

NO.37(1992)  
FEBRUARY 21, 1992

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WESTERN CANADIAN INVESTMENTS

**EUREKA RESOURCES INC. (EUK-V)**

**FRASERGOLD OPTION DROPPED** - J.J. O'Neill, president, Eureka Resources Inc. has reported Asarco has terminated the option on the Frasergold property, 60 miles east of Williams Lake, B.C. He said the decision is a major disappointment. Asarco spent \$3,400,000 in 1990 and 1991. This decision was based on the fact the drill established grades of 0.05 to 0.06 oz. gold/t could not substantiate a successful mining operation with gold at \$350 /oz. (US).

Results of all drilling on the property indicate open-pit geological reserves of 12,000,000 tons grading 0.054 oz. gold/t to depths of 100 meters, and over a strike length of 3 km. The 1991 drilling established undiluted reserves of 3,549,000 short tons grading 0.050 oz. gold/t over an 800 meter strike length and to vertical depths of 100 m. These reserves are based on a cut-off of 0.02 oz. gold/t, after cutting high values to 0.3 oz. gold/t. The waste to ore ratio is 5/1.

Historical bulk sampling at Frasergold indicated the potential of 30% - 50% upgrading factor. The 1991 bulk sampling could not establish this factor with certainty. Samples collected in one area of the deposit substantiated a 30 - 40% upgrading factor, while bulk samples collected from a second area returned values comparable or slightly less than drill indicated grades. The uncertainty of establishing a potential upgrading factor has resulted in ore reserve estimates to be based on drill assay data only.

Reserve potential exists over an additional 5 km strike length of favourable lithology and is open at depth. Eureka is seeking funding for a 1992 program.

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