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Tillicum

LA TEKO RESOURCES LTD.

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ESPERANZA EXPLORATIONS LTD.

1027 - 470 Granville Street,
Vancouver, B.C. V6C 1V5
Telephone: (604) 687-1658

NEWS RELEASE

AUGUST 4, 1982

Surface gold showings of important grade have been exposed in a third location in the current phase of bulldozer and blast trenching underway on the Tillicum Property. The 237 claim property is located on Tillicum Mountain, near Burton, on the east shore of Lower Arrow Lake, 70 miles east of Vernon, B.C.

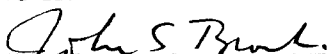
The new showing is called the Heino Pit where trench samples over a width of 2.33 metres (7.6 feet) gave a weighted average assay of 26.27 ozs. gold per ton. Included in this average is an uncut erratic high of 147 ozs. gold per ton across 0.4 metres (1.3 feet). While this high grade assay is spectacular and encouraging, it should not be considered representative of any significant tonnages. The mineralization appears to extend for a further 100 metres (330 feet) to the south, along which zone gold values were encountered on surface last year. Within the area of the Heino Pit further trenching, blasting and sampling is in progress.

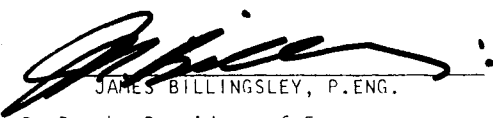
The Money Pit is located 55 metres (165 feet) to the north of the Heino Pit. Bulk sampling in the Money Pit in 1981 yielded 64 tons averaging 2.3 ozs. gold per ton. Earlier sampling had yielded some higher grade samples.

Previous work on the property, largely carried out in the 1981 field season, included road construction to give access, geophysical and geochemical surveys, prospecting and trenching which defined an apparently continuous 400 metres (1,300 feet) long gold-bearing zone within the south-west margins of the main gold geochemical anomaly. Contained within this area are a number of high grade gold occurrences, including the Heino, Money and Jenny pits.

Approximately 200 metres (660 feet) north of the Money Pit, gold values were encountered last year in the Jenny Zone, the best of which assayed 2.3 ozs. gold per ton over 2 metres (6.6 feet).

By a June 23, 1982 agreement, La Teko Resources Ltd. purchased, on a private placement basis, 400,000 treasury shares of Esperanza Explorations Ltd. for \$200,000. In consideration of this purchase La Teko received options to purchase a total of an additional 3,050,000 shares for a total consideration of \$4,925,000. If all of the options are exercised La Teko would own 50.4% of the issued shares of Esperanza. Under the agreement, Esperanza Explorations retains 100% of its rights to the Tillicum Property with La Teko having the option to become the majority shareholder of Esperanza.


JOHN S. BROCK


JAMES BILLINGSLEY, P.ENG.

This news release was prepared by John S. Brock, President of Esperanza Explorations Ltd. and James Billingsley, P.Eng., President of La Teko Resources Ltd. who take full responsibility for its content. The Vancouver Stock Exchange has neither approved nor disapproved of the contents of this report.

ESPERANZA EXPLORATIONS LTD.

1027-470 Granville St., Vancouver, B.C. V6C 1V5 Telephone (604) 687-1658

INTERIM REPORT TO SHAREHOLDERS

August 4, 1982

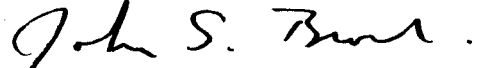
During the first six months of 1982, Esperanza Explorations Ltd. has been predominantly involved in activity centred around the Company's TILLICUM Gold Property.

At an Extra-Ordinary General Meeting of the Company held on July 29, 1982, shareholders approved the transaction for ongoing exploration and development of the TILLICUM Property under agreements with La Teko Resources Ltd. La Teko Resources Ltd. subscribed to a private placement of 400,000 shares of Esperanza to net the Company \$200,000, and has been granted options, exercisable over the next 30 months, to purchase an additional 3,050,000 shares which would net the Company a further \$4,925,000 with which to continue development of the TILLICUM Property. If all of the options are exercised, La Teko would own 50.4% of the then issued capital of Esperanza Explorations Ltd.

Esperanza is devoting all of its attention to exploration of gold occurrences on the TILLICUM Property. This year's program is directed towards further prospecting and trenching of extensions to mineralized zones, as well as untested portions of gold geochemical anomalies which were defined by the 1981 program. Detailed geological mapping and geophysical surveys will also be completed to establish targets for an extensive diamond drilling program.

