

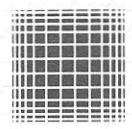


**BRENDA EXPLORATION**

A Division of  
**Brenda Mines Ltd.**

2281 Hunter Road  
Kelowna, B.C. V1X 7C5  
Phone (604) 861-5501  
Fax (604) 861-5210

File NTS  
Tillicum 82F13  
82K4  
NTS?  
(Burton)



825275  
Tillicum Mountain  
Property 82K/4

September 19, 1989

Minnova Inc.  
4th Floor, 311 Water Street  
Vancouver, B.C.  
V6B 1B8

Attention: Mr. Ian Pirie

Dear Mr. Pirie:

Attached please find the data on Esperanza Explorations Ltd.'s Tillicum Mountain property. As discussed you will evaluate this under our J.V. agreement. Should you turn it down please inform Esperanza. If you suggest going ahead with further investigation please let me know.

Yours truly,

Ross M. Weeks  
Manager

RMW:lj

Encl.

cc: Wayne Roberts  
John Broch

108-78-00 E

TILLICUM MOUNTAIN GOLD PROJECT

BURTON, BRITISH COLUMBIA

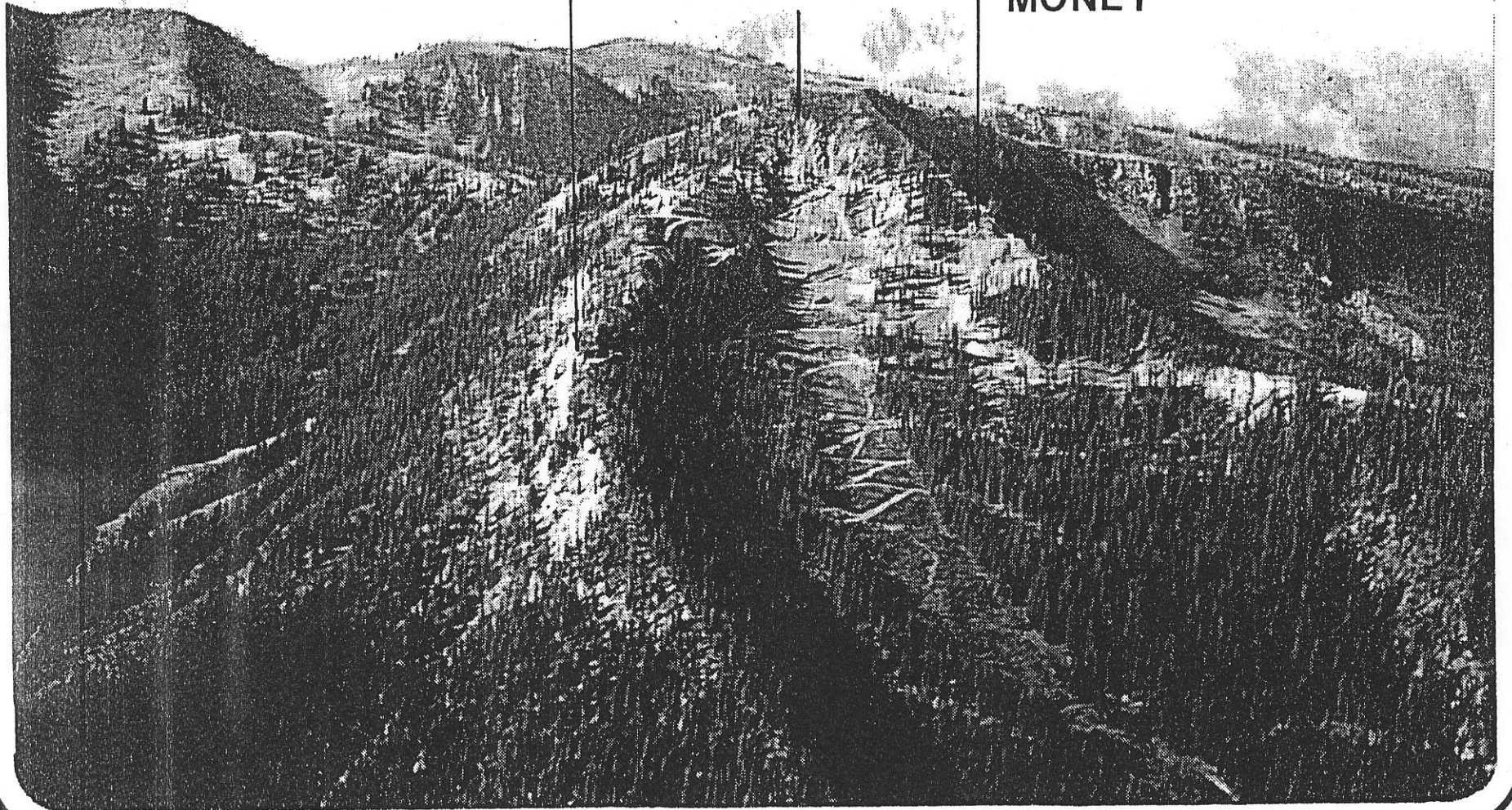
ESPERANZA EXPLORATIONS LTD.  
15TH FLOOR  
675 WEST HASTINGS STREET  
VANCOUVER, B.C.  
CANADA  
V6B 1N2

SEPTEMBER, 1989

**EAST  
RIDGE**

**TILLICUM  
MOUNTAIN**

**HEINO  
MONEY**



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**ESPERANZA EXPLORATIONS LTD.**  
**ESPERANZA GOLD PROJECT**

**TILlicum MTN  
PROPERTY**

0 100 km



## INTRODUCTION

Esperanza Explorations Ltd. is a Vancouver based publicly traded mineral resource company which owns 100% of the Tillicum Mountain Gold Property located in southeastern British Columbia. Esperanza acquired the property in late 1980 from local prospectors who had just discovered native gold on their mineral claims at Tillicum Mountain. Since then, the company has progressed the property to an advanced stage of ore reserve definition through a \$10 million program of surface and underground exploration. Work to date has defined 10 skarn-hosted precious metal zones on the property. The majority of work has been directed to the Heino-Money and East Ridge deposits.

