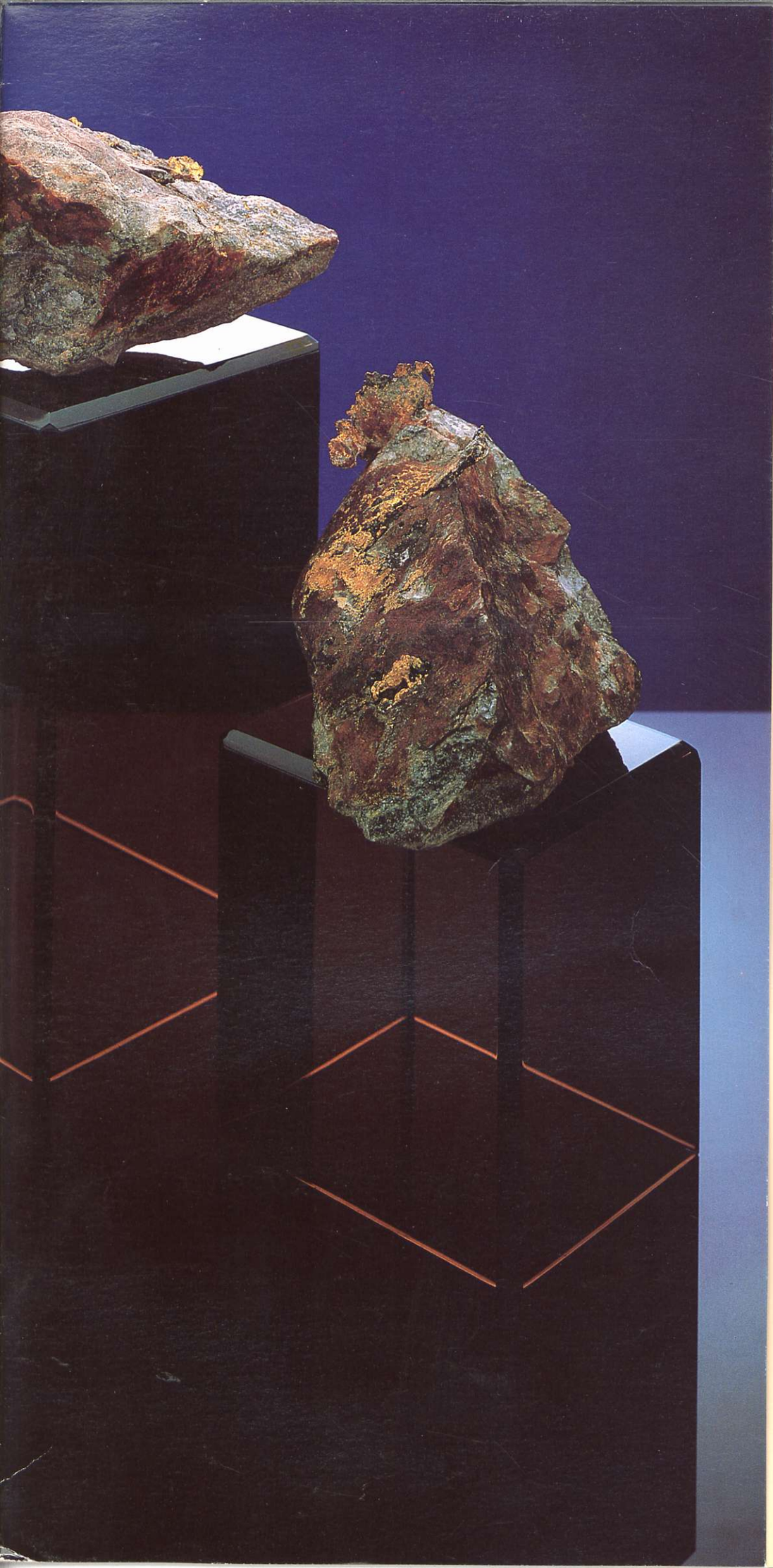


Tillicum Gold

THE TILLICUM GOLD PROPERTY

The *Tillicum Gold Property* comprises 237 claims lying over Tillicum Mountain, located 8 miles by road east of Burton, which is 20 miles south of Nakusp, in the Arrow Lakes region of British Columbia.