Most of the Company's other resource assets are being explored by other companies under the provisions of option agreements. Esso Resources Canada is currently evaluating encouraging geochemical and geophysical results obtained on the REB zinc-lead prospect east of Williston Lake, B.C. Esso will announce its plans for diamond drilling in August. Golden Rule Resources is presently seeking participation for a diamond drilling program on the HIXON Gold Property near Quesnel, B.C., which it holds under an option agreement with Esperanza. Arctic Red Resources Corp. is preparing for a drilling program in an effort to extend to depth the presently defined gold reserves on the LaForma Property, a former gold producer located in the Yukon Territory. Esperanza Explorations presently owns 700,000 shares of Arctic Red Resources Corp.

ON BEHALF OF THE BOARD OF DIRECTORS



JOHN S. BROCK
PRESIDENT

ESPERANZA EXPLORATIONS LTD.

1027 -470 Granville St., Vancouver, B.C. V6C 1V5 Telephone (604) 687-1658

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982

(With comparative figures as at December 31, 1981)

PREPARED BY MANAGEMENT WITHOUT AUDIT

Contents:	Balance Sheet
	Statement of Deficit
	Statement of Changes in Financial Position
	Schedule of Deferred Exploration, Development and Administration Costs
	Schedule of Administration Costs
	Notes to Financial Statements

ESPERANZA EXPLORATIONS LTD.

BALANCE SHEET AT AT JUNE 30, 1982
 (With comparative figures as at December 31, 1981)
 (Prepared by Management without audit)

A S S E T S

	Six months ended June 30, 1982 (unaudited) \$	Year-ended December 31, 1981 (audited) \$
CURRENT ASSETS		
Cash	134	4,854
Receivables	<u>1,000</u>	<u>200</u>
	1,134	5,054
INVESTMENTS (note 3)	170,807	-
RESOURCE ASSETS (note 4)	<u>900,409</u>	<u>616,575</u>
	<u>1,072,350</u>	<u>621,629</u>

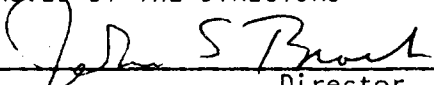
L I A B I L I T I E S

CURRENT LIABILITIES		
Due to Welcome North Mines Ltd.	28,907	-
Accounts Payable	<u>3,743</u>	<u>3,446</u>
	32,650	3,446
DUE TO WELCOME NORTH MINES LTD.	<u>-</u>	<u>93,571</u>
	<u>32,650</u>	<u>97,017</u>


S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK (note 5)		
Authorized - 5,000,000 common shares without par value		
Allotted or issued and fully paid - 3,139,070 shares (1981 - 2,284,432 shares)	1,449,228	1,064,640
DEFICIT	<u>409,528</u>	<u>540,028</u>
	<u>1,039,700</u>	<u>524,612</u>
	<u>1,072,350</u>	<u>621,629</u>

APPROVED BY THE DIRECTORS



 Director



 Director

ESPERANZA EXPLORATIONS LTD.

STATEMENT OF DEFICIT

FOR THE SIX MONTHS ENDED JUNE 30, 1982
 (With comparative figures as at December 31, 1981)

(Prepared by Management without audit)

	Six months ended June 30, 1982 (unaudited) \$	Year ended December 31, 1981 (audited) \$
BALANCE - BEGINNING OF PERIOD	540,028	288,103
Deferred costs written off (net of option payments received)	-	211,129
Cost of properties abandoned	-	37,647
Loss of sale of investments	-	3,149
Gain on disposal of mineral claims	(130,500)	-
	<hr/>	<hr/>
BALANCE - END OF YEAR	<u>409,528</u>	<u>540,028</u>

ESPERANZA EXPLORATIONS LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION
 FOR THE SIX MONTHS ENDED JUNE 30, 1982
 (With comparative figures as at December 31, 1981)

(Prepared by Management without audit)

