Progress Report - Rainbow Property

Omineca Mining Division
Tenure Numbers:
788102,1006762

NTS: 093M/09
Latitude 55° 38’ 34” N Longitude 126° 28’ 31” W

UTM Zone 09 (NAD 83)
Easting 658900
Northing 6169200

Work performed June 27, 2012 - June 27, 2013
by
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For
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August 20, 2013

Table of Contents

List of Illustrations

List of Tables

List of Photographs

Item 1: Summary

The Rainbow property lies in central British Columbia, approximately 85km north of Granisle, B.C. and 105km northeast of the regional centre of Smithers. The claim lies at 658900E, 6169200N in UTM Zone 09 (NAD 83) on NTS map sheet 93 M/09.

The property is underlain by amygdaloidal lava flows and interbedded tuffs of the Ankwell Member of the Lower to Middle Nilkitkwa Formation (Hazelton Group). The rocks strike northwest, dipping 50 to 60 degrees southwest. Stratabound bornite, malachite and chalcopyrite occur in amygdules and as disseminations in the volcanic rocks. Copper mineralization is also found in fractures and joint planes. In the floor of the basin, minor chalcopyrite has been found in some interbedded tuffs. The mineralization was noted as being distinctly good. The zone is 9.4 to 10.7 metres in width and is exposed over a vertical distance of approximately 90m. Three chip samples were collected over the showing in 1930 by government geologists across the upper, middle and lower showing areas. The samples returned 27g/t silver and 2.1% copper over 10.7m from the upper portion, 34.3g.t silver, 2.1% copper over 9.4m from the middle portion and 20.6g/t silver and 2.4% copper over 9.4m from the lower portion of the showing. (Minister of Mines Annual Report 1930, page 148)

The Rainbow showing sits within a belt of Hazelton volcanic and sedimentary rocks roughly 50km in length that is anomalous to highly anomalous in copper. Ankwell Member balsaltic volcanic rocks and Nilkitkwa Formation undivided sedimentary rocks cover the central area with a strike length of 17.5km.

Logging has occurred to within 7km of the showing to the east and 8km to the west. The railroad through Takla Landing to its terminus at Chipmunk lies 16km to the northeast.

The claim is 100% owned by the author, in partnership with Ralph Keefe of Francois Lake.

It is the author’s belief that previous exploration programs on the Rainbow property demonstrate the potential for significant red bed stratiform copper mineralization. These programs also failed to adequately test this potential. Additional exploration in the form of geological, geophysical and geochemical surveys and drilling is warranted to determine if one or more economic mineralized bodies are present within the existing property boundaries.

Item 2: Introduction

This report is being prepared for the author for the purposes of filing assessment on the claims comprising the Rainbow property and to create a base from which further exploration will be completed.

2.1 Qualified Person and Participating Personnel

Mr. Kenneth D. Galambos P.Eng. conducted the current evaluation and interpretation of data to focus further exploration expected to be completed in the summer of 2014, and to make recommendations to test the economic potential of the area. This report describes the property in accordance with the guidelines specified in National Instrument 43-101 and is based on historical information and an examination and interpretation of technical data covering the property. This evaluation was completed by the author over a time period from June 27, 2012-June 27, 2013.

2.2 Terms, Definitions and Units

- All costs contained in this report are denominated in Canadian dollars.
- Distances are primarily reported in metres (m) and kilometers (km) and in feet (ft) when reporting historical data.
- GPS refers to global positioning system.
- Minfile showing refers to documented mineral occurrences on file with the British Columbia Geological Survey.
- The term ppm refers to parts per million, equivalent to grams per metric tonne (g/t).
- ppb refers to parts per billion.
- The abbreviation oz/t refers to troy ounces per imperial short ton.
- The symbol % refers to weight percent unless otherwise stated. 1% is equivalent to 10,000ppm.
- Elemental and mineral abbreviations used in this report include: arsenic (As), copper (Cu), gold (Au), iron (Fe), lead (Pb), molybdenum (Mo), zinc (Zn), chalcopyrite (Cpy), molybdenite (MoS2) and pyrite (Py).

2.3 Source Documents

Sources of information are detailed below and include the available public domain information and private company data.

- Research of the Minfile data available for the area at http://www.empr.gov.bc.ca/Mining/Geoscience/MINFILE/Pages/default.aspx
- Research of mineral titles at https://www.mtonline.gov.bc.ca/mtov/home.do
- Review of company reports and annual assessment reports filed with the government at http://www.empr.gov.bc.ca/Mining/Geoscience/ARIS/Pages/default.aspx
- Review of geological maps and reports completed by the British Columbia Geological Survey at http://www.empr.gov.bc.ca/Mining/Geoscience/MapPlace/MainMaps/Pages/default.aspx .
- Published scientific papers on the geology and mineral deposits of the region and on mineral deposit types.

2.4 Limitations, Restrictions and Assumptions

The author has assumed that the previous documented work in the area of the property is valid and has not encountered any information to discredit such work.

2.5 Scope

This report describes the geology, previous exploration history, interpretation of regional geophysical and geochemical surveys; and the mineral potential of the Rainbow project. Research included a review of the historical work that related to the immediate and surrounding areas. Regional geological data and current exploration information have been reviewed to determine the geological setting of the mineralization and to obtain an indication of the level of industry activity in the area.

Item 3: Reliance on Other Experts

Some data referenced in the preparation of this report was compiled by geologists employed by various companies in the mineral exploration field. These individuals would be classified as “qualified persons” today, although that designation did not exist when some of the historic work was done. The author believes the work completed and results reported historically to be accurate but assumes no responsibility for the interpretations and inferences made by these individuals prior to the inception of the “qualified person” designation.

Item 4: Property Description and Location

The Rainbow property consists of 2 claims covering an area of 164.35ha (9 cells), approximately 18km west of the east arm of Takla Lake in central British Columbia. The claim lies within the 093M/09 1:50,000 mapsheet. The property is centered at 658900E, 6169200N, UTM Zone 9 (NAD 83). The small community of Takla Landing lies 36km to the southeast while the Regional Center of Smithers lies 105km to the southwest.

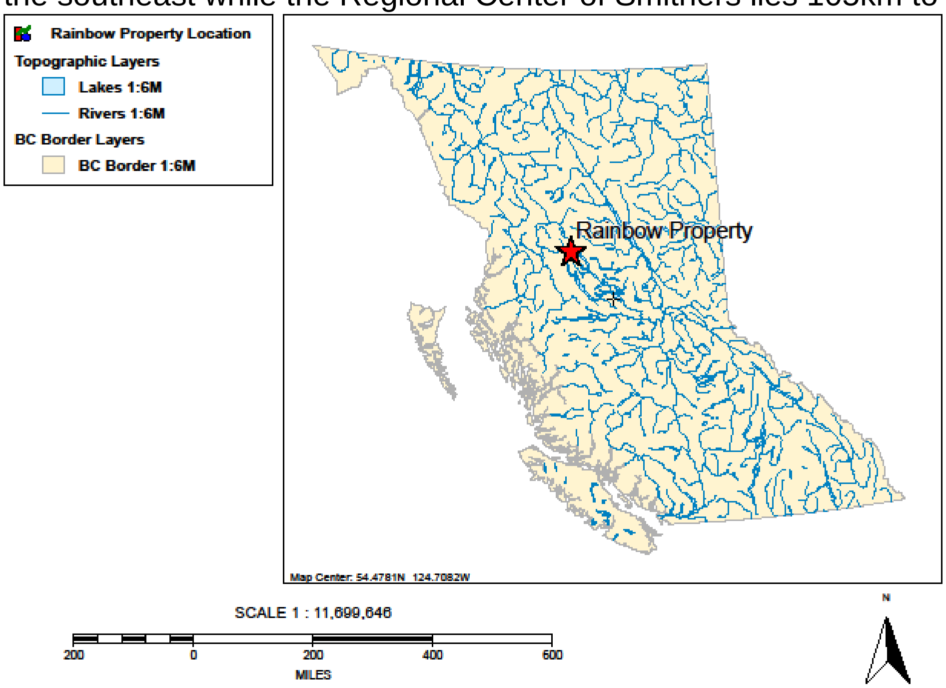

Figure 1: Rainbow Property Location Map

Upon acceptance of this report, the highlighted mineral tenures will have their expiry dates moved to August 9, 2016.

Table 1: Claim Data

Tenure #	Claim	Issue date	Expiry date	Area (Ha)	Owner
788102	Rainbow	2010/jun/07	**2016/aug/09**	18.26	Galambos, Kenneth D. 100%
1006762	Rainbow	2012/jun/29	**2016/aug/09**	146.09	Galambos, Kenneth D. 100%

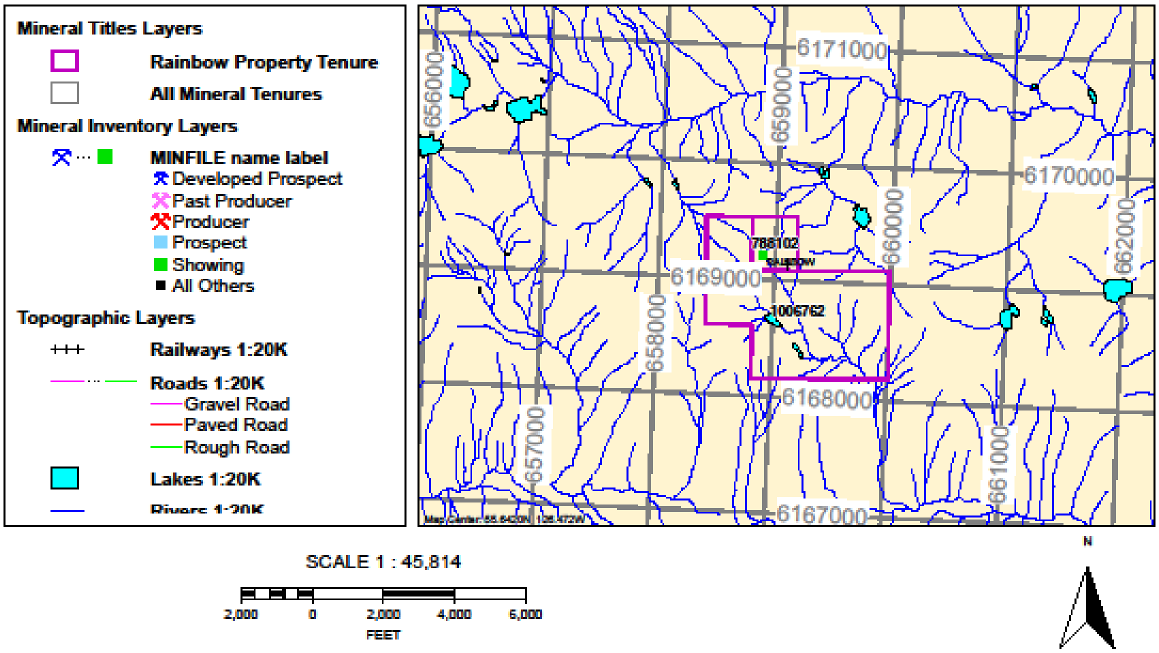

Figure 2: Rainbow Project Claim Map

The claims comprising the Rainbow property as listed above are being held as an exploration target for possible hardrock mining activities which may or may not be profitable. Any exploration completed will be subject to the application and receipt of necessary Mining Land Use Permits for the activities recommended in this report. There is no guarantee that this application process will be successful.

