

**BC Geological Survey
Assessment Report
31345**

**GEOLOGICAL EXPLORATION REPORT
OF THE
STREBE GOLD PROPERTY
SLOCAN MINING DIVISION - BRITISH COLUMBIA**

Caribou Mineral Tenure - Minfile #082FNW255

NTS Map 82F/13D / BCGS Map 082F092

UTM Zone 11 - Coordinates 5.536.420N / 452.100E

Owner: Stanley Strebchuk (Hills BC)

Operator: Kuskanax Mountain Properties Inc. (Nakusp, BC)

Consultant / Author: Brian H. Meyer P.Geol., Q.P. (Nakusp, BC)

Date Submitted: February, 2009

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GEOLOGICAL EXPLORATION REPORT OF THE STREBE PROJECT

1. SUMMARY

The Strebe property, which comprises 1142.7 hectares in the Slocan Mining Division of southeastern British Columbia, was leased by Kuskanax Mountain Properties Inc. of Nakusp, BC from the mineral tenure owner Stanley Strebchuk in 2006. The area is underlain by Late Paleozoic to Early Mesozoic Milford Group metasediments and Cretaceous alkalic intrusives of the Snowslide Creek stock. The western part of the property contains part of a northeast trending belt of syenite and diorite dykes and sills, and associated calc-silicate and skarn thermal metamorphic assemblages which host gold mineralization. The property is adjacent to the Tillicum property, which is underlain by a similar gold-bearing belt, and which has reserves of 15,874 tonnes at 34.28 grams per tonne gold in the Heino-Money zone, and 1,423,239 tonnes grading 7.08 grams per tonne gold in the East Ridge zone, as reported by the operator Esperanza Explorations Ltd. in the 1980's.

Since 2006 Kuskanax has driven a crosscut adit 141 meters west through metasediments and the targeted gold-bearing skarn zone near the end of the workings. A 21 meter drift was excavated within the skarn zone both northeast and southwest, subparallel to the strike of the unit. The tabular skarn is oriented at 20°-30° strike and dips 30°-50° west. A sampling program revealed a mineralized intercept grading 24.4 gm/t gold over 4.0 meters (0.71 ounces/ton over 13.1 feet) in the skarn.

This exploration program was based on the results of a successful drill program by Esperanza Explorations Ltd. conducted on the property in 1987 and 1988, in which that company reported a delineation of 128,000 tons grading 0.25 ounces/ton gold, and inferred the presence of substantially more potentially economic grade material. Esperanza reported that the mineralized zone averaged 10.8 feet (3.3 meters) wide and was open along strike in both directions and at depth. Mineralized drill intercepts also showed high-grade gold mineralization exceeding 1 ounce/ton.

Conclusions reached from the Kuskanax underground mapping and sampling program, and the Esperanza results suggest that high-grade gold mineralization exists as pockets or lenses, and/or continuous shoots within low-grade gold mineralized skarn. To establish known resources / reserves, an increase in density of intercepts through the mineralized skarn is highly recommended, by a combination of underground and surface diamond drilling and possibly by extending the underground workings also.

2. INTRODUCTION AND TERMS OF REFERENCE

Kuskanax Mountain Properties Inc. contracted the author, an independent consulting geologist, to perform investigative field studies, namely underground geological mapping and sampling of the recently excavated adit, and to prepare a geological report incorporating the results of these studies.

This report is based on current exploration activities as mentioned above, and on the activities and results as documented in a previous report on the same property by W. J. Roberts for Esperanza Explorations in 1989, and which is included in this report as an appendix (*Report On The Strebe Property Caribou Claims*). Selected material from the above-mentioned report has been incorporated into this report.

The author visited the property on August 23rd and 30th, and September 5th 2008, and was directly involved in all exploration activities during this period.

3. RELIANCE ON OTHER EXPERTS

The author is relying on the validity of the historical technical report titled "Report On The Strebe Property Caribou Claims" by W. J. Roberts (March 1989), and which is beyond his responsibilities to investigate. Roberts' report is included in this report as Appendix V, and has been referred to throughout this report, namely the geological maps, cross sections, and reported reserves.

The author also has not investigated the agreements Kuskanax Mountain Properties Inc. has entered into to acquire an interest in the Strebe property and cannot render any opinion as to the security of title that Kuskanax may have.

4. LOCATION AND ACCESS

The Strebe property is situated within the Selkirk Mountains of southeastern British Columbia, between Slocan and Arrow Lakes. It is 22 kms west of the town of New Denver and 15 kms east of Burton. The property lies within the Slocan Mining Division (NTS map 82F/13). Figure 1 shows the location within the province.

The property encompasses the drainage area of an unnamed western tributary of the headwaters of Caribou Creek, and includes Hailstorm Ridge to the west, and Grey Wolf Mountain to the south. The physiography is considered steep mountainous terrain, partially lying above the tree line. Elevation ranges from a low of about 5300 feet in the north to 8200 feet in the south (1615 to 2500 meters above sea level).

Access from the village of Hills on Highway 6 at the north end of Slocan Lake is gained via about forty kilometers along the relatively good quality two wheel drive Shannon Lake forestry road. Within the property, a four wheel drive vehicle is

necessary to ascend the east slope of Hailstorm Ridge to the adit. The area is accessible during the snow-free months of June to October.

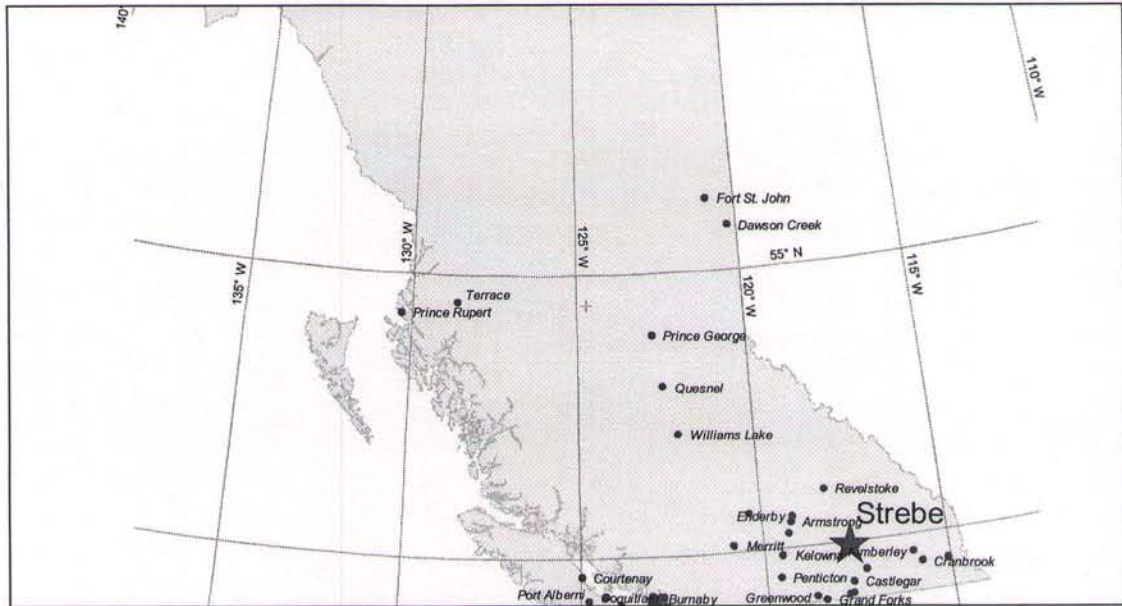


Figure 1: Location of the Strebe Property

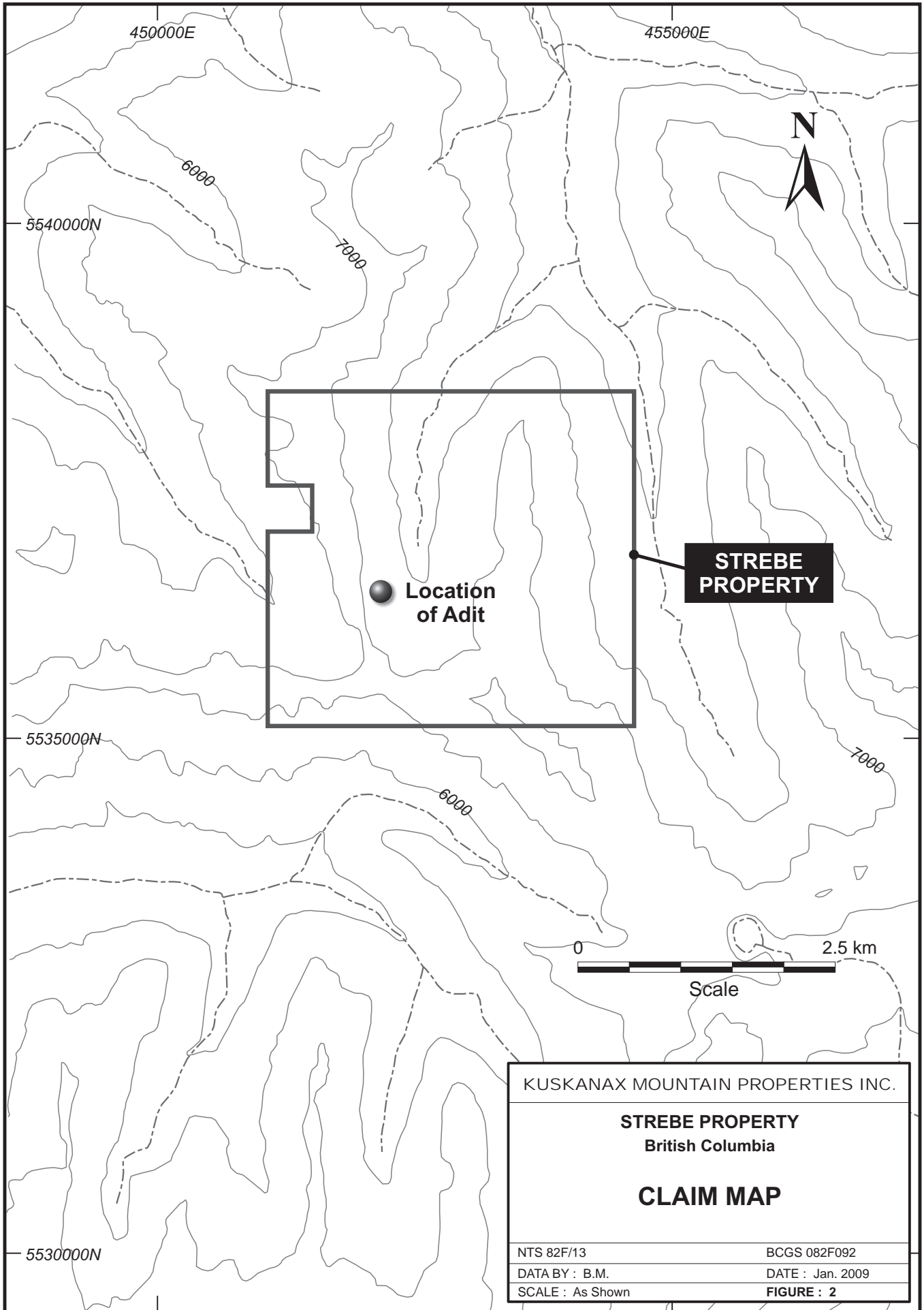
5. PROPERTY DESCRIPTION

The Strebe property area currently totals 1142.7 hectares, consisting of one mineral tenure named Caribou (mineral tenure number 518270), which comprises 55 cells. It is located within the Slocan Mining Division, BCGS map 082F092. The tenure is in good standing until August 23, 2010. Figure 2 shows the location of the claims and the location of current exploration within the property.

The claim owner is Stanley Strebchuk of Hills, BC. Kuskanax Mountain Properties Inc., a privately held company of Nakusp, BC currently holds the lease, which runs until the expiry date of December 31, 2011. It has been actively conducting an exploration program over the past few years. In order to facilitate the continuation of their successful exploration program, both Kuskanax and the owner currently favour the addition of new participants.

6. HISTORY

As reported in Robert's Esperanza report, placer gold was discovered in Caribou Creek in the late 1800's. A small shipment of "ore" was reported in 1899. In 1929-30, Cominco explored the Hailstorm Silver prospect with 1400 feet (424 meters) of crosscuts, drifts and raises.



No further work was reported in the area until high-grade gold was discovered by local prospectors on Tillicum Mountain in 1980. Esperanza Explorations optioned the property, and over the next few years performed significant exploration and limited production, which is summarized below.

In 1987 Esperanza optioned the adjacent Strebe property from Stan Strebchuk's father Alex. He had uncovered high-grade visible gold on the east slope of Hailstorm Ridge after locating and exposing a gold soil anomaly above the small tributary from where he had originally panned colours in 1980. In 1985, Noranda reportedly conducted an IP and magnetic survey over part of the property, however the author is unaware of the results other than three IP anomalies were recommended by Noranda as drill targets. In 1985 and 86, Strebchuk reportedly recovered 24.5 ounces of gold from about 5 tons of hand cobbled skarn ore, and also drilled two short drill holes beneath the discovery gold showing in 1986 (Roberts, 1989), which intersected significant gold mineralization. Trenching by Strebchuk in 1987 exposed more visible gold mineralized skarn before Esperanza entered the picture. Their work is described below.

Baron Gold Corp. optioned the property and completed six diamond drill holes totalling 779 meters in 1997. The author has not seen the results of this program, but according to the owner Stan Strebchuk, knowledge of gold mineralization within the property was not advanced from this program.

The current lease holder, Kuskanax Mountain Properties, began work on the property in 2006, which consisted of road repairs and driving a crosscut adit 105 meters, with location and direction based on findings from Esperanza's work. In 2007 the company drilled 3 long-holes (2 x 24.4 meters and 1 x 12.2 meters) into the face of the adit with a hydraulic jackleg. These workings were then extended in 2008, and will be discussed under "Present Activity".