	Six months ended June 30, 1982 (unaudited) \$	Year ended December 31, 1981 (audited) \$
SOURCE OF WORKING CAPITAL		
Issue of share capital	384,588	204,140
Property option payments received	10,000	99,197
Proceeds on sale of ore	-	29,493
Proceeds on disposal of mineral claims	170,806	-
Advances from Welcome North Mines Ltd.	-	93,571
Oil and gas payments received	-	1,611
Loss on sale of investment	-	(3,149)
	<u>565,394</u>	<u>424,863</u>
USE OF WORKING CAPITAL		
Interest in mineral properties	252,330	172,582
Interest in oil and gas leases	228	737
Exploration and administration costs	81,583	402,027
Investment in Welcome North Mines Ltd.	170,806	-
Amounts due to Welcome North Mines Ltd.	93,571	-
	<u>598,518</u>	<u>575,346</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(33,124)	(150,483)
WORKING CAPITAL - BEGINNING OF PERIOD	<u>1,608</u>	<u>152,091</u>
WORKING CAPITAL - END OF PERIOD	<u>(31,516)</u>	<u>1,608</u>
REPRESENTED BY:		
Current assets	1,134	5,054
Current liabilities	<u>32,650</u>	<u>3,446</u>
WORKING CAPITAL - END OF PERIOD	<u>(31,516)</u>	<u>1,608</u>

ESPERANZA EXPLORATONS LTD.

SCHEDULE OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATION COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982
(With comparative figures as at December 31, 1981)

(Prepared by Management without audit)

	Six months ended June 30, 1982 (unaudited) \$	Year ended December 31, 1981 (audited) \$
EXPENDITURES DURING THE PERIOD		
Assays and geochemical analysis	84	23,947
Camp Maintenance	-	13,559
Consulting Fees	240	14,477
Expediting	242	3,476
Field equipment and supplies	-	20,573
Maps, prints and drafting	254	7,265
Miscellaneous	792	5,728
Salaries and wages	22,308	153,723
Survey - geophysical and geochemical transportation	-	17,573
Trenching	57	56,906
	-	14,008
	<u>23,977</u>	<u>331,235</u>
Net administration costs for the period - per Schedule	<u>57,606</u>	<u>86,043</u>
	81,583	417,278
Less: Interest income and expenses recovered	<u>-</u>	<u>15,251</u>
NET EXPENDITURES DURING THE PERIOD	81,583	402,027
BALANCE - BEGINNING OF PERIOD	<u>587,456</u>	<u>421,254</u>
	699,039	823,281
Less: Costs written off to deficit	<u>73,574</u>	<u>235,825</u>
BALANCE - END OF PERIOD	<u><u>595,465</u></u>	<u><u>587,456</u></u>

ESPERANZA EXPLORATIONS LTD.

SCHEDULE OF ADMINISTRATION COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982
(With comparative figures as at December 31, 1981)

(Prepared by Management without audit)

	Six months ended June 30, 1982 (unaudited) \$	Year ended December 31, 1981 (audited) \$
Accounting and audit	-	4,950
Advertising and promotion	-	375
Bank charges and interest	13,700	-
Insurance	1,120	1,000
Legal	7,737	3,797
Licences and taxes	300	300
Management fee	2,188	3,020
Miscellaneous	565	10,533
Office rent, heat and light	5,300	8,804
Printing and reproduction	995	660
Salaries	20,280	45,948
Stationery and supplies	591	3,657
Stock exchange	2,600	2,350
Subscription and memberships	550	767
Telephone and telegraph	888	1,426
Transfer agent	792	2,571
Travel and accommodation	-	885
	<hr/>	<hr/>
	57,606	91,043
Less: Project management fees	<hr/> -	<hr/> 5,000
NET ADMINISTRATION COSTS FOR THE PERIOD (carried forward to Schedule of Deferred Exploration, Development and Administration Costs)	<u>57,606</u>	<u>86,043</u>

ESPERANZA EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982
(With comparative figures as at December 31, 1981)

(Prepared by Management without audit)

1. OPERATIONS

Mineral Properties

The company is in the exploration stage with respect to its interest in certain mineral properties and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence and economic recovery of such reserves in the future.

Petroleum and Natural Gas Properties

The company is in the development stage with respect to its interest in certain petroleum and natural gas leases, having established the existence of certain proven and economically recoverable reserves, and in the exploration stage with respect to other interests. With regard to the proven reserves, the company does not yet consider itself to be in commercial production since sufficient reserves in the field have not yet been established.

2. SIGNIFICANT ACCOUNTING POLICIES

Interest in Mineral Properties, Oil and Gas Leases and Related Deferred Costs

The company records its interest in mineral properties and areas of geological interest at cost less option payments received and other recoveries. Exploration and administration costs relating to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or allowed to lapse. These costs will be amortized over the estimated useful life of the property following commencement of production or written off if the mineral properties or projects are sold or allowed to lapse.

The company allocates administration costs to mineral properties and areas of geological interest in proportion to the exploration and development costs.

The costs of interests in oil and gas leases are being amortized on the unit of production basis.

