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REPORT ON ALASKA TREASURE MINE

KT 112-70

BY F. CLOSE

W. S. STEWART
Geologist of Alaska

This property is situated at the south east of Douglas Island, Alaska.

My examination of the Alaska Treasure Mine was made in order to: -

1. Check the value of the ore bodies where exposed.
- 2/ Estimate tonnage of ore.
3. Decide on plan of future development if assay value of the exposed ore and general indications warrant same.
4. Estimate cost of development.

The climate, situation, local conditions, and geology have been fully covered by the previous reports of Messrs. Pearse, Kingston and Browne, Nettleton, Dr. Comstock and others, and will not be repeated here.

I. VALUE OF ORE BODIES:

Surface indications: The surface is too broken and covered with vegetation to obtain accurate information relative to width, strike and dip of the ore bodies. Good ore is exposed by open cuts to the south east of the Hudson tunnel, on the banks of the creek which passes the mouth of the Corbus Tunnel, and at the crest of the hill above the Hudson workings. I am informed that there are more surface indications on the Summit and Fraction claims further to the south east which may add to the value of the Property, but not enough is known of this section to warrant expenditure on further exploitation until the Mine commences to pay dividends.

Underground Development:

- A. The Hudson workings, elevation above sea level 743ft.
- B. The Corbus tunnel, " " " " 942 "
- C. The Main Crosscut, " " " " 203 "

A. HUDSON WORKINGS - About 1200 ft. of underground work, has been done in this section exposing a body of ore 70 ft. wide for a length of 180 ft. The drive to the east is in good ore to the face, where my sample No. 30 assayed \$2.17. To the west it passes out of the reef in order to connect with a shaft to surface. These workings have been systematically sampled by Messrs. Pearse, Kingston & Browne, Nettleton, and Dr. Comstock whose results are on record.

Messrs. Pearse, Kingston & Browne's average of 115 samples was \$4.05.

Mr. Nettleton's average of 10 samples taken across 72 feet of reef was \$3.76, and his average of 27 samples from the drives east and west was \$2.64.

Dr. Comstock's average of 6 samples taken across 73 feet of reef was \$7.00 per ton. He took 68 samples and estimates the average assay value of the ore at \$7.00 per ton.

In view of the above previous reports I took average samples of broken ore from the face of the east drive and along the stopes above the drives (vide samples Nos, 28 to 33.) The average assay of these samples is \$4.3, and I am satisfied from this and previous assays that the approximate assay value of the ore exposed in the Hudson workings is \$4.0.

Probable tonnage developed in Hudson section: No ore is blocked out on four sides, but it is practically certain that the vein continued to the surface, and probable that it keeps the same assay value throughout. The height to surface is about 200 feet so the probable tonnage developed in this section is 190,000.

A shaft has been sunk 130 ft. below the Hudson level, but at the time of my visit this was flooded and could not be sampled.

B. THE CORBUS TUNNEL

Is located 1100 ft. north west of the Hudson tunnel and crosscuts the formation. The width across the reef covered by each of my samples was $2\frac{1}{2}$ ft. and the average assay of 9 samples (Nos. 57 to 65) from the mouth of the tunnel to $22\frac{1}{2}$ ft. is \$2.87 which checks well with previous estimates. There are evidences of the continuation of the ore body on the surface in front of the tunnel so the actual width is greater than could be sampled. The face of the tunnel is also in ore, but the horizontal distance is too great to correlate these ore bodies with the Hudson vein with certainty.

C. MAIN CROSSCUT TUNNEL

This tunnel was started 540 ft. vertically below the level of the Hudson tunnel, and heads south west, parallel with the Hudson tunnel but 440 ft. to the south east of it. At 3400 ft. the tunnel was turned to the north west and was continued to a point nearly under the Hudson vein but failed to pick it up. An ore body was cut at 2680 ft. which shows evidences of value for a width of 100 ft. This section has been sampled and assayed, and resampled and re-assayed by Messrs. Pearse, Kingston & Browne with very discordant results. The 26 samples taken by me covering the same distance average under \$1.0; 15 ft. from 2690 ft/ to 2605 ft. average \$2.72 but no other section will pay to mill according to my samples. However, in view of the fact that better average assay results have been obtained from this section, it would be advisable to determine the value accurately by means of a mill-

ing test.