The Claims lie in the Traditional territories of a number of local First Nations and to date no dialog has been initiated with these First Nations regarding the property. There is no guarantee that approval for the proposed exploration will be received.

Item 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Rainbow property lies in central British Columbia, approximately 105 km northeast of Smithers, B.C. The claims lie approximately 18km west of the east arm of Takla Lake on NTS map sheet 93M/09. Access is currently via helicopter from Smithers, Houston, Burns Lake or Fort St. James. There have been helicopters based seasonally in Takla Landing but prior arrangements would be required. Prior logging has occurred within 7km of the Rainbow showing to the east and within 8km to the southwest.

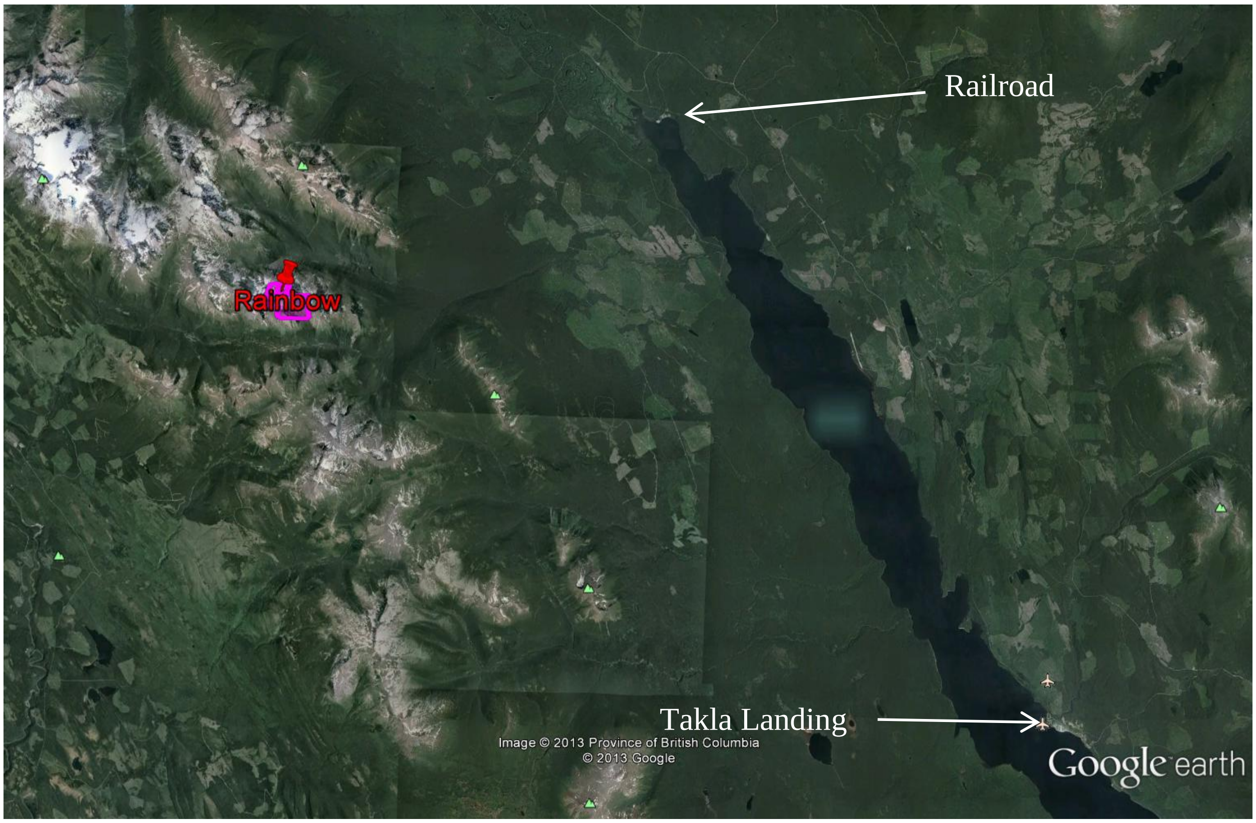

Plate 1: Satellite Image of Rainbow Project

Topography on the property is steep near the showing and consists of a kilometre wide upland valley with elevations ranging from approximately 1600 to 1970m. Outcrop appears to be abundant from satellite imagery of the area with only the valley floor showing any substantial vegetation.

Climate in the region is continental, periodically modified by maritime influences. Summers are cool and moist, and winters cold. Following climate statistics from Environment Canada are for Burns Lake, the town with climate most analogous to Babine Lake region. Mean January temperature is -10.5°C, and for July is 14.3°C. Extreme winter temperature may fall below -30°C for brief periods. Annual rainfall is 291.4mm and annual snowfall is 189.1mm, with mean snow accumulation of 45cm. Anecdotal evidence indicates that the Babine Lake area can retain more than a metre of snow depth. Snow-free field operations season for exploration spans May through October, dependant on elevation and aspect relative to the sun.

Infrastructure adequate for mine development is present in the region. A residential capacity powerline connecting Fort Babine and Takla Landing lies 30km to the south of the Property. Takla Lake situated 16km to the east of the property is able to supply any quantity of water needed for property development if a closer supply is unavailable. The lower-relief areas south of the property contain adequate space for concentrator site, tailing ponds or waste dumps required in any contemplated mine operation. The village of Takla Landing is the closest community which hosts a Health Station. Nearby communities such as Fort St. James and Smithers contains adequate accommodation and basic services to support a mining operation. The communities of Northwestern British Columbia contain industrial and consumer suppliers, and a pool of labour skilled in mining trades and professions.

Lodging, groceries, a helicopter charter company and building supply stores are available in the small community of Fort St James while nearby centers such as Smithers and Terrace host regional airports serviced from Vancouver, diamond drilling and exploration service companies.

Item 6: History

Very little documented exploration exists in the public domain with only a few references from the Ministry of Mines Annual Reports. The occurrence first appears in the 1929 edition and again in 1930 with a brief description of the mineralization and sampling that was completed by government geologists at that time. Mineralization was described as distinctly good with three samples being collected over a 90m high exposure between 5,700 and 6,000 feet on the north-east wall of a basin at the head of a small tributary of Ankwil creek. The 1971 EMPR GEM states that Falconbridge Ltd. drilled two holes for a total of 80ft (24.38m) on the Drone 8 claim of the Rainbow property. The 1973 edition of EMPR GEM has Wesfrob Mines (a subsidiary of Falconbridge) completing 45yd3 of trenching on the Drone 8 claim. No other references can be found regarding the property in the public domain.

Item 7: Geological Setting and Mineralization

7.1 Regional Geology

The Rainbow property lies in a northwest trending sequence of Jurassic sedimentary and volcanic rocks. Lower Jurassic Ankwell-Member basaltic volcanic rocks core the area while Lower Jurassic Group - Telkwa Formation, calcalkaline volcanic rocks lie to the northwest and southeast of the property. Lower Jurassic Nilkitkwa Formation undivided sedimentary rocks, Middle Jurassic Hazelton Group - Smithers Formation marine sedimentary and volcanic rocks and Upper Jurassic Bowser Lake Group - Ashman Formation mudstone, siltstone, shale fine clastic sedimentary rocks cover the balance of the area. Lower Cretaceous Skeena Group - Red Rose Formation and Kitsuns Creek Formation coarse clastic sedimentary rocks lie to the southwest and enclose Lower Cretaceous Skeena Group -Rocky Ridge Formation, alkali volcanic rocks. Small intrusions of Eocene Babine Plutonic Suite feldspar porphyritic intrusive rocks and granodioritic rocks have been mapped throughout the region. To the northwest, Upper Cretaceous to Eocene Sustut Group - Tango Creek Formation undivided sedimentary rocks and Paleocene to Eocene undivided sedimentary rocks make up the balance of the underlying geology.

