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ESPERANZA EXPLORATIONS LTD.

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1984 EXPLORATION REPORT

on the

TILLICUM GOLD PROPERTY

Slocan Mining Division
British Columbia

NTS: 82 F/13 82 K/4

Latitude: 49° 59' N
Longitude: 117° 43' W

By: John McClintock
November 1984

VOLUME I

TABLE OF CONTENTS

ILLUSTRATIONS

VOLUME II

ILLUSTRATIONS (Cont'd)

Plates		Scale
Plate 12	Surface Assay Plan - North Slope	1:500
Plate 13	Silver Queen - Geology Plan	1:1000
Plate 14	Silver Queen - Surface Assay Plan	1:1000
Plate 15	Silver Queen - Stacked Sections	1:1000
Plate 16	Silver Queen Adit - Geology Plan	1:200
Plate 17	Silver Queen Adit - Assay Plan	1:200
Plate 18	Arnie Flats - Geology Plan	1:1000
Plate 19	Arnie Flats - Geochemistry - Ag	1:1000
Plate 19a	Arnie Flats - Trench Sample Location and Assay Plan	1:500
Plate 20	Londonderry Creek Area - Gold Geochemistry	1:2000
Plate 21	Jenny Zone, Cross Section TS82-22, TS84-84	1:200
Plate 22	Jenny Zone, Cross Section TS84-85	1:200
Plate 23	South Tillicum Trench and Assay Results	

VOLUME III

Appendix II	Diamond Drill Logs and Assay Results - Tillicum Gold Property

SUMMARY AND RECOMMENDATIONS

In 1984 a comprehensive exploration program of soil sampling, geological mapping, trenching, diamond drilling and underground development was completed. Soil sampling was extended northwards into the Londonderry Creek area. Access roads were constructed to the Silver Queen and Arnie Flats silver geochemical anomalies which were subsequently backhoe trenched. The Silver Queen, East Ridge and Jenny Zones were diamond drilled and a 260 foot adit was driven along the upper part of the Heino-Money Zone.

Underground bulk sampling of the Heino-Money Zone confirmed grades obtained from previous drilling programs and substantiated the existence of high grade stopes with muck samples averaging up to .93 oz/ton over lengths of up to 26 feet. The previously reported reserves of 40,000 tons grading 0.6 oz/ton gold remains unchanged and open to the south and to depth.

Diamond drilling extended the up to 100 foot thick East Ridge Zone to over 1800 feet on strike and for 200 feet down-dip with the zone remaining open in all directions. To date, 25 drill holes and a 200 foot underground cross cut have outlined an inferred open pittable reserve of 5 million tons grading in the 0.05 to 0.07 ounce per ton range. These reserves could be potentially increased by the parallel No. 2 and BBB-Blue Zones. Drilling on the Jenny Zone intersected low-grade gold values.

An important new silver-gold zone was discovered on the 3000 x 1000 foot Arnie Flats silver geochemical anomaly. The zone, which averages 20 feet wide has been traced by backhoe trenching along strike for over 650 feet. Channel samples taken from trenches yielded grades up to 7.6 oz/ton silver and .02 oz/ton over a 29 foot width. Based on the extent of the Arnie Flats silver geochemical anomaly, there is excellent potential to significantly increase the strike length of the zone.

Preliminary trenching and drilling on the Silver Queen have outlined elongated stratabound zones of silver mineralization over an open strike length of 2000 feet with trench sampling assaying up to 11.7 oz/ton silver over 20 feet. Twelve drill holes completed along the known strike length intersected silver grades to 3.6 oz/ton over 24 feet.

The positive results of the 1984 program justify a substantial ongoing exploration program to outline and delineate:

a) Large tonnage, lower-grade gold deposit amenable to open-pit mining techniques;

b) Silver-gold deposits of sufficient grade and tonnage to support either open-pit or selective underground mining techniques;

c) Develop high-grade gold reserves capable of supporting underground exploitation.

To accomplish these objectives, the following comprehensive exploration program is recommended in 1985:

- 8,000 feet of diamond drilling on the East Ridge, No. 2 and BBB-Blue zones;
- 2,000 feet of diamond drilling on the Arnie Flats zone;
- 10 km of road building and backhoe trenching on the Arnie Flats, Grizzly and Market Trend zones;
- Approximately 80 km of geochemical soil grid;
- Ongoing geological mapping and sampling

The above-recommended 1985 program is estimated to cost $600,000 and is designed to continue our overall approach to evaluation of all gold-silver zones on the property, giving us the flexibility for potential development of a multi-zone mining scheme or delineation and possible exploitation of any single zone.

INTRODUCTION

This report by Esperanza Explorations Ltd., operator of the Tillicum Gold Property, summarizes the 1984 program and is intended to be an addendum to the 1981, 1982 and 1983 Exploration Reports on the Tillicum Gold Property, dated February 1982, February 1983 and March 1984 respectively.

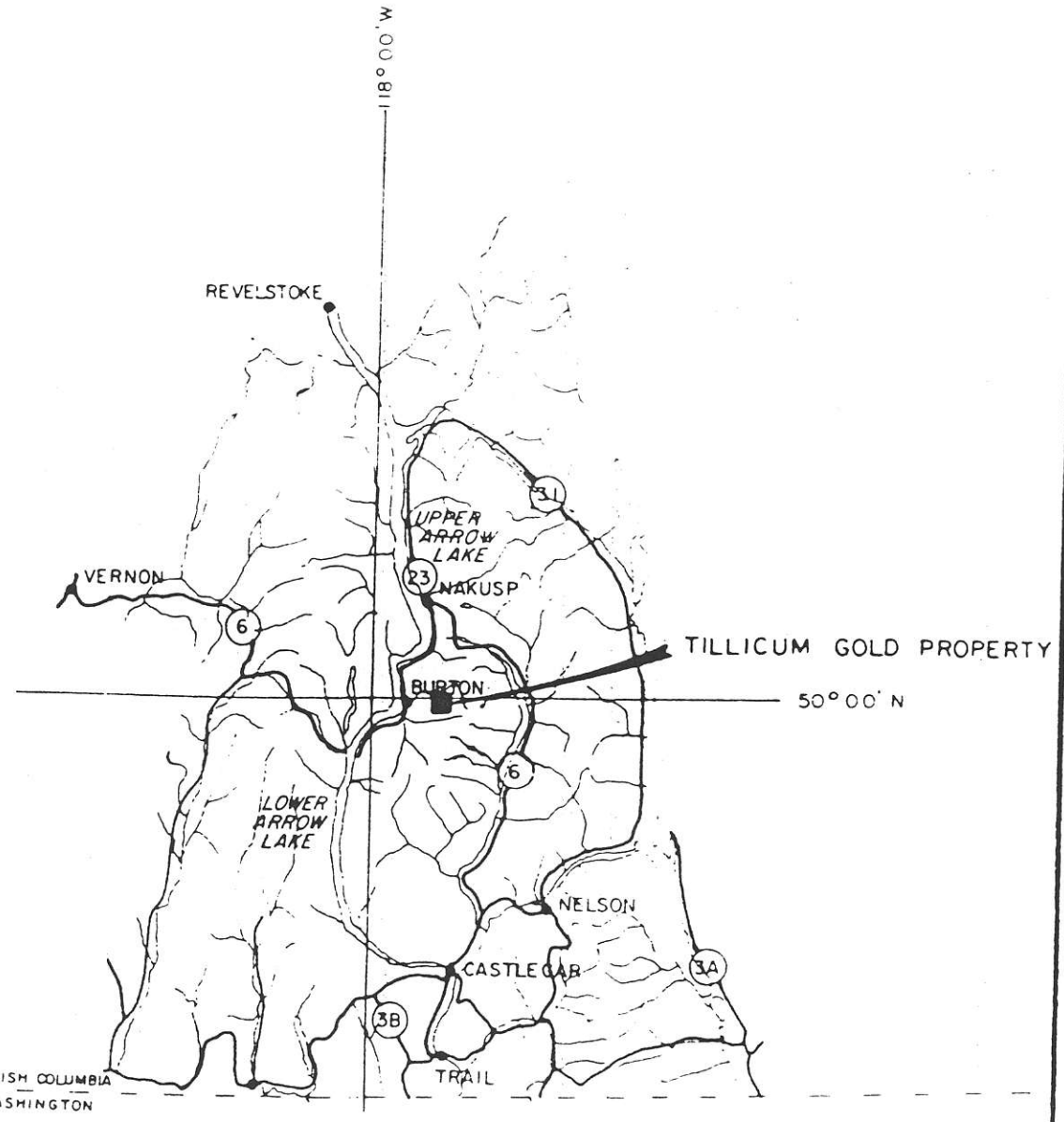
Exploration undertaken in 1984 consisted of geological mapping and sampling, grid-soil sampling, bulldozer and backhoe trenching, road building, 5,222 feet of diamond drilling and 260 feet of underground development. Direct field expenditures from April 1 to September 30, 1984 amounted to $440,164.

Findings of the 1984 work are highly encouraging, and fully justify a comprehensive program directed to advancing the property towards ultimate production.

LOCATION AND ACCESS

The Tillicum Gold Property is situated in the Arrow Lakes Region of southeastern British Columbia, 10 km to the east of the Village of Burton (Figure 1). The property overlies Tillicum Mountain, on the western limits of the Valhalla Ranges, within the Slocan Mining Division. The approximate coordinates for the claim group are Latitude 49°59'N and Longitude 117°43'W; NTS: 82F/13 and 82K/4. Elevations on the property range from 884 m (2,900 feet) to 2,317 m (7,600 feet). The peak of Tillicum Mountain stands at 2,231 m (7,326 feet).

