

# CORPORATION FALCONBRIDGE COPPER

FILE  
MEMORANDUM

825353

DATE: February 24, 1987  
TO: D. H. Watkins  
COPIES TO: L. D. Pirie  
DE FROM: A. J. Davidson  
SUJET SUBJECT: Esperanza Explorations - Tillicum property: An update

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Esperanza Explorations Ltd. and La Teko Resources Ltd. are presently exploring the Tillicum Property which is 100% owned by Esperanza. La Teko wishes to sell their controlling block of Esperanza shares (2,255,000 shares or 37% Esperanza).

The Tillicum property located in southeast B. C. hosts a high grade gold mineralized skarn which has been explored since 1982. A low grade (0.05 oz/ton) zone also exists. Probable and drill indicated reserves in the highgrade zone are presently 9000 tonnes @ 1.0 oz (values cut to 2 oz/ton and diluted to a 2m. mining width). The high grade skarn zone is located mainly at a volcanic-sediment contact, strikes north-south and dips steeply west. There is some evidence to indicate that other subparallel skarn zones may also be present.

The high grade deposit is made up of three ore shoots which plunge moderately south. These shoots are (from north to south):

- a) Money zone - 4000 tonnes outlined to date; 150 tonnes/vertical metre at 0.99 oz/ton
- b) Screamer zone - 4600 tonnes outlined to date; 150 tonnes/vertical metre @ 0.84 oz/ton
- c) Heino zone - 720 tonnes @ 2 oz/ton - not enough information to derive a tpvm value

Only 3 drill holes have tested downdip of the known reserves and each of these intersected mineralized skarn. Potential to extend these zones downdip is excellent. Potential also is excellent to discover new shoots and other subparalleling skarn zones.

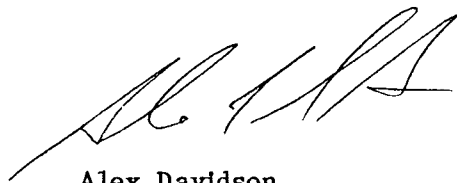
Although the potential tonnage will most likely be no more than 200,000 tonnes maximum the grades are extremely rich and an excellent return can be realized.

One method for CFC to acquire a 34% interest in the property and fund the 1987 exploration program would be as follows:

1. Purchase La Teko block for \$1.4 million (\$0.62/share) or less (presently trading @ \$0.75).
2. CFC to take down an additional 800,000 shares at \$0.75/share for \$600,000.
- 3) Esperanza to use \$600,000 for "put money" to acquire a \$2 million financing from First Exploration Fund.
- 4) Esperanza to spend \$2 million on exploration of the property.