6.1 Tillicum Property

The following is a partially summarized report taken from BC Minfile Number 082FNW234 (Minfile Record Summary of Tillicum Property):

Esperanza Explorations Ltd and Welcome North Mines Ltd. optioned the property in 1980. In 1981 work included geochemical and geophysical surveys and trenching. A bulk sample of 58 tonnes shipped from the Money Pit averaged 78.8 grams per tonne gold.

Welcome North was replaced by La Teko Resources Ltd. in 1982. In that year, diamond drilling was conducted on the Heino-Money zone, and to a lesser extent on the East Ridge zone and the Jenny zone. In 1983 work included a 60.9-meter crosscut adit on the East Ridge zone. A drill indicated resource of 36,287 tonnes at 20.5 grams per tonne gold and a total inferred potential of 90,720 tonnes was reported (George Cross News Letter, February 28, 1984). In 1984 a 60-meter adit was driven into the upper part of the Heino-Money zone, from which a 2268 tonne bulk sample was shipped to the Dankoe mill at Keremeos in 1985. The East Ridge Zone was reported to have an inferred resource of 4,536,000 tonnes at 1.7 grams per tonne gold (Northern Miner, November 15, 1984). Unable to provide

further financing, La Teko did not renew their option agreement with Esperanza at the end of 1985.

Both drilling and underground exploration of the Heino-Money zone resulted in a reported mining reserve of 15,874 tonnes with a diluted grade of 34.28 grams per tonne gold using a cutoff of 11.99 grams per tonne. This material was outlined in four south-raking shoots that occur in a near vertical dipping skarn structure which averages about 2 meters in width along a strike length of approximately 200 meters and with a vertical extent of 100 meters. Additional economic potential exists between the shoots within the skarn structure (Assessment Report 19437). Columbia Gold Mines (1991), formerly Esperanza, estimated the Heino-Money zone to contain 13,600 tonnes grading 34.79 grams per tonne gold (Information Circular 1993-13, page 17).

The structure on the property is complex and is dominated by steep angle normal and reverse faults, commonly with little offsets. However several faults with major displacements divide the property into fault-bounded blocks. The Heino-Money zone is offset by a series of left-lateral, steep angle northeast striking faults that have displacements up to 9.0 meters. Within a 500 meter radius of the Heino-Money zone, three other significant mineralized zones were discovered. These are the East Ridge, the Jenny, and the Blue zones.

The East Ridge zone is 300 meters east of the Heino-Money zone, with gold mineralization occurring in a blanket-like zone that straddles the contact between porphyritic diorite and metasediments. The gold-bearing, near-vertical calc-silicate skarn structures occur within a 9.1 to 24.3 meter zone that strikes northeast and dips 70 degrees northwest. The skarn structures have widths from 1.5 to 4.6 meters, and average 2.1 meters. The zone has been traced by drilling for 457 meters along strike, and 365 meters down-dip with an average width of 1.5 meters. The East Ridge zone contains two parallel upper skarn structures 0.9 to 1.5 meters thick and a lower skarn structure. Gold occurs in randomly distributed high grade pockets separated by areas of lower grade material. Within the zone, gold-bearing sulphide mineralization consists of pyrrhotite, pyrite-marcasite, arsenopyrite, chalcopyrite, sphalerite, galena and native gold, with traces of tetrahedrite.

Underground drifting (300 meters) and drilling on the East Ridge zone resulted in reported indicated reserves of 1,184,672 tonnes grading 5.82 grams per tonne gold. Within this reserve the company reported measured geological reserves of 238,567 tonnes grading 13.36 grams per tonne gold using a minimum width of 1.5 meters and a 6.85 grams per tonne gold cutoff grade (Assessment Report 19437). Columbia Gold Mines (1991) estimated the East Ridge zone to contain 440,000 tonnes grading 10.26 grams per tonne gold (Information Circular).

The Jenny zone is 150 meters north and 100 meters vertically lower than the Heino-Money zone, and consists of alternating bands of glassy quartz and sericitic quartzite overlain by black pyritic argillite. Very fine-grained galena, sphalerite and pyrite occur in the quartzite with euhedral magnetite and pyrite in the glassy quartz. Occasional cavity fillings of gold-bearing chalcedonic quartz and actinolite-rich bands are also evident. A chip sample across 0.4 meters returned 12.9 grams per tonne gold and 19.8 grams per tonne silver (Assessment Report 11161).

The Blue zone is 280 meters north-northeast of the Heino-Money zone. Three pits exposed stringers and lenses of massive pyrite, pyrrhotite, galena and sphalerite within fractured and sheared quartz-biotite gneiss. Gold values range up to 6.9 grams per tonne (Assessment Report 11161). Just above the pits, scheelite occurs disseminated in a siliceous matrix and along fractures.

6.2 Esperanza Program - Strebe Property

After acquiring the property in 1987, Esperanza proceeded to improve the access road to the main showing, and conducted detailed geologic mapping, rock chip sampling, and diamond drilling (627 meters in eight holes). In 1988 the company completed 2149 meters of diamond drilling in sixteen holes. A copy of Esperanza's March 1989 report with maps and cross sections is included as Appendix V.

Gold mineralization was encountered in an apparent tabular gold-bearing skarn zone, analogous to the East Ridge zone located 3 kms west on the Tillicum property. The zone strikes north to northeast, and dips west at 40 to 50°, and is open along strike and dip. Mineralized drill hole intercepts extend up to 1.27 ounces/ton gold over 12.5 feet (43.5 gm/t over 3.8 m) apparent width. True width intercepts generally appear to be slightly less, as observed on the map and cross sections. In Esperanza's report, the company estimated drill indicated "reserves" of 128,000 tons grading 0.25 oz/ton gold, and an additional drill inferred "reserve" of 172,000 tons having the same grade, with an average width of 11.0 feet (3.3 m). The author emphasizes that these "historical reserves" do not adhere to current standards of disclosure as defined in National Instrument 43-101 "Standards Of Disclosure For Mineral Projects", and "CIM Definition Standards", and should be only be considered as a general concept.

7. PRESENT ACTIVITY

In 2008, Kuskanax Mountain Properties continued to extend the crosscut adit that was started in 2006. The intent was to intersect the mineralized skarn zone proximal to the high-grade mineralized intercept in drill hole SB88-16 (1.27 ounce/ton over 12.5 feet), at 20 vertical meters below that intercept. The desired placement of the portal had been located by chain and compass from the collar of drill hole 16, at a distance of 87.2 meters at 97° azimuth (verbal communication with S. Hepperle), at 2031 meters elevation. The mineralized drill intercept was at 2050 meters elevation. The first 40 meters of the adit were driven at a bearing of 255° azimuth, and then turned 10° to 265° azimuth.

A two-man crew was contracted to complete this work. According to Strebchuk, from August 1st to 15th the adit was driven 29 meters along the same bearing of 265° azimuth, where it intersected the skarn zone of interest. The miners then excavated a drift roughly along strike of the skarn unit both north and south at 10° and 195° azimuth for a total of 21 meters from August 16th to 26th. They then continued the crosscut for an additional 7 meters from August 27th to 31st. At season's end, the crosscut had been extended 36 meters over 62 man-days to reach a total of 141 meters length from portal to end at 262° azimuth. The cross sectional

dimension of the adit is 3.0 meters wide by 3.0 meters high. Additional workers were periodically used to transport the excavated rock, which totalled 513 m³, to Nakusp. Figure 4 shows a plan view of the horizontal expression of the adit in relation to the drill holes and skarn zone at 1:500 scale.

The author then mapped and chip sampled the workings with the assistance of Stan Strebchuk at 1:200 scale, collecting 38 samples (Figure 5). This was carried out on August 30th and September 5th, and totalled 4 man-days of work. An additional 3 surface samples were also collected.

8. GEOLOGICAL SETTING

8.1 Regional Geology

The Strebe property is situated within an area of Late Paleozoic to Early Mesozoic Milford and Slocan Group pelitic sediments which have undergone regional metamorphism commonly of greenschist to locally amphibolite facies. Intruding these are Jurassic-Cretaceous Nelson, and lesser Early Tertiary Coryell granodioritic to granitic intrusives. Minor Jurassic Rossland Group andesitic and basaltic volcanics, volcanoclastics and sediments, and Permian dacitic to andesitic volcanics and metavolcanics of the Kaslo Group exist (Figure 3). Intrusive contacts display varying degrees and widths of thermal metamorphic aureoles. Structurally the area lies north of the gneissic Valhalla Dome, west of the regional Slocan Lake Fault, and south of the large recumbent Slocan Fold.

Gold mineralization in the area, namely the Tillicum and Strebe properties, is hosted by calc-silicate and skarn lithologies adjacent or proximal to dioritic to syenitic sills that have intruded Milford or Rossland Group metasediments and metavolcanics. According to Roberts, silver content is highly variable, with gold-rich skarns having a gold to silver ratio of 1:1. Silver-rich skarns, such as the Silver Queen showing have low gold values, and are considered to be peripheral to the gold-bearing systems.

There are two northeast trending belts of syeno-diorite stocks and sills and associated calc-silicate / skarn alteration products that host all known gold and/or silver showings in the Tillicum district. The western belt hosts the various zones of the Tillicum deposit, while the eastern belt hosts the Silver Queen, Hailstorm silver, and the Strebe gold deposits. Roberts (1989) has reported that the Silver Queen contains 3 million tons grading 3.0 ounces/ton silver, and that trenching on the Hailstorm outlined values to 28.4 ounces/ton silver and 0.048 ounces/ton gold.



Figure 3: STREBE Property - REGIONAL GEOLOGY

Geology Legend

Bounding Box: North: 50.013° South: 49.923° West: -117.850° East: -117.464°
NTS Mapsheets: 082F, 082K

Paleocene to Eocene

PeESTgr Sheppard, Tuzo Creek, Shingle Creek Intrusions: granite, alkali feldspar granite intrusive rocks

Cretaceous

Kgd granodioritic intrusive rocks

Kqm quartz monzonitic intrusive rocks

Whatshan Batholith

KWh granodioritic intrusive rocks

Middle Jurassic

MJgr granite, alkali feldspar granite intrusive rocks

Triassic

Slocan Group

TrSlc limestone, slate, siltstone, argillite

Carboniferous to Permian

CPm metamorphic rocks, undivided

Kaslo Group

CPKa basaltic volcanic rocks

8.2 Property Geology

The description of the local geology is mainly excerpted from Roberts (1989), as the author was only involved in sampling and mapping contacts underground. For more detail, please refer to his report in the Appendix.

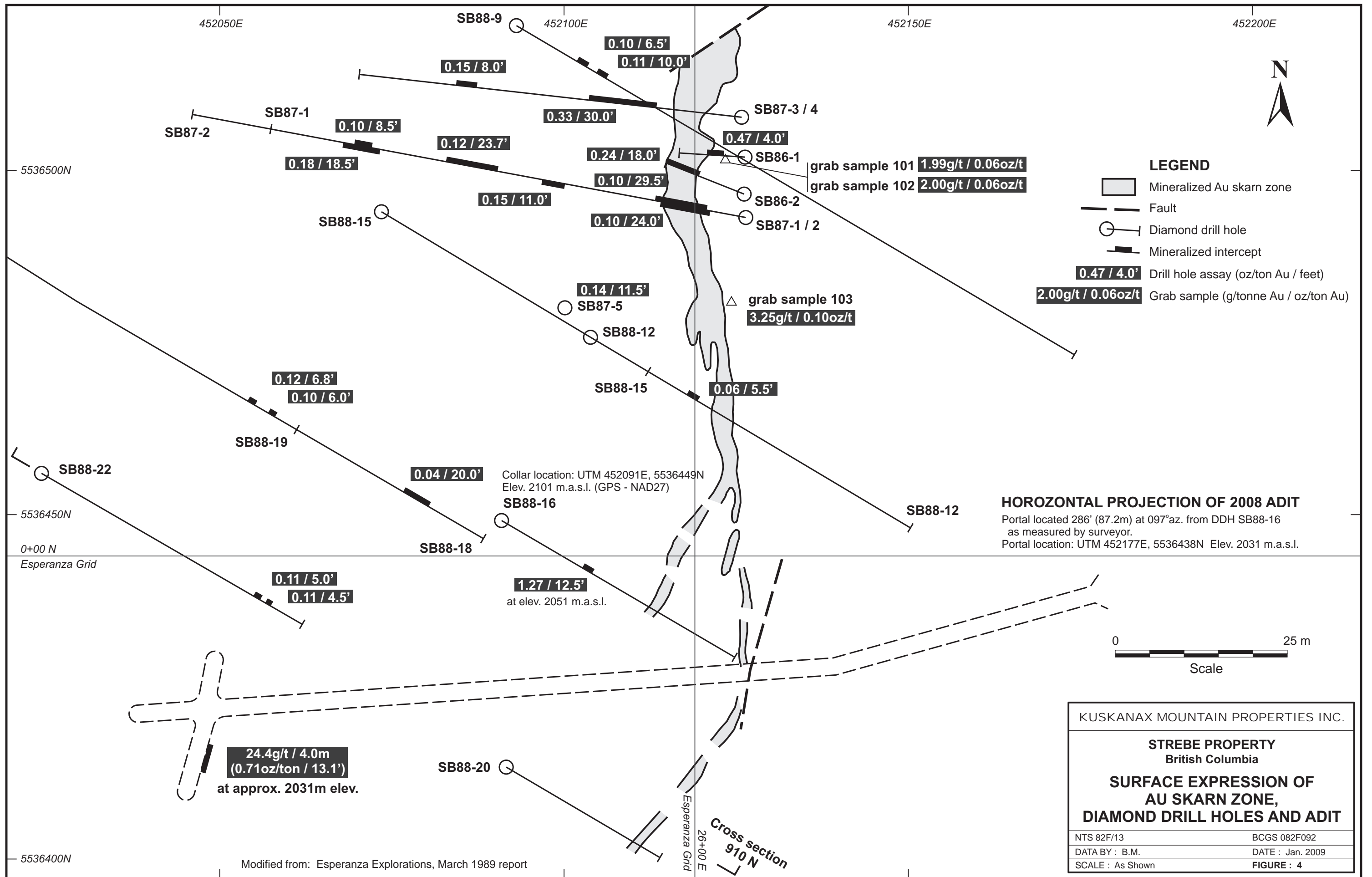
The Strebe property is underlain by northeast striking, moderately west dipping (30-60°) siltstone and shale of the Mississippian to Permian Milford Group, metamorphosed to schist and minor gneiss. Structurally the metasediments appear to be situated on the southeast limb of northeast trending major syncline in an upright position.