Most of the known gold showings on the property occur on northerly-trending spurs of Tilllcum Mountain and in the adjacent cirque valleys at elevations from 1,940 m (6,360 feet) to 2,220 m (7,280 feet). The Silver Queen workings lie on the southern slope of Grey Wolf Mountain, between 1,990 m (6,525 feet) and 2,300 m (7,540 feet). The newly discovered Arnie Flats silver zone lies on a gently sloping plateau at an elevation of 2180 m (7150 feet), approximately 1 mile (1.6 km) west of the Silver Queen workings.



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TILLICUM MOUNTAIN PROJECT

LOCATION MAP – N.T.S. 82 K/4, 82 F/13

1 2,000,000

FIG. 1

Evergreen forests extend to near the peaks, with the tree line being at about 2,200 m (7,200 feet). Rock outcroppings, for the most part, are confined to the ridge crests, and form approximately 5% of the surface area. The terrain is rugged, with steep to precipitous slopes that are covered by a thin veneer of overburden.

On the Heino-Money and East Ridge areas, water sufficient for diamond drilling, underground development and camp purposes is available below 1,900 m in elevation from either Elaine Creek or Sue Creek lying east and west of Tillicum Ridge respectively. Water for camp and the underground program was obtained from Sue Creek in 1984, while water for drilling was obtained from Elaine Creek.

Snow conditions in the area limit surface exploration to the period June through October, however, localized activity such as drilling and underground work is feasible over a more extended period. Access to the property is from Burton via a network of logging and mine access roads up Caribou and Londonderry Creeks. Total distance from Burton to the camp on Tillicum Ridge is 27 km (17 miles). During the summer months, the road is passable by 2-wheel drive truck to the camp, then by 4-wheel drive to the showings.

CLAIM STATUS

The Tillicum Gold Property is made up of 198 mineral claim units and 6 crown granted mineral claims (Figure 2). A description of the individual claim groups comprising the Tillicum Gold Property is provided in Appendix 1.

1984 WORK PROGRAM

Expenditures for the 1984 exploration program through September 30, 1984 on the Tillicum Gold Property amounted to $440,164 and brought the cumulative expenditure on the property to $2.3 million.

Work undertaken in 1984 included:

(1) A total of 5,222 feet of diamond drilling in 18 holes, of which 12 holes, totalling 3,752 feet were in the Silver Queen Zone, with 1060 feet in 4 holes on the East Ridge Zone and 2 holes totalling 410 feet on the Jenny Zone.

(2) A 260 foot underground drift along the Heino-Money Zone

(3) Construction of 3.6 km of access roads to the Silver Queen and Arnie Flats Zones.

(4) Backhoe trenching on the Arnie Flats, Silver Queen and South Tillicum Zones.

(5) Detailed geological mapping of the Silver Queen, Arnie Flats and Jenny Zones.

(6) 18 km of grid soil sampling totalling 720 samples on the Londonderry Creek and Arnie Flats areas.

(7) Surface rock-chip sampling of the Silver Queen and Arnie Flats Zones and preliminary sampling of the South Tillicum Peak area.

GEOLOGY

Overview

The region of the claims has been mapped by Hyndman (GSC Bull. 161, 1968). Hyndman shows the claim area to be underlain by three principal rock types (Plate 1). From oldest to youngest, these are: Mississippian to Permian Milford Group metasedimentary rocks. Permo-Triassic Kaslo Group amphibolite and metavolcanic rocks; and quartz diorite to quartz monzonite of the Cretaceous Goat Canyon and Halifax Creek stocks.

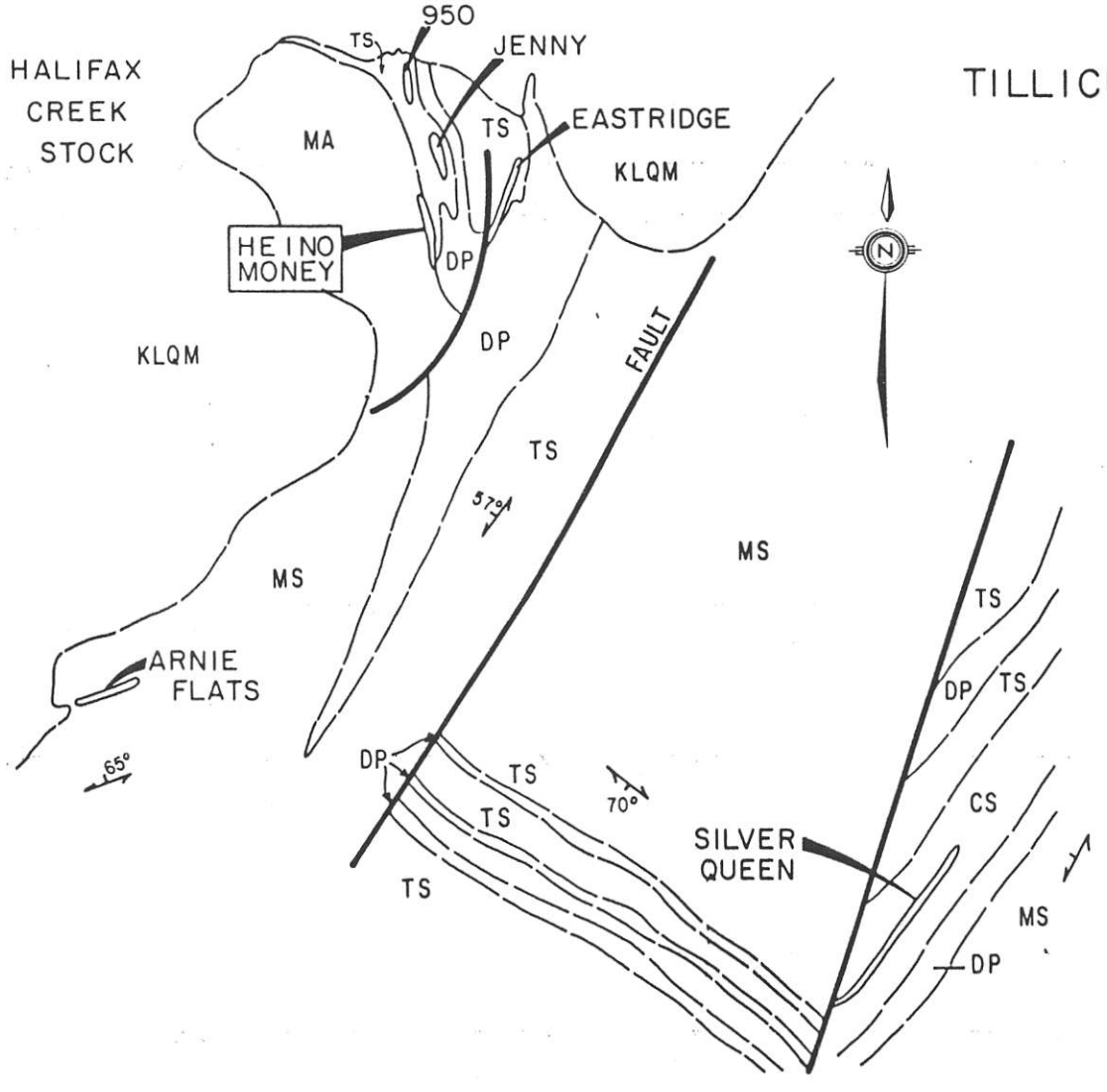
The Milford Group rocks are described as fine to medium-grained clastic and volcanoclastic rocks that have been both regionally and thermally metamorphosed to pelitic and calc-silicate schists and hornfelses. The Kaslo Group rocks are predominantly mafic volcanic flows, tuffs and breccias that have been metamorphosed to amphibolite and hornblende-plagioclase schists and gneisses.

Structure in the metamorphosed rocks is complex, with conflicting interpretations by Hyndman (1968) and Parrish (C.J.E.S. p 944, vol. 18, 1981).

The Goat Canyon and Halifax Creek stocks post-date regional metamorphism and intrude the older rocks in the north and west portion of the property. Both stocks are predominantly quartz monzonite with contaminated border phases of diorite, quartz-diorite and granodiorite.

Lithological Descriptions

Geological mapping of the property by Esperanza personnel has modified the geology put forward by Hyndman (1968) and has added additional rock units. (Figure 3, Plate 3). The principal modification is the inclusion of Hyndman's Kaslo Group rocks on the west slope of Tillicum Mountain into the Milford Group. The Permo-Triassic aged Kaslo Group should unconformably overlie the Milford Group, however, our mapping shows the contact to be gradational with some evidence that the formerly mapped Kaslo Group underlies the Milford Group rocks. We have concluded that these mafic metavolcanic rocks are more probably a volcanic package of the Milford Group.



GEOLOGY
TILLICUM GOLD PROPERTY

KLQM	QUARTZ DIORITE, DIORITE
DP	DIORITE PORPHYRY
MILFORD GROUP ?	
CS	CALCAREOUS META-SEDS.
TS	TUFFACEOUS META-SEDS.
MA	META BASALTIC ANDESITE
MS	UNDIVIDED MILFORD GP.