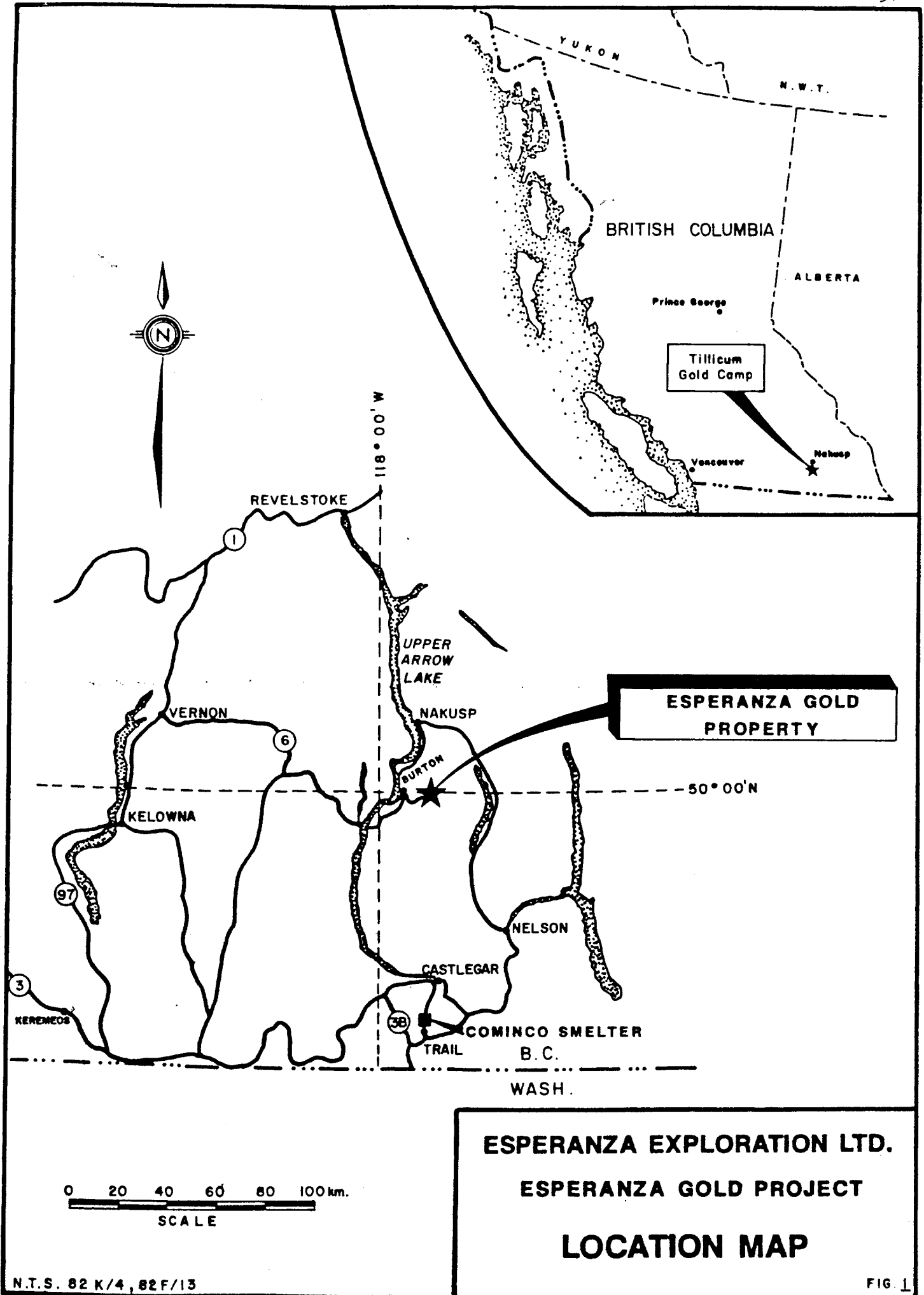
Thus CFC would have about 3 million shares of about 8.8 million shares outstanding or 34% and it will have spent a total of \$2 million to both acquire the 35% and put \$2 million into exploration on the property.

I am presently trying to arrange a visit to the property. I will be bringing the Esperanza data for review to Toronto.