The Heino-Money zone has now been demonstrated both by drilling and underground exploration, to contain at least 55,000 tons of ore at an average grade of 1.05 ounces of gold per ton. The gold mineralization is contained in a near vertical skarn structure which averages about six feet in width and which, to date, has been delineated over a strike length of about 600 feet and a vertical extent of 300 feet. The mineralized zone remains open both on strike and to depth.

In 1988, the center of exploration moved to the East Ridge zone which lies approximately 1000 feet east of the Heino-Money zone. Earlier reconnaissance drilling of the East Ridge zone in 1983 and 1984 had identified the presence of gold but only limited knowledge had been gained as to the extent of the mineralization. The exploration program completed in 1988 comprised over 40,000 feet of diamond drilling in over 75 holes together with about 1,000 feet of exploratory underground drifting. This activity has delineated a drill indicated reserve of about 578,500 tons of ore at an in situ grade of 0.28 oz/ton gold at an average width of 7 feet together with a drill inferred reserve of 810,000 tons at an estimated in situ grade of 0.21 oz/ton gold again over an average width of about 7 feet. The East Ridge zone gold mineralization, like the Heino-Money zone mineralization, is contained in a skarn structure inclined at about 55 degrees and varying in thickness from 5.5 feet to over 15 feet in several areas.

Metallurgical testing of a 3700 ton bulk sample from the Heino-Money zone in 1985 and 1986 indicated that in excess of 92 percent recovery can be achieved in a conventional flotation process which does not involve the use of cyanide.

The Tillicum Mountain Gold Project is regarded as an exceptionally attractive advanced exploration project with outlined reserves in excess of 380,000 ounces of gold. Extensions of the East Ridge and Heino-Money deposit as well as potential of additional zones suggests the Property holds an excellent opportunity for increasing reserves.

Continued exploration to advance approximately 400,000 tons of drill indicated and inferred reserves to a proven category is now required prior to undertaking a feasibility study. This \$3.0 million prefeasibility program is planned for 1989.

## PROJECT LOCATION

The 15,000 acre Tillicum Mountain Property is situated in the Arrow Lakes Region of southeastern British Columbia, 8 miles east of the village of Burton. A property map outlining the claims boundary is shown on the following page. The property overlies Tillicum Mountain, on the western limits of the Valhalla Range, within the Slocan Mining Division. The coordinates for the claim group are latitude 49°59'N and longitude 117°43'W on NTS Maps 82F/13 and 82K/4. Elevations on the property range from 2900 feet to 7600 feet.

The known gold showings on the property occur on the slopes of Tillicum Mountain and in adjacent cirque valleys, at elevations ranging from 6360 feet to 7280 feet.

Access to the property is from Burton via a network of logging and mine access roads up Caribou and Londonderry Creeks. Total distance by road from Burton to the Heino-Money portal is 17 miles. The road is passable by 2-wheel drive truck to the central part of the property, then by 4-wheel drive to the various mineral zones.

Full service facilities, including housing, exist at Burton and the nearby town of Nakusp, located 36 miles north of Burton.

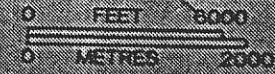
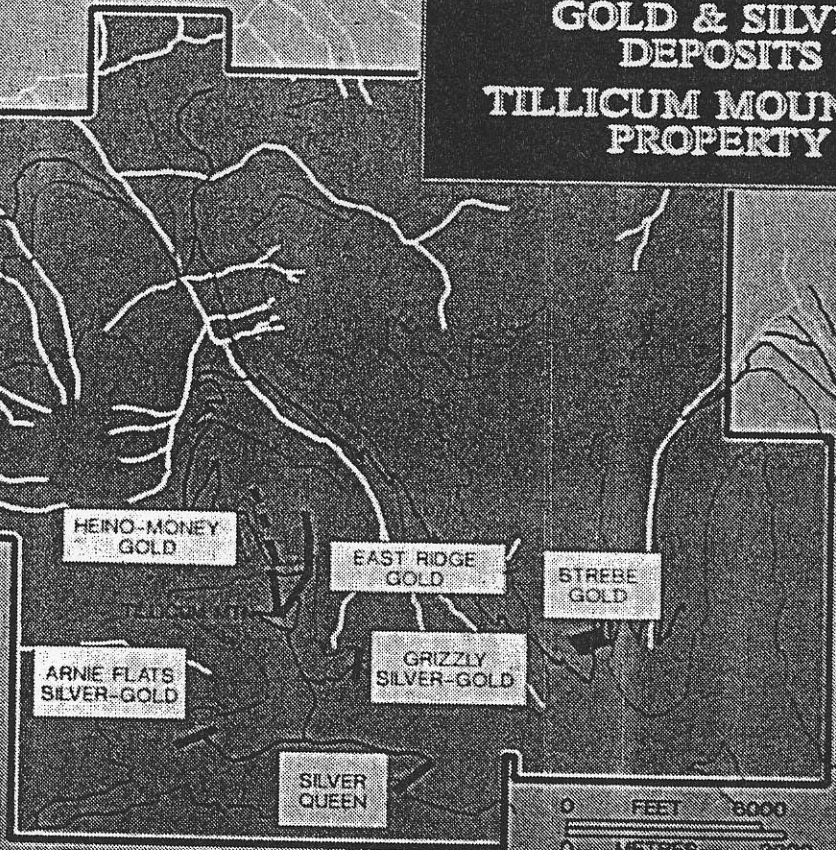
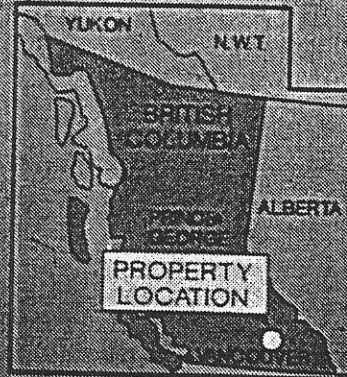


ESPERANZA  
EXPLORATIONS LTD.