Syenite and diorite dykes and sills up to 30 meters thick have intruded the sediments. These intrusives exhibit a crowded porphyritic texture, grading to fine grained equigranular along the margins. Recrystallization and partial assimilation have made some contacts poorly defined. These dykes and sills occur in the western part of the property, within a northeast trending belt averaging 1 km wide, with a strike length exceeding 5 kms. Gold mineralization on the property is hosted by the calc-silicate and skarn units within this belt.

The eastern part of the property is underlain by the Cretaceous Snowslide Creek stock, and has a composition of quartz monzonite to granodiorite with a dioritic border phase. Large rusty xenoliths of hornfelsed Milford Group sediments exist along the contact.

Structurally, steep angle normal and reverse faults exhibiting very little displacement are evident. The metamorphic fabric closely parallels the orientation of bedding planes, with minor parasitic folding rarely observed.

Table 1: TABLE OF FORMATIONS	
Symbol	Lithology
MID JURASSIC – CRETACEOUS SKARN	
CSK	Calc-silicate gradational to Skarn: pink to beige, common calcite veinlets, 1-3% disseminations / stringers pyrite-pyrrhotite-arsenopyrite
SK	Skarn: pink-white, green, common calcite veinlets, 2-5% disseminations / stringers pyrite-pyrrhotite-arsenopyrite ± sphalerite-galena-gold
EARLY – MID JURASSIC INTRUSIONS	
PFP	Pink Feldspar Porphyry: pink plagioclase phenocrysts in dark grey matrix, calc-silicate altered syenite porphyry includes HP (hybrid porphyry)
PYP	Syenite Porphyry: beige to pink
LATE PALEOZOIC METASEDIMENTS (MILFORD GROUP)	
SH	Shale: black to grey, graphitic, variably calcareous
SSH	Silty Shale: light grey, laminated
ST	Siltstone: light tan to grey, calcite veinlets, variably laminated



452050E 452100E 452150E 452200E

5536500N

5536450N

0+00 N
Esperanza Grid

5536400N

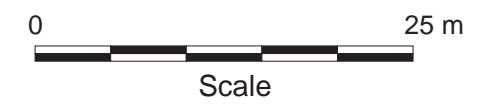


LEGEND

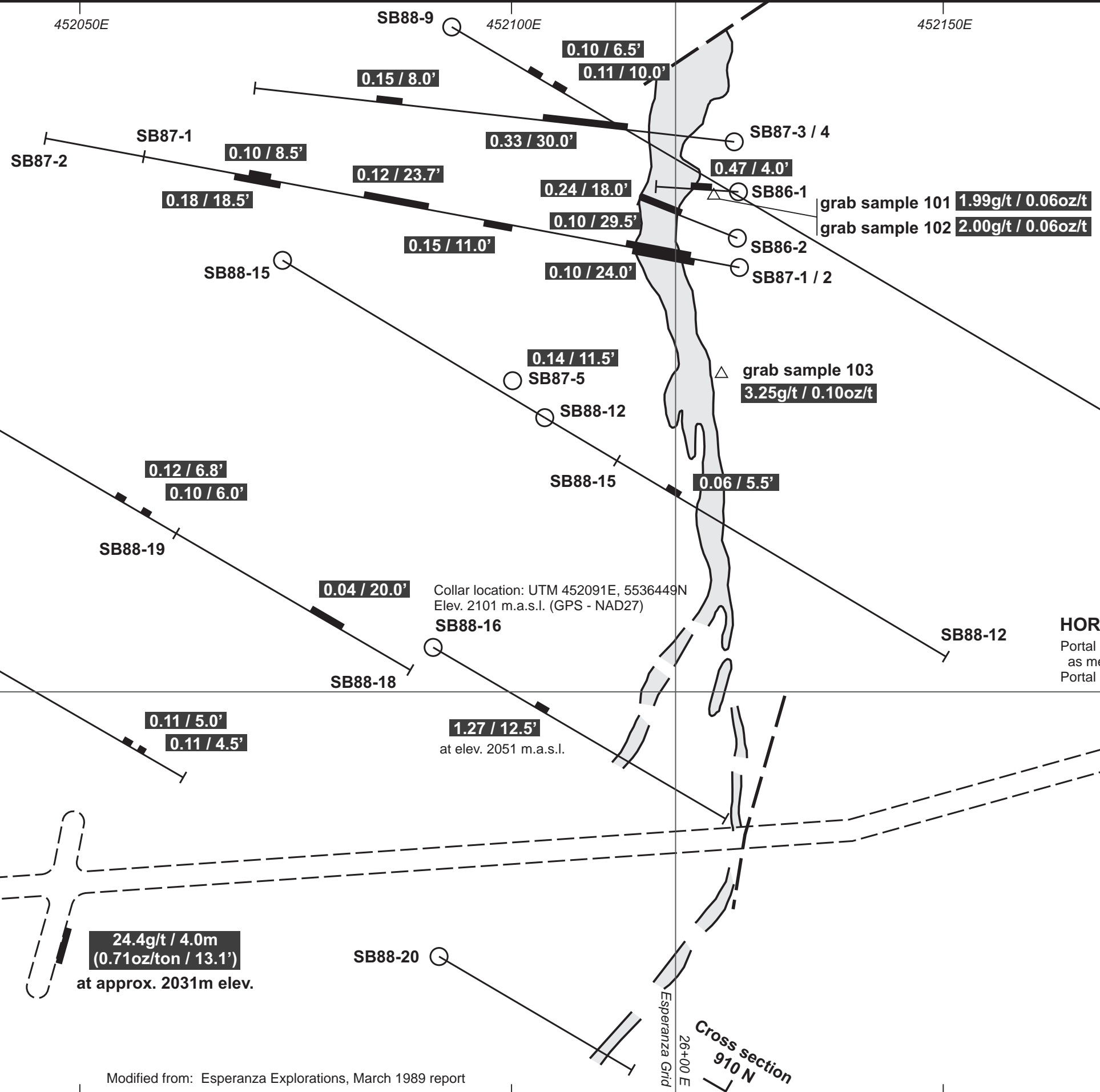
- Mineralized Au skarn zone
- Fault
- Diamond drill hole
- Mineralized intercept
- Drill hole assay (oz/ton Au / feet)
- Grab sample (g/tonne Au / oz/ton Au)

HORIZONTAL PROJECTION OF 2008 ADIT

Portal located 286' (87.2m) at 097°az. from DDH SB88-16
as measured by surveyor.
Portal location: UTM 452177E, 5536438N Elev. 2031 m.a.s.l.



KUSKANAX MOUNTAIN PROPERTIES INC.	
STREBE PROPERTY British Columbia	
SURFACE EXPRESSION OF AU SKARN ZONE, DIAMOND DRILL HOLES AND ADIT	
NTS 82F/13	BCGS 082F092
DATA BY : B.M.	DATE : Jan. 2009
SCALE : As Shown	FIGURE : 4



Modified from: Esperanza Explorations, March 1989 report

While mapping the adit, the author utilized the same lithologic units and symbols as Roberts used in the Esperanza report, in order to maintain continuity. (Table 1: Table of Formations). For a more complete understanding of the property geology, the reader is advised to view the geology maps and cross sections contained in the Esperanza report (Maps 4 to 12).

9. ALTERATION AND MINERALIZATION

Cursory mapping of the adit while chip sampling confirmed that the north and south drifts were driven within the targeted skarn zone (128 to 134 m from portal), which consists of a mixture of skarn and calc-silicate. The zone is proximal to the hanging wall side of a wide (13 meters) feldspar porphyry sill. The lithology between the sill and skarn comprises a mixture of schistose shale, calc-silicate and skarn with poorly defined gradational margins. This same mixed lithology is evident on the west side of the skarn zone also. The hanging wall side of the sill strikes 020° and dips 30° west. Foliation and banding within the skarn strikes 050° and dips 50° west (Figure 5. Geology and Chip Sample Au Values in Adit).

Chip sampling of the adit wall began at 87 meters from the portal in schistose shale and siltstone, where a pronounced increase in white calcite veinlet density (10-20/meter) was evident, and continued to the end of the adit. Veinlets are mainly subparallel to metamorphic foliation and banding, but are also crosscutting. The density of calcite veinlets within syenite sills is significantly less.

Sulphide mineralization comprising pyrite-pyrrhotite(-arsenopyrite) occurs as disseminations in the host rock and as disseminations and thin massive stringers within and along the margins of calcite veinlets. The mineralization varies from trace to 2% in metasediments and intrusives, and increases to 1-3% in calc-silicate altered units. Skarn hosted mineralization contains 2-5% pyrite-pyrrhotite-arsenopyrite ± disseminations, stringers and clusters of sphalerite-galena, and native gold. Disseminated scheelite mineralization in calc-silicate and skarn appears present after scoping the walls with a black light.

10. GEOCHEMISTRY

10.1 Sample Collection and Analyses

Thirty-eight chip samples commonly of 2 meter lengths were collected at waist to shoulder level, utilizing hammers and cold chisels. Sample locations with sample numbers, and gold grades in grams/tonne per sample interval in meters, are shown in Figure 5. All samples were collected, bagged and labelled either by the author or directly supervised by the author. The samples were then packaged by the author, and shipped by professional couriers to Eco Tech Laboratory Ltd. in Kamloops.

All samples underwent the standard preparation (crushing, pulverization, splitting) for rock material. All were analysed for gold by 30 gram FA-AA (0.03

SB88-16 (Horizontal projection)



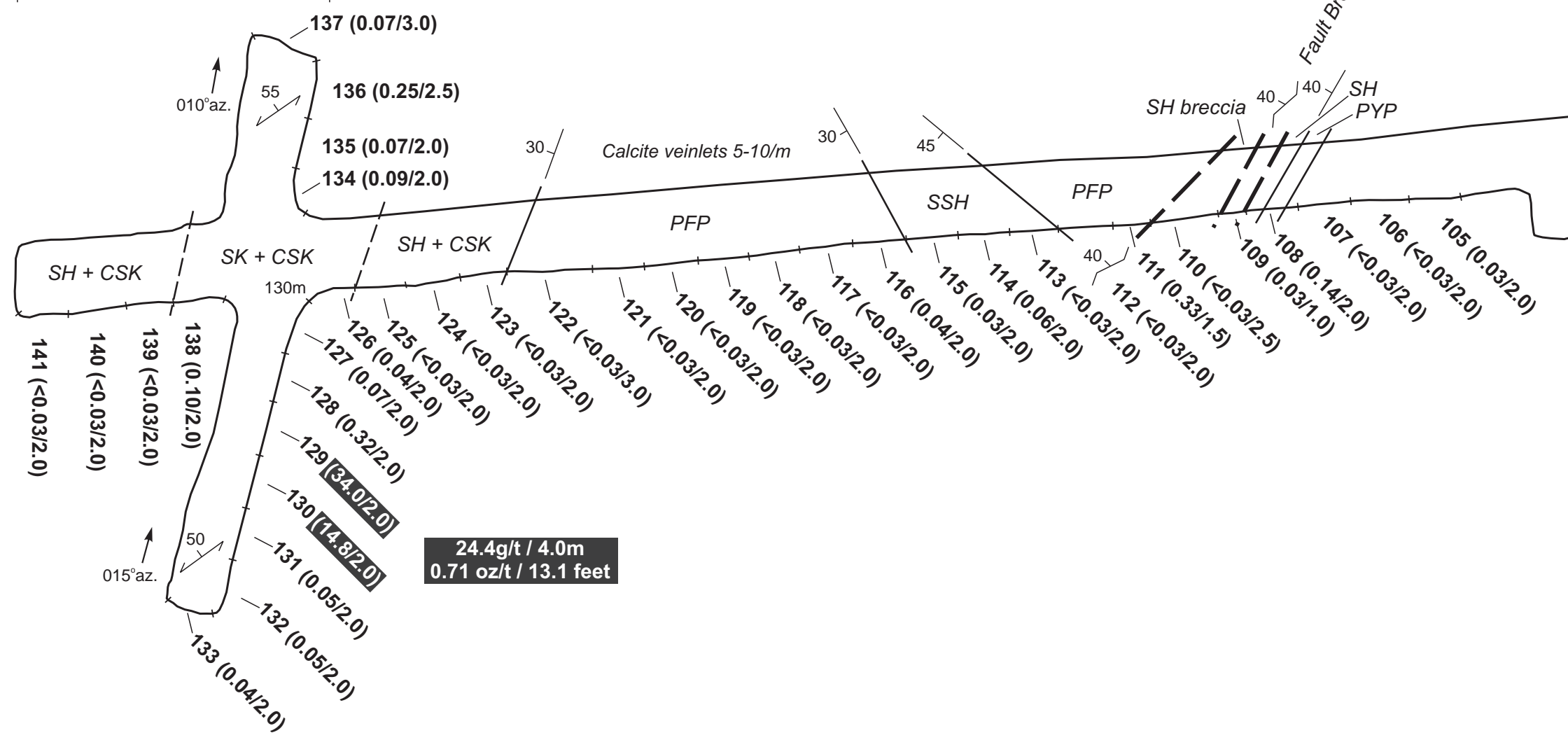
0+00 N
Esperanza Grid

Mineralized drill intercept
1.27oz/t / 12.5'

Pierce point at 2031 m elev.

