

George Cross News Letter

NO.211(1988)
NOVEMBER 2, 1988

ESPERANZA EXPLORATIONS LTD.(EEP-V) UNDERGROUND SAMPLING HAS INDICATED A SUBSTANTIAL INCREASE IN GOLD GRADES COMPARED WITH DRILL HOLES ASSAYS

A complete change has taken place in the last six months of exploration at the 100% owned Tillicum Mountain gold project of Esperanza Explorations. The mine property is at 1,800 meters elevation, 18 km. south east of Burton, Arrow Lakes, B.C.

The change has been from a small tonnage of very high grade gold ore scheduled to be mined at 100 tons per day to a 1,500,000 to 2,000,000 tons reserves of a probable 0.2 to 0.3 oz.gold/t average grade to be mined at 500 to 750 tons per day. Wayne Roberts, exploration manager, pointed out that the recent results have altered and expanded the entire concept at the mine.

The present exploration schedule calls for completion of definition of about 2,000,000 tons in the first six months of 1989, final feasibility in late Summer or Fall, possible start of concentrator construction in the Fall, with first gold production in the third quarter of 1990. All of this schedule is predicated upon the continuation of recent encouraging underground sampling results. Much data for the metallurgical portion of the feasibility study was collected from the 3,700 bulk sample mined and processed from the Heino-Money vein in 1986. This work recovered 3,180 ounces or 93% of the contained gold. Of this, 35% was in the gravity jig, and the balance in a standard flotation concentrate without cyanidation.

Back sampling has been initiated in the 2062 meter level adit. The assay average for the first 75 feet sampled was 0.34 oz.gold/t across an average width of 4.0 feet. These results suggest a substantial up grading of the vein compared with the grades obtained by diamond drilling. The 0.34 oz. gold/t from the back samples is in the area of the East Ridge zone where two diamond drill holes cut: 5 ft. assaying 0.12 oz.gold/t and 4 feet assaying 0.07 oz.gold/t. The gold values are in a series of quartz-sulphide skarn horizons within a sequence of sedimentary and volcanic rocks containing sills of diorite porphyry. Zones of calc-silicate alteration containing free gold are associated with quartz and sulphides flanking porphyry sills. The geology and mineralization is similar to that in the Rossland gold camp located about 50 km to the south.

On the basis of 287 drill holes, of which 150 holes were drilled in 1988, and 3,000 feet of drifting and raising the company has estimated reserves of:

<u>RESERVES</u>	<u>TONS</u>	<u>OZ.GOLD/T</u>	<u>TOTAL OZ.</u>
HEINO-MONEY proven probable	55,000	1.05	57,750
EAST RIDGE drill indicated	388,000	.30	117,700
Drill Inferred	<u>1,650,000</u>	<u>.18</u>	<u>297,000</u>
TOTAL	2,083,000	.21	472,450

The current program on the East Ridge zone is to drive the 2062 level on three headings along strike to the southeast to establish continuity, tonnage and grade. It is planned to start, in about two weeks, driving two and possibly three raises of 100 to 300 feet each, to better establish vertical continuity in the ore zones. To the south the vein has over 300 feet of backs to the surface outcrop. At the same time deep hole diamond drilling is underway testing the continuity of the zone to the north and to depth. As this is underway an access road is under construction to the portal site for a new lower access level at 1760 meters. This level will be collared, during November, on the vein zone and add 1000 feet, 300 meters to the vertical depth. This level and an intermediate level at about 1900 meters will each be driven about 1,000 feet along the vein. There are a number of drill holes in the area to be explored by the new level as well as a number of holes at greater depth.

The East Ridge zone has been established by geochemical soil sampling, bulldozer trenching, diamond drilling and drifting to have a continuous strike length of 3,500 feet, dipping 50° to 60° to the west, a drilled depth of 1,400 feet and a width varying from 5 to 33 feet. This zone is open to extension to the north, south and to depth. Within this overall zone there is an area 1,000 feet along strike and to a depth of 800 feet where the bulk of the exploration has been done and within which all of the drill indicated 388,000 tons of reserves are contained. Only geological or drill inferred reserves have been attributed to the additional 2,500 feet of strike length and additional 600 feet of drill indicated depth.

Tillicum Mountain mine manager, Frank Kollar, gained narrow vein mining experience as manager at the Erickson/Cusac gold mine at Cassair, B.C. and prior to that at the H.B. and Benson Lake mines of Cominco. He noted that the 8 man mining crew is advancing the trackless underground workings on the East Ridge at 22 feet per day working two 10 hour shifts.-CONTINUED ON PAGE 2-

ESPERANZA EXPLORATIONS LTD. (EEP-V)

CONTINUED FROM PAGE ONE - There is a total crew of 30 persons on the property including diamond drillers. All the mining experience to date in the East Ridge indicates that it will be readily mined, with minimum dilution, using shrinkage stopes. Back sampling of the vein is continuing with additional results expected shortly. Owing to the poddy nature of the high grade gold and the nugget effect, he expects the substantial up-grading of underground grades to continue. The historic results from the three levels and raises on the Heino-Money zone show underground grades to more than double when compared with surface drill hole results.