**GOLD & SILVER  
DEPOSITS  
TILlicum MOUNTAIN  
PROPERTY**

TO  
BURTON  
12  
MILES

LOCATION MAP



## PROJECT HISTORY

The town of Burton was originally a gold mining camp founded in 1895. There are reports of numerous placer gold operations within the Caribou Creek system during the early 1900's. The Caribou Creek basin also contains several abandoned workings that saw intermittent small-scale mining activity during the period 1896 to 1930.

Within the Tillicum Mountain area during the period of 1925 to 1960, prospectors staked and worked the old Gold Hope, Tribune and Tillicum claims, but failed to find the "source" of placer gold in any of the creeks draining this rusty coloured peak. However, in 1980, local prospectors Arnie and Elaine Gustafson discovered gold in what is now known as the Heino-Money zone, on the north side of Tillicum peak.

In the fall of 1980, Esperanza Explorations Ltd. optioned the property and initiated an exploration program that sparked a district wide staking rush.

During the period 1981 to 1987, Esperanza completed 17,500 feet of surface diamond drilling on three deposits and 3,132 feet of underground drifting on the Heino-Money deposit. This work outlined a reserve of high grade gold mineralization containing over 50,000 ounces of gold in the Heino-Money zone. During 1985 and 1986, the underground drifting programs at Heino-Money produced a 3700 ton bulk sample which was processed in nearby custom mills. Use of a standard crushing, grinding, gravity and flotation circuit resulted in 92 percent recovery of gold for a net recovery of 3200 ounces of gold.

In 1988, Esperanza initiated a drilling program on the East Ridge deposit that totalled 43,140 feet in 75 holes; completed 7090 feet of drilling in 16 holes on the Strebe zone, and drilled 9780 feet in 89 underground holes within the Heino-Money deposit. The 1988 program resulted in developing significant reserves within the East Ridge zone where total drill indicated and drill inferred reserves now stand at 1.4 million tons grading 0.24 oz/ton gold. The 2060 drift level, totalling 1082 feet, established in the upper portion of the East Ridge zone, traced the main zone along strike for more than 600 feet.

The 1988 underground drilling on the Heino-Money deposit combined with 1450 feet of underground exploration drifts and raises advanced that reserve to a proven-probable 58,000 ounces of gold.

## GEOLOGICAL SETTING

The Esperanza Gold Property covers a portion of a roof pendent at the northwest end of the 150 mile-long arcuate belt of Rossland Group volcanics. This belt is host to several gold mines and prospects with total recorded production over the past 80 years in excess of 4.0 million ounces of gold.

The property is underlain by a sequence of Upper Paleozoic Milford Group volcano-sedimentary wackestones overlain by Jurassic Rossland Group andesitic flows and tuffaceous siltstones. Intrusive into the above succession are stocks and sills of syenite to diorite porphyry. All units have been metamorphosed to lower greenschist facies and intruded by Cretaceous-age granodiorite of the Goat Canyon and Halifax Creek batholiths. Late lamprophyre dyke swarms intrude Jurassic and older assemblages.

Gold occurs in calc-silicate-quartz skarns developed in massive andesite, andesitic tuffs and tuffaceous sedimentary rocks. The skarns are spatially related to syeno-diorite porphyry sills and stocks. High grade "Bonanza-type" gold ore shoots are hosted within quartz-actinolite-chlorite facies.

## GOLD-SILVER MINERALIZATION

Gold occurs in calc-silicate, quartz skarns developed in metasedimentary and metavolcanics 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 centimeter to 10 feet thick. Skarn zones vary in thickness from 6 feet to 200 feet. In summary, all known gold-silver skarns are spatially associated with swarms of diorite to syenite porphyry intrusions.

Native gold occurs within the skarn assemblages as 25 micron disseminations to 1 centimeter coarse flakes 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 as coarse-grained aggregates within the segregations. Petrographic studies of polished thin sections indicate that the gold is contemporaneous with pyrrhotite, pyrite, sphalerite, galena mineralization and predates minor amounts of arsenopyrite and tetrahedrite crystallization.

The silver content of the skarns is variable. Gold-rich skarns commonly have very low silver content with silver-gold ratios of less than 1:1. Silver-rich skarns, such as the Silver Queen Zone, contain low gold values.

## ORE RESERVES - EAST RIDGE

The East Ridge zone comprises a large gold mineralized system with a north-south strike length in excess of 3500 feet. Multiple gold bearing skarn horizons occur within a calc-silicate altered succession of tuffaceous sediments and volcanics reaching a thickness of 250 feet overlying a diorite porphyry intrusion. Diamond drilling to date has traced the mineralization to a depth of 1200 feet. The zone dips at an average of 55 degrees to the west. The East Ridge zone remains open along strike to the north and to depth.

To date, five gold bearing horizons within the East Ridge Zone have been identified by surface exploration and diamond drilling.

High grade gold values are associated with quartz-pyrite-pyrrhotite mineralization with trace amounts of sphalerite and galena. Zones of high quartz-gold and sulphides appear to represent a combination of alteration fronts associated with intense calc-silicate development and bedding plane structures that provided channelways for migration of ore forming fluids.

Native gold occurs as 30 micron grains to 2mm flakes and is intimately associated with translucent quartz. A number of branching quartz-rich structures associated with the four main horizons hold demonstrated potential for high grade gold shoots.

