

on the

RAINBOW CLAIM GROUP
OKANAGAN FALLS AREA
OSOYOOS MINING DIVISION

by

MURRAY S. MORRISON, B.Sc.

CLAIMS: Rainbow 1-4 & 7-24 (22 units).
LOCATION: The Rainbow Claim Group is situated near the headwaters
of Vaseux Creek, 24 km southeast of Okanagan Falls, B.C.
Lat. 49° 16'; Long. 119° 17';
N.T.S. Map 82-E-6W
OWNER: M. S. Morrison
OPERATOR: M. S. Morrison
DATE STARTED: May 12, 2001
DATE COMPLETED: May 17, 2001

Kelowna, B.C.

July 30, 2001

26590

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GEOLOGICAL SURVEY BRANCH
ASSESSMENT DIVISION

26,590

SUMMARY

The Rainbow Claim Group is comprised of 22, 2-post mineral claims which are located near the headwaters of Vaseux Creek, 24 km southeast of Okanagan Falls, B.C. The property, owned by the writer, M. Morrison, of Kelowna, B.C., covers the eastern portion of the Venner Meadows Tertiary Outlier. Volcanic rocks of the outlier are known to host an epithermal precious metal occurrence at the AU prospect located just 1 km west of the Rainbow property.

Similar Tertiary age rocks host epithermal precious metal values at the well-known Dusty Mac and Vault properties located near Okanagan Falls. A total of 93,653 tonnes of ore with an average grade of 6.29 g/tonne gold and 146.49 g/tonne silver were mined from the Dusty Mac open pit mine during 1975-76. One persistent composite epithermal vein on the Vault property has a reserve of 152,000 tonnes of 14 g/tonne gold plus minor silver values. A large epithermal deposit on the same property may contain an additional 1.3 million tonnes of 2 g/tonne gold.

Drill intercepts as high as 300 g/tonne gold over 15 cm have been reported from the AU prospect.

The Tertiary rocks underlying the Rainbow Claim Group are predominantly andesitic and dacitic flow rocks of Eocene Age and conglomerates comprised of clasts of the same volcanic units. The Eocene rocks dip steeply to the northeast. The Tertiary Outlier is separated from "basement rocks" of the Pre-Permian Monashee gneiss and Cretaceous (?) Valhalla intrusions by a strong fault (called the Fort Knox Basement Fault in this report). It is thought that the fault has allowed for the passage of epithermal solutions from some source lying to the northeast and that these solutions have deposited precious metals with silica in some of the most permeable Eocene rocks. The good gold values associated with a quartz/calcite/adularia vein at the AU prospect are an example of such disposition.

SUMMARY continued

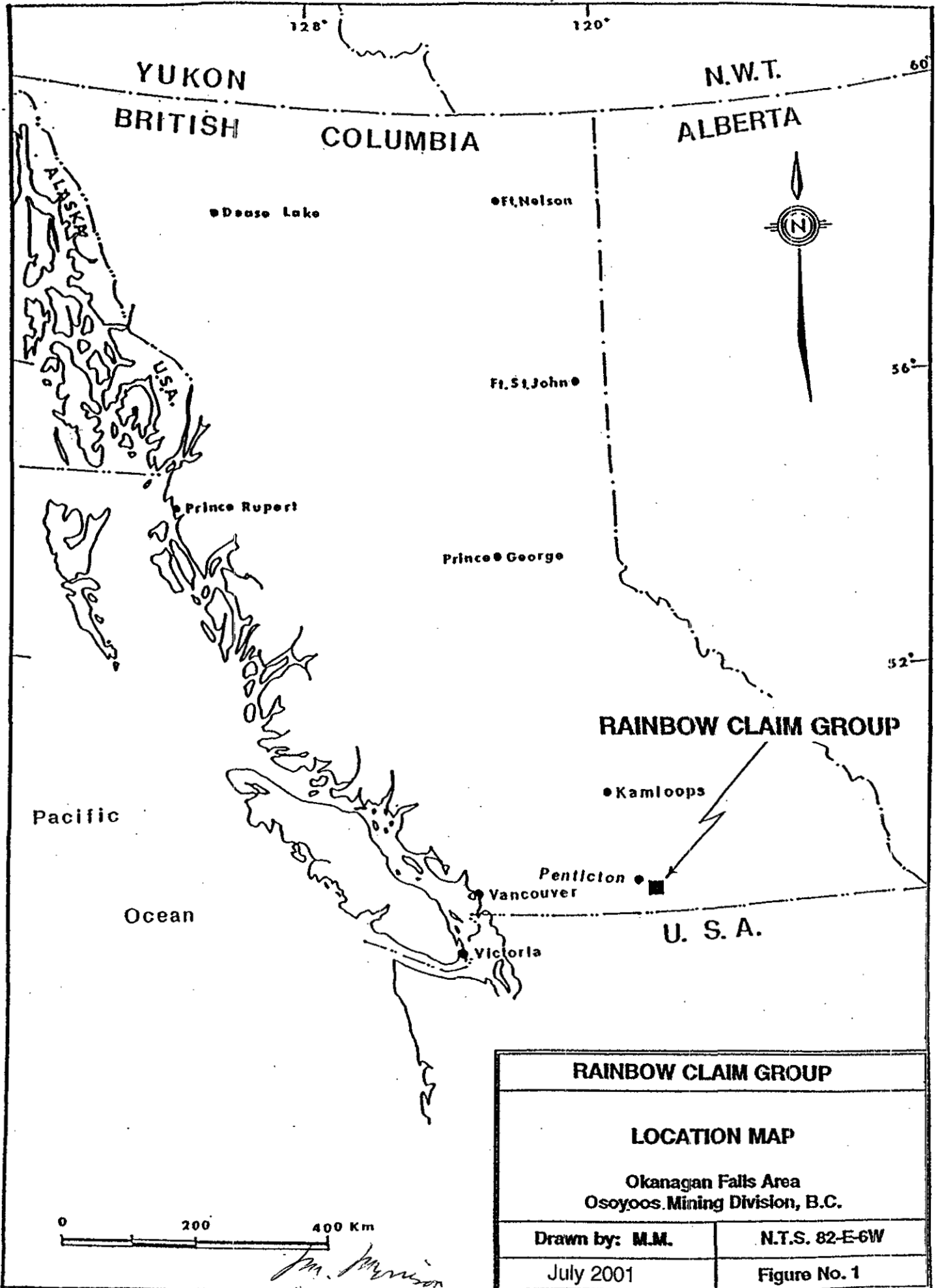
This year's detailed geological mapping program on portions of the Rainbow 12, 14 & 17-20 mineral claims followed-up on the mapping that was conducted last year. The property grid was expanded east and west and some intermediate lines (at 100 metre spacing) were also added. All of the main geological features that were identified last year were verified this year with the precise mapping and a new more accurate map was produced for the property.

The main economic features on the property are considered to be the Fort Knox Basement Fault and the very permeable units (4b and 4d) of the Early Eocene Marron Formation which dip towards the fault. The Fort Knox Basement Fault has been traced for 1000 metres in a direction of 125 degrees across the property. Wide belts of the permeable conglomerate (Unit 4d) and the brittle dacite (Unit 4c) cross the property subparallel to the Fault 500 to 700 metres to the northeast. Both the conglomerate and dacite exhibit clay alteration, pyritization (now limonite) and silicification that are believed to be related to epithermal solutions that have ascended the Basement Fault.

It is suggested that sizeable epithermal precious metal deposits may occur within the permeable conglomerate and brittle dacite associated with silica flooding near the Basement Fault. Target areas may lie within 150 metres of surface.

Lithogeochemical sampling to test for precious metals and indicator elements is recommended prior to conducting a drilling program.

A Reverse Circulation Percussion Drill capable of drilling to depths of at least 200 metres should be suitable for testing the very accessible targets.



RAINBOW CLAIM GROUP	
LOCATION MAP	
Okanagan Falls Area Osoyoos Mining Division, B.C.	
Drawn by: M.M.	N.T.S. 82-E-6W
July 2001	Figure No. 1

INTRODUCTION

This report, written for government assessment work credits, discusses the results of a geological mapping survey carried out over portions of the Rainbow 12, 14 & 17-20 mineral claims by the writer during May, 2001.

The Rainbow Claim Group is comprised of 22 contiguous 2-post mineral claims which are located near the headwaters of Vaseux Creek, 24 km southeast of Okanagan Falls, B.C. The mineral claims were staked by the writer, M. Morrison, of Kelowna, B.C. between June, 1994 and October, 1999.

