

**BLANK B—ANNUAL REPORT**

This report must be properly executed and filed with the Corporation Commissioner on or before July 1, 1933, in order to entitle a corporation mining for any of the precious metals, coal, or prospecting or operating for oil, or operating an oil well, to pay a license fee of only \$10. If not so filed, such corporation must pay the same license fees as are required to be paid by other corporations for gain.—Section 25-244, Oregon Code 1930.

**ANNUAL REPORT TO THE CORPORATION DEPARTMENT**

FOR THE YEAR ENDING JUNE 30, ~~1933~~ 1935

Of ARGONAUT GOLD MINING COMPANY  
(Give legal name in full)

a corporation organized and existing under and pursuant to the laws of the State of Oregon.

The location of its principal office is at No. \_\_\_\_\_ Street,  
in the city of Corvallis, in the state of Oregon

The names and addresses of principal officers, with the postoffice address of each are as follows:

NAMES	OFFICE	BUSINESS ADDRESS
<u>A. M. Swartley</u>	President	<u>Corvallis, Oregon</u>
<u>Lester G. Oehler</u>	Secretary	<u>do</u>
<u>do</u>	Treasurer	<u>do</u>

The date of the annual election of officers is 1st Monday in June of each year

The date of the annual election of directors is do

	Common With Par Value	Common No Par Value	Preferred
Amount of authorized capital stock . . . . .	\$ 300,000.00	Shares	\$ 200,000.00
Number of shares of authorized capital stock . . . . .	300,000		200,000
Par value of each share . . . . .	\$ 1.00	x x x x x	\$ 1.00
Amount of capital stock subscribed . . . . .	\$ 300,000.00	Shares	\$ none
Amount of capital stock issued . . . . .	\$ none	Shares	\$ none
Amount of capital stock paid up . . . . .	\$ none	Shares	\$ none
Price at which no par value stock issued . . . . .	x x x x x	\$ none	x x x x x

State amount of capital, represented by stock of no par value, with which the corporation began business . . . . . \$ none

Total amount of its properties in Oregon, ~~(including its own stock)~~  
674.55 acres on and adjacent to Sykes Creek in Jackson County, Oregon

The location of its properties No operations

The amount of work done thereon and improvements made thereon since the time of filing last report No operations

The amount of output or products of the mines or wells of such corporation from January 1, 1932, to December 31, 1932, inclusive, No operations

The value of output or products of the mines or wells of such corporation from January 1, 1932, to December 31, 1932, \$ \_\_\_\_\_

IN WITNESS WHEREOF, I, A. M. Swartley, President  
of said corporation, have signed this report, this  
[CORPORATE SEAL] 25th day of June, A. D. 1935  
(signed) A. M. Swartley

STATE OF OREGON, }  
County of \_\_\_\_\_ } ss.

I, \_\_\_\_\_, being first duly sworn, depose and say, upon oath, that I am \_\_\_\_\_ of the foregoing corporation; that said corporation is not engaged in or transacting any other business except that of locating, prospecting, developing or operating mines for any of the precious metals, coal, or prospecting or operating for oil, or operating an oil well; that the value of the output or products of the mines or wells of said corporation from January 1, 1932, to December 31, 1932, is no operations; and that the above and foregoing statement is a full true and correct statement of the facts and circumstances herein stated.

A SHORT REPORT UPON THE PROPERTY  
(ARGONAUT)

Jackson County, Oregon

By

A. M. Swartley

5/1/36

**SUMMARY:** - The report which follows states:

That this property of 600 acres of patented land is favorably situated as to roads, railroads, climate, water, topography and timber.

That the geology is favorable for ore bodies of magnitude and persistence in depth and are similar to some of the larger mines elsewhere.

That it is located in an old placer mining district and that there is evidence of much placer gravel still unworked on the property.

That it has four known veins with widths of from three to 300 feet wide and the veins best developed have 50,000 tons of \$12.00 ore above the first level partially blocked out.

That this block should be first prepared for extraction and that samples be sent to testing laboratories and a mill designed following such tests of a capacity of 100 tons per day.

That the total mining and milling costs including overhead should not exceed \$2.00 per ton which with a tailing loss of 50 cents per ton would show a profit on all ore assaying above \$3.00 per ton and with a larger mill cost would be lowered as the daily capacity is increased.

That after the mill is in operation, development should be liberal and the mill enlarged as fast as justified; the cost of such enlargement to be defrayed from accumulated profits.

