

Tim Smith

Douglas

Memorandum

Sunshine Mining Company

P. O. Box 1080 KELLOGG, IDAHO 83837

To: Bill Cox
From: Tim Smith
Re: Riddle, Oregon Reconnaissance

Date: 12/9/74

From September 10 to October 3, 1974, I followed up on the three stream sediment anomalies found by Don Auberton's sampling this year. As a follow-up, I took more samples around the areas, made a rough reconnaissance geologic map, and traversed the areas of interest. The areas are called anomalies "A", "B", and "C", and are shown on the 1" = 2000' geochem worm map.

Anomaly "A" is located about 1 mile southeast of Silver Butte. The rocks are meta-sediments, greenstones, and altered greenstone volcanics(?). Within the volcanics(?) are schistose areas with disseminated sulfides and gossan zones. These look like areas of shearing that have been mineralized with remobilized sulfides. Some geochem values were fairly good, but field inspection indicates no further work is warranted on the disseminated zones at this time.

Anomaly "B" is located about 1 1/2 miles east of Silver Butte. The rocks here again are greenstone volcanics and altered greenstone volcanics(?). The same shear-type disseminated zones are present here as are present at anomaly "A". No good geochem values were found and no further work is needed on "B".

Anomaly "C" is located about 2 miles southwest of Silver Butte. The rocks here are greenstone volcanics, cherty meta-sediments, siliceous volcanics and quartz-sericite schist. The quartz-sericite schist seems to surround a sulfide horizon of as yet unknown size. The schist sits on top of the volcanic greenstones and is on a highly siliceous horizon. Geochem values are good coming from the drainages, but soil geochem lines show anomalies where they weren't expected. A full report on anomaly "C" will be forthcoming.

Tim Smith

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Douglas Co.

send copy to T. Smith file

MEMORANDUM



P. O. Box 1080 KELLOGG, IDAHO 83837

TO: Bill Cox

FROM: Don Aubertin July 24, 1974

RE: FIELD EXPLORATION - OREGON

July 10 to 19 was spent stream sediment sampling in the Canyonville, Oregon area. Outdated maps made precise field position, location almost impossible and time had to be taken to find more recent information. Subsequently, 5" to the mile township photos were acquired from the county surveyors office in Roseburg and the problem was alleviated.

Due to the limited time, I concentrated the sampling in areas of fairly rapid access to cover as much ground as possible. However, many roads were washed out by floods last winter, necessitating considerable hiking which used up valuable sampling time. In all, the major drainages of about 12 sq. miles were sampled along the contact zone between the sedimentary Dothan sequence and the volcanic rocks of the Galice and Rogue formations.

Since the purpose of this trip was for stream sampling very little time was spent studying the geology but, a few observations were made that seem worthy of mention.

First, alteration around strong sulfide mineralization within the volcanic units, appear as wide halos 25' to 150' across which exhibit bleached and limonitic bands bordering a silicified and pyritized core. Good examples of this alteration can be seen around a shaft on the old Beaver claims in the NW corner of Sec 18, T31S, R5W and in the NE corner of Sec 22 in the same township. Another bleached zone is present in a road cut near the center of Sec. 19 of T 31 S, R 5 W, but silification was absent within the area exposed so far. The altered zone in Sec. 22 appears to be a parallel structure which is at least 3 miles east of the sedimentary volcanic contact.

Second, attractive mineralization may be present along a narrow zone of ultramafic intrusives which are west of Riddle and strike NE - SW in Sec. 35, T30S, R7W there is widely spaced sulfide seams along cleavage planes exposed on the southern bank of Cow Creek near the north center of the section. These seams are 1" to 4" across and carry significant pyrite and chalcopyrite. Along the western edge of the section the highway cuts a large gossan which appears to have subtle malachite staining and further up the hill east of the gossan prospect pits have penetrated

MEMORANDUM
Don Aubertin
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zones which exhibit strong malochite and azuite zones, and one piece of dump material contained fine grained galena. Sm 8278 was taken from these dumps and Sm 8279 is material from the gossan cut by the highway.