0 — 1.0
KILOMETRE

Figure 3

Rocks on the property have been divided, from oldest to youngest, into the following assemblages: Mississippian to Permian Milford group metasedimentary and metavolcanic rocks; diorite porphyry of uncertain age; Cretaceous-age quartz monzonite to diorite; and lamprophyre dykes of uncertain age (Figure 4). A lithostratigraphic column showing the relative relationships of the rock types is presented as Figure 5.

The Milford Group has been crudely subdivided into metavolcanic and metasedimentary packages. The contact between the two packages is conformable and marked by interbedded mafic tuffs and shale. The metavolcanics are composed of pillow flows, agglomerates, breccia, and tuffs of andesitic to basaltic andesitic composition. Metamorphism has transformed the original mineral constituents to plagioclase, hornblende, chlorite, actinolite, epidote-clinzoisite and minor garnets. Despite the metamorphism, except where sheared, the primary volcanic features remain recognizable.

The metasedimentary rocks are predominantly volcaniclastic and consist of greywacke, tuffaceous and argillaceous siltstone, shale and minor calcareous quartzite and arkose. These sediments are divisible into 3 gross packages: intercalated tuffaceous siltstone and shale, greywacke interbedded with lesser siltstone; and intercalated, calcareous and locally graphitic quartzite, arkose and siltstone. The intercalated siltstone and shale occur adjacent to the metavolcanic contact and are transitional away from the contact into volcaniclastic greywackes and siltstone that form the bulk of the Milford Group metasedimentary rocks. The calcareous quartzites and arkoses form a thin, 100 m thick package in the structurally upper part of the metasedimentary sequence. Greenschist facies metamorphism has transformed the sedimentary rocks to hornfels, schists and gneisses. Although metamorphosed, the sedimentary textures are generally recognizable.

The diorite porphyry is intrusive into the Milford Group metasedimentary units, forming sills and dykes from 1 to over 5 m in thickness. Within the metasedimentary rocks, the sills and dykes are

LEGEND: TILLICUM DISTRICT

AGE	UNIT	DESCRIPTION	METAMORPHIC OVERPRINT: CALC-SILICATE SKARN	METAMORPHIC OVERPRINT: HORNFELS
		LAMPROPHYRE DYKES		
UNKNOWN	LMP	DARK GREEN CARBONATE ALTERED, AUGITE-EPIDOTE BEARING LAMPROPHYRE		
	LGR	LEUCOGRANITE DYKES		
		GOAT CANYON - HALIFAX CREEK STOCKS		
CRET-JURASSIC	Kgmb	HORNBLENDE-BIOTITE QUARTZ MONZONITE ; minor QUARTZ DIORITE, GRANODIORITE		
		SKARN IMPREGNATIONS — GOLD MINERALIZATION	DIOPSIDE-TREMOLITE QUARTZ SKARN + GOLD QUARTZ SKARN + GOLD + PYRITE TREMOLITE-GROSSULARITE K-FELD QUARTZ SKARN + PYRITE + GALENA + SPHALERITE + GOLD DIOPSIDE-TREMOLITE-CLINOZOISITE QUARTZ SKARN + PYRITE + GOLD TREMOLITE-EPIDOTE-CARBONATE-CHLORITE GARNET-K-FELDSPAR SKARN CLINOZOISITE-GARNET-DIOPSIDE-K-FELDSPAR QUARTZ SKARN + PYRITE + GOLD	
UNKNOWN	DP	MASSIVE TO FOLIATED, GREY DIORITE PORPHYRY WITH SUBROUNDED PLAGIOCLASE PHENOCRYSTS IN MOTTLED APHANITIC GROUNDMASS WITH SPARSE ANHEDRAL GARNETS		
	DH	HYBRID DIORITE-HIGHLY DIORITIZED METASEDIMENTS		
		MILFORD GROUP (INCLUDES META-SEDS/META VOLC ASSEMBLAGES ORIGINALLY MAPPED AS MILFORD/KASLO GROUPS)		
MISSISSIPIAN & YOUNGER	SH	DARK-GREY-BLACK INDISTINTLY LAMINATED SHALE, LOCAL DEVELOPMENT OF SILTSTONE LAMINATIONS	CALC-SILICATED-HORNFELSED SHALE	BIOTITE-ACTINOLITE-CHLORITE SCHIST
	TS	BEIGE-TAN-DARK GREY, LAMINATED TUFFACEOUS SHALE	LAMINATED CALC-SILICATE BIOTITE-PLAGIOCLASE-CHLORITE-GARNET SCHIST	BIOTITE-CHLORITE-HORNBLENDE SCHIST
	TV	BEIGE, PALE GREEN TUFFACEOUS ANDESITE	QUARTZ-TREMOLITE-CLINOZOISITE INPREGNATED TUFFACEOUS ANDESITE	BIOTITE-ACTINOLITE-CHLORITE SCHIST
	MA	DARK GREEN, FINE GRAINED META ANDESITE TO META-BASALTIC ANDESITE (BRECCIA, TUFFS, FLOWS)	ZEBRA ANDESITE. DIOPSIDE-TREMOLITE-ACTINOLITE-BIOTITE GARNETIFEROUS HORNFELS	PLAGIOCLASE-HORNBLENDE-AUGITE EPIDOTE AMPHIBOLITE BIOTITE-HORNBLENDE-PLAGIOCLASE-CARBONATE HORNFELS
	HC	PINK-BEIGE, FINE GRAINED, SUGARY TEXTURED, ALTERED CLASTICS INCLUDING QUARTZITE, ARKOSE AND SILTSTONE.	BIOTITE-MUSCOVITE-GARNETIFEROUS SKARN	QUARTZ-K-FELDSPAR-BIOTITE-CHLORITE SCHIST
	HQ	YELLOW-BROWN, SUGARY TEXTURED, FINE GRAINED, ALTERED QUARTZITE	QUARTZ-TREMOLITE-SULPHIDE INPREGNATED META QUARTZITE	MUSCOVITE-ORTHOCLASE-QUARTZ SCHIST
	SS	WHITE TO YELLOW, QUARTZ-SERICITE SCHIST (POSSIBLY CAUSED BY SHEARING AND ALTERATION OF DH)		

MODIFERS

- f — FAULTED, SHEARED
- t — TUFFACEOUS
- py — PYRITIC
- l — LAMINATED
- m — MASSIVE
- q — QUARTZ VEINING
- v g — VISIBLE GOLD
- Po — PYRRHOTITE
- m s — MASSIVE SULPHIDE
- Pb — GALENA
- Zn — SPHALERITE
- i — INTERMITTANT
- w — WEAK

ALTERATION TYPES

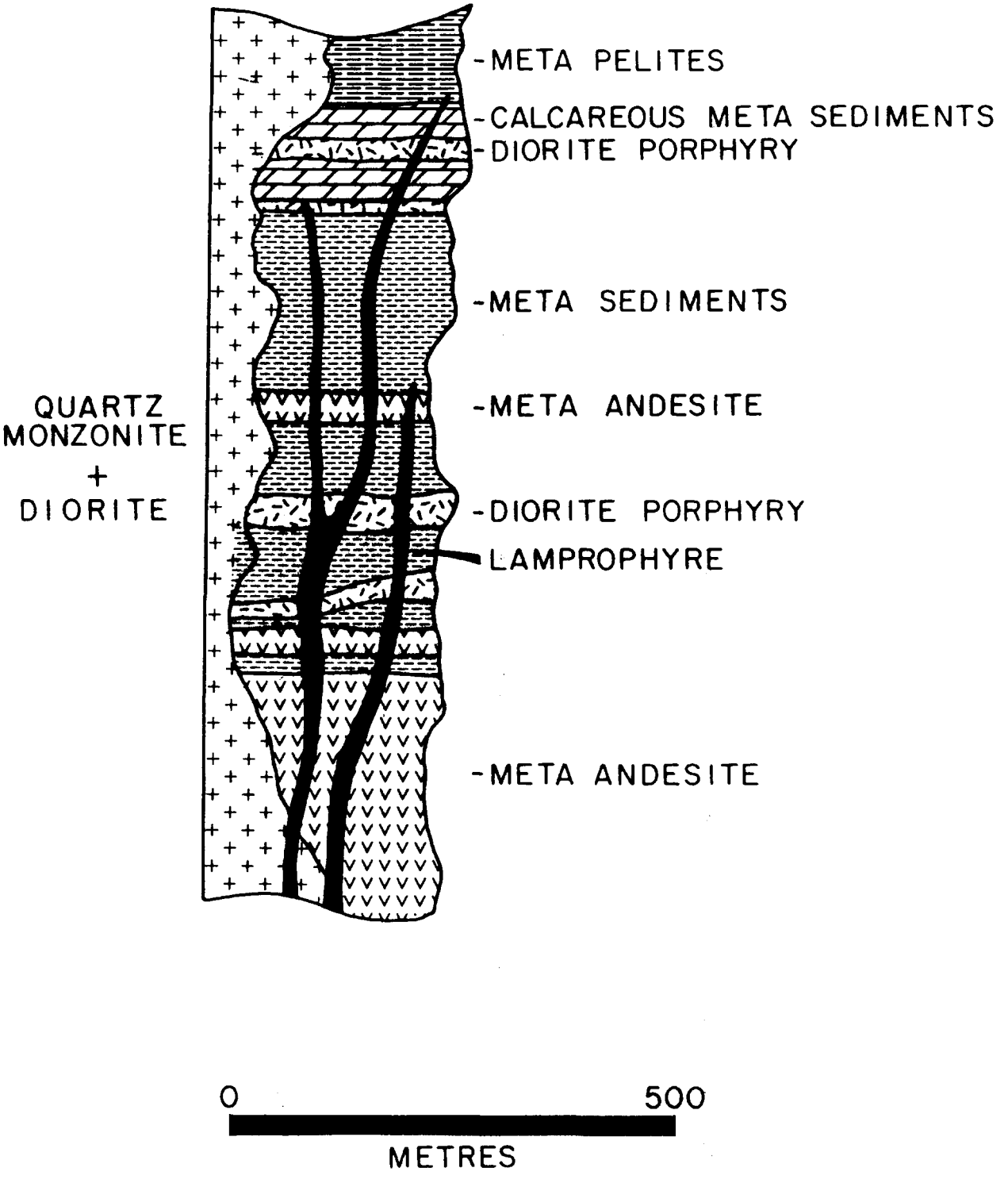
- A — ALTERED, NOT DEFINED
- H — HORNFELS
- K — CALC-SILICATE
- C — CARBONITIZATION
- S — SILICIFICATION
- N — SKARN
- R — ARGILLIC ALTERATION (KAOLINITE, MONTMORILLONITE, PYROPHYLLITE)