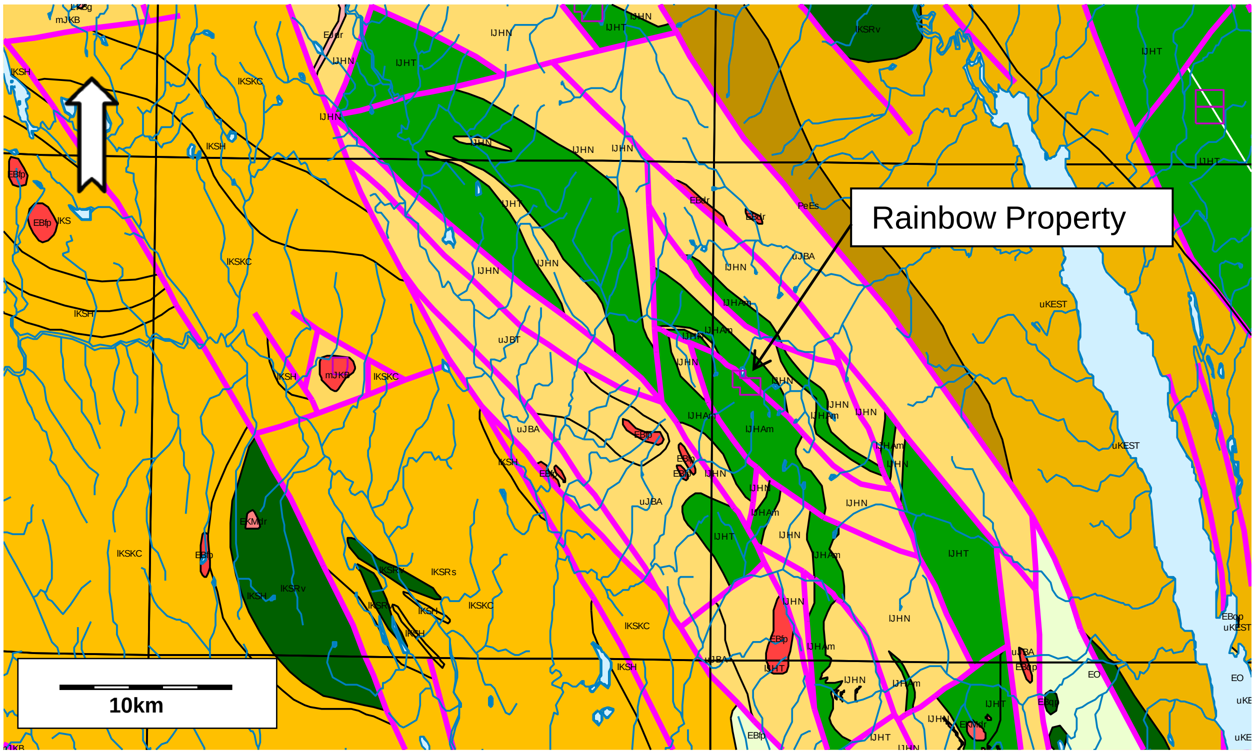

Fig. 3: Regional Geology map

Table 2

Geology Legend

Bounding Box: *North: 55.842 South: 55.464 West: -127.042 East: -125.934*
NTS Mapsheets: 093N, 093M

Eocene

Babine Plutonic Suite

EBdr	dioritic intrusive rocks
EBfp	feldspar porphyritic intrusive rocks
EBgd	granodioritic intrusive rocks
EBqp	high level quartz phyric, felsitic intrusive rocks

Nechako Plateau Group

EONvb	**Newman Formation - Porphyritic Flows Member:** basaltic volcanic rocks
EEvl	**Endako Formation:** coarse volcaniclastic and pyroclastic volcanic rocks

Paleocene to Eocene

	PeEs	undivided sedimentary rocks

Late Cretaceous to Eocene

	LKdr	dioritic intrusive rocks

Upper Cretaceous to Eocene

Sustut Group

	uKESuT	**Tango Creek Formation:** undivided sedimentary rocks

Late Cretaceous

Bulkley Plutonic Suite

	LKBg	intrusive rocks, undivided

Early Cretaceous

McCauley Island Plutonic Suite

	EKMdr	dioritic intrusive rocks

Skeena Group

	lKSH	**Hanawald Conglomerate:** conglomerate, coarse clastic sedimentary rocks
	lKSvf	**Felsic Volcanics:** rhyolite, felsic volcanic rocks
	lKSKC	**Kitsuns Creek Formation:** undivided sedimentary rocks
	lKSRs	**Red Rose Formation:** undivided sedimentary rocks

Lower Cretaceous

	lKSRv	**Rocky Ridge Formation:** alkaline volcanic rocks
	lKSKC	**Kitsuns Creek Formation:** coarse clastic sedimentary rocks
	lKSRs	**Red Rose Formation:** coarse clastic sedimentary rocks
	lKSH	**Hanawald Conglomerate:** conglomerate, coarse clastic sedimentary rocks
	lKS	undivided sedimentary rocks

Upper Jurassic to Lower Cretaceous

Bowser Lake Group

	uJKBu	**Undivided:** undivided sedimentary rocks

Middle Jurassic to Late Cretaceous

	mJKB	undivided sedimentary rocks

Upper Jurassic

	uJBAm	**Ashman Formation:** mudstone, siltstone, shale fine clastic sedimentary rocks

	uJBT	**Trout Creek Formation:** undivided sedimentary rocks

Middle to Late Jurassic

	uJBAmst	**Ashman Formation:** argillite, greywacke, wacke, conglomerate turbidites
	uJBT	**Trout Creek Formation:** conglomerate, coarse clastic sedimentary rocks

Middle Jurassic

Hazelton Group

	mJHSms	**Smithers Formation:** marine sedimentary and volcanic rocks

Spike Peak Intrusive Suite

	MJSPsy	syenitic to monzonitic intrusive rocks

Early to Middle Jurassic

Hazelton Group

	lmJHSHvb	**Saddle Hill Formation - Mafic Submarine Volcanic Member:** basaltic volcanic rocks

Early Jurassic

	EJdr	dioritic intrusive rocks
	lJH	andesitic volcanic rocks
	lJHT	**Telkwa Formation - Felsic to Intermediate Volcanic Member:** andesitic volcanic rocks
	lJHNk	**Nilkitkwa Formation:** argillite, greywacke, wacke, conglomerate turbidites
	lJHT	**Telkwa Formation - Mafic Volcanic Member:** basaltic volcanic rocks

Lower Jurassic

	lJHAm	**Ankwell Member:** basaltic volcanic rocks
	lJHT	**Telkwa Formation:** calc-alkaline volcanic rocks
	lJHNk	**Nilkitkwa Formation:** undivided sedimentary rocks

Late Triassic to Early Jurassic

	uTrJs	undivided sedimentary rocks

Sitlika Assemblage

	uTrJSs	**Clastic Unit:** undivided sedimentary rocks

Late Triassic

Takla Group

	uTrTv	undivided volcanic rocks

Late Permian to Early Triassic

Sitlika Assemblage

PJSgs greenstone, greenschist metamorphic rocks

Early Permian to Early Triassic

Late Pennsylvanian to Late Permian

Asitka Group

DPAsf mudstone, siltstone, shale fine clastic sedimentary rocks

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7.2: Property Geology

The geology covered by the Rainbow claims appears quite simple as shown on MapPlace and consists entirely of Lower Jurassic Hazelton Group - Ankwell Member basaltic volcanic rocks. The mineralized volcanics are vesicular and amygdaloidal lava-flows which strike N60°W (mag) and dip between 50° and 60° to the southwest. Interbedded tuffs exposed in the floor of the basin are reported to contain minor chalcopyrite. (EMPR AR 1930-p148)

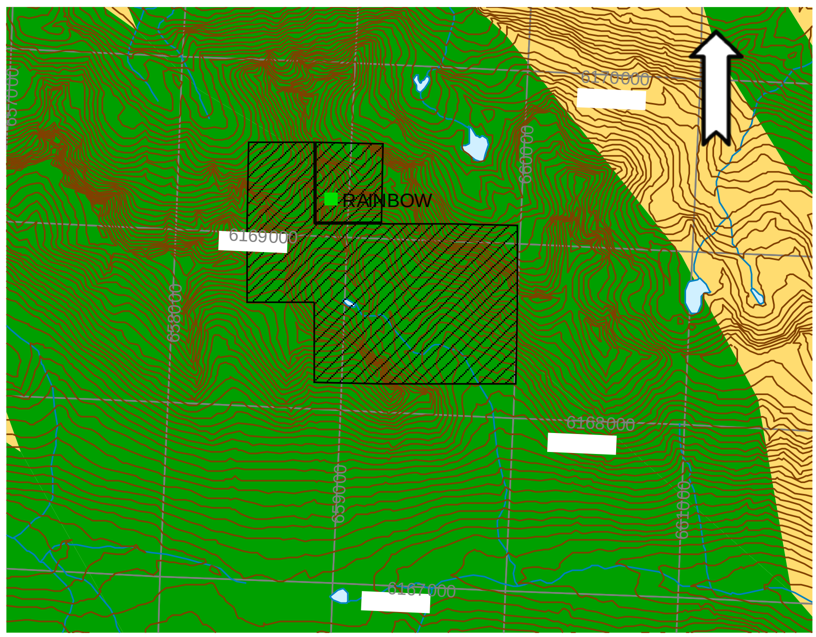

Figure 4: Rainbow Property Geology map

Item 8: Deposit Types

Although the most important mineral occurrences in the area of the Property are porphyry copper-molybdenite-gold deposits associated with the Late Cretaceous Bulkley intrusions and the Eocene Babine intrusions. There is also epithermal or high sulphidation VMS potential with silver-lead- zinc mineralization similar to that at the Fireweed prospect in Skeena Group rocks. Potential also exists for Besshi-type massive sulphides, volcanic redbed copper deposits, polymetallic veins with silver-lead-zinc and possibly gold, and intrusion related gold-pyrrhotite deposits. The focus for exploration on the Rainbow property is that of volcanic hosted redbed copper.

8.1 Volcanic Redbed Copper Deposits

Lefebure and Church (1996) describe Volcanic Redbed Copper as chalcocite, bornite and/or native copper occur in mafic to felsic volcanic flows, tuff and breccia and related sedimentary rocks as disseminations, veins and infilling amygdules, fractures and flowtop breccias. Some deposits are tabular, stratabound zones, while others are controlled by structures and crosscut stratigraphy. These deposits occur in intracontinental rifts with subaerial flood basalt sequences and near plate margins with island-arc and continental-arc volcanics. The mineralization can be Proterozoic to Tertiary in age.

Amygdaloidal basaltic lavas, breccias and coarse volcaniclastic beds with associated volcanic tuffs, siltstone, sandstone and conglomerate are the most common rock types. The volcanics may cover the spectrum from basalt to rhyolite composition. Redbed sedimentary rocks are common and often exhibit shallow water sedimentary structures (small-scale crossbedding, mud cracks, algal mats). Any of these units may host the deposits, although typically it is the mafic volcanics that have widespread elevated background values of copper due to the presence of native copper or chalcocite in amygdules, flow breccias or minor fractures.

