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REPORT ON
RAINBOW PROPERTY
KAMLOOPS MINING DIVISION, B.C.
FOR
SEADRIFT INTERNATIONAL EXPLORATION LTD.

J.L. LeBel, P.Eng.

September 9, 1988

OREQUEST

OREQUEST CONSULTANTS LTD. 404 - 595 Howe Street, Vancouver, B.C., Canada, V6C 2T5 Telephone: (604) 688-6788

SUMMARY

The Rainbow property , owned by Seadrift International Exploration Ltd., is located near Kamloops, B.C. on the edge of the Iron Mask Batholith.

The Iron Mask Batholith hosts a number of copper deposits, the most important of which is the Afton deposit. The deposit is nearing the end of its mine life after producing from an ore body of 34 million tons grading 1% copper.

The Rainbow property has been explored from the 1960's to the present by various organizations using a variety of exploration methods including diamond, percussion and rotary drilling in hundreds of holes.

The property hosts copper mineralization with byproduct molybdenum and silver in two zones. Mineralization in the No. 1 Zone is economically uninteresting. The No. 2 Zone contains indicated reserves of 4,467,000 tonnes grading 0.663% copper.

An economic analyses conducted in 1982 concluded that there wasn't sufficient near surface ore to support an open pit mining operation and that the grade was too low to sustain an underground operation. This analysis is probably valid in present day economic conditions.

The property has been thoroughly and unsuccessfully explored by induced polarization geophysical surveys and follow-up diamond drilling away from the known mineralization. There seems to be little potential for other mineralization on the property except perhaps at depths which may be economically

crippling.

Although presently uneconomic, the Rainbow property hosts a copper resource for future exploitation and therefore should be maintained.

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INTRODUCTION

This report, prepared at the request of the management of Seadrift International Exploration Ltd., presents a synthesis of exploration work carried out on the Rainbow property located near Kamloops, B.C. and renders a geotechnical appraisal of the property.

The information contained herein comes from the reports listed in the bibliography. The property has received a considerable amount of exploration over the years, funded and managed by various organizations. Some of this work was not readily available and was not reviewed. However, missing programs were often summarized or incorporated in available results or were duplications of existing data.

