

THIS AMENDED PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THE PROVINCE OF BRITISH COLUMBIA AND MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES

018812 HERE THEY

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

NEW ISSUE

*Smithers  
Vancouver*

*103P 247, 248*

# AQUATERRE MINERAL DEVELOPMENT LTD.

(hereinafter called the "Company")

Suite 1003 - 470 Granville Street, Vancouver, British Columbia, V6C 1V5

Telephone: (604) 681-9059

AMENDED PROSPECTUS

*Ashwood Property  
1030/P  
Pilldolla Project  
4/24/8*

## Offering: 1,700,000 COMMON SHARES

*(New)*

	Price to the Public	Commission	Proceeds to the Company
PER SHARE .....	\$0.55	\$0.08	\$0.47
TOTAL .....	\$935,000	\$136,000	\$799,000*

*Handwritten scribbles and signatures over the table, including "Ashwood Project" and "Pilldolla Project".*

\*NOTE: Before the estimated costs of this issue of \$40,000 are deducted.

THE PRICE TO THE PUBLIC OF THE SECURITIES OFFERED FOR SALE HEREUNDER WAS DETERMINED BY NEGOTIATION BETWEEN THE COMPANY AND THE AGENT.

THERE IS NO MARKET FOR THE SECURITIES OF THE COMPANY.

A PURCHASE OF THE SECURITIES OFFERED HEREUNDER MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE COMPANY HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE. NO SURVEY OF ANY PROPERTY OF THE COMPANY HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATED, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. PURCHASERS OF SECURITIES WILL ALSO SUFFER AN IMMEDIATE DILUTION OF APPROXIMATELY \$0.30, OR 54.5%, PER COMMON SHARE PURCHASED HEREUNDER. REFERENCE IS ALSO MADE TO THE HEADINGS "RISK FACTORS" UNDER ITEM 8 HEREIN AND "DILUTION" UNDER ITEM 9.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS AMENDED PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE JANUARY 11, 1995, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

NO PERSON IS AUTHORIZED BY THE COMPANY TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS AMENDED PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE COMPANY.

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 36.6% OF THE SHARES OUTSTANDING AS OPPOSED TO 24.0% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE COMPANY. REFERENCE SHOULD BE MADE TO THE HEADINGS "PRINCIPAL HOLDERS OF SECURITIES" UNDER ITEM 10 HEREIN FOR DETAILS OF SHARES CURRENTLY HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS.

THE AGENT HAS AGREED TO PURCHASE (THE "GUARANTEE") ANY OF THE SHARES OFFERED HEREBY FOR WHICH SUBSCRIPTIONS HAVE NOT BEEN RECEIVED AT THE CONCLUSION OF THE OFFERING, AND AS CONSIDERATION FOR THE GUARANTEE HAS BEEN GRANTED NON-TRANSFERABLE SHARE PURCHASE WARRANTS (THE "AGENT'S WARRANTS") ENTITLING IT TO PURCHASE UP TO 425,000 SHARES OF THE COMPANY FOR A PERIOD OF TWO YEARS EXERCISABLE AT A PRICE OF \$0.55 PER SHARE DURING THE FIRST YEAR AND AT \$0.6325 PER SHARE IN THE SECOND YEAR. THE AGENTS HAVE ALSO BEEN GRANTED AN OPTION (THE "GREENSHOE OPTION") TO PURCHASE UP TO AN ADDITIONAL 255,000 SHARES (15% OF THIS OFFERING) AT \$0.55 PER SHARE TO MEET OVERSUBSCRIPTIONS.

THE AGENT'S WARRANTS HAVE BEEN DISTRIBUTED TO THE AGENT UNDER THIS AMENDED PROSPECTUS. ANY SHARES ACQUIRED BY THE AGENT UNDER THE GUARANTEE WILL ALSO BE DISTRIBUTED UNDER THIS AMENDED PROSPECTUS THROUGH THE FACILITIES OF THE VANCOUVER STOCK EXCHANGE AT THE MARKET PRICE AT THE TIME OF SALE.

ONE OR MORE OF THE DIRECTORS OF THE COMPANY MAY HAVE AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE HEADING "CONFLICTS OF INTERESTS" UNDER ITEM 14 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

We, as Agent, conditionally offer these securities subject to prior sale if, as and when issued by the Company and accepted by us, in accordance with the conditions contained in the Agency Agreement referred to under Item 2 ("Plan of Distribution") on page 1 hereof.

**AGENT:**  
**GEORGIA PACIFIC SECURITIES CORPORATION**  
16th Floor Two Bentall Centre, 555 Burrard Street  
Vancouver, British Columbia, V7X 1S6

**REGISTRAR AND TRANSFER AGENT:**  
**THE R-M TRUST COMPANY**  
Mall Level, 1177 West Hastings Street  
Vancouver, British Columbia

**DATED:** July 7, 1994, as amended on August 17, 1994  
**EFFECTIVE DATES:** July 15, 1994 for the Prospectus; August 18, 1994 for Amendment No. 1

**REPORT**  
on the  
**MINERAL POTENTIAL**  
of the  
**ASHWOOD PROPERTY**

Stewart Area,  
British Columbia

for  
**AQUATERRE MINERAL DEVELOPMENT LTD.**

written by  
R. H. McMillan Ph.D., P. Geo.  
Consulting Geologist

February, 1994

## SUMMARY

During the summer of 1993, Aquaterre Mineral Development Ltd. completed field programs consisting of geological mapping, prospecting, geochemical sampling and rock saw trenching on the Ashwood Property, located 18 kilometres south of Stewart, British Columbia. This work has documented several new discoveries of both VMS-style polymetallic and epithermal-style gold-silver occurrences in a "pendant" of Hazelton Group volcanic and sedimentary strata in a little-known area south of the prolific Stewart Mining District.

Concordant VMS-style polymetallic mineralization has been identified at the "N" Zone and in a second area called the "Tat" Zone two kilometres to the south-southeast. Both prospects occur near the favourable contact area between the Betty Creek (Mount Dillworth) Formation felsic volcanic rocks and the overlying Salmon River Formation sedimentary rocks -- this favourable contact zone can be traced for six kilometres along strike from the "N" and Tat Zones, and warrents considerably more prospecting. Within the "N" Zone, float samples grading up to 10.5% Zn have been located. Five hundred metres to the west, within the felsic volcanic rocks, soil geochemical surveying by Aquaterre discovered two gold-in-soil anomalies at the "1100" and "Ridge" Zones yielding highly anomalous values up to 4772 ppb Au (equivalent to 0.14 oz./ton)-- the "1100" Zone geochemical anomaly is more than 300 metres long, occurring near felsic intrusive porphyries in an epithermal environment. The "1100 Zone" constitutes the most advanced target on the Ashwood Property.

An expanded program directed at investigating the source of the gold geochemical anomalies and the VMS environments is recommended for 1994. This program would include continued detailed surface exploration followed by 1900 metres of diamond drill testing, the specific drill sites dependent upon the field program results. A budget of \$495,000.00 has been proposed.

## TABLE OF CONTENTS

	<u>Page</u>
<u>SUMMARY</u>	
<u>1.0 INTRODUCTION</u>	1
<u>2.0 LIST OF CLAIMS</u>	2
<u>3.0 LOCATION, ACCESS AND PHYSIOGRAPHY</u>	3
<u>4.0 HISTORY</u>	3
4.1 Stewart Area Mining History	3
4.2 History of Work – Ashwood Claims	4
<u>5.0 REGIONAL GEOLOGY</u>	5
<u>6.0 1993 WORK PROGRAM</u>	6
<u>7.0 PROPERTY GEOLOGY</u>	6
7.1 N and Tat Zones	7
7.2 1100 Zone	6
7.3 Ridge Zone	7
7.4 Tis Zone	7
<u>8.0 SOIL GEOCHEMICAL SURVEYS</u>	8
8.1 1100 Zone	8
8.2 Ridge Zone	9
<u>9.0 STREAM GEOCHEMICAL SURVEY</u>	9
<u>10.0 MINERALIZATION</u>	9
10.1 N and Tat Zones	9
10.2 1100 Zone	10
10.3 Ridge Zone	11
10.4 Tis Zone	12
<u>11.0 DISCUSSION and CONCLUSIONS</u>	12
<u>12.0 RECOMMENDATIONS</u>	13

## LIST OF FIGURES

		<u>Following Page</u>
<u>Figure 1</u>	Location Map -- British Columbia	1
<u>Figure 2</u>	Claim Map -- Ashwood Property	2
<u>Figure 3</u>	Regional Geological Map (Scale 1:250,000)	3
<u>Figure 4</u>	Location of Major Mineral Showings	5
<u>Figure 5</u>	Map Showing Geology and important Sample Locations, N, Tat, 1100 and Ridge Zones (Scale 1:20,000)	6
<u>Figure 6</u>	Soil Geochemical Map -- 1100 Zone (Scale 1:2,000)	7

