

EUREKA RESOURCES, INC. (EUK-V)

ASSAY DATA REVIEW SUGGESTS HIGHER GOLD GRADES - Eureka Resources, has announced a detailed review of drill hole data as it relates to all phases of bulk sampling has now been completed on the company's Frasergold deposit 80 miles east of Quesnel, in central B.C. The study was completed by L. J. Manning and Associates Ltd. of Vancouver, B.C., who related 22 drill holes in the immediate area of the existing underground workings to four separate cross-cut drifts over a strike length of 112 meters of the deposit.

Summarizing the study, company president J. J. O'Neill stated, "We are elated by the results, which now leads us to believe the grade of Frasergold ore is at least 0.06 oz. gold/t, and maybe 0.08 oz. gold/t."

Manning concluded, quote:

"1. This study of the 1988 & 1991 bulk testing results of a part of the Frasergold deposit, indicates that, with erratic highs not exceeding those encountered in the study, milled grades would be expected to equal uncut drill indicated grades. If cut grades are used, mill upgrading would be expected to equal the cut amount."

"2. If the easternmost crosscut is discountable as appears probable, then, for a 100% discount, the study indicates that the drill indicated reserve grades may be increased by factors ranging from 82% for uncut drill grades to 117% for cut grades."

Company vice-president, John Kerr observed "The highest value encountered in the Manning study was 1.085 oz. gold/t. Historical grades at Frasergold using 1.0 - 1.5 oz. gold/t cutting limits predicted grades of 0.062 - 0.065 oz. gold/t. It now appears that these grades are very realistic".

The company has previously announced (February, 1992) detailed reserve calculations of an 800 meter strike length of the Main Zone established a reserve base of 3,500,000 tons grading 0.05 oz. gold/t to 75 - 100 meter depths. These reserves were based on a

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cut-off of 0.02 oz. gold/t, cutting all high values to 0.3 oz. gold/t. The drill indicated reserve base over a strike length of 3.0 km is 12,000,000 - 13,000,000 tons to similar depths.

Looking optimistically at the deposit, Kerr added "The price of gold at \$340/oz. (US) has slotted Frasergold as a marginally deposit with drill grades of 0.05 oz. gold/t. With these grades, we would have had to wait until gold exceeded \$400/oz. for a positive feasibility study. The knowledge the deposit is at least 0.06 oz. gold/t has created an effect similar to a rise in the price of gold".

Other observations of the study reveal:

- \* applying severe cutting of high-grade assays to Frasergold drill hole data may underestimate the true grade of Frasergold ore by as much as 35 - 40%

- \* the "anomalous" bulk samples of the easternmost cross-cut tested an area of the Frasergold deposit with extremely erratic drill hole data, and the discrepancy of values is believed to be a geological function of the deposit, and not a function of the bulk sampling and milling process

- \* further bulk sampling in this style of mineralization should consist of a much larger sample, in an area of high density drilling, and consideration must be emphasized on lateral irregularities in the geology, as well as those irregularities across the width.

Following a geostatistical evaluation of the present study of the 7 lots and 22 drill holes further bulk sampling could then be recommended by L.J. Manning. Recognizing the potential problems of historical bulk sampling, the decision to bulk sample and the size and location of the bulk sample will be predicated on the consistency of drill hole data.

"Funding to complete the bulk sampling as well as continued exploration drilling has now been initiated" Kerr stated.

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