**LOCATION:** - This mine is situated in the northwestern part of Jackson County, Oregon.

It is on and adjacent to Sykes Creek, a branch of Evans Creek which flows into the Rogue River near the town of Rogue River. This town is on the Pacific Highway and the Southern Pacific Railroad. It is about 10 miles from Grants Pass and 21 miles from Medford. The property is about 11 miles from the town of Rogue River and is reached over a gravelled road through farm lands and is on a water grade.

**TOPOGRAPHY:** - The elevation of the town of Rogue River is 993 feet above sea level and that of the principal mine workings is about 1300 feet and the highest elevation on the property is about 2600 feet. This land has semi-nature topography with rounded hills except where more resistant rocks have created sharper outlines. The drainage is generally across the mineralized areas with gulches and ridges alternating across the veins and ledges. The maximum difference in elevation on the strike of the vein system is about 1000 feet.

**GEOLOGY:** - The eastern side of the property is composed of slates and schists with small areas of greenstones. These rocks are of Devonian or earlier age and may be Pro-Cambrian if they can be correlated with the schists of northern California where Hershey suggests Algenkian for the Abrams and Salmon there which are similar to those strata of the May Creek formation on this property. The western part of the property is a granitoid rock, a quartz diorite and was intruded into the slate and schist and is the probable chief source of the ore deposits. These are ore deposits roughly parallel the contact between the quartz diorite and the slate schist but as far as known are within the slate and schist only. The

sketch map accompanying this report is referred to for illustration of the conditions occurring.

The slate and schist dips to the east at a steep angle and the gold is found widely disseminated within them. The thin plates of these types of rocks easily permit movements between the steeply dipping plates whenever the crust of the earth is disturbed by underground forces.

In blocky massive rocks the ruptures would be confined to definite planes of fractures of comparatively small widths. On the other hand, in the schists and slates and because of their thin and platy nature the movement can be easily extended over much wider areas.

This movement, loosening the plates over wide areas creates a multiplicity of small channels through which uprising hot gold-bearing solutions can ascend and on their way toward the surface deposit gold and silica in between and in the plates of the rocks. This disposition may be from almost microscopic thinness to gold bearing quartz a few feet wide wherever major movements have occurred.

In hard and massive rocks the ore is confined in channels usually between definite walls within a few feet of each other. In this type of exploration and preparation of ore for extraction is done by drifting upon the vein since the veins are comparatively narrow.

Much of this type of work has been done at this property upon the more prominent and attractive parts of it. The method which would get the maximum results for the money expended would be to cut across the ore zones so that their limits could be determined and thorough sampling be done. This method of development and sampling will show the limits of profitable ground with a view of mining wide widths at low cost by open pit or other low cost method.

Without going into further detail the geology of this ore deposit is quite similar to that of some of the larger mines of the world. Attention is called to a description of the mining of quite similar ore occurrences at Carson Hill, California, in the March issue of the Engineering and Mining Journal. This mine which has taken out the highest grade ore to a depth of 4550 feet is now starting at the surface and in the upper workings to mine widths of 40 feet of the lower grade ore. They are mining and milling 555 tons per day at a total cost of \$2.00 per ton.

Another property, the Alaska Juneau, mining 11,000 tons per day is an ore of similar type and appearance but much lower in value. The total cost at this property for mining and milling including overhead is under 60 cents per ton.

#### VEIN SYSTEMS

By referring to the sketch it will be seen that there are four gold-bearing veins or lodes so far discovered traversing the property in a north and south direction. Because ore is found in places over a width of one-fourth mile and for a mile long it has been impossible to develop all the known occurrences sufficiently to determine either their magnitude or whether there might be other veins in addition to those already found. The veins so far discovered and upon which work has been done are described from west to east as follows:

HIGH GRADE VEIN: - The outcrop of this vein is found on the northwesterly side of Maggerly Gulch and extending up the hill to the north. It has been traced by a series of open cuts. Most of these cuts, made years ago, have fallen in and require cleaning out before sampling. These trenches, made along the

vein and not across it, have not(?) determined whether the openings have exposed the full width of it. From the appearance of things the width is not fully exposed.

An open trench nearest to the bottom of Maggerly Gulch has recently been cleaned out. This trench, along the vein, is about 20 feet long, 15 feet deep and three feet wide. A sample taken by W. H. Holloway across the south end of the trench at a depth of about 15 feet assayed \$21.00 and one from the north about six feet deep assayed \$7.00. This average value of \$14.00 for this cut is less than reported by others.

