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Dec. 1, 1925.

F. R. Wolfe, Esq.,
Manager, Florence Silver-Lead Mining Co.,
Hutton Building,
SPOKANE, Wash.

Dear Mr. Wolfe:-

We thank you for your wire of November 30th, to which we replied on even date as follows: "Ninety days inadequate. Upset price far too high. Writing to-morrow".

At the outset of our negotiations for the Florence for the Florence, we were largely influenced by data placed before us and by your Mr. Millican's letters of September 22nd. We quote the gist of Mr. Millican's letter as follows: "..... still has plenty (ore) left in that particular chute yet to be mined with four more chutes equally as promising if not more so, only partly opened up and other additional veins untouched. It is estimated by conservative mining that there is at least 2½ millions ore in sight and wonderful future development possibilities." "...The property is absolutely worthy of your full consideration and is absolutely a real mine and is conservatively estimated to be one of the large silver lead producers of the District. It is in fine shape for examination and all ready to be started up and worked."

As against this glowing statement of conditions at the mine, our engineers find as follows:-

- (1) The property was not in shape for examination. The main ore zone could not be reached for sampling purposes.
- (2) Owing to caved conditions of stopes and drifts in the developed area, no estimate of positive or probable ore could be made. In spite of this fact, however, it is admitted that there are numerous ore occurrences on at least two of which, possibilities are good.
- (3) The mine is not already to be started up and worked; extensive repairs to plant are necessary; underground workings must be in many instances re-timbered. Water power on Woodbury Creek is unreliable and cannot be recommended for future operation.
- (4) On account of the condition of the mine, it was impossible to determine the grade of the main oreshoot. The records and all information available however, indicate a probable value of Pb. 8%, Zn. 7%, Ag. 2.5 oz.

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- (5) Sampling of the main mill tailings dump on the beach below the mill was carefully carried out by means of pits and by driving pipe to an average depth of 4½ feet. The sampling results were as follows:- Pb. 1.4%, Zn. 5.7%, Ag. .75 oz.
- (6) Before milling operations can be resumed the flow sheet of the mill will require many changes and additions to mill plant will have to be made to bring it in line with present day practice.

After a study of the report of our engineers, we are forced to accept the conclusion that your property is a prospect only, not a proven mine. We grant it is a good prospect with many favorable conditions.

The total upset price asked by you is on the basis of your having a mine with 229,000 tons positive ore and 435,500 tons probable ore (see D. W. Shanks Report d/15/1/25) already to be started up. All of these favorable factors appearing at the outset are negatived by the examination made by our engineers with the result that we consider you have only a good prospect to offer. In view of this, we maintain the opinion that the total upset price asked, is altogether too high.

Further, the three months' extension granted by you, is inadequate for the reason that such an extension covers only your minimum power period on Woodbury Creek. A six months extension from January 1st, 1926, would be the minimum period required to carry out the development programme necessary to prove or disprove the downward extension of the main ore zone in the limestone.

If you and your associates are prepared to consider a six months period for a working option as well as a substantial reduction in the upset price, will you please communicate with me, stating your new proposed upset price, terms and working option conditions. Upon the receipt of these, we will promptly advise you of our decision.

Regretting again our inability to proceed under the original option, but trusting you can see our viewpoint and also that you realize that the property did not measure up to our anticipation from your description thereof, we remain

Yours very truly,
 DOME MINES LIMITED.

Per

Vice-President &
 General Manager.

HRDeP/RGM.