Exploration to date has resulted in discovery of a significant gold deposit. Drilling at East Ridge has defined continuity of gold mineralization in the "main zone" or A-zone and led to the discovery of four additional subparallel horizons not previously recognized. The horizons appear to be stacked at regular intervals throughout the calc-silicate altered sediment-volcanic package. Lower grade intervals range to 0.11 oz/ton gold over 33 feet and 0.08 oz/ton gold over 80 feet with narrower higher grade horizons assaying to 0.66 oz/ton gold across 14.5 feet. Many drill holes have visible gold in the mineralized horizon.

Within the southern part of East Ridge Zone a total of 54 drill holes with roughly 100 foot spacing along a strike length of 1000 feet and depth of 800 feet has defined a drill indicated reserve of 350,000 tons grading 0.31 oz/ton gold. This reserve was calculated using a cutoff grade of 0.12 oz/ton gold.

Wide spaced drilling to the north outlined an additional 2500 feet of strike length with intersections to a depth of 1300 feet. Zone thickness varies from 3 to 14 feet with an average thickness of 7.0 feet. All 21 holes intersected the main

"A Zone" skarn. The drill inferred reserve for this block, calculated with a 0.12 oz/ton gold cutoff, now totals 1,000,000 tons grading 0.21 oz/ton gold which reserve includes a drill indicated reserve of 228,500 tons grading 0.22 oz/ton gold.

Total East Ridge drill indicated and inferred reserves are calculated at 1,400,000 tons grading 0.24 oz/ton gold containing 328,000 ounces of gold.

An underground drifting program was initiated in late 1988 to test continuity and grade in the upper portion of the "A" zone. Face assays and muck samples confirmed drill hole grades, detailed back sampling is not yet completed but suggests opportunity for grade improvement.

# ESPERANZA EXPLORATIONS LTD.

15th Floor, 675 W. Hastings Street, Vancouver, B.C., Canada V6B 1N2  
Facsimile (604) 687-2419 • Telephone (604) 687-1658

## TILlicUM MOUNTAIN PROPERTY

### 1989 SUMMARY OF GOLD RESERVES

TABLE I

(NO CUTOFF)

<u>DEPOSIT</u>	<u>RESERVE CATEGORY</u>	<u>TONS</u>	<u>GRADE</u>	<u>OUNCES GOLD</u>
HEINO-MONEY	PROVEN/PROBABLE	55,000	1.05	57,800
EAST RIDGE	DRILL INDICATED	422,220	0.28	116,300
EAST RIDGE NORTH EXTENSION	DRILL INDICATED	328,000	0.19	60,700
EAST RIDGE NORTH EXTENSION	DRILL INFERRED	1,029,000	0.18	188,500
<hr/>				
TOTAL PROVEN AND DRILL INDICATED		805,220	0.29	234,800
TOTAL DRILL INFERRED		1,029,000	0.18	188,500
GRAND TOTAL		1,834,220	0.23	423,300

TILlicum MOUNTAIN PROPERTY

1989 SUMMARY OF GOLD RESERVES

TABLE 2

(0.12 OZ/TON CUTOFF)

<u>DEPOSIT</u>	<u>RESERVE CATEGORY</u>	<u>TONS</u>	<u>GRADE</u>	<u>OUNCES GOLD</u>
HEINO-MONEY	PROVEN-PROBABLE	55,000	1.05	57,800
EAST RIDGE	DRILL INDICATED	350,000	0.31	108,400
EAST RIDGE NORTH EXTENSION	DRILL INDICATED	228,500	0.22	50,400
EAST RIDGE NORTH EXTENSION	DRILL INFERRED	810,000	0.21	169,500
<hr/>				
TOTAL PROVEN AND DRILL INDICATED		633,500	0.34	216,600
TOTAL DRILL INFERRED		810,000	0.21	169,500
GRAND TOTAL		1,443,500	0.27	386,100



TILlicUM MOUNTAIN PROPERTY

1989 SUMMARY OF GOLD RESERVES

TABLE 3

(0.15 OZ/TON CUTOFF)

<u>DEPOSIT</u>	<u>RESERVE CATEGORY</u>	<u>TONS</u>	<u>GRADE</u>	<u>OUNCES GOLD</u>
HEINO-MONEY	PROVEN-PROBABLE	55,000	1.05	57,800
EAST RIDGE	DRILL INDICATED	299,100	0.34	102,600
EAST RIDGE NORTH EXTENSION	DRILL INDICATED	163,800	0.26	42,000
EAST RIDGE NORTH EXTENSION	DRILL INFERRED	709,300	0.22	156,400
<hr/>				
TOTAL PROVEN AND DRILL INDICATED		517,900	0.39	202,400
TOTAL DRILL INFERRED		709,300	0.22	156,400
GRAND TOTAL		1,227,200	0.29	358,800

# TILLICUM MOUNTAIN PROPERTY

	TONS	GRADE	CONTAINED OZS GOLD
PROVEN/PROBABLE	55,000	1.05	57,750
DRILL INDICATED	578,500	0.27	155,800
TOTAL	633,500	0.34	213,550

DRILL INFERRED	610,000	0.21	128,100
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## UNEXPLORED POTENTIAL

 SURFACE TRACE GOLD HORIZON

ESPERANZA EXPLORATIONS LTD.