The East Ridge drift is directed toward a drill hole intersection of 5.5 feet assaying 0.14 oz. gold per ton about 250 feet ahead of the Oct. 31, 1988 face. The company has a fire assay lab on the property processing about 80 samples per shift, with check assays conducted by an independent lab.

Esperanza has held the property since 1980 and has spent approximately \$8,000,000 on exploration.

Esperanza has 11,767,456 shares issued and 3,602,671 shares under option for 15,370,127 shares fully diluted. The major shareholders of Esperanza are: Welcome North Mines Ltd. 3,857,836, or 33%; La Teko Resources Ltd. 1,755,000 or 15%; Bain & Co., Sydney, Australia, 1,422,351 or 12%; Canadian Tax Shelter Funds 990,740 or 8%; directors and insiders 760,000 or 6%, public 2,981,502 or 25%. On Sept. 18, 1988 Esperanza completed an agreement to sell 740,741 flow-through shares at \$1.62 each for proceeds of \$1,200,000 to NIM.

Director are: John S. Brock, president, geologist with 25 years experience; Irene M. Wilson, corporate secretary and director; James R. Billingsley, mining engineer; David C. Pegg, C.A., business man; and Arthur T. Fisher, mining engineer.

There are three other zones on the property where additional exploration is planned. They are: the Strebe zone, where 24 widespaced holes indicate an 800 foot strike length and a 600 foot depth, with a best hole of 1.3 oz. gold/t across 12 feet; the Grizzly zone, where a 1,500 foot surface strike length has been established by mapping, soil sampling and trenching with a best sample of 0.14 oz. gold/t across 16 feet; and the Silver Queen.

NEWHAWK GOLD MINES LTD. (NHG-V,T)**GRANDUC MINES LTD. (GDC-V,T)**

HOLE	SECTION	INTERVAL	INTERCEPT	OZ. GOLD/T	OZ. SILVER/T	
S87-258*	51+30S	539.7-	563.7	24.0 ft	0.236	63.11
S88-279*	50+80S	1046.9-	1060.7	13.8	.535	2.01
		1109.6-	1116.2	6.6	1.193	.80
S88-285*	50+80S	857.0-	893.0	36.0	.412	9.78
		987.0-	1007.0	20.0	.412	4.09
S88-289	50+80S	717.0-	747.0	30.0	11.937	45.84
S88-291	50+10S	836.9-	842.9	6.0	.215	15.84
		882.9-	892.1	9.2	.217	.60

* previously reported

SURFACE DRILLING ON UTC ZONE - Donald A. McLeod, president of Newhawk Gold Mines Ltd. 60%,

and Granduc Mines Ltd. 40% reports that several surface diamond drill holes have been drilled to further explore the UTC zone, discovered in the 1988 surface drilling program that tested the West zone at depth on the Sulphurets property, 60 miles north of Stewart, B.C. In that program, hole S-88-279 intersected mineralization at about 1,000 feet below surface and about 250 feet east of the West zone. Hole S-88-285 intersected the UTC zone about 200 feet updip from hole S-88-279. The latest hole to intersect the zone, S-88-289 has returned a 30 feet intersection some 400 feet updip from S-88-279 at 1175 m elevation. The West zone decline is now being extended from 1300 m level to the 1250 m level and it is planned that the UTC zone will be further explored by underground diamond drilling from this level. Results to date from the UTC zone in the table above.

An airstrip at the toe of the Knipple Glacier is now operational. An extensive winter exploration program has been formulated and details will be reported when approved by the joint venture management committee.

ABO RESOURCE CORP. (ABU-V)

HARRISON PROJECT UNDERWAY - Abo Resources Corp. reports that the fall program on the 40% owned Harrison gold project, 80 miles E of Vancouver, B.C. is well underway. A summer program of geological mapping and sampling together with geophysical and geochemical surveys has established the presence of numerous mineralized stocks that are similar to the Jenner-Portal stocks. The current \$1,250,000 program is being funded by BEMA INTERNATIONAL RESOURCES INC. (BMI-V), the operator, and will include 25,000 ft. of diamond drilling. The main objectives of this program are: to upgrade the status of the reserves and tonnage of the Jenner deposit; search for continuity and extensions of high grade gold mineralization intersected by previous drilling in the Jenner and Portal stocks; and to examine in detail and drill test other quartz diorite stocks and geological targets. One underground and two surface drills are presently operating. The program is expected to be completed by year end, with the results reported in early 1989.