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ESPERANZA GOLD PROPERTY

PROSPECTUS

ESPERANZA EXPLORATIONS LTD.

December 1987

**MINE DEVELOPMENT REVIEW PROCESS
PROJECT FACT SHEET**

CORPORATE DATA

Project Name: Esperanza Gold Property

Company Name and Address: Esperanza Explorations Ltd.
1500 - 675 West Hastings Street,
Vancouver, B.C., V6B 1N2,
Tel.: (604) 687-1658

Contact/Title: Mr. John S. Brock (President)
Mr. Wayne J. Roberts (Project Manager)

PROJECT DETAILS

Project Location: Arrow Lakes Region of southeastern British
Columbia, 20 km east of Burton

Estimated Capital Cost: \$ 3.0 million

Minerals: Gold

Mine System: Underground, mining method - shrinkage stoping

Estimated Production: 100 tons per day/30,000 tons per year

Process Plant/Mill: 100 t.p.d. standard gravity/flotation milling circuit

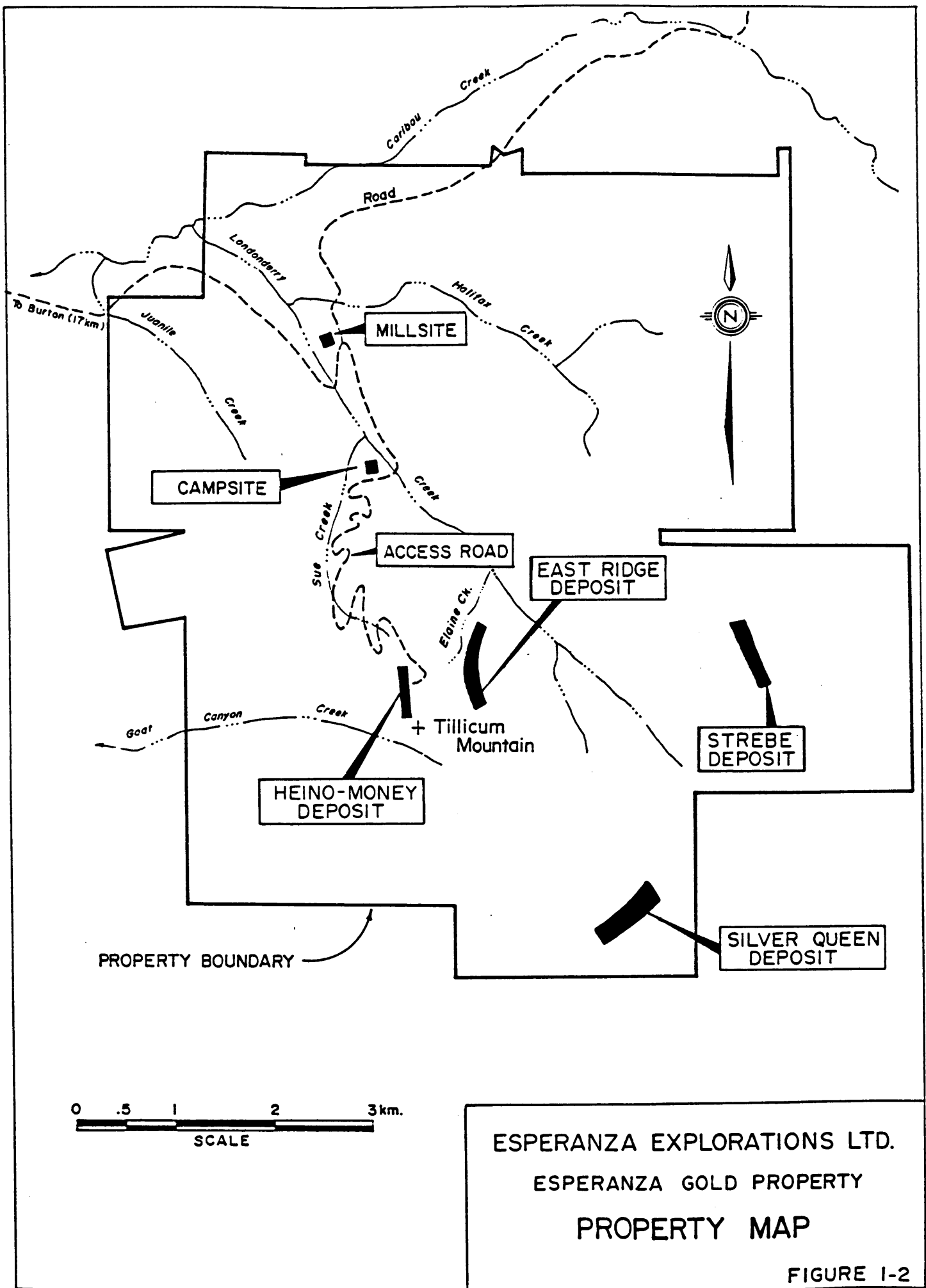
Proposed Mine Life: 5 years +

MINERAL RESERVES/RESOURCES

Reserves/Resources: Proven 60,000 tons @ 1.0 oz/t gold
Drill Indicated 120,000 tons @ 0.5 oz/t gold