HEINO MONEY

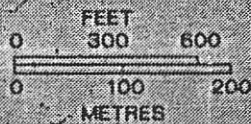
EAST RIDGE

POTENTIAL  
50,000 TONS  
PROVEN/PROBABLE  
55,000 TONS  
1.05 oz/1 Au

DRILL INDICATED  
850,000 TONS  
31 oz/1 Au

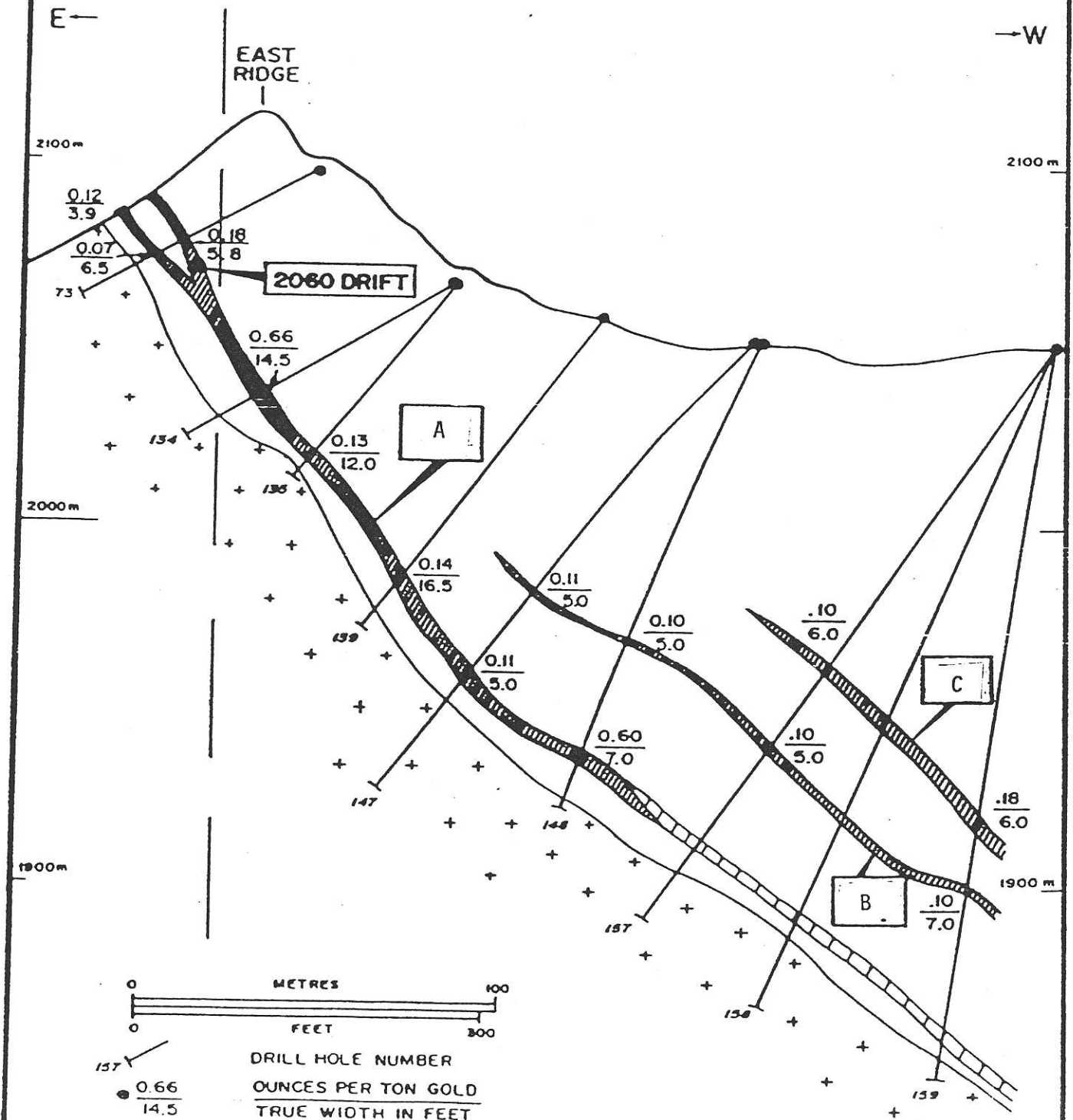
DRILL INFERRED  
810,000 TONS  
21 oz/1 Au

