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EUREKA CORPORATION LIMITED

25 KING STREET WEST
TORONTO 1, ONTARIO

November 20th, 1958.

TO THE SHAREHOLDERS:

In the last Annual Report dated March 21st, 1958, your directors called attention to the lease under which your Company holds its interest in Nevada mining properties and to the risks of forfeiture at the instance of the lessor, Richmond-Eureka Mining Company, which has adopted an uncompromising view by insisting that certain work be performed in search of an assumed deep ore body in the Fad Shaft Area. On the basis of engineering advice, including that in the last Annual Report, your management has concluded that mineralized material in this area is not mineable at a profit and therefore is not ore, and that further work in search of this assumed ore body is futile. Accordingly, no work in this area has been carried on since April 30th, 1958, and the mine has been on a caretaker basis.

The lessor, Richmond-Eureka Mining Company, has nevertheless by subsequent communications made clear that it expects your Company to resume the former work, now deemed futile or, in the alternative, that it will take steps to forfeit the lease. In these circumstances, to protect the interests of your Company and the shareholders' equity, upon advice of counsel the directors of your Company have authorized legal proceedings to be instituted in the courts of Nevada to determine the Company's rights. Arrangements have been made for the provision of funds to initiate and prosecute these legal proceedings.

At the same time shareholders should be advised that Northfield Mines Inc., a previous large shareholder, has acquired all the investment of Ventures Limited in your Company and becomes the principal shareholder and consequent thereon Mr. A. J. Anderson and Mr. A. G. Fulton have retired from the Board of Directors. The Board is now comprised of the following: Mr. Neil O'Donnell, President, Mr. Thayer Lindsley, Dr. B. S. W. Buffam, Mr. J. M. Easson, Mr. George W. Tower and Mr. J. A. Harquail. Shareholders should be advised that the institution of the legal proceedings has the unanimous endorsement of both retiring and continuing directors.

The Board feels it proper to remind shareholders that litigation inevitably involves uncertainties, and shareholders must recognize that such proceedings may be drawn out over an extended period of time.

On behalf of the Board.

NEIL O'DONNELL,
President.