Density of calcite veinlets in SH increasing
(10-20/m; 0.1-3.0cm sub-parallel to foliation)

Disseminated scheelite observed
(W not detected in sample analysis)

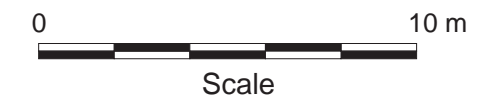


24.4g/t / 4.0m
0.71 oz/t / 13.1 feet

LEGEND

- CSK Calc-silicate gradational to skarn (calcite veinlets; disseminated/stringers py-po-asp)
- SK Skarn (calcite veinlets; disseminated/stringers py-po-asp +/- sp-gn-Au)
- PFP Pink feldspar porphyry
- PYP Beige to pink syenite porphyry
- SH Medium to dark shale (schistose)
- SSH Light grey laminated silty shale (schistose)
- ST Light tan to grey siltstone (schistose)
- 40 Fault
- 40 Contact
- 40 Approximate contact, poorly defined
- 40 Metamorphic foliation and banding
- 104 (<0.03/0.25) Chip sample number (Au g/t / sample interval in metres)

- Diamond drill hole
- Mineralized intercept
- 0.47 / 4.0'** Drill hole assay (oz/ton Au / feet)



KUSKANAX MOUNTAIN PROPERTIES INC.

STREBE PROPERTY
British Columbia

**GEOLOGY AND CHIP SAMPLE
AU VALUES IN ADIT**
(Elevation 2031 m.a.s.l.)

NTS 82F/13	BCGS 082F092
DATA BY : B.M.	DATE : Jan. 2009
SCALE : As Shown	FIGURE : 5

Esperanza Grid
26+00 E

gram/tonne lower detection limit), and multi-element total digestion ICP trace element detection. Six selected samples were also analysed for tungsten by fusion – ICP method (0.001% lower detection limit). Analyses certificates were forwarded electronically and by mail to the author. Detailed analytical procedure and sample preparation is described by Eco Tech in Appendix III. Appendix IV contains the certified analyses results.

10.2 Quality Control Measures

Eco Tech Laboratory Ltd. is a certified company which adheres to strict quality control procedures and operates according to ISO quality assurance guidelines. The laboratory performed FA-AA check analyses on all samples with gold results greater than 0.10 gm/t. A re-analysis of sample 129 (28.8 gm/t Au), is in close agreement with the original analysis (34.0 gm/t Au). Sample 130 (original value 14.8 gm/t Au) was re-analysed twice (6.65 and 10.4 gm/t Au), with fluctuating values suggesting a nugget effect influence. All other checks are in close agreement with the original analyses.

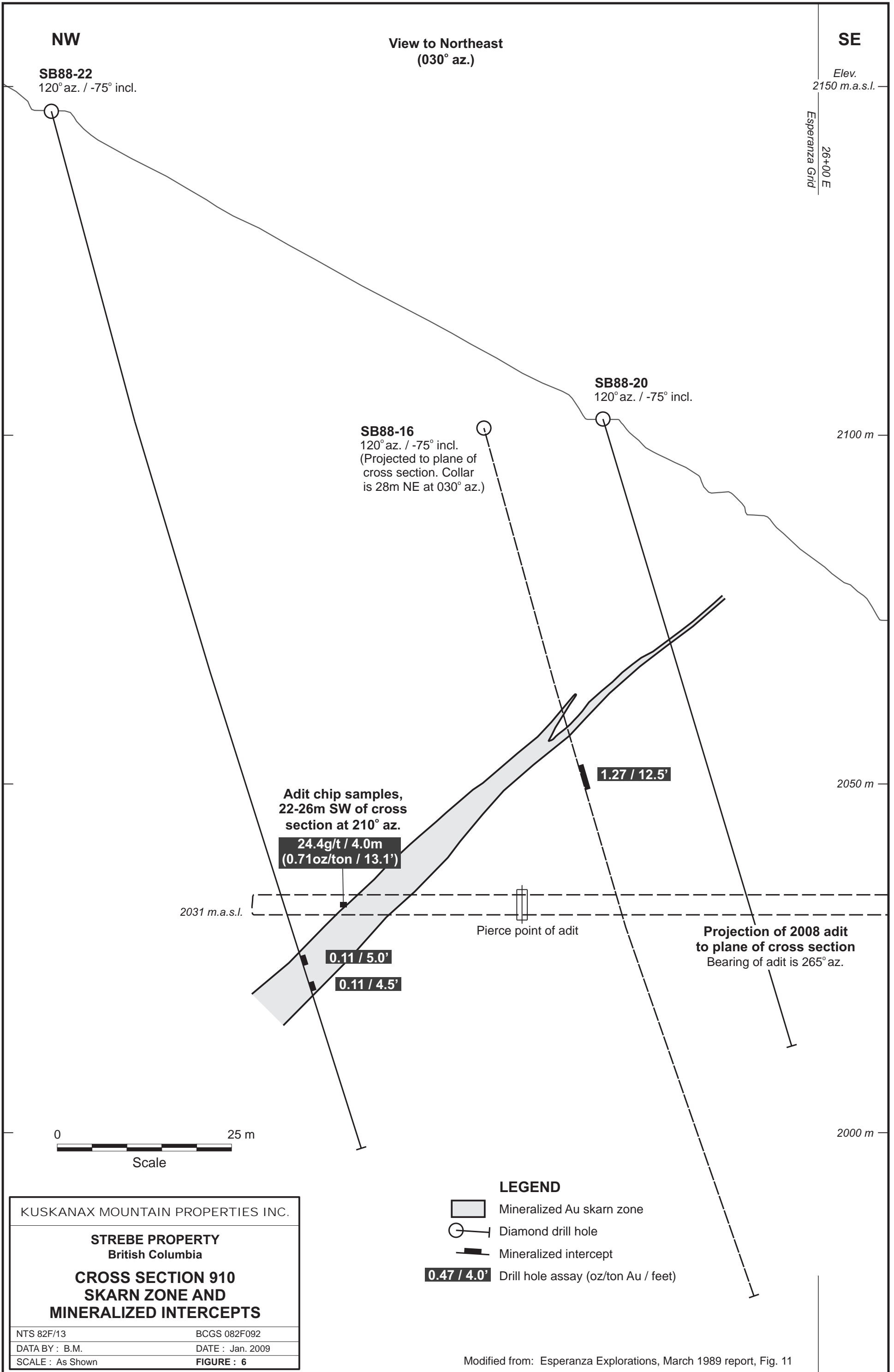
It is the author's opinion that sampling procedures, preparation, security measures and analytical procedures have been performed adequately by this laboratory.

10.3 Results

Assayed gold values of samples collected in the shale, porphyry and the mixed shale/calc-silicate/skarn units are commonly non-detectable (<0.03gm/t) or contain values of 0.06 gm/t or lower. All samples collected in the targeted calc-silicate/skarn zone contain detectable gold values, but still are commonly less than 0.1gm/t. Only two contiguous samples (#129 and 130) recorded values greater than 1 gm/t. These samples, with values of 34.0 and 14.8 gm/t gold in the original assays (see above), together represent an intercept of 24.4 gm/t over 4.0 meters (equivalent to 0.71 ounces/ton over 13.1 feet).

Tungsten values are non-detectable in all of the six selected samples analysed. Samples with significantly elevated zinc values appear randomly, with none of the values exceeding 1%. Elevated magnesium values (say greater than 1.5%) do appear to be associated with mapped skarn and calc-silicate units, as one may expect.

Three surface grab samples (numbers 101, 102 and 103) collected about 80 meters northwest of the adit portal in the area of the original discovery by Alex Strebchuk, from excavated boulders of mixed skarn /metasediments and skarn altered porphyry recorded gold values of 1.99 to 3.25 gm/t.



NW

View to Northeast
(030° az.)

SE

SB88-22
120° az. / -75° incl.

Elev.
2150 m.a.s.l.

Esperanza Grid
26+00 E

SB88-20
120° az. / -75° incl.

SB88-16
120° az. / -75° incl.
(Projected to plane of
cross section. Collar
is 28m NE at 030° az.)

2100 m

Adit chip samples,
22-26m SW of cross
section at 210° az.
24.4g/t / 4.0m
(0.71oz/ton / 13.1')

1.27 / 12.5'

2050 m

2031 m.a.s.l.

Pierce point of adit

Projection of 2008 adit
to plane of cross section
Bearing of adit is 265° az.





0.11 / 5.0'

0.11 / 4.5'

2000 m

0 25 m
Scale

LEGEND

-  Mineralized Au skarn zone
-  Diamond drill hole
-  Mineralized intercept
-  0.47 / 4.0' Drill hole assay (oz/ton Au / feet)

KUSKANAX MOUNTAIN PROPERTIES INC.

STREBE PROPERTY
British Columbia

CROSS SECTION 910
SKARN ZONE AND
MINERALIZED INTERCEPTS

NTS 82F/13

BCGS 082F092

DATA BY : B.M.

DATE : Jan. 2009

SCALE : As Shown

FIGURE : 6

Modified from: Esperanza Explorations, March 1989 report, Fig. 11

11. MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

No mineral resource or reserve estimates have been made by the author. The Esperanza report lists drill indicated "reserves" of 128,000 tons grading 0.25 oz/ton gold (31,700 ounces), with additional drill inferred "reserves" of 172,000 tons at 0.25 oz/ton. The stated dimensions include a strike length of 180 meters, up to 180 meters depth, and an average width of 10.8 feet (3.3 meters). Once again, a note to the reader, the usage of the word "reserves" in Esperanza's report does not comply with the definition as stated in National Instrument 43-101, and CIM Definition Standards, and therefore these tonnage and grade estimates should be considered with caution.

12. CONCLUSIONS AND RECOMMENDATIONS

Kuskanax Properties has been successful with respect to the company's initial goal of intersecting the gold mineralized skarn zone approximately 20 vertical meters below the high-grade gold intercept in drill hole SB88-16. Results of the underground sampling program are very encouraging, as high-grade gold mineralization (24.4 gm/t over 4.0 m) was intersected, extending the known strike length of the mineralized skarn zone to the south, based on subsurface assayed intercepts, which is now approximately 130 meters trending 20° to 30° azimuth. No true, nor even an apparent width of this new mineralized intercept can be postulated, as the two anomalous samples were collected along strike of the skarn. More sampling along the back of the drift (across the width of the skarn), should help in defining the dimensions of economic mineralization at this location.

Other than the two samples mentioned above, the gold concentrations in samples from the skarn zone are not considered to be economic, as they are all less than 1 gm/t. These values, along with the few high-grade values, are similar to the gold concentrations found in Esperanza's 1987 and 1988 drill programs, although drill intercepts in the northern part are generally higher, in the 0.1-0.2 oz/t range (3-7 gm/t). The concentrations in 3 grab samples the author collected in this area supports this observation, as the values ranged from 2 to 3.25 gm/t.

The apparent scattered higher grade gold occurrences suggest the presence of discontinuous lenses or pockets situated within the lower grade gold mineralized skarn. Roberts mentioned in the Esperanza report the presence of four south raking high grade mineralized shoots in the Heino-Money zone. There is the possibility that the high grade intercepts in the adit and in hole 16 may represent slices of separate shoots, or the same shoot. To test these theories would require drilling from within the adit, and on surface, after determining the geometric configuration of the theorized shoot(s). The length of the horizontal projection of the theorized shoot from the adit to hole 16 intercept is roughly 62 meters. So the actual length would be slightly longer, say 68 meters, having a plunge of about 20° at a bearing of roughly 245° azimuth (Figures 5 and 6). The author has not estimated the orientation of the rake of the theorized shoot. A more detailed structural analysis is required to determine the location and orientation of any proposed drill holes.

Regardless of the presence of high grade mineralized shoots or lenses, the author recommends increasing the density of intercepts through the skarn zone, by a combination of underground and surface drilling, and possibly with the excavation of additional underground workings.

REFERENCES

BC Minfile Number 082FNW234: *Minfile Record Summary of Tillicum Property*, April 2008.

BC Minfile Number 082FNW255: *Caribou Mineral Tenure*.

Hyndman, D. W. (1968): *Petrology and structure of Nakusp map-area, British Columbia*; Geological Survey of Canada, Bulletin 161.

Little, H.W. (1960): *Nelson Map-Area, West Half, British Columbia (82FIW1/2)*; Geological Survey of Canada, Memoir 308.

Roberts, W. J. (1989): *Report On The Strebe Property Caribou Claims*; for Esperanza Explorations Ltd.

APPENDIX I
CERTIFICATE OF AUTHOR

Brian H. Meyer P.Geol.

730 Alexander Road
RR1 Site 5A Comp. 47
Nakusp, British Columbia
Canada - V0G 1R0

Tel. 250-265-0243 - meyerbrian@telus.net

CERTIFICATE OF AUTHOR

I, Brian H. Meyer, P.Geol., am a Professional Geoscientist of 730 Alexander Road in the Village of Nakusp, in the Province of British Columbia.

I am a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

I graduated from the University of Alberta with a Bachelor of Science degree in Geology in 1979, and I have practiced my profession continuously since 1979.

Since 1979 I have been involved in mineral exploration for gold, silver, copper, zinc, molybdenum, uranium, rare earth metals and sapphires in Canada, USA, Mexico, Chile, Bolivia and Argentina.

As a result of my experience and qualifications, I am a Qualified Person as defined in National Instrument 43-101.

I am presently a Consulting Geologist and have been so since June, 1999.

On August 23, 30 and September 5, 2008, I visited the Strebe Project of Kuskanax Mountain Properties Inc. located in the Slocan Mining Division, British Columbia, Canada, for the purposes of mapping and sampling recent underground workings on the property.

This report, titled *Geological Exploration Report of the Strebe Gold Property Slocan Mining Division – British Columbia*, dated February 5, 2009 was prepared by me. My compensation for this report is strictly on a professional fee basis.

The sources of all information not based on personal examination are quoted in the report. The information provided by the various parties is to the best of my knowledge and experience correct.

I am not aware of any material fact or material change with respect to the subject matter of this technical report, which is not reflected in this report, the omission to disclose which would make this report misleading.

I am independent of Kuskanax Mountain Properties Inc. in accordance with the application of Section 1.4 of National Instrument 43-101.