At 2640 ft. a drive heading west has been made 230 ft. at the end of which a crosscut 26 ft. long was put in recently. No payable ore has been found in the drive. My 10 samples (Nos. 34 to 43) covering $2\frac{1}{2}$ ft. each taken on the west side of this crosscut average \$3.4. The 9 samples (Nos. 44 to 52) on the east side average \$1.82 making a combined average of \$2.61 for the $26\frac{1}{2}$ ft. sampled. Values still continue in the face and there is no reason to suppose that the reef here will be narrower than in the Main Crosscut, where, deducting a horse of country rock, the width is 70 feet.

From its position, this ore body is probably the same as the one known as the Intermediate vein, referred to under the heading of "Surface Indications" to the south east of the Hudson Tunnel. There is no evidence to connect it with the Hudson vein which should be 500 ft. further to the south. The failure to find the Hudson vein in depth is, in my opinion, due to the Main Crosscut Tunnel being too far to the south east and I am convinced that a crosscut on the level of the Main Crosscut to the west of the Hudson tunnel will pick it up.

2. TONNAGE OF ORE

Until further development work is done this can only be surmised. We know from the evidence at the level of the Main Crosscut Tunnel, and from the experience of other mining groups in the same district, that these ore bodies do not diminish in size or value at depths easily attained in ordinary mining. The intermediate vein outcrops about 500 ft. above the Main Crosscut Tunnel; it is fair to assume that it has been out in the Corbus Tunnel, 740 ft. above the Main Crosscut. If it maintains an

average width of 60 ft. throughout it is a simple matter of mathematics to calculate that the Intermediate vein alone contains over 5,000,000 tons of ore. The Hudson vein may well increase this by another 5,000,000 tons, and this estimate reckons no ore below the level of the Main Crosscut tunnel. It must be noted, however, that this ore is not yet blocked out, as it is in the case with all mines there are sure to be sections of too low a grade to mill, but which can be left in the mine as pillars, and 20% should be deducted for this. The assay value and tonnage can only be ascertained with certainty when the ore has been blocked out on four sides.

4. COST OF DEVELOPMENT: Estimates of the initial expense, cost per foot, etc. are annexed. The cost of two alternative schemes are estimated.

Scheme 1, follows the lines of Mr. Hudson's report dated Oct. 6th, 1913, but adds the necessary crosscuts across the Treasure lode and a tunnel to the Hudson vein. It must be noted however that this scheme blocks out no ore, the ore at the level of the Main Crosscut may be poorer than the general average causing some initial anxiety or it may be richer, causing ultimate disappointment and possible heavy loss if a mill be erected to treat 1,000 tons a day on the evidence of values found at the horizon of the Main Crosscut and Hudson workings only.

It is therefore my emphatic opinion that -

Scheme 2 should be adopted, namely, to block out 400,000 tons above the Main Crosscut level and also to crosscut to the Hudson vein. If the Hudson vein is found to be of the same width and value in depth as in the upper workings there will be sufficient assured and probable ore to recommend with the utmost confidence

the immediate installations of a mill to treat 1,000 tons a day. Should the financial situation permit it would be still better to combine both schemes and, besides crosscutting to the Hudson vein, to continue following the intermediate vein towards the Corbus Tunnel; crosscutting at intervals of 200 feet. This would add 1,200 feet of tunnel to Scheme 2 at an additional cost of about \$20,000. The more headings advanced at the same time the cheaper the cost per foot.

Scheme 2 is the minimum amount of work which must be done before a mill can be ordered, and I consider that a combination of schemes 1 and 2 as explained above is the reasonable amount of work which should be done^{be}/fore a mill is ordered.

FURTHER REMARKS

SAMPLING MILL It is not commercially possible to estimate the assay value of the Juneau district ores within 50 cents per ton by sampling and assaying. An error of 50 cents on 1,000 tons a day would make a difference of \$500 a day to the revenue. A 10 stamp sampling mill should therefore be erected at a convenient point below the mouth of the Main Crosscut Tunnel and ore taken from the different crosscuts should be run through this mill. A 20 stamp mill has already been erected below the Hudson tunnel, 5 of these stamps have already been carried down to the mouth of the Main Crosscut tunnel but are not erected. Five more stamps should be brought down. The mill can be run by water power from Nevada Creek. Such a pilot mill will give accurate information of the recoverable value per ton and data from which the best design for the big mill can be obtained.