## APPENDICES

		<u>Page</u>
<u>Appendix I</u>	Bibliography	15
<u>Appendix II</u>	Certificate	17

## 1.0 INTRODUCTION

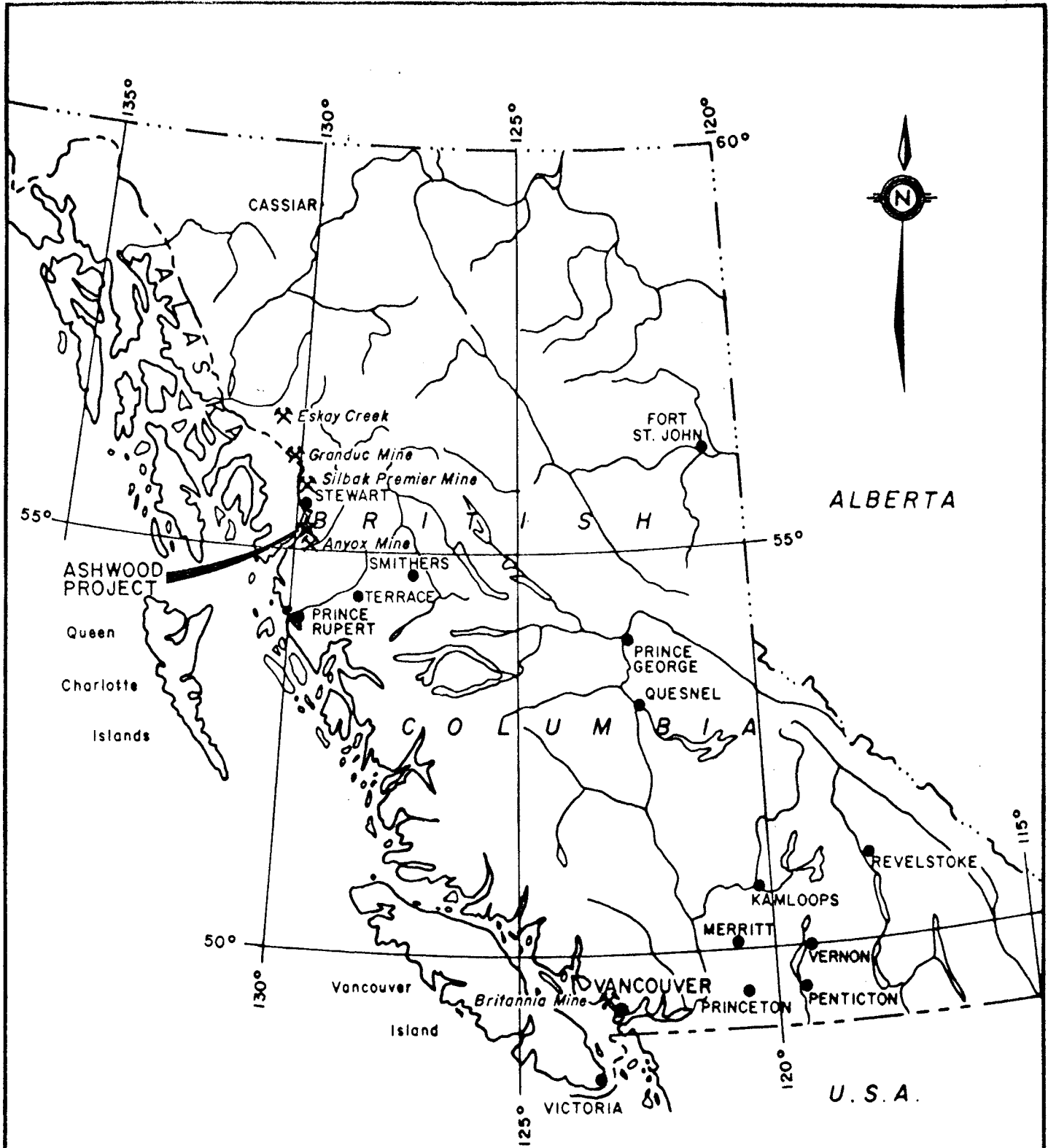
In 1992 Aquaterre Mineral Development Limited completed an extensive research program for exploration opportunities for volcanogenic massive sulphide (VMS) deposits on the west coast of British Columbia between Vancouver and Stewart. The focus of the program was directed towards readily-accessible areas on the western flank of the Coast Mountains. Although this area is known to possess the same favourable geological environment for VMS and epithermal gold-silver deposits as the Stewart-Iskut Area to the north, only minor work has been undertaken in recent years and very little of this utilizing modern geophysical and geochemical prospecting techniques.

Some of British Columbia's most significant early mining production has been gleaned from the Coast Mountains -- specifically, beginning in 1918 and up to the end of 1991 (BCEMPR Production Statistics, Westmin Resources Ltd. Annual Report, 1991) the Premier District mines (Dago Hill, Big Missouri, Northern Lights, Silbak Premier and Silver Butte) had produced a total of 6.6 million tonnes of ore at a recovered grade of 9.4 g/t Au, 198 g/t Ag, 1.4% Cu, 0.4% Pb and 0.14% Zn and had a reserve of 418,000 tonnes at a slightly lower grade. The Anyox Deposits (22 million tonnes grading 1.5 % Cu, 9.6 g/t Ag and 0.17 g/t Au) were mined between 1914 and 1936 (Hoy, 1991) and the Britannia deposits (47.5 million tonnes grading 1.1 % Cu, 3.8 g/t Ag and 0.3 g/t Au) were mined between 1905 and 1974 (Hoy, 1991) -- however exploration was inhibited in the early part of the century by the primitive infrastructure available. More recently, and in relatively remote areas north of Stewart, significant discoveries at Granduc in 1951 (estimated to be 49 million tonnes grading 1.55 % Cu and 6.9 g/t Ag at the time by Grove, 1986) and Eskay Creek in 1988 (4.5 million tonnes grading 24 g/t Au and 867.4 g/t Ag (Int. Corona Corp., 1991)) have confirmed the Coast Mountains as an area with an extremely favourable mineral endowment.

The Aquaterre research program was highly successful and resulted in the acquisition of the Ashwood Property, initially by staking the Brown 1 - 3 mineral claims in early 1993 and subsequently by negotiating an option agreement with David Burnett on mineral claims held to the immediate west and south of the Brown 1 - 3 claims. The claim group was later expanded with the staking of the TIS, Brown 4 and Kabur 1B claims.

Aquaterre's initial interest in the property was excited by the favourable geological setting within the historically productive Hazelton Group volcanic rocks, combined with the presence of base and precious metal mineralization of possible volcanogenic affinity. Other than a short preliminary investigation of the area by another mining company in 1990, there is no other recorded information on prospecting within the area covered by the claims.

Although the area of Hazelton Group rocks south and east of Stewart has not yet had a significant producing mine, there are significant showings in the area. The Georgia



<b>AQUATERRE MIN. DEV. LTD.</b>	
ASHWOOD PROJECT SKEENA MINING DIVISION, B.C.	
<b>LOCATION MAP</b>	
<b>FIGURE I</b>	
Date: FEBRUARY 1994	Scale: As Shown

River deposit, located 5 km. west of the property contains an "indicated ore reserve" of 290,000 tonnes grading 28.8 g/t Au and 22.5 g/t Ag (MINFILE, 1989), and "reserves" of one million ounces of gold (2.8 million tonnes @ 12.6 g/t Au) are reported (Mining Review, 1993) at Lac Mineral's Red Mountain Deposit located 27 km. to the northeast. Lac apparently spent \$7.5 million on exploration at Red Mountain in 1993 and the reserve is said to have more than doubled to more than 2 million ounces of contained gold. The Red Mountain Deposit is a subaqueous epithermal deposit with similarities to Eskay Creek and possibly to the 1100 and Ridge Zones on Aquaterre's Ashwood Property.