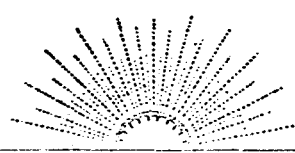
Third, limonite stained units within the Galice and Rogue volcanics, on first sight, appear to be gossans but I strongly suspect some of these are high iron or pyritized palagonites. At any rate, these should be studied to insure accurate interpretation.

If more sampling is done in the area, Section 18 in T 31 S, R 5 W south of the Beaver Mine should be sampled and the altered areas in section 19, 22, and 14 of the same township should also receive some attention.

D. Aubertin

cc: Don Long

Douglas Co Ore



SUNSHINE MINING COMPANY

P. O. BOX 1080 PHONE: Area Code 208 784-1257

Kellogg, Idaho
83837

June 10, 1975

Kenneth & Hallie Ford
Roseburg Lumber Company
Dillard, Oregon 97432

Sunshine Mining Company proposes the following Letter of Intent as a basis of agreement with the Roseburg Lumber Company concerning a mineral property in Douglas County, Oregon. If this Letter of Intent is satisfactory to you, would you please execute on behalf of your company.

LETTER OF INTENT

I. PARTIES

The Sunshine Mining Company, a Washington Corporation, authorized to do business in the State of Oregon, and Roseburg Lumber Company, an Oregon Corporation authorized to do business in the State of Oregon.

II. MINERAL PROPERTY

The Northwest Quarter (NW 1/4) of Section 34, Township 31 South, Range 6 West, County of Douglas, State of Oregon.

III. TERM

Roseburg Lumber Company lets and Sunshine leases the above described property for a period of 90 days with options to extend to it as hereinafter provided if Sunshine elects to enter the exploration period. Sunshine shall have a 90-day period to examine the property for its mineral content. At the end of the 90-day period, Sunshine shall have the right to exercise the following options:

Letter of Intent
Roseburg Lumber Company
June 10, 1975
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P.O. Box 1080 KELLOGG, IDAHO 83837

III. TERM (continued)

1. To purchase the mineral rights for the sum of \$50,000.00 payable in five (5) equal annual installments of \$10,000.00 each, with the first payment due on or before one year from the date the option was exercised and succeeding payments shall be made on the anniversary of the exercise date unless said agreement is sooner terminated as herein-after provided; or,
2. Enter into a profit sharing agreement on basis of 75% to Sunshine, 25% to Roseburg. Sunshine shall advance all monies necessary to explore and develop the property and will recover these costs, including defined indirect costs before net profits are split 75% Sunshine and 25% Roseburg.
3. If Sunshine enters the exploration period, it shall be for 7 years with option to extend for 20 years.

IV. OBLIGATION OF SUNSHINE TO MEET GOVERNMENT REGULATIONS

1. Sunshine will be responsible for obtaining all prospecting or mining permits as may be required.
2. Sunshine will prepare restoration and impact statements for regulatory agencies, Federal and State.
3. Sunshine will post the bond, if any, required by State or Federal agencies for restoration of the land following operations there.

INSURANCE:

1. Sunshine shall carry public liability insurance, which shall provide for a minimum coverage of \$100,000.00 for each person injured and \$500,000.00 for each accident and \$50,000.00 for property damage.
2. Sunshine will hold Roseburg Lumber Company harmless and agrees to indemnify it for any claims or damages that might arise as a result of Sunshine's operations on said leased premises.
3. Sunshine will carry and pay for the Workmen's Compensation or Industrial Accident coverage for its employees.



INSURANCE (continued)

4. Sunshine will indemnify Roseburg for any fire damage to its timber resulting from the negligence of Sunshine, its agents or employees, but Sunshine is not responsible for any fire damage resulting from the acts of God and others not employees or agents of Sunshine.
5. Sunshine shall post any required bond for road use if activity is commenced on any scale.

VI. TERMINATION

1. Sunshine shall reserve the right to cancel the agreement upon 90 days notice to Roseburg and shall return the property clear of encumbrances to Roseburg.
2. Sunshine shall have right to remove all of its equipment thereon.

VII. SUNSHINE'S RIGHTS

1. Sunshine will reserve the right to determine the extent and type of work on the property without interference from Roseburg.
2. Sunshine will be given the right of egress and ingress to the property across Roseburg land.
3. Sunshine shall have the right to assign or joint venture the property.