The mineral claims are positioned to cover the eastern end of the Venner Meadows Tertiary Outlier which is comprised of Early Eocene volcanics and sediments. Similar rock is known to host epithermal precious metal mineralization just 1.0 km west of the Rainbow property at the AU Prospect on the boundary of the old Gold and Venner Mineral Claims. The well-known Dusty Mac and Vault properties, located near Okanagan Falls, B.C. also host epithermal precious metals in Tertiary Age rocks.

The writer conducted geological mapping programs in 1997 and 1999 on portions of the Rainbow 1, 2 & 7-10 mineral claims at a scale of 1: 2500. In 2000, and again this year, the mapping program was expanded to cover portions of the Rainbow 11-24 mineral claims which were added to the claim group in 1999.

The mapping program was designed to investigate the relationship between the strong faulting and the widespread rock alteration that are evident on the property.

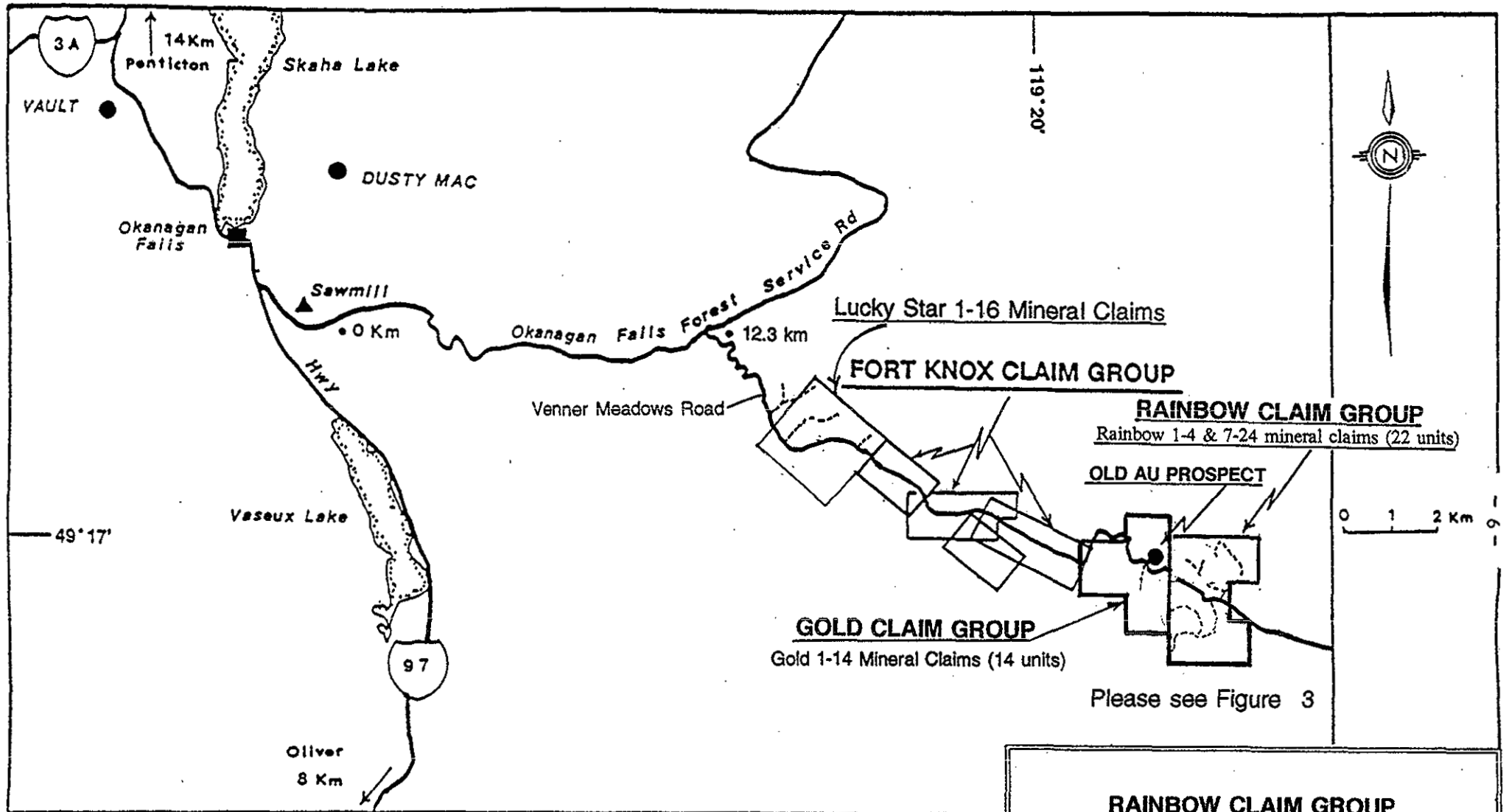
The results of this year's mapping program are illustrated on Map R-01-1 which accompanies this report.

LOCATION AND ACCESS

The Rainbow property is located near the headwaters of Vaseux Creek, 24 km southeast of Okanagan Falls, B.C. (Lat. 49° 16'; Long. 119° 17'; N.T.S. Map 82-E-6W).

Access to the property from Okanagan Falls is via the Weyerhaeuser Sawmill Road to the Allendale Lake Road which by-passes the sawmill and then continues beyond the millsite as the Okanagan Falls Forest Service Road. The road climbs the mountain on the south side of Shuttleworth Creek as the main haulage road. A secondary logging road branches to the right at kilometre 12.3 and continues southeast another 14.7 km to the property. Several old logging roads provide access to the property both north and south of the main road (see Figure 2).

The main logging roads are gravelled and maintained year-round.



RAINBOW CLAIM GROUP

Okanagan Falls Area
Osoyoos Mining Division, B.C.

MINERAL CLAIMS & ACCESS

Drawn by: M.M.

N.T.S. 82-E-6W

July 2001

Figure 2

Jim Morrison Access Roads

PHYSICAL FEATURES AND CLIMATE

The Rainbow property is situated on a rolling uplifted region known geographically as the Okanagan Highland. Elevations on the Highland generally range from 1400 to 1800 metres with some ridges reaching 2100 metres. Mount Baldy, located 11 km due south of the Rainbow property, is the highest point of land in the region at 2300 metres.

The Okanagan Highland is deeply incised by Shuttleworth and Vaseux Creeks which drain into the Okanagan River at the 330 metre elevation just 13 km west of the property.

The Rainbow property is centred over a shallow southeasterly trending valley which is occupied by a small tributary of Vaseux Creek. Elevations in the property range from 1450 to 1600 metres.

A light cover of Pleistocene boulder till blankets much of the valley bottom on the property. Deep gravel terraces occur along the northern side of the valley. Natural rock outcroppings are few, but recent road construction and logging activities have exposed bedrock over a widespread area.

Much of the Lodgepole pine forest has been clear-cut logged and replanted in recent years. The pine trees of the new forest plots range from 1 to 5 metres in height.

PHYSICAL FEATURES AND CLIMATE continued

The region is also used as a summer rangeland. The tributaries of Vaseux Creek provide ample drinking water for the cattle.

The Okanagan Highland receives considerably more precipitation than the arid Okanagan Valley. Annual precipitation on the Rainbow property probably equals 60 cm - half of it in the form of snow. The snow begins to accumulate around the first of November and generally lingers on shaded slopes until mid-May.

Summer temperatures can reach as high as 30°C in the upland country while winter minimums can drop to -30°C.