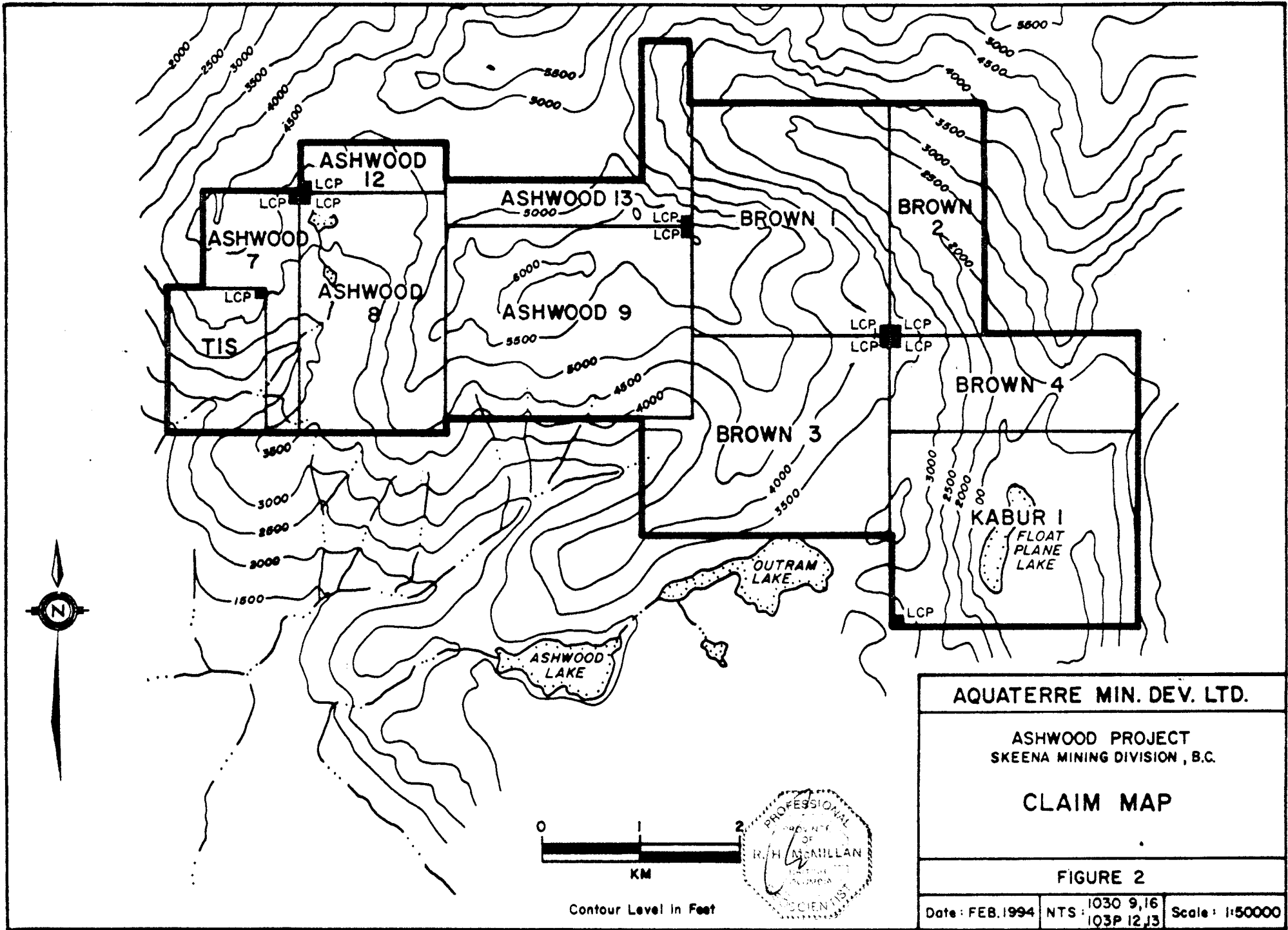
This report results from an evaluation of the Ashwood Property by the author in 1993. A one day visit was made in September during the 1993 work program on the property. The conclusions and data presented in this report are based on the property visit, and a review of the literature listed in the bibliography. No attempt has been made to present all the results of the 1993 work program in the present report, however all data that have influenced the author's conclusions and recommendations are summarized herein. Details of the results of the 1993 work program on the property have been presented in a report by Pamicon Developments Ltd. (Todoruk and Weekes, 1993) – much of the geological description and data presented in this report is derived from the report by Todoruk and Weekes (1993) which can be made available upon request.

## 2.0 LIST OF CLAIMS

Records of the British Columbia Ministry of Energy, Mines and Petroleum Resources indicate that the Brown 1 - 4 and Tis mineral claims are owned by Aquaterre Mineral Development Ltd. An option agreement entitles Aquaterre to earn a 100% interest in the Ashwood 7, 8, 9, 12, 13 and Kabur 1B (Figure 2).

<u>Claim Name</u>	<u>Record Number</u>	<u>No. of Units</u>	<u>Record Date</u>	<u>Expiry Date</u>
Brown 1	318194	20	Jun 8 1993	1997/June/08
Brown 2	318195	10	Jun 8 1993	1997/June/08
Brown 3	318196	20	Jun 8 1993	1996/June/08
Brown 4	320443	10	Aug 10 1993	1998/Aug./10
Kabur 1B	319541	20	Jul 28 1993	1996/July/28
Ashwood 7	8069	10	Oct 15 1989	1995/Oct./15
Ashwood 8	8070	15	Oct 15 1989	1995/Oct./15
Ashwood 9	8071	20	Oct 15 1989	1995/Oct./15
Ashwood 12	8074	3	Oct 15 1989	1995/Oct./15
Ashwood 13	8075	20	Oct 15 1989	1995/Oct./15
Tis	320444	6	Aug 11 1993	1996/Aug/11
		<b>Total: 154</b>		





Contour Level in Feet



AQUATERRE MIN. DEV. LTD.		
ASHWOOD PROJECT SKEENA MINING DIVISION, B.C.		
CLAIM MAP		
FIGURE 2		
Date: FEB. 1994	NTS: 1030 9,16 103P 12,13	Scale: 1:50000

### 3.0 LOCATION, ACCESS AND GEOGRAPHY

The Ashwood Property is located 18 kilometres south of the town of Stewart in northwestern B.C. Saltwater access is available 8 km. to the west at the Portland Canal and 18 km. to the south at the head of Hastings Arm (Figure 1). Ashwood Lake and Outram Lake are within the south boundary of the claims. Mt. Brown, located in the centre of the area, reaches an elevation of 1890 metres. The Sutton Glacier lies to the immediate east of the property. Ashwood Lake flows westward into East Georgia River which in turn empties into Georgia River immediately inland from the Portland Canal. Lac Minerals' Red Mountain Deposit is situated 27 kilometres to the northeast and the Silbak Premier Mine is located 30 kilometres to the north.

Coordinates of the claims area are 129° - 55' West longitude and 55° - 45' north latitude. The property is within the Skeena Mining Division. National Topographic System map sheets NTS 103 O/9 & 16 and 103 P/12 & 13 cover the claims.

Access to the property is via helicopter from Stewart, with a normal flight time of approximately 10 - 15 minutes. Highway 37 connects Stewart with communities to the south and north along the Stewart-Cassiar Highway near Meziadin Lake. Fixed wing aircraft service Stewart utilizing a paved airstrip.

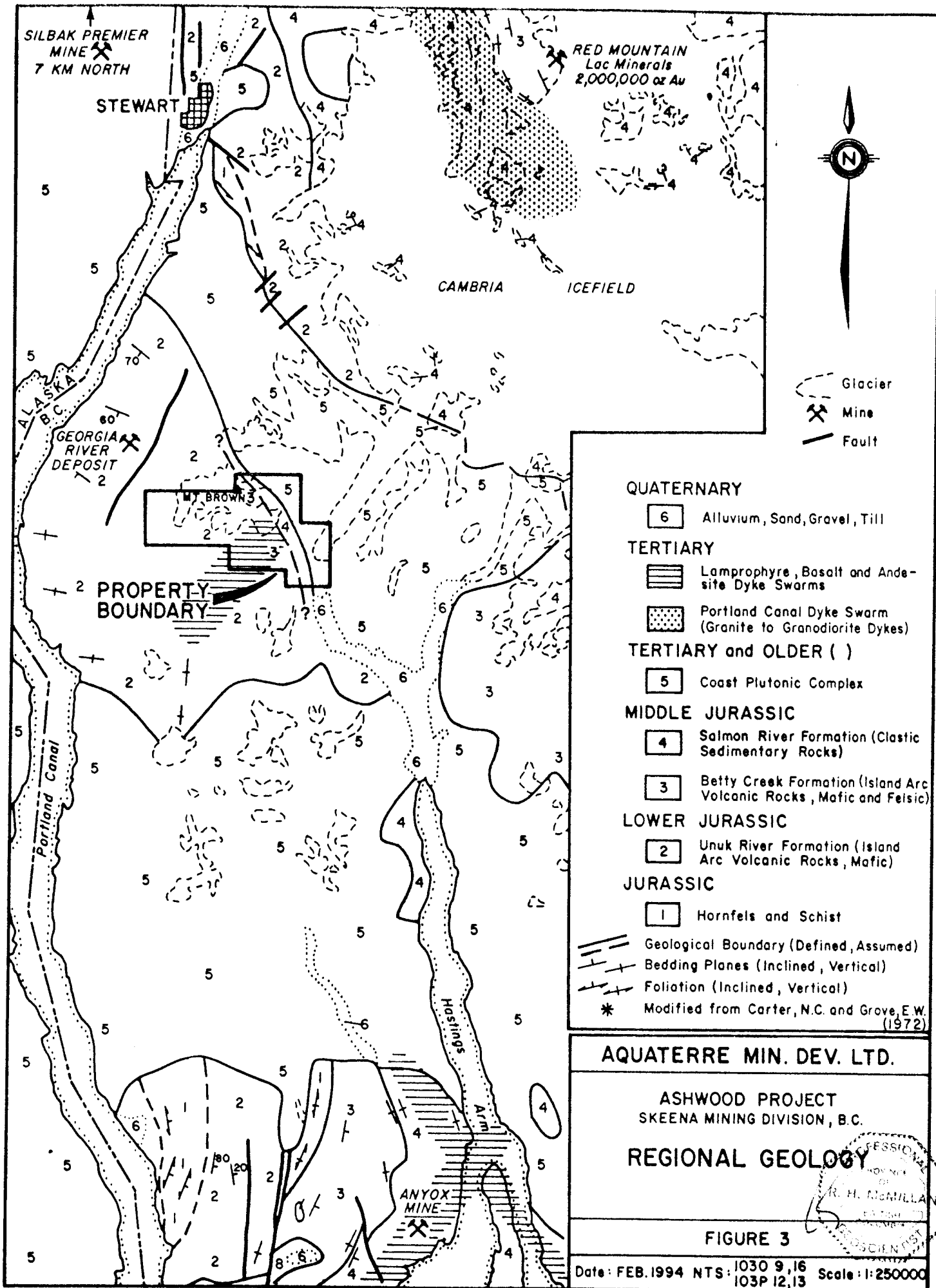
Physiographically, the claims area is steep and rugged in the major drainages, while above 1100 metres elevation the topography is alpine in nature. At lower elevations there is generally a cover of fir, spruce, alder or hemlock trees. Several significant creeks cross the property.