I have had no prior involvement with the Strebe property, which is the subject of this report.

I have read National Instrument 43-101, and this report may not have been prepared in 100% compliance with NI 43-101, as Kuskanax Mountain Properties Inc. is not a reporting issuer.

Dated at Nakusp, British Columbia, this 5th day of February, 2009.



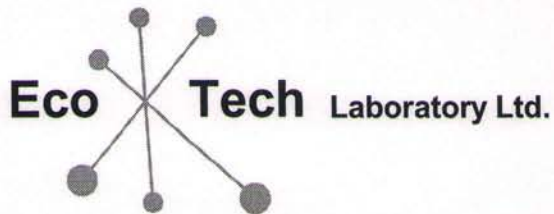
Brian H. Meyer - Qualified Person

APPENDIX II
STATEMENT OF COSTS

STATEMENT OF COSTS

1. Field Personnel		
Geologist: 2 days (Aug 30, Sep 5, 2008) @ \$550/day	1,100	
Assistant: 2 days (Aug 30, Sep 5, 2008) @ \$300/day	<u>600</u>	
	1,700	\$1,700
2. Transportation		
270 kms (Aug 30, Sep 5, 2008) @ 0.50/km	135	135
3. Geochemistry		
41 rock analyses and shipping	1,549	
Half day sample preparation for shipping @ 550/day	275	
Supplies (sample bags, paint, flagging)	<u>70</u>	
	1,894	1,894
4. Report Preparation		
Geologist: 5 days @ 550/day	2,750	
Drafting	948	
Copying maps	157	
Report supplies and photocopying	<u>66</u>	
	3,921	<u>3,921</u>
TOTAL		\$7,650

APPENDIX III
GEOCHEMICAL ANALYTICAL PROCEDURE



Analytical Procedure Assessment Report

Eco Tech Laboratory Ltd. is registered for ISO 9001-2000 by QMI Quality registrars (CDN 52172-01) for the "provision of assay and geochemical analytical services". Eco Tech also Participates in The Canadian Certified Reference Materials Project (CCRMP) testing program annually.

SAMPLE PREPARATION

Samples are catalogued and logged into the sample-tracking database. During the logging in process, samples are checked for spillage and general sample integrity. It is verified that samples match the sample shipment requisition provided by the clients. The samples are transferred into a drying oven and dried.

Rock samples are crushed on a Terminator jaw crusher to minus 10 mesh ensuring that 70% passes through a Tyler 10 mesh screen.

Every 35 samples a re-split is taken using a riffle splitter to be tested to ensure the homogeneity of the crushed material.

A 250 gram sub sample of the crushed material is pulverized on a ring mill pulverizer ensuring that 95% passes through a 150 mesh screen. The sub sample is rolled, homogenized and bagged in a pre-numbered bag.

A barren gravel blank is prepared after each job in the sample prep to be analyzed for trace contamination along with the actual samples.

MULTI-ELEMENT TOTAL DIGETION ICP-AES (BICP-12)

A 0.5 gram sample is weighed into teflon tubes. The sample is digested with nitric acid and hydrochloric acid, then hydrofluoric and perchloric acids. The sample is taken to dryness using a heating block apparatus. The sample is subsequently re-dissolved with 3ml of a 3:1:2 (HCl:HN03:H2O) which contains beryllium (acts as an internal standard) and the sample is then diluted to 10ml with water. The sample is analyzed on a Thermo IRIS Intrepid II XSP ICP unit.

Certified reference material is used to check the performance of the machine and to ensure that proper digestion occurred in the wet lab. QC samples are run along with the client samples to ensure no machine drift occurred or instrumentation issues occurred during the run procedure. Repeat samples (every batch of 10 or less) and re-splits (every batch of 35 or less) are also run to ensure proper weighing and digestion occurred.

Results are collated by computer and are printed along with accompanying quality control data (repeats and standards). Results are printed and are emailed, faxed or mailed to the clients.

Detection Limits:

Ag	0.2ppm	Mo	1ppm
Al	0.01%	Na	0.01%
As	5ppm	Ni	1ppm
Ba	5ppm	P	10ppm
Bi	5ppm	Pb	2ppm
Ca	0.01%	Sb	5ppm
Cd	1ppm	Sn	20ppm
Co	1ppm	Sr	1ppm
Cr	1ppm	Ti	0.01%
Cu	1ppm	U	10ppm
Fe	0.01%	V	1ppm
La	10ppm	W	10ppm
Mg	0.01%	Y	1ppm
Mn	1ppm	Zn	1ppm

ASSAY GOLD ANALYSIS (BAUFA-32)

A 30 g sample size is fire assayed using appropriate fluxes. The resultant dore bead is parted and then digested with aqua regia and then analyzed on an atomic absorption instrument (Perkin Elmer/Thermo S-Series AA instrument). Gold detection limit on AA is 0.03-100 g/t. Any gold samples over 100g/t will be run using a gravimetric analysis protocol.

Appropriate standards and repeat/re-split samples (Quality Control Components) accompany the samples on the data sheet for quality control assessment.

Tungsten (W) Ore Grade Assay (BOGA-54)

A 0.2 gram of sample is weighed out with 0.5 gram of flux into 13x100 test tubes. The test tubes are loaded into metal racks and placed in a 700°C oven for 25 minutes. The sample is fused in the furnace and then the pellet is placed into sample cups with 100 ml of DI water. The cups are sonicated in a 50°C water-bath for 10 minutes and then placed in a shaker for 15 minutes. The samples are allowed to sit for 10 minutes before being decanted into test tubes for analysis.

The sample is run on a Thermo IRIS Intrepid II XSP ICP unit for tungsten (Lower detection limits 0.001%).

Certified reference material is used to check the performance of the machine and to ensure that proper digestion occurred in the wet lab. QC samples are run along with the client samples to ensure no machine drift occurred or instrumentation issues occurred during the run procedure. Repeat samples (every batch of 10 or less) and re-splits (every batch of 35 or less) are also run to ensure proper weighing and digestion occurred.

Results are collated by computer and are printed along with accompanying quality control data (repeats and standards). Results are printed and are emailed, faxed or mailed to the clients.

APPENDIX IV
GEOCHEMICAL ANALYSES CERTIFICATES

Eco Tech Laboratory Ltd.
 10041 Dallas Drive,
 Kamloops, British Columbia,
 V2C 6T4, Canada
 Tel + 250 573 5700
 Fax + 250 573 4557
 www.alexstewart.com



Alex
 Stewart
 GEOCHEMICAL

CERTIFICATE OF ASSAY AK 2008-1524

Petro-Met Geological Inc

28-Oct-08

730 Alexander Rd
RR1 S5A C47
 Nakusp, BC
 V0G 1R0

No. of samples received: 41

Sample Type: Rock

Project: Nakusp

Shipment #: 1

Submitted by: Brian Meyer

ET #.	Tag #	Au (g/t)	Au (oz/t)	Ag (g/t)	Ag (oz/t)	W (%)
1	101	1.99	0.058			
2	102	2.00	0.058			
3	103	3.25	0.095			
4	104	<0.03	<0.001			
5	105	0.03	0.001			
6	106	<0.03	<0.001			
7	107	<0.03	<0.001			
8	108	0.14	0.004			
9	109	0.03	0.001			
10	110	<0.03	<0.001			
11	111	0.33	0.010	56.3	1.64	
12	112	<0.03	<0.001			
13	113	<0.03	<0.001			
14	114	0.06	0.002			
15	115	0.03	0.001			
16	116	0.04	0.001			
17	117	<0.03	<0.001			
18	118	<0.03	<0.001			
19	119	<0.03	<0.001			
20	120	<0.03	<0.001			
21	121	<0.03	<0.001			
22	122	<0.03	<0.001			
23	123	<0.03	<0.001			
24	124	<0.03	<0.001			


 ECO TECH LABORATORY LTD.
 Jutta Jealous
 B.C. Certified Assayer



28-Oct-08

Petro-Met Geological Inc - 1524

ET #.	Tag #	Au (g/t)	Au (oz/t)	Ag (g/t)	Ag (oz/t)	W (%)
25	125	<0.03	<0.001			
26	126	0.04	0.001			
27	127	0.07	0.002			
28	128	0.32	0.009			
29	129	34.0	0.992			
30	130	14.8	0.432			
31	131	0.05	0.001			
32	132	0.05	0.001			
33	133	0.04	0.001			<0.001
34	134	0.09	0.003			
35	135	0.07	0.002			
36	136	0.25	0.007			
37	137	0.07	0.002			<0.001
38	138	0.10	0.003			<0.001
39	139	<0.03	<0.001			<0.001
40	140	<0.03	<0.001			<0.001
41	141	<0.03	<0.001			<0.001

QC DATA:

Repeat:

1	101	2.00	0.058			
2	102	2.08	0.061			
3	103	2.95	0.086			
10	110	<0.03	<0.001			
11	111	0.29	0.008			
19	119	<0.03	<0.001			
28	128	0.30	0.009			
29	129	28.8	0.840			
30	130	6.65	0.194			
30	130	10.4	0.303			
33	133					<0.001
36	136	0.26	0.008			


Resplit:

1	101	1.89	0.055			
36	136	0.23	<0.001			

Standard:

HiSilk2		3.44	0.100			
HiSilk2		3.42	0.100			
Pb129				24.1	0.703	
TLG-1						0.086

Eco Tech Laboratory Ltd.
10041 Dallas Drive,
Kamloops, British Columbia,
V2C 6T4, Canada
Tel + 250 573 5700
Fax + 250 573 4557
www.alexstewart.com


ECO TECH LABORATORY LTD.
Jutta Jealous
B.C. Certified Assayer

Alex Stewart Geochemical
 ECO TECH LABORATORY LTD.
 10041 Dallas Drive
 KAMLOOPS, B.C.
 V2C 6T4
 www.alexstewart.com

ICP CERTIFICATE OF ANALYSIS AK 2008- 1524
 Total Digest

Petro-Met Geological Inc
 730 Alexander Rd
 RR1 S5A C47
 Nakusp, BC
 VOG 1R0

Phone: 250-573-5700
 Fax : 250-573-4557

No. of samples received: 41
 Sample Type: Rock
 Project: Nakusp
 Shipment #:1
 Submitted by: Brian Meyer

Values in ppm unless otherwise reported

Et #.	Tag #	Ag	Al %	As	Ba	Bi	Ca %	Cd	Co	Cr	Cu	Fe %	K%	La	Mg %	Mn	Mo	Na %	Ni	P	Pb	Sb	Sn	Sr	Ti %	U	V	W	Y	Zn
1	101	4.4	7.37	635	290	<5	7.28	5	6	112	74	3.74	3.01	20	2.18	3405	17	0.95	34	1340	90	5	<20	498	0.31	<10	157	<10	24	338
2	102	2.0	8.78	540	685	<5	3.71	49	7	86	51	4.51	4.03	20	1.94	1743	5	1.54	14	1360	86	5	<20	658	0.33	<10	103	<10	19	3135
3	103	3.6	9.36	580	1115	<5	3.12	13	26	124	110	6.50	4.30	20	2.50	1339	4	1.80	32	1770	154	5	<20	482	0.44	<10	215	<10	17	912
4	104	0.2	4.97	<5	460	<5	>10	9	8	131	48	2.89	2.20	10	0.74	357	18	1.31	42	570	36	<5	<20	265	0.16	<10	412	<10	12	643
5	105	0.4	9.22	5	990	<5	3.55	<1	17	113	42	5.47	2.03	10	2.24	807	4	3.53	25	1340	38	<5	<20	537	0.46	<10	210	<10	17	130
6	106	1.0	8.45	5	440	<5	4.79	3	13	136	67	4.95	2.51	10	1.61	621	12	2.43	33	1200	38	5	<20	509	0.37	<10	261	<10	19	256
7	107	2.0	7.32	15	815	<5	6.43	9	10	102	68	4.16	2.76	10	1.31	888	13	1.47	28	980	40	<5	<20	438	0.28	<10	265	<10	20	588
8	108	2.2	3.56	80	385	<5	>10	15	7	132	54	3.02	1.54	10	1.70	3273	25	0.81	41	660	34	<5	<20	692	0.17	<10	408	<10	16	1051
9	109	0.8	8.31	5	425	<5	3.83	2	5	98	32	3.00	1.97	20	1.03	842	7	2.61	16	1080	42	<5	<20	629	0.30	<10	143	<10	20	173
10	110	2.0	6.54	<5	195	<5	2.63	14	10	196	99	3.93	2.19	20	1.44	517	31	1.54	55	1000	36	<5	<20	296	0.31	<10	479	<10	23	926
11	111	>30	7.82	680	50	20	4.06	103	10	94	69	5.03	2.07	20	0.91	1433	4	2.33	22	980	7088	25	<20	567	0.26	<10	83	<10	17	7328
12	112	1.8	8.74	15	380	<5	3.33	4	8	140	48	3.79	2.10	20	1.02	760	12	2.73	25	1140	62	5	<20	657	0.34	<10	207	<10	23	222
13	113	2.0	5.72	<5	445	<5	5.93	5	6	143	40	2.29	1.64	20	0.97	963	18	1.17	35	920	40	<5	<20	509	0.28	<10	253	<10	24	345
14	114	2.0	6.02	20	295	<5	5.32	15	9	195	71	3.42	1.99	20	1.15	929	45	0.91	75	980	44	<5	<20	486	0.33	<10	554	<10	24	980
15	115	3.0	8.17	40	345	<5	6	2	12	79	54	4.71	2.11	10	1.19	1233	6	2.05	20	1170	84	5	<20	778	0.35	<10	154	<10	16	201
16	116	2.6	8.93	<5	545	<5	3.91	<1	9	92	19	4.42	2.14	30	1.03	911	5	2.79	11	1470	50	<5	<20	830	0.36	<10	119	<10	22	93
17	117	0.8	9.16	<5	540	<5	4.08	2	7	92	21	4.04	2.19	20	1.02	1032	8	3.39	16	1390	48	5	<20	750	0.37	<10	145	<10	22	189
18	118	0.2	9.05	<5	530	<5	3.9	<1	6	63	18	3.26	2.09	20	0.99	915	3	3.07	7	1080	32	<5	<20	701	0.27	<10	100	<10	21	91
19	119	0.4	9.22	<5	565	<5	3.48	<1	7	76	21	3.94	2.13	20	1.01	989	4	3.28	9	1360	38	<5	<20	861	0.33	<10	105	<10	21	94
20	120	0.2	8.78	<5	565	<5	3.01	<1	6	92	15	3.35	1.96	20	0.98	924	3	3.31	9	1140	32	<5	<20	931	0.32	<10	103	<10	21	83
21	121	0.2	9.65	10	580	<5	3.9	<1	7	103	18	4.19	2.13	20	1.05	1167	4	4.02	10	1440	42	<5	<20	980	0.40	<10	112	<10	23	94
22	122	0.2	9.52	50	620	<5	3.55	<1	8	92	22	4.03	2.05	20	1.08	1128	4	3.79	12	1380	38	5	<20	985	0.37	<10	116	<10	22	100
23	123	0.6	8.78	<5	515	<5	4	3	15	108	91	4.83	2.13	10	1.79	819	12	2.64	34	1380	34	<5	<20	711	0.37	<10	286	<10	18	258
24	124	0.8	8.77	10	1375	<5	3.18	<1	22	91	88	6.73	2.50	10	2.44	885	5	2.95	27	1690	32	<5	<20	757	0.48	<10	266	<10	16	168
25	125	0.4	8.69	<5	1305	<5	3.85	<1	18	201	84	6.11	2.29	10	2.23	931	6	3.06	30	1520	34	<5	<20	812	0.44	<10	242	<10	15	154