DRILL INDICATED  
228,500 TONS  
22 oz/1 Au



ESPERANZA EXPLORATIONS LTD.  
TILLICUM MOUNTAIN PROJECT—EAST RIDGE GOLD ZONE

CROSS SECTION 560 N



ESPERANZA EXPLORATIONS LTD.  
TILLICUM MTN GOLD DEPOSIT

EAST RIDGE GOLD ZONE

LONGITUDINAL SECTION

2200 M

2100 M

2000 M

1900 M

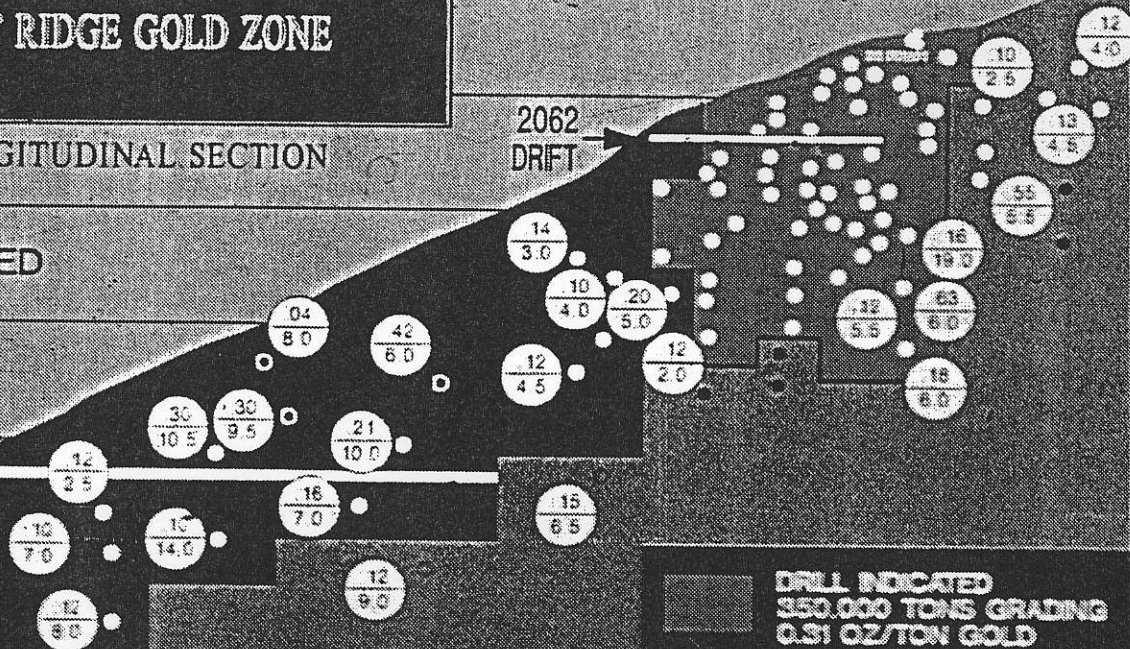
1800 M

1700 M

1600 M

PROPOSED  
1760  
DRIFT

2062  
DRIFT



DRILL INDICATED  
350,000 TONS GRADING  
0.31 OZ/TON GOLD

DRILL INDICATED-INFERRED  
1,040,000 TONS GRADING  
0.21 OZ/TON GOLD

EXPLORATION POTENTIAL

## ORE RESERVES - HEINO-MONEY DEPOSIT

The Heino-Money Zone has been drilled over a strike length of 2000 feet and vertical extent of 800 feet. The near vertical zone trends north-south and averages 6 feet thick. Underground drifting and raising on 4 levels along a 600 foot strike length of the deposit have proven continuity of gold mineralization as well as locating high grade "bonanza" shoots.

Gold mineralization occurs in a quartz-calc-silicate skarn developed within a steeply dipping structure that follows a massive andesite-tuffaceous andesite contact adjacent to a diorite sill. Native gold occurs as 25 micron disseminations to 3cm coarse flakes within the skarn. Skarns also contain visible amounts of pyrite, pyrrhotite, sphalerite and galena. Silver content is variable with an overall silver-gold ratio of 1:1.

Prior to 1988, only 10 percent of holes drilled have gold values in excess of 1.0 ounces per ton due to a nugget effect caused by the presence of coarse grained gold. Drifting and bulk sampling through areas with drill hole assays in the range of 0.05 to 0.15 oz/ton gold have yielded bulk grades as determined from muck sampling of 0.4 to 1.6 oz/ton gold.

Surface drilling in 69 holes and detailed underground drilling in 98 holes has established data points at approximately 25 foot centers within the central portion of the gold zone. Within the overall zone detailed drilling has identified a shallow north raking ore shoot measuring 700 feet long; 175 feet in width with an average thickness of 5.5 feet.

The uncut weighted average of 83 holes within this ore shoot assays 1.13 oz. gold/ton over 5.5 feet. This ore shoot remains open on both ends with excellent exploration potential to depth along strike to the north.

Drilling to date has outlined a large fold with shallow easterly dips below the vertical limb containing the high grade shoot. Gold grades within the folded portion of the zone are low and average less than 0.1 oz. gold/ton. The vertical limb below the fold axis presents an attractive exploration target that will be tested in 1989.

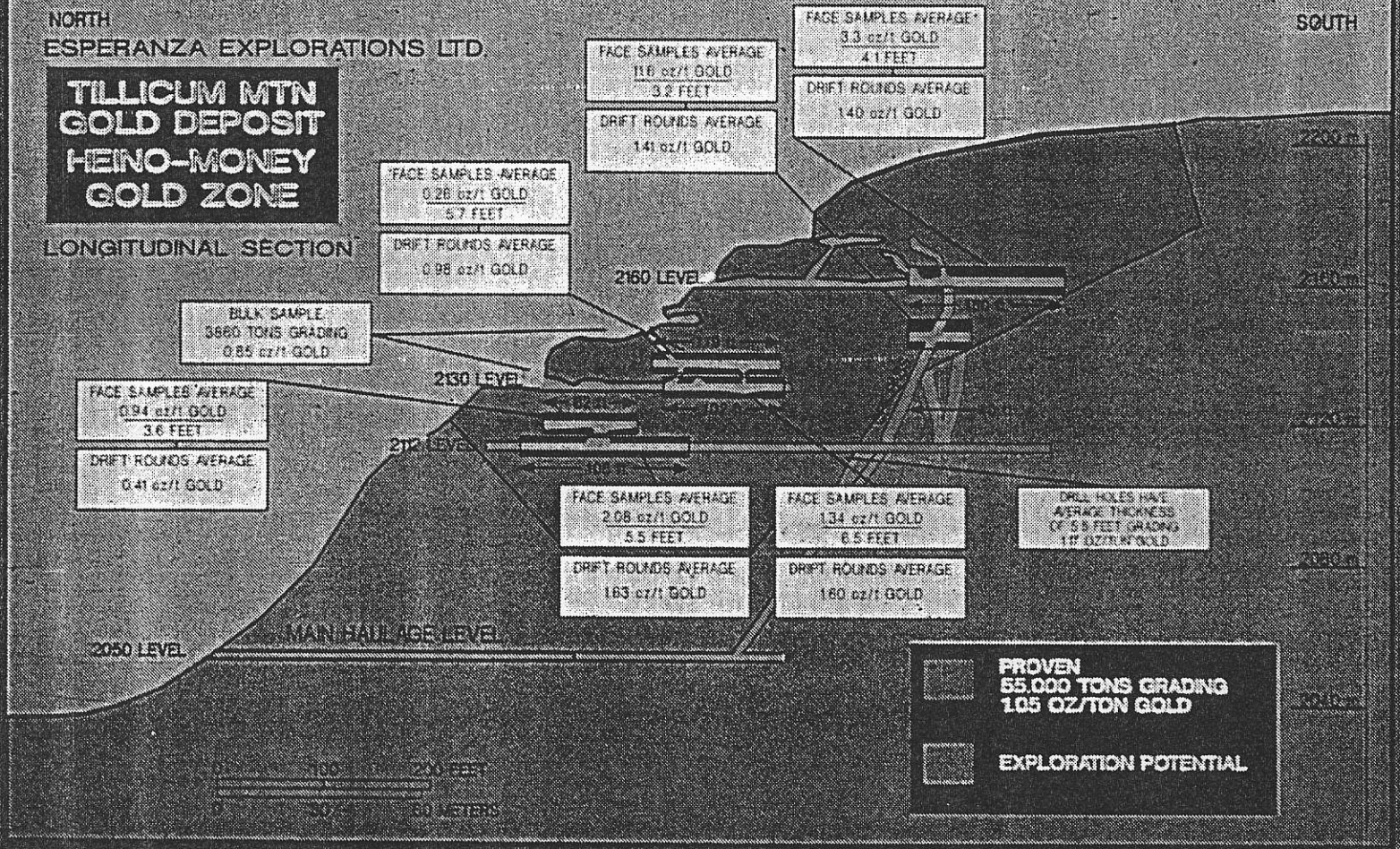
Underground drifting programs have been completed for higher grade mineralization on three levels within the ore shoot followed by establishment of a lower main haulage level and associated ore passes. The following underground exploration has been completed:

NORTH  
ESPERANZA EXPLORATIONS LTD.

**TILLICUM MTN  
GOLD DEPOSIT  
HEINO-MONEY  
GOLD ZONE**

LONGITUDINAL SECTION

SOUTH



<u>LEVEL</u> (meters)	<u>DRIFT</u> (feet)	<u>SUB LEVEL</u> (feet)	<u>RAISE</u> (feet)	<u>TOTAL</u> (feet)
2050	470	-	240	720
2112	490	-	310	800
2116	-	82	40	122
2130	280	-	30	310
2136	-	119	30	149
2148	-	144	-	144
2160	<u>360</u>	<u>-</u>	<u>195</u>	<u>555</u>
Total:	1600	345	845	2790
	<u><u>        </u></u>	<u><u>        </u></u>	<u><u>        </u></u>	<u><u>        </u></u>

Portions of drift levels developed in gold skarn are summarized below:

<u>LEVEL</u> (meters)	<u>LENGTH OF ZONE</u> (feet)	<u>AVERAGE DRIFT ROUND ASSAYS</u> (oz. gold/ton)
2112	108	1.63
2116	82	0.41
2130	102	1.60
2136	119	0.38
2148	40	1.41
2160	150	1.40
Screamer Raise	35	1.45
Heino Pit & Sub	100	0.95
No. 1 & No. 2 Raises - 2160	90	1.45
2160 Raise	105	0.45
Screamer Cut	<u>80</u>	0.41
Total underground exploration within zone:	1011 feet	
	<u><u>        </u></u>	

Total proven-probable reserves in the Heino-Money deposit are calculated using average muck grades of drift rounds developed in the skarn. The following table summarizes its gold reserves outlined.

<u>BLOCK</u>	<u>DIMENSIONS</u> (L x W x T)	<u>TONS</u>	<u>GRADE</u> (oz/ton gold)	<u>OUNCES</u> <u>GOLD</u>
Block A	180' x 75' x 5'	5,625	0.50	2,813
Block B	180' x 65' x 8'	7,800	1.40	10,920
Block C	190' x 35' x 8'	4,430	0.80	3,544
Block D	170' x 50' x 5'	3,540	0.94	3,328
Block E	250' x 58' x 6'	7,250	0.40	2,900
Block F	190' x 50' x 8'	6,330	1.60	10,128
Block G	165' x 25' x 8'	2,750	0.60	1,650
Block H	265' x 50' x 8'	8,830	1.60	14,128
Block I	85' x 30' x 6'	1,270	0.40	508
Block J	130' x 22' x 6'	1,430	0.41	586
Block K	30' x 50' x 6'	750	1.35	1,013
Block L	220' x 50' x 6'	<u>5,500</u>	<u>0.80</u>	<u>4,400</u>
Total:		<u>55,505</u>	<u>1.00</u>	<u>55,918</u>

Exploration potential down the rake of the ore shoot could add in excess of 50,000 tons of similar grade to the existing reserve. Drill testing is scheduled for 1989.



**ESPERANZA EXPLORATIONS LTD.  
TILlicUM MTN GOLD PROJECT  
GOLD RESERVES**

DEPOSIT	PROVEN PROBABLE	DRILL INDICATED	DRILL INFERRED	TOTAL OUNCES
HEINO-MONEY	55,000 T ⊙ 1.05 oz/T Au (57,800 oz)	-	-	57,800
EAST RIDGE	-	578,500 T ⊙ 0.27 oz/T Au (158,800 oz)	810,000 T ⊙ 0.21 oz/T Au (169,500)	328,300
<hr/>				
TOTAL RESERVES OUTLINED TO DATE:		1,443,500 TONS ⊙ .27 oz/TON Au CONTAINING 386,100 oz GOLD		

## EXPLORATION POTENTIAL - ADDITIONAL ZONES

The Grizzly zone is located 3,000 feet southeast of and parallel to the East Ridge trend and has been outlined by a coincident lead-gold soil geochemical anomaly and prospecting for a strike length of over 2500 feet. Surface sampling to date has yielded values to 0.13 oz/ton gold over 16 feet.