Many deposits are tabular lenses from a few to several tens of metres thick which are roughly concordant with the host strata over several hundred metres. Other deposits are strongly influenced by structural controls and crosscut the stratigraphy as veins, veinlets, fault breccias and disseminated zones. Mineralization occurs as disseminations, open-space fillings, veins and some replacement textures. Open spaces may be amygdules, cavities in flowtop breccias or fractures. Mineralization is commonly fine-grained, although spectacular examples of copper “nuggets” are known. Ore minerals consist of chalcocite, bornite, native copper, digenite, djurleite, chalcopyrite, covellite, native silver and greenockite. Iron sulphides, including pyrite are typically peripheral to the ore. Some deposits are zoned from chalcocite through bornite and chalcopyite to fringing pyrite. Copper-arsenic minerals, such as domeykite, algodonite and whitneyite, occur in fissure veins in the Keewenaw Peninsula. Typically there is only minor gangue consisting of hematite, magnetite, calcite, quartz, epidote, chlorite and zeolite minerals.

Generally no associated alteration, although many deposits occur in prehnite-pumpellyite grade regionally metamorphosed volcanic rocks with minerals such as calcite, zeolites, epidote, albite, prehnite, pumpellyite, laumontite and chlorite. These deposits commonly have no associated gossans or alteration; locally minor malachite or azurite staining.

Deposits appear to be confined to subaerial to shallow-marine volcanic sequences commonly with intercalated redbeds. One of the major ore controls is zones of high permeability due to volcaniclastics, breccias, amygdules and fractures.

Sediment-hosted copper deposits often occur in the same stratigraphic sequences. The carbonate-hosted copper deposits at Kennicott, Alaska are associated with basaltic Cu deposits in the Nikolai greenstone.

Most authors have favoured metamorphism of copper-rich, mafic volcanic rocks at greater depth for the source of the metal-bearing fluids, and subsequent deposition higher in the stratigraphic sequence, in oxidized subaerial hostrocks at lower metamorphic grade. More recently analogies have been drawn to diagenetic models for sediment-hosted Cu deposits which predate the metamorphism. Low-temperature fluids migrating updip along permeable strata to the margins of basins, or along structures, deposit copper upon encountering oxidized rocks. These rocks are typically shallow-marine to subaerial volcanic rocks which formed in arid and semi-arid environments. Both models require oxidized rocks as traps, which requires the presence of an oxygen-rich atmosphere; therefore, all deposits must be younger than ~2.4 Ga.

Exploration guides

1. Simple ore mineralogy produces a very specific geochemical signature for Cu and usually Ag. Lithogeochemical and stream sediment samples may return high values of Cu and Ag, typically high Cu/Zn ratios and low gold values. Malachite-staining and a red liverwort-like organism (Tentopholia iolithus) is often found in abundance on the surface of outcrops with copper mineralization in northern British Columbia.
2. Induced polarization surveys can be used to delineate mineralized lenses and areas of more intense veining.

Economic factors

The deposits range in size from hundreds of thousands to hundreds of millions of tonnes grading from less than 1% Cu to more than 4% Cu. Silver values are only reported for some deposits and vary between 6 and 80 g/t Ag. Sustut contains 43.5 Mt grading 0.82% Cu. The Calumet conglomerate produced 72.4 Mt grading 2.64% Cu. The Keweenaw Peninsula deposits in Michigan produced 5 Mt of copper between 1845 and 1968. Otherwise production from basaltic copper deposits has been limited; the only currently operating mines producing significant copper are in Chile. However, there are numerous deposits of this type in British Columbia which underlines the potential to find significant copper producers.

8.2 Calc-Alkaline Porphyry Copper-Gold Deposits

According to Panteleyev (1995), Volcanic-type calc-alkaline porphyry copper-gold deposits are characterized by stockworks of quartz veinlets and veins, closely spaced fractures, disseminations and breccias, containing pyrite and chalcopyrite with lesser molybdenite, bornite and magnetite, occurring in large zones of economically bulk mineable mineralization, in or adjoining porphyritic stocks, dikes and related breccia bodies. Intrusions compositions range from calc-alkaline quartz diorite to granodiorite and quartz monzonite. Commonly there are multiple emplacements of successive intrusive phases and a wide variety of breccias.

The mineralization is spatially, temporally and genetically associated with hydrothermal alteration of the host rock intrusions and wallrocks. Propylitic alteration is widespread and generally flanks early, centrally located potassic alteration which is commonly well mineralized. Younger mineralized phyllic alteration commonly overprints the early mineralization. Barren advanced argillic alteration is rarely present as a late, high-level hydrothermal carapace.

Ore controls include igneous contacts, both internal between intrusive phases, and external with wallrocks; dike swarms, breccias, and zones of most intense fracturing, notably where there are intersecting multiple mineralized fracture sets.

Porphyry Cu-Au deposits have been the major source of copper for British Columbia, and a significant source of gold. Median values for 40 B.C. deposits with reported reserves are: 115 Mt with 0.37 % Cu, 0.01 % Mo, 0.3g /t Au and 1.3 g/t Ag.

8.2.1 Babine Lake District Porphyry Copper-Gold Deposits
Common features shared by porphyry copper-gold deposits in the Babine Lake district include (Carter et al, 1995) porphyritic host lithology, concentric alteration, pyrite halo, polymetallic peripheral veins and coincident north to northwest trending regional faults.

Associated biotite-feldspar, hornblende-feldspar, or feldspar porphyry plugs and dikes are commonly less than one square kilometre. They are ubiquitously mineralized with magnetite. The cores of the deposits show a potassic alteration that is dominated by biotite, and commonly contains magnetite. Annular phyllic (quartz-sericite-pyrite) alteration surrounds the core sections. Pyrite halos surrounding deposits are up to 300 metres wide.

Mineralization is principally chalcopyrite and pyrite, with lesser bornite, and possibly molybdenite, occurring as disseminations, fracture coatings and in fine stockworks of quartz.

Exploration guides (Carter et al, 1995) are summarized:

1. Ubiquitous magnetite in the host intrusive, and common magnetite in the central potassic alteration zone make an excellent target for magnetic surveys.
2. Pyrite halos provide a broad target for which induced polarization (IP) technique is very effective.
3. Copper signature in soil samples ranges from 100ppm to 500ppm for individual deposits.
4. Zinc signature in soils is effective in detecting the outer margin of the pyrite halo.
5. Target grades for economic deposits are 0.45% Cu and 0.23 g/t Au.

Panteleyev (1995) indicates that central zones with Cu commonly have coincident Mo, Au and Ag with possibly Bi, W, B and Sr anomalies. Peripheral enrichment in Pb, Zn, Mn, V, Sb, As, Se, Te, Co, Ba, Rb and possibly Hg is documented.

8.3 Subvolcanic copper/gold/silver veins
Significant British Columbia examples are Equity Silver (093L 001) and the Thorn prospect (104K031, 116).

Panteleyev (1995) describes this transitional or intrusion-related (polymetallic) stockwork and vein model as pyritic veins, stockworks and breccias in subvolcanic intrusive bodies with stratabound to discordant massive pyritic replacements, veins, stockworks, disseminations and related hydrothermal breccias in country rocks. These deposits are located near or above porphyry Cu hydrothermal systems and commonly contain pyritic auriferous polymetallic mineralization with Ag sulphosalt and other As and Sb-bearing minerals. Extensional tectonic regimes allow high-level emplacement of the intrusions. Rhyodacite and dacite flow-dome complexes with fine to coarse-grained quartz-phyric intrusions are common. Dike swarms and other small subvolcanic intrusions are likely to be present.

These deposits represent a transition from porphyry copper to epithermal conditions with a combination of porphyry and epithermal characteristics. Mineralization is related to hydrothermal systems derived from porphyritic, subvolcanic intrusions and occurs in strongly fractured to crackled zones in cupolas and internal parts of intrusions and flow-dome complexes and along faulted margins of high-level intrusive bodies. Stockworks and closely-spaced to sheeted sets of sulphide-bearing veins occur within intrusions and as structurally controlled and stratabound or bedding plane replacements along permeable units and horizons in surrounding country rock. Veins and stockworks form in transgressive hydrothermal fluid conduits that can pass into pipe-like and planar breccias. Breccia bodies are commonly tens of metres and, rarely, hundreds metres in size. Massive sulphide zones can pass outward into auriferous pyrite-quartz-sericite veins and replacements. Multiple generations of veining and hydrothermal breccias are common. Pyrite is dominant and quartz is minor to absent in veins. The vein and replacement style deposits can be separated from the deeper porphyry Cu mineralization by 200 to 700 m. Ore mineralogy consists of pyrite, commonly as auriferous pyrite, chalcopyrite, tetrahedrite/tennantite; enargite/luzonite, covellite, chalcocite, bornite, sphalerite, galena, arsenopyrite, argentite, sulphosalts, gold, stibnite, molybdenite, wolframite or scheelite, pyrrhotite, marcasite, realgar, hematite, tin and bismuth minerals. Depth zoning is commonly evident with pyrite-rich deposits containing enargite near surface, passing downwards into tetrahedrite/tennantite + chalcopyrite and then chalcopyrite in porphyry intrusions at depth.

The deposits can be quite large such as those at Equity Silver where the bulk mineable reserves were approximately 30Mt grading 0.25% Cu, 86g/t Ag and 1g/t Au. International examples include the Recsk deposit in Hungary where a shallow breccia-hosted Cu-Au ores overlie a porphyry deposit containing ~1000 Mt with 0.8% Cu. The closely spaced pyritic fracture and vein systems at Kori Kollo, La Joya district, Bolivia contained 10 Mt oxide ore with 1.62 g/t Au and 23.6 g/t Ag and had sulphide ore reserves of 64 Mt at 2.26 g/t Au and 13.8 g/t Ag.

8.4 High and Low Sulphidation VMS Deposits

Analogous to epithermal precious metal deposits, volcanogenic massive sulphide (VMS) deposits are recently recognized to occur in two associations: high- and low sulphidation. High sulphidation VMS have been only recently recognized in the geological record, and are notable for their exceptionally high grades of gold and silver, in addition to their base metal content.

8.4.1 Low Sulphidation VMS Deposits

Based on the mineralogical classification used for epithermal deposits, the majority of volcanogenic massive sulphide (VMS) deposits, could be classified as low sulphidation. These VMS deposits formed from an ore fluid that was dominated by modified seawater, and as with low sulphidation epithermal deposits, evidence for magmatic contributions to these systems is limited.

