

Eureka Project

E. D. GATES

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EUREKA

CORPORATION

LIMITED

An Interesting Mining Speculation



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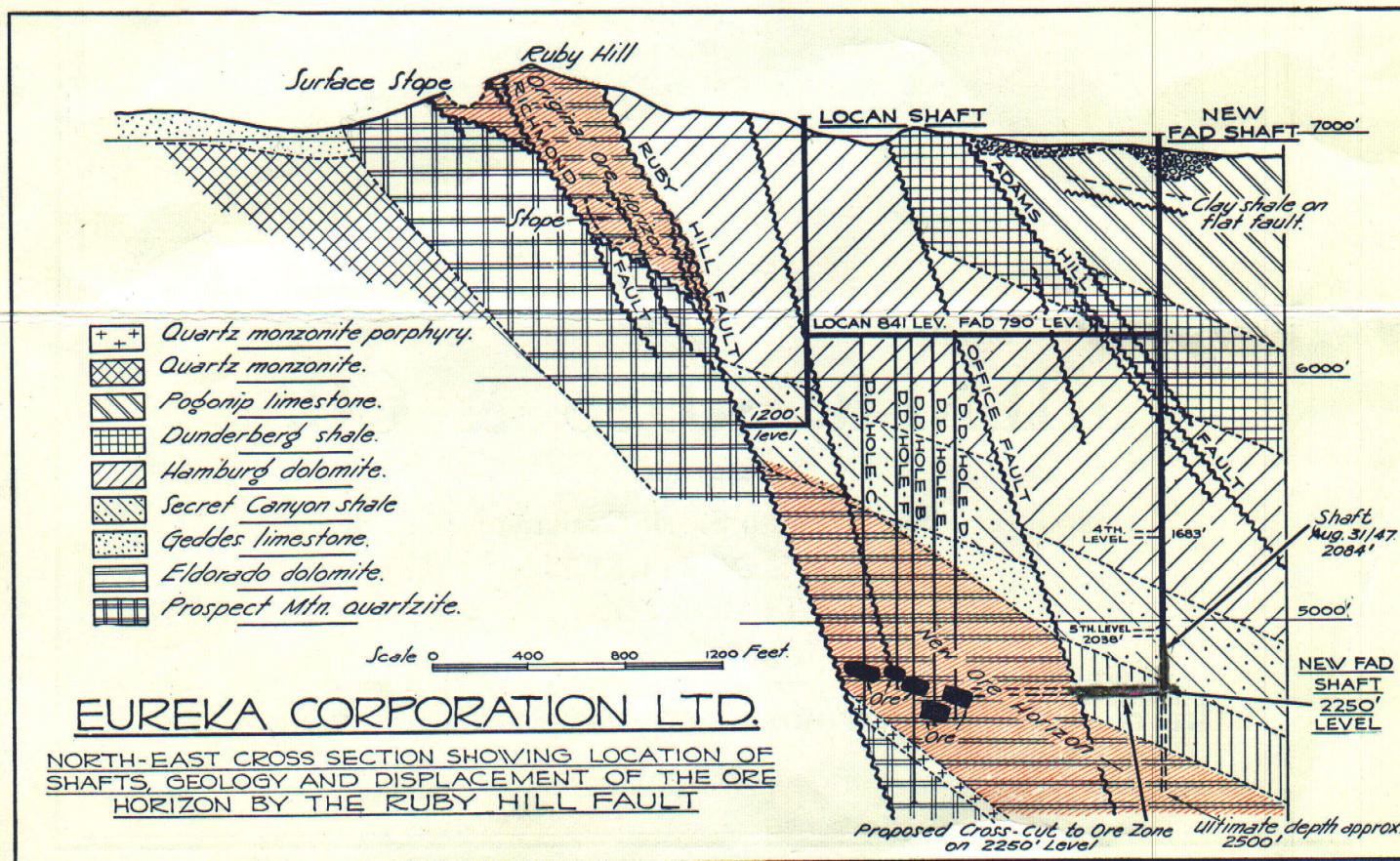
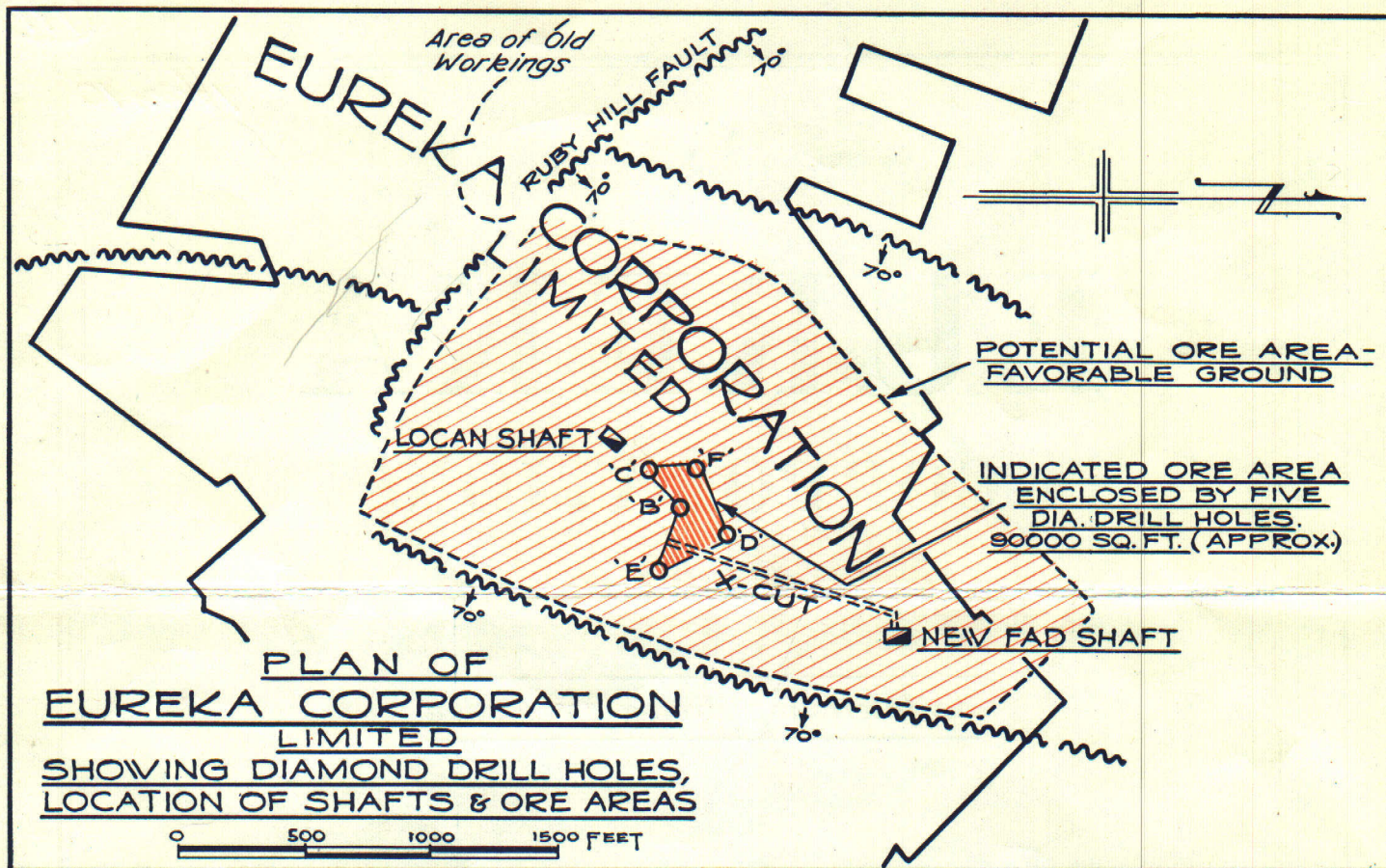
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EUREKA CORPORATION LIMITED

