



## EUREKA RESOURCES – AN UNDERVALUED SLEEPER

### The 49ers touch down in the Cariboo

Ever wonder how the NFL's San Francisco 49ers got their name? In 1848 gold nuggets were discovered in the Sacramento Valley. By 1849 the population of the California territory grew to over 100,000 from less than a 1,000 in the previous year. Prospective miners who caught wind of the discovery flooded the area arriving from Oregon, Mexico, Chile, Peru and even China in pursuit of wealth of which they could only dream.

These would-be gold miners were known as '49ers and the California gold rush was on, creating mining towns that sprung up throughout the region overnight. Complete with saloons and brothels, gambling and lawlessness. San Francisco

with its new bustling economy became the center of this new frontier.

By 1850 much of the surface gold in California had been found. Near the peak in 1853, hydraulic mining replaced the pick and shovel bringing enormous profits but, as the population of California blossomed to 380,000 by the end of the decade, the California gold rush had sunk like a west coast sunset. However, the fever remained high as prospectors and miners looked for new frontiers of potential riches. North they went, and in 1858, miners found themselves on the sandbars of the Fraser River in the colony of British Columbia.

As they worked the sandbars further into the interior river systems of BC, several

creeks proved to be extremely rich, leading to the Cariboo Gold Rush of 1862. Once again several towns sprang up seemingly overnight. Most notably, Barkerville, named after William Billy Barker, whose discovery spearheaded a 20-year, multi-billion dollar industrial revolution that helped build the province. Today, the extraordinary restored town of Barkerville stands as a testament to BC's golden beginnings. Declared a National Historic Site of Canada in 1924 and a Provincial Heritage Property in 1958, Barkerville is now the largest living-history museum in western North America.

A century after the great Cariboo Gold Rush slowed, BC prospector Clifford E. Gunn was out panning in the heart of

Michael Sweatman, President and CEO, and Kristian Whitehead, PGeo, VP Exploration, examine an outcrop at the Frasergold property. Photo courtesy Eureka Resources Inc.



the old gold rush territory 100 km east of Williams Lake where he found enough gold to warrant staking the property, now known as the Frasergold claims. I'm certain you would have been able to hear "Eureka!" echo throughout the entire valley as tiny gold particles glistened from his pan of swooshing water and sand.

Vancouver businessman Jack O'Neill, founder of Coast Hotels, had always been captivated by the yellow metal, along with BC's natural beauty, and was intrigued enough by Gunn's findings to acquire the Frasergold claims with his public company, **Eureka Resources [EUK-TSXV]** in 1983. Thirty-two years later, and nearly a century-and-a-half after the first gold miners flooded into the area in search of instant wealth, Eureka is growing ever more confident that the Frasergold property will once again give the historic region a gold luster.

The Frasergold property consists of 26 mineral claims totaling approximately 3,617 hectares (8,938 acres) accessible by highway and logging roads year-round. In excess of \$10 million has been spent on exploring the property since Eureka took over the claims in 1983.

From 1990 to 1992, Asarco (private) drilled 35,967 metres using both reverse circulation and diamond drilling, dug some 294 metres of underground adits and took 10,000 soil and rock chip samples. In 2006, Hawthorne Gold (now **China Minerals Mining Corp. [CMV-TSXV]**) entered a joint venture agreement to earn a 51% interest in the property by spending \$3.5 million and completing a feasibility study. By June of 2008, Hawthorne had drilled 5,115 metres on the Frasergold claims with visible gold in several holes. The year 2009 brought more

impressive drilling results such as 58.24 metres grading 1.02 g/t gold, including 10.5 metres grading 3.858 g/t gold. By November of 2009, a NI 43-101 technical report was completed, giving the Frasergold Project the status of a large-tonnage, bulk minable, low-grade gold deposit. A mineral resource estimate with a 0.30 g/t gold cutoff reported 614,000 ounces of gold in the measured and indicated categories and 1,225,000 ounces of gold in the inferred category. Most importantly, historical exploration revealed mineralization that could extend along a strike length of approximately 10 km.

As the gold sector became increasingly turbulent over the years, joint venture partners came and went but Eureka had always kept the claims in good standing and were able to keep their low share structure intact to this day, with only 20 million shares outstanding and no consolidations, retaining 100% of the Frasergold claims – a feat simply unparalleled considering the vast amount of exploration completed on the property.

Eureka sat quiet for a few years until May of 2015 when the company announced John Kerr as director. Kerr is the company's designated Qualified Person and had been instrumental in recognizing the potential of the Frasergold claims in its early years. At the same time, existing board member Kristian Whitehead was appointed Vice-President of Exploration. Not long after, in June, the remaining board of directors stepped down as O'Neill, now in his eighties, decided to pass the baton as CEO to Michael Sweatman. Also appointed to the board was public company veteran, Warren Stanyer.

The company has plans for a fall drill

program as they are excited about building on the extensive work carried out on the Frasergold Project since its acquisition by the company in 1983. Michael Sweatman states, "The outstanding work and standards set over the past three decades by Jack O'Neil and his team have provided a solid foundation for Eureka's future. We look forward to unlocking the tremendous potential of the Frasergold Project." ■

*The above article was written by Barry Muir who is a registered Investment Adviser with Haywood Securities Inc. a Canadian based independent, full service investment firm and member of the Canadian Investor Protection Fund. The article is for informational purposes only and is neither a solicitation for the purchase of securities nor an offer of securities. Readers of the article are expressly cautioned to seek the advice of a registered investment advisor and other professional advisors, as applicable, regarding the appropriateness of investing in any securities or any investment strategies, including those discussed above. The information contained in the reports have been compiled from sources Haywood believes are reliable; however, Haywood makes no guarantee, representation or warranty, expressed or implied, as to such information's accuracy or completeness. The views expressed are those of the author and not necessarily Haywood Securities Inc. All opinions and estimates contained in the reports are based on assumptions the author believes to be reasonable as of the dates of the reports but are subject to change without notice. Either the author, Haywood Securities Inc. or its employees may from time to time hold or transact in the securities mentioned. Barry can be reached at (604) 697-6172 or bmuir@haywood.com.*