ESPERANZA EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982
(With comparative figures as at December 31, 1981)

(Prepared by Management without audit)

	Six months ended June 30, 1982 (unaudited)	Year ended December 31, 1981 (audited)
3. INVESTMENTS		
Public companies		
Arctic Red Resources Corp. -		
595,000 escrowed shares		
<u>105,000</u> free shares		
<u>700,000</u> shares at nominal value	1	1
Welcome North Mines Ltd. -		
284,676 free shares @ cost	<u>170,806</u>	<u>-</u>
	<u>170,807</u>	<u>1</u>
4. RESOURCE ASSETS		
Cost of mineral properties and areas of geological interest	439,691	284,593
Deferred exploration, development and administration costs - per Schedule	595,465	587,456
Interest in oil and gas leases - net of accumulated amortization	<u>8,746</u>	<u>8,518</u>
	1,043,902	880,567
Deduct: Property option payments received and proceeds on sale of ore	<u>143,493</u>	<u>263,993</u>
	<u>900,409</u>	<u>616,574</u>

The company owns, or is acquiring under options, mineral properties, or interests therein, located in British Columbia. These options do not involve firm commitments and no liability has been provided.

Certain of the company's mineral properties are subject to option agreements under the terms of which the company may relinquish interests in these properties in return for cash payments and other consideration. These options do not involve firm commitments and no receivables are recognized unless the optionee has agreed to make the option payment.

ESPERANZA EXPLORATIONS LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 1982
(With comparative figures as at December 31, 1981)
(Prepared by Management without audit)

5. CAPITAL STOCK

Authorized -

5,000,000 common shares without par value

Allotted or issued
and fully paid -

	<u>As at June 30, 1982</u>		<u>As at Dec. 31, 1981</u>	
	Number of Shares	\$	Number of Shares	\$
Balance - Beginning of period				
Issued for cash	1,858,000	646,140	1,857,500	645,500
Issued for exploration expenditures incurred	<u>426,432</u>	<u>418,500</u>	<u>215,000</u>	<u>215,000</u>
	2,284,432	1,064,640	2,072,500	860,500
Issued during the period for exploration expenditures incurred	854,638	384,588	211,432	203,500
Issued during the period for cash	<u>-</u>	<u>-</u>	<u>500</u>	<u>640</u>
Balance - End of period	<u><u>3,139,070</u></u>	<u><u>1,449,228</u></u>	<u><u>2,284,432</u></u>	<u><u>1,064,640</u></u>

During the period the 854,638 shares referred to above were issued to Welcome North Mines Ltd. as follows: 539,686 shares at a price of 45¢ per share issued in consideration for the acquisition of the undivided 50% interest of Welcome North Mines Ltd. in the Tillicum Properties; and 314,952 shares at a price of 45¢ per share issued in consideration of the release of the company's obligation to pay the sum of \$141,729.

During the period the company cancelled the outstanding stock options and granted new stock options on 300,000 shares to certain employees and directors at a price of \$0.42 per share, exercisable until June 3, 1987. The directors' stock options were approved by shareholders at an extraordinary general meeting of shareholders held on July 29, 1982.

At an extraordinary general meeting of shareholders held on July 29, 1982, shareholders approved an increase in the authorized capital of the company to 7,000,000 Common shares without par value.

ESPERANZA EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1982
(With comparative figures as at December 31, 1981)

(Prepared by Management without audit)

6. INCOME TAXES

Deferred exploration costs include \$335,000 of Canadian Exploration Expenditures, incurred by the contributors to the Esperanza Projects 1979 and 1981, which are not deductible by the company for income tax purposes.

7. COMMITMENTS

Under the terms of agreements dated June 23rd, 1982, La Teko Resources Ltd. agreed to purchase, on a private placement basis, 400,000 shares of the company at \$0.50 per share. The company also granted La Teko Resources Ltd. options to purchase further shares as follows: 1,000,000 shares at \$0.80 per share on or before June 30, 1983; and 1,000,000 shares at \$1.50 per share on or before December 31, 1983; and 1,050,000 shares at \$2.50 per share on or before December 31, 1984. If all the options are exercised, La Teko will have purchased a total of 3,450,000 treasury shares of the company at a total cost of \$5,125,000 and will hold 50.4% of the then issued capital.

During July, 1982, the private placement transaction received regulatory authorities approval, the subscription proceeds of \$200,000 were received by the company and the 400,000 shares were issued to La Teko Resources Ltd. The option agreement transaction was approved by shareholders of the company at an extraordinary general meeting of shareholders held on July 29, 1982.