser, his assigns or designated grantee,- otherwise, and in event of a breach of any condition in this agreement contained, resulting in a termination and cancellation of this instrument, such deed shall by said bank be returned to the owner.

16. During the time that this agreement is in force and effect, the purchaser shall furnish the owner with copies of all mining reports, reports of engineers and assayers, and other data showing the size, condition and character of the ore bodies and any and all information obtained by the purchaser of value and interest to an owner and operator of the said property.

17. It is further agreed between the parties hereto that time is of the essence of this agreement, and that any failure and neglect on the part of the purchaser or his assigns to make the cash payments at the time and in the manner herein provided, or to furnish the owner with the weights or tonnage of the ore, removed or treated, at the time and in the manner herein provided, and/or the failure on the part of the purchaser to do the required assessment work at the time specified herein, shall work a termination of this agreement at the election of the owner, and such termination shall work a forfeiture as hereinafter provided.

18. IT IS ALSO FURTHER AGREED AND UNDERSTOOD that, excepting violations of this agreement hereinbefore mentioned, all other violations of the terms, covenants and conditions of this agreement shall also work a forfeiture and termination at the election of the owner, but in such event the owner shall deliver by agency of registered mail to the purchaser at Port Angeles, Washington, a notice of the delinquency and setting forth clearly the grounds for such intended forfeiture and the purchaser shall be allowed thirty (30) days after the service of such notice within which to correct any such causes of forfeiture. Admission of correction shall automatically cancel the notice of intended forfeiture and upon the owner being satisfied as to such correction, shall thereupon duly notify the purchaser.

19. Any termination of this agreement - whether it be for failure to make payments of the purchase price, doing the assessment work, or violation of any other of the terms, covenants and conditions herein set forth, shall work a forfeiture of all payments made by the purchaser to the owner and of all structures and other improvements placed upon the said property of such a character as to form a part thereof, and all as agreed liquidated damages to the owner for violation of this agreement, and the purchaser shall immediately surrender to the owner, or its agent, quiet and peaceful possession of the said property and the owner, or its agent, may take possession of the said property, structures and improvements, but all machinery and equipment and structures capable of removal, placed thereon by the purchaser, may be removed by the purchaser within one hundred (100) days after such termination if such removal can be accomplished without physical injury to the mine and without injury to said property other than the actual loss of such machinery and equipment, but in any event strictly mine facilities installed shall remain undisturbed upon the surrender of the said property. The purchaser shall not be liable or held to account for loss or delay caused by Acts of God, fire, theft or strikes of workmen or other conditions beyong the reasonable control of the purchaser.

20. A waiver on the part of the owner to terminate this agreement by reason of any failure of performance on the part of the purchaser shall not constitute a waiver of the owner's right to terminate the agreement on account of

any subsequent failure of performance on the part of the purchaser.

21. IT is understood and agreed that a termination of this agreement shall not release the Purchaser from amounts due under the said agreement either on account of ore mined, timber cut or removed, or balance due upon minimum payments herein set forth, which have accrued previous to the date of said termination.

22. It is further understood and agreed that the owner will cooperate with the Purchaser in securing by location or in any other manner a powersite or sites for the development of hydro-electric power on Constance Creek and/or Dosewallips River, title to be taken or location made in the name of both parties, but wholly at Purchaser's expense, and that upon termination of this agreement - whether upon failure to perform on the part of the purchaser, or otherwise - all rights of Purchaser shall revert to and become the property of the Owner, and Purchaser shall immediately execute whatever conveyance is necessary to vest full title in Owner; but should this agreement be consummated and full purchase price paid, then the Owner shall execute to the Purchaser whatever conveyance is necessary to perfect title to the said site or sites in the Purchaser.

23. The covenants and conditions herein shall extend to and be binding upon the heirs, executors, administrators, successors and lawful assigns of the parties hereto, except that this agreement shall not be assigned by the Purchaser without the written consent and approval of the Owner.

24. IT IS FURTHER UNDERSTOOD AND AGREED that should it be deemed advisable during the time this agreement is in force and effect to locate one or more mining claims or a mill site in connection with the above described property, said location shall be made in the name of the owner and shall be subject to all of the terms and conditions herein set forth, and upon said locations being made, the owner shall immediately execute a deed to the property covered by the same, and deposit said deed in escrow in THE NATIONAL BANK OF COMMERCE of SEATTLE as herein provided for the deed to the hereinbefore described mining claims.

25. IT IS FURTHER UNDERSTOOD that the owner is to continue to occupy the miner's cabin now on the property during the time this agreement is in force and effect.

26. IT IS UNDERSTOOD AND AGREED that this agreement shall terminate 15 years from date hereof should the full payment of the purchase price have not been made prior to that date, and upon such termination of this agreement all payments made by the purchaser shall be forfeited as liquidated damages to the owner and the possession of the said property and all thereof shall be given to the owner, and the purchaser shall remove his personal property in the manner and way and within the time herein set forth in case of an earlier termination and forfeiture of purchaser's rights under this agreement.

EXECUTED in three original counterparts,- one for each of the parties hereto and one for deposit in escrow, as herein provided.

AMERICAN MANGANESE CORPORATION,
a corporation,

By F. A. KARNES /s/
Presidnet.

Attest:

JOHN F. REED /s/
Secretary.

(CORPORATE SEAL)
AMERICAN MANGANESE CORPORATION
Incorporated 1925
Seattle, Wn.

F. H. JARNAGIN /s/

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

September THIS IS TO CERTIFY: That on this 9th day of ~~August~~, 1947, before me, the undersigned Notary Public, personally appeared F. A. KARNES and JOHN F. REED, to me known to be the President and Secretary-Treasurer of the AMERICAN MANGANESE CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NELSON R. ANDERSON /s/
Notary Public residing at
Seattle, Washington.

(NOTARY SEAL)
NELSON R. ANDERSON
NOTARY PUBLIC
Commission Expires
March 1, 1950
STATE OF WASHINGTON

STATE OF WASHINGTON)
) SS.
COUNTY OF KING.)

AFFIDAVIT OF
JOHN F. REED.