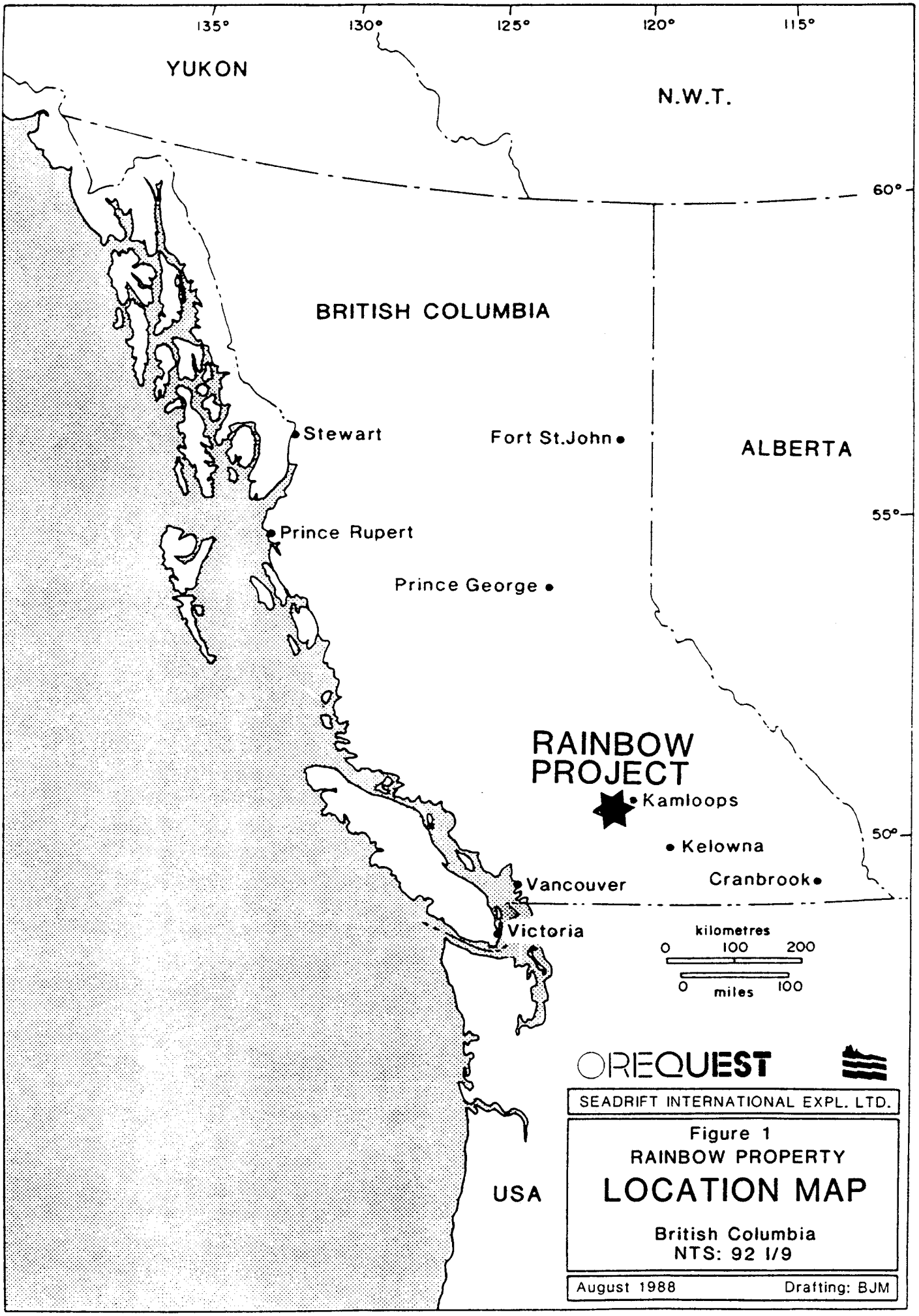
LOCATION AND ACCESS

The Rainbow property is located approximately 11 km southwest of the city of Kamloops, B.C. on NTS map 92I 9W at latitude 50 38'N and longitude 129 29'W (Figures 1 and 2).

Road access from Kamloops is afforded by the Trans Canada Highway (Hwy 1) 4 miles west to the Lac Le Jeune road. A gravel road servicing the Kamloops Skeet Club which leaves the Lac Le Jeune road about 5 km south of Hwy 1, provides access to the center of the property.

CLAIM STATUS

The Rainbow property consists of 5 claims and 1 mining lease or crown grant


135°
130°
125°
120°
115°
YUKON
N.W.T.
60°
BRITISH COLUMBIA
Stewart
Fort St.John
ALBERTA
55°
Prince Rupert
Prince George
RAINBOW
PROJECT
Kamloops
Kelowna
50°
Vancouver
Cranbrook
Victoria
kilometres
0 100 200
0 miles 100
USA
OREQUEST
SEADRIFT INTERNATIONAL EXPL. LTD.
Figure 1
RAINBOW PROPERTY
LOCATION MAP
British Columbia
NTS: 92 I/9
August 1988
Drafting: BJM

(Lot 883) situated in the Kamloops Mining Division on claim map NTS 92I/9W (Figure 2). The claims require annual assessment work and the mining lease requires annual rentals but no assessment work.

As of August 26, 1988 the status of the claims and mining lease were as follows:

Claim Name	No. of Units	Record No.	Anniversary Date
Rainbow NE	6	318	March 31, 1990
Rainbow SE	12	319	March 31, 1990
Rainbow SW	6	320	March 31, 1990
Rainbow NW	6	321	March 31, 1990
Bill	9	7231	August 12, 1998
Lot 883	1	M23	Jan. 3, 1995

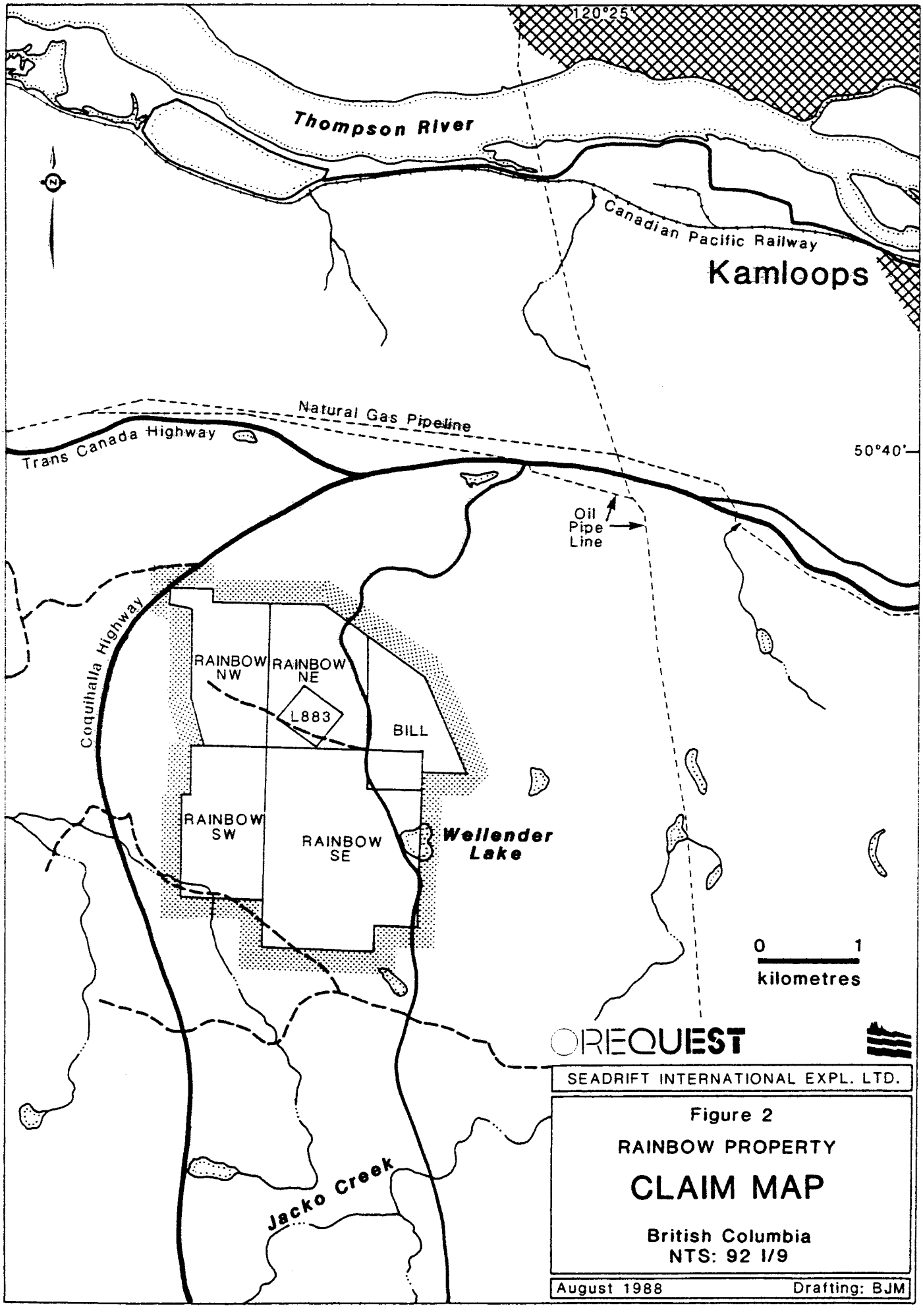
The registered owner of the claims and mining lease is Seadrift International Exploration Ltd.

