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**EUREKA
RESOURCES
INC.**

**ANNUAL
REPORT
TO
SHAREHOLDERS
1984**

CORPORATE STRUCTURE

HEAD OFFICE

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REGISTERED OFFICE

4729 East Hastings Street
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LEGAL COUNSEL

Harris Campbell Threlfall O'Neill
4729 East Hastings Street
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AUDITORS

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3300 Park Place
666 Burrard Street
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TRANSFER AGENT & REGISTRAR

National Victoria and Grey Trust Company
Park Place Tower
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STOCK EXCHANGE

Vancouver Stock Exchange
Trading Symbol - EUK

DIRECTORS AND OFFICERS

John J O'Neill	Director and President
John R Kerr	Director and Vice President
John T Brown	Director and Secretary
Robert F O'Neill	Director
James M Dawson	Director

SHAREHOLDERS' REPORT

Dear Shareholder:

1984 has been a very active year for Eureka Resources Inc. During the spring, essentially all warrants were exercised of the original primary underwriting. Also, Eureka completed a secondary underwriting, and currently the cash position is in excess of \$1,300,000.

Exploration and development on the company's various mining properties has been steady since the field season commenced in February 1984. I shall review all of Eureka's projects:

Frasergold Property: Eureka's joint venture partner, Amoco Canada Petroleum Co. Ltd., continued into the second year of the option period by making all cash payments required by December 31, 1983. A detailed evaluation of the 1983 programme was received from Amoco early in the year, outlining recommendations of a 1984 field programme. The proposed budget of \$370,000 (Cdn.) was also approved early in the year.

Results of laboratory assays of drill core and surface rock exposures indicated the presence of two and possibly three parallel gold bearing zones. The gold occurs as coarse particles, always associated with quartz/carbonate veins, lenses or pods. Interpretation of the results indicate the potential of three types of economic deposits.

- 1) Small high-grade type of deposit over widths of 1.5 meters grading .2 to 1.5oz./T Au.
- 2) Medium sized reserves over widths of 3-10 meters grading .07 to .20 oz./T Au.
- 3) Large volumes of reserves over widths of 6-20 meters grading .02 to .07 oz./T Au.

The spacing of drill holes from the 1983 drill programme (200-300 meters) was considered too large to indicate potential tonnage estimates.

The 1984 field programme consisted of:

1. Detailed surface soil and rock sampling extending the main zone along strike.
2. Detailed surface soil and rock sampling of other potential targets indicated from previous reconnaissance surveys.
3. A claim survey.

4. Road improvements and construction.
5. Nine diamond drill holes totalling 2874 meters, consisting of five holes detailing the area of the 1983 drilling, four holes extending the zone an additional 800 meters to the southeast.

The drill programme has just been completed, and the assay results of only a few holes have been received to date. Of the nine holes drilled during 1984, eight contained definite sightings of visible gold. The directors are anticipating very encouraging results, which shall permit preliminary estimates of tonnage and grade.

To date, a 1.6km strike length of the zone has been tested by drilling. The anomalous target is in excess of 4km.

Songbird Property: An 8-hole diamond drill programme totalling 457 meters was completed to test the main showing at depth and along strike. The main structure and anomalous values of gold were intersected, however grades approaching those in surface trenches were not encountered.

Detailed sampling and trenching of other targets within the claim block did not reveal zones of economic mineralization, subsequently the option to purchase agreement was terminated.

Dor Claims: The property was optioned to Noranda Exploration Co. Ltd. in the spring of 1984. Noranda completed detailed geophysical surveys over the main geochemical anomaly and showing area, followed up by two diamond drill holes into the main electromagnetic conductor. One hole intersected 11 meters of massive sulphides; however assays of the core were disappointingly low. The option to purchase agreement was terminated on July 31, 1984.

In the fall, Eureka completed a limited trenching programme, and detailed soil sampling programme, locating what is hoped to be two potential economic zones of mineralization. The first zone has been traced in outcrop and suboutcrop over a strike length of 200 meters, with assays ranging .02 to .15oz/T Au. The second zone is a geochemical anomaly, with boulders probably originating from this zone assaying .37 to 2.0 oz/T Au.