Fig: 4

FIGURE 5

TILLICUM GOLD PROPERTY

LITHOSTRATIGRAPHIC COLUMN



localized in swarms in the Tillicum Peak, Golden Hope and Silver Queen areas. The intrusive bodies have cores with medium-grained crowded porphyritic texture gradational into margins that are fine-grained and granular. Intense recrystallization and partial assimilation of the Milford Group units adjacent to the thicker porphyry sills has made contacts vague. Later metamorphism has recrystallized the original plagioclase phenocrysts into the porphyry to a mixture of oligoclase, calcite, sericite and chlorite in a ground mass of biotite, amphibole, sericite, microcline quartz and anhedral porphyroblasts of pinkish-coloured garnet.

The Cretaceous age Goat Canyon and Halifax Creek stocks are intrusive into the Milford Group and diorite porphyry. The stocks are compositionally similar and are fine to medium-grained, hypidiomorphic granular quartz monzonite, granodiorite and quartz diorites with contaminated border phases of monzonite and diorite. Leucocratic, coarse-grained dyke-like apophyses of the quartz-monzonite intrude the Milford Group and diorite porphyry. These dykes are usually less than 3 m thick and have shallow dips.

The youngest rocks on the property are narrow (less than 4 metres), northerly-trending, steeply-dipping lamprophyre dykes that are continuous along strike for hundreds of metres. Although present throughout the property, these dykes are concentrated in two swarms that cross through the East Ridge and Heino-Money gold zones.

Structural Setting

The geological structure is complex and is dominated by steep angle normal and reverse faults. Most faults have little offsets, however, several faults with major displacements divide the property into fault-bounded blocks. Within fault-bound blocks, little evidence of folding exists. The metamorphic fabric of the rock closely parallels the bedding planes with minor or parasitic folding only very rarely observed. It is possible that individual structural blocks may be the faulted limbs of large scale folds.

MINERALIZATION

Gold and silver mineralization occurs within the metasedimentary and meta volcanic rocks of the Milford Group. Gold occurs in calc-silicate, quartz skarns developed in Milford Group metasedimantary and meta volcanics adjacent to or in close proximity to diorite porphyry sills. Skarn assemblages consist of quartz, plagioclase, tremolite-actinolite, clinozoisite, garnet, biotite and microcline. Skarns contain quartz-calc-silicate segregations, injections and veins that vary from less than 1 cm to 8 cm thick. These segregations are generally conformable to the metamorphic fabric although locally they display cross cutting features.

Native gold occurs within the skarn assemblages as 25 micron to 1 cm disseminations and fracture fillings within and along the margins of the quartz-calc-silicate segregations. Skarns also contain variable amounts of pyrrhotite, pyrite, sphalerite, galena, as well as traces of chalcopyrite and tetrahedrite. The sulphides occur as fine disseminations oriented within the plane of the metamorphic foliation and as coarse-grained aggregates within the segregations. A petrographic study of polished thin sections undertaken by Ken Northcote (Tillicum 1983 Report) indicates that the gold is contemporaneous with pyrrhotite, pyrite, sphalerite, galena mineralization and pre-dates arsenopyrite and tetrahedrite crystallization. Colin Godwin (pers. comm.) has obtained a Jurassic lead-isotope age for galena mineralization from the Money Pit.

Two forms of silver mineralization have been outlined on the claims. On the Silver Queen, silver occurs in lensoidal dolomitic replacements of calcareous quartzites, and arkoses adjacent to or in close proximity to diorite porphyry sills and cross cutting alaskite dykes. The marble and adjacent quartzites and arkoses contain variable amounts of pyrite, sphalerite, galena, pyragerite and tetrahedrite as fine to coarse-grained disseminations and lesser fracture fillings.

In the Arnie Flats zone, silver occurs in a siliceous and potassium feldspar replacement localized in sheared meta greywackes. Minor quantities

of pyrite, sphalerite and possibly argentite occur in the siliceous zone as finely disseminated grains.

To date, 10 significant gold and/or silver mineralized zones have been discovered. These are: Heino-Money, East Ridge, Silver Queen, Arnie Flats, Jenny, 950, BBB-Blue, Command, 1250 and Grizzly Zones. (Plate 2). A discussion of the zones explored in 1984 follows. The reader is referred to the 1983 Tillicum report for a description of those zones not evaluated in 1984.

(a) Heino-Money Zone

Gold mineralization in the Heino-Money zone is stratabound to a wedge-shaped package of metasedimentary rocks lying between diorite porphyry and meta-andesite (Plate 2,3 and 4). Extensive drilling and trenching to the end of 1983 had outlined a northwesterly-trending, tabular-shaped gold deposit, measuring 650 feet (200 m) in length, 150 feet (46 m) in width with drill-indicated reserves of 40,000 tons grading 0.6 oz/ton gold, of which approximately 7,000 tons containing 10,000 ounces of gold lie within 30 feet of surface and could be mined by surface open cuts.

During 1984, an adit was driven along the Heino-Money Zone on the 2165 m level (Plate 2). The purpose of the drift was two-fold, to establish the continuity of the zone and to confirm the gold grades indicated by diamond drilling.

The drift showed the auriferous skarn to be a single continuous zone. With the exception of minor offsets along left and right lateral faults, little difficulty was experienced in keeping the drift in the zone (Plate 6).

To establish the grade of the skarn intersected by the drift, round muck sampling, face sampling, back sampling and lateral bore-test holes were carried out. (Plates 7, 8).

From Round 4 onward, muck from each round was sampled. The initial three rounds were not sampled because of large muck fragments, that made representative sampling impossible. Individual rounds

were sampled by taking five shovels-full of material from across the top of each car of muck. The sampled material was crushed to 1/4" then a 1/16th split of the crushed rock was sent to Min-En Laboratories for a gold and silver assay. Assay results of the muck samples are plotted on Plate 7.

Results for gold in the muck samples compare reasonably with that predicted by drilling, especially when the drill intersections are diluted to the drift width of 2.2 m (7.2 feet). The face and back sampling results were more erratic than the muck samples, but overall are comparable. Lateral test holes did not find any additional gold-bearing zones. Sampling of the muck, face, back and test holes have upgraded the ore reserves above the 2165 m level from drill-indicated to probable. A second drift along the 2130 m level will be required to advance the remainder of the zone to the proven category.

Potential to expand the ore reserves still exists to the southeast, above the 2165 m level and at depth beneath the Money Zone (Plate 9).

(b) East Ridge Zone

Gold mineralization occurs in a blanket-like zone straddling the contact between a thick (>50 m) diorite porphyry sill and metamorphosed tuffs, siltstones and shales of the Milford Group. The gold-bearing contact strikes northeasterly and dips moderately to the northwest, forming a dip slope with the ridge (Plate 10). The zone has been tested by trenching, 25 drill holes totalling 4925 feet and an underground cross-cut along a strike length of 1800 feet. Locations of drill holes, trenches and underground cross-cut are displayed on Plate 2, with cross-sections on Plates 11a through 11m.

The East Ridge zone gold mineralization, which has widths to 100 feet, has been traced continuously along strike for 1800 feet (550 m) and remains open both to the north and south. Northward, the favourable porphyry-meta-sedimentary rocks persist for a further 1100 feet (335 m) and this contact

area is outlined by anomalous gold values in soil samples. The total possible strike length of the auriferous zone is approximately 3000 feet (920 m). To date the zone has been tested down dip for 200 feet (61 m) and remains open. In the zone, gold occurs in randomly distributed higher-grade 'pockets' up to 2.85 oz/ton gold over 6 feet, separated by areas of lower-grade material. The average gold grade of all drill hole intersections is 0.05 oz/ton over a 40 ft average width. Inferred potential for the zone is in excess of 5 million tons grading between .05 and .07 oz/ton gold. Incomplete analyses indicate the silver content of the zone to be in the .3 to .5 oz/ton range.

During step-out drilling in 1984, a second gold-bearing zone, the No. 2 Zone was discovered (Fig 6). The No. 2 Zone Is parallel to and approximately 65 feet (20 m) structurally above the main East Ridge Zone. The No. 2 Zone occurs in meta-tuffaceous siltstones and andesitic tuffs near their contact with a narrower diorite porphyry sill which may be an apophysis of the main sill. Although the initial intersection indicates the No. 2 Zone to be a narrower and slightly lower grade zone, additional drilling will be required to ascertain its size and grade.