THE THOMAS VEIN: - The ledge to the east, the Thomas vein, is on the east side of Maggerly Gulch and south of the one described above. There has been much surface work done in the way of irregular cuts for a length of about 1,000 feet, most of which are in the southern half of this distance.

This vein has been drifted upon for 354 feet and the depth at the face is 83 feet below the surface. A cave about 125 feet in from the portal prevents examination for the remaining distance.

A sample across 8 feet was taken by W. H. Richardson an engineer in my presence at a point about 350 feet north from the portal of the tunnel and at the surface. This sample assayed \$10.50 and I am reliably informed that at many places in these open cuts above and in the tunnel similar values have been proven to exist.

William Hutton, a mining engineer, was for some time in charge of investigation and sampling this vein which at the time was open for inspection. He stated to me that "The better ore started about 150 feet in from the portal of the tunnel and continued without reduction in width and value to the face. While the ore is not fully blocked out you will find that there is a block of ore 200 ft. long, 24 ft. wide, 20 ft. deep, containing approximately 30,000 tons that will average (old price) \$7.00 per ton gold. 11.25 @ 35 oz au

SULPHIDE OR THIRTY FOOT VEIN: - About 400 feet east from the face of the drift on the Thomas vein work has been done on a vein which is called the "Sulphide Vein" also the "Thirty Foot Vein" because of its proven width and content of gold-bearing iron sulphide.

OXIDIZED ORE: - Here as in other mining districts, the upper parts of the ore bodies are weathered and leached, and the sulphides have been oxidized leaving the gold more free. This oxidation extends downward to variable depths below the surface. This variable depth of oxidation is due to a difference in the character of the ore and to a difference in the slope of the ground.

#### RECOMMENDATIONS

THOMAS VEIN: - The work at the mine should at first be almost entirely devoted to preparing the oxidized ore at the Thomas vein for breaking down and transporting to the mill.

The Thomas vein with 50,000 tons of ore already partly blocked out with a gross value of \$600,000 is closest to water and mill-site. This should be the place where most of the mine work should be done to get ore ready for extraction.

A series of open cuts at regular intervals across the vein outcrop and deep enough to penetrate material in place should be made. The cuts should be both above the drift and beyond it to the north. These cuts should cross the vein and be far enough into the wall-rock so that there may be no question as to the limits of ore having been reached. Those cuts should be thoroughly sampled in short sections.

From these tests a flow sheet can be made and from the flowsheet a mill structure containing the necessary equipment can be designed. With mill plans in hand purchase of equipment can be made, mill building erected and machinery installed with dispatch and when completed production could begin.

COST ESTIMATED: - An estimate of cost to bring this property into profitable production can be given best by dividing it two parts. The first to include mine development, power line and transformers, ore testing, mill design, assay office and such things other than mill construction which will be required previous to operation of a mill and which can be determined with a reasonable degree of accuracy without having the mill plans in hand.

One can, however, predict the general method of treatment which will be found suitable for this ore and thus arrive at an estimate of the cost of a mill which will be close enough for present purposes. This cost estimate will of necessity be stated as a maximum and not as a minimum.

This estimate is based on my own construction experience and from costs of other mills of similar size and treatment methods which have been erected and costs determined.

TIME ESTIMATE: - Work can start at once cleaning out the Thomas drift, cross-cutting and digging trenches. Within 30 days, ore could be sent to testing laboratories and mill designs completed 60 days thereafter. With mill plans in hand it should not take more than 90 days more to erect it and start production. This makes a total elapsed time estimated of six months and certainly not more than seven months would be required to have all things done as recommended in this report.

OPERATING COST ESTIMATE: - The oxidized ore can be mined and transported to the mill for not to exceed 50 cts. per ton. It can be milled for not to exceed \$1.25 per ton. With 50 cents for overhead including depreciation, etc., and a tailing loss of less than 50 cents, per ton we would have a profit upon all ore containing more than \$3.00 per ton. For example 30,000 tons of \$12.00 ore would have a profit of \$450,000.

These costs are based on a production limited to 100 tons per day without the full advantage of labor-saving equipment. With labor saving equipment and an increase in daily tonnage the total cost can be cut to \$2.00 or less.

