

Rainbow Gold 520185
82E/6

Return

COVER SHEET

M.S. MORRISON GEOLOGICAL CONTRACTING

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FAX: (250) 860-0848 Attn: Mr. Murray Morrison

TO:

Mr. Wayne Roberts

FROM:

Mr. Murray Morrison

DATE:

April 17, 2002

COMMENTS:

Re: Rainbow Gold Property - Available for Option

Enclosed please find two mini-reports and one Assessment Report describing my Rainbow Property.

If the drilling program on my adjoining "Gold" Property is successful this year (and I have confidence that it will be) then the Rainbow Property with similar geology is very well situated for a junior exploration company.

Sincerely, Murray Morrison

The Rainbow Property Covers Ground That Has High Potential To Host Large Precious Metal Deposits

The Rainbow property is available for option and it is an ideal property for an aggressive junior exploration company.

Excellent Potential

The Rainbow property has excellent potential to host a very sizeable (+ 5 million tonnes) economic precious metal deposit. The property is also favourably located with respect to established infrastructure.

Property

The ground now covered by the Rainbow 1- 4 and 7 - 24 mineral claims was once covered by two separate parties and I had to be patient while waiting for all of the good ground to come open.

Previous Work

Superficial surveys were conducted across the previous properties in the 1980's and these were followed-up with some diamond drilling. However, a strong regional fault (the Fort Knox Basement Fault) and its dominant role with respect to the disposition of precious metal mineralization was not recognized and therefore it was not a part of the exploration model.

Exploration Model

The Fort Knox Basement Fault is now very much a part of the exploration model on the Rainbow property. The gently dipping fault is believed to underlie most of the property, and it is thought to have been the conduit for gold-bearing epithermal solutions ascending from the northeast. These solutions are expected to have invaded the most permeable rocks lying above the fault and deposited silica and precious metals. A very thick (370 metre) conglomerate unit which crosses the Rainbow property for at least 750 metres and which lies in contact with the Basement Fault is believed to be well situated to be an ideal host for large precious metal deposits. These could lie at a depth of 100 to 200 metres below surface over a large area on the property.

The conglomerate is rusty and altered on surface and it exhibits the effects of the passage of epithermal solutions. These effects are expected to intensify with depth (nearer the Fault).

Prospective Targets

The conglomerate should be tested with a drill in areas where the Basement Fault is nearest the surface. Much of the target area has been recently clear-cut logged and potential drill sites are readily accessible.

Prospective Targets continued

The fact that the Fort Knox Basement Fault is gold-bearing has been established across the district. On the "Gold" property, adjacent the Rainbow property, drill intercepts of 300 grams per tonne gold over 15 cm, and 30 grams per tonne gold over two metres were reported from drill holes in the 1980's.

Further Information

You may wish to read the 5 page mini-report attached for more details. A copy of the 36 page Assessment Report on the Rainbow Claim Group is also enclosed

Contact

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Rainbow Gold Prospect - Available for Option

Property

The Rainbow property consists of 22 contiguous 2-post mineral claims which cover approximately 5 square kilometres of ground near Venner Meadows, 24 kilometres southeast of Okanagan Falls, B.C.

Geology

The property geology is briefly outlined on the accompanying sheets under the titles "Summary" and "Conclusions and Recommendations". These pages have been copied from a report which I wrote in July to satisfy last year's assessment work requirements (the entire report and accompanying maps are available on request).

I feel that the Rainbow property has very good potential to host a sizeable gold deposit which may lie at a relatively shallow depth. The target area is readily accessible and it could be drilled with ease at low cost.

I envision a mine that could be similar to the very successful Cannon Mine at Wenatchee, Washington. The Cannon Mine had over 5 million tons of 0.25 oz/T gold in 1986 prior to production (Canadian Mines Handbook 1985-86).

Ownership

I own a 100% interest in the Rainbow property.