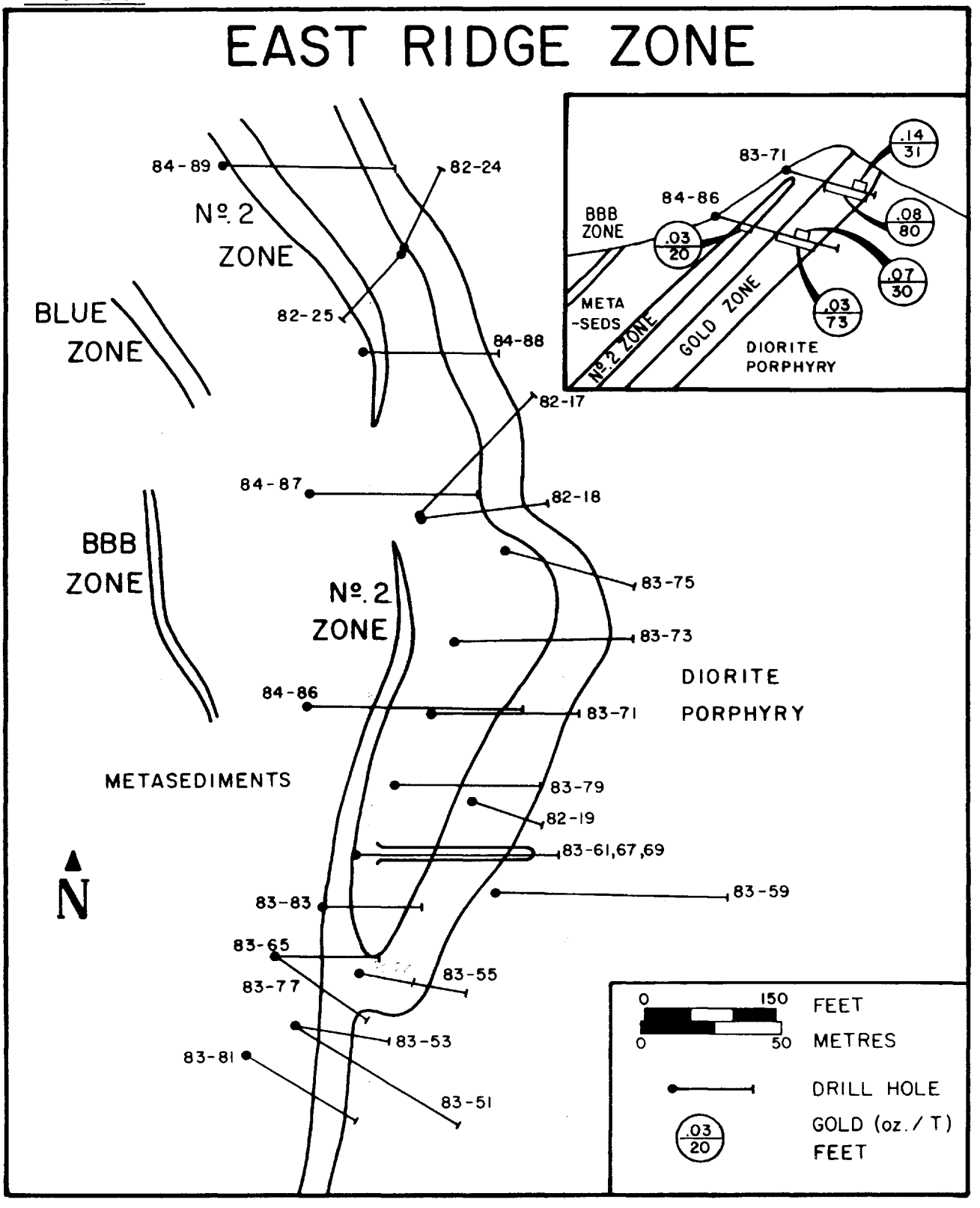
A second parallel zone, the BBB-Blue zone has not been tested by drilling. The geological setting and initial trench assays are similar to those found in the East Ridge. Trenching and diamond drilling of the zone is warranted to establish gold grades and tonnages. Both the No. 2 Zone and the BBB-Blue Zone have the potential to add significantly to the overall tonnage of the East Ridge Zone.

TABLE II

Summary Assay Results - East Ridge Zone

Hole No.	Footage From	Footage To	Width Feet	Width Metres	Gold Oz/ton
TS83-51	36.5	68	31.5	9.6	0.080
includes	44.5	51	6.5	2.0	0.100
includes	56	68	1.2	0.4	0.19
TS83-53	30.2	47.5	17.3	5.3	0.040
TS83-55	17.5	22.3	4.8	1.5	0.095
TS83-57	21.8	47.7	16.9	5.2	0.040
TS83-61	25.5	74	49.5	15.1	0.057
includes	50	74	24	7.3	0.10
includes	50	59	9	2.7	0.260
TS83-65	71	88.1	17.1	5.2	0.070
TS83-67	81	97.5	16.5	5.0	0.033
includes	82.5	94	11.5	3.5	0.042
	118.5	160	41.5	12.7	0.029
TS83-69	137.5	183	45.5	13.9	0.031
includes	159	175	16	4.9	0.045
includes	155	175	20	6.1	0.039
TS83-71	85	156	80	24.4	0.083
includes	134.2	165	30.8	9.4	0.14
includes	152	156	4.0	1.2	1.0
TS83-73	108	183	75	22.9	0.041
TS83-75	76	118	42	12.8	0.044
TS83-77	34	50.5	16.5	5.03	0.019
	72	82	10	3.0	0.026
includes	80	82	2	0.6	0.086
TS83-79	37.6	163	125.4	38.2	0.010
TS93-81	112	120	8	2.4	0.030
TS83-83	101.2	107.2	6	1.8	0.06
TS83-58	204.8	243.5	38.7	11.8	0.11
S82-17	130	180	50	15.2	0.036
S82-18	93	148	55	16.8	0.055
S82-19	51	69	18	5.5	0.070
S82-24	25.8	63	37.2	11.3	0.039
S82-25	88	115	33	10.1	0.030
TS84-86	78	98	20	6.1	0.030
	134.5	166.5	32	9.8	0.038
	203	286	85	26.0	0.034
includes	203	233	30	9.1	0.066
TS84-87	122.5	175	52.5	16.0	0.048
TS84-88	100.5	140	39.5	12.0	0.024
TS84-89	13.5	49.5	36	11.0	0.025
	196	205	9	2.7	0.06

FIGURE 6


EAST RIDGE ZONE
84-89
82-24
Nº. 2
ZONE
BLUE
ZONE
82-25
84-88
82-17
84-87
82-18
BBB
ZONE
Nº. 2
ZONE
83-75
83-73
DIORITE
PORPHYRY
84-86
83-71
METASEDIMENTS
83-79
82-19
83-61,67,69
N
83-83
83-59
83-65
83-55
83-77
83-53
83-81
83-51
83-71
.14
31
84-86
BBB
ZONE
.08
80
.03
20
.07
30
.03
73
META
-SEDS
Nº. 2 ZONE
GOLD ZONE
DIORITE
PORPHYRY
0
150
FEET
0
50
METRES
DRILL HOLE
.03
20
GOLD (oz./T)
FEET

(c) Jenny Zone

The Jenny Zone, located 500 feet (150 m) north of the Money Pit consists of thin gold-bearing calc-silicate altered bands, localized along the contacts of a diorite porphyry sill and argillites. The bands, which occur in both the argillites and porphyry, contain disseminated sulphides to 15% and have been traced on surface for 320 feet (105 m) (Plate 12). Chip samples taken from the trenches return values to 2.31 oz/ton gold and 1.27 oz/ton silver over 6.6 feet; however, drilling in 1982 intersected lower values in the range of 0.1 over intervals to 4.6 feet (1.4 m).

In 1984, two holes were drilled to test the Jenny Zone beneath the trench, assaying 2.31 oz/ton gold and to explore the zone to the northwest (Plate 2). The two holes intersected gold grades similar to those obtained in the 1982 drilling (Plates 21,22).

Re-mapping of the Jenny Zone and this years drilling indicate the zone to be identical to the 950 Zone which lies on strike with the diorite porphyry sill, 500 feet (150 m) to the northwest. It is probable that the Jenny and 950 Zones occur along the contact of the same sill, and that the entire unexplored contact region between the two zones may be gold-bearing, especially as this contact region is highlighted by anomalous gold values in soil samples. This unexplored contact between the Jenny and 950 zones should be prospected and trenched.

d) Silver Queen

Soil sampling in 1983 outlined a 3000 foot (915 m) by 150 foot (46 m) area of anomalous ($\geq$ 3 ppm) silver in soil overlying the Silver Queen zone. Preliminary rock chip sampling within the soil anomaly obtained silver values up to 33 oz/ton in selective grab samples and up to 6.5 oz/ton over 30 feet (10 m) from outcrops.

