

FLORENCE SILVER-LEAD MINING COMPANY

BUSINESS OFFICE: HUTTON BUILDING
SPOKANE, WASHINGTON

862053

Dec. 11th, 1925.

Mr. H. P. DePencier, Vice Pres. & Mgr.,
The Dome Mines, Ltd.,
South Porcupine, Ont.

Dear Mr. DePencier:-

Your letter of Dec. 1st, received and contents carefully noted. I wired you that I was taking this matter under advisement with my associates and would advise you by letter later.

Mr. DePencier, we really cannot agree with you that the Florence mine is only a good prospect. The fact remains, that one shoot of ore has produced practically \$1,000,000.00 from the surface down to the 200 ft. level, leaving all the low grade ore in the mine between the #2 and #5 level, a distance of 300 ft. on the dip of the vein, and that the ore bodies are fully as strong or stronger at this level than they have been any where else in the mine, and the blind fissure which carried no ore whatever on the #2 has made a good body of ore on the #5 level. This, in my judgement, is one of the surest indications that the ore bodies will continue to great depth, hold their size in value, with a possibility of increasing in size.

So far, our development on any ore shoots have never disappointed us, and while it is only my humble opinion, that the other three ore shoots opening with the shallow workings will be fully as productive as the one ore zone now opened. The fact that we are willing to take our pay for the property out of the royalties only, shows our good faith in the property.

As to the power, it is true, the winter months is a minimum period, however, there is sufficient power there all winter to take care of any reasonable development program during these months. I feel absolutely confident that in the course of four months work, you would have proven the downward extension of the ore bodies on #5 and open up an ore shoot on #2, as I have advice from

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the mine that they have some ore in the face of #2 now, and likewise fully determined the extent of the ore shoot on the south vein in the quartzite zone which would require only about 300 ft. of drifting.

It is quite true, that the workings are in bad condition, and I regret that Mr. Millican did not explain this fully to you in his original letter. This condition made it impossible for your engineers to arrive at a favorable conclusion, which naturally, would have been quite different had they been able to see these stopes before they were caved, but there is no question, as to the amount of ore left in this block of ground as stated in Mr. Shanks' report, and possibly a great deal more.

The price we are asking for the mine would no more than cover the actual equipment on the surface and the development work done on the property, making it possible to open up the additional ore bodies at a comparatively small expense through our present tunnels. If you would be willing to go ahead with the development program this winter, will make you the following revised terms:

Upset price \$700,000.

\$10,000 cash.

40,000 June 1st, 1926.

Balance of \$700,000 to be paid out of the 25% royalty.

Limit of time 7 years.

Cutting the price at this figure and the royalty from 40% to 25% should make this a very interesting proposition to you, as the low royalty will enable you to make a greater profit than under the former arrangement, as soon as you begin production, during the time that you are paying for the mine, and I feel certain that after the first year of production, you will have all your money refunded which you have originally invested in the property.

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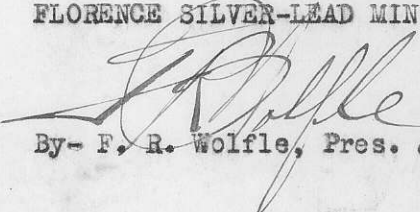
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Regretting that you are unable to go ahead under the original option, but trusting that this modified proposition will interest you and commence development at an early date.

Kindly advise me by wire.

Yours very truly,

FLORENCE SILVER-LEAD MINING CO.



By- F. R. Wolfle, Pres. & Mgr.