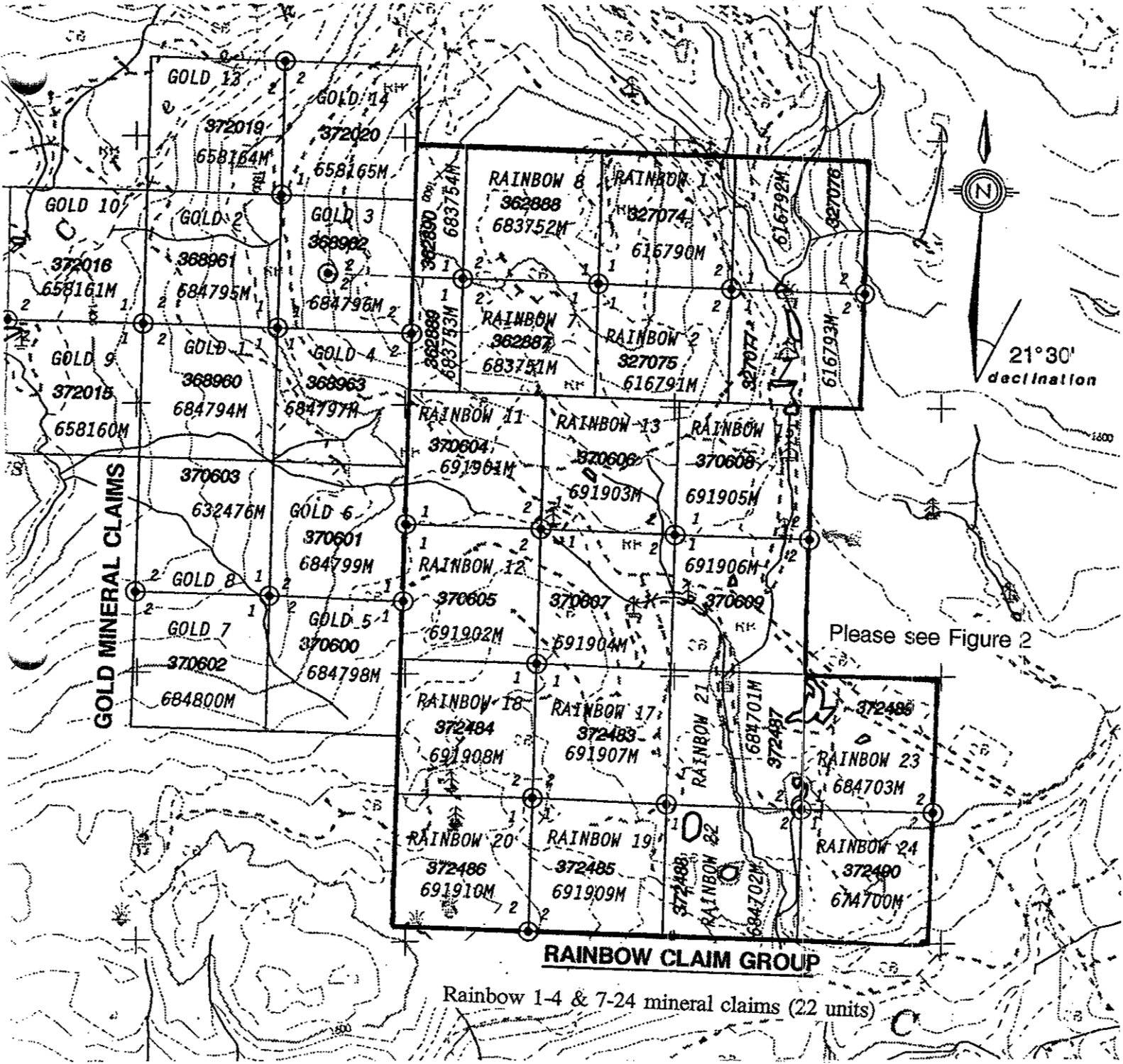
CLAIM STATUS

The Rainbow 1-4 & 7-24, 2-post mineral claims were staked by the writer, M. Morrison, of Kelowna, B.C. and recorded in the Osoyoos Mining Division.

The mineral claims making up the Rainbow Claim Group are listed below:

<u>CLAIM NAME</u>	<u>UNITS</u>	<u>TENURE NO.</u>	<u>DATE OF RECORD</u>	<u>EXPIRY* DATE</u>
Rainbow 1	1	327074	June 26, 1994	June 26, 2002
Rainbow 2	1	327075	June 26, 1994	June 26, 2002
Rainbow 3	1	327076	June 26, 1994	June 26, 2002
Rainbow 4	1	327077	June 26, 1994	June 26, 2002
Rainbow 7	1	362887	May 18, 1998	May 18, 2002
Rainbow 8	1	362888	May 18, 1998	May 18, 2002
Rainbow 9	1	362889	May 18, 1998	May 18, 2002
Rainbow 10	1	362890	May 18, 1998	May 18, 2002
Rainbow 11	1	370604	July 18, 1999	July 18, 2003
Rainbow 12	1	370605	July 18, 1999	July 18, 2003
Rainbow 13	1	370606	July 18, 1999	July 18, 2003
Rainbow 14	1	370607	July 18, 1999	July 18, 2003
Rainbow 15	1	370608	July 18, 1999	July 18, 2003
Rainbow 16	1	370609	July 18, 1999	July 18, 2003
Rainbow 17	1	372483	Sept. 30, 1999	Sept. 30, 2003
Rainbow 18	1	372484	Sept. 30, 1999	Sept. 30, 2003
Rainbow 19	1	372485	Oct. 3, 1999	Oct. 3, 2003
Rainbow 20	1	372486	Oct. 3, 1999	Oct. 3, 2003
Rainbow 21	1	372487	Oct. 4, 1999	Oct. 4, 2003
Rainbow 22	1	372488	Oct. 4, 1999	Oct. 4, 2002
Rainbow 23	1	372489	Oct. 4, 1999	Oct. 4, 2002
Rainbow 24	1	372490	Oct. 4, 1999	Oct. 4, 2002

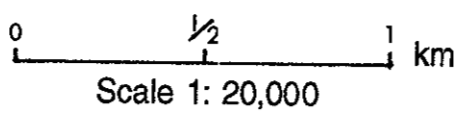
*(The Expiry Dates are based on the acceptance of this report for assessment work credits).



Please see Figure 2

RAINBOW CLAIM GROUP

Rainbow 1-4 & 7-24 mineral claims (22 units)



M. Morrison

RAINBOW CLAIM GROUP	
Okanagan Falls Area Osoyoos Mining Division, B.C.	
MINERAL CLAIMS	
Drawn by M.M.	N.T.S. 82-E-6W
July 2001	Figure 3

HISTORY

The Tertiary Age rocks of the Okanagan Falls area were not seriously explored for precious metal deposits until the late 1960's when Noranda Mines Ltd. discovered silver and gold mineralization within a silicified outcrop of Tertiary rock 2 1/2 km northeast of Okanagan Falls on the Dusty Mac property.

Extensive drilling by Noranda proved that the deposit was too small considering the low metal prices of the day and the property was returned to the vendor, Dusty Mac Mines Ltd., in 1970. Shortly thereafter, precious metal prices increased dramatically and Dusty Mac extracted the deposit with a profitable open pit operation during 1975-76. In all, 93,653 tonnes of ore grading 6.29 g/tonne gold and 146.59 g/tonne silver were mined.

The principals associated with Dusty Mac Mines Ltd. also discovered gold mineralization within Tertiary Age rocks 22 km southeast of Okanagan Falls, or 1 1/2 km east of Venner Meadows, in the early 1970's. The AU property was staked and optioned to Teck Corporation Ltd. which conducted preliminary exploration programs on the ground.

In 1982, the writer discovered a large silicified zone within Tertiary rocks 4 km northwest of Okanagan Falls and staked the Vault property. The Vault property was explored extensively by Riocanex Inc. (1982-83), Dome Exploration Ltd. (1984), Seven Mile High Resources Inc. (1985) and Inco Ltd. (1986-1990). Expenditures exceeding 4 1/2 million dollars went into exploration on the property in an effort to establish a precious metal reserve (see section on Regional Mineralization).

Also, in the 1980's, Esso Minerals and Minova Inc. each conducted further drilling on the Dusty Mac property, and Lacana Corp., Riocanex Inc. and Inco Ltd. all carried out exploration programs (including diamond drilling) on the AU gold prospect 1 1/2 km east of Venner Meadows (see section on Regional Mineralization).

HISTORY continued

Lacana Corporation was eventually taken over by Homestake Canada Ltd. and through the years Homestake allowed their ground over the AU gold prospect (i.e. the Venner 1-5 mineral claims) to lapse. The Rainbow 1-6 mineral claims were staked by the writer in June, 1994 to cover some of the lapsed ground. The Rainbow 7-10 mineral claims were staked in May, 1998 and the Rainbow 11-24 mineral claims were staked during the period July - October, 1999 as more ground "came open".

In 1995, the writer conducted a ground magnetometer survey over the Rainbow 1 & 2 mineral claims (Morrison, 1995) and in 1997 & 1999, geological mapping was carried out by the writer over portions of the Rainbow 1-4 & 7-10 mineral claims (Morrison, 1997 & 1999). The geological mapping program was expanded to cover the Rainbow 12, 14 & 17-20 mineral claims in 2000 (Morrison, 2000).

The Rainbow 5 & 6 mineral claims were allowed to lapse in June, 1998.

The most recently staked mineral claims of the Rainbow Claim Group (i.e. Rainbow 11-24) cover ground that was once covered by the Golden 2 mineral claim. The Golden 2 mineral claim was one of three large claims (44 units) which were aggressively explored under the direction of Discovery Consultants of Vernon, B.C. in the 1980's.