The climate in the Stewart area is mild and humid with precipitation consisting of very heavy snowfall during the winter months and abundant rain in the spring and fall.

### 4.0 AREA HISTORY

#### **4.1 Stewart Area Mining History**

Mineral exploration in the area started about 1885, when placer miners from the Cariboo prospected Observatory Inlet and its arms north of the Nass River. The gossan at the Silbak Premier Mine, located 35 km. due north of the Ashwood Property was initially discovered in 1910. The Silbak Premier Mine is the most important in the district and between 1918 and 1979, 4.2 million tonnes of ore were mined at a recovered grade of 13.4 g/t Au, 301 g/t Ag, 2.3% Cu, 0.6% Pb and 0.2% Zn (BCEMPR production statistics). There has been additional production since 1989 from the Silbak Premier Mine, as well as from



the nearby SB, Northern Lights, Big Missouri and Dago Hill Mines, at a rate of between 1,000 and 2,000 tonnes per day, however the exact tabulation of the recent production is unavailable -- the ore reserves in the current mining operation appear to be nearing exhaustion. The Anyox VMS deposits, located 35 km. south of the Ashwood claims, were discovered early in the history of the area and were in production between 1914 and 1939 (Grove, 1986). The Granduc Mine, located 55 km. northwest of the property, was discovered in 1951 and produced a total of 15.8 million tonnes of ore at a recovered grade of 1.2% Cu, 7.9 g/t Ag and 0.13 g/t Au between 1971 and 1984. A mineral inventory of 9.9 million tonnes grading 1.4 % Cu remains. The Georgia River Deposits were discovered in the early 1900's, and have been developed by 5 adits, however only 454 tonnes of ore (12.7 kg. Ag, 10.2 kg. Au and 3,312 kg. Pb) have been produced. The Red Mountain Deposit (page 2) was discovered in 1989 by Bond Gold Ltd. (now Lac Minerals Ltd.) and will likely be the next significant producer in the Stewart Area.

#### 4.2 History of Work – Ashwood Claims

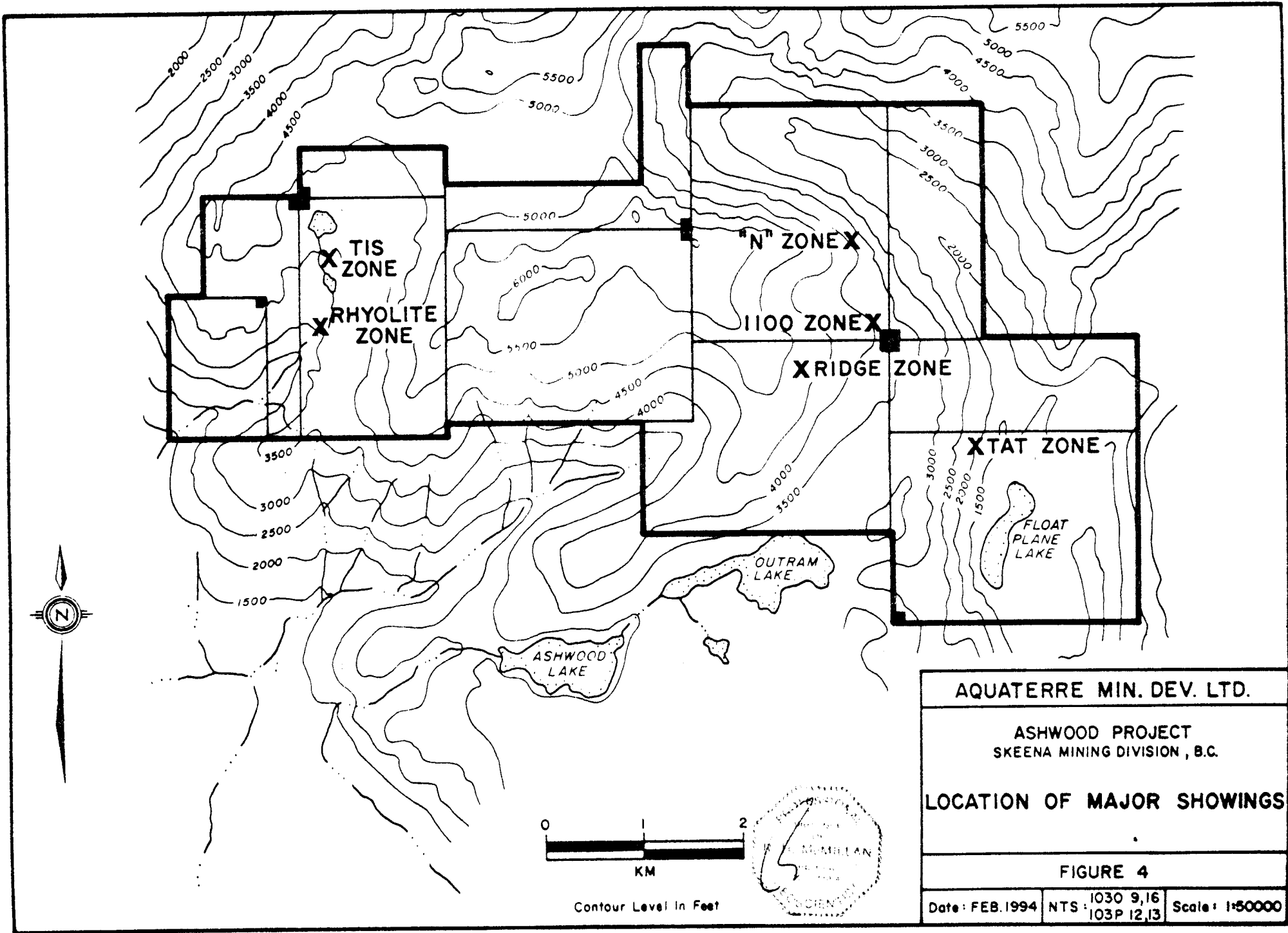
Despite the favourable geological environment, the relatively accessible location and proximity to some of the largest VMS and precious metal deposits in British Columbia, there is little evidence of previous work on the area covered by the Ashwood claims. The only record of work is by Tenajon Resources Ltd. in 1990 (Visagie, 1990a, b, c and d). Tenajon undertook prospecting, geological mapping and rock saw channel sampling in selected areas of the property. Within the presently-defined Ashwood project, Tenajon reported the discovery of bedded exhalative-style Zn-Pb-Cu sulphides and sulphide-bearing quartz vein stockworks at the N Zone (Figure 4) on their Wood #4 Claim Group on the current Brown 1 Claim. On the N Zone, Tenajon obtained assays of up to 16.5% Zn, 3.0% Pb, 258 g/t Ag in "grab" samples (Visagie, 1990a) from lenses of "massive sulphide" within pyritic greywacke-argillite, near the contact with andesitic and rhyolitic volcanics. They also discovered an angular float boulder 800 metres to the south within the Aquaterre 1100 Zone geochemical anomaly -- the boulder assayed 11.7 g/t Au and 8.8 g/t Ag and was described as "strongly silicified dacite with disseminated pyrite". Two kilometres to the south of the N Zone on their Wood #1 Group (Visagie, 1990b) on the current Kabur #1 Claim, Tenajon found more "semi-massive sulphide" mineralization near the andesite-sedimentary rock contact at the Tat Zone -- a two metre chip sample assaying 2.6% Zn. On the west side of the property on their Wood #3 Group (the current Ashwood #8 Claim), they discovered the TIS and Rhyolite prospects. Gold values of up to 9.25 g/t Au across 1 metre were reported (Visage, 1990c) from the TIS zone within an extensive silicified gossanous area. At the Rhyolite Zone, assays as high as 6.4% Zn and 134 g/t Ag were obtained in "grab" samples from small pods of massive pyrrhotite near the contact between rhyolite and argillite. Although the Tenajon results were encouraging, it is understood that no further work was undertaken because of cumbersome option agreement requirements.

