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EUREKA CORPORATION LIMITED

2810 - 25 KING STREET WEST, TORONTO, ONT.

*Remarks of the President, Mr. T. Lindsley
at the Annual Meeting, February 22, 1954*

"The report which you recently received sets forth the financial condition of your Company as of September 30, 1953. It also shows the progress that your management has made towards increasing the reserves at the original orebody, and the steps that are being taken to open up the new orebody which lies about 6,000 feet to the north.

It is estimated that the cost of sinking a shaft and opening up the new Buffam Ore Zones will not exceed \$750,000 and it is expected that we will start mining these orebodies not later than the spring or summer of 1955.

Fortunately the grade of the ore in the Buffam Zones is high, as shown by the drilling results given in the Report, and it is planned to ship the material directly to a smelter, thus dispensing with the need of erecting a mill. The ore is high in gold and silver values, which is a distinct advantage. The present low prices for lead will decrease what we get for the lead contents, but we will not be affected by present low zinc prices, as the ore carries very little of that metal.

There are outstanding at present around 900,000 warrants which carry the right to take up around 900,000 treasury shares at \$1.25 per share prior to June 1st, 1954. It is hoped that most holders will exercise their rights, and if so exercised the funds thus obtained would put the finances of your Company in good shape to open up and put into production the orebodies in the new Buffam Zone.

Coming now to the old orebody lying between the Fad Shaft and the Ruby Hill Fault, the last two drill intersections as shown by the Report have found big widths of very good ore. There is a suggestion from this work that "E" hole will have to be deepened in order to intersect the lower zone shown in Hole 2A.

Your management plan to continue with this drilling and personally I believe that this work will disclose over three million tons of ore before the limits of this Blanket Orebody have been reached.

The shareholders no doubt have noted that since the first intersection of this Blanket Orebody was made several years ago, the subsequent drilling has not brought forth a single blank. In my opinion this is a most unusual condition, as the experience of similar deposits elsewhere would lead us to expect less than 50% success in drilling, against the 100% we have achieved to date. Altogether, this augurs very well for the success of our future work on this orebody, and gives us all great confidence in the potentialities of our Eureka property. A little later on I will further expand my remarks on this matter, when I come to show you a geological plan and longitudinal section.

At this point the shareholders will naturally inquire how the directors plan to deal with the unwatering of the mine so as to extract the ore from this Blanket Zone. This plan has briefly been referred to in the Annual Report and all I will say at this time is that the matter has been given very serious study by your Manager, Mr. George W. Mitchell, and I shall call on him shortly to give you his ideas. Personally, I am confident that our drilling will show,

before long, such immense quantities of metals in this zone that your Company will have little difficulty in raising adequate funds to complete the unwatering and start producing from these exceptional Blanket Orebodies.

It is now close to 34 years since your President first joined a syndicate to unwater this mine and attempt to solve the problems of faulting which cut off the original orebodies. Since then, the district has been ever-present in his thoughts and each year his faith in the ultimate success has never faltered. Just a year ago, after the DMEA at Washington had decided to provide no further exploration assistance, all of us were naturally rather discouraged. However, your Directors decided to send Dr. Buffam to review the situation once more and to give us the benefit of his experience and knowledge of the district, which covers a period of over fifteen years. This was a fortunate step, as this visit resulted in his bringing once more to our attention the alteration on the surface in the Adams Hill area which lies about a mile north of the Fad Shaft. A program of drilling was immediately started and this work disclosed a most interesting and important series of drill intersections in the lower part of the Hamburg limestone and, more important still, an ore zone that lies sufficiently above the main water horizon to obviate any serious difficulties from this score. Although it is still too early to state how extensive these deposits will prove to be, yet enough has been disclosed so far that it is safe to say that this discovery has been an outstanding event in the history of your Company.

I should like also to take this opportunity to mention the outstanding work of your General Manager, Mr. George W. Mitchell, and his efficient staff. It has truly been ten years of really gruelling conditions which they have had to undergo, and Mr. Mitchell and his staff have stood by your Company through thick and thin. Altogether, their faith, loyalty and courage through all these difficult years is deserving of the highest praise, and I don't doubt that they must be experiencing a very keen satisfaction now that success is about to be achieved.

I now take pleasure in moving the motion for the adoption of the Report and will call on Mr. Maxwell to second the motion."

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Continuation of Mr. Lindsley's remarks at the Annual Meeting made while referring to the geologic plan and section maps of the Fad Shaft and New Shaft areas.

"Please refer to the surface geologic map and the underground geology shown on the vertical cross section.

The important rock types shown are (1) quartz monzonite porphyry, an intrusive igneous rock, (2) the lower (Eldorado) dolomite in which the Fad and old Ruby Hill ore bodies occur and (3) the upper (Hamburg) dolomite in which the Buffam zone has been found. Observe that ore usually occurs in the dolomites when structural conditions place the porphyry adjacent to the dolomites. Geologic theory suggests the intrusive porphyry as the source of the mineralizing solutions.

We are very much encouraged by the discovery of high grade ore in the Buffam zone in the Hamburg dolomite. Examination of the maps will show similar geologic conditions, porphyry close to dolomite, over a length of some 7,500 feet from the Bowman Shaft along the Bowman Fault, past the New Shaft and continuing to the north. Hamburg occurs on the surface or at relatively shallow depths and all of this area is under the control of your company.

Underlying the Hamburg at a little deeper horizon is the Eldorado dolomite, which is a most prolific ore producer. The possibility of finding ore in large quantities in the Eldorado beneath the Buffam zone is one which is being studied by your engineers. The strong mineralization in the Buffam zone augurs well for success in the deeper exploration which will be undertaken at a later date."