HISTORY

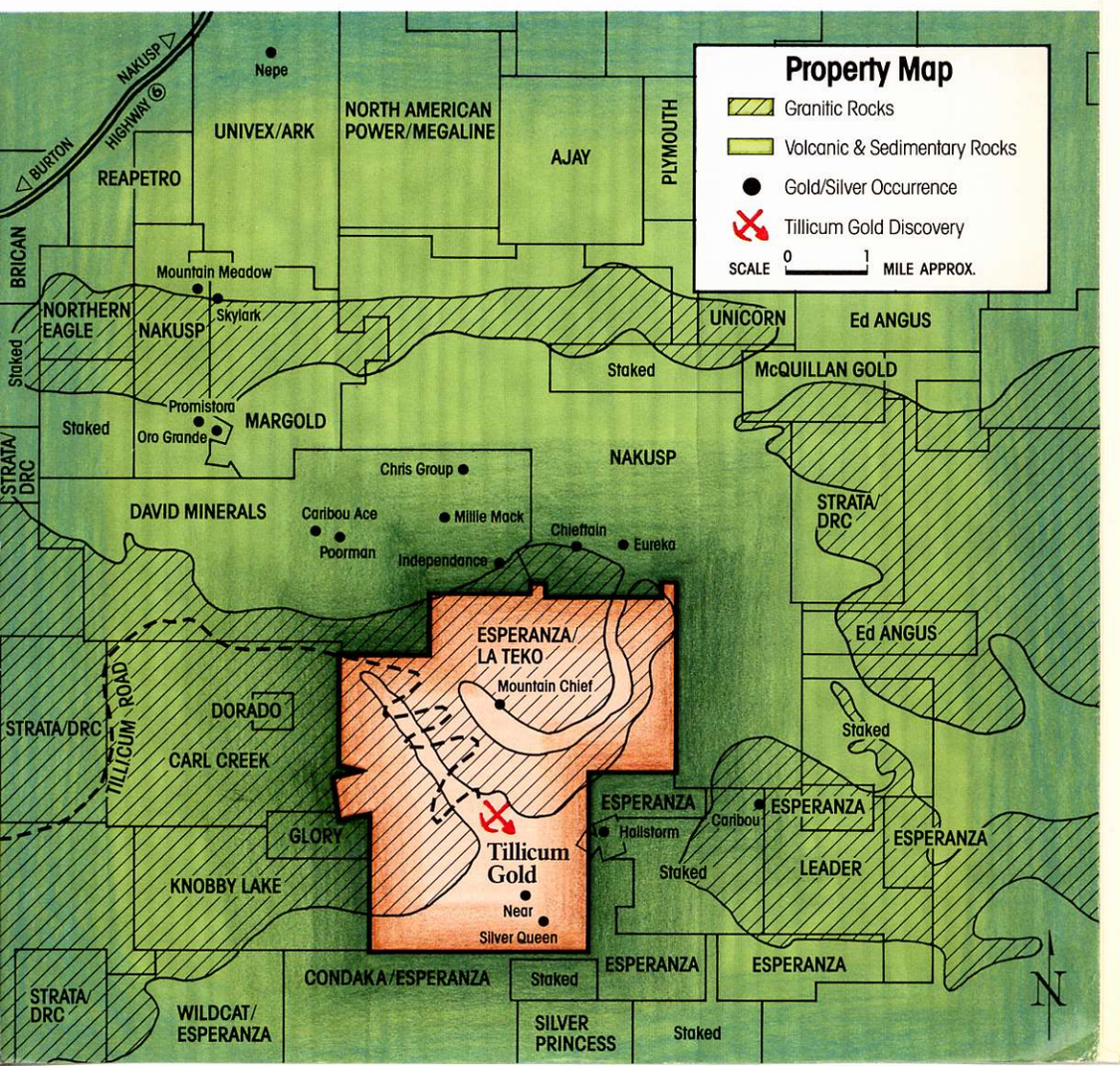
High-grade surface occurrences of gold were discovered on Tillicum Mountain in 1980 by local prospectors, Arnold and Elaine Gustafson. In September 1980, the *Tillicum Gold Property* was optioned to Esperanza Explorations Ltd. and Welcome North Mines Ltd. Surface exploration carried out in 1981 by the Welcome-Esperanza Joint Venture confirmed existence of at least two gold-bearing zones.

In early 1982, Esperanza acquired Welcome North's 50% interest in the property and in June a financing agreement for exploration of the Tillicum Gold Property was reached with La Teko Resources Ltd. The agreement grants La Teko the right to purchase 3,450,000 shares (50.4%) of Esperanza by contributing $5.1 million before December 31, 1984.

The 1982 exploration resulted in several new discoveries and greatly expanded Tillicum's potential for gold reserves — success which has attracted more than 30 other mining companies to the surrounding area.