It is Eureka's intention to continue trenching and diamond drilling on this property.

Zymoetz River Project: Eureka committed to complete assessment work requirements on a 19 claim property, 25km east of Terrace, B.C. as the initial phase of an option to purchase agreement.

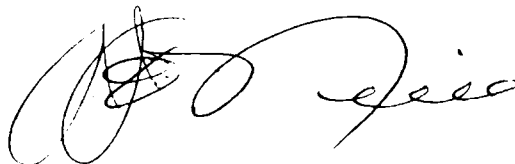
The geological environment, and surface showings of copper and silver are similar to the Kelly Creek Cu/Ag deposit located 2 km. to the north. Detailed geochemistry on the property failed to indicate the presence of a sizeable zone of mineralization, therefore the second phase terms of the agreement were not met.

Goldbottom Project: Two claims (40 units) were staked this fall to cover a favourable geological environment at the headwaters of Goldbottom Creek, located approximately 50km. south of Atlin, B.C. Previous reconnaissance silt sampling in the area has recognized anomalous gold at the headwaters of the creek. The geological environment suits the model for other lode gold occurrences in the Atlin area. The 1985 programme will incorporate reconnaissance geological, geochemical and geophysical surveys on the property.

In summary, the Board of Directors feel that very exciting, interesting and efficient field programmes have been completed by Eureka during 1984. As well as being exciting, the Frasergold project is considered by all working with the project to be one of the most unique types of gold deposits in the world. For this reason, we are requesting unique techniques of exploration and development. We have monitored the Amoco programme very closely to date, bearing in mind that we may be contributing 40% of ongoing costs to maintain a 50% interest in the project as early as 1985.

We shall be endeavouring to make 1985 an even more exciting year.

SUBMITTED ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'J.J. O'Neill', is written over a large, faint circular stamp or watermark.

J.J. O'Neill, President

AUDITED FINANCIAL STATEMENTS

EUREKA RESOURCES INC.

JUNE 30, 1984

Ernst & Whinney

BALANCE SHEET (AUDITED)

EUREKA RESOURCES INC.

	June 30	
	<u>1984</u>	<u>1983</u>
ASSETS		
CURRENT ASSETS		
Cash and term deposits	\$1,330,120	\$ 69,655
Accounts receivable	3,732	601
Due from related party	<u>5,000</u>	<u>-</u>
	1,338,852	70,256
INVESTMENT IN MINERAL PROPERTIES--Note C	<u>247,042</u>	<u>199,544</u>
	<u>\$1,585,894</u>	<u>\$269,800</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts payable	\$ 10,655	\$ 25,553
Due to related parties	<u>6,012</u>	<u>6,555</u>
	16,667	32,108
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital--Note D		
Authorized--10,000,000 common shares, without par value		
Issued--3,544,501 shares (1983--1,833,001 shares)	1,653,210	288,630
Deficit	<u>(83,983)</u>	<u>(50,938)</u>
	1,569,227	237,692
COMMITMENT--Note E	<u>\$1,585,894</u>	<u>\$269,800</u>

See notes to audited financial statements

APPROVED BY THE DIRECTORS:

 Director

 Director

STATEMENT OF LOSS AND DEFICIT (AUDITED)

EUREKA RESOURCES INC.

	Year Ended June 30	
	1984	1983
Interest income	\$ 51,434	\$ 1,872
Expenses		
Administration	4,470	843
Advertising and promotion	3,702	-
Bank charges	307	25
Office	9,946	1,148
Printing	11,572	-
Professional fees	33,284	39,650
Project management	1,072	6,590
Property examination	4,871	503
Salaries	7,201	-
Trust services	8,054	916
	<u>84,479</u>	<u>49,675</u>
	LOSS FOR THE YEAR	
Deficit at beginning of year	33,045	47,803
	<u>50,938</u>	<u>3,135</u>
	DEFICIT AT END OF YEAR	
	<u>\$ 83,983</u>	<u>\$ 50,938</u>

See notes to audited financial statements

STATEMENT OF CHANGES IN FINANCIAL POSITION (AUDITED)

EUREKA RESOURCES INC.