Alex Davidson

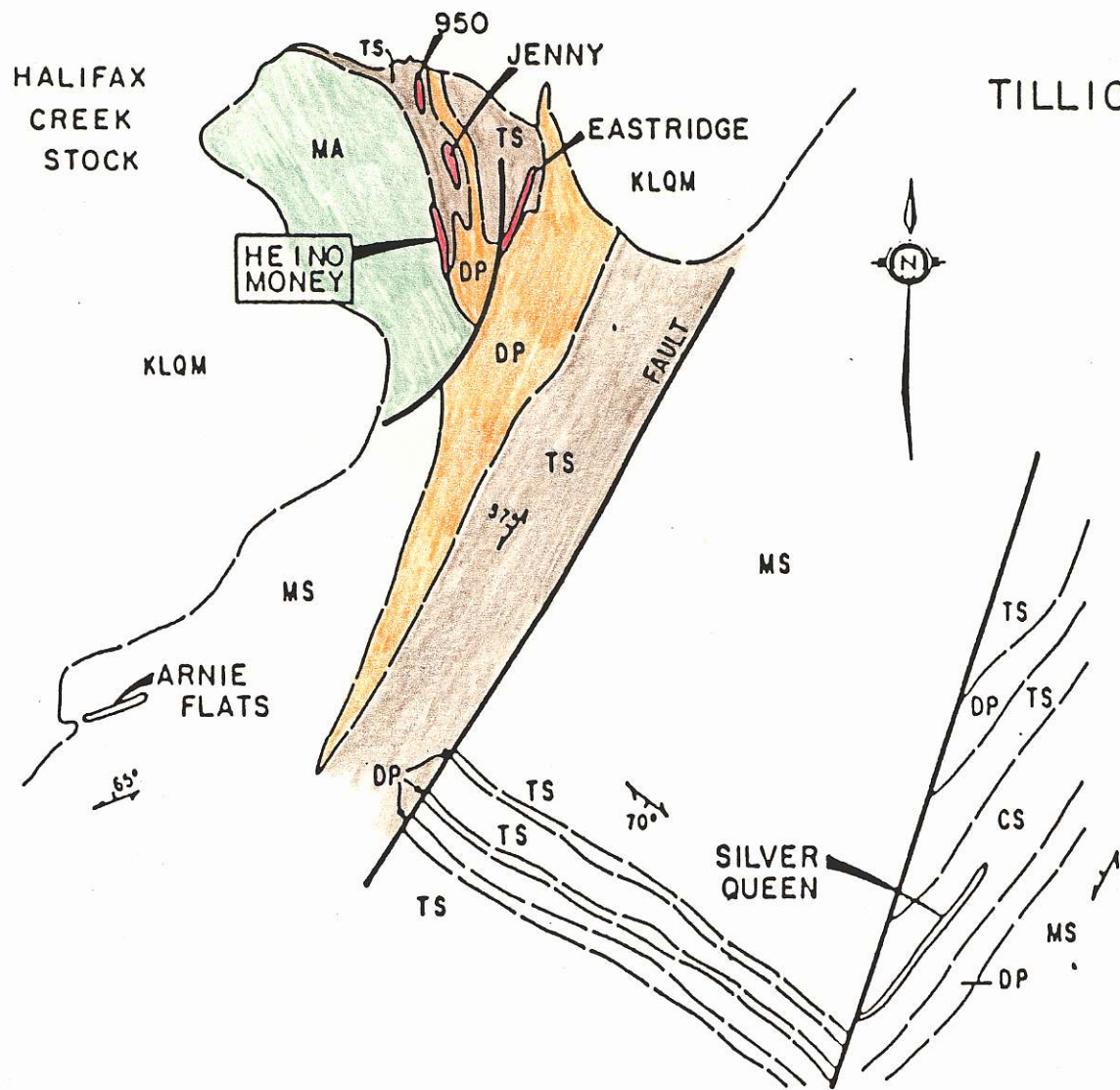
AJD/ik



**ESPERANZA GOLD PROPERTY**

**ESPERANZA EXPLORATION LTD.**  
**ESPERANZA GOLD PROJECT**  