JOHN F. REED, being first duly sworn upon oath, deposes and and says:

That he is one of the Trustees, and Secretary and Treasurer, of the American Manganese Corporation and has been for a number of years last past. That said corporation is the owner and holder of the following described mining property situate in the Mount Constance Mining District (unorganized), Jefferson County, Washington, and described by the official plat and by the field notes on file in the Office of the Register of the Spokane Land District, at Spokane, Washington, as follows, to-wit:

> Mining Claims: Commencing at Corner No. 1 of Claim No. 2 New Elkhorn Group U. S. Mineral Survey No. 1259, whence the U. S. Mineral Monument No. 1 Constance Mining District bears S. 63° 14' E. 1230.89 ft. dist.; thence N. 10° 15' E. 3000.00 ft.; thence West 2400.00 ft.; thence S. 10° 15' W., 3000.00 ft.; thence South 1500.00 ft.; thence West 1800.00 ft.; thence South 1500.00 ft.; thence East 5400.00 ft.; thence North 3000.00 ft.; thence West 1200.00 ft. to point of beginning,

containing 440 acres, and forming one contiguous group of claims, in Section 19 (approx.), Township 26 North, Range 3 West (unsurveyed); Sections 13 and 24 (approx.), Township 26 North, Range 4 West (unsurveyed), Willamette Meridian.

There are no adjoining or conflicting claims as shown by said survey.

Affiant further states that there are no liens or encumbrances upon the said property and that application has been made for U. S. Letters Patent for the said property under Survey No. 1259, M. A. No. 020222, District Land Office, Spokane, Washington; that all governmental and other fees in connection therewith have been paid, including the purchase price of the said property to become due the United States upon the issuance of said letters patent.

This affidavit is made in connection with the Application for Aid for an Exploration Project Pursuant to Mineral Order No. 5

Defense Production Act of 1950, to be filed upon application made by M. B. Sheik.

John F. Reed

Subscribed and sworn to before me this 25 day of May, 1951.

Seal

Nelson R. Anderson
Notary Public in and for the State
of Washington, residing at Seattle.

16. History

(a) Little work, other than assessment work was ever done on this property.

(b) None

(c) Report of Amos Slater, E. M., is attached.

Seattle, Wn.

Mr. M. B. Sheik
Brinnon, Wash.

This report covers numerous observations made on the Elkhorn Group and Elkhorn Extension Group of Mining Claims owned by the American Manganese Corporation.

General: The Elkhorn and Extension Group of Mining Claims of the American Manganese Corporation situated in Section 24 Twp. 26 N. Rg. 4 W., W. M. Jefferson County, Washington. These Claims are located on the southern slope of Mt. Constance on the North side of the Dosewallips river. The property may be reached from the Olympic Highway (101) near Brinnon by 7 miles of county road and 6 miles of Forest Service road, a distance of 13 miles.

Topography: The mountain on which the Claims are located rises steeply from the bed of the Dosewallips river and maintains an average slope of 40 to 45° showing a relief from 1000 to over 5000 feet in elevation above sea level. The entire Claim Area is heavily timbered, typical of the Olympic Mountains. The lower reaches is merchantable timber the upper suitable for general mine purposes. Aside from the Dosewallips river, water for general use may be obtained from Miners Creek on the east side of the property and Constance Creek to the West, which flows parallel to the claims the year around and would supply gravity water for mining.

Ore Deposits: Outcrops of manganiferous ore occur at numerous places over the Claims, extending from the Dosewallips river north up the slope of the mountain to elevations above 4800 feet. The ore bodies in general are masked by glacial drift, thinner at the upper reaches and thicker at the lower elevations. Outcrops of ore occur more frequent above the 1800 foot elevation, and indicate three general ore bodies which are called the West, Middle, and East ledges.

The strike of these three bodies is North 10 degrees East, and dip from 70 to 80 degrees from the horizontal. The ore occurs between altered basalt and argillaceous lime containing hematite which gives a red color, a marker for exploration. The West bed or vein is about 20 feet in thickness; the Middle bed from 35 to 40 feet in thickness; the East bed about 20 feet in thickness. Numerous outcrops on the surface from the 1500 foot elevation north to the 5000 foot elevation indicate that there are other ore bodies than the three ledges mentioned above.

The work done in maintaining assessment work necessary to hold the claims has been on outcrops of ore but only in a superficial manner, not sufficient to determine their thickness or to any depth. Such tunnels as have been driven do not cut across the ore bodies much below the weathering of such ore bodies. Most of the

numerous samples have come from weathered outcrops and in my opinion do not give a true value of the underlying ore. As these ore bodies are, more than probably of sedimentary origin and always have the red lime as one wall, this lime strata extending from the Dosewallips river north to the cliffs above the 5000 foot elevation there is a continuity established, but only exploration can determine whether the ore bodies show such continuity. In this connection the surface outcrops of ore do show to a limited extent such a continuity. Only exploration will prove whether the ore is continuous or in lenses along the strike of the measures.

As to the depth of these ore bodies, no work has been done much below the outcrop, hence diamond drilling will be necessary to determine this factor.

Transportation and Power: If at the conclusion of exploration the tonnage as well as grade of ore will warrant an operation, then development will determine extraction tonnage and the transportation to deep water on Hood Canal. Due to difference in elevation between operation at the property and Hood Canal a good road and trucks will be necessary to make the haul of about 13 miles, which will all be down an average 2% grade. Power can be brought in from the main transmission line of the Bonneville Administration at the Olympic Highway, a distance of about 12 miles.

Conclusions: To warrant exploration of these manganese deposits, there is sufficient evidence in the outcrops of the three manganese beds, namely, West, Middle and East ledges with a combined total of 75 feet in thickness and extending for a distance of over 6000 feet, from elevation 1000 feet to 5000 feet above sealevel.

To determine manganese content and depth of the beds sufficient diamond drilling, trenching and sampling will be required. This work when properly carried out will determine the method of extraction, and the equipment necessary for the operation.

There is sufficient water, timber and room for plant layout on the property. Power can be brought in from power line near the Olympic Highway.

If the base of operations is established at the 1200 foot level, it will be ideally situated to extract the ore from all three beds by central haulage tunnel on the Middle bed with crosscuts to the other ore bodies. From the 1200 foot elevation the road can be established on a 2% grade to Tidewater.

Finally in this exploration work will show the tonnage of metallurgical grade ore present as well as lower grades that can be beneficially treated for chemical purposes.

Respectfully submitted

Amos Slater

Dated: May 22,1951.

Amos Slater,E.M. Mining Engineer

M. B. SHEIK

THE EXPLORATION

20. This exploration will be conducted for manganese.

21. The proposed work contemplates diamond drilling:

(a) 1 - 500 ft. vertical hole on each of the three veins of ore.