## 5.0 REGIONAL GEOLOGY

The earliest geological work in the Stewart area was a report in 1906 by H. Carmichael, the provincial assayer (Grove, 1986, p.14). R. G. McConnell (1913) produced the first comprehensive geological map. J. J. O'Neill undertook additional geological work in 1919 which was eventually incorporated into S. J. Schofield and G. Hanson's G.S.C. Memoir 232 in 1922. Hanson (1929) later studied the Bear River and Stewart map area, and incorporated these projects into the then-active mining districts at Stewart, Alice Arm, Anyox and Maple Bay in the Portland Canal area. More recently, Grove (1986) completed B.C. Ministry of Energy, mines and Petroleum Resources Bulletin 63 which contains a 1:100,000 scale geological compilation map of the area -- unfortunately Grove's (1986) map in the Mt. Brown area is based on very scanty field work and detailed stratigraphy within the Hazelton Group is not available on the Ashwood Property. The most recent work is by Alldrick (1993) covering the Stewart area north of the Ashwood Property.

The property is located within the Stewart Complex (Grove, 1986), within the Intermontane Belt on the western margin of Stikine Terrain, east of the Coast Plutonic Complex. Stikine Terrain formed as a Mesozoic island-arc and is composed of Upper Triassic to Middle Jurassic Hazelton Group subaerial to submarine andesitic to dacitic calc-alkaline volcanic rocks, coeval intrusive rocks and interbedded sedimentary rocks. These island-arc volcanic rocks are unconformably overlain to the northeast by Middle to Upper Jurassic Bowser Lake Group sedimentary rocks. The Upper Triassic to Lower Jurassic Texas Creek granodiorite batholith and related minor intrusives and dyke swarms intrude Hazelton Group rocks northwest of Stewart. Cretaceous to Tertiary granodiorite and quartz monzonite of the Coast Plutonic Complex and related dyke swarms intrude all the earlier rock units.

The oldest layered rocks within the Hazelton Group (Grove, 1986) are pillow lavas and flows of the Upper Triassic to Lower Jurassic Unuk River Formation. These lavas are overlain by green, red, and purple volcanic breccias, conglomerates, sandstones and siltstones which are also part of the Unuk River Formation. Intercalations of crystal and lithic tuff, limestone, chert and minor coal occur in the sedimentary strata. The Unuk River Formation is overlain by the Lower Jurassic Betty Creek Formation (also part of the Hazelton Group) which is also composed of pillow lava and breccia; andesitic and basaltic flows; green, red, purple and black volcanic breccia, conglomerate, sandstone and siltstone; crystal and lithic tuff; sandstone; with minor chert and limestone. The Betty Creek Formation is in turn overlain by the Middle Jurassic Mount Dillworth Formation, a thin, lenticular interval comprised of rhyolite, rhyolite breccia as well as crystal and lithic tuffs. These felsic rocks are succeeded by the Salmon River Formation which is composed of siltstone, greywacke, sandstone with some calcarenite, minor limestone, argillite and conglomerate. The stratigraphic interval near the base of the Salmon River Formation at



the top to the Betty Creek and Mt. Dillworth Formations marks the most prolific metallogenic epoch in the Stewart-Anyox Mining District for both epithermal Au-Ag and VMS deposits -- this stratigraphic interval hosts the the Anyox, Silbak-Premier and Eskay Creek Deposits.

Intrusive assemblages in the area are dominated by the Coast Plutonic Complex -- indeed, the entire Ashwood Property is located in a roof pendant within the Complex called the Georgia River Pendant (Grove, 1986). The Coast Intrusions are Middle Jurassic to Tertiary in Age, and granodiorite is the most common lithology. Extensive dyke systems are common, and range in age from Jurassic to Tertiary.

## **6.0 1993 WORK PROGRAM**

Between August 1 - 12 and September 12 - 19, 1993, field exploration programs consisting of geological mapping, prospecting, soil, stream silt and rock geochemical sampling were carried out on the Ashwood Project (Todoruk and Weekes, 1993). Field crews were based in Stewart and commuted to and from the property by helicopter. A total of 99 man-days were spent designing and implementing the work program. A total of 291 rock, 232 soil, 5 silt and 5 heavy sediment samples were collected from various areas of the claims. Expenditures totalled \$85,498.15 (Todoruk and Weekes, 1993).

## **7.0 PROPERTY GEOLOGY**

Although there has been no comprehensive government mapping program on the Ashwood property or even within the Georgia Pendant, the Hazelton Group units mapped by Grove (1986) in the Anyox area to the south and by Grove (1986) and Alldrick (1993) north of Stewart have been recognized by the author, Visage (1990a,b,c and d) and Todoruk and Weekes (1993). In particular, the base of the Salmon River Formation has been mapped at the N and Tat Zones on the eastern margin of the property and structural measurements suggest that the favourable stratigraphy at the lower contact with the underlying Mount Dillworth Formation can be projected in a north-northwesterly direction between and along strike from these two showings.

### **7.1 N and Tat Zones**

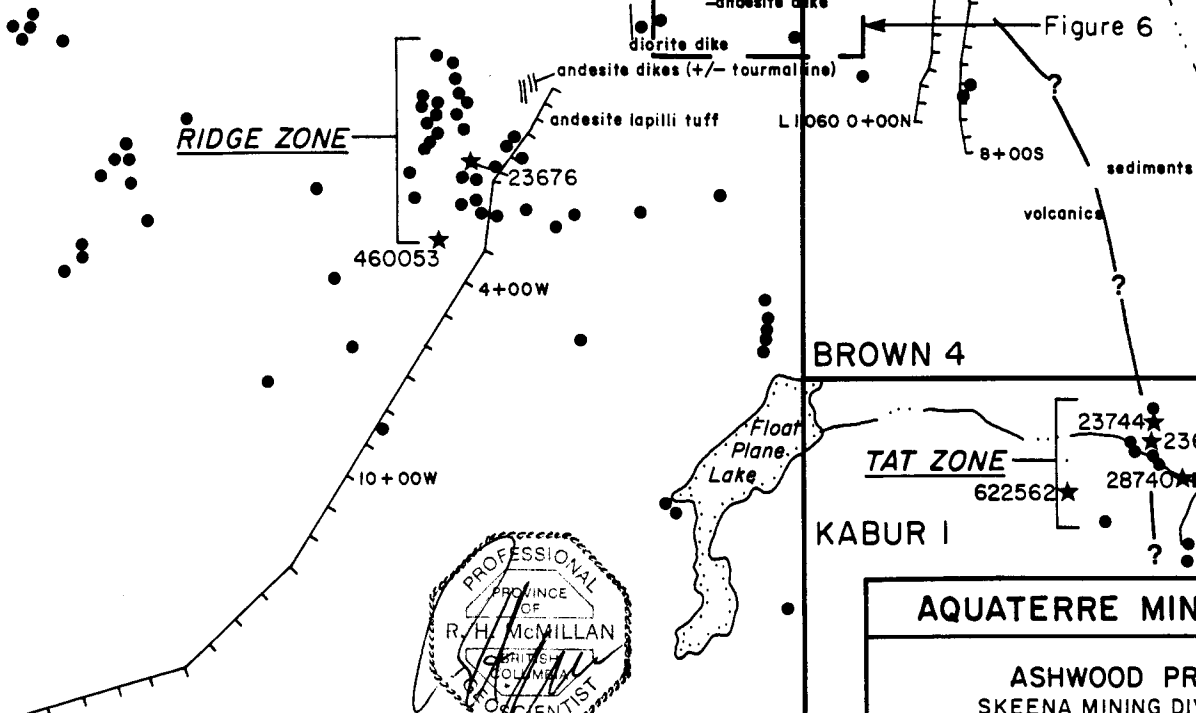
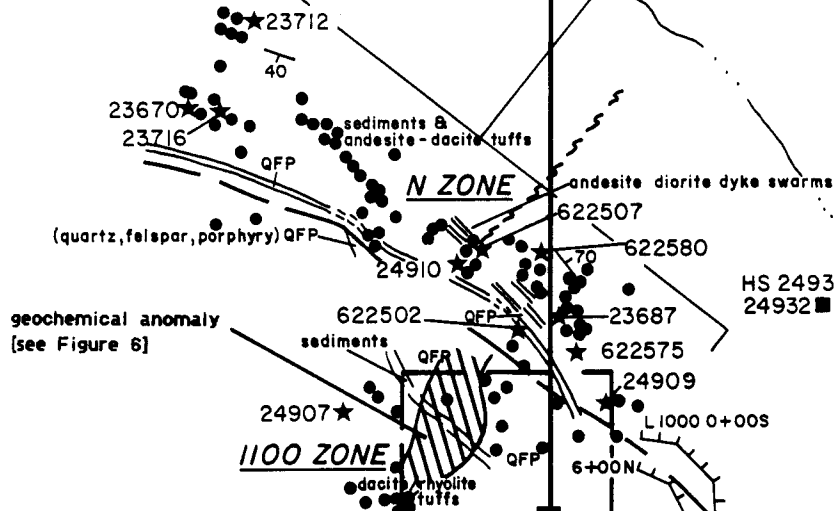
In the N and Tat areas, north-northwest-striking, steeply-dipping greywacke-argillite sedimentary strata become increasingly tuffaceous towards the southwest and are underlain by felsic volcanic breccias, agglomerates and flows. Soft sediment deformation near the sediment-volcanic contact indicate that stratigraphic tops are to the northeast. The contact area between the volcanic and sedimentary rocks is highly pyritic and narrow layers

BROWN 1

BROWN 2

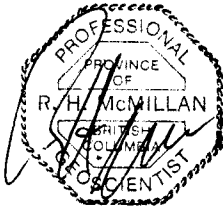
HS 24938 ■ HS 24935

N ZONE & 1100 ZONE



BROWN 4

KABUR I



AQUATERRE MIN. DEV. LTD.