REGIONAL GEOLOGY AND MINERALIZATION

The area is underlain by the Triassic, Nicola Group volcanics intruded by the Iron Mask batholith which are unconformably overlain by the Tertiary, Kamloops Group volcanic and sedimentary rocks (Figure 3).

The Nicola Group comprises a sequence of predominantly massive andesite and basalt volcanic flows mixed with lesser tuffs and agglomerates and limestone, argillites and conglomerate metasedimentary rocks.

The Iron Mask batholith is a 20 km long by 4 km wide. The complex subvolcanic intrusive consists of at least 4 phases, ranging in composition from


120°25'
Thompson River
Canadian Pacific Railway
Kamloops
Natural Gas Pipeline
Trans Canada Highway
50°40'
Oil Pipe Line
Coquihalla Highway
RAINBOW NW
RAINBOW NE
L883
BILL
RAINBOW SW
RAINBOW SE
Wellender Lake
Jacko Creek
0
1
kilometres
OREQUEST
SEADRIFT INTERNATIONAL EXPL. LTD.
Figure 2
RAINBOW PROPERTY
CLAIM MAP
British Columbia
NTS: 92 I/9
August 1988
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syenite to granodiorite to diorite to gabbro to pyroxenite including a fine grained olivine-pyroxene rich basalt called picrite.

The Tertiary Kamloops Group consists of dacitic to basaltic volcanics interlayered with related sedimentary rocks.

A major system of northwesterly, northerly and northeasterly fractures and faults controlled the emplacement of the various units of the Iron Mask batholith. These faults controlled the deposition of the various copper deposits and prospects located throughout the batholith. The Rainbow property is situated on the southwestern side of the Iron Mask batholith.

The most significant deposit in the area is the Teck Corp Ltd., Afton deposit located about 4 km miles northwest of the Rainbow property (Carr and Reed, 1976). The Afton deposit is nearing the end of its productive life after depletion of reserves of 34 million tons grading 1% Cu. The deposit is hosted by the Cherry Creek phase of the Iron Mask Batholith and consists of an upper supergene zone of metallic copper accompanied by chalcocite and cuprite and hypogene zone composed of bornite and chalcopyrite. The orebody is contained within a lenticular zone of hydrothermal magnetite that is flanked by barren pyrite zones a few hundred metres wide and several hundred metres long.

The Afton deposit is structurally complex. It occurs on a northwest fault that has been traced to the southeast and is inferred to pass through the Rainbow property. Oblique and cross faults have played an important role in localization of the mineralization.