Et #.	Tag #	Ag	Al %	As	Ba	Bi	Ca %	Cd	Co	Cr	Cu	Fe %	K%	La	Mg %	Mn	Mo	Na %	Ni	P	Pb	Sb	Sn	Sr	Ti %	U	V	W	Y	Zn
26	126	3.8	8.48	75	1400	<5	3.63	1	18	97	91	5.84	2.63	10	2.22	959	6	2.41	30	1640	42	5	<20	826	0.43	<10	253	<10	16	186
27	127	2.0	8.70	55	1580	<5	4.37	<1	23	86	90	6.88	2.91	10	2.62	1193	5	2.40	29	1770	42	5	<20	726	0.46	<10	243	<10	15	175
28	128	1.0	8.73	635	1080	<5	6.09	3	24	88	107	7.92	2.72	10	2.49	1653	6	2.20	40	1650	48	5	<20	767	0.47	<10	205	<10	16	216
29	129	15.4	7.46	1410	150	<5	>10	13	32	70	97	6.75	1.99	20	1.88	2888	4	1.75	43	1540	420	30	<20	825	0.39	<10	201	<10	16	783
30	130	13.2	8.72	215	110	<5	7.51	21	22	130	126	6.48	2.01	20	2.14	1707	11	2.26	53	1750	422	15	<20	738	0.42	<10	285	<10	20	1595
31	131	1.2	7.05	15	165	<5	>10	3	16	80	85	4.78	1.72	20	1.45	2014	16	1.61	44	1260	44	<5	<20	788	0.30	<10	205	<10	16	198
32	132	1.6	8.81	60	80	<5	3.34	4	19	131	123	5.85	2.37	20	1.85	615	22	1.90	71	1490	56	<5	<20	513	0.35	<10	382	<10	20	411
33	133	1.8	8.11	10	90	<5	4.83	5	19	119	110	5.66	2.17	20	1.79	880	14	1.97	47	1550	128	<5	<20	556	0.37	<10	279	<10	19	401
34	134	2.0	8.96	410	295	<5	4.13	1	21	106	104	5.90	2.32	10	1.99	1006	8	2.62	37	1630	44	<5	<20	611	0.37	<10	217	<10	16	140
35	135	1.8	9.35	205	720	<5	3.77	2	21	97	113	5.95	2.87	20	2.55	1113	7	2.23	35	1750	38	5	<20	571	0.42	<10	260	<10	17	194
36	136	1.4	9.15	30	1395	<5	5.69	<1	25	87	110	6.63	2.64	10	2.74	1277	5	2.51	36	1660	40	5	<20	648	0.45	<10	234	<10	16	123
37	137	0.6	9.41	90	1250	<5	4.18	<1	21	94	124	5.79	2.33	10	2.96	930	5	3.08	32	1480	38	<5	<20	729	0.38	<10	263	<10	17	114
38	138	1.0	9.57	280	1490	<5	7.54	<1	41	86	121	8.72	2.58	10	2.60	1539	6	2.45	48	2390	60	10	<20	774	0.57	<10	244	<10	18	169
39	139	0.4	9.25	<5	1665	<5	4.69	<1	24	82	131	6.35	2.16	10	2.82	951	5	2.95	35	1600	36	<5	<20	897	0.40	<10	246	<10	17	130
40	140	0.8	9.99	<5	930	<5	5.96	<1	25	92	118	7.34	1.95	10	2.88	1060	7	4.60	38	2050	46	<5	<20	1094	0.50	<10	260	<10	19	186
41	141	1.0	9.02	40	1530	<5	5.1	<1	21	97	125	6.07	2.20	10	2.68	1015	5	3.40	34	1480	152	5	<20	930	0.43	<10	251	<10	16	193

QC DATA:

Repeat:

1	101	4.2	7.17	615	285	<5	7.42	4	6	108	68	3.82	2.87	20	2.11	3506	17	0.91	33	1390	90	10	<20	484	0.31	<10	155	<10	21	340
10	110	1.8	6.37	5	215	<5	2.68	14	11	212	95	3.91	2.38	20	1.38	511	31	1.52	56	1020	40	5	<20	295	0.31	<10	461	<10	22	922
19	119	0.3	9.11	<5	565	<5	3.31	<1	8	77	20	4.07	2.20	20	1.00	1125	5	3.36	9	1410	40	10	<20	858	0.35	<10	109	<10	21	101
36	136	1.4	9.26	35	1455	<5	5.60	<1	26	90	111	6.72	2.79	10	2.85	1301	8	2.49	40	1630	42	<5	<20	711	0.46	<10	244	<10	17	113

Resplit:

1	101	3.9	7.68	670	310	<5	7.74	5	8	101	71	4.12	2.79	30	2.31	3613	20	0.90	40	1460	110	5	<20	525	0.34	<10	161	<10	24	324
36	136	1.6	9.26	25	1425	<5	5.56	<1	25	91	111	6.43	2.76	10	2.86	1295	5	2.69	34	1640	36	<5	<20	714	0.44	<10	247	<10	17	122


Standard:

STSD-3		0.4	5.77	35	1395	<5	2.45	<1	16	60	35	4.32	1.47	30	1.47	2669	9	1.23	38	1660	38	5	<20	352	0.29	<10	112	<10	29	206
STSD-3		0.5	5.83	25	1340	<5	2.44	<1	15	58	33	4.29	1.39	30	1.42	2505	8	1.17	35	1710	42	5	<20	341	0.30	<10	116	<10	28	232

ICP:4 ACID DIGEST/ICP-AES FINISH

Ag: 4 ACID DIGEST/AA-FINISH

JJ/sa
11/10/08
XLS/08


ECO TECH LABORATORY LTD.
Jutta Jealouse
B.C. Certified Assayer

APPENDIX V

ESPERANZA EXPLORATIONS LTD. MARCH 1989 REPORT

**REPORT ON THE
STREBE PROPERTY
CARIBOU CLAIMS**

**SLOCAN MINING DIVISION
CARIBOU CREEK AREA
BRITISH COLUMBIA
NTS: 82F/13E**

**For: Esperanza Explorations Ltd.
By: W. J. Roberts – March, 1989
(Field Work Done During Aug. 15-Oct. 20, 1988)**

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SUMMARY

Gold bearing skarn mineralization on the Strebe property has been outlined in both surface exposures and drill holes in a geological environment similar to the East Ridge deposit located 3 kilometers to the west. The East Ridge has reserves in excess of 350,000 ounces of gold.

The main Strebe skarn zone consists of an intensely brecciated and calc-silicate altered sediment within the immediate hanging wall of a syenite porphyry sill. Additional skarn zones both structurally above and below the main zone also occur adjacent to porphyry sills and carry anomalous values in gold.

The 1988 drilling program of 16 holes within the main zone, totalling 2149 meters (7092 feet) confirmed gold mineralization along strike and to depth with assay values ranging to 1.27 oz/ton gold over 3.8 meters (12.5 feet).

Drill indicated reserves within the main zone are estimated at 128,000 tons grading 0.25 oz/ton gold. An additional drill inferred reserve of 172,000 tons of similar grade has also been established. Total drill indicated-inferred reserves now stand at 300,000 tons grading 0.25 oz/ton gold. The main zone averages 3.3 meters (11.0 feet) thick and dips at 40 to 50 degrees to the west.

The Strebe gold skarn zone remains open along strike and to depth and presents excellent possibilities for expansion of reserves.

Continued drilling is recommended, the next phase of which would consist of 3000 meters (10,000 feet) for a budgeted expenditure of \$292,000. The objective of this program is to develop reserves of 1 to 2 million tons containing in excess of 250,000 ounces of gold.

Ore would likely be processed at Esperanza Exploration's proposed Tillicum Mountain mill site in Londonderry Creek.

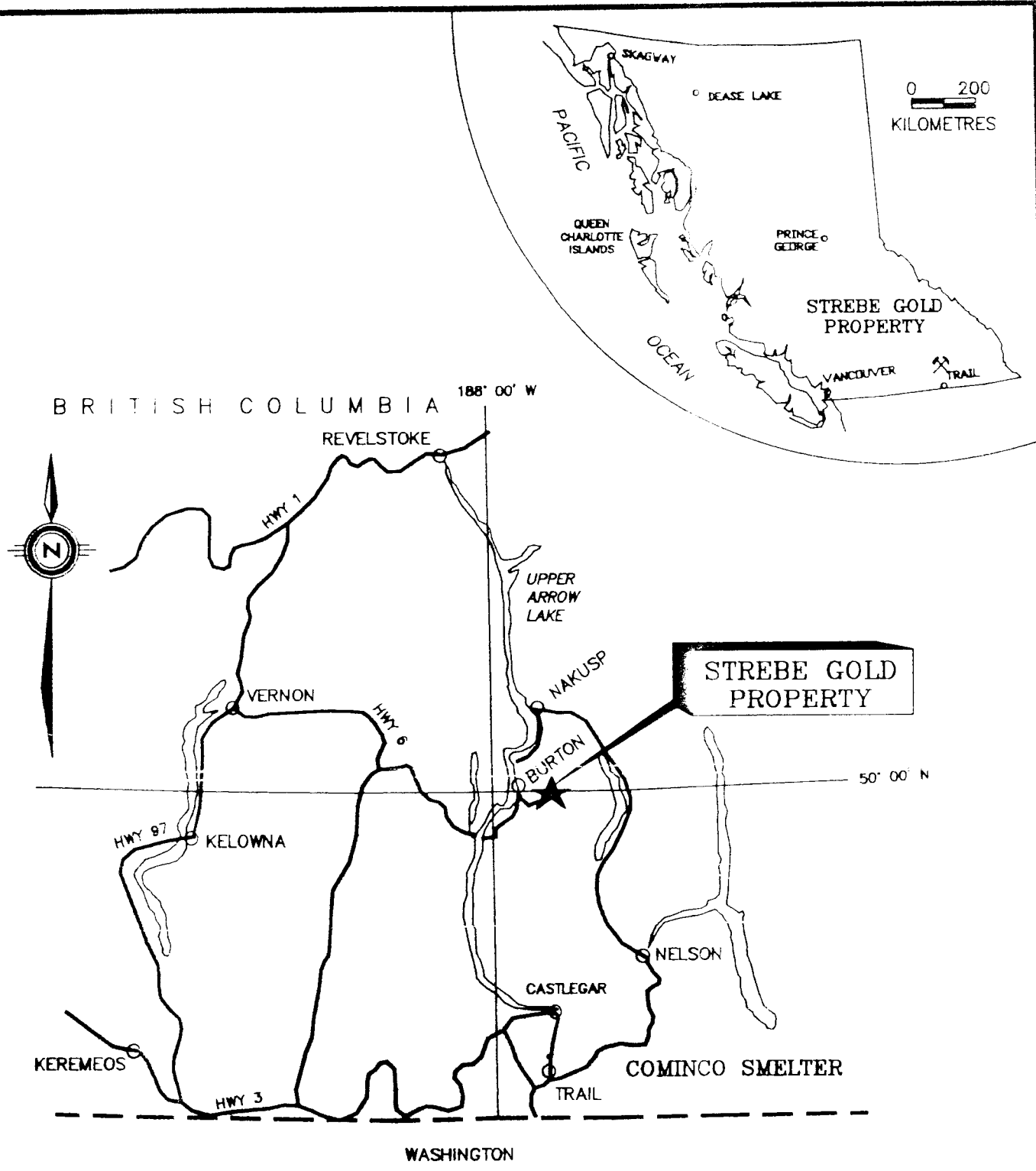
INTRODUCTION

Gold-skarn mineralization was initially discovered in the Tillicum Mountain area in 1980. Since discovery, Esperanza Explorations Ltd. has successfully delineated in excess of 380,000 ounces of gold on the Tillicum Mountain Property in two of the known deposits on the claims. All precious metal skarn mineralization is hosted in two northeast trending belts containing porphyry dykes and sills.

The Strebe Property consisting of the Caribou 3 to 7 modified grid claims totalling 48 units is situated near the headwaters of Caribou Creek and lies immediately east of the Tillicum Mountain claims. Esperanza Explorations Ltd. has entered into an option agreement with the vendor to purchase a 100 percent interest in the Property. The Vendor had previously established road access to the property and main Strebe zone as well as initiated trenching and bulk sampling.