	Year Ended June 30	
	1984	1983
	<u>1984</u>	<u>1983</u>
SOURCE OF FUNDS		
Issuance of share capital and warrants for cash	\$1,360,950	\$104,999
Proceeds from optionees	81,500	-
	<u>1,442,450</u>	<u>104,999</u>
APPLICATION OF FUNDS		
Loss for the year	33,045	47,803
Investment in mineral properties	128,998	195,987
Less share capital issued in consideration	(3,630)	(183,630)
	<u>158,413</u>	<u>60,160</u>
INCREASE IN WORKING CAPITAL	1,284,037	44,839
Working capital (deficiency) at beginning of year	<u>38,148</u>	<u>(6,691)</u>
WORKING CAPITAL AT END OF YEAR	<u>\$1,322,185</u>	<u>\$ 38,148</u>
	<u> </u>	<u> </u>
Working capital is represented by:		
Current assets	\$1,338,852	\$ 70,256
Current liabilities	<u>16,667</u>	<u>32,108</u>
	<u>\$1,322,185</u>	<u>\$ 38,148</u>
	<u> </u>	<u> </u>

See notes to audited financial statements

NOTES TO FINANCIAL STATEMENTS (AUDITED)

EUREKA RESOURCES INC.

June 30, 1984

NOTE A--GENERAL

The Company was incorporated on June 16, 1981 under the Company Act of British Columbia.

NOTE B--SIGNIFICANT ACCOUNTING POLICY

The cost of acquiring and exploring mineral properties is capitalized. When a property is determined to be uneconomic, the capitalized cost of the property is charged to expense.

NOTE C--INVESTMENT IN MINERAL PROPERTIES

The Company's investment in mineral properties consists of the following:

i) Frasergold Option Agreement (see Note E)	
Acquisition of interest by issuance of 500,000 shares	\$ 55,000
Payment for exploration work by issuance of 350,000 shares	105,000
Issuance of 66,000 shares under option agreement	7,260
Payment per option agreement	10,000
Exploration and development costs	16,517
Received from optionee	<u>(71,500)</u>
	<u>122,277</u>
ii) Dor Claims	
Acquisition of claims by issuance of 250,000 shares	20,000
Exploration and development costs	24,705
Received from optionee	<u>(10,000)</u>
	<u>34,705</u>
iii) Songbird Claims (see Note E)	
Acquisition of interest for cash	8,000
Exploration and development costs	<u>82,060</u>
	<u>90,060</u>
TOTAL INVESTMENT IN MINERAL PROPERTIES	<u>\$247,042</u>

NOTES TO FINANCIAL STATEMENTS (AUDITED)--Continued

EUREKA RESOURCES INC.

June 30, 1984

NOTE C--INVESTMENT IN MINERAL PROPERTIES--Continued

On July 20, 1983 the Company granted an option for an undivided 50% interest in the Frasergold Option Agreement property for \$35,000 in cash and the undertaking of the purchaser to:

- i) make all option payments committed to by the Company. (See Note E)
- ii) provide funds totaling \$900,000 for exploration and development of the property prior to December 31, 1985.
- iii) make scheduled payments to the Company totaling \$225,000 by December 31, 1985 (net of all option payments in (i) above).

On May 9, 1984, the Company granted an option for an undivided 50% interest in the Dor Claims for \$10,000 cash and the undertaking of the grantee to:

- i) provide funds totaling \$500,000 for exploration and development of the property prior to December 31, 1987.
- ii) make scheduled payments to the Company totaling \$225,000 by May 1, 1987.

Subsequent to year end, the grantee on the Dor Claims has advised the Company that he will not be fulfilling the terms of the agreement. Therefore, the option agreement has terminated.