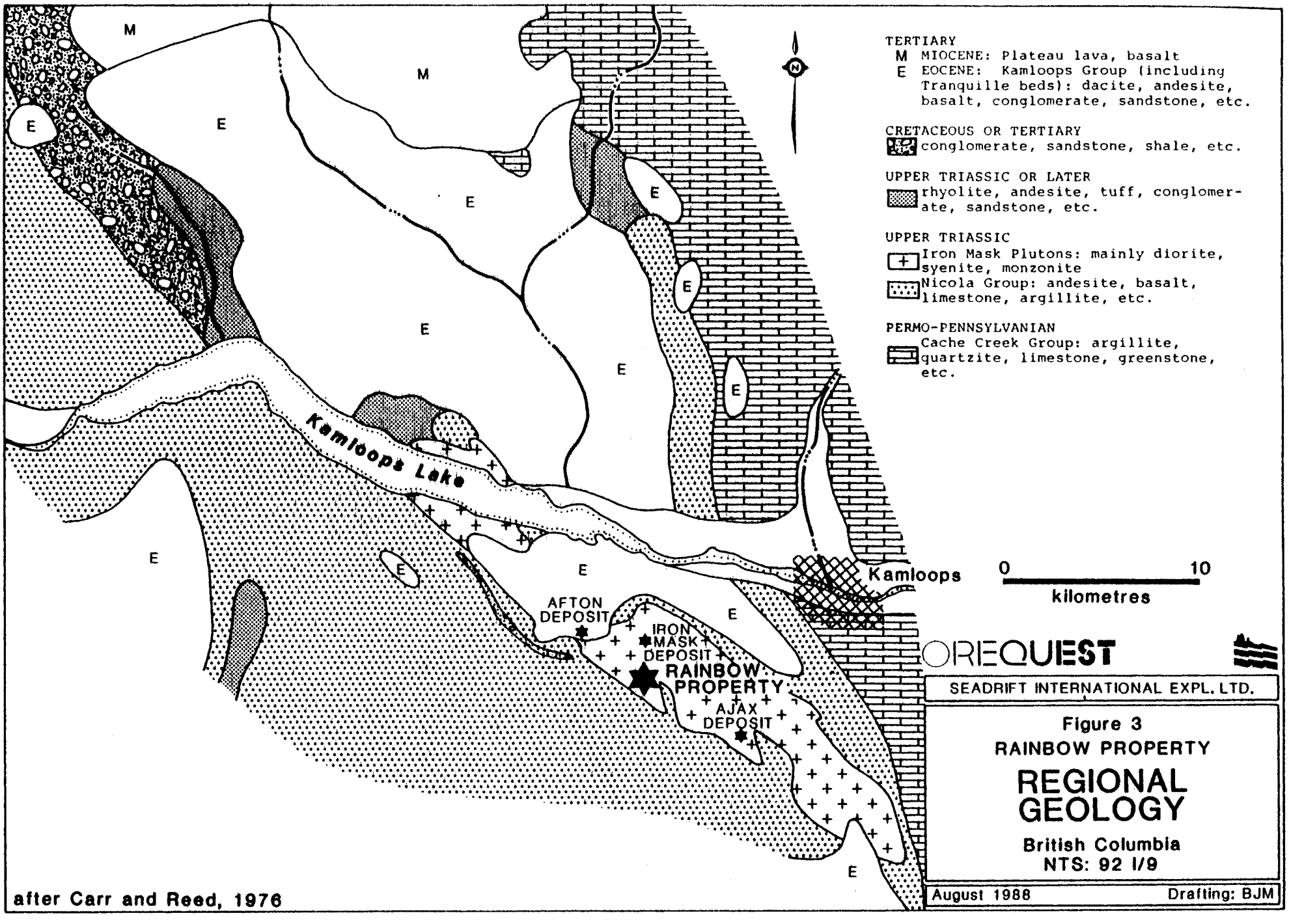

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Figure 3

RAINBOW PROPERTY

REGIONAL GEOLOGY

British Columbia
NTS: 92 I/9

August 1988 Drafting: BJM

Other deposits in the immediate area of the Rainbow property include the Iron Mask Mine, about 1.6 km to the northeast which produced some copper between 1891 and 1929 (Carr, 1956). This old mine is now controlled by Davenport and Coment Industries Ltd. which have it under option to Teck Corp. The Ajax deposit, located about 6.4 km to the southeast which has reserves of 10 million tons grading 0.50%. This deposit has been controlled by Cominco since the early 1900's (Carr, 1956).

HISTORY AND PREVIOUS WORK

The area in and around the Iron Mask batholith has a long history of exploration and development dating from the late 1800's.

The Rainbow property has received exploration attention intermittently from the mid 1960's when it was controlled by Leemac Mines Ltd. to late 1987 and early 1988 when Seadrift International Exploration Ltd., the present owner, carried out geophysical surveys and diamond drilling.

Some of the most significant work conducted on the property is summarized as follows:

Huestis Mining Corp. Western Beverlodge Mines Ltd., Vanco Exploration Ltd., Belcarra Exploration Ltd., 1961-1967

- surface exploration, geophysical surveys, limited drilling

Leemac Mines Ltd., 1972

- induced polarization geophysical survey and diamond drilling during a resurgence in activity in the area following the discovery of the Afton deposit
- No. 1 (Breccia) zone was discovered

Western Mines Ltd., 1972

- induced polarization geophysical survey and diamond drilling

Leemac Mines Ltd., 1973

- surface exploration
- No. 2 Zone (Main Zone) discovered

Getty Mines Ltd., 1974

- induced polarization and magnetometer geophysical surveys, mapping and 19,302 ft of drilling in 47 percussion holes and 5 rotary holes

Nahatlatch Resources Ltd., 1976

- 65% of property sold to Nahatlatch Resources Ltd.
- diamond drilling in 19 holes and revaluation of previous drilling on the No. 2 Zone (Main Zone)
- ore reserves in No. 2 Zone as follows:
indicated ore 11,157,000 tons grading 0.59% Cu
inferred ore 7,530,000 tons comparable grade