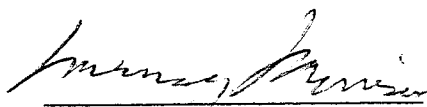
Terms of Option

An Option to Purchase my 100% interest in the Rainbow property (subject to myself retaining a 2% NSR) is available with terms as follows:

\$15,000.00 on signing the Option to Purchase Agreement
\$15,000.00 on or before the 1st anniversary of signing
\$20,000.00 on or before the 2nd anniversary of signing
\$20,000.00 on or before the 3rd anniversary of signing
\$30,000.00 on or before the 4th anniversary of signing
and \$50,000.00 on or before the 5th and each successive anniversary of signing
until a total of \$500,000.00 has been paid.

The payments may be accelerated at the company's discretion.

If the Option to Purchase Agreement is terminated, then the entire property must be returned to me with assessment credits good for at least one year following termination.


Murray Morrison, B.Sc.

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 one million tonnes of 3.5 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 geological mapping program on portions of the Rainbow 12, 14 & 17-20 mineral claims identified the Fort Knox Basement Fault and outlined large areas underlain by a very permeable conglomerate unit (4d) and a brittle dacitic flow (4b). 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 130 metres of surface.

Further geological mapping and 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 150 metres should be suitable for testing the very accessible targets.

CONCLUSIONS AND RECOMMENDATIONS

This year's geological mapping program conducted over portions of the Rainbow 12, 14 & 17-20 mineral claims resulted in the discovery of several features which suggest that the property has a high potential to host a very sizeable epithermal precious metal deposit.

The Fort Knox Basement Fault, which is believed to underlie the southwest side of the entire Venner Meadows Tertiary Outlier, is well exposed over a length of 1300 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 AU and Fort Knox properties which lie 1 and 6 km to the west on the Outlier.

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 also occur within the dacite locally.

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.

CONCLUSIONS AND RECOMMENDATIONS continued

The Basement Fault is expected to underlie the 4b dacite and 4d conglomerate at depths ranging from 80 to 200 metres below surface and proposed targets will require drilling for testing.

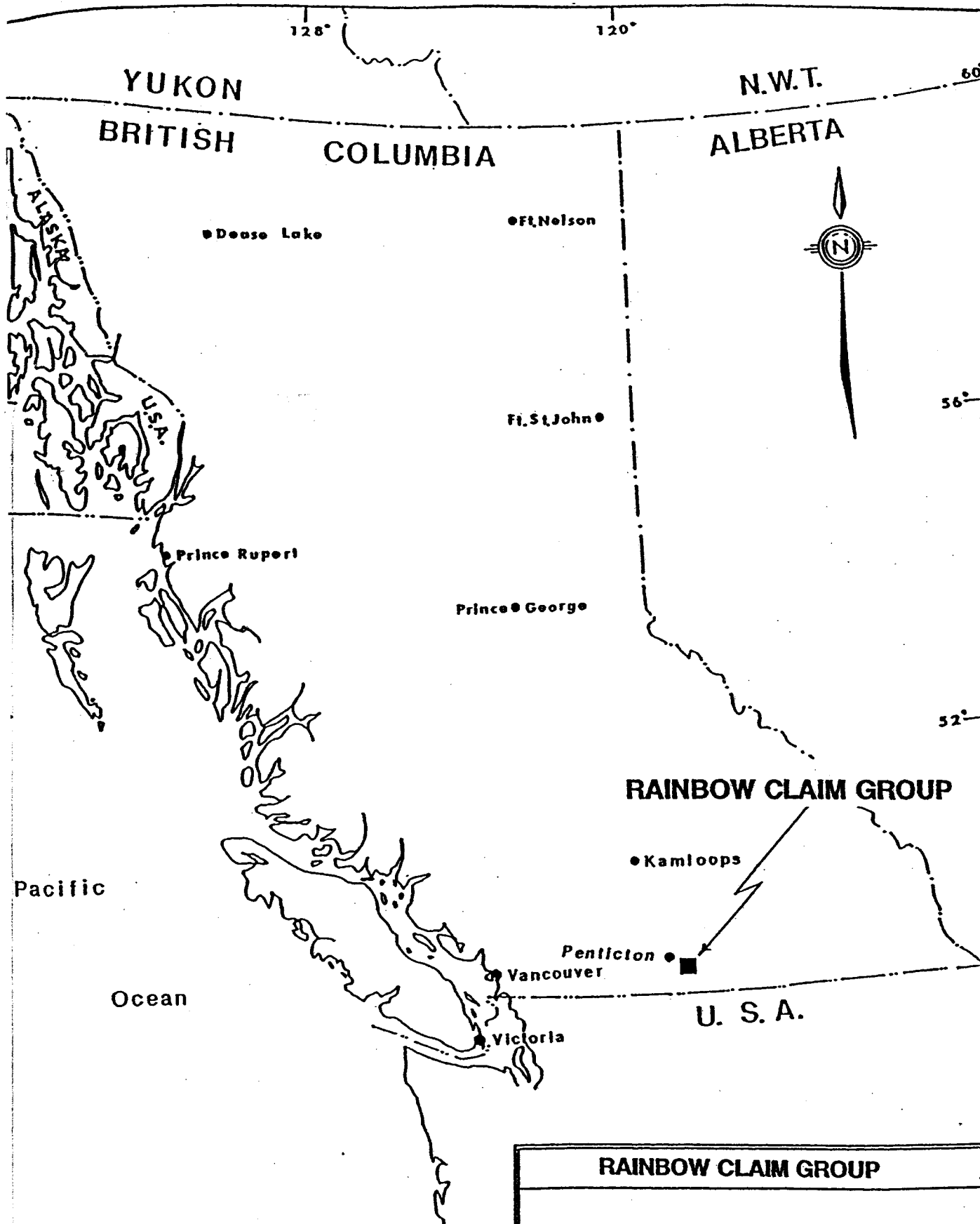
Prior to drilling, further detailed geological mapping and lithogeochemical sampling are recommended on the Rainbow 11-24 mineral claims in order to define the optimum drill targets (see Discussion).