Work in the 1980's on the Golden Claim Group included geological, geochemical and geophysical surveys. Several diamond drill holes were also drilled. The success of the 1980 work programs is unknown to the writer and the proportion of work that was directed specifically towards the Golden 2 mineral claim is also unknown.

REGIONAL GEOLOGY

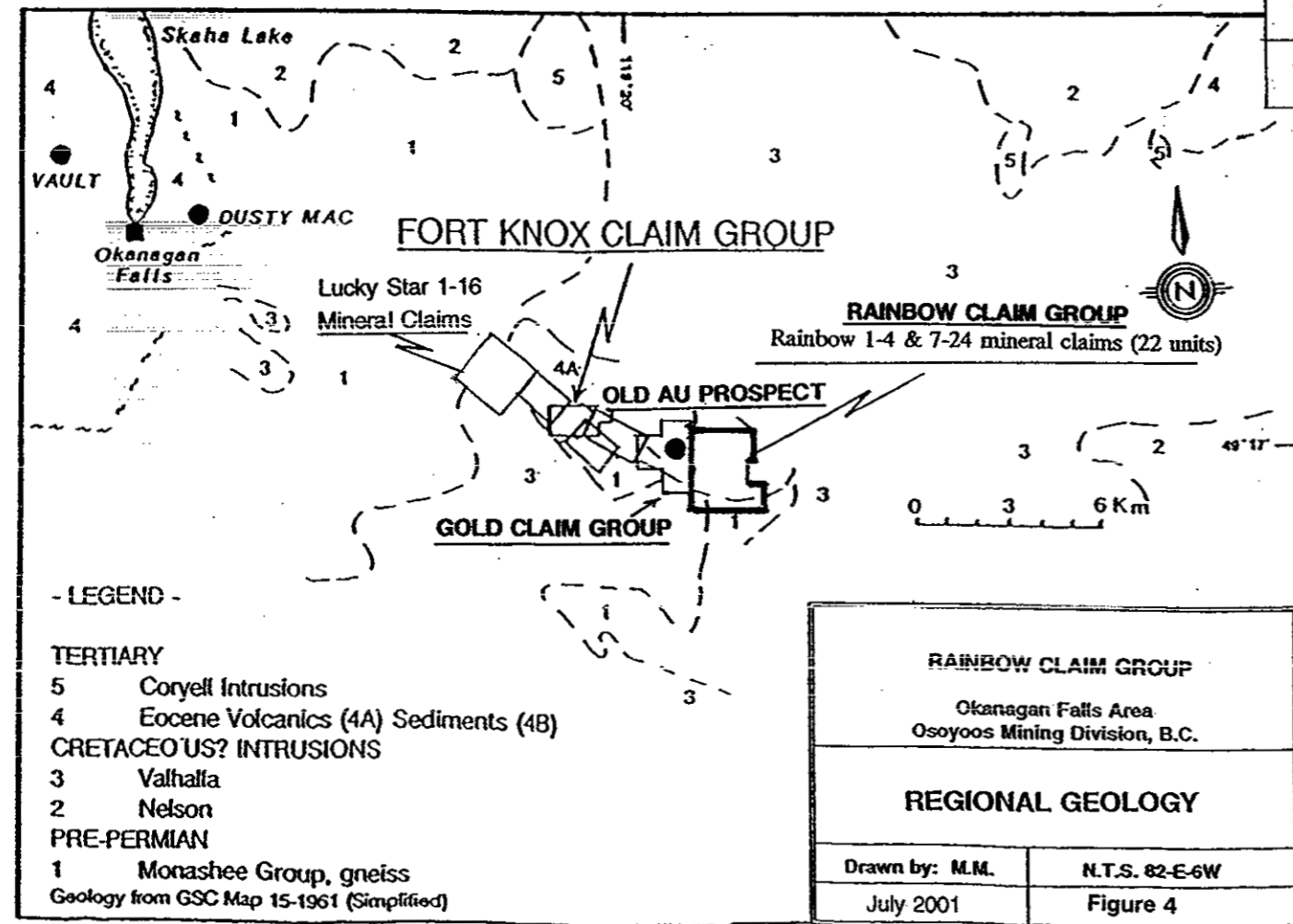
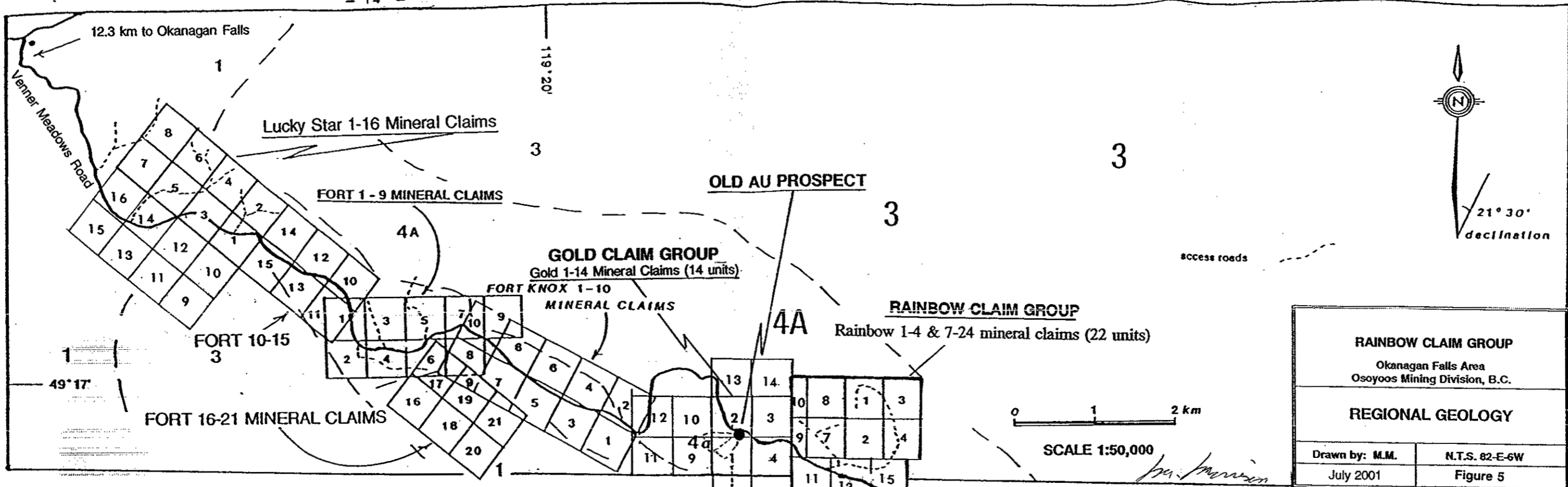
Figure 4 accompanying this report outlines the regional geology of the Okanagan Falls area. The geology has been reproduced from G.S.C. Map 15-1961 by H.W. Little with some modifications.

The oldest rock illustrated on Figure 4 is a Pre-Permian Monashee gneiss. It underlies much of the country for 16 kilometres east and southeast of Okanagan Falls. The gneiss has been intruded by the Cretaceous (?) Nelson Intrusives northeast of Okanagan Falls. The Nelson Intrusives also occur at three sites on the eastern side of the map area. Later Cretaceous (?) Valhalla Plutonics intrude both the Monashee Group and Nelson Intrusives and underlie much of the eastern half of the map area.

Tertiary Age sediments and volcanics rest unconformably over all earlier rock formations and occur within fault-bounded basins at Okanagan Falls and at Venner Meadows, 20 kilometres to the southeast, as illustrated on Figure 4. The Tertiary rocks have been folded and cut by late faulting.

It is believed that precious metal bearing epithermal solutions have ascended late fault structures within the Tertiary rocks, and that at some mineral prospects repeated faulting and the introduction of several phases of epithermal solutions have upgraded the precious metal content of the Tertiary rocks to ore grade values. Important precious metal deposits in the district are illustrated on Figure 4. They include the Vault, Dusty Mac and AU occurrences. The geology and mineralogy of these interesting occurrences will be discussed more fully in the section that follows.

The Rainbow Claim Group covers the eastern end of the Venner Meadows Tertiary outlier.



ENLARGEMENT

REGIONAL MINERALIZATION

Introduction

Two distinct types of precious metal bearing epithermal deposits are recognized in the Okanagan Falls area and these will be referred to as Type 1 and Type 2 deposits in the discussion that follows.

Type 1 Precious Metal Bearing Epithermal Deposits

Composite veins comprised of quartz-calcite ± adularia filling shears in brittle rocks are characteristic of Type 1 precious metal bearing epithermal deposits in the district. The veins are generally narrow, but are persistent in strike and in depth. The veins often carry gold (electrum) and silver minerals throughout although values can be highly variable.