8.4.2 High Sulphidation VMS Deposits

Certain VMS deposits and seafloor occurrences contain mineralogy that suggests that a high sulphidation classification is appropriate. These high sulphidation VMS deposits probably formed from magmatic hydrothermal systems that were active in submarine settings. High sulphidation deposits form in magmatic-hydrothermal systems according to Thompson (2007). In a similar manner, Dubé et al. (2007) describe a class of deposits that are a subtype of both volcanogenic massive sulphide (VMS) and lode gold deposits, namely gold-rich VMS deposits. Like most VMS deposits, they consist of semi-massive to massive, concordant sulphide lenses underlain by discordant stockwork feeder zones. They have diverse geochemical signatures dominated by Au, Ag, Cu and Zn and often accompanied by elevated concentrations of As, Sb, Pb, Te and Hg.

Figures 5 and 6 demonstrate schematically the geological and spatial characteristics of these types of VMS deposits. High-sulphidation VMS deposits can also be described as shallow submarine hot spring deposits. They are represented by stratiform Au-Ag barite deposits, pyritic Cu-Au stockworks, and auriferous polymetallic sulfides.

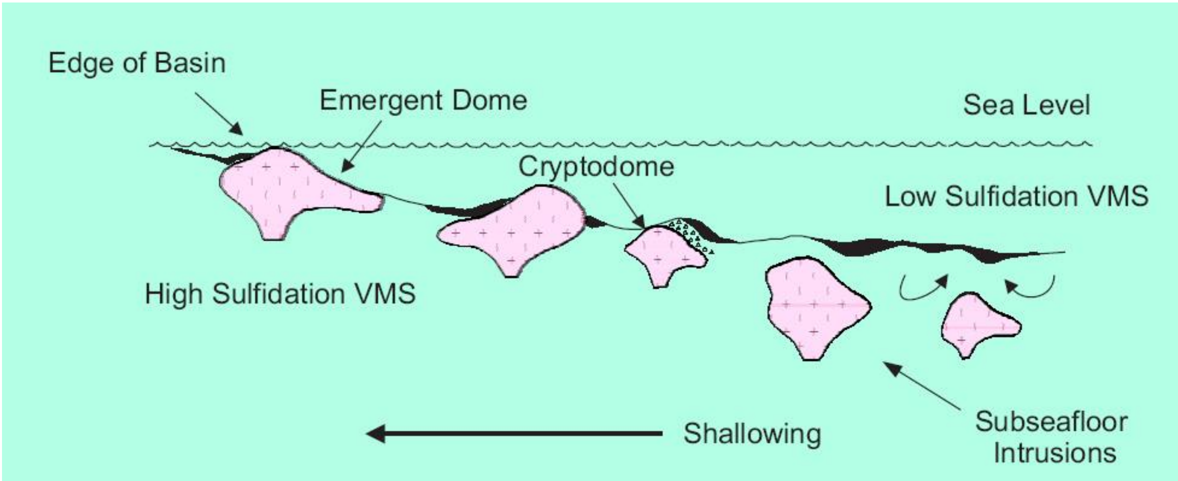

Figure 5: Development of high-sulphidation versus low-sulphidation hydrothermal systems in a submarine setting in relation to the depth of emplacement of associated sub-volcanic intrusions (from Dubé et al., 2007; after Hannington et al., 1999)

ESKAY CREEK GOLD-SILVER-RICH VMS DEPOSIT

Classification and Mineralization Types

In British Columbia, perhaps the best example of production from this high sulphidation subclass of volcanogenic massive sulphide deposit is the Eskay Creek deposit located 75 kilometres northwest of Stewart. At Eskay Creek, mineralization is a stratabound assemblage of volcanogenic massive sulphide mineralization and stockwork vein systems with local high-grade gold-silver replacement mineralization. The Eskay Creek deposits are examples of shallow subaqueous hot spring deposits, an important new class of submarine mineral deposits that has only recently been recognized in modern geological environments. The deposit type is transitional between subaerial hot spring Au-Ag deposits and deeper water, volcanogenic massive sulphide exhalites (Kuroko or Besshi types) and shares the mineralogical, geochemical, and other characteristics, of both.

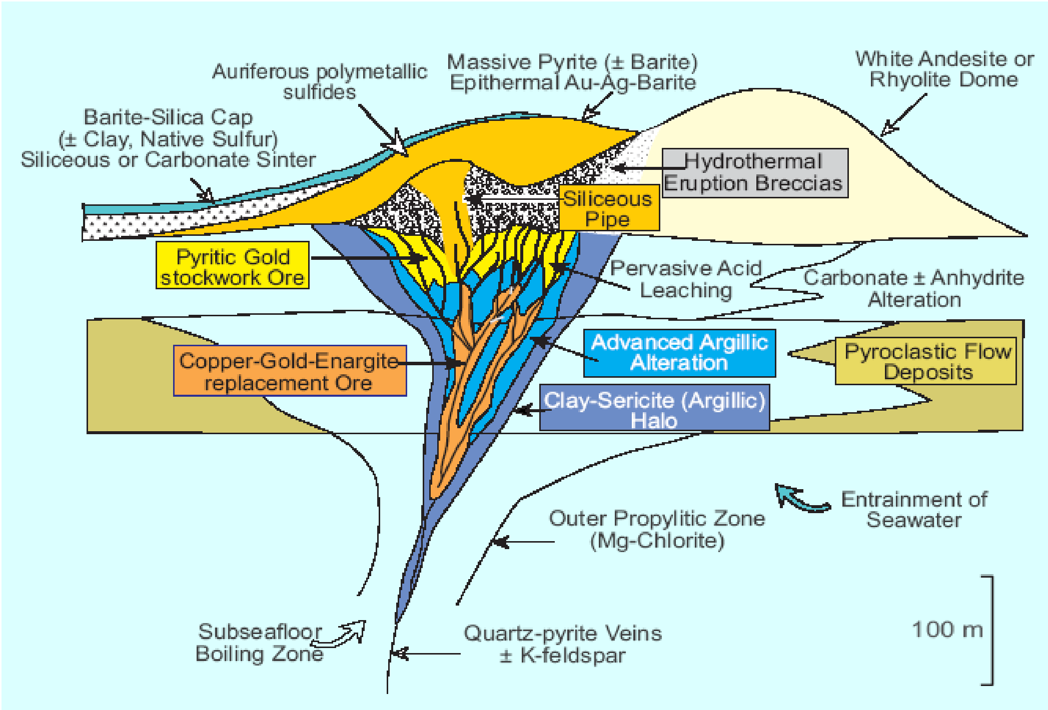

Figure 6: Geological setting of Au-rich high sulphidation VMS systems (from Dubé et al., 2007).

According to Roth (2002) and Roth et al. (1999), the mineralization is described as follows: Stratiform mineralization is hosted in marine mudstone at the contact between underlying rhyolite and overlying basalt packages. This succession forms the upper part of the Lower to Middle Jurassic Hazelton Group. At the same stratigraphic horizon as the 21B zone are the 21A zone, characterized by As-Sb-Hg sulphides, and the barite-rich 21C zone. Stratigraphically above the 21B zone, mudstones host a localized body of base-metal-rich, relatively precious metal poor, massive sulphide (the "hanging wall" zone). Stockwork vein mineralization is hosted in the rhyolite footwall in the Pumphouse, Pathfinder and 109 zones. The Pumphouse and Pathfinder zones are characterized by pyrite, sphalerite, galena and chalcopyrite rich veins and veinlets hosted in strongly sericitized and chloritized rhyolite. The 109 zone comprises gold-rich quartz veins with sphalerite, galena, pyrite, and chalcopyrite associated with abundant carbonaceous material hosted mainly in siliceous rhyolite.

The 21B zone consists of stratiform clastic sulphide-sulphosalt beds. The ore Minerals are dominantly sphalerite, tetrahedrite and Pb-sulphosalts with lesser freibergite, galena, pyrite, electrum, amalgam and minor arsenopyrite. Sphalerite in the 21B zone is typically Fe-poor. Stibnite occurs locally in late veins and as a replacement of clastic sulphides. Rare cinnabar is associated with the most abundant accumulations of stibnite. Barite occurs as isolated clasts and in the matrix of bedded sulphides and sulphosalts, or as rare clastic or massive accumulations, mainly in the northern portion of the deposit and in the 21C zone.

The clastic ore beds in the 21B zone show rapid lateral facies variations. Individual beds range from <1 mm to 1 m thick. The thickest beds occur at the core of the deposit and comprise sulphide cobbles and pebbles in a matrix of fine grained sulphides. These beds have an elongate trend, which approximately defines the long axis of the deposit, and which probably were deposited in a channel-like depression. Lithic clasts within the beds are mainly chloritized rhyolite and black mudstone. Angular, laminated mudstone rip-up clasts have locally been entrained within the clastic sulphide-sulphosalt beds. Both laterally and vertically, the ore beds become progressively thinner, finer grained and interbedded with increasing proportions of intervening black mudstone. Vertically successive clastic beds, either graded or ungraded, vary from well to poorly sorted. Bedded ore grades outwards from the core of the deposit into areas of very fine grained, disseminated sulphide mineralization.

Cumulative Gold and Silver Production

Based on data available from the BC Geological Survey Branch MINFILE and “Exploration and Mining” reports to the end of 2006, Barrick Gold Corporation websites for 2007, and R. Boyce, P. Geo. personal communication, the authors estimate that cumulative production at Eskay Creek until closure in early 2008, was 102.00 tonnes of gold and 4,995.24 tonnes of silver (3,279,415 oz gold, 160,597,110 oz silver) from 2,238,255 tonnes of production milled.

The grade of production was an exceptional 45.57 g/t gold and 2,231 g/t silver (1.33 oz/ton gold and 65.1 oz/ton silver) over the life of the mine. These cumulative estimates have not been audited by the authors and are subject to revision when the production for the final 14 months of mine operation is publically reported.

This clearly demonstrates the exceptionally high grade nature of this style of high sulphidation VMS mineralization. While Eskay Creek was considered primarily a gold deposit, it was the fifth largest silver producer in the world during its mine life (Massey, 1999).