Canadian Superior Exploration Ltd., 1977

- surface mapping and sampling, 1870 ft of percussion drilling in 9 holes and 1232 ft of diamond drilling in 2 holes

Seadrift Resources Ltd., 1979-1980

- Nahatlatch and LMC (Leemac) amagalmate to Seadrift Resources
- 15,804 ft of diamond drilling in 18 holes

Craigmont Mines Ltd., 1981

- diamond drilling in 11 holes
- crude reserve calculations of 4,000,000 tonnes grading 0.8% Cu, 0.015% Mo and 4 g/tonne Ag

Pacific Seadrift Resources Ltd., 1982

- reserves in No. 2 Zone calculated by Wright Engineers Ltd. of 4,467,000 tonnes grading 0.663% Cu

Seadrift International Exploration Ltd., 1988

- induced polarization, magnetic and very low frequency electromagnetic surveys and 2227 ft. of diamond drilling in 5 holes on 2 targets away from existing mineralization

PROPERTY GEOLOGY

The property is underlain by Nicola Group volcanics and Picrite, Iron Mask, Pothook, Sugarloaf and Cherry Creek phase of the Iron Mask Batholith (Blanchflower, 1978a, 1978b), as shown of Figure 4.

Picrite only occurs in limited amounts on the surface in trenches northwest of the No. 2 zone but forms a significant rock component found in drilling the No. 2 zone (Timmins, 1979). Regionally, picrite is associated with northwesterly faults as noted by its presence in the No. 2 zone along the Sugarloaf fault. Composition and appearance of picrite vary widely but on average it is basalt with serpentized olivine ranging in colour from light green to black.

Iron Mask intrusives occur in the northeast part of the property northeast of a northwest line passing through the LCP's of the Rainbow claims. The rocks are composed of fine to coarse diorite, fine to coarse hornblende diorite and coarse grained gabbro. They are invariably magnetic with up to 15% magnetite. On the property they are generally in fault contact with neighboring units along the Sugarloaf fault. The Iron Mask intrusives are generally mineralized with pyrite on fractures and magnetite veins; this rock unit hosts the No. 2 Zone.

Pothook intrusives occupy restricted areas in the northwest part of the claim group. They are composed of medium to coarse grained diorites more uniform