COMPANY AND HISTORY:

Now in an advanced development stage, Eureka Corporation holds a large gold-silver-zinc-lead property in the Eureka district, Nevada, U.S.A. From 1865-1888 the mine was in production under former operators. Records are incomplete, but estimates suggest that from 75 to \$150 million of ore was produced before the faulting of the orebody at the 900 ft. level resulted in the suspension of operations. In 1937, Ventures and associated companies secured a 25 year lease on the property with an option on a 15 year renewal. Under the terms of the lease, royalty payments are to total 15% of net smelter returns. With the capable direction of Ventures Ltd., the development of the property is assured of sound technical management.

Eureka Corporation began the exploration of the property, and by 1941 two deep diamond drill holes encountered the faulted extension of the ore zone at a depth of 2,500 ft. In 1943, the U.S. Bureau of Mines undertook additional drilling in order to increase the information available concerning the deposit. Three additional diamond drill holes were then completed and returned excellent values. The holes were drilled 300-400 feet apart and cover an area of approximately 90,000 sq. ft. As a result of this work it was recommended that a new shaft be put down.

DRILL RESULTS:

The results of the five holes drilled are as follows:

Hole	Depth Ft.	Thickness Ft.	Gold Oz.	Silver Oz.	Lead %	Zinc %
B	1409-1449	40	0.17	3.8	2.5	14.6
C	1350-1390	40	0.14	6.4	4.7	10.4
D	1454-1496.5	42.5	0.09	2.7	1.7	7.3
E	1507.6-1562	54.4	0.43	13.0	7.2	10.6
F	1378-1393	15	0.19	5.7	3.7	11.7
Average		38.4	.22	6.9	4.2	10.8
Average in dollars	\$47.50		\$7.70	\$6.20	\$12.60	\$21.00

The prices are calculated with Gold at \$35.00 an ounce; Silver at 90¢ an ounce (newly mined U.S.); Lead 15¢; and Zinc 10¢ a pound.

It has been estimated that a minimum of one million tons of ore were indicated by this drilling. However, it is the opinion of competent engineering authorities that much greater tonnages will be proven by work now under way.

PROGRESS OF WORK:

A new shaft site was selected and sinking of the Fad shaft was begun, the immediate objective being a depth of 2,250 ft. The Fad shaft, now nearly completed, has four compartments and is designed for both exploration and production. As at August 31, shaft sinking had advanced to a depth of 2,084 ft. Excellent progress has been made in the last two months. The physical condition of the ground has improved. Pumping capacity is more than adequate to meet the water flow and is also sufficient to provide considerable stand-by capacity. The shale formation which should be encountered shortly is expected to be relatively dry as compared with the more porous dolomite which has been traversed in recent months.

The cutting of the fifth level station at 2,000 ft. will be completed *shortly*. Progress in shaft work will go ahead rapidly in the next month or so and a working level at 2,200 ft. will be established, followed by continuation of shaft sinking to the 2,250 ft. objective.

As soon as ore becomes available it will be sent to custom mills for large scale ore tests. The company is presently negotiating for a lease on a flotation mill of 250 ton capacity which is closer to hand and which would be used as a pilot plant. Revenue derived from such early operations should be considerable and information provided will be valuable in the determination of mill capacity and treatment plans. An initial mill unit of 1,000 tons daily can be placed on the mill site with sufficient room remaining for further expansion.

WATER FLOW:

In the latter part of 1946 some difficulty was experienced in keeping a rather heavy flow of water under control. The capacity of the small pumps and the power facilities available were placed under considerable strain. However, since then increased pumping and power units have been installed.

POWER SUPPLY:

At present an extension to the power house is being made which will house two more 1,000 k.w. diesel electric units, bringing total power plant capacity to 5,000 h.p. The possibility of bringing in cheap power from Hoover Dam for a large tonnage operation is being investigated by a Nevada State Commission.

METALLURGY:

From tests that have been made, no special metallurgical difficulties are anticipated in connection with the treatment of the ore.

ESTIMATED OPERATING COSTS PER TON:

Development, Mining, Roasting and Milling at the rate of 500 tons per day	\$12.00
Assumed Smelter charges on concentrates	5.25
Assumed concentrate freight charges	1.00
Allowance for penalties for a possible excess of sulphur, arsenic and antimony	1.00
	<hr/>
	\$19.25
Royalty of 15% of net smelter returns (15% of \$47.50)	7.12
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Total Overall Costs	\$26.37

The above costs are calculated on a basis of a 500-ton per day milling operation. If very large tonnages are developed, power can be brought in from Hoover Dam and costs would then be materially reduced.

Sound engineering opinion has estimated an operating profit of \$12.00 to \$15.00 per ton, based on a 500 tons per day operation.

CURRENT PROGRAM:

The shaft is being continued to a depth of 2,250 ft. at which point the crosscut will be driven to intersect the ore at approximately 800 feet from the shaft. We understand that diamond drilling will be done from this crosscut as it advances toward the known ore bearing area. Results from this work should be available early in 1948 and can be of extreme importance.

CAPITALIZATION: (As at Sept. 23, 1947)

Authorized (\$1.00 par value)	5,000,000 shares
Issued	3,288,350 shares
Remaining in treasury	1,711,650 shares

LISTING

Eureka Corporation shares are listed on: The Toronto Stock Exchange, The New York Curb Exchange, The San Francisco Stock Exchange.

PRICE RANGE, 1947:

High	\$4.45 per share
Low	\$1.96 per share
Price, Oct. 1, 1947	\$4.20 per share

SUMMARY:

This information has been prepared in order that the public might become acquainted with some details of this interesting mining development. Eureka is potentially one of the most important lead-zinc mines to be developed on this continent for many years. Considering the high precious metal content, in addition to the base metals, a wide margin of profit seems assured.

In our opinion the shares of Eureka Corporation offer unusually attractive speculative possibilities and should you decide to purchase the shares, we will be pleased to execute your order on The Toronto Stock Exchange.

October 1, 1947.