

883185

April 20, 1988

The Honorable Jack Davis  
Minister of Energy, Mines and Petroleum Resources  
Parliament Buildings  
Victoria, B.C.  
V8V 1X4

Dear Mr. Davis:

Eureka Resources, Inc. wishes to express its appreciation to the Ministry for its award of a FAME Grant totalling \$60,000 for Eureka's Frasergold Project, and the assistance of the Geological Survey Branch for their special projects, funded by MDA, within our Frasergold Project area.

The FAME Grant was applied for and received by Southlands Mining Corp. This was necessitated due to the rules at the time of the application for the grant. It must, however, be noted that the basis for awarding the grant was due to the past efforts of Eureka, and the grant was finally awarded on the basis of the programme completed in 1987, compiled and largely paid for by Eureka.

Eureka wishes to acknowledge the efforts of Dr. John Gammon, Manager, FAME, for his assistance, in monitoring the project, and advice regarding the steps required to ensure the grant would be awarded.

Eureka also wishes to acknowledge the staff of the Geological Survey Branch for their continued interest and support of the Frasergold Project. Of specific mention, Dr. Andre Panteleyev initiated and spearheaded the MDA sponsored Cariboo Project, and Ms. Marianne Bloodgood involved herself specifically with the geological environment of a Frasergold type of deposit. The work of both has assisted our geological staff in developing a better understanding of the deposit. In addition, Messrs. Ron Smyth, Tom Schroeder and Ted Faulkner have visited the site all having indicated their continued technical support of the project.

Eureka wishes to advise the Ministry that a major dispute has developed between Southlands and Eureka over the contractual arrangement entered into on May 19, 1987. Eureka has advised Southlands that this contract ended on January 2, 1988, however Southlands has persisted in continuing to spend money on the project. The dispute is now a matter of litigation.

|          |                  |       |
|----------|------------------|-------|
| LOG NO:  | APR 22 1988      | VAN 3 |
| ACTION:  |                  |       |
| FILE NO: | FAME FRASER GOLD |       |

...2/

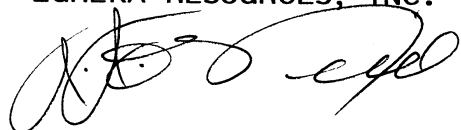
The Honorable Jack Davis  
Minister of Energy, Mines and Petroleum Resources  
April 20, 1988  
Page 2

Eureka remains very hopeful that some day the Frasergold Project will be British Columbia's major gold mine. This will only be accomplished with an orderly exploration and development programme, with sound financial backing. These are the subjects of concern in the dispute with Southlands.

With the Ministry's continued support, we will accomplish our objectives.

Yours very truly,

**EUREKA RESOURCES, INC.**



J.J. O'Neill  
President



John R. Kerr, P. Eng.,  
Vice President

JRK:gb

cc: Dr. R. Smyth )  
Dr. A. Panteleyev ) Geological Survey Branch, Victoria  
Mr. T. Schroeder - Mining Recorder's Office, Court House, Vancouver  
Mr. T. Faulkner - Ministry of Mines, Quinn St., Prince George  
Ms. M. Bloodgood - Victoria  
Dr. J. Gammon - FAME