The Vault property North Vein and the AU prospect Main Vein are examples of Type 1 precious metal bearing epithermal deposits in the Okanagan Falls district.

Vault Property - North Vein

The North Vein on the Vault property is a precious metal bearing epithermal composite vein comprised of quartz, calcite and adularia. The vein cuts through the brittle Eocene Marron Formation trachytes underlying the Vault property. The vein is exceedingly persistent and extends at least 1100 metres along strike and to at least 350 metres in depth. The vein averages 55 cm in width. That portion of the vein drilled to date is reported to contain 152,000 tonnes of 14 g/tonne gold plus minor values in silver to a depth of 200 metres.

REGIONAL MINERALIZATION continued**Type 1 Precious Metal Bearing Epithermal Deposits** continued**AU Prospect** (Gold Claim Group)

The main vein at the AU prospect (now covered by the Gold Claim Group) is a composite vein comprised of quartz, calcite and adularia. Some drill intercepts have returned gold values as high as 30 g/tonne over one metre intercepts. The vein is believed to fit the Type 1 deposit model, but it has been severely disrupted by late faulting, and no mineral reserve has been calculated.

Type 2 Precious Metal Bearing Epithermal Deposits

The main characteristics of Type 2 precious metal bearing epithermal deposits in the district are large size, irregular dimensions, and erratic distribution of precious metal values. The size and form of Type 2 deposits are controlled by the permeability of the Tertiary host rocks which the epithermal solutions invade. Most often the host rock is a very porous lahar or lapilli tuff that is overlain by an impervious rock unit such as a mudstone or volcanic flow. Epithermal solutions invading the porous rock units are confined by the impervious cover rock. The Type 2 deposits contain abundant silica which carries gold + silver values. Repeat brecciation and the introduction of multiphase veining upgrades the precious metal content of Type 2 deposits.

Dusty Mac Deposit

The open pit mine on the Dusty Mac property allows for a good view of a Type 2 deposit. A lahar unit made up of Eocene andesite has been flooded with silica, brecciated, and flooded again. The lahar unit lies directly below a mudstone unit of

REGIONAL MINERALIZATION continued**Type 2 Precious Metal Bearing Epithermal Deposits** continuedDusty Mac Deposit continued

the White Lake Formation. It is believed that the mudstone unit provided an impervious cap for ascending epithermal solutions. The gold and silver mineralization is disseminated throughout the silica breccia. The Dusty Mac open pit mine yielded 93,653 tonnes of ore grading 6.89 g/tonne gold and 146.59 g/tonne silver during operations conducted in 1975-1976.

Vault Property - Main Epithermal Precious Metal Deposit

The Main Epithermal Precious Metal Deposit on the Vault property has been penetrated by more than 60 diamond drill holes. The deposit displays all of the characteristics of Type 2 deposits. The main host rocks are lahars and lapilli tuffs of the Eocene Marama Formation. The mineralized zones are flooded with silica and the precious metal values are erratic. Intercalated mudstones and flow rocks appear to act as "dams" to epithermal solutions ascending the porous lahar and tuff units. Repeat brecciation and multiphase veinlets are characteristic of portions of the deposit.

The erratic distribution of gold in the Main Epithermal Deposit has made it difficult to calculate a mineral reserve, but it is estimated that 1.3 million tonnes of 2 g/tonne gold may occur in the deposit. One of the best drill intercepts on the property assayed 15.0 g/tonne over 8.8 metres.

REGIONAL MINERALIZATION continued**Type 2 Precious Metal Bearing Epithermal Deposits** continued**Rainbow Claim Group**

It is thought that the Rainbow Claim Group could host either a Type 1 or Type 2 precious metal bearing epithermal deposit.

PROPERTY GEOLOGY**Grid**

The numbering system used for the year 2000 grid was used again for this year's expanded grid to the east and west. Two intermediate grid lines were also established between last year's grid lines, so that the line spacing on the property is now 100 metres. All of the flagged grid lines were established at a bearing of 180 degrees and stations were marked at 25 metre intervals along each line. Key claim posts were also tied-in to the grid during the course of the work.

In all, 6900 metres of grid line were established to facilitate the geological mapping program (see Map R-01-1).

A Silva Ranger compass and a Topolite hip chain were used to establish all survey stations.

PROPERTY GEOLOGY continued**Profiles for Cross Sections**

In 2000, an altimeter survey was conducted over grid lines 3E, 5E and 7E and the data was used to draw the surface profiles for the geological cross sections which accompanied the September, 2000, Assessment Report.

This year, the geological cross sections have been drawn perpendicular to the strike of the geology, but at an oblique angle to last year's grid lines, and the elevations used to draw the surface profiles on Diagram R-01-2 have been estimated using the year 2000 data as a guide.

Summary of Property Geology

Steeply northeasterly dipping Eocene volcanics and sediments unconformably overlie Pre-Permian Monashee Group gneiss on the property. A strong northeasterly dipping fault (called the Fort Knox Basement Fault throughout this report) separates the Eocene rocks from the pre-Tertiary rocks.

A rhyolite tuff unconformably overlies other rock types on the property.

The Eocene volcanics include a variety of green and purple porphyritic andesite flows as well as at least one dacite flow. A very thick, poorly sorted, conglomerated unit comprised of Eocene volcanic clasts overlies the flow rocks.

The conglomerate is very limonitic and clay altered locally.

It is believed that epithermal solutions ascending the Fort Knox Basement Fault have selectively invaded the permeable conglomerate unit resulting in the clay alteration and

PROPERTY GEOLOGY continued

mineralization (i.e. limonite after pyrite). Some quartz and calcite veinlets occur in fractures in the flow rocks, but alteration of these rocks is slight.

The rock units underlying the property will be described in more detail under the titles that follow.

Pre-Permian Monashee Group Gneiss - Unit 1

Gneiss of the Monashee Group (unit 1) underlies the southwest corner of the property on the Rainbow 19 & 20 mineral claims. The gneiss is generally massive in outcrop and contains up to 10% irregular pegmatite and aplite dykes comprised of quartz and pink orthoclase.

The gneiss is fine to medium grained with banded layers of hornblende (30%) and white to light pink feldspars (50%). Quartz equals 20% of the rock.

The minerals comprising the gneiss are generally unaltered, but towards the Fort Knox Basement Fault, over a distance of 50 metres, the gneiss becomes more and more altered with chlorite and epidote. Within the fault, the gneiss is highly brecciated and altered to chlorite and epidote. There is 10 to 20% secondary quartz within the breccia locally.

Eocene Marron Formation - Unit 4**Andesitic Porphyry Flows - Unit 4a**

Several andesitic porphyry flow rocks occur over a distance of 400 to 500 metres to the northeast of the Fort Knox Basement Fault. The andesites were all mapped as

PROPERTY GEOLOGY continued**Eocene Marron Formation - Unit 4** continued**Andesitic Porphyry Flows - Unit 4a** continued

unit 4a in last year's Assessment Report, but this year some of the more recognizable andesites have been mapped as sub-units 4aa, 4ab, 4ac, 4ad and 4ae (see Map R-01-1).

In general, the andesites contain variable percentages of white plagioclase phenocrysts and augite phenocrysts. The plagioclase phenocrysts rarely exceed 10% of the rock and the groundmass minerals are usually very fine grained. Many of the andesites are green, but weather to purple with hematite staining.

The 4a andesites are reduced to a gouge for up to 50 metres northeast of the trace of the Fort Knox Fault and are highly faulted for another 150 metres to the northeast. Elsewhere the 4a andesites exhibit very little fracturing, alteration or veining.

Augite Andesite - Unit 4aa

A dark to olive green augite andesite (Unit 4aa) with less than 10% plagioclase phenocrysts lies immediately northeast of the Fort Knox Basement Fault. The rock is moderately altered to chlorite and epidote. Locally, the augite andesite is highly fractured with smeared crystals, and in places the rock is reduced to gouge.

PROPERTY GEOLOGY continued**Eocene Marron Formation - Unit 4** continued**Andesitic Porphyry Flows - Unit 4a** continued**Faulted Mixed Clast Andesite - Unit 4ab**

Highly faulted andesites (Unit 4ab) and/or volcanoclastic conglomerates form a low ridge centred 100 metres northeast of the Fort Knox Basement Fault. The clasts are comprised of various andesites of mixed sizes (usually 2 to 10 cm). Chlorite, epidote and minor limonite are common alteration minerals.