ASHWOOD PROJECT  
SKEENA MINING DIVISION, B.C.

GEOLOGY & SAMPLE LOCATIONS:  
N, TAT, 1100 & RIDGE ZONES

FIGURE 5

- 24932 SILT SAMPLE LOCATION
- ROCK CHIP SAMPLE LOCATION
- ★ 23712 ANOMALOUS ROCK CHIP SAMPLE
- - - - - GEOLOGICAL CONTACT
- ..... SOIL SAMPLE CONTOUR LINE



■ 24925  
■ 24926  
are 1000 m

Date: FEB. 1994 NTS: 1030 9,16 103P 12,13 Scale: 1:20000



and lenses with base metal sulphides are characteristic. Intrusive dyke-rocks ranging from andesite to rhyolitic quartz feldspar porphyry have also been mapped in the contact area. The volcanic rocks consist of volcanic ash tuff, lapilli tuff and agglomerate of andesitic to dacitic composition and are medium green to light grey in colour. Feldspar porphyry flows, with feldspar laths to 3 mm set in a fine grained light to medium green matrix, are also present.

## 7.2 1100 Zone

The 1100 Zone, located 700 metres south of the N zone within the Brown 1 & 3 claims, is underlain mainly by dacitic to rhyolitic crystal tuffs (Figure 5). These felsic pyroclastic rocks are fine grained, grey to dark green in colour and locally bedded. Hydrothermal alteration is of variable intensity and type including silicification, sericitization and chloritization. Disseminated pyrite ranges from 1 - 8%. In the southeastern corner of the grid area, an andesitic flow unit is present -- the andesites are massive, fine grained, green, chloritic and have abundant feldspar phenocrysts. Northeast of the 1100 Zone, a 150 to 200 metre thick quartz feldspar porphyry intrusive plug outcrops -- the intrusive body trends in a northwesterly direction and is 700 metres in length. The porphyry contains white chalky feldspar phenocrysts up to 7 mm., with equant quartz "eyes" up to 5 mm. in a fine grained matrix. It is characterized by curving joint sets suggesting late viscous flow and an origin as a sub-volcanic rhyolite dome. A 20 to 30 metre thick band of calcareous sedimentary rock has been mapped on the southwest margin of the plug.

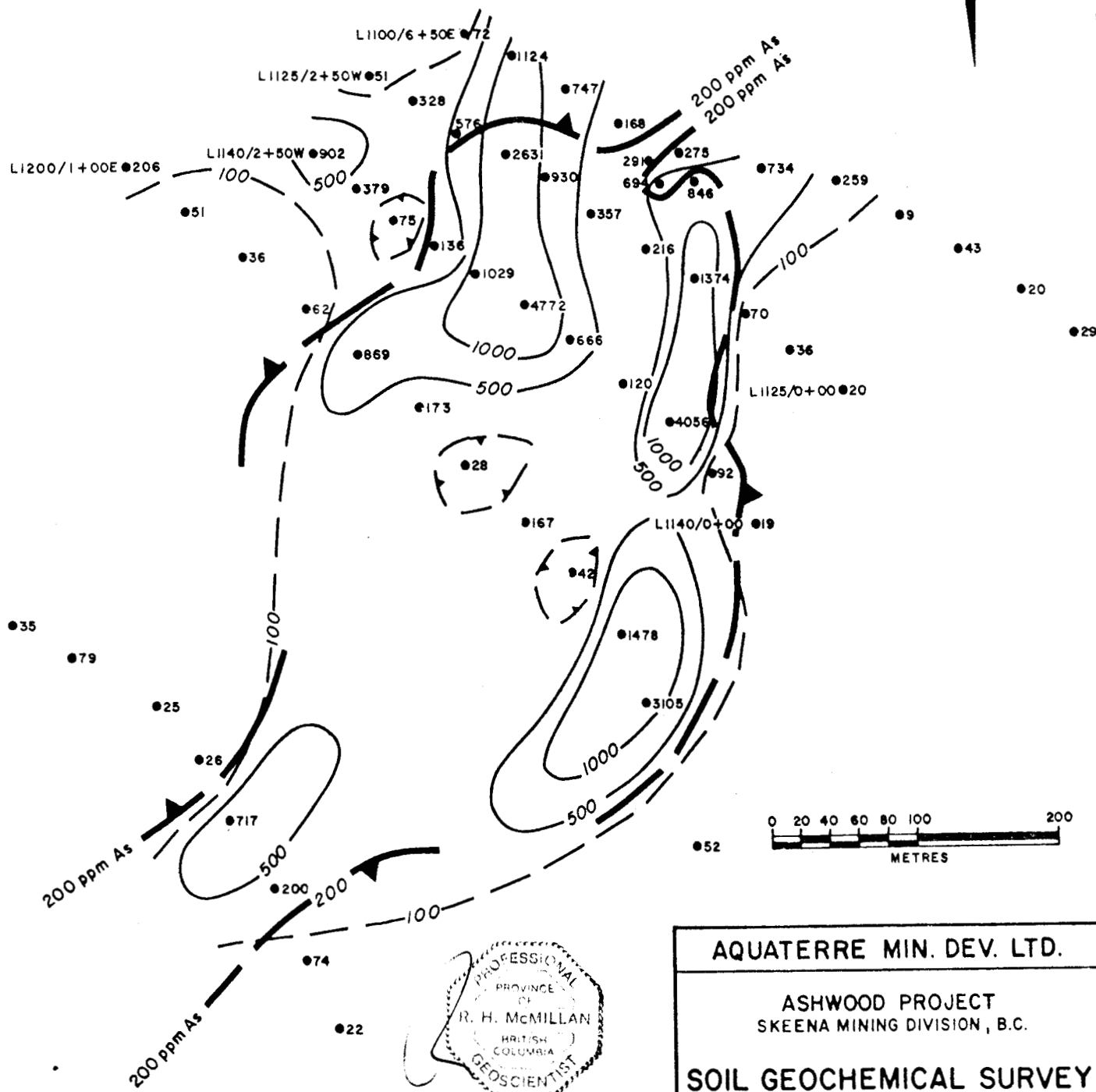
## 7.3 Ridge Zone

Only preliminary reconnaissance mapping was carried out in the Ridge Zone area (Figure 5). This mapping indicates that most of the area is underlain by andesitic to dacitic lapilli tuffs and tuff breccias. Andesitic dykes, possibly containing tourmaline crystals, intrude the above lithologies.

## 7.4 Tis Zone

On the west portion of the property, the Tis area is underlain by a submarine basaltic sequence -- probably part of the Unuk River Formation. The lowest stratigraphic unit is a basaltic tuff unit overlain by well-pillowed basalt. The basalt is overlain in turn by a highly altered debris flow breccia with a fine grained mafic matrix and predominantly mafic clasts - clasts of sulphide-rich material are an important feature of the breccia, as are crosscutting quartz-sulphide-chlorite "stringer" zones. The breccia unit is conformably overlain by pillowed basalts. Tenajon Resources (Visage 1990c) obtained an assay of 9.25 g/t Au across 1 metre in a channel sample from one of the "stringer" zones. A thick diorite

GLACIER



●72 SAMPLE LOCATION, ppb Au  
 —500— ISOICHEMICAL CONTOURS (ppb Au)  
 - - - - - ISOICHEMICAL CONTOUR (ppm As)

AQUATERRE MIN. DEV. LTD.		
ASHWOOD PROJECT SKEENA MINING DIVISION, B.C.		
SOIL GEOCHEMICAL SURVEY 1100 ZONE		
FIGURE 6		
Date: JULY-SEPT 1993	NTS: 103P/13W	Scale: 1:2000

dyke outcrops west of the silicified "stringer" zone. A large ice field covers much of the east side of this zone.

## 8.0 SOIL GEOCHEMICAL SURVEYS

Soil geochemical surveys were utilized to prospect in the area southwest of the N Zone where Tenajon Resources had discovered an angular float of pyritic silicified dacite which assayed 11.7 g/t Au (Visage, 1990a). Because of the steep topography, contour soil lines were employed. Samples were generally collected at 25 metre station intervals along the lines at depths of approximately 15 -30 cm. From the reconnaissance style geochemical sampling, two areas of interest were identified:

### 8.1 1100 Zone

Seven soil survey lines were taken between 1000 and 1250 metres elevation over an area on the Brown 1 & 3 mineral claims covering the Tenajon silicified dacite float sample. A north-northeast trending geochemical anomaly of greater than 100 ppb Au, measuring approximately 125 x 300 metres was outlined (Figure 6). Anomalous samples ranged up to 4772 ppb Au, 6.9 ppm Ag and 619 ppm As. Within the anomaly, 31 samples were greater than 100 ppb Au.