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

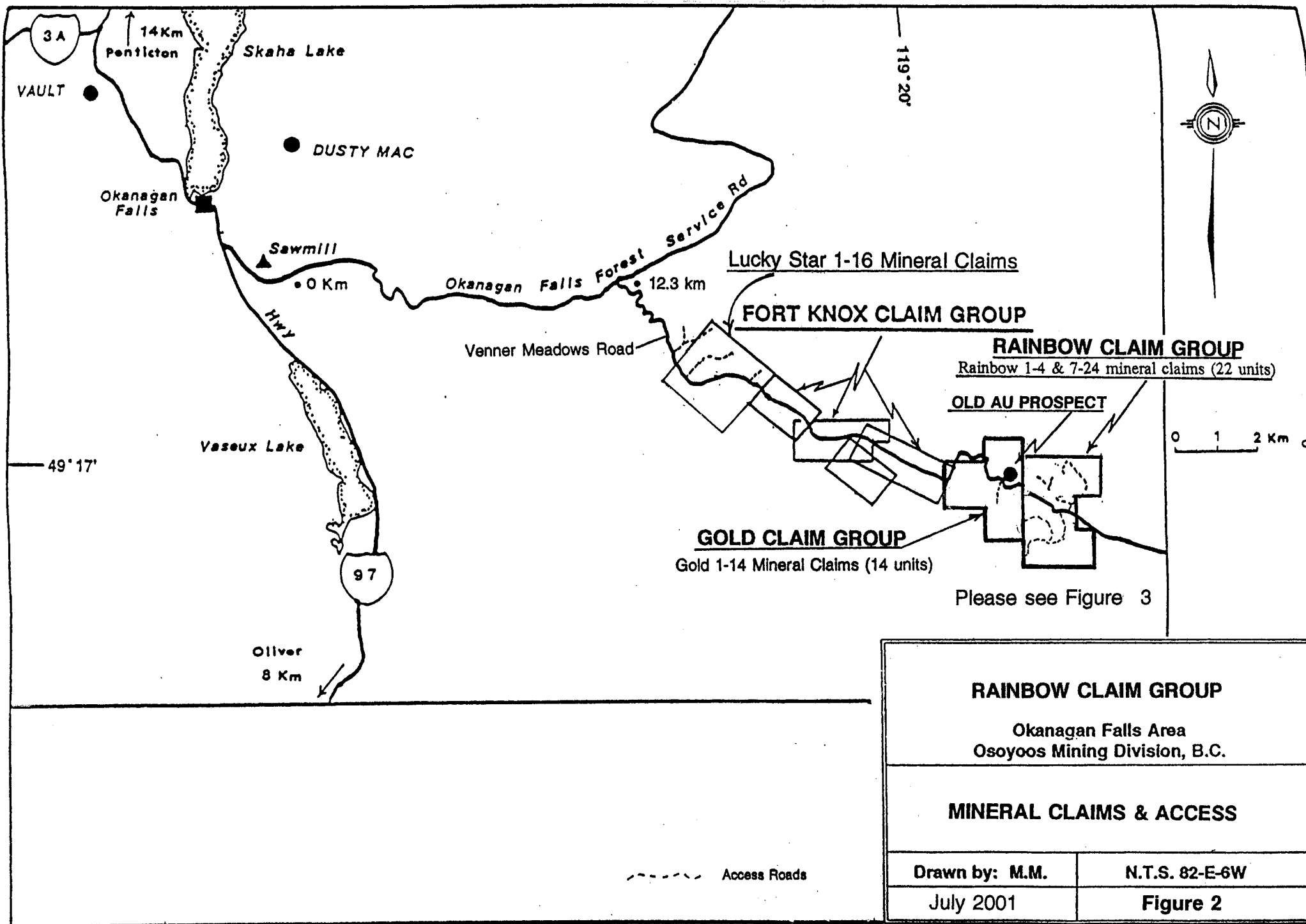
September 30, 2000
Kelowna, B.C.