(b) 1 - 500 ft. horizontal hole on the West vein at the 2300' level.

(c) 2 -600 ft. horizontal holes to crosscut the West vein at a low level.

(d) 2 -600 ft. horizontal holes to crosscut the East vein at a low level

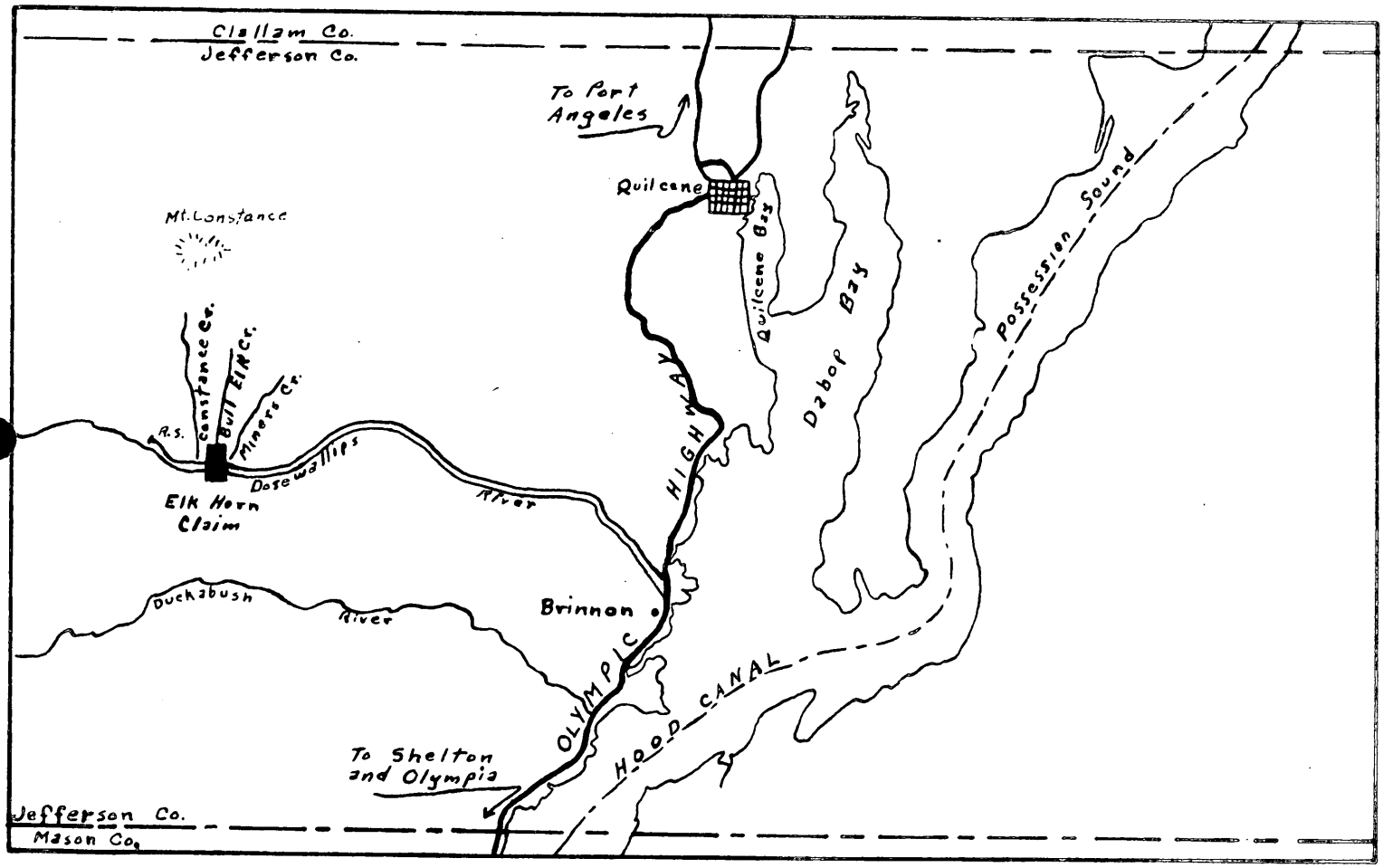
A total of 4400 feet of 1" holes.

(e) The driving of a 5'x7' drift 450 ft. into the East vein at elevation approximately 1625.

(f) The driving of a 5'x7' drift 450 ft. into the Middle vein at elevation approximately 1875.

(g) The surface sampling at existing outcrops, and trenches to be opened, by bulldozer and hand labor at various locations on the three veins.

A total of 45 locations on the three veins.


Clallam Co.
Jefferson Co.
To Port Angeles
Quilcene
Mt. Constance
Quilcene Bay
Dabob Bay
Possession Sound
Constance Cr.
Bull Elk Cr.
Miners Cr.
R.S.
Dosewallips
River
Elk Horn Claim
HIGHWAY
Duckabush
River
Brinnon
OLYMPIC
HOOD CANAL
To Shelton and Olympia
Jefferson Co.
Mason Co.

May 22, 1951

ELK HORN GROUP OF MINING CLAIMS

CONSTANCE MINING DISTRICT, JEFFERSON COUNTY

WASHINGTON.

INTRODUCTION: It has been seventeen years since I wrote my first report on this group of claims. I have had the opportunity to make occasional visits to the property and have kept some of the salient facts in mind. This spring the opportunity has been afforded me to go over part of the property and it seems desirable to revise some of the report.

LOCATION: The property may be reached under ordinary conditions by a county and Forest Service road from Brinnon on Hood Canal up the Dosewallips River. Two years ago, due to a flash flood, some of the road has been washed out. It is now under construction. The distance from Hood Canal to the east property line is twelve miles.

The property consists of 28 claims in one block. They have been held by the American Manganese Corporation by virtue of annual assessment work and are now in the process of patenting.

GEOGRAPHY: The general geography of the region is that of a mountain valley with precipitous walls. The relief is rugged and ranges from 950 feet in altitude at the Dosewallips River level to the crest of the claims of 5000 feet elevation. The average slope of the hillside is 30 to 44 degrees with many vertical cliffs.

The topography is the result of mountain building processes that have been sculptured by glacial and stream erosion. The canyons are

F. A. McMILLIN
ECONOMIC GEOLOGIST

very narrow. The glacial valleys are now modified by stream erosion. Because of the steepness of the slope there is very little glacial debris except on the valley floors. The area is well watered and covered by a stand of Douglas Firs with some Cedar and Spruce. The drainage is mainly by creeks originating in high snow fields and occupying the minor canyons. These streams are tributaries to the Dosewallips River. Most of these minor streams are controlled by the general shear pattern of the region and is at right angles to the course of the river.