In 1984, comprehensive exploration, including access road construction, trenching, 1:1,000 scale geological mapping, detailed surface chip sampling and 12 diamond drill holes totalling 3752 feet (1143 m), was carried out. (Plates 13, 14a-14h, 15, 16, 17)

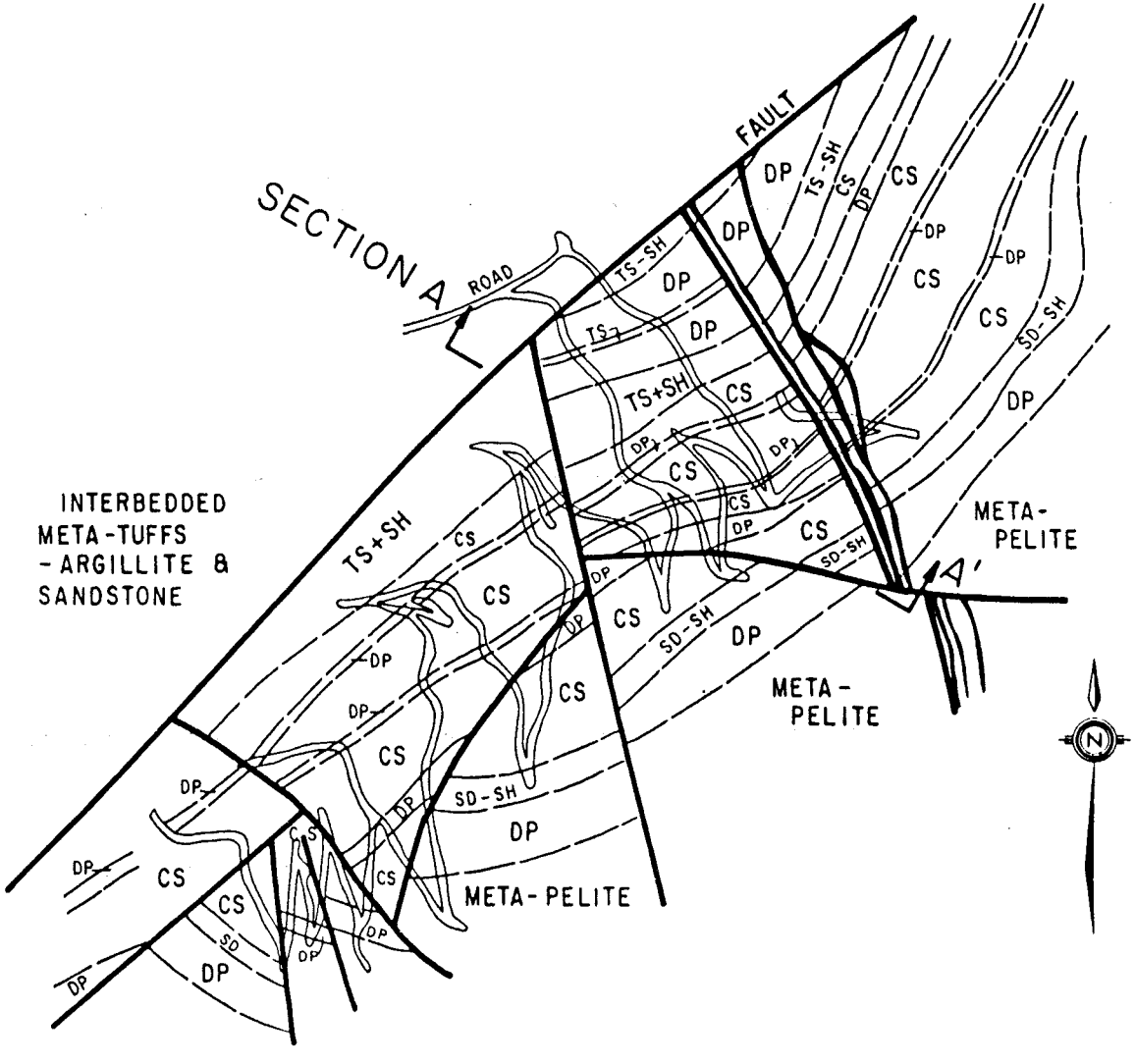
This years work found the silver mineralization to be strata-bound to a northeasterly-trending, moderately northwesterly-dipping, intercalated, calcareous quartzites, arkoses and siltstones that are structurally overlain by tuffaceous siltstones and greywackes and structurally underlain by biotite muscovite schists (meta pelite (Fig 7). Intrusive into the metasedimentary rocks are a series of diorite porphyry sills.

Within the calcareous quartzites, silver mineralization occurs in and adjacent to conformable, lensoidal coarse crystalline dolomitic replacements scattered throughout two horizons on either side of a thin diorite porphyry sill (Fig. 8). The mineralized horizons are up to 30 feet (10 m) thick and have been traced by trenching and drilling along a strike length of 3,000 feet (1,000 m).

The dolomitic bodies, which are up to 1 m thick and continuous on strike for several tens of metres, are mineralized by varying amounts of coarsely disseminated and fracture filling pyrite, sphalerite, galena and lesser amounts of pyragerite and tetrahedrite. The sulphide minerals in fracture fillings extend into the surrounding calcareous sedimentary rocks for several metres beyond the dolomitic contacts. Silver grades of the zones are up to 11.7 oz/ton over 20 feet (6.1 m), however they are highly variable both along strike and down dip (Plate 15).

Trenching and drilling have outlined two areas of the 2000 foot strike length where silver grades are in the 3 oz/ton range. On the north, a 650 foot (200 m) by 25 foot (8m) area has been defined by trenching in which silver grades are in the 3 oz/ton range. Drilling beneath this zone found only low silver grades down dip, but did find a second parallel silver-bearing zone, overlying the surface exposed zone (Plate 15). This drill discovered zone, although lower grade, is open to depth.

The second area of enhanced silver grades lies in the area of the Silver Queen workings. Here, drilling has outlined a 300 foot (100 m) length of the calcareous sedimentary rocks with silver grades in excess of 3 oz/ton. This southern zone remains open on strike to the southwest and to depth.



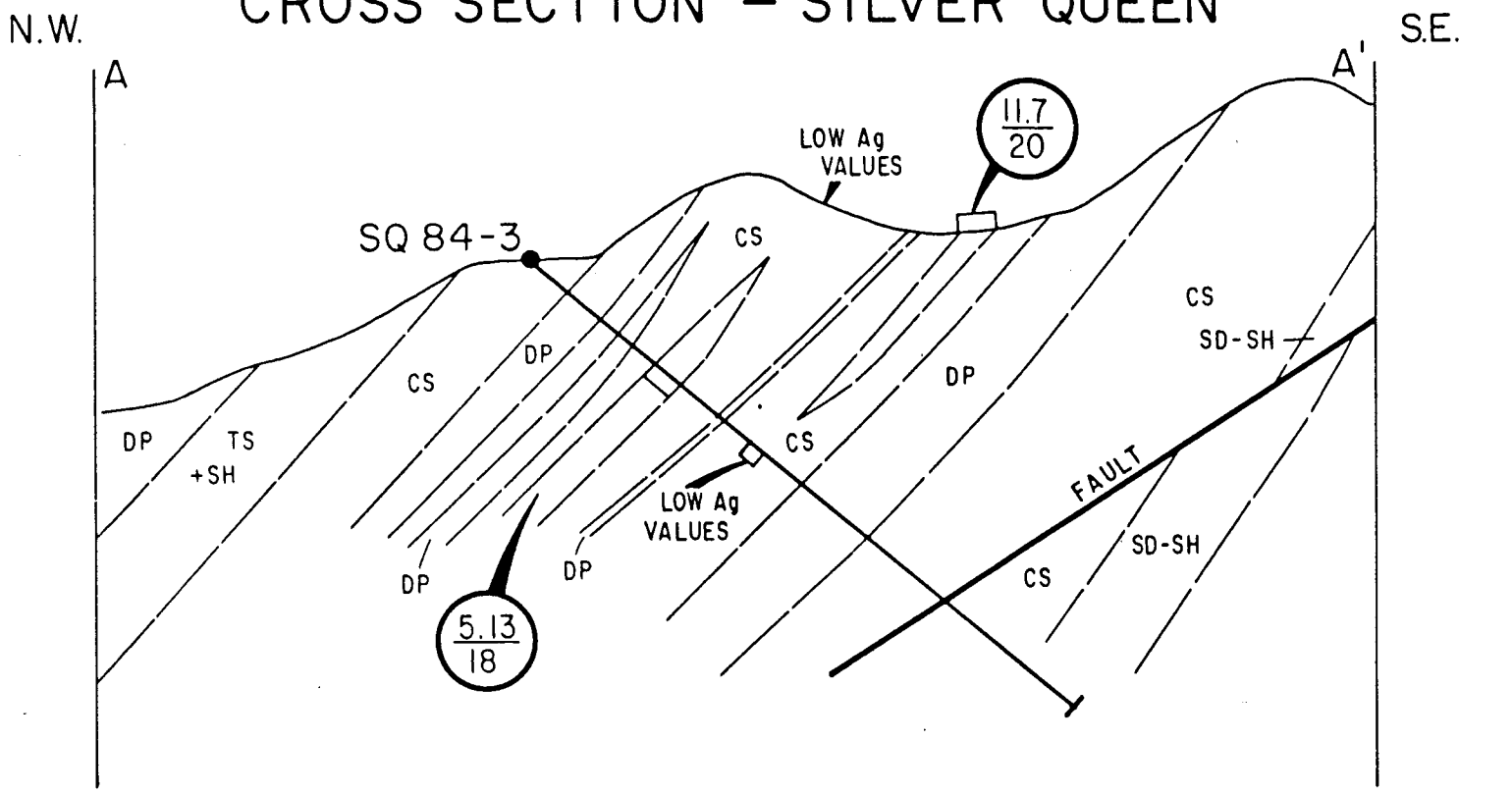
GEOLOGY
SILVER QUEEN AREA

Y	LAMPROPHYRE
DP	DIORITE PORPHYRY
TS	TUFFACEOUS SILTSTONE
SD-SH	SANDSTONE & SHALE
CS	CALCAREOUS SEDIMENTS

0 100
METRES

Figure 7

CROSS SECTION – SILVER QUEEN



DP	DIORITE PORPHYRY	SD	SANDSTONE
TS	TUFFACEOUS SILTSTONE	CS	CALCAREOUS SEDIMENTS
SH	SHALE		SILVER ZONE

0 20
METRES

Figure 8

e) Arnie Flats Zone

In 1983, an east-west oriented soil geochemical survey outlined a large area of Arnie Flats as anomalous for silver. In 1984, the silver anomaly was prospected, soil sampled on a north-south oriented grid, geologically mapped and trenched with a backhoe (Plates 18, 19, 19a).

