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GEOLOGICAL REPORT
on the
LOUISE LAKE PORPHYRY COPPER-GOLD PROSPECT

Smithers Area
Omineca Mining Division
British Columbia

Latitude: 54 51' North
Longitude: 127 41' West
NTS: 93L/13E

for
CAN-AUS ENTERPRISES LTD.

by
N.C. CARTER, PH.D. P.ENG.
September 15, 1994

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CONSULTING GEOLOGIST

SUMMARY

Can-Aus Enterprises Ltd. holds an option agreement on the Louise Lake porphyry copper-gold prospect which is situated 35 km west of Smithers in west-central British Columbia.

The property, originally located in 1968, has been partially tested by geological, geophysical and geochemical surveys and by trenching and 5588.6 metres of diamond drilling. The most recent diamond drilling program, completed in March and June of 1992, incurred expenditures of \$277,000.

Work to date has identified geological features and geochemical and geophysical signatures similar to those associated with significant porphyry deposits elsewhere in west-central British Columbia and the presence of copper-arsenic sulphide minerals suggests that at least some of the mineralization may be transitional between high-level porphyry copper and near-surface epithermal precious metals deposits.

Diamond drilling to date has partially delineated a tabular zone of copper-gold-molybdenum mineralization estimated to contain a possible resource of 50 million tonnes grading 0.30% copper and 0.31 g/t gold. A second zone, northeast of the main zone and adjacent to a regional fault structure, was intersected by one drill hole from which a 3

metre section returned appreciably higher base and precious metals grades.

The Louise Lake prospect merits additional exploratory work. A first phase program, designed to further test both of the known mineralized zones, is recommended to include a detailed compilation of the results of previous exploration work, Induced Polarization (IP) surveys and additional diamond drilling at an estimated cost of \$235,750.

INTRODUCTION

Can-Aus Enterprises Ltd. has recently concluded an option agreement with 402774 B.C. Ltd. for the purpose of carrying out additional exploratory work on mineral claims comprising the Louise Lake property in west-central British Columbia.

This geological report on the Louise Lake porphyry copper-gold prospect, prepared at the request of Can-Aus Enterprises Ltd., is based principally on three previous reports prepared by the writer for the Louise Lake property which include reports for 402774 B.C. Ltd. and New Canamin Resources Ltd., dated July 26 and November 18, 1991 respectively. A March 18, 1994 report, prepared for Conquest Exploration Ltd., included information derived from exploratory drilling programs conducted by Equity Silver Mines Limited in 1992.

Information used in the preparation of all reports includes records of previous exploration work conducted on the property since its discovery in the late 1960's. Much of this information is on public record and pertinent references are listed at the end of this report.

The writer originally examined and reported on the Louise Lake property in 1969 while in the employ of the then Provincial Department of Mines and Petroleum Resources.

| <u>Claim Name</u> | <u>Record Number</u> | <u>Units</u> | <u>Expiry Date</u> |
|-------------------|----------------------|--------------|--------------------|
| TENN 5 | 305945 | 8 | October 26,1995 |
| TENN 6 | 305946 | 20 | October 26,1995 |
| TENN 7 | 305947 | 10 | October 28,1995 |
| TENN 8 | 305948 | 8 | October 28,1995 |
| TENN 9 | 305949 | 20 | October 29,1995 |
| TENN 10 | 305950 | 20 | October 31,1995 |
| TENN 11 | 305951 | 10 | October 31,1995 |
| TENN 12 | 305952 | 10 | October 31,1995 |

The foregoing mineral claims are believed to have been located in accordance with procedures as specified by the Mineral Tenure Act Regulations for the Province of British Columbia. No claim posts or lines have been examined by the writer.

The mineral claims comprising the property were purchased by 402774 B.C. Ltd. March 27,1991 and are subject to a recently concluded option agreement between this company and Can-Aus Enterprises Ltd.

PHYSICAL SETTING

The property is situated in an area of relatively subdued topography within the Bulkley Ranges near the headwaters of Zymoetz River, a major tributary of Skeena River. Louise Lake is at the headwaters of Coal Creek which flows southwesterly into the Zymoetz River.