The gold recovered from the mill will more than repay the cost of running it.

A considerable economy of fuel would be gained by continuing the water power pipe line from the mill to the compressor, a distance of 2,600 ft. Estimates for this work and for erecting the mill are not yet ready but will be supplied shortly.

PRESENT CONDITION OF TUNNELS AND PLANT.

Tunnels and other important underground workings are in good shape. New smoke stacks will be required for the compressor and a general overhaul of machinery and boilers, which appear to be in good condition. The boarding house required new windows in places, and a general overhaul. The air hoist in the Hudson tunnel is probably rusted beyond repair but will not be required at any rate for sometime. Estimates for necessary repairs and various fittings etc, are annexed. It must be noted that the \$10,000 for obvious initial expenses allows nothing for possible heavy repairs to boilers or failure of the compressed air pipe line, neither of which have been tested since the plant shut down 3 years ago. There is no reason to suppose that any unforeseen expense will be incurred, but the possibility of such additional expense should be allowed for in the general scheme of finance.

SUMMARY

The Alaska Treasure Mine is unquestionably a splendid property with possibilities of 10,000,000 tons of ore above the Maine Crosscut level of an average assay value of between \$2½ and \$3½ per ton.

Provided that the width and value of the intermediate

vein are continuous to the west of the Main Crosscut tunnel
400,000 tons of ore can be blocked out and sufficient ore opened
up to warrant the installation of a mill to crush 1,000 tons a
day at an estimated cost in Alaska of under \$100,000. Working
costs per ton for a mill of this capacity will not exceed \$1.30
and will be reduced to about \$1.00 as further units are added.

(Signed) FRED CLOSE.
M.I.M. & M

S. S. PRINCESS MAY,
off British Columbia, June 6, 1914.

File Copy
[Signature]

MEMORANDUM OF TITLE

THE ALASKA TREASURE GROUP LODE CLAIMS - KX112-70

- - - - -

The Alaska, The Alaska No. 2, Bullion, Bullion No. 2, Lode Claims, were patented May 3, 1904, U. S. Patent No. 38566, Survey No. 575, to J. P. Corbus, A. W. Corbus, and D. O. Mills, and were deeded to the Alaska Treasure Gold Mining Company on December 22, 1909, Book 22 of Deeds, pages 486 and 487.

The Last Chance, Alaska Treasure, Utah, Copper Stain, Denver, Butler, Summit, Cora, 1,000 foot Fraction, Belmond, Bonanza and Champion Lodes were patented January 15, 1908, Patent No. 47169, Survey No. 724, to the Alaska Treasure Consolidated Mines.

On December 1, 1909, a mortgage deed of trust, covering each of the said groups, was given by the Alaska Treasure Gold Mining Company, mortgagor, to the Union Trust Company of San Francisco, California, for \$1,000,000.00. This mortgage was filed in Book B of Mortgages, pages 336 to 380 and included all other property of the Alaska Treasure Gold Mining Company, and after acquired property.

On August 9, 1915, pursuant to foreclosure of the said above mentioned mortgage, the U. S. Marshal for the First Judicial District, Territory of Alaska, and in consideration of the payment of \$374,204.79, sold all of the property covered by the said mortgage, to E. S. Heller, of San Francisco, California, which said deed was filed for record

August 10, 1916, and recorded in Book 25 of Deeds, page 576.

On November 3, 1921, E. S. Heller and Clara H. Heller, his wife, deeded a 1/5 interest in all of the property included within U. S. Marshal's deed dated August 19, 1916, as shown herein, to Fanny Ainsworth Morgan, of New York City, New York, and a 4/5 interest in the above property to the Alaska Treasure Consolidated Mines.

On August 31, 1917, the Alaska Treasure Consolidated Mines, a Corporation, mortgaged all of its interests in the property mentioned above, to the Union Securities Corporation of California, for the consideration of \$15,000,000.00, which said mortgage was filed for record on August 1, 1917, and recorded in Book E of Mortgages, pages 145 to 152, inclusive.