Salmon River Formation Rift Setting

The Eskay Creek VMS mineralization is closely related to an assemblage of rift-related volcanic and sedimentary rocks and to controlling fault structures that bound and cross-cut the local rift basins. Metallogenic studies by the Mineral Deposit Research Unit (MDRU), and federal and provincial government geological survey branches have determined the Eskay Creek mine sequence is a Lower to Middle Jurassic succession of bi-modal volcanism and clastic sedimentation, termed the Salmon River Formation, a sub-division of the regional Hazelton Group.

Item 9: Exploration

9.1 Current Evaluation Program

A review of the regional geochemical and geophysical surveys including reanalysis completed as part of the Quest West surveys were completed in preparation for an exploration program this upcoming season.

9.2 Review and Interpretation of Regional Geochemical Survey Data

The Jurassic volcanics and sediments which underlie the Rainbow property and along strike to the northwest and southeast show a distinct enrichment in copper. Most creeks over a 50km strike length are anomalous to highly anomalous with most values greater than 50ppm and up to 154ppm copper. Silver values in stream sediments are enriched in the northern and southern areas. The creeks in the immediate area of the Rainbow property do not show any silver enrichment despite the mineralization at the Rainbow showing averaging over 30g/t silver.

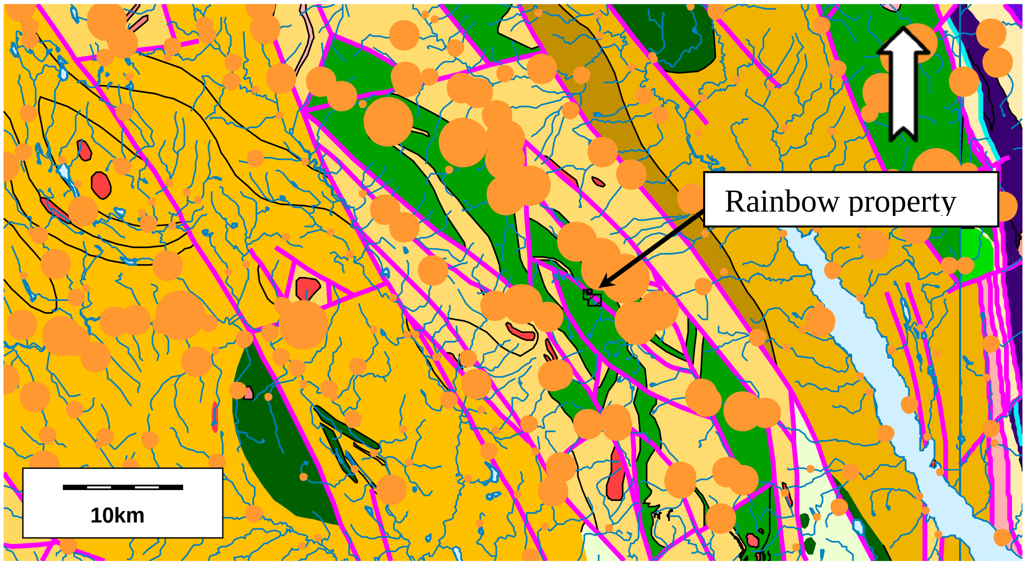

Figure: 7: RGS-copper anomalies

9.3 Review and Interpretation of Regional Geophysical Survey Data

Regional 1st derivative magnetic data show the Jurassic basaltic and calcalkaline volcanics and in some areas mapped as sedimentary rocks as magnetic high anomalies while in other areas of sedimentary rocks appear as magnetic low anomalies. Cretaceous sedimentary cover to the southwest appears as broad areas of moderate magnetism while small intense high

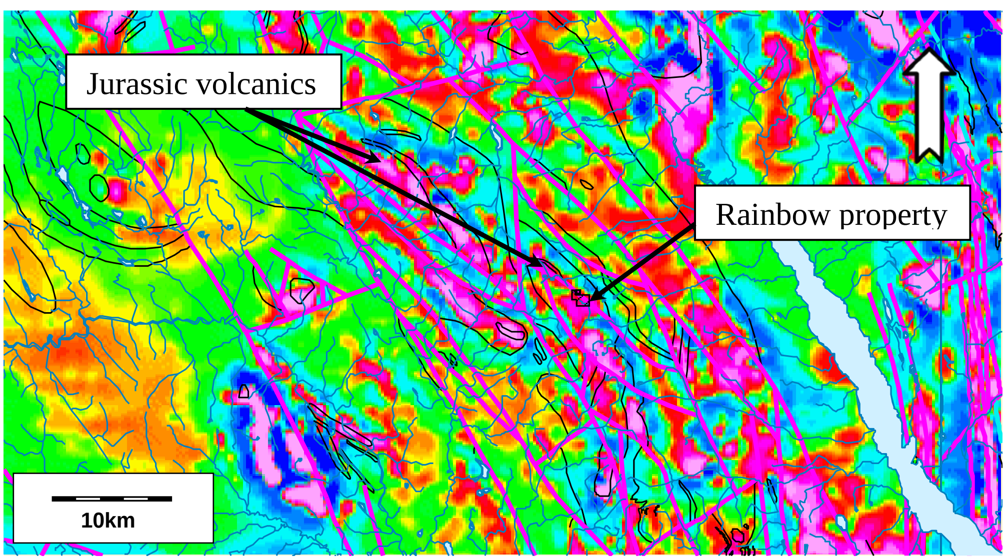

Figure 8: 1st derivative magnetic data showing complicated signatures over Jurassic volcanic and sedimentary rocks.

anomalies are indicative of the small Eocene intrusions. Structures mapped through the Rainbow showing indicate possible significant strike length to areas of possible weakness and pathways for potential mineralization.

9.4 Review and Interpretation of Satelite Imagery

A review of the satellite imagery available on Google Earth revealed a sinuous structure which could reflect the surface expression of an inclined bed that is striking to the northwest and dipping to the southwest. The Rainbow showing was reported to strike north 60° west (mag) and dip 50°-60° degrees to the southwest.

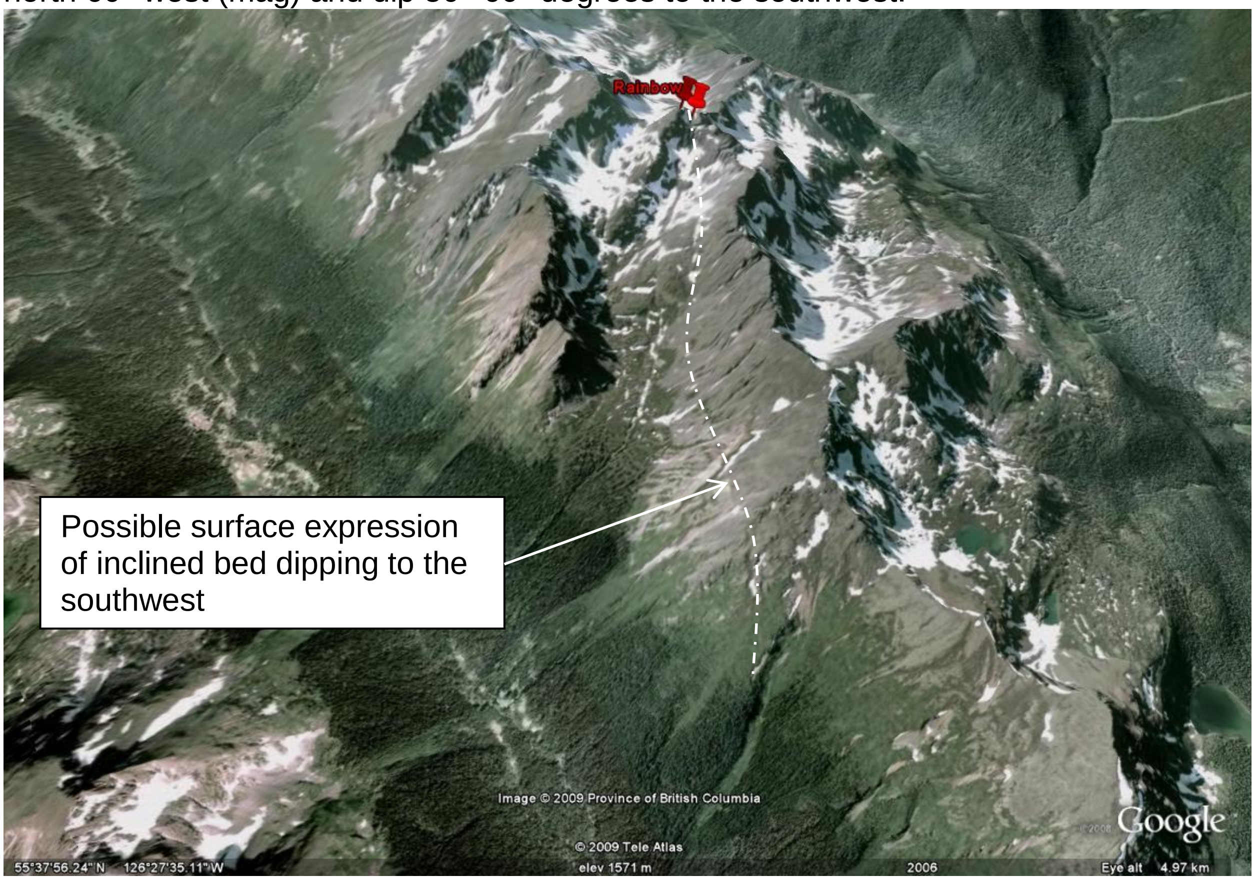

Plate 2: Satelite image of the Rainbow showing and possible extensions to the southeast.

Item 10: Drilling

No drilling was completed as part of the exploration program.

Item 11: Sample Preparation, Analyses and Security

No samples were collected as part of the exploration program.

Item 12: Data Verification

No data verification was completed as part of the exploration program.

Item 13: Mineral Processing and Metallurgical Testing
No mineral processing or metallurgical testing was completed as part of the exploration program.

Item 14: Mineral Resource Estimates
No mineral resource estimates were completed as part of the exploration program

Item 15: Adjacent Properties
Porphyry copper-gold deposits and occurrences in the Babine district, are located approximately 50km to the south, and may be the source for some of the copper mineralization in the project area. The table below lists resources and production from major deposits in the district. The values from Bell and Granisle pre-date NI 43-101 reporting standards and should not be considered reliable. They are included as geological information only.