Murray Morrison , B.Sc



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



RAINBOW CLAIM GROUP

Okanagan Falls Area
Osoyoos Mining Division, B.C.

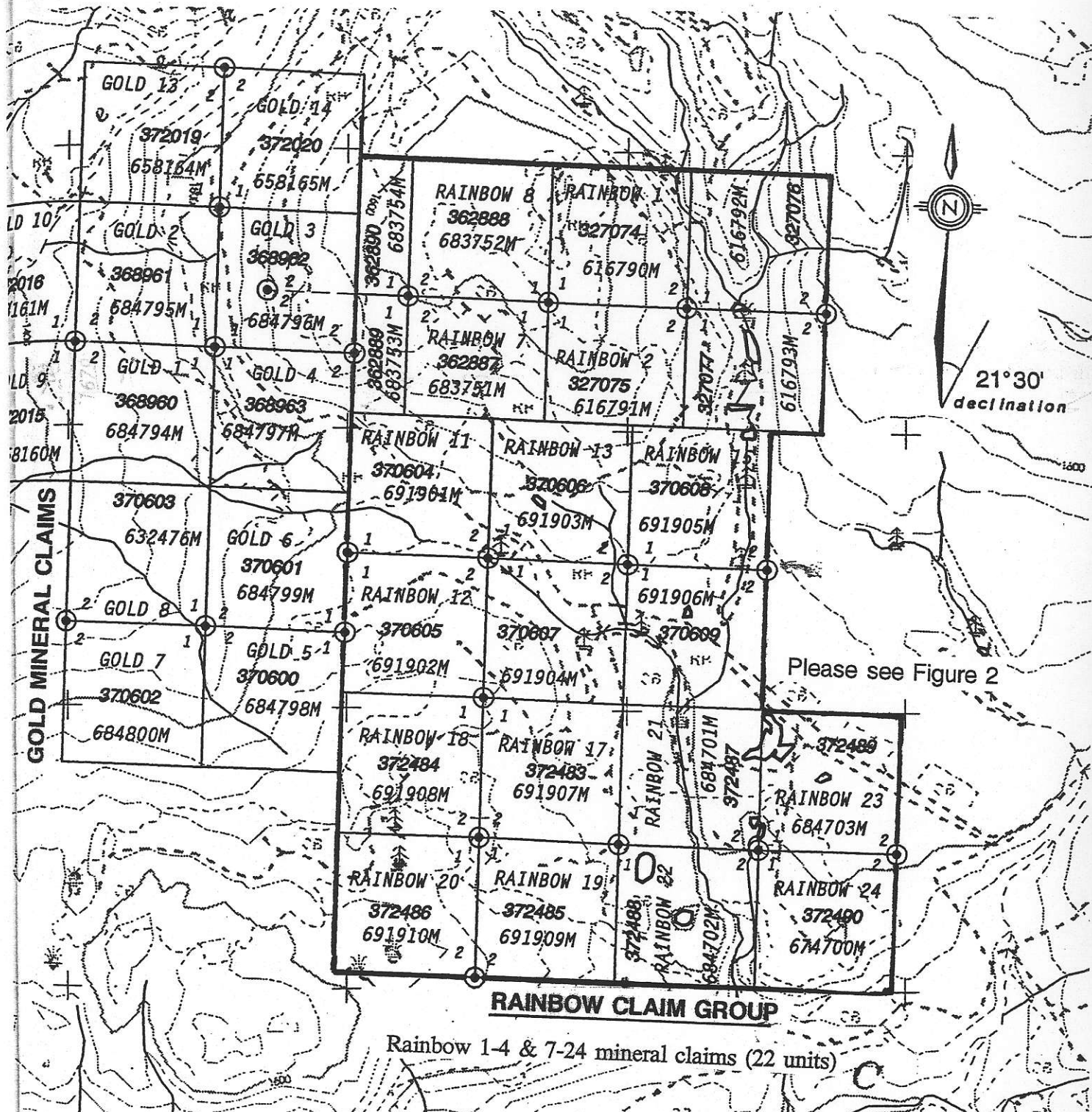
MINERAL CLAIMS & ACCESS

Drawn by: M.M.