VIII. TAXES

Sunshine shall pay the real and personal property taxes on all plant machinery and equipment which might be placed on the property during the examination period. Any income taxes incurred as a result of division of profits will be paid by the respective parties.

IX. APPROVAL

The terms of the Letter of Intent are subject to the approval of the Board of Directors of Sunshine Mining Company.

SUNSHINE MINING COMPANY

Accepted:

ROSEBURG LUMBER COMPANY

Clinton L. Miller
Vice President-General Manager

Douglas G., Ore

MEMORANDUM

Sunshine Mining Company

P. O. Box 1080 KELLOGG, IDAHO 83837

TO: ✓ Clinton L. Miller

FROM: *Don Long*
Manning W. Cox

February 19, 1976

SUBJECT: ROSEBURG LUMBER COMPANY, (ALLEN FORD), OREGON

Ford says they plan to make a deal with either Texas Gulf or American Selco.

Manning W. Cox

MEMORANDUM

**Sunshine Mining Company**

P. O. Box 1080 KELLOGG, IDAHO 83837

To: M. W. Cox
From: Tim K. Smith
Date: January 14, 1975
Re: Work status report and tentative work schedule

Middle Creek Prospect

Middle Creek Prospect is in Douglas County, Oregon. On January 7, 1975 I talked with Barry Taylor of Roseburg Lumber Company in Dillard, who is an assistant lead manager. He was acting as an agent for Mr. and Mrs. Kenneth Ford who are in essence, Roseburg Lumber Company. I told them of our desire to do some preliminary exploration on the land held by Mr. and Mrs. Ford. I explained that a contract would have to be drawn up before any work was done, this was to protect our and their interests. They are almost exclusively a timber company and the proposed mining venture would cause a conflict of interest. However, the 1/4 section involved is insignificant compared to their total timber holdings. They are now considering any conflict that might arise concerning access and other aspects. Mr. Taylor sounded optimistic toward the deal. I should be hearing from him within a week or so.

I also visited the area again and took more soil samples. I found another area of massive sulfide gossan float adjacent to a large sub-outcrop area of highly sulfide mineralized, silicious, quartz-servicite schist about 100' to 150' thick. I sampled the schist and the gossan.

Golden Laurel Property

The Golden Laurel Property is in Siskiyou County, California. I talked by phone with Mr. Ed Atwood of Sawyers Bar, California and he said there was and would be snow on the property until about the middle of April. I will contact him then. I think the area is a good place to start an exploration program for gold in the Klamaths of California.

Grey Eagle

The Grey Eagle is in Siskiyou County, California. The Standard Slag out of Reno, Nevada has the Grey Eagle Mine leased from Siskon Corporation. I talked with Mr. Hugh Chessar Jr. of Siskon and he told me that Standard Slag pays them \$1250/month for the property and owes them 7½% royalty (net smelter) if the property goes into production. Mr. John Harmon at Standard

Bill Cox
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Slag said that their drilling showed 2½ million tons of 1.5% copper which could be strip mined. Mr. Chessar confirmed this. Mr. Harmon also said the royalty due Siskon might be renegotiated. I will meet with them 1/13/75 with the idea of looking for the possibility of developing a gold ore body to go along with their known copper ore body. The gold target will not be mentioned to them at this time.

Alaska Research

Research into the early paleozoic volcanic rocks of Alaska's interior shows the possibilities of other areas of massive sulfide potential. The Kaiyuh Hills about 80 miles south of Koyukuk, looks at this time, to be of interest. Much more research is need before any areas can definitely be pinned down.

Tentative Work Schedule

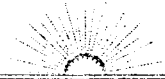
Depending upon my findings in Reno pertaining to the Grey Eagle, these are the things I plan to do in the near future:

- (1) Go to Menlo Park and obtain maps and data not available in Eugene on the Klamath Gold Districts and Alaska massive sulfides and chrome deposits. Also while there, talk to Ms. Helen Foster of the U.S.G.S. about the Yukon-Tanana area.
- (2) Develop a program for the Klamath gold areas.
- (3) Visit Patagonia, Arizona before summer.
- (4) Work up maps and papers on Eastern Oregon gold belt

Respectfully,

Tim K. Smith

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