**LOCATION MAP**





## 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

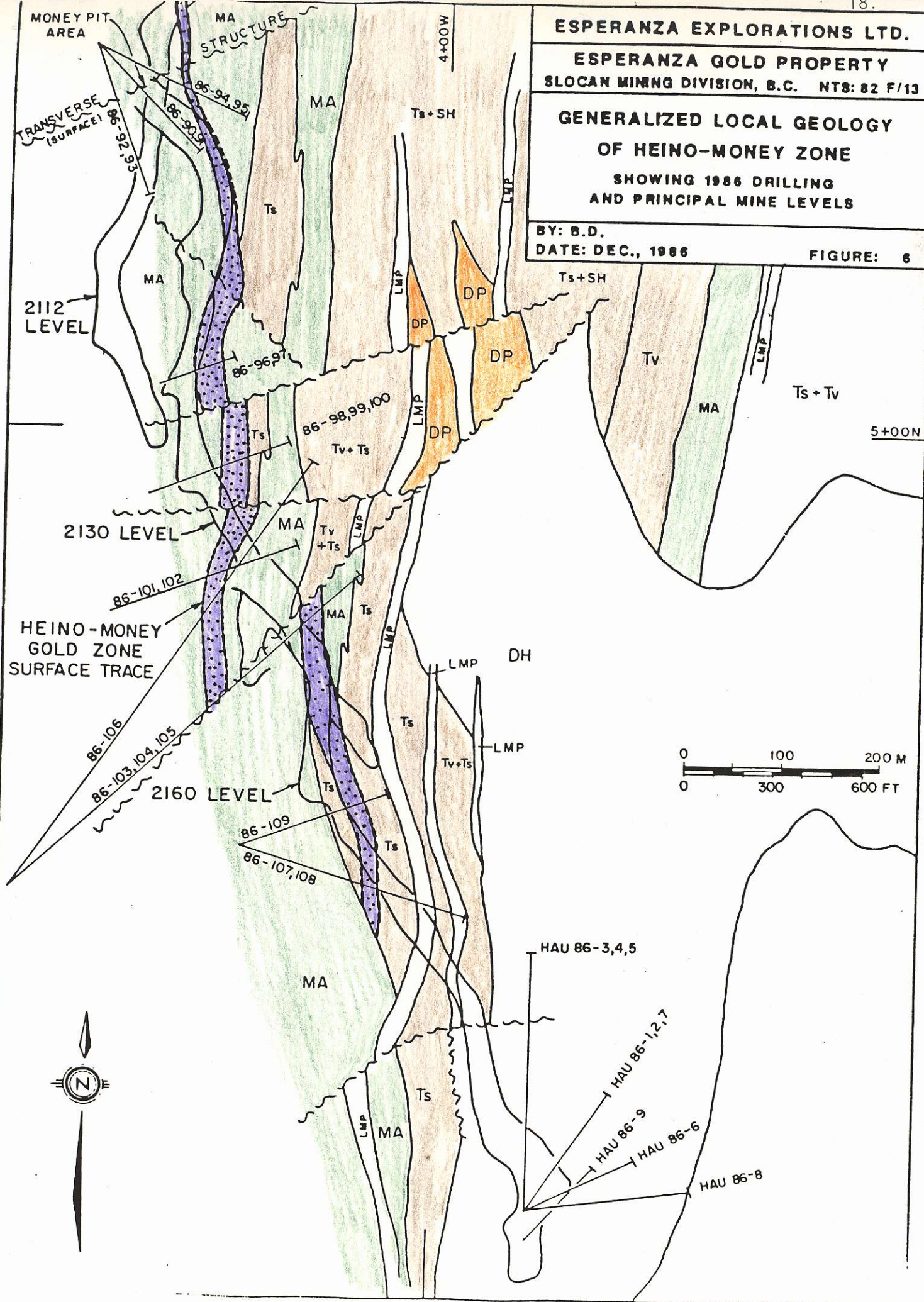
ESPERANZA EXPLORATIONS LTD.