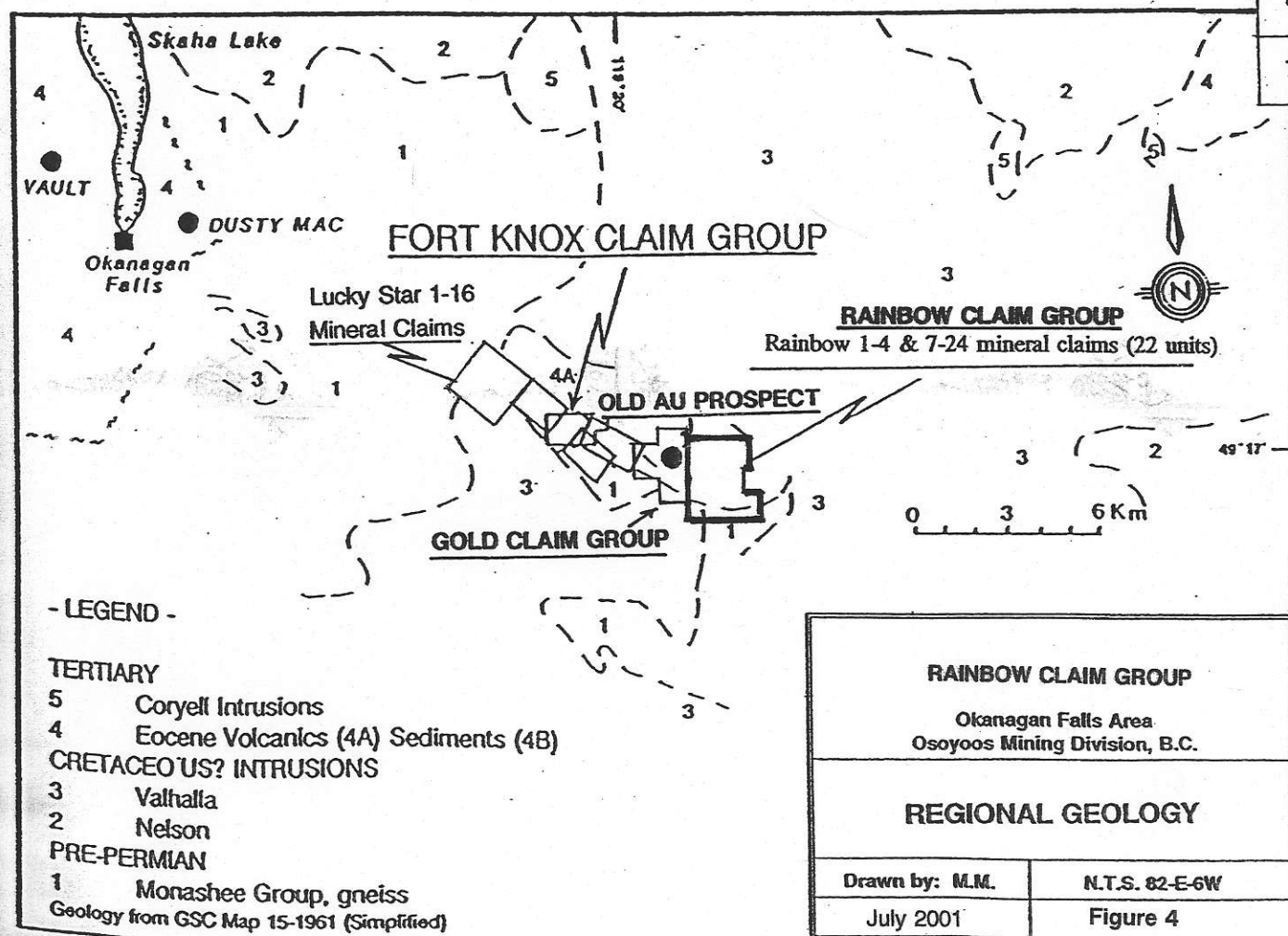
