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104 0/16
Cub, Rox + Blue

March 27, 1979

Mr. G.S.W. Bruce,
Dome Exploration (Canada) Ltd.
600 - 365 Bay Street,
Toronto, Ontario. M5H 2V9

RE: Possible Options For Silver & Tungsten
Map Sheet 104 0/16

Dear Mr. Bruce,

Three brief reports are enclosed regarding the CUB, ROX and BLUE claims located south of Rancheria and held by D.G. Schellenberg.

I met Doug Schellenberg last year and he has made use of our helicopter out of Pine Lake. I consider him reliable.

The CUB and ROX claims cover silver, lead, zinc anomalies in an area of overburden on which Schellenberg dug pits last summer and uncovered high grade silver bearing float. These indications are on a strike south east of showings held by Fosco Mining on which two adits have been run. See airphoto in report on BLUE claims.

I have visited the site of the adits and was not impressed by the amount of mineral showing on the dump. No sampling was done however, and when Schellenberg showed me pieces of the float he found on the CUB property last fall, and the assays recently, I have concluded the property warrants further investigation.

The ROX claim was staked as a "unit" to cover an older

claim which fell open after staking the CUB. These two claims (10 units) should be considered as one property and the main commodity is silver.

The BLUE and BLUE #2 units are staked to the south in an area of southerly extension of the silver lead anomalies. These units are probably of more interest for the skarn development along the batholith contact which contains scheelite mineralization. This was discovered by Schellenberg last summer. Grades are low thus far but further prospecting is warranted.

Schellenberg has partners in the CUB-ROX property but holds the BLUE in his own right.

I have discussed possible option agreements which are as follows:-

CUB and ROX

- (1) In view of the data supplied and work done to date - a cash payment on signing an agreement of say May 15, 1979 \$ 5,000.00
- (2) After completion of the first seasons work but not later than Dec. 31, 1979 5,000.00
- (3) At the following anniversary dates of the agreement.

First anniversary (say May 1980)	10,000.00
Second anniversary	1981 20,000.00
Third anniversary	1982 20,000.00
Fourth anniversary	1983 20,000.00

- (5) At the fifth anniversary of the agreement a total cash buy out of \$500,000 less the previous payments (1984) \$ 420,000.00

This agreement to apply to, and be limited to, the CUB and ROX claims.

BLUE and BLUE #2

- (1) Domex would provide Schellenberg with cash payment of \$ 600.00 for the right of first refusal. This money to be used by Schellenberg to map geology, soil sample and if snow permits, rock chip sample the scheelite zone and file that work for two years assessment credit.
- (2) Domex would examine the property, and make a decision on option.
- (3) Domex would be free to stake in the vicinity at its discretion.
- (4) Schellenberg would be paid \$ 5000.00 annually from the date of option so long as the property is maintained.
- (5) Schellenberg would be entitled to a 5% "Net Profits Interest" in any production from the BLUE, BLUE #2 claims and any other production from the claim group within a one mile radius of the legal claim post for BLUE #2.

The area is one favourable for tungsten mineralization and will probably be the scene of renewed activity this summer. The G.S.C. - B.C. reconnaissance geochem data will be released May 31 for

this area (Jennings River and McDame sheets) and I expect companies such as Cominco, Amax, Dupont etc. will be staking potential targets ten days or so ahead. Schellenberg has other tungsten indications further north and there are indications to the north east within a radius of five miles.

If you were seriously interested in this proposition the danger is that some company may stake on speculation here and it might be necessary, for protection, to stake 20 - 30 units before May 31. It would be understood that ~~is~~ Dome eventually did not execute the option on BLUE these adjoining claims would be transferred to the prospector Schellenberg.

Earlier this year I tried to hire Schellenberg on staff for one of our exploration programs. He ^{has e} ~~has~~ selected however to pursue work in this district on ~~his~~ own.

If you should option these claims Schellenberg would be available for part of the summer to do line cutting, and supervise trenching on these properties. He would also be available to do the staking. His rates would be:-

\$ 120.00/kilometre for chaindd picket line,

\$ 75.00/day for program supervision,

no firm arrangements for staking but we are assuming this would be done at cost + \$ 75.00 per day if helicopter required for early staking. It should work out to \$ 50.00 - \$ 70.00 per claim if done in the summer on his own time.

The anticipated 1979 programs under these agreements would be:-

<u>BLUE</u>	To Schellenberg for mapping and sampling to record assessment work.	\$ 600.00
	Payment of option agreed on after examination	5,000.00
	Staking - assume helicopter	2,600.00


<u>CUB and ROX</u>	Payment on option agreement	\$ 5,000.00
	Linecutting 15 kilometres @ \$120.00	1,800.00
	Geophysics - Vector - pulse EM	6,000.00
	Trenching and Supervision	<u>1,000.00</u>
	TWO PROPERTIES SUB TOTAL 1979	\$ 30,000.00
	POSSIBLE CUB PAYMENT DEC. 31, 1979	<u>5,000.00</u>
		\$ 35,000.00

This proposal has been discussed, and is forwarded, under the terms of the Target Project but no interest in the property is claimed for J.C.S. Explorations.

If time is used for negotiation and supervision it will be charged at the usual rate.

We would appreciate a phone call after you have had a chance to consider this proposal. If you have no interest in it Schellenberg would like to take it to others.

Best regards
J.C. Stephen Explorations Ltd.


J.C. Stephen

JCS/ms

- Encl. (1) "Report on ...Part of the "Cub Claim" July 1978
(2) "Report on ...Follow-up on the "Cub" and "Rox" Sept. 1978
(3) "Report on ...The Blue and Blue "2" Sept. 1978
(4) Various claim affidavits.