Because the 1993 program was done during two campaigns, the first in July and the second in September, nine soil sample locations were sampled twice. The reproducibility of the anomalies is reasonably good:

Duplicate Soil Sampling: 1100 Zone			
Sample Number	Au (ppb)	Ag (ppm)	As (ppm)
11+00 4+00E	96 (29)	1.0 (0.8)	811 (252)
11+00 4+50E	48 (43)	1.0 (1.2)	101 (546)
11+00 5+50E	2937 (275)	0.2 (0.7)	151 (119)
12+00 1+00E	659 (206)	0.5 (1.2)	88 (82)
12+00 1+50E	29 (36)	0.2 (0.5)	141 (163)
12+00 2+00E	261 (869)	1.2 (1.7)	407 (395)
12+00 2+50E	45 (28)	0.5 (0.9)	301 (247)
12+00 3+00E	44 (42)	0.2 (0.6)	30 (21)
12+00 3+50E	81 (3105)	2.4 (3.1)	501 (310)

(\* result from the repeat sample is shown in brackets)

## 8.2 Ridge Zone

On the Brown 3 claim, a single contour soil line (L 1400) was run at an elevation of 1400 metres to investigate an extensive area of gossanous outcrop and talus. Over a length of 400 metres, five samples yielded anomalous gold values ranging up to 632 ppb Au and 700 ppm As. More sampling will be required before drill targets are ready in this area.

### Anomalous Soil Samples: Ridge Zone L1400

<u>Location</u>	<u>Au (ppb)</u>	<u>Ag (ppm)</u>	<u>As (ppm)</u>
0 + 00W	144	0.6	165
1 + 00W	217	0.4	433
2 + 00W	632	0.9	700
3 + 00W	10	0.6	25
4 + 00W	301	0.4	438

## 9.0 STREAM GEOCHEMICAL SURVEY

A total of five silt and heavy mineral concentrate samples were taken during the program. Anomalous gold values of 207 and 501 ppb Au were obtained from two heavy sediment sample sites (sample numbers 24935 and 24938) near the headwaters of the main drainage basin in the north central area of the Brown 1 claim. A single silt sample (number 24927) collected from the most prominent creek just north of Floatplane Lake on the Kabur 1B Claim yielded values of 105 ppb Au, 1.1 ppm Ag, 422 ppm Cu, 75 ppm Pb and 297 ppm Zn. Prospecting up this creek in 1993 found polymetallic sulphide mineralization as discussed in Section 10.1 of this report.

## 10.0 MINERALIZATION

Aquaterre's 1993 work has outlined five main areas of interest on the Ashwood Project -- the 1100, N, Tat, Ridge and Tis zones (Figure 4). A sixth area, the Rhyolite Zone, was not examined, but should be investigated in the course of a future program.

## 10.1 N and Tat Zones

In both the N and the Tat areas, exhalative-style polymetallic mineralization was discovered by Tenajon Resources in 1990 (Visage, 1990a) and confirmed by Aquaterre in 1993 (Todoruk and Weekes, 1993). The mineralization consists of pyrite, pyrrhotite and sphalerite with minor galena and chalcopyrite, occurring as disseminated mineralization, layers and lenses sub-parallel to bedding in turbiditic sedimentary strata. Individual lenses of mineralization vary up to 30 - 40 cm. in width and trend along strike for up to 5 metres. Although the N and Tat Zones are 2 km. apart, bedding structures indicate that the N and Tat are likely part of the same regional structure -- the contact zone between the Betty Creek (Mount Dillworth) and Salmon River Formations. The area between the two zones has yet to receive any exploration because of steep topography combined with a cover of dense slide alder -- despite the problems, this area has considerable exploration potential.

Selected character assays from the N and TAT Zones are summarized below from the report by Todoruk and Weekes (1993):

<u>Sample Number</u>	<u>Zone</u>	<u>Type</u>	<u>Au (ppb)</u>	<u>Ag (ppm)</u>	<u>Cu (ppm)</u>	<u>Pb (ppm)</u>	<u>Zn (ppm)</u>
622502	N	grab	103	85.0	237	3.44%	13,208
622507	N	grab	295	6.2	1,701	36	4.13%
622575	N	loat	410	5.8	595	55	10.47%
622580	N	float	1,169	235.0	98	7,698	9,763
23670	N	chip-0.5m	4,140	1.8	101	230	904
23683	N	grab	170	7.5	388	360	12,240
23688	Tat	grab	186	30.5	1,196	683	10,719
23712	N	grab	34	6.9	848	173	3.28%
23716	N	chip-0.2m	246	33.7	703	2,484	5.95%
23740	Tat	grab	435	65.0	1,078	8,808	16,939
23744	Tat	chip-0.1m	246	25.6	994	3,149	11,767
24909	N *	float	9,620	5.9	396	16	97
24910	N	float	1,455	5.2	842	272	3.36%

\* near 1100 Zone

## 10.2 1100 Zone

The 1100 Zone is an area characterized by highly anomalous gold-in-soil geochemical values (Figure 6) ranging up to 4772 ppb Au. A grab sample (24907) (Figure 5) taken (Todoruk and Weekes, 1993) from an outcrop of silicified, pyritic dacite-andesite tuff

returned values of 1144 ppb Au and >2000 ppm As. Interest in the area was prompted by a Tenajon Resources Ltd. (Visage, 1990a) grab sample of silicified, pyritic dacite float which assayed 11.7 g/t Au. Within the area of the soil anomaly, disseminated pyrite is commonly found associated with varying degrees of silicification (Todoruk and Weekes, 1993). The area of the anomaly is characterized by steep, slippery bluffs surrounded by extensive talus cover. Down-slope, 350 metres east of the anomaly, a float boulder sample (24909) of strongly pyritic, carbonate-altered dacite-andesite tuff returned a gold value of 9620 ppb.

Unfortunately there has not been an opportunity to geologically map the 1100 Zone area in detail since the geochemical and lithochemical sampling program was completed in September, 1993. The regional mapping however shows the anomaly to be located within tuffs of andesitic to dacitic composition -- presumably part of the Mount Dillworth Formation. A lens of quartz feldspar porphyry up to 150 metres in width extends northwestward under a small glacier for approximately 700 metres -- this porphyry (see section 7.2) appears to be sub-volcanic in nature, and this aspect, together with the presence of a narrow (approximately 25 metre-thick) band of calcareous sedimentary rocks at the southeast margin of the porphyry lens suggests a shallow subaqueous depositional environment. Similar environments within the Hazelton Group are host to major Au-Ag deposits at Silbak Premier, Eskay Creek and Red Mountain to the north.

### 10.3 Ridge Zone

The Ridge Zone area has received very minor work to this point, and is covered by extensive talus and soil. Lithologies observed include brecciated andesite lapilli tuffs which appear to have been hydrothermally altered with pyrite, some arsenopyrite and local chalcopyrite. Two samples which returned values greater than 1000 ppb Au are tabulated below:

<u>Sample Number</u>	<u>Type</u>	<u>Au (ppb)</u>	<u>Ag (ppm)</u>	<u>Cu (ppm)</u>	<u>As (ppm)</u>
23676	float	1,548	1.6	14	>2,000
460053	talus	1,675	4.7	715	18

## 10.4 Tis Zone

Aquaterre's 1993 program was directed towards following-up the quartz-sulphide-chlorite "stringer" zone where Tenajon (Visage, 1990c) obtained an assay of 9.25 g/t Au across a width of 1 metre in 1990. Arsenopyrite was observed along with pyrite in narrow quartz veins which form a stockwork cutting hornfelsed mafic volcanics. Three of the higher assays obtained in the Aquaterre sampling (Todoruk and Weekes, 1993) are tabulated below:

<u>Sample Number</u>	<u>Type</u>	<u>Au (ppb)</u>	<u>As (ppm)</u>
622512	grab	13.0 g/t	221
24913	chip - 1.0m	2,033	>2,000
24914	chip - 1.0m	694	1,657

Although samples 24913 and 24914 are from a continuous chip-channel, and constitute a width of 2 metres, results from samples taken a few metres along strike in either direction were not encouraging. The data is not considered sufficiently encouraging to justify diamond drilling.

## 11.0 DISCUSSION and CONCLUSIONS

Aquaterre's 1993 field program has been highly successful in defining high-priority exploration targets in two areas of the Ashwood Property.

In the **N and Tat Zones**, geological mapping has identified exhalative-style polymetallic sulphide horizons associated with a major volcanic-sedimentary "break" at the Betty Creek (Mount Dillworth) and Salmon River contact area within Hazelton Group stratigraphy. The N and Tat zones define a two kilometre strike length and the mapping indicates the geologically favourable contact zone extends for another four kilometres. Preliminary silt sediment sampling (5 samples) has yielded one highly anomalous sample (see section 9.0) associated with the Tat area and the author believes this technique should be utilized to evaluate the full extent of the favourable stratigraphy. A helicopter-borne magnetic-electromagnetic survey should also be considered for the area. In addition to regular silt samples, heavy mineral concentrate and moss-mat samples should be taken. Prior to diamond drilling, a comprehensive geological survey coupled with detailed prospecting will be required.