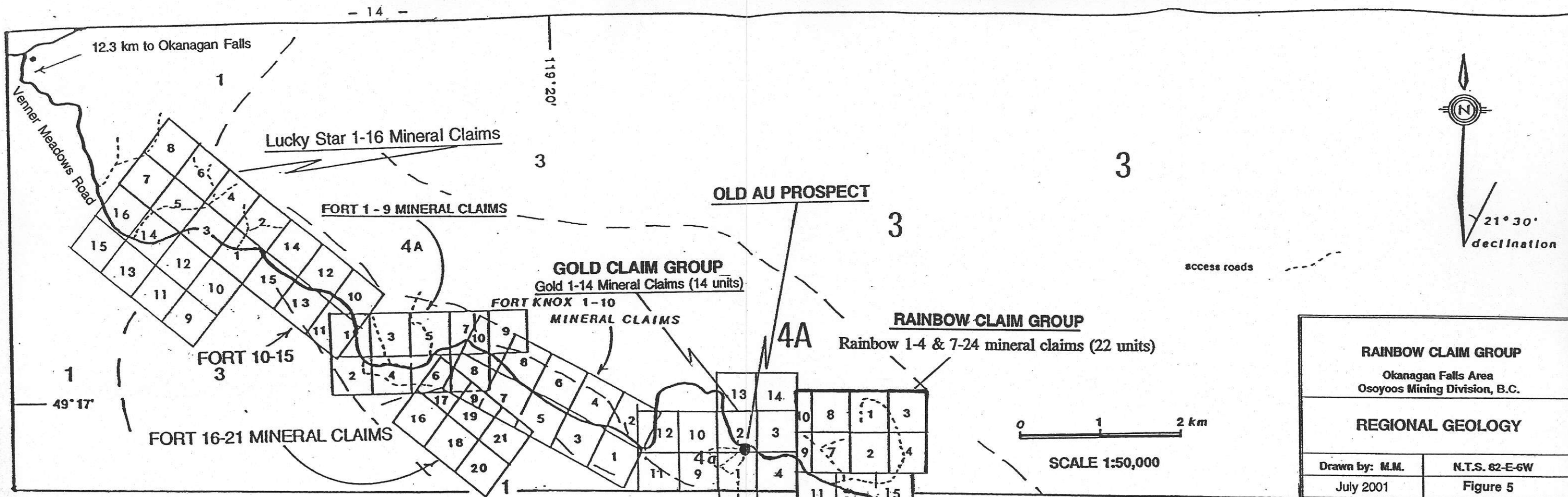
N.T.S. 82-E-6W