Elevations range from 915 metres above sea level along Coal Creek in the southwestern property area to more than 1100 metres north of Louise Lake (Figure 3 - note that

CERTIFICATE

I, NICHOLAS C. CARTER of 1410 Wende Road, Victoria, British Columbia, do hereby certify that:

1. I am a Consulting Geologist registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1966.
2. I am a graduate of the University of New Brunswick with B.Sc.(1960), Michigan Technological University with M.S.(1962) and the University of British Columbia with Ph.D.(1974).
3. I have practised my profession in eastern and western Canada and in parts of the United States for more than 25 years.
4. I am the author of the foregoing Geological Report on the Louise Lake Porphyry Copper-Gold Prospect, Omineca Mining Division, B.C., which is based on three previous reports prepared by me between 1991 and 1994 which incorporate results of previous exploration work on the subject property.
5. I hold no interest, directly or indirectly, in the mineral claims comprising the Louise Lake property or in Can-Aus Enterprises Ltd.nor do I expect to receive any such interest.

N.C. Carter, Ph.D. P.Eng.

Victoria, B.C.
September 15, 1994

**N.C. CARTER, Ph.D., P.Eng.
CONSULTING GEOLOGIST**

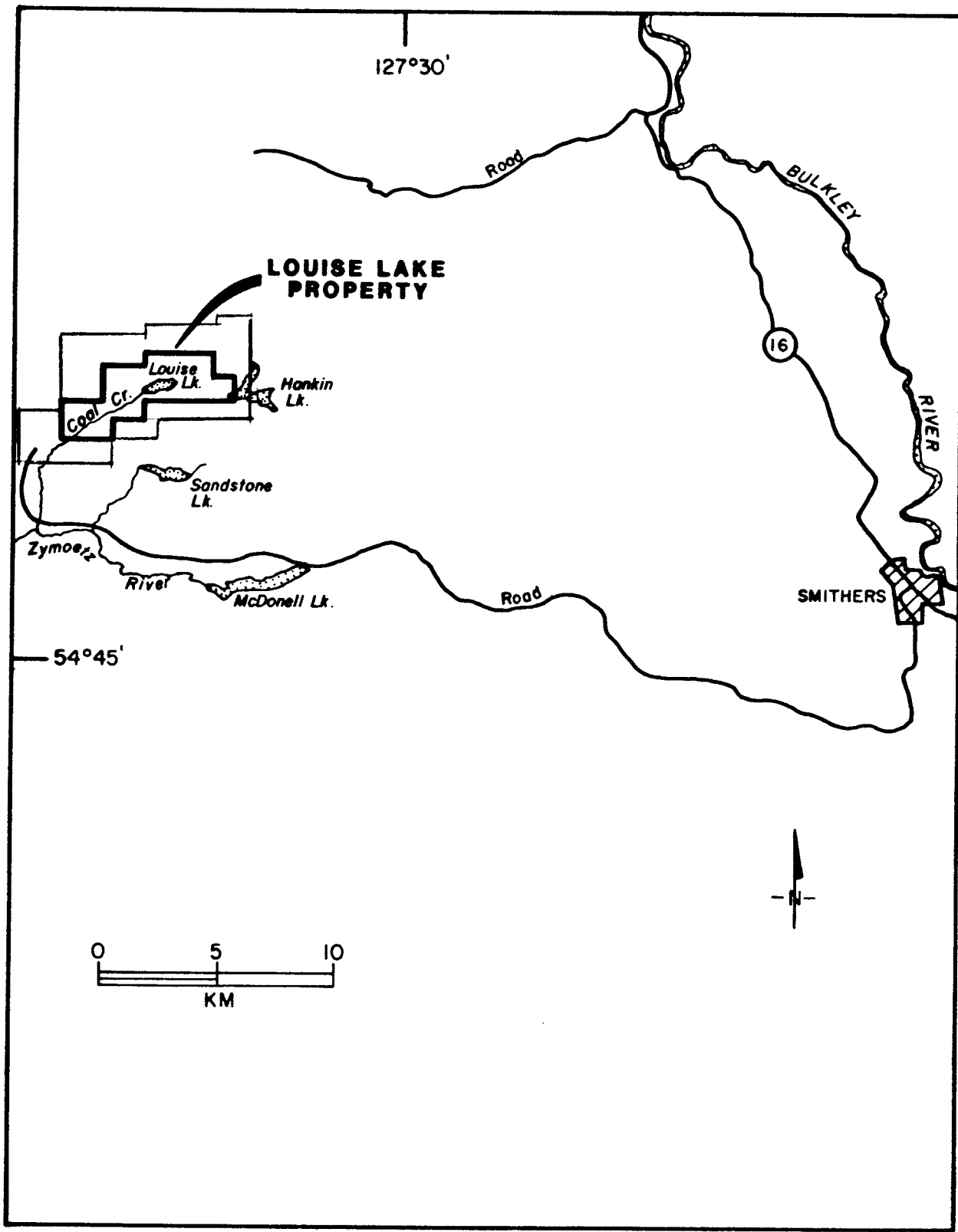


FIGURE 2 - LOCATION - LOUISE LAKE PROPERTY

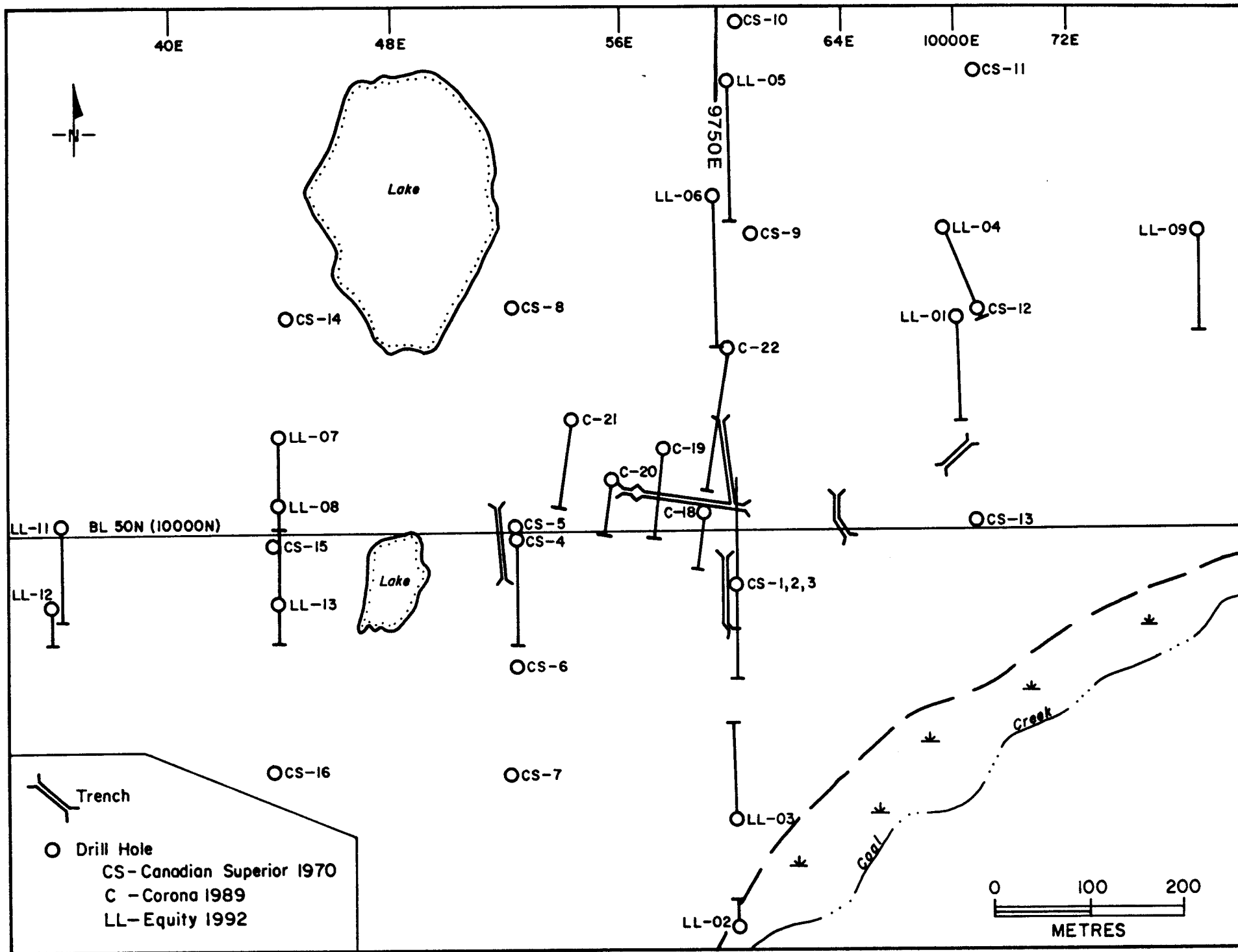


FIGURE 7A - DRILL HOLE PLAN