EXPANSION PLANS: - A 100 ton capacity mill was chosen because costs per ton are lower than with a small unit and because the size of the ore bodies justify such a size.

A part of the profits from a mill of this size can well be used to develop ore faster than required for it and all ore mined in this development work can be milled and the average value of such ore be determined by actual mill runs. The recovery from the development ore will go towards the costs of such development.

Whenever sufficient tonnage has been proven to warrant an increase in mill capacity and profits from operation have accumulated, the mill can be enlarged without recourse to outside financing.

PROPERTY VALUATION: - WITH THE WORK DONE AT THE MINE AND A MILL BUILT AS described above and with the anticipated results therefrom, this property thus equipped would have a value of more than \$300,000.

CONCLUSION: - A summary of the above report is placed at the beginning of the report for those who wish to see at once what conclusions have been reached.

Although interested in the property, the undersigned believes he has not overstated the worth of it. He has made the above statement carefully and believes them to be correct.

Respectfully submitted,

(Signed)

A. M. Swartley  
5/1/36

The testing that was recommended in this report has been done. As you will note in report of Sept. 1, 1937. Also there is now approximately 100,000 tons of ore on the Thomas Vein in sight now having been exposed through development and testing since this report was written.

## "VEIN SYSTEM"

"By referring to the sketch it will be seen that there are four gold-bearing veins or lodes so far discovered traversing the property in a north and south direction. Because ore is found in places over a width ~~six or four miles long it has been impossible to~~ of one-fourth mile and for a mile long it has been impossible to develop all the known occurrences sufficiently to determine either their magnitude or whether there might be other veins in addition to those already found. The veins so far discovered and upon which work has been done are described from west to east as follows:

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RECORD IDENTIFICATION

RECORD NO..... M061411  
RECORD TYPE..... X1M  
COUNTRY/ORGANIZATION. USGS  
MAP CODE NO. OF REC..

REPORTER

NAME..... JOHNSON, MAUREEN G.  
UPDATED..... 80 12  
BY..... FERNS, MARK L.; (BROOKS, HOWARD C.)

NAME AND LOCATION

DEPOSIT NAME..... ARGONAUT

MINING DISTRICT/AREA/SUBDIST. GOLD HILL

COUNTRY CODE..... US

COUNTRY NAME: UNITED STATES

STATE CODE..... OR

STATE NAME: OREGON

COUNTY..... JACKSON

LAND CLASSIFICATION..... 01

QUAD SCALE  
1: 62500

QUAD NO OR NAME  
WIMER

LATITUDE  
42-33-52N

LONGITUDE  
123-07-58W

UTM NORTHING  
4712250.0

UTM EASTING  
489100.0

UTM ZONE NO  
+10

TWP..... 35S  
RANGE..... 04W  
SECTION.. 02  
MERIDIAN. WILLAMETTE

LOCATION COMMENTS: NE COR

COMMODITY INFORMATION

COMMODITIES PRESENT..... AU

DRE MATERIALS (MINERALS, ROCKS, ETC.):  
GOLD BEARING PYRITE

DEPOSIT TYPES:

VEINS

FORM/SHAPE OF DEPOSIT: LENSES, VEINLETS

SIZE/DIRECTIONAL DATA

SIZE OF DEPOSIT..... SMALL

PRODUCTION

UNDETERMINED

GEOLOGY AND MINERALOGY

AGE OF HOST ROCKS..... PERM-TRI?  
HOST ROCK TYPES..... SCHISTS AND SLATES  
IGNEOUS ROCK TYPES..... QUARTZ DIORITE

PERTINENT MINERALOGY..... QUARTZ

IMPORTANT ORE CONTROL/LOCUS.. CONTACT WITH QUARTZ DIORITE

LOCAL GEOLOGY

NAMES/AGE OF FORMATIONS, UNITS, OR ROCK TYPES

1) NAME: MAY CREEK SCHIST

AGE: PERM-TRI?

COMMENTS (GEOLOGY AND MINERALOGY):

THE LODES ARE MADE UP OF SLATE AND SCHIST WITH NARROW LENSES AND VEINLETS ACROSS CONSIDERABLE WIDTHS WHICH ROUGHLY PARALLEL THE QUARTZ DIORITE CONTACT

GENERAL REFERENCES

1) OREGON METAL MINES HANDBOOK, 1943, ODGMI BULL. 14-C, VOL. 2, SEC. 2, P.44