The rock exposures are mainly confined to the cliff faces. The remainder of the valley sides are covered by off fall from the cliffs and is now resting at the general angle of repose for the particular type of rock.

STRATIGRAPHY and PETROGRAPHY: The stratigraphy of the Olympic Mountains may be started at the canal and progress up the river to the core of the mountains. This is a convenience in layout of the column in the descending order with the older formations on the interior of the mountain area.

The basalts along the canal are probably lower Tocene belonging to the Metchosin volcanic series. Locally these are covered with Puget Sound Glacial drift and recent alluvium. This series rests upon a more steeply dipping basalt series that may correspond to the volcanism incident to the Laramide Orogeny of the Cretaceous. The Petrographic study of these rocks so indicate.

These t o series rest upon the more steeply dipping ellipsoidal basalt that probably is Franciscan of Jurassic age. In this basalt there are beds of tuff and breccia. The Manganiferous Belt is located in the lower part of this marine basalt. The dip no has reached 82 degrees to the east.

The sequence in original position on this bed was manganese ore, argillaceous lime in which a ferric oxide dust is suspended in various

amounts giving characteristic colors of red and brown. Jasper occurs at local horizons in the form of reddish lenses. The recurrence of beds indicate isoclinal folding with extensive shearing in the red limy argillite. This accounts for local thickening of the red lime beds and for the lime being on the wrong side of the particular fold.

Continuing down the column, the next is a striking formation of ellipsoidal basalt in which the ellipsoids may measure as much as eight feet on the long axis and two or three on the short axis. This formation is 3000 feet thick. The ferromanganesium minerals have been altered and leached till the general appearance is a light gray color. Epidote is a common secondary mineral. The rocks as a whole show some development of Chlorite.

The fine grained black shale immediately underlies this ellipsoidal basalt. The shale is at least 1000 feet thick. It has been compressed until it approaches a shist. The bedding plains are probably now represented by the cleavage pattern.

The next formation is 3500 feet of light gray ellipsoidal basalt. The ellipsoids are large. These basalts have been effected by the general shearing movement of the mountain building processes. They are exceptionally well exposed in the canyon of the Dosewallips River near the falls.

From these basalts at the falls until one has reached the summit of the divide at the head of the Dosewallips River in Rose Meadows, the formation is a sequence of argillites, type "Black Shale" and a graywacke type of sandstone.

Fossils have been found that indicate that the age of the shales are Mississippian. However, these fossils were poorly preserved and of a type not commonly used as indexes.

FOLDING and FAULTING: At some time in the late Mesozoic, possibly coincident with the Rocky Mountain orogeny of late Cretaceous times

and continuing into the Tertiary, there were great mountain building processes in the Olympic Peninsula. The forces operating were a doming force that resulted in the elevation of the mountains, and, also, dragged up the basaltic outer fringe to very steep dips. The characteristic fold of the Manganiferous Belt is very close set isoclinal folds.

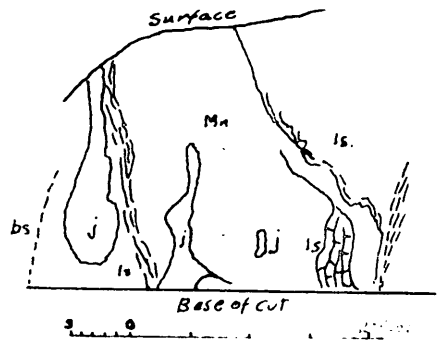
The fault system may be divided into two parts: the east west trending faults and the north south trending shear zones. The east west trending fault is mainly showing by the course of the Dosewallips River. The south block has been displaced to the west. There is a vertical component but the amount has not been ascertained.

The shears follow the manganese beds and the red lime is the incompetent member. Miner Creek and Bull Elk Canyon as well as several small streams paralleling the manganese beds are shear faults.

THEORY OF FORMATION OF THE MANGANESE: The source of the manganese has been the great thickness of ellipsoidal basalt. This basalt shows the type of alteration that would indicate leaching of the iron and manganese minerals. The plagioclase feldspars are much leached; this would give a source of the lime.

The characteristics of the manganiferous minerals are unique in that there is an intimate mixing of quartz and colloidal silica with the iron and manganese. The thing that has brought this to point is that the manganese may be dissolved in dilute acid. True silicates of manganese cannot be so treated.

The ores are primarily oxides in many states of oxidation and hydration. Carbonate and ankerite are present as well as some silicates but the main ore is oxide. The order of deposition is as would be expected from a warm shallow sea. The lack of coarse sediment indicates it is some considerable distance from shore.



Mn = manganese bearing rock
ls = red limestone
bs basalt // j = jasper
Shearing //

Middle bed
Elkhorn claims Dosewallips
River.

U.S.G.S. Bulletin 931 R Page 451

U.S.G.S. Bulletin 725, page 326: "There is nothing to suggest that the deposits are related to the intrusive masses, such as are generally thought to be the sources of metalliferous lodes in surrounding regions." - - - - - - "The deposits are thought most likely to be of manganiferous marine sediments greatly altered by regional metamorphism. - - - - - - This is supported by the fact that they are confined to certain sedimentary horizons." J. T. Hardee.

SCORMICK: There are three beds: east, middle, and west with several lesser beds. The strike is N 10 - 12 E. Dip 70 - 85° E. There have been many samples taken from these manganiferous beds. however, these have not been carefully identified as to location and in many cases they only indicate a nice looking chunk of ore. These samples have run up to a little better than 50 per cent though the most of them have indicated ore of lesser grade.

U.S.G.S. Bulletin 725, page 329. 1921: "Despite their small production, however, most of the deposits are decidedly interesting and not without future possibilities as profitable sources of considerable manganese." By F. L. Ransome and L. F. Burchard.

U.S.G.S. Bulletin 931-B, page 45A. 1941: "On these claims a great number of manganiferous deposits are known to occur within a small area than anywhere else on the Olympic Peninsula, and these deposits are comparatively accessible by road. Whether or not they have commercial value must remain uncertain until the size and grade of the individual lenses have been determined by further exploration and adequate sampling." By Charles F. Parks.