EXPLORATION

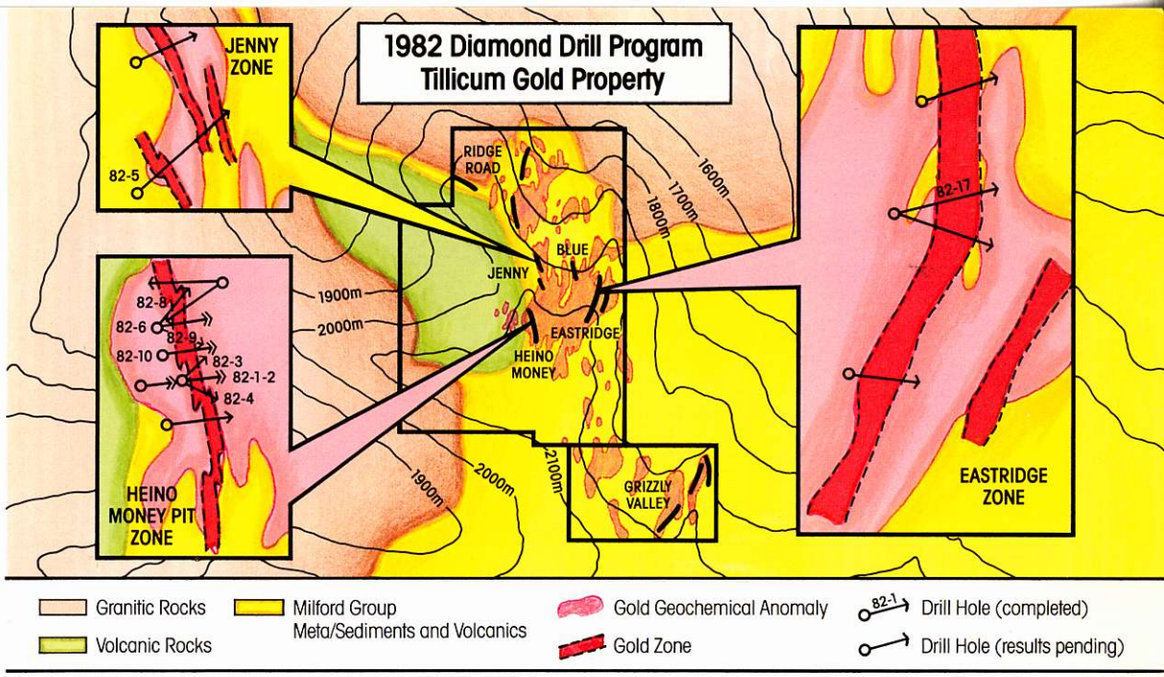
A concentrated program of prospecting, trenching, sampling, mapping, geophysics and geochemistry was initiated in 1981. A 64-ton bulk sample of the original discovery, the Money Pit, was mined and shipped to the Cominco smelter at Trail, B.C., where a smelter return averaged 2.3 ozs./ton gold. Geochemical sampling defined an area 3300 feet long by 1100 feet wide of highly anomalous soils ranging from 100 to 16,000 parts per billion gold, while hand trenching and blasting led to the discovery of two new mineralized horizons, the



Jenny and Blue zones. Detailed prospecting of the geochemical anomaly in 1982 led to the discovery of the Heino Pit, which yielded coarse visible gold assaying up to 147 ozs./ton. Continued exploration led to the discovery of four more zones, the 950, 1250, East Ridge and Grizzly Valley.

Diamond drill testing of the Heino-Money Pit, Jenny and East Ridge zones began in August 1982 and the encouraging results warranted the addition of a second rig to step up drilling. Nine out of ten holes drilled and assayed to date have intersected the zones at depth and visible gold has been seen in five holes drilled under the Heino-Money Pit Zone.

Geological mapping indicated that the gold-bearing zones occur in distinct horizons within a 1000 ft. thick sequence of Milford Group rock, composed of metamorphosed volcanic and sedimentary units of Jurassic-Triassic age. Higher grade, in excess of 1 oz./ton gold, such as the Heino-Money Pit Zone, is found within a 15 ft. thick horizon of calc-silicate exhalative rock. Also contained within the Heino-Money Pit are values in excess of 2.0 ozs./ton over mineable widths. Lower grade, averaging 0.1 oz./ton gold is found over widths of up to 20 feet near the top of the Milford sequence. These zones, such as the East Ridge, appear to have sizeable tonnage implications.