Esperanza acquired the Property in October, 1987, and carried out a program of road building, surface sampling and eight drill holes totalling 627 meters (2070 feet) during the period October 20 to November 13, 1987.

In 1988, Esperanza completed 16 holes, 2149 meters (7092 feet), of diamond drilling on the Strebe Property which work outlined a significant reserve of gold mineralization that remains open along strike and to depth. This report summarizes work completed in 1988 with recommendations for continued exploration in 1989. The 1988 field expenditures totalled \$238,205.



ESPERANZA EXPLORATIONS LTD.	
STREBE GOLD PROPERTY	
SLOCAN MINING DIVISION, B.C. NTS: 82F/13	
LOCATION MAP	
W.ROBERTS	
DATE: February 1989	FIGURE: 1

0 100
SCALE IN KILOMETRES

LOCATION AND ACCESS

The Strebe Property consisting of the Caribou claims is located in the Tillicum Gold Camp in the headwaters of Caribou Creek centered at 49° 60'N. latitude and 117° 39'W. longitude (N.T.S. 82F/13E), in the Slocan Mining Division, British Columbia.

The Caribou claims cover the headwaters of the west fork of Caribou Creek, portions of the headwaters of Londonderry Creek and the northern slopes of Grey Wolf Mountain. The claims lie immediately east of the Tillicum Mountain Property which is currently being actively explored. The Strebe deposit is 3 kilometers (2 miles) directly east of the East Ridge deposit.

The Property is accessible by serviceable logging roads from either the Shannon Creek Road which leaves Highway 6 at Hills or the Caribou Creek Road which leaves Highway 6 at Burton. Total distance from Burton to the Strebe Property is 40 kilometers (25 miles). During the period May through November, roads are passable by 2-wheel drive truck to the property boundary, then by 4-wheel drive within the Property.

The main gold zone occurs on the east facing slope of Hailstorm ridge at an elevation of 2050 meters (6800 feet).

Water sufficient for diamond drilling, underground development and camp purposes is available at an elevation of 1800 meters (5900 feet) from Strebe Creek which drains the central portion of the Property.

Snow conditions in the area generally limit surface exploration to the period June through October. Snow clearing programs have been used in the past to extend the field season by several months.

CLAIM STATUS

The Strebe Property consists of 48 metric grid claim units staked as the Caribou 3 to 7 claims.

The claims were acquired using the modified grid system with claim locations as noted on the accompanying claim map. The claims are within N.T.S. mineral claim map 82F/13E and are located in the Slocan Mining District. A complete description of the individual claims, including record numbers comprising the Property follows:

CARIBOU CLAIMS - STREBE PROPERTY

The following claims were acquired by Esperanza Explorations Ltd. under an option agreement dated September 20, 1987 with Alex Strebchuk of New Denver, B.C.:

<u>Claim Name</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Month of Record</u>	<u>Year of Expiry</u>
CARIBOU 3	18	2958	August	1999
CARIBOU 4	18	2959	August	1999
CARIBOU 5	2	4916	February	1999
CARIBOU 6	6	4917	February	1999
CARIBOU 7	4	4918	February	1999

Esperanza has the option to acquire a 100% right, title, and interest to the STREBE PROPERTY, by making scheduled option payments; issuing shares of Esperanza; and completing exploration expenditures of at least \$200,000 by October 1, 1989. The Optionor will be entitled to a 3% Net Smelter Return royalty from production from the claims.

HISTORY

The history of mining in the Nakusp area dates back to the late 1800's and the discovery of placer gold in Caribou Creek. The earliest recorded work on Hailstorm Ridge lists a small shipment of "ore" (no assays) from the Crown Granted claims in 1899 (B.C.M.M. pg. 601). The Hailstorm silver prospect was explored from underground by Cominco in 1929/30 by approximately 424 meters (1400 feet) of crosscuts, drifts and raises. There was little further work in the general area until a gold discovery was made on Tillicum Mountain in 1980 by local prospectors (later acquired and explored by Esperanza).

Local prospector Alex Strebchuk is reported to have panned gold from the west fork of Caribou Creek in 1980, and has worked diligently since then to locate its source, now believed to be the STREBE Gold Zone. There is little outcrop on the eastern slope of Hailstorm Ridge, so a 50 by 25 meter station geochemical soil grid was completed in 1983 over a 3 by 5 kilometer area. Which program resulted in the definition of a gold soil anomaly (150 x 300 meters).

In 1984, a small bulldozer was used to build an access road into the area of the gold in soil anomaly, and significant bedrock gold mineralization was located (0.156 opt gold over 2 meters (6.6 feet)).

In 1985 and 1986, Strebchuk located several pockets of high grade visible gold which were mined and milled in his own facility (crusher, ball mill, shaking table). He reportedly recovered 24.5 ounces of gold from about 5 tons of hand cobbled skarn ore. In 1986, Strebchuk drilled two short diamond drill holes beneath the discovery gold showing.

In 1987, Strebchuk continued with trenching the main Strebe zone and uncovered additional skarn mineralization with visible gold. After a site examination, Esperanza acquired the Property and conducted a program of road building (widening and elimination of switchbacks), detailed geological mapping, rock chip sampling and preliminary drill testing in 8 holes.

Esperanza completed an additional 2149 meters (7092 feet) of drilling in 16 holes during 1988. All 1988 drilling was focused on the main Strebe deposit.

REGIONAL SETTING

The Tillicum Mountain area covers a portion of a roof pendant 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 recorded production in excess of 4.0 million ounces of gold.

The Tillicum area is underlain by four principal rock assemblages. From oldest to youngest: Milford Group calc-silicate schists and hornfels, Slocan Group shale and tuffaceous shale, Rossland Group amphibolite and meta-andesite andesite, and quartz diorite to quartz monzonite of the Goat Canyon and Halifax Creek intrusive complex (Ray, Roberts, 1983, 85, 86).

The metavolcanic and metasedimentary succession has seen both regional and contact metamorphism. Unit boundaries are discontinuous and irregular due to faulting and folding. Two stages of intrusions are apparent with an earlier phase of syenite to diorite porphyry followed by quartz monzonite.

Gold-silver mineralization occurs in calc-silicate, quartz skarns developed in Milford to Rossland Group metasedimentary and metavolcanic units adjacent to or in close proximity with syenite 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 3 meters thick. These segregations are generally conformable to the metamorphic fabric, although locally they display crosscutting features.

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 and galena, as well as traces of chalcopyrite and tetrahedrite. The sulphides occur as fine disseminations oriented within the plane of the metamorphic foliation and as coarse-grained aggregates within the segregations. A petrographic study of polished thin sections undertaken by Ken Northcote in 1982 indicated that the gold is contemporaneous with pyrrhotite, pyrite, sphalerite, galena mineralization and predates arsenopyrite and tetrahedrite crystallization. Colin Godwin (pers. comm.) has obtained a Jurassic lead-isotope age for gold-galena mineralization from the Heino-Money deposit.

The silver content of the skarns is highly variable. Gold-rich skarns commonly have very low silver contents with silver-gold ratios of less than 1:1. Silver-rich skarns, such

as the Silver Queen Zone, contain very low gold values. It is of significance that silver rich skarns display a regional zoning pattern in the district and appear to be peripheral to gold-bearing systems.

Two major northeast trending belts of syeno-diorite stocks and sills host all known significant gold-silver mineralization in the Tillicum District. The most westerly belt lies within the boundaries of the Tillicum Mountain Property and hosts the HEINO-MONEY, EAST RIDGE, ARNIE FLATS and GRIZZLY deposits. Current surface drilling and underground drifting programs on the Heino-Money and East Ridge deposits have outlined a proven to drill inferred gold reserve totalling 1.44 million tons, grading 0.27 oz/ton gold. Both deposits remain open and present excellent exploration targets for additional reserves. The other zones have seen preliminary targeting but no drill testing to date.

The eastern belt of porphyry intrusions host the Silver Queen and Hailstorm silver bearing skarns as well as the Strebe gold skarn. The Silver Queen was explored in 1983 where the drilling program outlined a drill indicated reserve of 3 million tons grading 3.0 ozs/ton silver (Roberts, McClintock, 1983). This deposit with a strike length of over 950 meters (3100 feet) remains open along strike and down dip. The Hailstorm deposit outlined for a strike length of over 100 meters (300 feet) consists of a silver rich sulphide skarn developed along a porphyry contact. Recent trenching outlined values to 28.4 ozs/ton silver and 0.048 oz/ton gold over a true thickness of 12.2 meters (40.3 feet) (F.M. Smith, 1983).

The eastern belt trends across the western portion of the Caribou claims and hosts the STREBE GOLD ZONE in a geological setting identical to the East Ridge deposit on the adjacent Tillicum Mountain Property.

PROPERTY GEOLOGY

The following summarizes the lithologic descriptions, structural setting and distribution of unit assemblages throughout the Property.

The Mississippian to Permian Milford Group forms the base of the stratigraphic succession on the Property and consists of siltstones, quartzites and limey sediments which have been regionally metamorphosed to hornfels, schists and gneisses. The Milford succession underlies much of the central and western portion of the claims. Although exposure is poor in the Strebe Creek basin, there is abundant outcrop along the bluffs of Grey Wolf Mountain and Hailstorm Ridge of Milford Group fine grained clastic units.

All units trend northeast with an average strike of 040 degrees and dip moderately to steep towards the northwest. Structurally the claims appear to be underlain by the southeast limb of a major northeast trending syncline.

Observation of cross-bedding in laminated silty shale beds suggests the units are upright and young toward the northwest.

Syenite and diorite porphyry is intrusive into the Milford succession forming dykes and sills to 30 meters (100 feet) in thickness. The intrusive bodies have cores with medium-grained crowded porphyritic texture gradational into margins that are fine-grained and granular. Intense recrystallization and partial assimilation of the sedimentary units adjacent to the thicker porphyry sills has made contacts vague.

Throughout the Tillicum District the syenite and diorite porphyries predate the larger Cretaceous batholiths and stocks and therefore represent the initial stage of intrusive activity in the area.

The syenite to diorite porphyry intrusives occur within a northeast trending belt that averages 1.0 kilometer (3000 feet) wide and has a strike length in excess of 5 kilometers (3 miles). This zone of porphyry sills and dykes is host to all known gold-silver mineralization on the property.

The eastern portion of the property is underlain by the Cretaceous-age Snowslide Creek stocks which are intrusive into the Milford Succession. The stock consists of a fine to medium grained, hypidiomorphic granular quartz monzonite to granodiorite with a contaminated border phase of diorite. Several large rusty weathering xenoliths of intensely hornfelsed sediments of the Milford Group were observed within the border phase of the stock.

Structure is dominated by steep angle normal and reverse faults with little displacement. The metamorphic fabric of the rock closely parallels the bedding planes with minor or parasitic folding only very rarely observed.

TABLE I
STREBE PROPERTY
TABLE OF GEOLOGIC FORMATIONS

<u>Symbol</u>	<u>Lithology</u>
LM	Lamprophyre dykes
<u>UPPER JURASSIC TO CRETACEOUS NELSON INTRUSIVES</u>	
AL	Alaskite
GR	Granodiorite, granite, quartz monzonite
DR	Diorite
<u>MID TO UPPER JURASSIC SKARN</u>	
SQ	Skarn, banded, siliceous skarn
SK	Skarn, calc-silicate, green skarn
MS	Massive sulphides, >50% sulphides
<u>LOWER TO MID JURASSIC INTRUSIONS</u>	
DN	Diorite Hybrid porphyry skarn
PPF	Pink feldspar porphyry - calc-silicate altered syenite porphyry includes HP (hybrid porphyry)
PVP	syenite porphyry
<u>MILFORD GROUP (UPPER PALEOZOIC)</u>	
TS	Tuffaceous shale
SH	Black-grey graphitic shale
SSH	Laminated silty shale
ST	Variably laminated siltstone

TABLE I Continued

MODIFIERS

<u>SYMBOL</u>	<u>DESCRIPTION</u>
a	actinolite
b	brecciated
c	calcite veining
d	banded pyrrhotite
e	epidote
f	faulted (1) minor slip; (2) <to 2cm; (3) <to 10cm; (4) >720cm
g	visible gold
h	hornfels
i	biotite
j	arsenopyrite (tr)
k	calc-silicate altered
l	galena (tr)
m	chlorite
n	skarn altered
o	pyrrhotite (>3%)
p	pyrite (>3%)
q	quartz veining
r	garnet
s	silicified
t	hematite
w	foliated
x	sericite
y	porphyritic
z	sphalerite (>1%)

GOLD MINERALIZATION

Exploration programs have delineated the Strebe deposit along a strike length of over 200 meters (660 feet) and to a depth of roughly 200 meters (660 feet). Gold mineralization on both surface exposures and drill holes varies from 1.5 meters to (5.0 feet) to 10.6 meters (35.0 feet) with an average thickness of 3.3 meters (11.0 feet). The zone trends at 020 degrees and dips from 30 to 50 degrees to the northwest.

The Strebe Gold Zone consists of a quartz-calc-silicate skarn developed within metasediments adjacent to a syenitic porphyry sill (see Map No. 5). The skarn assemblage consists of quartz, plagioclase, tremolite-actinolite, garnet, biotite and calcite. The overall pink colouration is due to fine grained micro-biotite associated with the intense silicification and the presence of rhodonite. An initial stage of silicification has been followed by brecciation and late stage gold-calcite mineralization.

Native gold occurs both within the pink silicified skarn and late stage calcite fracture fillings as 50 micron to 3 millimeter flakes associated with 2 to 10 percent disseminated pyrrhotite, pyrite, sphalerite and arsenopyrite.