The claims have in the neighborhood of 75 to 80 outcrops. The exact location and the relation between them have not been established. It is thought that the beds are reasonably continuous even though much of their length is covered with talus. The beds get wider as one goes up the slope. The samples indicate the quality of the ore strengthens as one goes higher.

There are several considerations that have arisen but not answered. Is this increase in width due to the fact that the slope is cutting the ore farther back or is it due to the position in the depositional basin? These can only be answered as the property is developed.

The amount of the ore is very large whether the beds are continuous or are in large lenses. There can be no question but the beds will vary in width as the basin varies in topography.

[illegible]: That all known or found outcrops be sampled being careful to cut the sample so the same amount of the hard ore is taken as there is of the soft red lime.

At the earliest possible time a map should be constructed of all surface outcrops.

By the use of powder clean the faces at the lower outcrop of all three major beds to a distance of at least fifty feet of vertical face, or as near that amount as is practical.

Study the relations of the Minor Creek and Bull Elk Canyons to see if it is possible to economically reach the ore by diamond drilling.

Each vein should be drilled both horizontally and vertically to ascertain as much ore body as possible. The length of these holes should be continued as long as the drill can be kept within the ore bed or to a distance of approximately five hundred feet.

All drill cores should be sampled and analyzed. In all cases keeping a half portion of the core in the core box for future study.

The recommendations will show the extent of the ore and whether it is worth developing into a mining property.

F. A. McMillin

F. A. McMILLIN
ECONOMIC GEOLOGIST

22. The following is a list of analysis of Samples of Manganese ore taken from outcrops at various locations on the Elkhorn group of mining claims. The samples were taken over a period of years by reputable mining engineers and geologists. The analyses of those samples that could be definitely located have been placed on the Claim map and are indicated by an (*) on this chart.

	Mn.	Fe.	SiO_2	S	P	As
* Taken across West vein above tunnel portal	47.59	6.02	11.70			
* Footwall contact West vein above tunnel portal	22.43	27.08	15.36			
* Middle ledge ½ way up Claim No. 6	51.12	19.72	12.83			
* West wall East vein at outcrop	25.65	18.38	24.29			
2000 ft. level open pit Middle ledge 30 ft. ore exposed	43.54	11.04	9.75			
* At 1825 ft. level Middle ledge ore showing 53 ft.	46.71	10.83	15.49			
* East vein at 4200 ft. elevation	43.33	18.24	15.65			
* Middle vein 20 ft. above tunnel portal	56.30	3.99	28.10	0.096	0.041	0.07
* Middle vein 15 ft. above tunnel portal west contact to Middle of vein	40.10	10.6	21.50	0.056	0.087	0.03
* From trench near Discovery Post Claim No. 11	34.60	15.20	20.50	0.049	0.00	
Middle vein footwall	14.27	23.31	16.19			
* Middle vein 60' around nose of cliff nr. Discovery Post Claim 7	40.36	16.54	17.26			
Various locations (taken by state)	30.90	5.7	33.00			
" " " "	25.30	4.3	39.10			
" " " "	26.40	18.0	23.40			
" " " "	39.00	10.8	14.20			

M. B. SHEIK

THE REQUIREMENTS AND COSTS

M. B. SHEIK

SUMMARY

ESTIMATED COST OF WORK
(See detailed sheets attached)

DIAMOND DRILLING:			
4 holes - 500 ft. ea.	2000 ft.		
4 holes - 600 ft. ea.	2400 ft.	4400 ft. @ 6.00	$ 26,400.00
Contract to Seattle concern			
TUNNELING:			
2 tunnels - 400 ft. ea.		800 ft. @ 30.00	24,000.00
TECHNICAL ASSISTANCE:			
1 - Geologist			
1 - Mining Engineer			
1 - Civil Engineer			
1 - Survey Party			11,800.00
ANALYSIS:			
On diamond drilling at 10 ft. intervals		440 @ $ 10. 4400.00	
On tunneling at 5' intervals		160 @ $ 10. 1600.00	
On surface sampling, 45 locations x 4		180 @ $ 10. 1800.00	
Every 20th sample to be run as a check by a commercial assayer		39 @ $ 17. 660.00	
1 - Assayer			
1 - Sample grinder			8,460.00
SURFACE SAMPLING:			
Labor, supervision, transportation, Tools, powder & supplies 15 locations, 3 veins		45 @ 150.00 ea.	6,750.00
EQUIPMENT RENTAL: (Other than applicant's)			
Bulldozer, cars-track Compressor, Jackhammer, Drifter, Column & Bar, vent Fan			2,000.00
EQUIPMENT RENTAL VALUE (Applicant's)			
1-ton truck to transport crews and supplies -2 shift basis	840.00		
1- Sedan - 1 shift basis	800.00		
1- Complete Assay Plant & Eqpt.	1200.00		
1- Power Unit for Vent Fan	180.00		3,020.00
FUEL & LUBRICANTS			1,200.00
WATER & AIRLINES			1,500.00
MOVE-IN - MOVE-OUT			1,000.00
SMALL TOOLS & SUPPLIES (expendible)			1,000.00
TOTAL ESTIMATED COST OF PROJECT			87,130.00

23. LABOR

(a) (1) Tunnels - on two shift basis, 2 tunnels simultaneously.

4 Miners 85 shifts @ $2.00 hr. 85x4 = 340 x $16.00	$ 5440.00	
4 Muckers 85 shifts @ 1.75 hr. 85x4 = 340 x 14.00	4760.00	
4 Laborers; cut timber, lay water lines etc. 30 shifts @ 1.75 hr 120 x 14.00	1680.00	

(2) Surface Samples

4 hand drillers & samplers 90 shifts @ $2.00 hr. 360 x 16.00	5760.00	
Dozer operator @ $2.35 hr. 40 shifts	752.00	
Truck Driver @ 1.75 hr. 202 shifts @ 14.00	2828.00	
General labor @ 1.75 hr 40 shifts @ 14.00	560.00	
Assayer 5 months @ $450. Mo.	2250.00	
Sample Grinder 105 shifts @ 1.50 hr.	1260.00	
Direct labor		25,290.00
Taxes and insurance		2,705.00
Necessary to furnish board and lodging because of isolated location 1908 man days @ 5.00 (present rate)		9,540.00
TOTAL DIRECT LABOR		$ 37,535.00