The source of the anomalous silver in soil was found to be an easterly-trending, steeply dipping siliceous and potassic replacement of sheared meta greywackes and arkoses (Fig 9). The replacement zone, which has an average width of 20 feet (6 m), was traced by trenches over a strike length of 650 feet (200 m). To the east the zone is still open, with the strike extension outlined by anomalous silver in soils for an additional 1300 feet (400 m). To the west, the zone is cut off by the Goat Canyon Stock (Plate 18).

The zone is characterized by intense silicification and contains up to 15% sulphides consisting of very fine-grained pyrite, sphalerite and lesser chalcopyrite and rare molybdenite and argentite. Grades of the zone are up to 7.6 oz/ton Ag and 0.02 oz/ton Au over 29.5 feet (9 m) with an average grade from the trenches of 5 oz/ton Ag and .018 oz/ton Au (Plate 19).

The Arnie Flats zone is an attractive target that warrants continued exploration. The zone should be tested at depth by drilling and the potential estern extension explored by trenching.

f) South Tillicum Zone

The South Tillicum zone lies on the south slope of Tillicum Peak and extends into the upper Goat Canyon Creek valley. In this area, several north-easterly-trending, large gold anomalies were defined by soil sampling in 1983. In 1984 these anomalies were trenched with a backhoe in an effort to locate the source of the anomalous gold. The trench locations and results are plotted on Plate 23.

The trenches, for the most part, exposed diorite porphyry, that is variably mineralized with pyrite and pyrrhotite. Chip sampling in the trenches found gold up to 0.1 oz/ton over 1 m in the diorite porphyry. Additional backhoe trenching will be required to define the full extent of the mineralization.

HEINO-MONEY ZONE

TONNAGE AND GRADE CALCULATION

THICKNESS AND ISOPACH METHOD

BLOCK	DIMENSIONS (Feet)	TONNAGE (tons)	GRADE (oz/t Au)	CONTAINED GOLD (oz)
I (Money Shoot)	40 x 16 x 70	3733	2.00	7466
II	100 x 16 x 6	800	2.00	1600
III	110 x 15 x 6	825	1.00	825
IV	3927*	327	1.35	441
V	15 x 10 x 15	187	1.18	221
VI	100 x 10 x 6	500	0.5	250
VII	45 x 6 x 10	225	0.5	113
VIII	60 x 6 x 10	300	0.5	150
IX	80 x 40 x 6.5	1733	0.26	
X	80 x 70 x 3.5	1633	0.11	180
XI	43 x 40 x 13.5	1935	0.28	542
XII	57 x 48 x 9	2052	0.21	431
XIII	145 x 77 x 9	8374	0.14	1172
XIV	45 x 27 x 23	2329	0.25	582
XV	48 x 27 x 8.2	886	0.12	107
XVI	75 x 31 x 6.0	1163	0.12	140
XVII	5649*	470	0.08	38
XVIII	732*	61	0.5	30
XIX	20 x 10 x 6	100	1.94	194
XX	2842*	237	0.84	199
XXI	2325*	194	0.22	43
XXII	1206*	100	2.0	200
XXIII	4844*	404	0.121	49
XXIV	4224*	352	0.5	176
XXV	5040*	420	2.0	840
XXVI	12540*	1045	1.1	1149
XXVII	3528*	294	0.11	32
XXVIII	5580*	465	0.5	232
XXIX	36852*	3071	0.2	614
XXX	20988*	1749	0.93	1627
XXXI	2460*	205	0.1	20
		36,169		20,113

* Volume in cubic feet

To accompany Plate 9

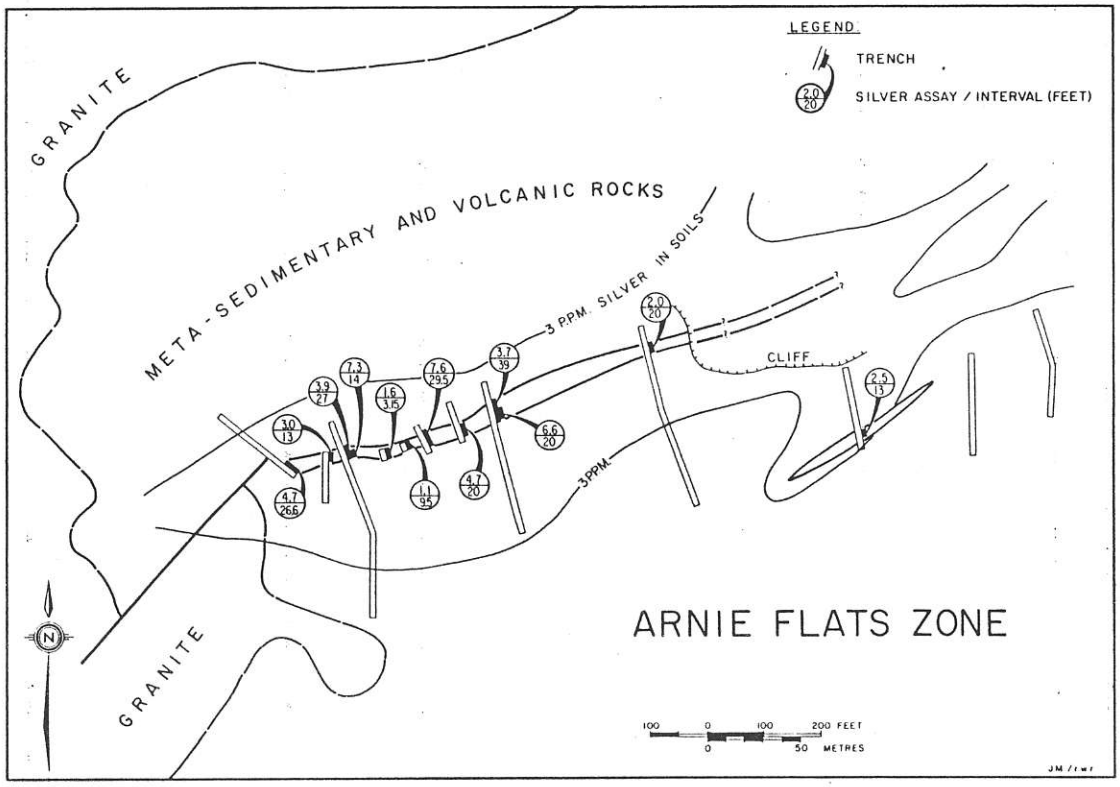

LEGEND
TRENCH
SILVER ASSAY / INTERVAL (FEET)
GRANITE
META-SEDIMENTARY AND VOLCANIC ROCKS
3 PPM. SILVER IN SOILS
3PPM
CLIFF
ARNIE FLATS ZONE
GRANITE
N
100 0 100 200 FEET
0 50 METRES

Figure 9

GEOCHEMISTRY

Field Program

A limited program of grid soil sampling was carried out in the Londonderry Creek area in 1984 (Plate 3). Purpose of the 1984 sampling was to determine the extent of the gold anomaly found by widely spaced reconnaissance soil sampling in 1983.

In 1984, soil samples were collected at 25 m intervals along east-west oriented lines, spaced 50 metres apart. Location and results of the sampling are displayed on Plate 20.

Results

Results of the sampling showed only isolated high values for gold. Most of these values occur in the area of the grid lying on either side of Londonderry Creek, and it is speculated that these values are of placer origin. The soil and boulders in this area are fluvial in origin, hence the gold was probably derived from upstream, possibly the East Ridge or Grizzly Zones.

A second area of scattered anomalous gold values occur in the west of the grid, on the north side of Londonderry Creek. Here, isolated anomalous gold values occur in soil taken from the talus slopes which contain float of hornfelsed Milford Group rocks. Upslope from these gold anomalies a large roof pendant of Milford Group rocks has been mapped by Government geologists. It is possible that these isolated gold anomalies are related to fragments of gold-bearing skarn that have rolled down slope from the roof pendant. It is recommended that prospecting and geochemical sampling of the Milford Group rocks upslope from the gold anomalies be carried out.

PROPOSED 1985 WORK PLAN

Based on the 1984 results, a comprehensive ongoing exploration program on the Tillicum Gold-Silver Property is fully justified.

A priority of the 1985 program should be 8,000 feet (2440 m) of grid diamond drilling of the East Ridge, No. 2 Zone and BBB-Blue Zone to establish drill-indicated reserves of these zones.

The Arnie Flats Zone should be tested by 2000 feet (610 m) of diamond drilling to establish grades and widths of silver and gold mineralization at depth. The zone should be explored along strike by prospecting and bulldozer trenching.

A second adit along the Heino-Money Zone on the 2145 level should be driven to upgrade the ore reserves of the remainder of the zone from drill-indicated to a probable category.