Table 3: Resources and Production of major Babine Porphyry Deposits

Property	Mineral Resource			Mined			Reference	Category
	Million Tonnes	Cu %	Au g/t	Million Tonnes	Cu %	Au g/t		
Bell	296	0.46	0.20	77.2	0.47	0.26	Carter et al, 1995	non NI 43-101 compliant
Granisle	119	0.41	0.15	52.7	0.47	0.20	Carter et al, 1995	non NI 43-101 compliant
Morrison	207	0.39	0.2				Simpson, 2007	measured+ indicated
Hearne Hill	0.14	1.73	0.8				Simpson, 2008	indicated

The author has been unable to verify the information on mineral occurrences and deposits detailed below. Mineralization style and metal grades described are not necessarily representative of mineralization that may exist on the subject Property, and are included for geological illustration only. The mine and mineral occurrence descriptions described as follows are modified after the BC MINFILE occurrence descriptions and BC ARIS assessment report files.

15.1 Bell Copper Mine (Minfile 093M 01, rev. McMillan, 1991)
The Bell mine is a porphyry copper deposit hosted primarily in a biotite-feldspar porphyry (BFP) stock of the Eocene Babine Intrusions. The stock is crosscut by the northwest trending Newman fault which juxtaposes the two groups that host the intrusion. These groups are the Lower Jurassic Telkwa Formation (Hazelton Group) and the Lower Cretaceous Skeena Group. Telkwa Formation rocks are primarily fine grained tuffs and andesites and the younger Skeena Group rocks are mostly fine grained greywackes. The deposit overlaps onto both of these assemblages. The mineralization has been dated at 51.0 million years (Bulletin 64).

Chalcopyrite and lesser bornite occur as disseminations in the rock matrix, in irregular quartz lenses and in a stockwork of 3 to 6- millimetre quartz veinlets which cut the feldspar porphyries and the siltstones. Molybdenite is rare, and occurs in the feldspar porphyry in the northern part of the mineralized zone. Gold occurs as electrum associated with the copper mineralization. Specular hematite and magnetite are common in quartz veinlets and hairline fractures. There is also significant supergene enrichment with chalcocite coating chalcopyrite. A supergene chalcocite zone capped the deposit and extended to depths of 50 to 70 metres. Some gypsum together with copper-iron sulphate minerals and iron oxides were also present (Open File 1991-15).

The ore zone has pervasive potassic (mainly biotitization) alteration with a surrounding concentric halo of chlorite and sericite-carbonate alteration (propylitic and argillic) which corresponds to the two kilometre pyrite halo which surrounds the deposit. A late quartz-sericite-pyrite-chalcopyrite alteration has been superimposed on part of the earlier biotite-chalcopyrite ore at the western part of the ore body. A number of late-stage breccia pipes cut the central part of the ore zone near the Newman fault and alteration associated with their intrusion has apparently depleted the copper grades in the area of the pipes. Veinlets of gypsum are present in the upper part of the ore body. Anhydrite is a significant component in the biotite chalcopyrite zone but is not present in other alteration facies. Monomineralic veinlets of anhydrite are rare (Open File 1991-15).

The copper mineralization occurs in a crescent-shaped zone along the western contact of the porphyry plug. Better grades of copper mineralization are contained in a 60 by 90-metre thick flat-lying, blanket-like deposit which is connected to a central pipe-like zone, centred on the western contact of the intrusive. The pipe-like zone of copper mineralization is 150 metres in diameter and extends to a depth of at least 750 metres.

Reserves in the open pit and in the Extension zone were (in 1990) 71,752,960 tonnes grading 0.23 gram per tonne gold, 0.46 per cent copper and 0.48 gram per tonne silver (Noranda Inc. Annual Report 1990).

15.2 Granisle Mine (Minfile 093L 146, rev. Duffett, 1987)

MacDonald Island is underlain by Lower-Middle Jurassic Telkwa Formation (Hazelton Group) volcanics comprised of green to purple waterlain andesite tuffs and breccias with minor intercalated chert pebble conglomerates in the central and eastern part of the island. These rocks strike northerly and dip at moderate angles to the west and are overlain in the western part of the island by massive and amygdaloidal andesitic flows and thin bedded shales.

Copper mineralization at the Granisle mine is associated with a series of Eocene Babine Intrusions which occur in the central part of the island. The oldest is an elliptical plug of dark grey quartz diorite approximately 300 by 500 metres in plan. The most important intrusions are biotite-feldspar porphyries of several distinct phases which overlap the period of mineralization. The largest and oldest is a wide north easterly trending dike which is intrusive into the western edge of the quartz diorite pluton. The contact is near vertical and several small porphyry dikes radiate from the main dike. Several of the phases of the porphyry intrusions are recognized within the pit area. Potassium-argon age determinations on four biotite samples collected in and near the Granisle ore body yielded the mean age of 51.2 Ma plus or minus 2 Ma (Minister of Mines Annual Report 1971).

The wide porphyry dike which strikes northeast is bounded by two parallel northwest striking block faults. The westernmost crosses the island south of the mine and the eastern fault extends along the channel separating the island from the east shore of Babine Lake.

An oval zone of potassic alteration is coincident with the ore zone. The main alteration product is secondary biotite. This potassic alteration zone is gradational outward to a quartz-sericite- carbonate-pyrite zone which is roughly coaxial with the ore zone. Within this zone, the intrusive and volcanic rocks are weathered to a uniform buff colour with abundant fine-grained quartz. Mafic minerals are altered to sericite and carbonate with plagioclase clouded by sericite. Pyrite occurs as disseminations or as fracture-fillings. Beyond the pyrite halo, varying degrees of propylitic alteration occurs in the volcanics with chlorite, carbonate and epidote in the matrix and carbonate-pyrite in fractured zones. Clay mineral alteration is confined to narrow gouge in the fault zones.

The principal minerals within the ore zone are chalcopyrite, bornite and pyrite. Coarse-grained chalcopyrite is widespread, occurring principally in quartz-filled fractures with preferred orientations of 035 to 060 degrees and 300 to 330 degrees with near vertical dips. Bornite is widespread in the southern half of the ore zone with veins up to 0.3 metres wide hosting coarse-grained bornite, chalcopyrite, quartz, biotite and apatite.

Gold and silver are recovered from the copper concentrates. Molybdenite occurs within the ore zone, most commonly in drusy quartz veinlets which appear to be later than the main stage of mineralization. Magnetite and specularite are common in the north half of the ore zone where they occur in fractures with chalcopyrite and pyrite. Pyrite occurs in greatest concentrations peripheral to the orebody as blebs, stringers and disseminations.

Mining at Granisle was suspended in mid-1982. Production from 1966 to 1982 totalled 52,273,151 tonnes yielding 69,752,525 grams of silver, 6,832,716 grams of gold, 214,299,455 kilograms of copper and 6,582 kilograms molybdenum.

Unclassified reserves are 14,163,459 tonnes grading 0.442 per cent copper (Noranda Mines Ltd. Annual Report 1984).

Remaining in situ reserves, as modelled in 1992 using a 0.30 per cent copper cutoff, are estimated to be 119 million tonnes grading 0.41 per cent copper and 0.15 grams per tonne gold (CIM Special Volume 46, page 254).

15.3 Morrison–Hearne Hill Project (From Simpson, 2007)

The Morrison deposit is a calc-alkaline copper-gold porphyry hosted by a multi-phase Eocene intrusive body intruding Middle to Upper Jurassic Ashman Formation siltstones and greywackes. Copper-gold mineralization consists primarily of chalcopyrite and minor bornite concentrated in a central zone of potassic alteration. A pyrite halo is developed in the chlorite-carbonate altered wall rock surrounding the copper zone.

Sulphide mineralization at Morrison shows strong spatial relationships with the underlying biotite-feldspar porphyry (BFP) plug and associated alteration zones. The central copper-rich core is hosted mainly within a potassically altered BFP plug with intercalations of older siltstone. This plug was initially intruded into the siltstone unit as a near-vertical sub-circular intrusion approximately 700 m in diameter. It was subsequently disrupted by the East and West faults and now forms an elongated body extending some 1500 metres in the northwest direction.

Chalcopyrite is the primary copper-bearing mineral and is distributed as fine grained disseminations in the BFP and siltstone, as fracture coatings or in stockworks of quartz. Minor bornite occurs within the higher grade copper zones as disseminations and associated with the quartz-sulphide stockwork style of mineralization.

Alteration is concentrically zoned with a central biotite (potassic) alteration core surrounded by a chlorite-carbonate zone. No well-developed phyllic zone has been identified.

Hearne Hill deposit lies two kilometres southeast of Morrison. The Hearne Hill Property has been extensively explored, and a comparatively small but high grade copper-gold resource has been defined in two breccia pipes within a larger porphyry system.

15.4 Wolf (Minfile 093M 008, rev. McMillan, 1991)

The Wolf prospect is located on the west side of Morrison Lake, The Wolf area has been explored since 1965 when it was staked as the Bee claims.

A granodiorite stock containing phases of quartz monzonite and hornblende biotite feldspar porphyry of the Eocene Babine Intrusions cuts grey, locally graphitic siltstones of the Middle to Upper Jurassic Ashman Formation (Bowser Lake Group). A north-northwest trending block fault separates Ashman Formation rocks from volcaniclastic sandstones and tuffs of the Jurassic Smithers Formation (Hazelton Group) on the east side of the property. The Newman fault, associated with mineralization in the area, occurs just to the northeast of the claims parallel to the baseline.

At least nine copper occurrences, hosted in quartz monzonite, have been documented. Chalcopyrite occurs as disseminations and as grains and films on fracture surfaces and is occasionally accompanied by molybdenite. Minor malachite and iron-oxides have been noted.

A drill hole in biotite feldspar porphyry intersected 1.2 metres grading 4.2 per cent copper (Assessment Report 8779).