July 2001

Figure 2



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





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

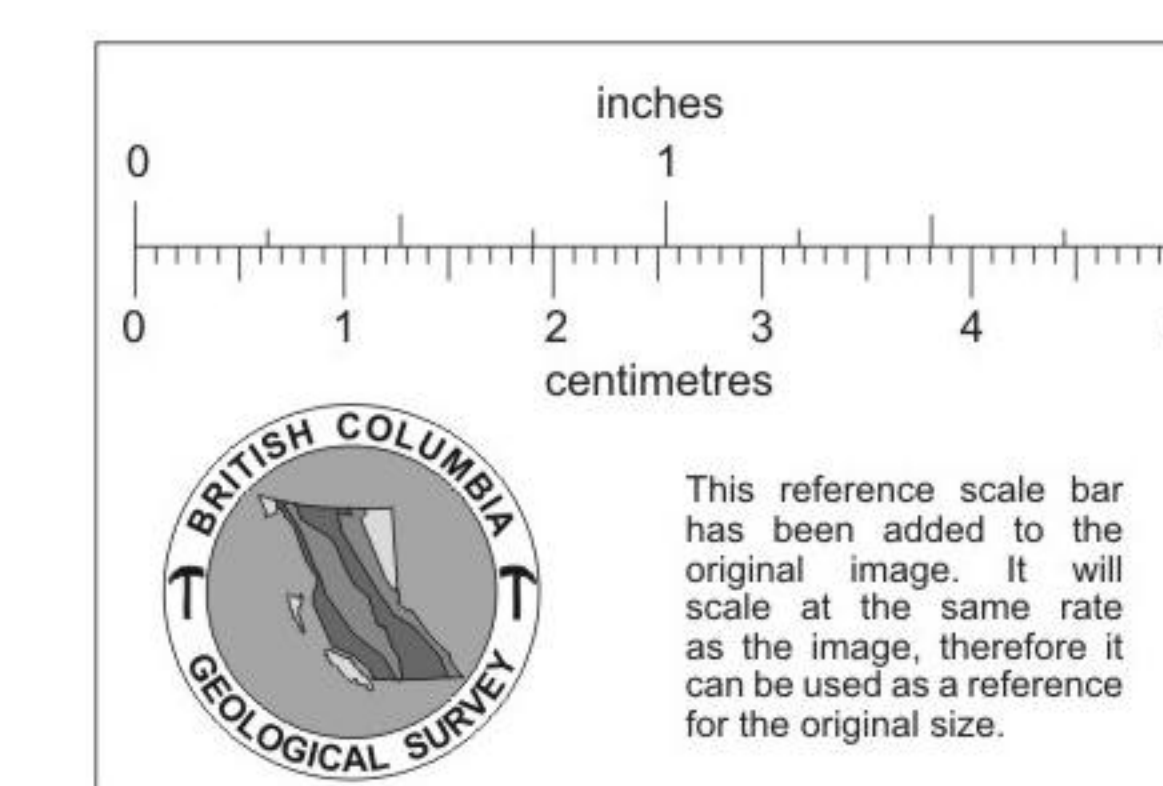
Please see Map R-01-1 for surface geology.



Scale 1:2500
Horizontal Scale = Vertical Scale

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

— — — — — assumed contacts
~ ~ ~ ~ ~ inferred fault



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

RAINBOW CLAIM GROUP	
Okanagan Falls Area	Osoyoos 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