23 (b) SUPERVISION

1 - Superintendent 6 mos. @ $750	4500.00			
Taxes and Ins.	250.00	4750.00		
Board & Lodging @ 150. mo.		900.00	5650.00	
TECHNICAL ASSISTANCE (Professional Services)				
1 - Geologist (field & office) 3 mo. @ 900.00		2700.00		
1 - Mining Engineer" " 3 mo. @ 900.00		2700.00		
1 - Civil Engr. & Party 1 week (contract)		750.00	6150.00	
Outside Accounting & Stenographic Services (contract) 6 mos. @ 300.00		1800.00		
Drafting, Mapping, preparing special Reports, partial contract (est.)		1375.00	3175.00	
TOTAL SUPERVISOR AND SPECIAL SERVICES				$ 14,975.00

M. B. SHEIK

23 (f) EQUIPMENT RENTALS (other than applicant's)

1 - D4 Bulldozer & Compressors 40 days @ 30.00	1200.00		
Mine cars & Track 4 mos. @ 75.00	300.00		
Ventilating Fan 4 mos. @ 25.00	100.00		
Air & water pipe 4 mos. @ 100.00	400.00		2000.00

23 (g) EQUIPMENT VALUE (Applicant's)

1 - 1-ton truck 6 mos. @ 140.00	840.00	
1 - 4-door Sedan 6 mos. @ 133.33	800.00	
1 - Complete Assay Plant 6 mos. @ 200.	1200.00	
1 - Gasoline Power Unit (Vent fan) 6 mos. @ 30.00	180.00	3020.00

23 (h) MATERIALS & SUPPLIES

Fuel & Lubricants	1200.00	
Small tools, powder & accessories, Spikes, core boxes, lumber, ties, assay chemicals	1000.00	2200.00

23 (i) MOVE-IN -- MOVE-OUT 1000.00

SUB-TOTAL EQUIPMENT RENTALS, EQUIPMENT VALUE MATERIALS & SUPPLIES, MOVE-IN-MOVE-OUT $ 8,220.00

24 TIME SCHEDULE

		Expenditure
1st month	- Begin all phases of work	$ 9,000.00
2nd "	- Continue all phases of work . . .	14,000.00
3rd "	- Continue all phases of work; Complete surface sampling	20,000.00
4th "	- Continue Diamond Drilling and Tunneling	15,000.00
5th "	- Continue Diamond Drilling and Tunneling	15,000.00
6th "	- Complete Project	14,130.00
		$ 87,130.00

M. B. SHEIK

STATEMENT BY LANDLORD

RE
SUBORDINATION AGREEMENT

Seattle, Wash., May 25, 1951.

Mr. M. B. Sheik,

Seattle, Wash.

Dear Mr. Sheik:

This is to assure you that in event your Application for Aid for an Exploration Project Pursuant to Order 5 under the Defense Production Act of 1950 receives favorable consideration, and an agreement is entered into between the Defense Mineral Administration and yourself, that the undersigned will sign and execute the necessary subrogation agreement required in connection therewith.

The above has application to the Elkhorn mining property described in the Optional Agreement of Purchase of the mining property, dated September 9, 1947, a copy of which has been furnished you to accompany your application.

Very truly yours,

F. H. Jarnagin, holder of an Optional Agreement of Purchase of the mining property above described from the American Manganese Corporation.

AMERICAN MANGANESE CORPORATION

By John F. Reed

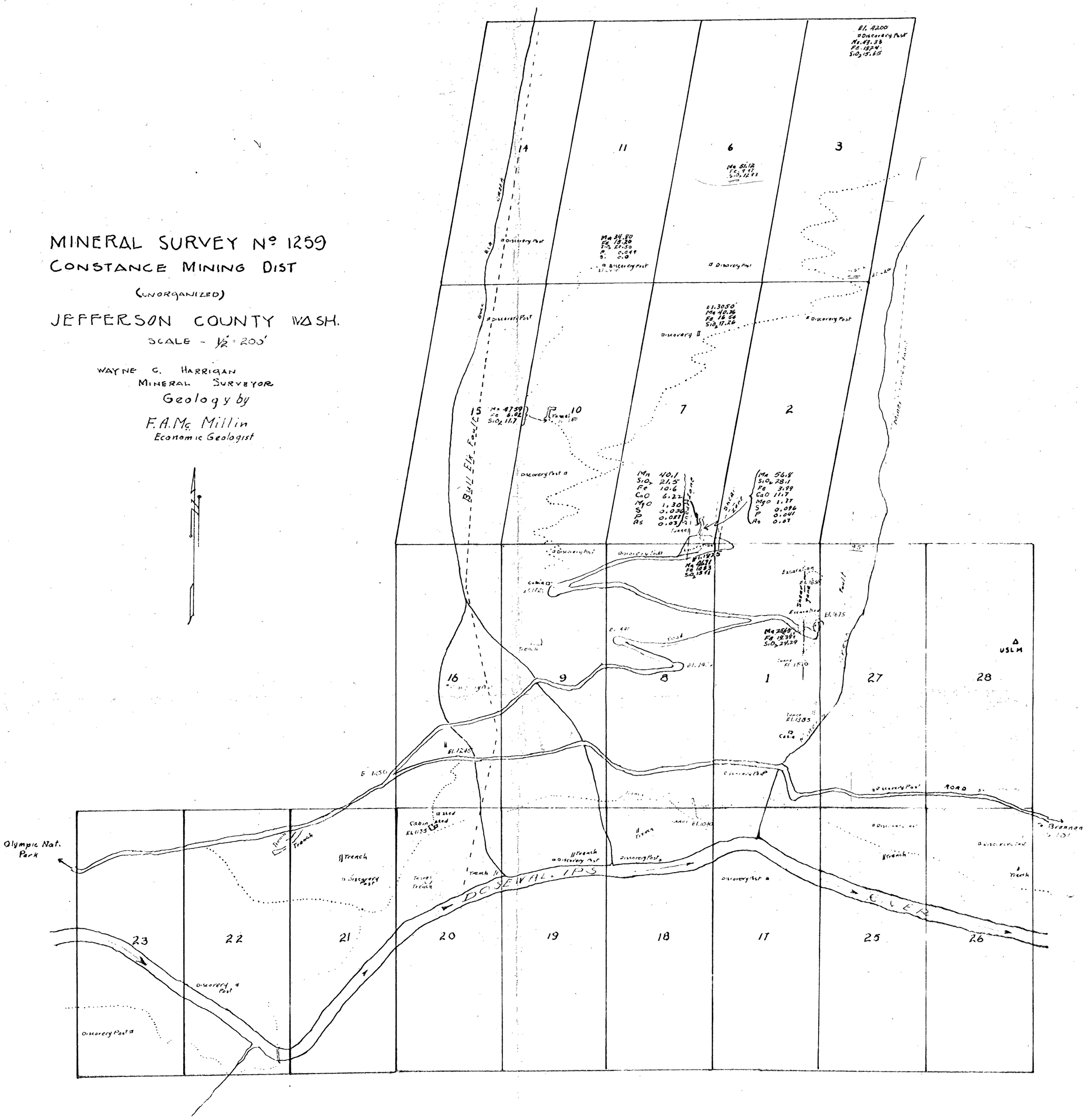
Secy.-Treas.