ESPERANZA GOLD PROPERTY  
SLOCAN MINING DIVISION, B.C. NT8: 82 F/13

GENERALIZED LOCAL GEOLOGY  
OF HEINO-MONEY ZONE  
SHOWING 1986 DRILLING  
AND PRINCIPAL MINE LEVELS

BY: B.D.  
DATE: DEC., 1986

FIGURE: 6



NORTH

SOUTH

ESPERANZA EXPLORATIONS LTD.  
**ESPERANZA GOLD PROPERTY**  
 TILlicum MOUNTAIN AREA

LONGITUDINAL SECTION  
**HEINO-MONEY GOLD ZONE**  
 ORE RESERVES

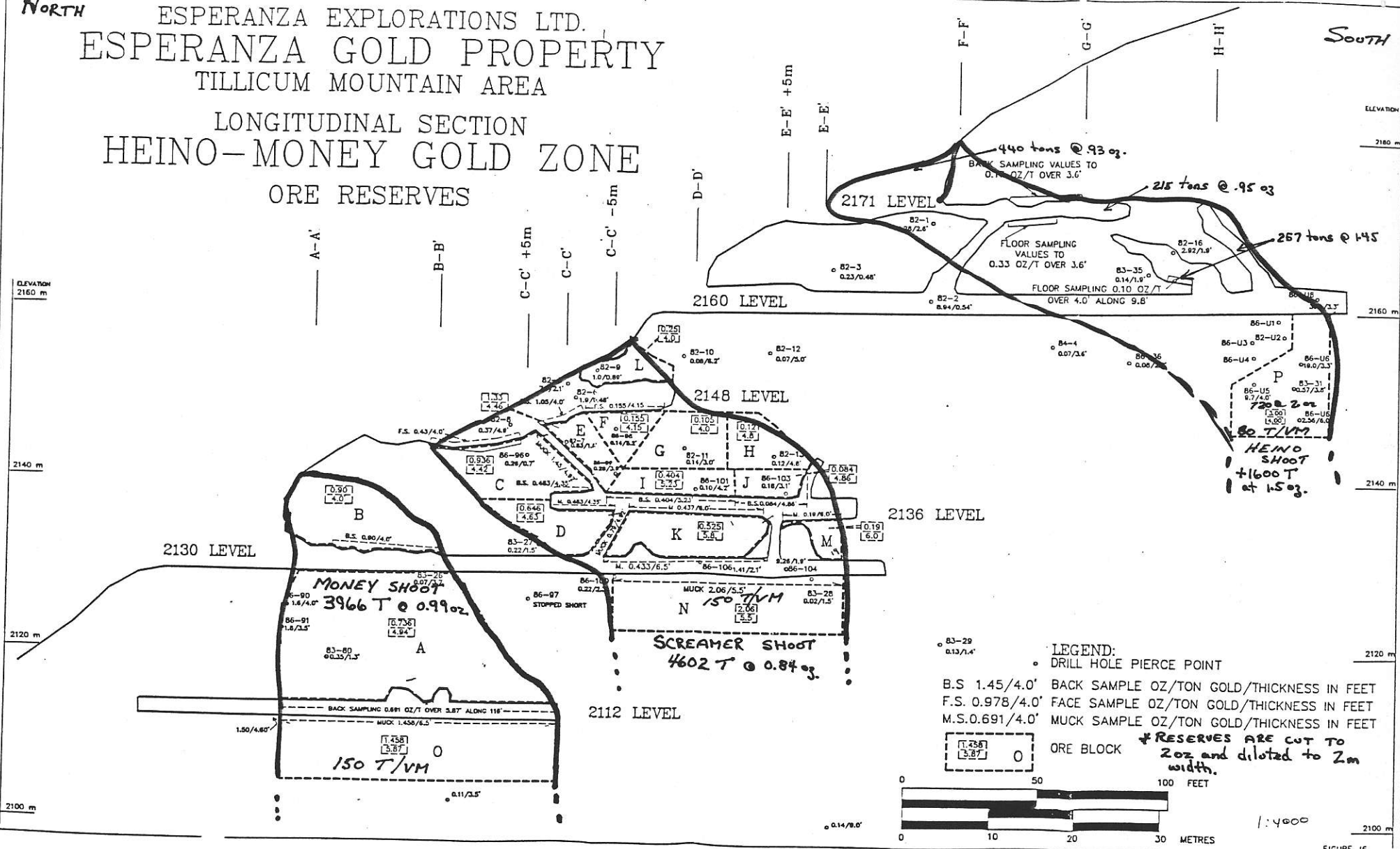


FIGURE 16