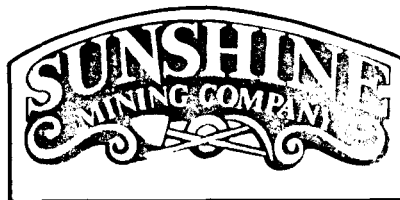


DEMOCRAT Gulch



815 Park Boulevard, Suite 100  
Boise, Idaho 83702  
(208) 345-0660

November 14, 1984

Mr. Thomas James Keene  
Avatar Mining Company  
P.O. Box 627  
O'Brien, OR 97534

Dear Mr. Keene:

With another field season winding down, we are somewhat belatedly going through our submittal files to determine which projects we might yet investigate or pursue before year's end.

Unfortunately, we will not be able to express any further interest in your "Democrat Gulch" property, Josephine County, Oregon. While the type of deposit warrants further evaluation, there is just no way we can pursue it at this time.

Thank you for letting us consider this project, and for your patience in waiting for a reply. And the best of luck in your further efforts to place this interesting property.

Very truly yours,

---

Gary L. Ojala  
Manager of Exploration

GLO/ch

Dear George,

The property we are presenting is in the same general area where we met a couple of years ago. It is located on Democrat Gulch, approximately one mile south of the old Holland store, and is described as the Southwest Quarter of the Northwest Quarter of Section 4, Township 40 South, Range 7 West of the Willamette Meridian, Josephine County, Oregon. Please find enclosed several maps locating the property; a mine survey; assay reports and spectagraphic analysis.

The exact source of the deposit seems to be a geological uncertainty. Theories range from Glacier, to massive mud flow, to flash flood. The most plausible seems to be that it is actually the lower portion of the "Old" Althouse Creek before it changed course from north to west, after running into an ultramafic intrusive; largely serpentine.

\*See Geological Map. Note Althouse Creek flowing north through metavolcanics of the Applegate group until it reaches Section 4, where it abruptly courses west in quarterly sediment. Whatever the exact source was, the deposit seems to be "massive".

Our operating routine consists of drilling and blasting; hand mucking into small ore carts on tracks, and tramping to shaft. There the ore is transferred into an 8 cubic foot bucket, and hoisted up 90 feet, where it is dumped into a scrubber trommel, and finally into sluice box. Timbering consists of three-piece sets, with overhead lagging, placed every 3-4 feet, or as needed. The shaft itself is a standard double-compartment type (manway-haulway). All water from mine seepage gravity flows to a sump, where it is continuously pumped. The mine produces 20 gallons per minute.

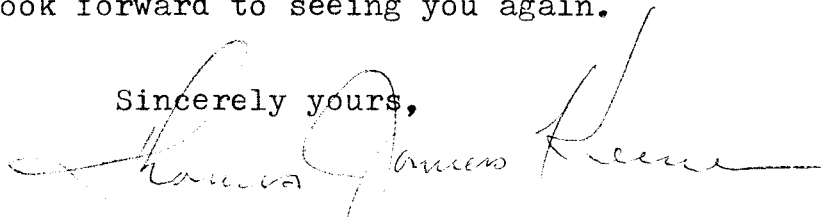
All work to date indicates enrichment to be uniform, with an overall production average of .20 ounce per cubic yard. Gold ranges in size from flour gold to two ounce nuggets. Bedrock is serpentine. Elevation is approximately 1500 feet, and access to the property is excellent. We have been operating year-round for three years with a three to four man crew. Our average production has been four yards per day. Primary number one water rights to Althouse Creek are included with property.

After extracting all available gold by amalgamation,  
I sent 3 pounds of concentrates to be assayed and analyzed.  
\*Enclosed please find copy of reports.

Upstream, (southwest) from property, the same deposit  
is found exposed about 200 feet higher than our elevation.  
A large mining operation is now being set up by Montigue Metals,  
and should be operating in about 30 days.

I feel this property to be an excellent prospect, and  
one well worth looking into. We have recently made arrangements  
for an additional 10 million yards, which should bring the  
mineable total to about 20 million yards. I hope to hear  
from you soon, and would look forward to seeing you again.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas James Keene". The signature is written in dark ink and is positioned to the right of the typed name below it.

Thomas James Keene  
Avatar Mining Company  
P.O.Box 627  
O'Brien, Oregon 97534  
(503) 596-2767

84-90

Dear Sirs,

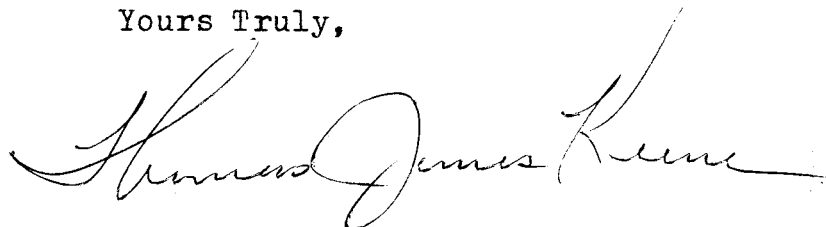
We have a complete and operating Southern Oregon Gold Mine for sale. Located in Josephine County, in the "Althouse Creek" district, this very rich placer has an estimated 3 million yards to mine, with options on an additional 3 million yards. The mine features a 90 foot vertical test shaft, with 700 plus feet of drifts. There are also two other test shafts on location. The mine is currently being worked year-round as a four man operation.

This property is an excellent open-pit prospect, with 26 acres privately owned. Includes: Ford 5500 Backhoe, Ingersoll-Rand Air Compressor and Ingersoll-Rand Air Hoist, Jackleg Drills, Pumps, Powder Magazine, Welders and much more.

PRICE: \$350,000

Contact: Avatar Mining Company  
Post Office Box 627  
O'Brien, Oregon 97534

Yours Truly,





## Sunshine Mining Company

P. O. BOX 1080    PHONE: Area Code 208 783-1211

Kellogg, Idaho

83837

July 6, 1984

Thomas James Keene  
Avatar Mining Company  
P. O. Box 627  
O'Brien, Oregon 97534

Dear Jim:

Its been a couple of years since we met on Althouse Creek, but I see you are still involved in mining there.

The property you are presenting may be of interest to us, but before someone comes down to take a look at what you have, we would like additional information. Since I know a little about that country and where some of the better mining areas are, we would like a map locating your property, pertinent sample data, and all other data relating to your current operation.

Thank you for considering Sunshine Mining Company and giving us an opportunity to evaluate your mining property.

Sincerely yours,

SUNSHINE MINING COMPANY

George W. Sintay  
Senior Exploration Geologist

/g