The Grizzly Zone should be trenched with a backhoe and the road should be constructed to the gold anomalies of the Market and Grizzly trends.

Total cost of the proposed 1985 exploration program is estimated to be in the order of $600,000.

APPENDIX I

CLAIM STATUS

(a) Tillicum

The following claims were acquired under an agreement dated September 20, 1980, with Arnold A. Gustafson and Elaine E. Gustafson, of Burton.

Name of Claim	No. of Claim units	Record Number	Assessment Work Due Date
AGE 1-4 incl.	4	2214-2217	Sept. 29, 1994
BLACK BEAR	1	780	Aug. 8, 1994
GOLDEN HOPE	1	779	Aug. 8, 1994
HUGH	1	2072	July 29, 1994
LITTLE JOE/MOLLY FRACTION	1	781	Aug. 8, 1994
MOLLY	1	782	Aug. 8, 1994
NEAR 1	1	1446	Sept. 20, 1994
NEAR 2-4 Incl.	3	1447-1449	Sept. 20, 1994
NEAR 5-7 Incl.	3	1450-1452	Sept. 20, 1994
SANDY TOO 1	1	1443	Sept. 20, 1994
SANDY TOO 2	1	1444	Sept. 20, 1994
SANDY TOO 3	1	1445	Sept. 20, 1994
TIL 1-4 Incl.	72	2210-2213	Sept. 29, 1994
WOLF	1	2071	July 29, 1994

* Certificate of Work not yet received.

Upon having made total cash payments of $165,000 as aforesaid, Esperanza will own 100% right, title and interest in the Property, subject to the right of the Owners to receive Net Smelter Returns as follows:

3% of Net Smelter Returns until the first $3,000,000 has been so paid;
2% of Net Smelter Returns until a further $2,000,000 has been so paid;
1% of Net Smelter Returns until a further $1,000,000 has been so paid;

Provided that if the average grade of ore in respect of which Net Smelter Returns are payable for a given calendar quarter exceeds 2 troy ounces per short ton, prior to any concentration thereof, the above percentage of Net Smelter Returns payable to the Owners during that calendar quarter shall be doubled. The obligation to make payments to the Owners under the agreement shall cease when the Owners have been paid the aggregate amount of $6,000,000 by way of Net Smelter Returns. (N.S.R. Paid to Date = $2,488.20. Proceeds derived from bulk sample sale was applied against September and December, 1985 cash option payments.)

Subject to agreement dated September 20, 1980, with Arnold A. and Elaine E. Gustafson (the "Owners"), of Box 10, Burton, B.C., Esperanza Explorations Ltd. has the right to acquire 100% right, title and interest in the aforementioned mineral claims on the following terms:

Cash payment - on signing agreement	$ 15,000	(paid)
- on or before December 31, 1980	5,000	(paid)
- " " " March 31, 1981	10,000	(paid)
- " " " June 30, 1981	5,000	(paid)
- " " " September 30, 1981	5,000	(paid)
- " " " December 31, 1981	5,000	(paid)
- " " " March 31, 1982	6,000	(paid)
- " " " June 20, 1982	6,000	(paid)
- " " " September 30, 1982	6,000	(paid)
- " " " December 31, 1982	6,000	(paid)
- " " " March 31, 1983	7,000	(paid)
- " " " June 30, 1983	7,000	(paid)
- " " " September 30, 1983	7,000	(paid)
- " " " December 31, 1983	7,000	(paid)
- " " " March 31, 1984	8,000	(paid)
- " " " June 30, 1984	8,000	(paid)
- " " " September 30, 1984	8,000	(paid)
- " " " December 31, 1984	8,000	
- " " " March 31, 1985	9,000	
- " " " June 30, 1985	9,000	
- " " " September 30, 1985	9,000	(part-paid: $4,051.90)
- " " " December 31, 1985	9,000	(paid)

(b) Juanita/Halifax/Esto

The Juanita and Halifax claims were acquired by staking in 1980, while the Esto claim was staked in 1983.

Name of Claim	No. of Claim Units	Record Number	Assessment Work Due Date
Halifax	20	2297	Oct. 28, 1994
Juanita	20	2298	Oct. 28, 1994
Esto	6	4031	July 29, 1994

* Certificate of Work not yet received

The Juanita, Halifax and Esto claims adjoin the north boundary of the Tillicum Property.

In accordance with the agreement dated September 20, 1980 with the Owners of the Tillicum Property, any portion of the Juanita/Halifax/Esto which falls within one-half mile of the boundary of the TIL claims, is subject to the provisions of the agreement with the Gustafsons.

(c) Caribou Creek

The Caribou Creek Property claims were acquired during 1981 under letter of agreement with Leslie Kiss, Prospector, of Vancouver, B.C:

Name of Claim	No. of Claim Units	Record Number	Assessment Work Due Date
Goat	20	2392	Feb. 12, 1986
Hail	20	2393	Feb. 12, 1986
Wolf	20	2391	Feb. 12, 1986

Under letters of agreement dated May 21, 1981 and July 27, 1981, with Leslie Kiss, Prospector, the company acquired 100% right, title and interest in the above noted claims in consideration for a payment of

$6,000 and subject only to the Prospector's right to certain considerations under a Prospector Incentive Agreement with respect to the Caribou Creek Property.

(d) Silver Queen

The Silver Queen group of crown granted mineral claims, listed below, were acquired by Esperanza from the Penticton Hospital Society:

Name of Claim	No. of Claim units	Grant Number
Grey Wolf	1	D.L. # 2204 Cr. Gr.
Grey Wolf Fraction	1	D.L. # 2209 Cr. Gr.
Red Fox	1	D.L. # 2205 Cr. Gr.
Black Fox	1	D.L. # 2206 Cr. Gr.
Black Fox Fr.	1	D.L. # 2207 Cr. Gr.
Black Bear Fr.	1	D.L. # 2582 Cr. Gr.

Esperanza, by fulfilling the terms of the purchase agreement, acquired a 100% interest in the Crown Grants.

The Silver Queen Crown Grants are subject to the provisions of the agreement with the Gustafsons on the Tillicum property.

APPENDIX III

GOLD ZONES EVALUATED PRIOR TO 1984

(e) 950 Zone

The 950 Zone lies approximately 500 feet (153 m) north of the Jenny Zone (Plate 3). In 1983, a hand-trench and 3 drill holes found low-grade gold values over narrow widths at the contact between a sheared diorite porphyry dyke and calc-silicate skarned argillite (Plates 15, 16). A trench and 3 drill holes were completed and outlined low gold grades over narrow widths.

Work to date has only tested a small portion of the 650 foot (200 m) favourable contact that is outlined by a gold soil anomaly. Additional trenching, sampling and prospecting are recommended to evaluate the entire zone for better gold mineralization.

(f) Command Zone

The Command Zone lies 350 feet (110 m) northwest of the northern end of the East Ridge Zone, and was discovered in 1983 during trenching of a gold-soil anomaly. Gold occurs in skarns localized at the contact of dyke-like bodies of diorite porphyry with meta andesite. Chip sampling of trenches revealed gold values up to 0.158 oz/ton over 3 feet (1 m) in calc-silicate altered diorite porphyry and skarned, sulphide-bearing andesitic tuffs (Plate 14). As in the East Ridge, low gold values are widespread with values to 0.04 oz/ton over 26 feet (8 m). Further trenching and surface sampling will be required to define the extent of the low-grade gold mineralization if encouragement is obtained during delineation of the East Ridge Zone.

(g) Blue - BBB Zone

The Blue - BBB Zone lies 250 feet (90 m) southwest of the Command Zone (Plate 3). Only limited chip sampling was done in 1983 on a narrow band containing massive stringers and lenses of pyrite, pyrrhotite, galena and sphalerite in fractured and sheared, calc-silicate altered, tuffaceous shales and siltstones. Chip samples returned gold assays of 0.112 oz/ton over 3 feet (1 m), 0.11 oz/ton over 2.8 feet (0.9 m) and 0.058 oz/ton over 3 feet (1 m) from 3 separate areas along a 300 foot (90 m)

Cont'd...

strike length. Although additional trenching, chip sampling and diamond drilling is warranted to further define grades and dimensions of the zone, it should be considered as a secondary target.

(h) 1250 Zone

Located 990 feet (300 m) north of the 950 Zone, the 1250 Zone was described in the "1982 Tillicum Report" as containing massive sulphide lenses stratabound in westerly dipping siliceous, rusty, schistose Milford Group rocks. A chip sample across a true thickness of 8.5 feet (2.6 m) assayed 0.26 oz/ton gold and 1.03 oz/ton silver. The remaining chips and grab samples had gold assays from 0.04 to 0.34 oz/ton. The zone was not explored in 1983. In 1984 it is recommended the the zone be systematically chip sampled and geologically mapped in detail.

(i) Grizzly Zone

The Grizzly Zone, situated in the valley immediately east of Tillicum Peak, contains gold-bearing, massive bands of pyrrhotite, pyrite, sphalerite and galena that are conformable to the enclosing metasedimentary rocks. During 1983, the Grizzly Zone was grid soil sampled and an access road was constructed to the vicinity of the zone. Due to emphasis placed on evaluation of the Heino-Money and East Ridge zones, this showing received little attention. Grid soil sampling did outline numerous gold geochemical anomalies in the region of the reported mineralization. These newly found gold anomalies warrant detailed prospecting and back-hoe trenching.