Brick Red Brecciated Andesite - Unit 4ac

A distinct brick red brecciated andesite (Unit 4ac) occurs as a ridge between grid lines 1+00E and 2+00E near the southwestern corner of the Rainbow 20 mineral claim. Other than the hematite staining, the rock is not altered or veined. The breccia, which is probably a flow breccia, appears to be 25 to 35 metres thick.

Purple Porphyritic Andesite - Unit 4ad

A very distinct dark purple andesite with up to 20% white plagioclase phenocrysts (Unit 4ad) crosses the property from L1+00E, 8+00N to L7+00E, 3+00N. The andesite averages 70 metres in thickness.

The plagioclase phenocrysts are ragged and of mixed sizes with the largest being 1 cm. The rock contains 3% augite and 3% biotite microphenocrysts to 2 mm and 5% void space (vesicles?). The groundmass is purple and very fine grained.

PROPERTY GEOLOGY continued**Eocene Marron Formation - Unit 4** continued**Andesitic Porphyry Flows - Unit 4a** continued**Undifferentiated Porphyritic Andesitic Flows - Unit 4ae**

Unit 4ae includes several porphyritic andesite flows of similar composition and texture which occur in a 150 to 200 metre wide belt between units 4ad and 4b.

The andesites all have plagioclase phenocrysts (10 to 15%) up to 1 cm and biotite and augite microphenocrysts up to 2 mm. The groundmass is very fine grained and can be green or purple. Some of the green andesites weather to purple with hematite staining.

Dacite Porphyry Flow - Unit 4b

A light green dacite porphyry (unit 4b) overlies the 4a andesites to the northeast and is 150 to 170 metres thick. Orthoclase phenocrysts up to 1 cm equal 10 to 15% of the rock. There are also 5% mafic microphenocrysts set in a very fine grained to amorphous light green groundmass.

The dacite is much more brittle than the andesites and at many locations it is well fractured and stained with limonite (after pyrite). Up to 2% quartz veinlets fill fractures at many locations.

PROPERTY GEOLOGY continued**Eocene Marron Formation - Unit 4** continued**Green Andesite Vesicular Flow - Unit 4c**

A thick (60 to 100 m) dark green andesite flow (unit 4c) lies immediately above the 4b dacite flow. The andesite is vesicular with 10% amygdules of calcite to 1 cm and 5-10% mafic microphenocrysts. The groundmass is very fine grained.

The 4c andesite is well fractured in places, but in general, it seems less brittle than the dacite. Quartz and calcite veinlets (up to 1 cm) fill fractures locally, but limonite staining is rare.

Conglomerate - Unit 4d

A very thick conglomerate (unit 4d) extends for at least 370 metres to the northeast beyond the volcanics. The conglomerate is not sorted and is comprised of subangular to subrounded pebble and cobble sized clasts which are separated by 20% matrix material of coarse sand and grit. The clasts are most often 5 to 15 cm, but some measure over 1 metre in size. The clasts are comprised of an assortment of all of the volcanic units which lie to the southwest.

There is very little evidence of bedding within the conglomerate, but some elongate clasts and wisps of sandstone have an attitude of 130/80NE.

Because there is so little evidence of sorting or sedimentation, it is speculated that the material making up the conglomerate slid down a slope as a very large debris flow before consolidating into rock.

PROPERTY GEOLOGY continued**Eocene Marron Formation - Unit 4** continued**Conglomerate - Unit 4d** continued

The conglomerate is generally weakly stained with limonite and slightly altered to clay, but there are localized zones where there is considerable clay alteration and strong (5%) limonite (after pyrite).

Eocene Marama Formation - Unit 5

The Marama Formation unconformably overlies the Marron Formation on the property. In the map area, thin bedded greywackes, siltstones and argillites (collectively called unit 5a) appear to occur at the base of the Marama Formation. The sediments occur as rubble exposed by road construction and unfortunately the attitude of bedding can not be determined.

Immediately above the sediments there is a remnant of rhyolite tuff (5b) near grid 3+10E, 13+15N. The white to tan chalky tuff contains 20% lithic clasts of the Marron Formation volcanics.

Post-Eocene (?) Conglomerate - Unit 6

At grid 3+25E, 5+60N there is a remnant of sedimentary rock that is comprised of thin bedded pebble conglomerate and greywacke. The clasts are subrounded and comprised of Monashee gneiss (90%) and Marron volcanics (10%). The conglomerate rests unconformably over Marron volcanics and it may also postdate the Marama Formation.

PROPERTY GEOLOGY continued**Pleistocene Sediments**

One to five metres of boulder till covers much of this year's map area. Deep terraced gravels occur along the northern edge of the main valley 500 to 1000 metres north of this year's map area.

Structural Geology and Faulting

Neither the volcanics nor the conglomerate (debris flow) give a clear indication of attitudes within the Marron Formation. Some elongate clasts and wisps of sandstone within the debris flow have a common attitude of 130/80 NE and this direction fits well with the assumed contacts (125 degrees) of the various Marron units that are illustrated on Map R-01-1. The apparent steep dip of the Marron Formation on the property is also consistent with steep dip angles measured at other properties on the Venner Meadows Outlier.

The Fort Knox Basement Fault, which was first recognized and named by the writer while mapping the Fort Knox property 6 km to the west, is very well exposed on the Rainbow property. It has been traced for 1000 metres across the southern portion of this year's map area. It strikes at 120 degrees and appears to have a shallow dip (possibly 15 degrees?) to the northeast.

The Basement Fault occurs at the contact between Pre-Permian Monashee Gneiss and the Eocene Marron Formation. Fault movement involves both the Pre-Tertiary and Tertiary rocks.

PROPERTY GEOLOGY continued**Structural Geology and Faulting** continued

The Monashee gneiss is increasingly more disrupted and chloritic towards the Basement Fault and it is entirely brecciated and altered to chlorite and epidote over a horizontal distance of 20 metres at the Fault. There is up to 20% quartz replacement within the brecciated rock locally.

The volcanics of the Marron Formation are reduced to gouge over a horizontal distance of 50 metres northeast of the Basement Fault and are strongly disrupted and chloritic for another 150 metres to the northeast.

The very wide horizontal zone of faulting suggests that the fault may have a shallow dip (15 Degrees?) on the property (see Cross-Section Diagram R-01-2).

Alteration and Mineralization

Limonite staining is widespread across the 4d conglomerate and to a lesser extent across the 4b dacite unit. There are localized zones within both rock types where limonite equals 5% of the rock. It is believed that the limonite represents weathered pyrite.

There are also localized zones of clay alteration within the conglomerate. The clay alteration is most intense where the limonite staining is strongest.

Epithermal quartz and calcite veinlets (1-5%) occur at several sites within the 4b dacite and appear to have a close association with zones of limonite staining.

PROPERTY GEOLOGY continued**Alteration and Mineralization** continued

Quartz and calcite veinlets (1-3%) also cut through the 4c andesite unit at several locations, but there is a notable lack of limonite staining within the 4c andesite.

The limonite staining, clay alteration and epithermal quartz and calcite veinlets on the Rainbow property are all similar to features which have been mapped on other properties located over the Venner Meadows Tertiary Outlier (e.g. Gold and Fort Knox properties).

DISCUSSION

Last year's recommendations to expand the property grid to the east and west, and to add intermediate grid lines (at 100 metre spacing) to facilitate geological mapping were followed this year. The results of this year's more detailed mapping have allowed for some refinements of last year's geology map (R-00-1) and a new map (R-01-01) has been drafted with changes based on this year's mapping program.

More mapping along the Fort Knox Basement Fault was conducted on new grid lines 4E, 6E & 8E. In all cases, the geology suggests that the Fault is a strong feature which crosses the property at 120 degrees and dips approximately 15 degrees to the northeast.

Two very distinct volcanic units (4ac and 4ad) of the Marron Formation were mapped this year which indicate that the Marron Formation sequence strikes at 125 degrees and dips steeply northeast.

Some of the assumed geological contacts on last year's map relied on guesswork. This year, with the new data, the assumed contacts drawn on Map R-01-1 are believed to be more precise.

DISCUSSION continued

Last year the geological Cross Sections were drawn coincident with the grid lines, but off-angle for the geology. This year the Cross Sections on Diagram R-01-2 have been correctly drawn perpendicular to the strike of the geology.

All in all, this year's geology map is more accurate than last year's, but the basic geological concepts and the economic potential of the property have not changed.

The exploration model used by the writer elsewhere on the Venner Meadows Tertiary Outlier (e.g. Fort Knox, Lucky Star and Gold properties) appears to be applicable to the geology of the Rainbow Claim Group. There are strong indications that the Fort Knox Basement Fault was the main conduit for epithermal solutions that have ascended from the northeast. There is also strong evidence which suggests that these solutions have penetrated the most permeable horizons of the Eocene sequence which dips steeply towards the Fault on the property. The most permeable rocks on the Rainbow property are the 4d conglomerate and the brittle 4b dacite.