The **1100 Zone** and **Ridge Zone** are located a few hundred metres west of the aforementioned contact zone within the volcanic section of the Hazelton Group and constitute targets for epithermal-style Au-Ag mineralization. The 1100 Zone is the most

advanced of the two areas and will be ready for diamond drilling with additional geological mapping, soil geochemical sampling and prospecting. The Ridge Zone however requires considerable work. Both areas might benefit from induced polarization surveys prior to diamond drilling.

The work to date on the **Tis** and **Rhyolite Zones** has not been as encouraging as the work in the previous four Zones, however there has been sufficient encouragement to warrant additional prospecting, geological mapping and geochemical surveying.

## 12.0 RECOMMENDATIONS

During the next phase of work the following should be included:

- 1) Regional (1:10,000 scale) and detailed geological mapping to identify and trace favourable intravolcanic and volcanic-sedimentary contact areas.
- 2) Helicopter-borne geophysical survey.
- 3) Silt geochemical sampling -- possibly 4 to 10 samples per square kilometre -- regular silt, heavy mineral concentrate and moss-mat samples.
- 4) Landsat and airphoto interpretation.
- 5) Soil sampling as appropriate following the above.
- 6) Diamond drilling.

The recommended program is estimated to cost the following:

### PHASE I

**Stage I** - Regional and detailed property mapping, helicopter-borne geophysical survey, prospecting, sampling and drill site selection. Two-man fly camp, serviced every 4 days, headed by a geologist.

Helicopter-borne geophysical survey	\$ 50,000
Crew Cost - 36 days at 450/day	\$ 16,200
Helicopter costs - 16 hrs. at 800/hr	\$ 12,800
Room and board	\$ 2,400
Travel	\$ 4,000
Analyses	\$ 10,000
Equipment rental and miscellaneous	\$ 5,400
Data compilation	\$ 5,200
<b>Total Stage I</b>	<b>\$ 106,000</b>



**Stage 2 - Exploration Diamond Drilling (NQ), 9 - 12 drill holes, each hole 100 to 300 metres deep, drill site selection pending results obtained from the Stage I program.**


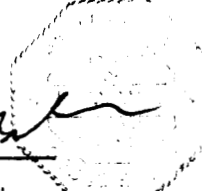
Diamond Drilling - allow 1900m @ \$80/m	\$ 152,000
Mob/demob	\$ 20,000
Helicopter - 12 hrs. @ \$2500, 80 hrs. @ \$800	\$ 94,000
Supervision	\$ 22,000
Analyses	\$ 11,000
Room and board	\$ 6,000
Travel and vehicle rental	\$ 5,000
Equipment rental and miscellaneous	\$ 10,000
Data compilation and report	\$ 15,000
<b>Total Stage 2</b>	<b>\$ 335,000</b>
Contingency (approximately 12%)	\$ 54,000

**TOTAL PHASE I**

**\$ 495,000**

**PHASE II** - costs and details of the program will be contingent upon the results of the Phase I program, however will include detailed drilling of any mineral deposits indicated from the Phase I drilling, at costs in excess of \$500,000.

Respectfully submitted,

  
  
 R. H. McMillan Ph.D., P. Geo.

Victoria, B.C.  
 February 28, 1994

**APPENDIX 1****BIBLIOGRAPHY**

- Alldrick D.J. (1993): Geology and Metallogeny of the Stewart Mining Camp; B.C. Ministry of Energy, Mines and Petroleum Resources, Mineral Resources Division, Geological Survey Branch Bulletin 85.
- B.C. Ministry of Energy, Mines and Petroleum Resources Production Statistics (BCMETAL).
- Carter N. C. and Grove E. W. (1972): Geological Compilation of the Stewart, Anyox, Alice Arm, and Terrace Areas, B.C. Ministry of Energy, Mines and Petroleum Resources Preliminary Map No. 8.
- Grove E.W. (1971): Geology and Mineral Deposits of the Stewart Area, British Columbia; B.C. Department of Mines and Petroleum Resources Bulletin 58, 229 pages.
- Grove E.W. (1973): Detailed Geological Studies in the Stewart Complex, Northwestern British Columbia; unpublished Ph.D. thesis, McGill University, 434 pages.
- Grove E.W. (1986): Geology and Mineral Deposits of the Unuk River - Salmon River - Anyox Area; B.C. Ministry of Energy, Mines and Petroleum Resources, Mineral Resources Division, Geological Survey Branch Bulletin 63, 152 pages.
- Hoy T. (1991): Volcanogenic Massive Sulphide (VMS) Deposits in British Columbia. In: Ore Deposits, Tectonics and Metallogeny in the Canadian Cordillera, British Columbia Ministry of Energy, Mines and Petroleum Resources Paper 1991-4, pp. 89-123.
- Kerr F.A. (1948): Lower Stikine and Western Iskut River Areas, British Columbia; Geological Survey of Canada Memoir 246, 94 pages.
- International Corona Corporation Notice to Shareholders, September 9, 1991.
- Lac Minerals Ltd. (1993): Red Mountain Project Prospectus, submitted to British Columbia Mine Development Assessment Branch.
- McConnell R.G. (1913): Portions of Portland Canal and Skeena Mining Division, Skeena District, B.C., Geol. Surv. Canada Memoir 32.
- MINFILE, B.C. Ministry of Energy, Mines and Petroleum Resources Mineral Deposit Database.

Mining Review (1993), p. 20.

Payne J.G., Bratt J.A. and Stone, B.G. (1980): Deformed Mesozoic Volcanogenic Cu-Zn Sulphide Deposits in the Britannia District, British Columbia. *Econ. Geol.* vol. 75, pp. 700-721.

Todoruk Steve L. and Weekes, Scott (1993): Geological, Geochemical and Prospecting Report on the Ashwood Project, Skeena Mining Division, Aquaterre Mineral Development Ltd. private report, 21 pages.

Visagie D. (1990a): Geochemical Report on Wood 4 Group, Skeena Mining Division; Ashwood 10, 14 and 15 Claims, B. C. Ministry of Energy Mines and Petroleum Resources Geological Survey Branch Assessment Report 20,806, Tenajon Resources Corp.

Visagie D. (1990b): Geochemical Report on Horsemeat One & Two Claims (Ashwood Property), Skeena Mining Division; B. C. Ministry of Energy Mines and Petroleum Resources Geological Survey Branch Assessment Report 20,024, Tenajon Resources Corp.

Visagie D. (1990c): Geochemical Report on Wood 3 Group, Skeena Mining Division; Ashwood 7 - 9, 12 - 13, 24 - 25 Claims; B. C. Ministry of Energy Mines and Petroleum Resources Geological Survey Branch Assessment Report 20,813, Tenajon Resources Corp.


Visagie D. (1990d): Geochemical Report on Wood #1 Group (Ashwood Property), Skeena Mining Division; Horsemeat One - Four and Ashwood 11 Claims; B. C. Ministry of Energy Mines and Petroleum Resources Geological Survey Branch Assessment Report 20,347, Tenajon Resources Corp.


Westmin Resources Limited Annual Report (1991).

**APPENDIX II****CERTIFICATE**

I, RONALD HUGH McMILLAN, of 4026 Locarno Lane, Victoria,  
British Columbia (V8N 4A1), do hereby certify that:

1. I am a Consulting Geologist, registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1992, and with the Association of Professional Engineers of Ontario since 1981.
2. I am a graduate of the University of British Columbia with B.Sc. (Hon. Geology, 1962), and the University of Western Ontario with M.Sc. and Ph.D. (1969 and 1972) in Mineral Deposits Geology.
3. I have practiced my profession throughout Canada, as well as in other areas of the world continuously since 1962.
4. The foregoing report on the Ashwood Property is based on a review the results of the 1993 field work carried out in August and September, as well as a review of published and unpublished information regarding the geological setting, styles of mineralization and results of previous exploration programs within and adjacent to the subject property. A one-day visit was made to the property on September 2, 1993 with Scott Weekes during which the "N", Tis and 1100 Zone Areas were visited.
5. I have no interest, financial or otherwise, in any of the Mineral Claims which constitute the Ashwood Property, nor in Aquaterre Mineral Development Ltd. or any related corporation.
6. Permission is hereby granted to Aquaterre Mineral Development Ltd. to use the foregoing report in support of a Prospectus, Statement of Material Facts or Filing Statement to be filed with the British Columbia Securities Commission and the Vancouver Stock Exchange.

  
R. H. McMillan Ph.D. P. Geo.



Victoria, B. C.  
9 February 1994

**REPORT**  
on the  
**MINERAL POTENTIAL**  
of the  
**PILLDOLLA and JI PROPERTIES**

**Jervis Inlet Area,**  
**British Columbia**

for  
**AQUATERRE MINERAL DEVELOPMENT LTD.**

written by  
**R. H. McMillan Ph.D., P.Geo.**  
Consulting Geologist

February, 1994