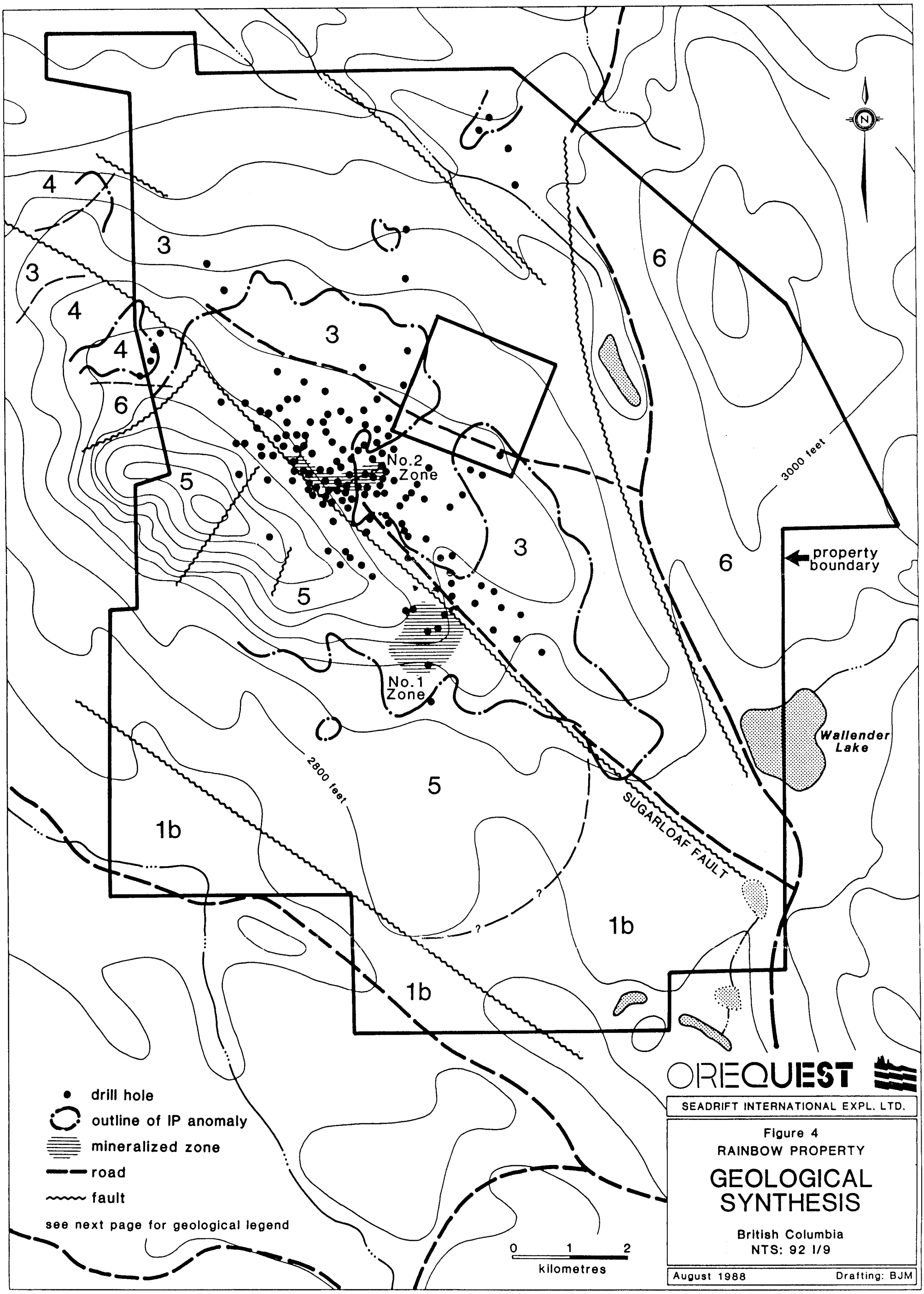
4
3
3
4
4
6
3
5
No.2
Zone
3
5
No.1
Zone
6
6
3000 feet
property
boundary
Wallender
Lake
2800 feet
5
SUGARLOAF FAULT
1b
1b
1b
drill hole
outline of IP anomaly
mineralized zone
road
fault
see next page for geological legend
0 1 2
kilometres
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Figure 4
RAINBOW PROPERTY
GEOLOGICAL
SYNTHESIS
British Columbia
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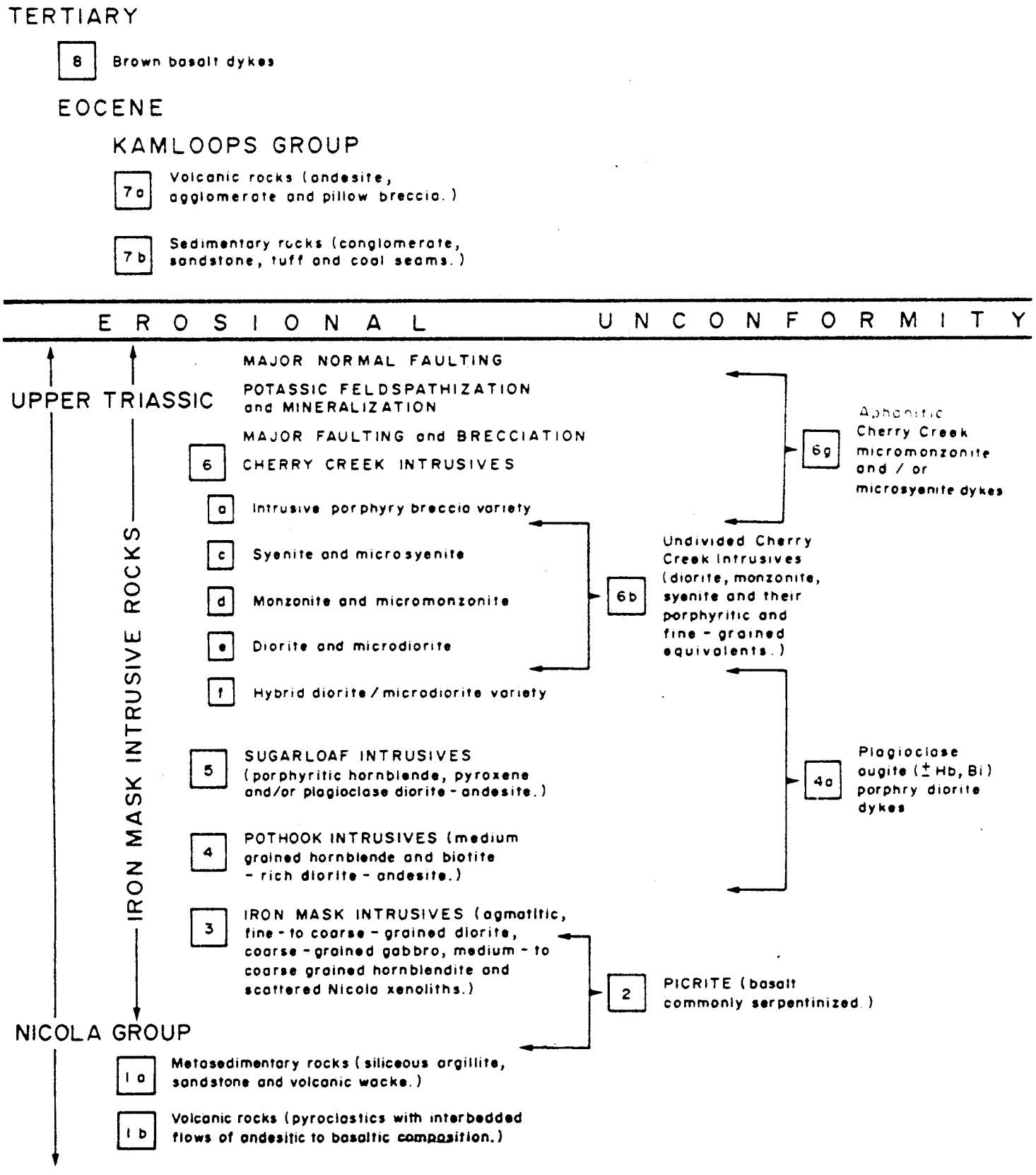
GEOLOGICAL LEGEND FOR FIGURE 4



in texture and composition than the Iron Mask varieties. Magnetite is the most common mineralization in this unit.