The mortgage above mentioned, was foreclosed, and pursuant thereto, the U. S. Marshal for the First Judicial Division, Territory of Alaska, issued a marshal's deed, dated February 20, 1923, to the Union Securities Corporation of California, for all of the right, title and interest of the said Alaska Treasure Consolidated Mines' property included within the said mortgage. This deed was filed for record on March 2, 1923, and recorded in Volume 28 of Deeds, pages 266 to 270.

It is to be noted at this time that the mortgage of the Alaska Treasure Consolidated Mines to the Union Securities Corporation, dated August 31, 1917, which was foreclosed and U. S. Marshal's deed issued thereunder, on February 20, 1923, included after acquired property, and accordingly, the 4/5 interest deeded by E. S. Heller and wife, at that time, was

part of the property affected by the said mortgage and foreclosure thereof.

On June 15, 1927, the Union Securities Corporation of California deeded all its right, title and interest in the Blue Bell, Horse Shoe, Gold Bug, Elizabeth Fraction, Omega, Jumbo, Alpha, Lock, Chart and Key Lodes to Fanny Ainsworth Morgan of New York City, New York, which said deed was filed for record July 1, 1927 and recorded in Book 30 of Deeds, pages 69 and 70.

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On May 9, 1929, U. S. Patent No. 1,027,148, U. S. Survey No. 1526, was issued for the Blue Bell, Horse Shoe, Gold Bug, Elizabeth Fraction, Omega, Jumbo, Alpha, Lock, Chart and Key Lodes to Fanny Ainsworth Morgan, of New York City, New York, and she is at present, the owner of the whole interest in the said claims covered by this Patent; and also the owner of a 1/5 interest in all of the property included within the U. S. Marshal's deed of sale, issued August 9, 1918.

The remainder of the property included within this deed, and also in the U. S. Marshal's deed, dated January 20, 1928, is owned by the Union Securities Corporation of California.

In order to vest the entire title in Fanny Ainsworth Morgan, it will be necessary for the Union Securities Corporation of California to deed to the said Fanny Ainsworth Morgan all of the right, title and interest of said corporation to the said Fanny Ainsworth Morgan.

This is a brief memorandum of title of the said Nevada Creek property, known as the Alaska Treasure property, and situated on Nevada Creek.

J. F. Mullen, Attorney

Examination of Alaska
Treasure Property —

made by —

Henry Co Carlisle —
(1935)
(Year of Marriage)
Art Thane asst.

Following year exam. —
(1936)

by Frances Cameron
for A.C.M. Co. —

Art Thane & Chester ^{Trigg}
assistants

Red Diamond —
John Nimmo

Account of woodcamps;

x cut + drifts on road
1/2 mi from beach.

of x cut +
Account at mill level

has to road
but traps full of water.

Attorney for: Fanny Ainsworth Morgan,

Mr. James E. Neville,
411 West Fifth Ave.,
Los Angeles, Calif.

See letter from
P. C. Stewart dated
6/22/39
Not the right amount
Frederic B. Close
Mining Eng.
441 1/2 Hudson Park Rd.
Brooklyn

NOTED

APR 27 1939

B. D. STEWART
Commissioner of Mines

Presented
By
J. A. Boyle

REPORT ON ALASKA TREASURE MINE

BY F. CLOSE

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average width of 60 ft. throughout it is a simple matter of mathematics to calculate that the Intermediate vein alone contains over 5,000,000 tons of ore. The Hudson vein may well increase this by another 5,000,000 tons, and this estimate reckons no ore below the level of the Main Crosscut tunnel. It must be noted, however, that this ore is not yet blocked out, as it is in the case with all mines there are sure to be sections of too low a grade to mill, but which can be left in the mine as pillars, and 20% should be deducted for this. The assay value and tonnage can only be ascertained with certainty when the ore has been blocked out on four sides.

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(Signed) FRED CLOSE.
M.I.M. & M

S. S. PRINCESS MAY,
off British Columbia, June 6, 1914.

Aug. 575 - 4 claims
patented 1906 to J. P. Barber

Aug. 724 - 12 claims
pat. 1906 to

Aladdin Machine Consolidated
Mines. over 1