NOTE D--SHARE CAPITAL

On July 20, 1983 the Company received \$300,000 as net proceeds from the sale of 600,000 units of capital stock. Each unit is equal to one common share and two Series "A" warrants. Two warrants entitled the holder to purchase one common share at \$0.70 within 180 days of listing on the Vancouver Stock Exchange. The Company also issued 250,000 Series "B" non-transferable warrants to its agent, Canarim Investments Corporation Ltd. One Series "B" warrant entitled the holder to purchase one common share for \$0.70 within 180 days of listing on the Vancouver Stock Exchange.

A total of 1,177,000 Series "A" warrants were exercised and 588,500 common shares issued. Also, the 250,000 Series "B" warrants have been exercised and 250,000 common shares issued. Total cash consideration received for these shares is \$586,950.

During the year, the Company also issued 33,000 shares as required under the Frasergold Option Agreement (see Note E). A further 200,000 shares were issued for cash consideration of \$450,000.

NOTES TO FINANCIAL STATEMENTS (AUDITED)--Continued

EUREKA RESOURCES INC.

June 30, 1984

NOTE D--SHARE CAPITAL--Continued

The Company has granted options to certain directors on 120,000 shares at \$0.60 each. These options expire in May, 1985 and are subject to approval by regulatory authorities. Options for 40,000 shares were exercised during the year for a cash consideration of \$24,000.

NOTE E--COMMITMENTS

- (i) Under the Frasergold Option Agreement, The Company can maintain their option by allotting shares at \$0.11 each and making payments in cash on or before December 31 of each year as follows:

	<u>Payment</u>	<u>Shares</u>
1984	\$17,000	33,000
1985	25,000	100,000
1986	25,000	100,000
1987	75,000	100,000

In 1986 and 1987, shares will be issued only if a feasibility study recommends production.

The Company has agreed to issue an additional 210,000 shares to related parties as further consideration for exploration work. These shares will be at a deemed price of \$0.30 each and will be issued as follows:

Upon receipt of feasibility study recommending production	70,000
Upon commencement of production	70,000
Upon repayment of pre-production capital costs	70,000

- (ii) Under the Songbird Option Agreement, the Company can maintain its option by making payments in cash on or before October 1 of each year as follows:

1984	\$12,000
1985	20,000
1986	30,000
1987	30,000

NOTES TO FINANCIAL STATEMENTS (AUDITED)--Continued

EUREKA RESOURCES INC.

June 30, 1984

NOTE E--COMMITMENTS--Continued

Upon the exercise of the option, the optionors have been granted 5% Net Profit Interest from the property. On or before December 31, 1988, the Company has the option to issue an additional 200,000 shares to the optionors at the market price at the date of the allotment in order to purchase the optionors' Net Profit Interest. They will be issued as follows:

Upon receipt of feasibility study recommending production	65,000
Upon commencement of production	65,000
Upon repayment of pre-production capital costs	70,000

If the Company does not exercise the option, the optionors are entitled to exchange their 5% Net Profit Interest for a 10% Equity Interest in the property.

NOTE F--RELATED PARTY TRANSACTIONS

The Company has engaged in transactions with a related party for property management services totaling \$70,322.

NOTE G--LOSS CARRY-FORWARD

As at June 30, 1984, the Company has losses available for income tax purposes of approximately \$78,200 which expire as follows:

1987	\$ 2,300
1988	47,700
1989	28,200

NOTE H--LOSS PER SHARE

The loss per share for the year ended June 30, 1984 is approximately \$0.01.

NOTE I--RECLASSIFICATIONS

Certain of the prior year's accounts have been reclassified to conform with the presentation adopted in the current year.

Ernst & Whinney Chartered Accountants

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604/683-3311

AUDITORS' REPORT

To the Shareholders
Eureka Resources Inc.

We have examined the balance sheet of Eureka Resources Inc. as at June 30, 1984 and the statements of loss and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at June 30, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles on a basis consistent with that of the preceding year.

August 10, 1984

Ernst & Whinney