Previous work by the Vendor includes bulk sampling and 86 meters (120 feet) of diamond drilling in two holes. A 5-ton bulk sample of siliceous skarn taken from the road cut along the exposed Strebe Zone is reported to have assayed approximately 5.0 ozs/ton gold. Two short holes drilled at shallow angles to the west intersected skarn mineralization. Hole 1 assayed 0.47 oz/ton gold over 1.2 meters (4 feet) from 7.5 meters (25 feet) to 8.8 meters (29 feet). Hole 2 intersected skarn mineralization from 13.7 meters (45 feet) to 19.2 meters (63 feet) with several intervals of visible gold that assayed 0.24 oz/ton gold over 5.5 meters (18 feet). Hole 2 bottomed in gold mineralization.

Mapping and sampling by Esperanza at the Strebe discovery outcrop indicated high grade gold values. Chip channel sampling across the gold skarn assayed 0.45 oz/ton gold across 17 meters (39 feet) including a 4.6 meter (15 foot) section grading 1.0 oz/ton gold. A total of seven of eight 1987 drill holes intersected the gold skarn zone with a weighted average of 0.16 oz/ton gold over an average thickness of 5.4 meters (18.0 feet). Drill hole values ranged to 0.33 oz/ton gold over 10 meters (33.0 feet).

The 1988 drilling program successfully outlined additional strike and depth extensions to the main Strebe skarn zone as well as defining additional subparallel zones. Best gold grades appear to be related to a late quartz-calcite injection that post dates development of the pinkish coloured siliceous skarn. The main skarn is developed in several rock units and appears to be structurally controlled.

1988 DIAMOND DRILLING PROGRAM

A diamond drilling program of 16 NO size holes in 2149 meters (7092 feet) tested strike and depth extension of the Strebe gold skarn mineralization. Holes were positioned on 30 meter (100 foot) spaced cross sections with azimuths of 120 degrees. The area drill tested measures roughly 180 meters by 180 meters (600 ft. x 600 ft.). The drilling was contracted to D.W. Coates Enterprises Ltd. of Richmond, B.C.

Note Table II for a summary of collar locations, orientation of drilling and total depths of all 1988 holes.

All 1987 and 1988 holes are plotted with assays and interpretative geology on accompanying 1:200 scale cross sections. Geological summary logs of the 1988 holes are included in Appendix I. A drill hole assay summary of both 1987 and 1988 drilling is included as Table III.

As may be observed on the accompanying plans and cross sections, the drill testing program successfully traced the main Strebe skarn with intersections assaying to 1.20 oz/ton gold over 12.5 feet. Gold mineralization consists of fine to coarse flakes of native gold within late calcite fracture fillings spacially associated with the pink calc-silicate skarn. Coarse grained gold will result in a "nugget effect" and can produce erratic assay results. The overall drill hole assay results are similar to the pattern obtained at the nearby East Ridge deposit where a reserve of 1.4 million tons grading 0.24 oz/ton gold was outlined in 1988.

The Strebe deposit has now been traced along strike for 180 meters (600 feet) by drilling and remains open in both directions. Hole SB88-21 was collared in the footwall of the skarn zone and therefore did not test thickness and grade of the horizon. Drill holes have now tested the depth extension for a distance of 180 meters (600 feet).

A drill indicated reserve was calculated by the block method with block dimensions calculated by half distances between drill holes and constructed section lines.

The drill indicated reserve using 17 out of the 19 holes is calculated at 128,000 tons grading 0.25 oz/ton gold containing 31,700 ounces of gold. The additional drill inferred reserve within the area drill tested totals 172,000 tons of similar grade. Gold reserves outlined to date total 300,000 tons grading 0.25 oz/ton gold containing 74,700 ounces of gold.

TABLE 11

LIST OF 1988 DRILL HOLES

<u>HOLE NO.</u>	<u>SECTION</u>	<u>DIP</u> (deg.)	<u>AZ</u> (deg.)	<u>T.D.</u> (feet)	<u>C O L L A R</u>		<u>ELEVATION</u> (m)
					<u>NORTHING</u> (m)	<u>EASTING</u> (m)	
SB88-09	1000N	-61	120	587	77.072	2574.265	2090.903
SB88-10	1000N	-81	120	297	77.823	2573.080	2091.016
SB88-11	1030N	-75	120	367	109.443	2578.427	2089.657
SB88-12	970N	-60	120	347	32.066	2585.757	2088.503
SB88-13	1000N	-75	120	427	91.371	2540.793	2112.434
SB88-14	1030N	-69	120	557	135.366	2534.383	2118.962
SB88-15	970N	-75	120	487	49.914	2555.036	2105.803
SB88-16	940N	-75	120	427	5.166	2572.124	2101.025
SB88-17	1000N	-75	120	537	115.526	2497.731	2144.090
SB88-18	940N	-60	120	497	43.246	2500.381	2146.242
SB88-19	940N	-75	120	617	43.490	2500.815	2146.200
SB88-20	910N	-75	120	307	-31.076	2572.664	2102.176
SB88-21	880N	-75	120	247	-67.001	2574.478	2099.833
SB88-22	910N	-75	120	507	11.449	2505.886	2146.034
SB88-23	940N	-75	120	117	52.764	2481.273	2158.525
SB88-24	940N	-85	120	767	52.940	2481.575	2158.500

TOTAL FOOTAGE: 7092 feet or 2149 meters

TABLE III

ASSAY SUMMARY OF 1987 AND 1988 DRILL HOLES

DRILL HOLE	INTERVAL (feet)	LENGTH		ASSAY (oz/t Au)
		(feet)	(meters)	
SB87-1	5.0 - 53.0	46.0	14.6	0.08
	Incl. 23.5 - 53.0	29.5	9.0	0.10
	151.5 - 175.2	23.7	7.2	0.12
	214.5 - 223.0	8.5	2.6	0.10
SB87-2	35.0 - 59.0	24.0	7.3	0.10
	Incl. 50.0 - 59.0	9.0	2.7	0.17
	118.0 - 129.0	11.0	3.3	0.15
	232.5 - 251.0	18.5	5.6	0.18
SB87-3	Incl. 241.0 - 247.8	6.8	2.1	0.43
	53.0 - 83.0	30.0	9.1	0.33
SB87-4	Incl. 53.0 - 60.0	7.0	2.1	1.16
	150.2 - 163.0	12.8	3.9	0.15
	108.0 - 122.0	14.0	4.3	0.06
SB87-5	126.0 - 143.0	17.0	5.2	0.10
	Incl. 126.0 - 137.5	11.5	3.5	0.14
	156.0 - 160.0	4.0	1.2	0.29
SB87-6	96.0 - 133.0	35.0	10.7	0.05
SB87-7	138.0 - 146.0	8.0	2.4	0.14
SB87-8	123.0 - 126.0	3.0	0.9	0.07
SB88-9	77.0 - 83.5	6.5	2.0	0.10
	93.5 - 103.5	10.0	3.0	0.11
SB88-10	118.0 - 122.4	4.4	1.3	0.02
SB88-11	37.0 - 45.5	8.5	2.6	ANOMALOUS
SB88-12	103.0 - 108.5	5.5	1.7	0.06
SB88-13	246.0 - 251.6	5.6	1.7	0.08
SB88-14	467.0 - 478.0	11.0	3.3	ANOMALOUS
SB88-15	214.0 - 218.5	4.5	1.4	0.14
SB88-16	164.5 - 177.0	12.5	3.8	1.20
SB88-17	467.0 - 472.2	5.2	1.6	0.12
SB88-18	427.3 - 447.4	20.1	6.1	0.04
SB88-19	304.0 - 309.3	5.3	1.6	0.13
	494.4 - 501.2	6.8	2.1	0.12
	526.8 - 532.8	6.0	1.8	0.10
SB88-20	NO SIGNIFICANT ASSAYS			
SB88-21	NO SIGNIFICANT ASSAYS			
SB88-22	415.5 - 418.5	5.0	1.5	0.11
	426.7 - 431.2	4.5	1.4	0.11
SB88-23	TERMINATED AT 100 FEET			
SB88-24	588.5 - 597.3	8.8	2.7	0.28

TABLE IV

SUMMARY OF GOLD RESERVES

CALCULATION OF DRILL INDICATED RESERVES - STREBE DEPOSIT

SECTION	DRILL HOLE	THICKNESS (feet)	GOLD (oz/T)	G O L D R E S E R V E S			TONS	GRADE	OUNCES GOLD
				T (feet)	L (feet)	W (feet)			
1000N	SURFACE	35.0	0.49	25.0	35	100	7,290	0.49	3,572
1000N	87-3	33.0	0.30	18.0	60	75	6,750	0.30	2,025
1000N	88-9	10.0	0.11	10.0	75	75	4,690	0.11	516
1000N	88-10	4.4	0.02	4.4	40	75	1,100	0.02	22
1000N	87-7	8.0	0.15	8.0	40	75	2,000	0.15	300
1000N	87-3	13.0	0.15	8.0	50	75	2,500	0.15	375
1000N	88-13	4.6	0.08	4.6	80	100	3,070	0.08	245
1000N	88-17	5.2	0.12	5.2	150	100	6,500	0.12	780
985N	87-1	29.5	0.10	10.0	40	50	1,670	0.10	167
		23.7	0.12	10.0	70	50	2,920	0.12	350
	87-2	24.0	0.10	15.0	40	50	2,500	0.10	250
	87-2	11.0	0.15	8.0	50	50	1,670	0.15	250
	87-6	35.0	0.05	35.0	55	50	8,020	0.05	401
	87-2	18.5	0.18	10.0	120	50	5,000	0.18	900
970N	87-12	5.5	0.06	5.5	55	75	1,990	0.06	113
	87-5	11.5	0.14	11.5	55	75	3,950	0.14	553
	87-3	4.0	0.29	4.0	50	75	1,250	0.29	363
	88-15	7.7	0.09	7.7	80	75	3,850	0.09	346
940N	88-16	12.5	1.27	12.5	110	100	11,460	1.27	14,554
	88-18	20.0	0.04	20.0	120	100	20,000	0.04	800
	88-19	6.8	0.12	6.8	140	100	7,930	0.12	952
	"	6.0	0.10	6.0	140	100	7,000	0.10	700
	88-24	8.8	0.28	8.8	120	100	8,800	0.28	2,464
910N	88-22	5.0	0.11	5.0	150	100	6,250	0.11	688
AVERAGE THICKNESS OF ZONE:				10.8 ft.					
TOTAL DRILL INDICATED RESERVE:							128,060	0.25	31,686
TOTAL DRILL INFERRED RESERVE:							172,000	0.25	43,000
TOTAL RESERVES:							300,060	0.25	74,686

SUMMARY OF 1988 EXPENDITURES

The following table summarizes direct field expenditures incurred by Esperanza on the Strebe Property during the period January 1 to December 31, 1988.

TABLE V

<u>EXPLORATION FUNCTION</u>	<u>1988 EXPENDITURES</u>
	\$
Analyses - Geochemical	11,516.63
Analyses - Assays	112.50
Consulting - Geological	15,346.15
Drilling	180,361.61
Field Equipment, Vehicle Rental	4,383.95
Maps, Prints and Drafting	302.25
Salaries	7,744.80
Contract Labour	1,790.00
Trenching and Roads	<u>16,537.75</u>
Total Direct Field Expenditures:	<u>238,205.65</u>

RECOMMENDED 1988 EXPLORATION PROGRAM

The 1988 drilling program successfully outlined gold bearing skarn mineralization with reserves in all categories in excess of 75,000 ounces of gold. The moderately west dipping gold skarn, with an average thickness of 3.3 meters (11.0 feet), has excellent potential for discovery of additional reserves both down dip and along strike.

The recommended 1989 program should focus on continued reserve definition of the Strebe deposit by both wide spaced exploratory drilling and "fill-in" holes to develop a drill indicated reserve in the 1 to 2 million ton range.

As soon as snow conditions permit, further road building should commence to provide access for continued drilling. Road building should take approximately 15 days.

A total of 3000 meters (10,000 feet) of NO drilling is warranted. Exploratory holes with 60 meter (200 foot) spacings should be positioned on an expanded cross sectional grid pattern with collars located to the north, west and south of the existing drill holes. Contingent on success, "fill-in" holes should be completed to establish 30 meter (100 foot) centers.

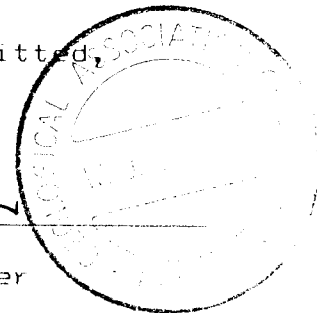
All gold bearing skarn should be split and assayed for gold and silver. Altered porphyry and calcite veined sediments should also be split and analyzed for gold by rock geochem methods.

Total proposed 1989 expenditures are estimated at \$291,500.

Respectfully submitted,



W.J. Roberts
Exploration Manager



PROPOSED 1989 EXPENDITURES

The following table summarizes cost estimates for the 1989 recommended program.

TABLE VI

SUMMARY OF PROPOSED FIELD EXPENDITURES

STREHE PROPERTY

<u>EXPLORATION FUNCTION</u>	<u>PROPOSED EXPENDITURES</u>
	\$
Analysis - Assays (400 samples x \$11/sample)	4,400
Analysis - Rock Geochem (200 samples x \$9/sample)	18,000
Camp Maintenance (6 men x \$90/man day x 30 days)	5,400
Consulting - Geological (1 Geol. x \$300/d x 40 days)	12,000
Drilling (10,000 ft. x \$22/ft.)	220,000
Expediting (estimate)	800
Field Equipment (core racks \$3000, misc. \$1500)	4,500
Drafting, Maps, Prints (300 hrs. @ \$18/hr.)	5,400
Property Maintenance (48 units x \$10/unit)	500
Salaries (Field Assistant @ \$100/day x 40 days)	4,000
Supervision (Manager, 10 days x \$400/day)	4,000
Surveys - Control (10 days x \$200/day)	2,000
Transportation - Airlines (6 round trips VCR/Kelowna)	1,500
Transportation - Freight (12,000 lbs. @ \$0.50/lb.)	6,000
Transportation - Vehicle (rental 4x4, 1.5 mo. @ \$2000/mo.)	<u>3,000</u>
Total Direct Field Expenditures:	291,500

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