The conglomerate (Unit 4d) would have been the first rock encountered by ascending solutions and the widespread clay alteration and limonite staining of the conglomerate suggest that weak epithermal solutions have passed through the rock. The present erosion surface is believed to lie 150 to 200 metres above the Basement Fault (see Cross Sections on Diagram R-01-2). In theory, the intensity of clay alteration, pyritization and silicification are all expected to increase with depth towards the Basement Fault. It is speculated that economic precious metals may occur within zones of silica replaced conglomerate near the Basement Fault and for several tens of metres above the fault.

Seventy to 100 metres to the southwest of the conglomerate the brittle dacite (Unit 4b) is also considered to be an excellent potential host rock for precious metal deposits. It is believed

DISCUSSION continued

that the brittle dacite will be highly brecciated adjacent the Basement Fault and for a considerable distance above the fault. A brecciated stockwork of precious metal bearing epithermal veinlets is envisioned.

The magnitude of the Fort Knox Basement Fault and the evidence of epithermal alteration on surface 200 metres above the Fault suggest that very sizeable precious metal deposits could lie 150 to 250 metres below surface on the Rainbow Claim Group.

The two most prospective rock units (4d and 4b) cross the property for 800 metres before disappearing beneath overburden to the southeast and drill holes of 150 to 250 metres length will be required to test these rocks for precious metal deposits. Because the target is large, it is recommended that several rock samples be collected from the clay altered limonitic 4d conglomerate and the veined and limonitic 4b dacite in order to define the most optimum drill targets.

The rock samples should be analyzed for the standard 30 elements by ICP and for gold by ICP-MS. The ICP results could outline areas with elevated concentrations of arsenic, antimony, silver or molybdenum which are known to be good pathfinders for gold concentrations elsewhere in the district.

Once the geochemical data is received, three or four drill sites should be selected to test the 4d conglomerate and 4b dacite units where they are in contact with the Fort Knox Basement Fault.

CONCLUSIONS AND RECOMMENDATIONS

This year's detailed mapping program conducted over portions of the Rainbow 12, 14 & 17-20 mineral claims resulted in a better understanding of the geology and some corrections have been made to last year's geology map (see new map R-01-1).

Although this year's geology map is more accurate, the original geological concepts have not changed from last year, and it is believed that the property has great potential to host very sizeable epithermal precious metal deposits.

The main features which are considered important for ore development were further verified with this year's work.

The Fort Knox Basement Fault, which is believed to underlie the southwest side of the entire Venner Meadows Tertiary Outlier, is exposed over a length of 1000 metres in this year's map area.

There is strong evidence (i.e. clay alteration, pyritization and silicification) that suggests that the Fort Knox Basement Fault was the main conduit for epithermal solutions that have ascended from some source which lies to the northeast on the Rainbow Claim Group (the same evidence occurs on the Gold and Fort Knox properties which lie 1 and 6 km to the west of the Rainbow property).

The Eocene volcanics and sediments which underlie the Rainbow property dip steeply towards the Basement Fault, and there are strong indications that the ascending epithermal solutions have selectively invaded the most permeable Eocene rock units.

The 4d conglomerate, in particular, exhibits widespread clay alteration and limonite staining. The brittle 4b dacite is well fractured in places and strongly stained with limonite. Quartz veinlets and silica replacement also occur within the dacite locally.

CONCLUSIONS AND RECOMMENDATIONS continued

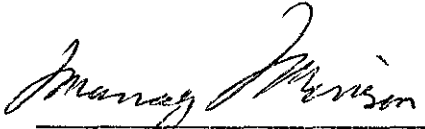
The 4d conglomerate which crosses the map area for 750 metres and has a thickness in excess of 370 metres represents an immense host for the deposition of silica and associated precious metals from ascending epithermal solutions. This is especially true adjacent the Fort Knox Basement Fault. The brittle 4b dacite is also expected to be a good permeable host rock where it is brecciated adjacent the Basement Fault. Heavy stockwork veining with associated precious metal values can be expected near the Fault.

The Basement Fault is expected to underlie the 4b dacite and 4d conglomerate at depths ranging from 150 to 300 metres below surface and proposed targets will require drilling for testing.

Prior to drilling, lithogeochemical sampling is recommended on the Rainbow 11-24 mineral claims in order to define the optimum drill targets (see Discussion).

The Rainbow Claim Group is very accessible and a low-cost Reverse Circulation Drilling Program could be conducted with ease.

July 30, 2001
Kelowna, B.C.


Murray Morrison, B.Sc

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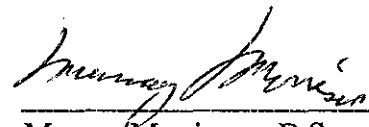
APPENDIX A

STATEMENT OF QUALIFICATIONS

I, Murray Morrison, of the City of Kelowna, in the Province of British Columbia, do hereby state that:

1. I graduated from the University of British Columbia in 1969 with a B.Sc. Degree in Geology.
2. I have been working in all phases of mining exploration in Canada for the past thirty-two years.
3. During the past thirty-two years, I have intermittently held responsible positions as a geologist with various mineral exploration companies in Canada.
4. I have conducted several geological, geochemical, and geophysical surveys on mineral properties in Southern British Columbia during the past thirty-two years.
5. I conducted the geological mapping program outlined in this report.
6. I own 100% interest in the Rainbow 1-4 & 7-24 mineral claims.

July 30, 2001
Kelowna, B.C.


Murray Morrison - B.Sc.

APPENDIX BSTATEMENT OF EXPENDITURES ON THE RAINBOW CLAIM GROUP

Statement of Expenditures in connection with a Geological Mapping Program carried out on the Rainbow Claim Group, located 24 km southeast of Okanagan Falls, B.C. (N.T.S. Map 82-E-6W) for the year 2001.

GEOLOGICAL MAPPING PROGRAM (125 Hectares)


M. Morrison, geologist	5 days @ \$300.00/day	\$ 1,500.
Automobile (including gasoline and insurance)	5 days @ \$50.00/day	250.
Meals and Lodging	no charge	-
Flagging and belt chain thread		<u>25.</u>
	Sub-total:	\$1,775