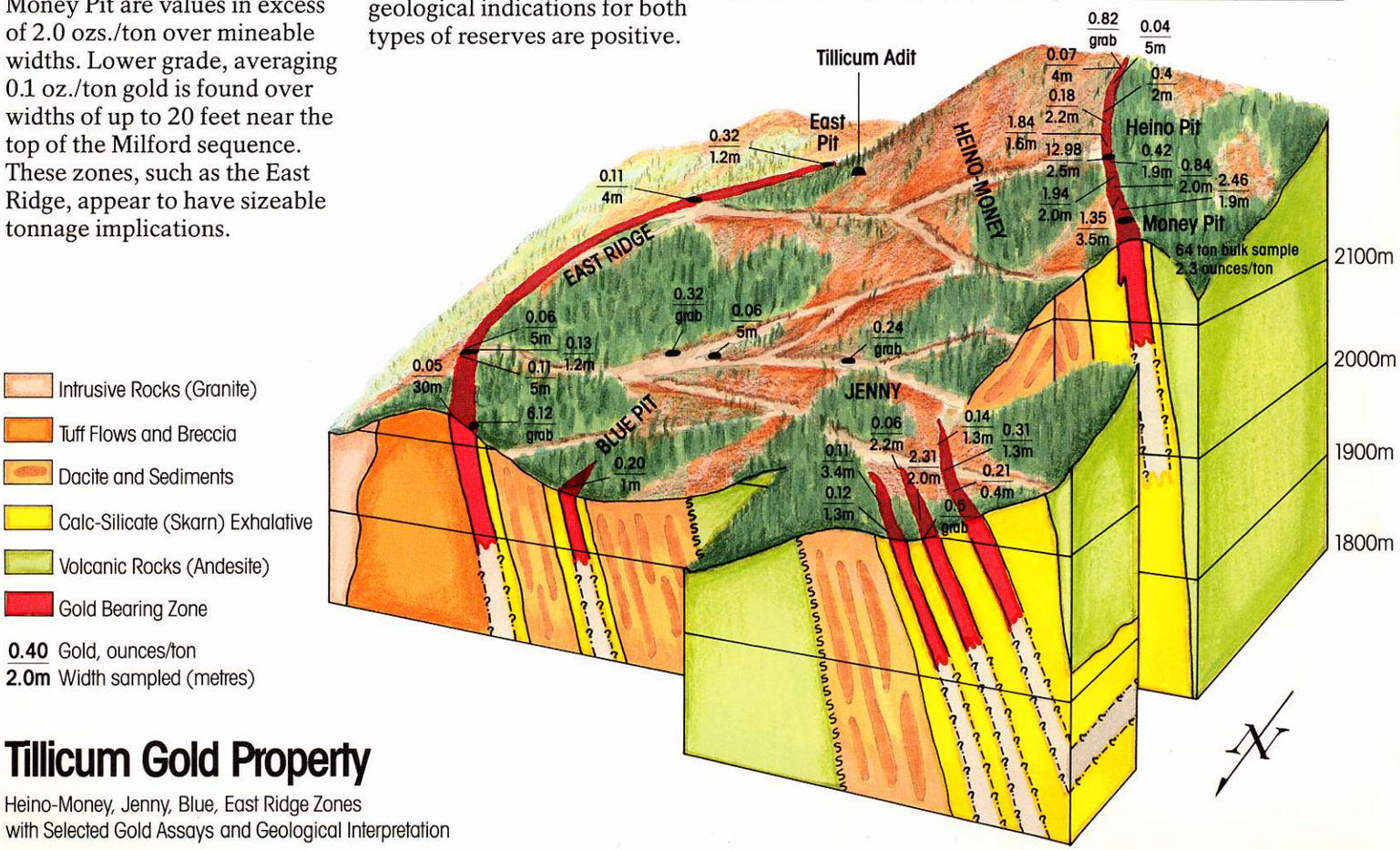
OUTLOOK

Plans for 1983 call for a large-scale program of continued drilling and it is anticipated that underground exploration and development will commence in September with preliminary ore reserve estimates available by early 1984.

The potential for reserves of higher grade ore mineable by underground methods, as well as larger bulk-tonnage reserves of lower grade ore mineable by open-pit methods, are being investigated simultaneously. At this early stage of exploration, geological indications for both types of reserves are positive.

DIAMOND DRILL HOLE ASSAYS AS OF OCTOBER 18, 1982

Hole	Angle Drilled	Intersection Depth (Feet)	Intersection Width (Feet)	Gold Ozs/Ton Average Assay
S82-1	−06°	26.8 - 38.0	11.2	1.104
S82-2	−40°	48.8 - 59.3	10.5	0.634
S82-3	−40°	40.4 - 43.7	3.3	0.091
S82-4	−40°	Hole stopped short of zone		
S82-5	−50°	18.0 - 20.0	2.0	0.127
		32.0 - 36.5	4.5	0.111
	Sludge	35.0 - 40.0	5.0	0.162
	Sludge	110.0 - 115.0	5.0	0.239
S82-6	−30°	7.0 - 22.8	15.8	1.182
S82-7	−65°	29.6 - 41.0	11.4	Pending
S82-8	−45°	27.5 - 41.0	13.5	0.284
S82-9	−15°	10.0 - 17.0	7.0	0.24
S82-10	−15°	30.0 - 36.4	6.4	0.08
S82-17	−40°	130.0 - 170.0	40.0	Poor core recovery
	Sludge	140.0 - 150.0	10.0	0.094
		150.0 - 160.0	Circulation lost — no sludge sample	
	Sludge	160.0 - 170.0	10.0	0.147



Tillicum Gold Property

Heino-Money, Jenny, Blue, East Ridge Zones
with Selected Gold Assays and Geological Interpretation