Sugarloaf intrusives underlie the bulk of the southwest part of the property. They are composed of uniform diorites distinguishable from other phases of similar composition by the presence of porphyroblasts of hornblende and plagioclase. This unit is in contacts with Iron Mask along the Sugarloaf fault and it hosts the No. 1 Zone mineralization. Pyrite, in fracture-fillings and finely disseminated is the most common sulphide mineral.

Cherry Creek intrusives occur in restricted areas along the western part of the claims northwest of the No. 2 Zone. They include macrodiorite, microdiorite, micromonzonite and microsyenite, all recognizable by a characteristic speckled texture.

Nicola Group rocks outcrop along southwestern and southern parts of the property flanking the Iron Mask Batholith. In the area they generally consists of massive and bedded tuffs ranging in composition from andesite to basalt.

The principal and most important structure on the property is the Sugarloaf fault which passes through the center of the property in a northwesterly direction to Pothook Lake and the Afton deposit. The No. 1 Zone is situated southwest of the fault and the No. 2 Zone is on the northeast side of the fault. North and northeasterly faults contemporaneous with mineralization occur within both mineralized zones. The intersection of these faults with the Sugarloaf fault was probably instrumental in providing the plumbing for the emplacement of

the copper mineralization.

Certain aspects of the geology also suggest that the No. 1 and No. 2 Zones may have been a single zone separated by movement along the Sugarloaf Fault.

PROPERTY MINERALIZATION

There are two zones of mineralization on the property, No. 1 Zone and No. 2 Zone which have been tested by thousands of feet of diamond and percussion drilling, particularly in the case of No. 2 Zone (Figure 4). Some of the early drilling is not very well documented and of questionable quality because reported high grade intersections could not be corroborated by subsequent drilling (Kerr, 1976 and 1977).

No. 1 Zone

The No. 1 Zone occupies a surface area of about 120 m by 120 m on the southeast toe of Sugarloaf Mountain. Mineralization, here, consists of chalcopyrite and malachite associated with orthoclase +/- epidote fracture fillings. The zone is relatively well exposed in outcrop and copper mineralization is rarely seen more than 120 m from the Sugarloaf fault (Blanchflower, 1978). Although extensively drilled (Figure 4) the mineralization is generally low grade.

No. 2 Zone

The No. 2 Zone is located on the flank of Sugarloaf Mountain about 600 m northeast of its peak. It is roughly 600 m northwest of the No. 1 Zone on the northeast side of the Sugarloaf fault.

Most of the drilling done on the property has concentrated on the No. 2 Zone subsequent to its discovery in 1972-1973.

The copper comes from mainly chalcopyrite and minor amounts of bornite, chalcocite and cuprite associated with pyrite mineralization concentrated on fractures and in blebs and as disseminations. In the No. 2 Zone the principal fractures dip subvertically, a lesser set dips at 30 degrees to 40 degrees. Erratically distributed molybdenite and gold and silver in detectable quantities also occur in the deposit.

The mineralization in the No. 2 Zone occurs in subvertical, open U or V-shaped body with an area of the U trending northwest along the Sugarloaf Fault. The other arm extends northeast presumably along a conjugate fault system. At its longest point the deposit is 300 m long. The main mineralization extends from about 60 m below surface to a depth of 250 m below surface and is up to 80 m wide (Wright Engineers Ltd., 1982).

Various estimates of the indicated size and grade of the deposit are as follows:

Kerr-Dawson and Associates (Kerr, 1976)	10,122,000 tonnes grading 0.58% Cu
Craigmont Mines (Wright Engineers, 1982)	4,000,000 tonnes grading 0.8% Cu
Wright Engineers Ltd. (Wright Engineers, 1982)	4,467,000 tonnes grading 0.663% Cu with 3,341,000 tonnes grading 0.761% Cu

By product molybdenite and silver grading 0.015% molybdenum and 4 g/tonne silver may also be present in the deposit but the distribution of these minerals has not been thoroughly investigated.

MINING ECONOMICS

In a 1982 report on the mining economics of the property for Pacific Seadrift Resources Ltd., Wright Engineers Ltd. (Wright Engineers, 1982) concludes that the No. 2 Zone cannot be economically developed even if capital costs are reduced by developing a mine only and making use of the Afton Mine's mill and concentrator.

The absence of ore within 75 m of the surface prevents establishment of an economic open pit and economically crippling stripping ratios are required to mine the narrow, near vertical ore at greater depth.

