



Sunshine Mining Company

P. O. Box 1080 KELLOGG, IDAHO 83837

February 4, 1981

MEMORANDUM

TO: The Files

FROM: G. L. Ojala

RE: Keg Mt. Prospect of Robert Steele and
Garth Wiley, Juab County, Utah

1. Conclusions:

Based on the disappointing assay results (low silver values over significant widths and for representative samples), this occurrence does not warrant negotiations and drilling at this particular time. We should keep it in mind for possible future work if: (a) other exploration is done in the area; (b) district exploration is done by Tintic Project staff; or (c) we have some excess and conveniently situated drill capability in the area.

2. Introduction:

This property ("Dome Hill" prospect and large block of surrounding claims) was brought to the attention of Mine Geologist, Rod Cleland, at the Burgin Project in October 1980. Cleland made a hasty reconnaissance and took some samples from the Dome Hill occurrence. GLO examined the property November 24, 1980. A winter snowstorm, bitter cold temperatures, and high winds prevented mapping and sampling at that time. Subsequently, GLO returned to the property on January 8, 1981, and spent one day mapping and sampling.

3. Property:

The Dome Hill occurrence is just one part of a very large block of claims staked by Robert Steele and Associates to cover this local occurrence, areas of pyrite alteration in volcanics, and other regional potential in the vicinity of the Keg and Thomas calderas.

The claims are privately held, owned by Robert Steele, Garth Wiley, Steele's son, and perhaps other individuals. The DCL memo mentions 700 claims; a map provided by Steele shows 392. See the back-up data for details of location; access, etc.

Several parts of the property have been cursorily examined by R. Cleland and GLO and several areas of altered rock, pebble dikes, and mineralized "shows" are known. However, any interest on the part of Sunshine would hinge on the Dome Hill occurrence, and the balance of this memo will be concerned with just that one area.

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4. Prior Work:

The Dome Hill zone has received just surficial prospecting in the past. No extensive older workings were seen; no drilling has apparently been done. Steele and Associates have, in the past couple years, picked and shot numerous outcrops, to a maximum depth below the outcrop of about ten feet (most just 2 - 3 feet deep).

5. Geology And Mineralization:

See DCL's memo and the USGS and Economic Geology literature.

Bedrock at the Dome Hill prospect is gently dipping quartzite. There is evidence in the area that the quartzite is underlain, at a depth of just a couple to a few hundred feet, by limestone. These units are locally capped by rhyolitic volcanics in the immediate area. Thus, the geologic setting might be analogous to that in the Tintic district.

See GLO map, field notes, and sample notes. Mineralization at Dome Hill consists of faults, shear zones, silicified and FeOx--stained fractures, silicified and locally brecciated rock, and local silver--lead--copper mineralization in quartzite. The quartzite country rock is locally argillaceous and calcareous, and relatively soft. However, most of it, particularly near the main fractured and mineralized zones, is secondarily silicified and quite hard.

Mineralization appears to be controlled by a strong, north-westerly trending shear zone (see map), but locally is related to easterly trending cross-faults. Other faults and outcrops lying southwest of the main zone, within 200 or 300 feet of it, are also mineralized.

The best mineralized zones consist of silicified, brecciated, and heavily fractured quartzite; and fracture and minor quartz veins; locally with galena, chalcopyrite, malachite, (?) Chrysocolla, jarosite, FeOx, and unidentified oxidized silver mineral (s).

Some faults in the main zone can be traced at the surface for 100 to 200 feet, but there are no strong, continuous "veins" as such. The best mineralized zones are 2 to 3, and more rarely, 5 to 10 feet wide.

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Earlier assay reports by the owners, and the Cleland samples, were encouraging in that they indicated good silver values at several places over substantial widths. The GLO samples, which were carefully selected to represent significant widths of mineralized zones, did not yield any values of greater than 2.8 oz/ton silver, however.

6. Evaluation of Potential:

The Dome Hill prospect was of interest because of:

- Bedrock geology analogous to that of Tintic.
- Pyritic, oxidized volcanic cover in the immediate area, as occurs at Tintic.
- Possibility of a favorable limestone section at shallow depth, beneath known silver mineralization in quartzite.
- Good silver values at several places along a long, strong shear zone.

While the depth-potential of this occurrence cannot be denied, and a legitimate drill target does exist, the direct evidence of silver mineralization is just not strong enough to warrant a drill program at this time. This prospect has to be stacked up against other exploration opportunities, and the data generated to this point just do not warrant immediate action.

The main "negatives" are:

- A strong zone, but generally weak, narrow, and discontinuous mineralized sections (veins) within that zone.
- Generally weak silver mineralization over significant widths.
- Very low silver values in the silicified wall rocks adjacent to main fractures.

Gary L. Ojala

GLO ms