Owner of the mining property for which for U. S. Letters Patent is now pending under Survey No. 1259, M. W. No. 020222, District Land Office, Spokane, Washington.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 1 - 1951
LANDON F. STROBEL
Executive Secretary

MINERAL SURVEY Nº 1259
CONSTANCE MINING DIST
(UNORGANIZED)
JEFFERSON COUNTY WASH.
SCALE - 1/2" = 200'

WAYNE C. HARRIGAN
MINERAL SURVEYOR
Geology by
F.A.Mc Millin
Economic Geologist



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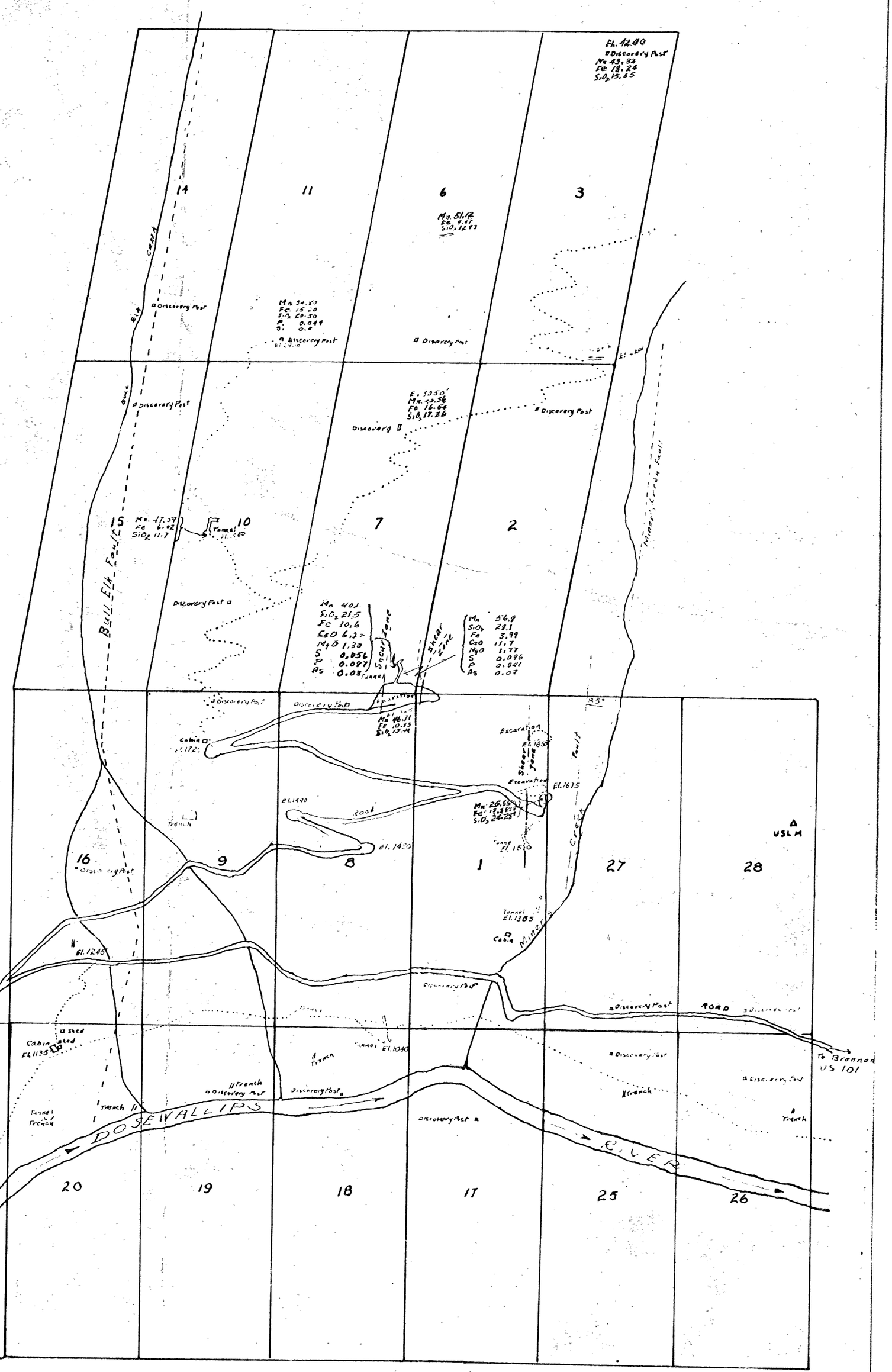

