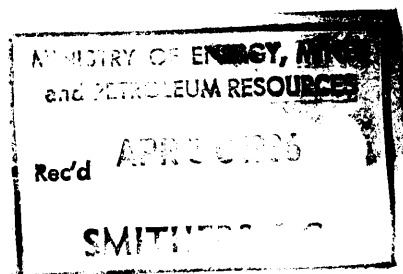


ESPERANZA EXPLORATIONS LTD.

1027 - 470 Granville St., Vancouver, B.C. V6C 1V5 Telephone (604) 687-1658

April 24, 1986

Mr. Tom Schroeter, P.Eng.,
Senior Regional Geologist,
Province of British Columbia,
Ministry of Mines and
Petroleum Resources,
Bag 5000,
Smithers, B.C.
VOJ 2N0



Dear Tom:

Re: Tillicum Project

The Tillicum exploration program, which will include diamond drilling and underground drifting, will be initiated in early June and should be completed by the end of July, at which time we will begin test mining and milling.

We recommend a visit in August-September during our mill testing period. Please contact me at our Vancouver office at your convenience to arrange a suitable tour date.

Yours truly,

ESPERANZA EXPLORATIONS LTD.

Wayne J. Roberts,
Exploration Manager

WJR/gb

ESPERANZA EXPLORATIONS LTD.

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#85-3

August 27, 1985

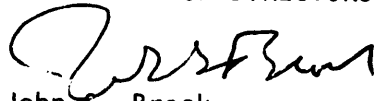
MID-YEAR REPORT

At Esperanza's TILLICUM GOLD PROPERTY near Burton, British Columbia, gold production has commenced at a rate of 50 tons per day with an average grade of 1 ounce per ton achieved. Gold ore is being stockpiled for shipment to the Dankoe Mill at Keremeos, B.C., where milling and concentrating should commence by mid September. Mining from both underground and surface will continue until winter haulage road conditions force shut-down, possibly in early November.

Existing gold reserves at TILLICUM could be expanded as a result of the recent discovery of two new gold shoots and increased grade within the area presently being mined.

On the WISCONSIN GOLD PROPERTY near Nelson, British Columbia, BP-Selco, as Operator, is continuing with a second year of drilling designed to test the extent of previously inferred gold reserves. Esperanza's interest in the WISCONSIN is 30% carried through this current phase of exploration.

ON BEHALF OF THE BOARD OF DIRECTORS


John S. Brock
President

This progress report has been prepared by the company officer signed above who accepts responsibility for its content. The Vancouver Stock Exchange has neither approved nor disapproved of this report.