As a bulk tonnage underground operation the No. 2 Zone is equally unattractive. Wright Engineers Ltd. estimates that a copper price of U.S. $1.70/lb. (in 1982 dollars) is required to break even on operating costs alone. Capital costs for mine construction of another $20/tonne milled, would require the copper price to be much higher than the $1.70 Wrights' have estimated to be a break even price.

PROPERTY GEOPHYSICS

The property has been covered by induced polarization magnetic and some very low frequency electromagnetic geophysical surveys. Given the disseminated and vein habit of the mineralization, the induced polarization method is an ideal

exploration method. The widespread occurrence of pyrite and magnetite away from the known mineralization may, however, generate spurious anomalies. Magnetite is not a constituent of the known mineralization but it occurs through most of the host rocks thereby making magnetic surveys useful as a mapping tool.

The property has been blanketed by induced polarization surveys dating from the mid 1960's to the present (Forminoff, 1972; Lloyd and Warne, 1988). In the surveys available for review there is a weak to moderate, 1500 m long chargeability anomaly that encompasses the No. 1 Zone, the No. 2 Zone and the peak of Sugarloaf Mountain. The highest values are achieved in closures which encompass the No. 1 Zone and Sugarloaf Mountain. The coverage available does not cover the southwest slopes of Sugarloaf Mountain possibly because of difficult terrain. The chargeability response is lower over the No. 2 Zone possibly because of attenuation by increased overburden thickness. An embayment in the anomaly between the No. 1 and the No.2 Zone may also be created by overburden thickness. There are no other anomalies of equal size and amplitude anywhere on the property including the areas covered by a recent 1987 (Lloyd and Warne, 1988) survey in the northern part of the property.

It appears that most of the available anomalies, even the small ones, have been drilled (Krause, 1988). Some holes were even spotted on chargeability lows on the premise that reduced iron and copper sulphides may be accompanied by an increase in molybdenite content (Timmins, 1979).

EXPLORATION POTENTIAL

Exploration potential within the confines of known mineralization in the No.

1 and No. 2 Zones appears to be limited. The No. Zone has been tested to a depth of up to 400 m and it appears to peter out 250 m below surface. There is a possibility of, as yet undiscovered mineralization, beneath the known mineralization. To be economic however, would require a large tonnage and a grade which maybe much higher than the historic grade for the Iron Mask area.

Possibilities for a new near surface deposit away from the known mineralization also seem remote given that all of the shallow induced polarization anomalies have been tested by drilling. There is space for a deep deposit within the confines of the existing induced polarization anomaly along the Sugarloaf Fault both northwest and southeast of the known mineralization, which has so far been undiscovered, by surface exploration or shallow drilling. Detection of such a deposit if it indeed exists is best achieved by deep drilling.

Potential for deep mineralization may also exist in the northeast corner of the property along a topographically inferred northwest structure which may be related to a zone of pyrite mineralization at Wallender Lake on the adjacent property (Blanchflower, 1978b). The potential for shallow mineralization on this part of the property eliminated by a recent induced polarization survey and drilling program (Lloyd and Warne, 1987; Krause, 1988). Since the known mineralization on the property and the Afton deposit (Carr and Reed, 1970) are enclosed in an extensive halo of pyrite mineralization as indicated by induced polarization surveys, a moderately deep deposit in this region of the property seems very unlikely.

CONCLUSIONS

The Rainbow property located in the Iron Mask Batholith near Kamloops, B.C., hosts a copper deposit with 4,467,000 tonnes of drill indicated reserves grading 0.663% Cu with byproduct molybdenite and silver mineralization estimated at 0.015% and 4 g/tonnes respectively.

An analysis done in 1982 determined that development of the deposit was not economically feasible. The conclusions of this analysis are valid with present day economic and market conditions and the deposit remains as an inventory resource for future exploitation.

Exploration has exhausted the possibility of other shallow deposits on the property. There is space underneath the known mineralization and in the northeast corner of the property on an inferred fault for an, as yet undetected, deep deposit. For the deposit to be economically viable it would have to be large and have a geologically unrealistic higher grade than the historic grade for the area.

CERTIFICATE of QUALIFICATIONS

I, J. L. LeBel, of 2684 Violet Street, North Vancouver, British Columbia hereby certify:

1. I am a graduate of the Queens University (1971) and the University of Manitoba (1973) and hold a BSc. degree in geological engineering and a MSc. degree in geophysics.
2. I am a Professional Engineer registered with the Association of Professional Engineers of British Columbia, Vancouver, British Columbia.
3. I have been employed in mining exploration with various companies since 1972.
4. The information contained in this report was obtained from the documents listed in the bibliography.
5. I own no direct, indirect and do not expect to receive any contingent interests in the subject property or shares or securities of Seadrift International Resources Ltd.
6. I consent to and authorize the use of the attached report and my name in the Company's Prospectus, Statement of Material Facts or other public document.

PROFESSIONAL ENGINEER PROVINCE OF BRITISH COLUMBIA J. L. LEBEL

J.L. LeBel, P.Eng.

DATED at Vancouver, British Columbia, this 9th day of September, 1988.

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