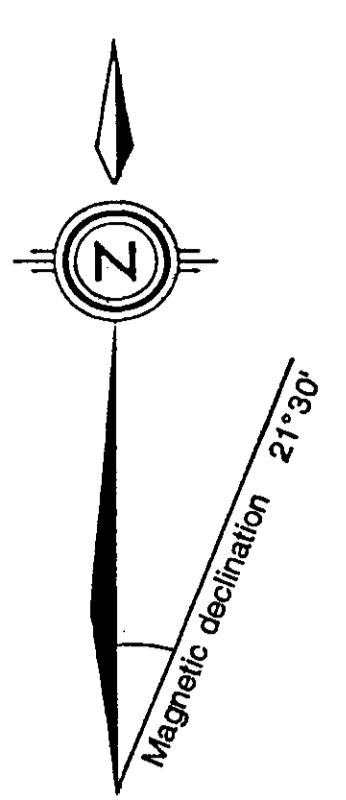
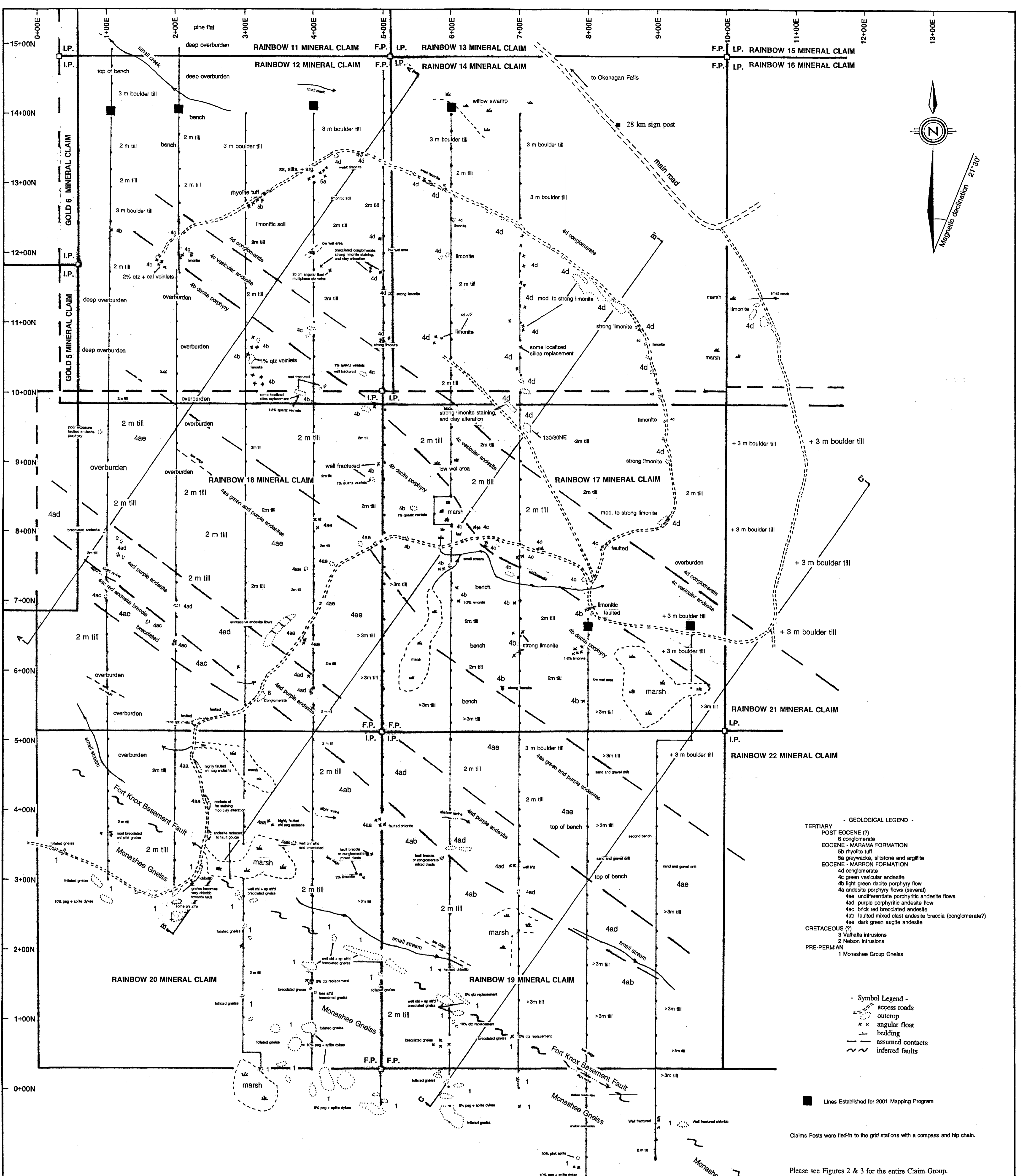
REPORT PREPARATION COSTS

M. Morrison, geologist	2 days @ \$300.00/day	\$ 600.
Drafting		53.
Typing		53.
Copying		<u>20.</u>
	Sub-total:	\$726.
	GRAND TOTAL:	<u>\$2,501.</u>

I hereby certify that the preceding statement is a true statement of monies expended in connection with the Geological Mapping Program carried out May 12-17, 2001.

July 30, 2001
Kelowna, B.C.


Murray Morrison - Geologist



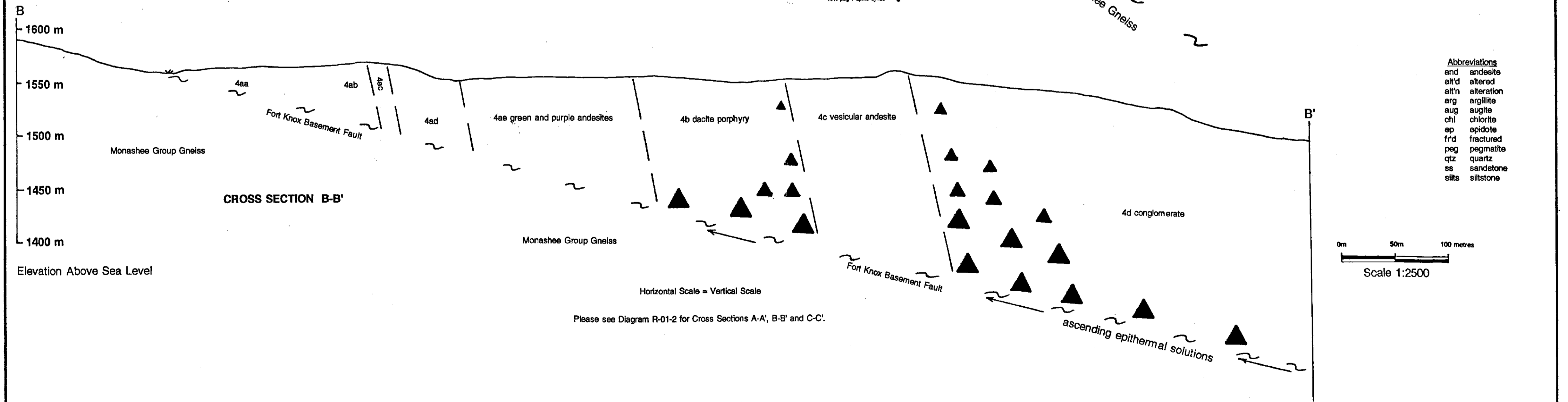
- GEOLOGICAL LEGEND -**
- TERTIARY
 - POST EOCENE (?)
 - 6 conglomerate
 - EOCENE - MARAMA FORMATION
 - 5b rhyolite tuff
 - 5a greywacke, siltstone and argillite
 - EOCENE - MARRON FORMATION
 - 4d conglomerate
 - 4c green vesicular andesite
 - 4b light green dacite porphyry flow
 - 4a andesite porphyry flows (several)
 - 4aa undifferentiated porphyritic andesite flows
 - 4ad purple porphyritic andesite flow
 - 4ac brick red brecciated andesite
 - 4ab faulted mixed clast andesite breccia (conglomerate?)
 - 4aa dark green augite andesite
 - CRETACEOUS (?)
 - 3 Valhalla intrusions
 - 2 Nelson intrusions
 - PRE-PERMIAN
 - 1 Monashee Group Gneiss

- Symbol Legend -**
- access roads
 - outcrop
 - angular float
 - bedding
 - assumed contacts
 - inferred faults

Lines Established for 2001 Mapping Program

Claims Posts were tied-in to the grid stations with a compass and hip chain.

Please see Figures 2 & 3 for the entire Claim Group.



- ▲ less potential for silica flooding, stockwork veining and precious metals
- ▲ potential decreases upwards
- ▲ high potential for silica flooding, stockwork veining and precious metals

GEOLOGICAL SURVEY BRANCH
ASTORIA BRANCH

26,590

To accompany a Geological Assessment Report by M.S. Morrison

RAINBOW CLAIM GROUP Okanagan Falls Area	
Osoyoos Mining Division, B.C.	
GEOLOGY	
RAINBOW 12, 14 & 17-20 MINERAL CLAIMS	
Drawn by: M.M.	N.T.S. 82-E-6W
July, 2001	Map R-01-1



- GEOLOGICAL LEGEND**
- TERTIARY
 - POST EOCENE (?)
 - 6 conglomerate
 - EOCENE - MARRON FORMATION
 - 5a greywacke, siltstone and argillite
 - 5b rhyolite tuff
 - EOCENE - MARRON FORMATION
 - 4d conglomerate
 - 4c green vesicular andesite
 - 4b light green dacite porphyry flow
 - 4a andesite porphyry flows (overall)
 - 4aa undifferentiated porphyritic andesite flows
 - 4ad purple porphyritic andesite flow
 - 4ac dark red brachioid andesite
 - 4ab faulted mixed clast andesite breccia (conglomerate?)
 - 4ae dark green sight andesite
 - CRETACEOUS (?)
 - 3 Vahalla intrusions
 - 2 Nelson intrusions
 - PRE-PERMIAN
 - 1 Monashee Group Gneiss

▲ less potential for silica flooding, stockwork veining and precious metals

▲ potential decreases upwards

▲ high potential for silica flooding, stockwork veining and precious metals

— — — assumed contacts

~ ~ ~ inferred fault

Please see Map R-01-1 for surface geology.

0m 50m 100 metres

Scale 1:2500
Horizontal Scale = Vertical Scale

RAINBOW CLAIM GROUP
Okanagan Falls Area Osyoos Mining Division, B.C.

CROSS SECTIONS
Looking Northwest (305°)
RAINBOW 12, 14 & 17-20
MINERAL CLAIMS

Drawn by: M.M. N.T.S. 82-E-6W
July, 2001 DIAGRAM R-01-2

To accompany a geological assessment report by M.S. Morrison.

GEOLOGICAL SURVEY BRANCH
ASSESSMENT REPORT

26,590