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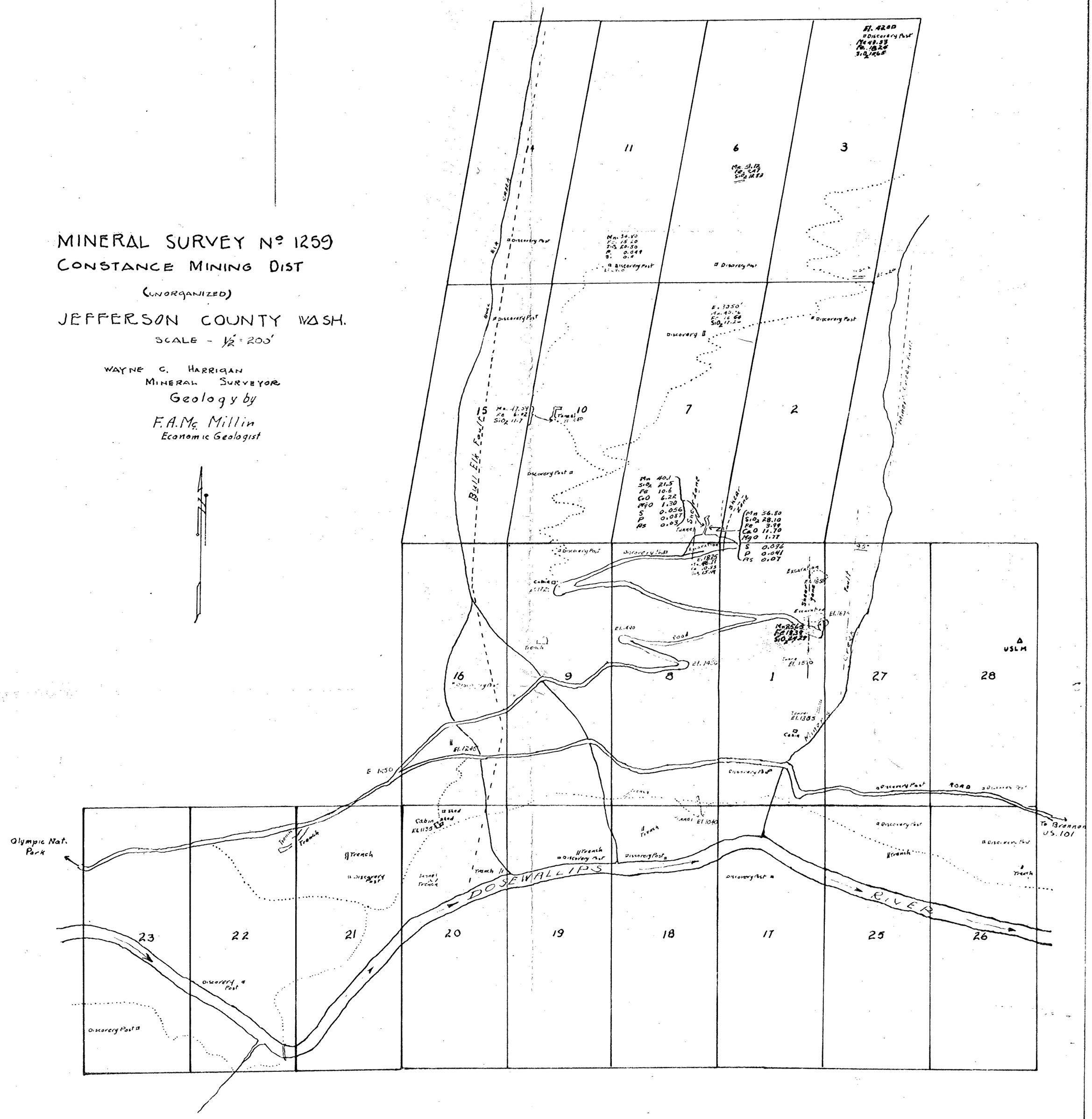

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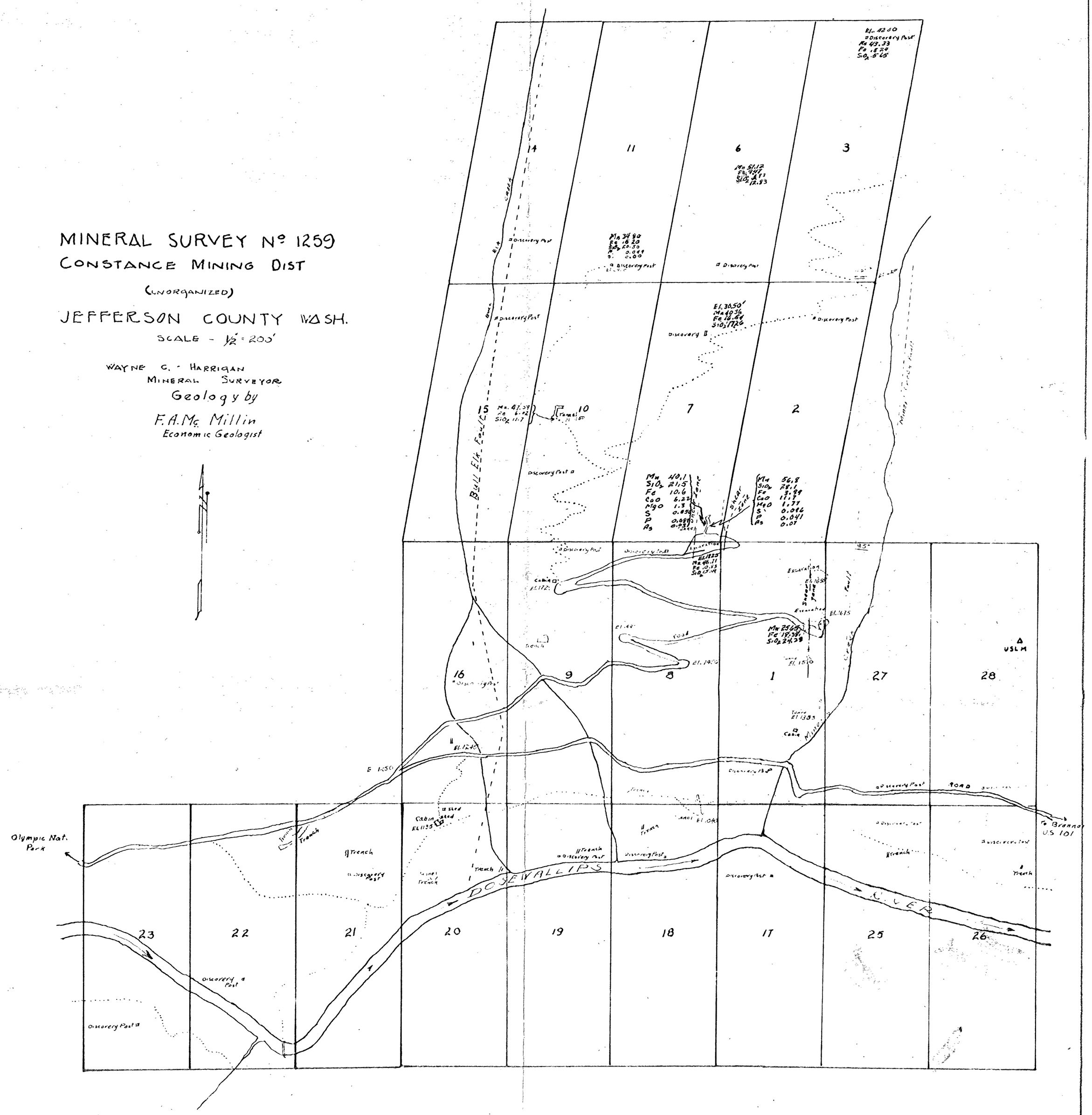
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