Cut-off Grade: 0.1 oz/t gold

Potential for Additional Reserves: Excellent; geological potential
300,000 t @ 0.5 oz/t gold



ESPERANZA EXPLORATIONS LTD.
 ESPERANZA GOLD PROPERTY
 PROPERTY MAP

FIGURE I-2

1.3 Project History

The town of Burton was originally a gold mining camp founded in 1895. There are reports of numerous placer operations within the Caribou Creek system during the period 1896 to 1900. The Caribou Creek basin also contains several abandoned underground workings that saw intermittent activity during the period 1896 to 1930. The main prospects had little underground development and only sporadic shipments of hand cobbled high grade silver or gold ore.

In the Tillicum Mountain area during the period of 1925 to 1960, two men prospected, staked and worked the old Gold Hope, Tribune and Tillicum claims. The prospectors spent many summers seeking gold on Tillicum Mountain, but failed to find the "source" of placer gold in many of the creeks draining this rusty coloured peak. However, in 1981, two prospectors and residents of Burton discovered gold in what is now known as the *Heino-Money Zone*, on the north side of Tillicum peak.

In the summer of 1981, Esperanza Explorations Ltd. optioned the property and initiated an aggressive exploration program that sparked a district wide staking rush. The Esperanza Gold Property, consisting of 239 optioned and staked claims, covers in excess of 12,000 acres containing over 12 known deposits and prospects of gold-silver mineralization.

During the period 1981 to 1986, Esperanza completed 2160 metres of surface diamond drilling on three deposits and 380 metres of underground drifting on two of the most advanced gold zones at an overall cost of \$6.0 million. This work outlined a reserve of high grade gold mineralization containing over 50,000 ounces of gold in the *Heino-Money Deposit* and a bulk tonnage low grade reserve with over 150,000 ounces gold in the *East Ridge Zone*. During 1985 and 1986, the underground drifting programs produced a 3700 ton bulk sample which was processed in nearby custom mills. The standard crushing, grinding, gravity and flotation circuit resulted in 92 percent recovery of gold.

In 1987, Esperanza completed an extensive underground exploration program on the high-grade *Heino-Money Deposit* to define sufficient proven and drill indicated gold reserves to facilitate a production decision. Five hundred and seventy five metres of drifting and raising on four levels allowed bulk sampling of the upper portion of the

3.0 GEOLOGY AND RESERVES

Exploration to date has outlined economically significant gold mineralization in the *Heino-Money* and *East Ridge* deposits and identified 10 additional occurrences with excellent exploration potential. The *Heino-Money Deposit* has been outlined by drilling for a strike length of 600 metres (2000 feet) and vertical extent of 240 metres (800 feet). This near vertical zone trends north-south and averages 1.8 metres (6 feet) thick. The deposit remains open along strike and to depth.

Gold mineralization occurs in quartz-calc-silicate skarn developed in a meta volcanic sequence adjacent to a diorite porphyry sill. The main skarn is strata-bound to a calcareous tuffaceous andesite. Native gold occurs as 25 micron disseminations to 3 cm coarse flakes within the quartz-calc-silicate skarn. Several ore shoots of very high grade gold have been encountered to date. Skarns also contain visible amounts of pyrite, pyrrhotite, sphalerite and galena. Silver content is highly variable with an overall silver-gold ratio of 1:1. Due to a severe nugget effect with the coarse-grained native gold, underground drifting to provide bulk sampling is required to adequately define continuity of mineralization.

Underground drifting on 4 levels within the upper portion of the *Heino-Money Deposit* has delineated a proven probable reserve containing in excess of 60,000 ounces of gold with an average grade of approximately 1.0 oz/ton gold. Although the ore zone is readily accessible by the present underground workings, further development of haulage ways and internal ore passes is required prior to production. Figure 3-1 schematically illustrates the upper portion of the *Heino-Money* deposit, underground workings and reserve blocks.

