

MELBYE COPY MERWIN
Geological and Geophysical Consultants

December 1, 1958

Charles E. Melbye
Stuart S. Merwin
Charles F. Arnold

Mr. Paul E. Dunn
Evergreen Builder's Supply Co.
7327 N. E. Sandy Boulevard
Portland 13, Oregon

Dear Mr. Dunn:

Thank you for your letter of November 25.

We completed extensive mapping and sampling of the nickel property for a company in Salt Lake City. Since this company went out of business they did not complete the proposed drilling program, and because of their status, we are ethically correct in utilizing the accumulated data for any purpose.

We feel that the deposit certainly has merit, since it is a potentially very large tonnage property and would be amenable to open-pit mining. The surface samples we have taken all assay nickel but not of economic grade. However, nickel sulphides leach near the surface in the same manner as copper, and the grade at depth should increase considerably. Our first three samples ran 1.49%, 1.20%, and 1.20%. An additional 18 chip samples across the width of the outcrop assayed an average of 0.18% Ni. Since the nickel content is so uniform at the surface it follows that the expected increase in grade with depth would also be uniform. This factor is important for low-cost, large-tonnage mining. In addition, there are appreciable quantities of cobalt, copper, and gold, which would be recoverable in a large operation.

Inasmuch as we have completed the base geological mapping and sampling which would entail a considerable expense to duplicate, and because we have never been reimbursed for a large percentage of our previous work on the property, we feel we should receive a small interest of 5% of the net profit from sale or operations, in addition to the supervision contract. If this is agreeable, we would appreciate a letter of intent, after which we will be glad to furnish you with copies of our report and maps.

We will look forward to an association with you on this property as we definitely believe additional exploration is warranted.

Sincerely yours,

Charles E. Melbye

C O P Y