Diamond drilling of four wide spaced holes over a strike length of 1,700 feet intersected gold bearing sulphide mineralization adjacent to a broad zone of calc-silicate skarn alteration. Gold grades vary from 0.58 oz/ton gold over 3.5 feet to 0.15 oz/ton over 15 feet. The most northerly hole intersected a large mineralizing system with a 250 foot thick section of intense calc-silicate skarn associated with pyrite-lead mineralization structurally overlain by a 40 foot section grading .08 oz/ton gold.

The Grizzly represents a large mineralizing system with attractive gold grades that requires further drill testing.

ESPERANZA EXPLORATIONS LTD.  
TILlicum MOUNTAIN EXPLORATION EXPENDITURES  
FOR THE PERIOD: 1980 - DECEMBER 31, 1988

ACCOUNT NAME	1980	1981	1982	1983	1984	1985	1986	1987	1988	TOTAL
ANALYSIS (ASSAY/GEOCHEM.)	1,452	15,299	24,230	81,399	28,842	33,449	43,556	59,703	69,523	357,453
LOGISTICAL SUPPORT (CAMP, TELEPHONE, ETC.)	1,438	9,801	11,511	24,902	13,149	28,096	38,668	144,618	217,957	490,140
ENVIRONMENTAL								17,914	35,756	53,670
METALLURGICAL						97,931	36,803	3,000	804	138,538
TECHNICAL SUPPORT (SALARIES, DRAFTING, FIELD EQUIP.)	4,234	87,529	107,466	181,819	151,673	131,183	223,727	243,542	651,287	1,782,460
DRILLING			70,959	284,593	87,509		44,909	278,993	1,229,346	1,996,309
PROPERTY COSTS	16,008	44,044	359,272	36,345	38,950	90,790	64,062	80,205	103,107	832,783
CONTRACT SURVEYS (GEOCHEM. & GEOPHYSICAL)		12,203	5,227	53,252	5,899	1,849	3,345	4,049	4,276	90,100
TRANSPORTATION & FUEL	3,526	26,049	10,864	21,498	22,557	152,575	115,697	47,913	117,077	517,756
ROADS & TRENCHES		14,007	27,539	61,915	55,800	13,891	33,018	20,960	218,409	445,539
UNDERGROUND				50,000	70,498	272,778	191,049	930,369	1,097,316	2,612,010
MISCELLANEOUS	1,482	117	4,828	3,953	10,331	336	2,293	23,230	2,585	49,155
CAPITAL EXPENDITURES			1,782	20,855	544				379,830	403,011
	28,140	209,049	623,678	820,531	485,752	822,878	797,127	1,804,405	4,127,274	9,768,925

## PROPOSED PROGRAM

### OVERVIEW

An exploration program on the East Ridge Deposit is proposed to advance a portion of the current drill indicated and inferred gold reserves containing in excess of 330,000 ounces of gold to the proven-probable category. Two reserve blocks, totalling 500,000 tons, have a target grade in the range of 0.35 to 0.5 oz/ton gold. Upon completion of this work a feasibility study would be called for.

BUDGET     \$2,346,400

### PROPOSED PROGRAM ON EXPLORATION TARGETS

Prior drilling programs have outlined two areas within the East Ridge Deposit containing over 500,000 tons grading in excess of 0.30 oz/ton gold.

An underground drifting and raising program is required to confirm both horizontal and vertical continuity of the zone as well as to provide a bulk sample for determining potential "mill head" grades. The proposed program will consist of establishing two additional drift levels with associated raises and diamond drill crosscuts for a total of 2500 feet of advance within the East Ridge deposit.

Within the present drill indicated block of 350,000 tons (South Block) grading 0.31 oz/ton gold, a drift on the 2010 level with raises constructed to the 2060 level should be established to advance 100,000 tons to a proven-probable category. Drill hole grades within this block range to 0.66 oz/ton gold over 14.5 feet. A drift length of 800 feet followed by 200 feet of raising and 100 feet of crosscuts for drill stations is proposed.

Within the North Block of 400,000 tons a total of 1100 feet of drifting in conjunction with 200 feet of raising and 100 feet of crosscuts is planned on the 1800 level to advance the reserve to the proven-probable category.

A program of 10,000 feet of underground drilling is required to establish closely spaced data points for definition of vertical continuity and grade within the reserve blocks.

EXPERANZA EXPLORATIONS LTD.

TILlicum MOUNTAIN PROPERTY

PROJECT INVENTORY

<u>CATEGORY</u>	<u>\$</u>
ASSAY LAB	108,433
CAMP	80,199
EXPLORATION	65,579
MILL	99,100
UNDERGROUND	<u>238,393</u>
TOTAL	<u>\$ 591,704</u>

# ESPERANZA EXPLORATIONS LTD.

15th Floor, 675 W. Hastings Street, Vancouver, B.C., Canada V6B 1N2  
Facsimile (604) 687-2419 • Telephone (604) 687-1658

September 7, 1989

Mr. Ross Weeks  
Manager of Exploration  
Brenda Mines Ltd.  
2281 Hunter Road  
Kelowna, B.C.  
V1Y 7C5

DATE RECEIVED REC'D SEP 11  
FILE NO. 108-78-00 E (letter only)  
T (letter + prospectus)  
INITIALS: 107-70-00 Letter only

Dear Ross:

RE: TILLICUM MOUNTAIN PROPERTY

Attached is a report summarizing gold reserves and exploration potential of three gold bearing zones on the Tillicum mountain Property.

The East Ridge Zone with the largest reserve potential remains open along strike and to depth and should be considered as an advanced stage exploration target requiring underground definition prior to feasibility.

Esperanza is seeking participation to complete the pre-feasibility programs and place the property into production.

If Brenda Mines is interested in pursuing this project we recommend data review and a tour at the mine site in September.

Yours truly

ESPERANZA EXPLORATIONS LTD.

Wayne Roberts  
Exploration Manager

Enc.

WR/ck

LTR-WEEKS