Exploration continues to meet Esperanza's objective of defining high grade gold reserves in the *Heino-Money* deposit and advancement of drill indicated reserves on various other deposits on this property. The 1988 test mining and milling program is designed to support the feasibility study of bringing the *Heino-Money* deposit into full production in 1989. The *East Ridge* and *Strebe* gold deposits, with a collective


NORTH

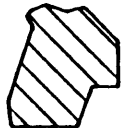
SOUTH


ESPERANZA EXPLORATIONS LTD. ESPERANZA GOLD PROPERTY

LONGITUDINAL SECTION HEINO-MONEY GOLD DEPOSIT MINE PLAN

NOVEMBER 10, 1987

 AVERAGE GOLD CONTENT
1 OUNCE GOLD/TON
ASSAYED IN DRIFT ROUNDS

 PROVEN RESERVE
SHRINKAGE STOPE PLAN TO
MINE 60,000 OUNCES

 DRILL INDICATED RESERVES
200,000 TONS CONTAINING
120,000 OUNCES OF GOLD

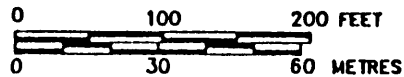
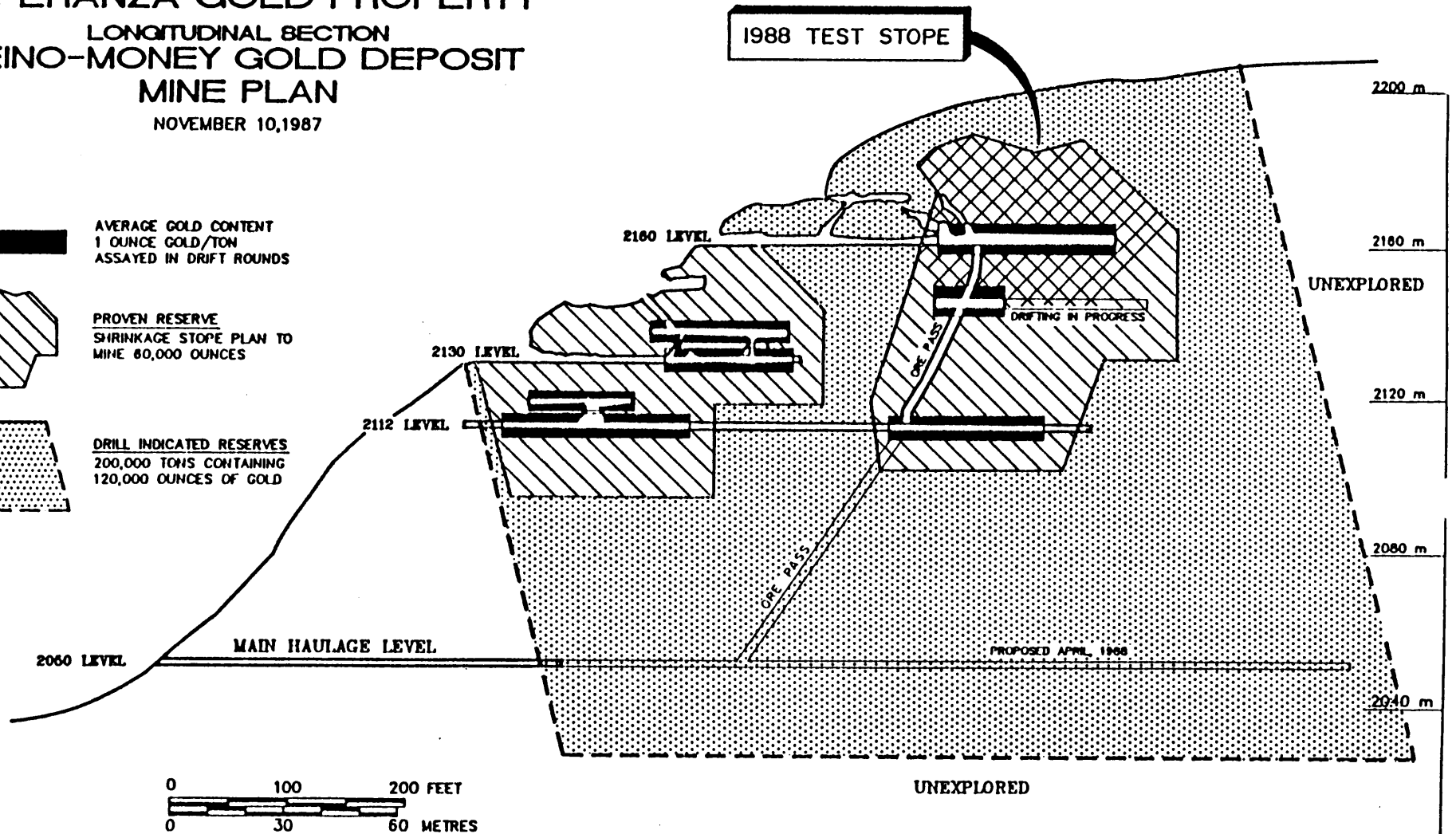
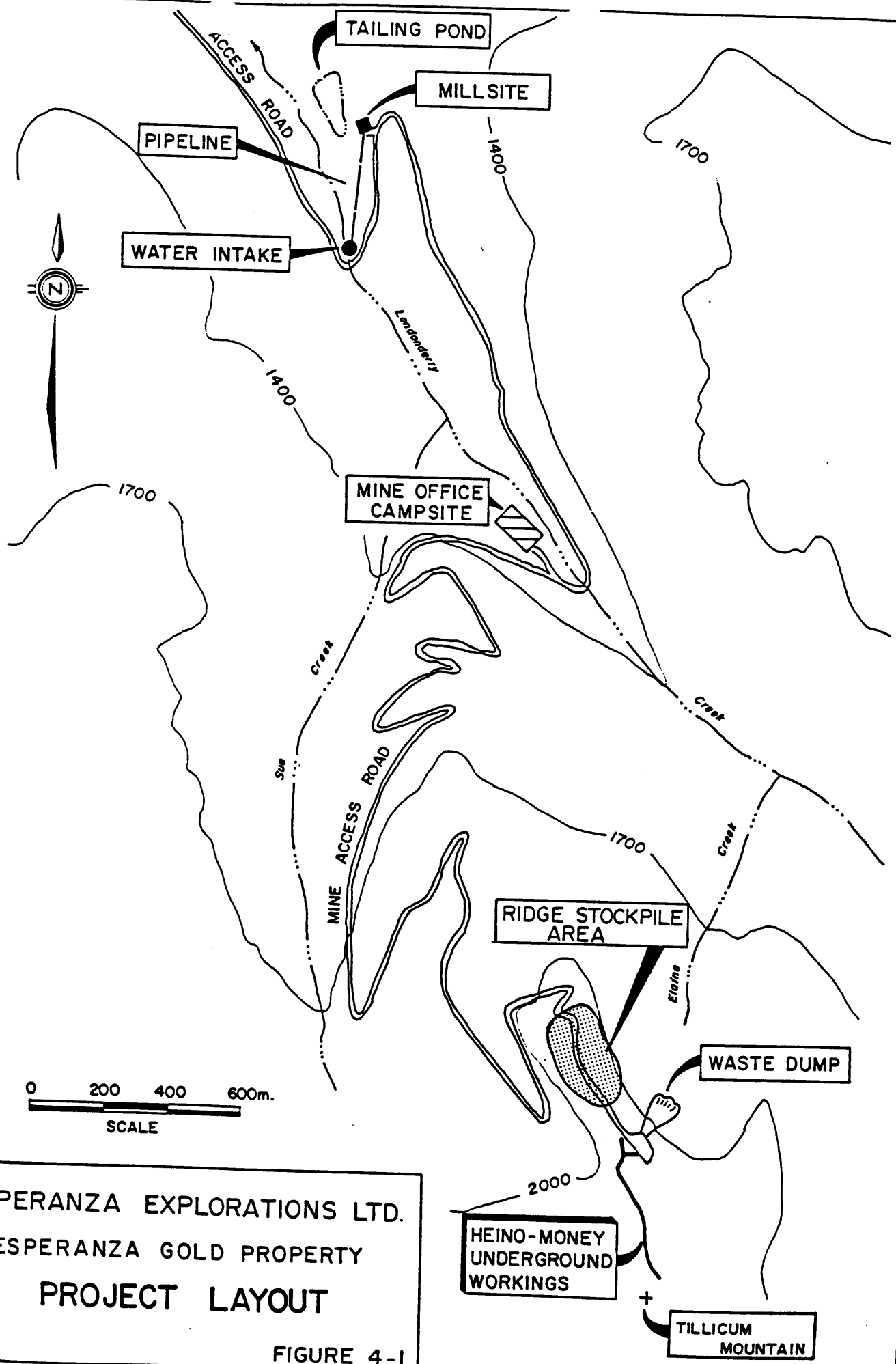


FIGURE 3-1



ESPERANZA EXPLORATIONS LTD.
 ESPERANZA GOLD PROPERTY
 PROJECT LAYOUT

FIGURE 4-1