

MR  
1940

*Handwritten:* Juneau 112 5/8/40  
*Signature:* [illegible]

*Handwritten:* This report submitted to Home - re road help

*Handwritten:* J. Lee

COPY

S T A T E M E N T

RAINBOW GROUP OF MINING CLAIMS

Eagle River

Alaska

This group of four claims has been described by Mr. Adolph Knopf in the U. S. Geological Survey Bulletin No. 502, 1912, Eagle River District, Alaska, as a fissure vein about 6 feet wide and 1500 feet long, cutting a quartz diorite gneiss intrusion in a slate-schist formation from schist to schist, with a dip of about vertical, and an elevation at the lowest exposure in the snow slide gulch, of about 1300 feet and at the upper crosscut trench about 1600 feet, with the main mine camp and mill-site at about 200 feet as it will be on the river flat. The mountain slope is about 45 degrees.

This will give a drawing head of from 1200 to 1400 feet with no hoisting or pumping, thereby creating cheap mining power costs, and which would give the lowest working addit or tunnel to be about 1200 to 1500 feet long. The first or upper one would be about 400 to 500 feet, with some kind of a temporary tram-way to mill. It is also expected that considerable water will be encountered due to the strike of the vein which is across the face of the ridge. This water will be caught and piped to plant for power use, as the hydraulic head will be nearly 1000 feet. There is ample other water and timber nearby. There will be some extra energy spent in getting to and from the workings, while they are in progress, at the highest tunnel. This would not be for long though, for as soon as it is justified, the middle or lower tunnel will be constructed and all work done from it.

The situation of this vein is most ideal for cheap operation, for it is situated on a ridge, which is a part of a steep mountainside, which gives short tunnels to work the vein. This also shortens the tramping distance in tunnels and drifts, as the tunnel will be put in to strike the vein about its center. This tunnel has also got to be located where it will be clear of the snow-slide area.

This property is located about 30 miles from Juneau, Alaska, with a good public highway to within  $2\frac{1}{2}$  to 3 miles of the ground. By replacing the decayed upper timbers on several old low dry-wash bridges, on the old Eagle River Mines horse tram-way, for which it is very probable to secure some Government assistance in the nature of the loan of a power tractor, with which it would be possible to haul-in the necessary large trees for stringers. The planking we could do ourselves. This road would take us to within  $\frac{1}{2}$  mile of the mine camp. Due to this easy accessibility, you can easily visit the property and examine it to your own satisfaction.

A Mr. Combest, a mining engineer, formerly employed by the Treadwell Company estimated there were about 1,500,000 tons of ore in sight, from the body exposed at that time, in the snow-slide gulch. The value of this ore, I do not know but believe it is not very high. An average assay composed of 6 samples we took at this spot in July, 1939, was \$6.98 in gold and silver. One sample from the north end of the vein assayed \$18.65 with 6 feet of vein being exposed in the face of the cliff. This value I also believe to be too high and not an average value. With these statements and the fact that there is a distance of about 1200 feet between the two places sampled, where values were shown as above, makes it highly improbable to suppose that there are not other ore shoots within that area that has been unprospected. It being so easy to thoroughly test the ore-body, it is not unreasonable undertaking.

To make this proposition more encouraging, I wish to state that there is a property in British Columbia, Canada, named the "Bralorne Mines", with an identical geological condition, age and inclosing rock. A great deal of time and money was spent in developing this property in the wrong manner since the property was found in 1894. The present management took it over in 1932 and since 1934 (or less than 6 years), it has proved up well and produced nearly \$8,000,000. The Willow Creek district near Anchorage, Alaska, is also similar to this property but its veins are flat and narrow. Both the Bralorne and Willow Creek properties have to pump their water and hoist their ore. This operation we will not have to do, thereby creating a more economical mining operation.

I do not think we should neglect developing this property, as there is so much in our favor. Cheap transportation of our equipment, very favorable weather conditions during the twelve-month and easy accessibility - and many other desirable features.

The property is held at the present time, on an option of \$50,000 with no payment of cash now but a 10% payment to be made from the proceeds of the total gross mine production.

It has been estimated that to put in the first small testing plant with a mill capacity of 20 tons per day, would cost about \$5,000 and a reserve of at least \$3,000 for operating expenses -

making a total of \$8,000. It is only due to the before-mentioned favorable conditions, that such development and construction work can be done so economically.

It is also suggested that production notes be issued against all the mine ore production until such time as the \$8,000. will have been paid in full but a bonus of an equal amount (value) of shares in the Company will be issued when such company is formed, which will operate the property. We will at first, operate as a syndicate or development association until such time as a company operation is deemed advisable. There will be no over-head expenses in any-way or any high salaries and if it is possible, the first crew necessary to do the work, will be selected from local respectable, recommended old-time mining men of temperate habits. All these men will be expected to accept only their expenses and possibly \$1.00 per day in cash; the balance of their wages to be paid in production notes, as would yourselves. Therefore everyone would share the risk and the mine success would depend upon good, honest and intelligent labor. Due to the values of the ore in sight, there seems no risk attached at this time of writing

Your informant is a man who thoroughly understands the work to be done as he has been in this North country practically constantly since 1894 and studied all phases of mining development and operation, so it will not require any costly specialized supervision which would only eat up our small initial finances. He has paid for all his experience himself and not by others and knows only too well the difficulty of getting money to begin any development work. This fact is readily understood by many but not by all.

In closing, I want to state that this property has all the indications of being a good producer which fact can be proven either favorably or otherwise, with a figuratively small investment. Conservatively speaking, there is every reason to believe that this property will prove a valuable investment and one which will pay its original backers big dividends.

I respectfully submit this letter to you and ask your financial assistance and investigation of this property to our mutual advantage. Should you desire to make small monthly remittances, I will be pleased to forward you a Deferred Payment Contract and also Receipt for any funds which you may see fit to subscribe.

Should you desire any further information in this matter, on any phase of it whatsoever, I would be more than pleased to answer your questions immediately.

Respectfully submitted,

Thomas D. Gillis

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Juneau, Alaska