15.5 Fireweed (Minfile 093M 151, rev. Payie, 2009)
The Fireweed occurrence is located on the south side of Babine Lake, approximately 54 kilometres northeast of Smithers. In the occurrence area, Upper Cretaceous marine to non-marine clastic sediments, of Skeena group are found adjacent to volcanic rocks of the Rocky Ridge Formation. Interbedded mudstones, siltstones and sandstones of a thick deltaic sequence, appear to underlie much of the area and were originally thought to belong to the Kisum Formation of the Lower Cretaceous Skeena Group. They are now assigned to the Red Rose Formation. The sediments commonly strike 070 to 080 degrees and dip sub-vertically. Locally the strike varies to 020-030 degrees at the discovery outcrop, the MN showing. Several diamond-drill holes have intersected sills of strongly altered feldspar porphyritic latite.

Skeena Group sediments are dominantly encountered in diamond drilling. The sediments are dark and medium to light grey and vary from mudstone and siltstone to fine and coarse-grained sandstone. Bedding can be massive, of variable thickness, changing gradually or abruptly to finely laminated. Bedding features such as rip-up clasts, load casts and cross-bedding are common. The beds are cut by numerous faults, many of them strongly graphitic. Drilling indicates Skeena Group sediments are in fault contact with Hazelton Group volcanic rocks. Strongly sericitized and carbonatized latite dikes cut the sediments.

Mineralization generally occurs in one of three forms: 1) breccia zones are fractured or brecciated sediments infilled with fine to coarse-grained massive pyrite-pyrrhotite and lesser amounts of sphalerite, chalcopyrite and galena 2) disseminated sulphides occur as fine to very fine grains which are lithologically controlled within coarser grained sandstones, pyrite, marcasite, sphalerite, galena and minor tetrahedrite are usually found interstitial to the sand grains and 3) massive sulphides, which are finegrained, commonly banded, containing rounded quartz-eyes and fine sedimentary fragments, occur as distinct bands within fine-grained sediments. The massive sulphides generally contain alternating bands of pyrite/ pyrrhotite and sphalerite/galena. They are associated with the breccia zones and are commonly sandwiched between altered quartz latite dikes.

Alteration in the sediments occurs in the groundmass and appears associated with the porous, coarse sandstones. Common secondary minerals are quartz, ankerite, sericite, chlorite and kaolinite.

Three main zones have been identified by geophysics (magnetics, induced polarization) and are named the West, East and South zones. Three other zones identified are the 1600, 3200 and Jan zones.

15.6 Equity Silver (Minfile 093L 001, rev. Robinson, 2009)
Silver, copper and gold were produced from the Equity Silver deposit.

The mineral deposits are located within an erosional window of uplifted Cretaceous age sedimentary, pyroclastic and volcanic rocks near the midpoint of the Buck Creek Basin. Strata within the inlier strike 015 degrees with 45 degree west dips and are in part correlative with the Lower-Upper Skeena(?) Group. Three major stratigraphic units have been recognized. A lower clastic division is composed of basal conglomerate, chert pebble conglomerate and argillite. A middle pyroclastic division consists of a heterogeneous sequence of tuff, breccia and reworked pyroclastic debris. This division hosts the main mineral deposits. An upper sedimentary-volcanic division consists of tuff, sandstone and conglomerate. The inlier is flanked by flat-lying to shallow dipping Eocene andesitic to basaltic flows and flow breccias of the Francois Lake Group (Goosly Lake and Buck Creek formations).

Intruding the inlier is a small granitic intrusive (57.2 Ma) on the west side, and Eocene Goosly Intrusions gabbro-monzonite (48 Ma) on the east side.

The chief sulphides at the Equity Silver mine are pyrite, chalcopyrite, pyrrhotite and tetrahedrite with minor amounts of galena, sphalerite, argentite, minor pyrargyrite and other silver sulphosalts. These are accompanied by advanced argillic alteration clay minerals, chlorite, specularite and locally sericite, pyrophyllite, andalusite, tourmaline and minor amounts of scorzalite, corundum and dumortierite. The three known zones of significant mineralization are referred to as the Main zone, the Southern Tail zone and the more recently discovered Waterline zone. The ore mineralization is generally restricted to tabular fracture zones roughly paralleling stratigraphy and occurs predominantly as veins and disseminations with massive, coarse-grained sulphide replacement bodies present as local patches in the Main zone. Main zone ores are fine-grained and generally occur as disseminations with a lesser abundance of veins. Southern Tail ores are coarse-grained and occur predominantly as veins with only local disseminated sulphides. The Main zone has a thickness of 60 to 120 metres while the Southern Tail zone is approximately 30 metres thick. An advanced argillic alteration suite includes andalusite, corundum, pyrite, quartz, tourmaline and scorzalite. Other zones of mineralization include a zone of copper-molybdenum mineralization in a quartz stockwork in and adjacent to the quartz monzonite stock and a large zone of tourmaline-pyrite breccia located to the west and northwest of the Main zone.

Alteration assemblages in the Goosly sequence are characterized by minerals rich in alumina, boron and phosphorous, and show a systematic spatial relationship to areas of mineral deposits. Aluminous alteration is characterized by a suite of aluminous minerals including andalusite, corundum, pyrophyllite and scorzalite. Boron-bearing minerals consisting of tourmaline and dumortierite occur within the ore zones in the hanging wall section of the Goosly sequence. Phosphorous-bearing minerals including scorzalite, apatite, augelite and svanbergite occur in the hanging wall zone, immediately above and intimately associated with sulphide minerals in the Main and Waterline zones. Argillic alteration is characterized by weak to pervasive sericite-quartz replacement. It appears to envelope zones of intense fracturing, with or without chalcopyrite/tetrahedrite mineralization.

The copper-silver-gold mineralization is epigenetic in origin. Intrusive activity resulted in the introduction of hydrothermal metal-rich solutions into the pyroclastic division of the Goosly sequence. Sulphides introduced into the permeable tuffs of the Main and Waterline zones formed stringers and disseminations which grade randomly into zones of massive sulphide. In the Southern Tail zone, sulphides formed as veins, fracture-fillings and breccia zones in brittle, less permeable tuff. Emplacement of post-mineral dikes into the sulphide-rich pyroclastic rocks has resulted in remobilization and concentration of sulphides adjacent to the intrusive contacts. Remobilization, concentration and contact metamorphism of sulphides occurs in the Main and Waterline zones at the contact with the postmineral gabbro-monzonite complex.

The Southern Tail deposit has been mined out to the economic limit of an open pit. With its operation winding down, Equity Silver Mines does not expect to continue as an operating mine after current reserves are depleted. Formerly an open pit, Equity is mined from underground at a scaled-down rate of 1180 tonnes-per-day. Proven and probable ore reserves at the end of 1992 were about 286,643 tonnes grading 147.7 grams per tonne silver, 4.2 grams per tonne gold and 0.46 per cent copper, based on a 300 grams per tonne silver-equivalent grade. Equity has also identified a small open-pit resource at the bottom of the Waterline pit which, when combined with underground reserves, should provide mill feed through the first two months of 1994 (Northern Miner - May 10, 1993).

Equity Silver Mines Ltd. was British Columbia's largest producing silver mine and ceased milling in January 1994, after thirteen years of open pit and underground production. Production totaled 2,219,480 kilograms of silver, 15,802 kilograms of gold and 84,086 kilograms of copper, from over 33.8 Million tonnes mined at an average grade of 0.4 per cent copper, 64.9 grams per tonne silver and 0.46 gram per tonne gold.

Item 16: Other Relevant Data and Information

There is no other relevant data or information other than that included in this report.

Item 17: Interpretation and Conclusions

The Rainbow area has been explored intermittently since at least 1929 for high grade base metal deposits. Only two subsequent exploration programs are recorded in the public domain.

A review of Regional Geochemical data show that the Rainbow area is anomalous to highly anomalous in copper and samples do not show any silver enrichment despite mineralization in excess of 30g/t silver at the Rainbow showing.

Interpretation of regional 1st derivative magnetic data in the Rainbow area reveals a complex magnetic picture over the target area. Faulting mapped over the immediate Rainbow showing corresponds well with a magnetic high anomaly over a distance in excess of 7km.

On review of the historical exploration data in conjunction with the interpretations of RGS, regional magnetic and 1st derivative gravity data, the Rainbow property presents as an intriguing exploration project with target areas worthy of further exploration. The author believes that the Rainbow property is a property of merit and has the potential of hosting one or more significant mineral deposits.

Item 18: Recommendations

The Rainbow property may host significant mineralization which to date has received only minimal preliminary evaluation. A two phase program of exploration is proposed. Phase 1 would include establishing a grid over the area on trend with the Rainbow showing mineralization for geochemical and geophysical (magnetic and Induced Potential) and prospecting surveys. Initial survey areas should be completed to the southeast of the known mineralization. A baseline should be oriented at 140° AZ with cross lines every 100m. Geochemical samples should be collected on 25m centres. Surveys should be completed with MMI, Ah and PH samples collected at each station to determine which medium provides the best contrast information. PH samples would be processed nightly to determine any PH-low anomalies present which could indicate oxidizing sulphides present in bedrock below the sample sites. Prospecting and preliminary mapping of the area will serve to identify structural controls for mineralization and hopefully extend the mineralization along strike. Preliminary prospecting should be completed northwest of the known mineralization. Magnetic surveys should be completed in order to map underlying geology and structural complications while IP would identify areas of increased sulphide content.

Phase 2 would be dependent on the results obtained in the geochemical and geophysical surveys and would include the drilling of any targets located on the property. Samples should be assayed in 2m intervals from surface with the entire hole being analysed.

Proposed budget

Phase 1		
Project Geologist (8 days @ $600/day)		4,800
Prospector/sampler x 2 (8 days @ $300/day)		4,800
Cook/first aid person (8 days @ 500)		4,000
Grid layout (10 line km @ $100/km)		1,000
Assaying (400 MMI samples @ $55/sample)		22,000
Assaying (400 Ah samples @ $46/sample)		18,400
Assaying (100 rock samples @ $55/sample)		5,500
Geophysical surveys mag/IP (10 line km @ $2500/km)		25,000
Room and Board (40 person days @ $125/day)		5,000
Helicopter (10hrs @ $1600/hr wet)		16,000
Mob/demob		5,000
Reporting		5,000
	subtotal	116,500
Contingency (15%)		17,475
	Phase 1 Total	$133,975

Phase 2		
Project Geologist (30 days @ $600/day)		18,000
Geologist (30 days @ $500/day)		15,000
Cook/first aid person (30 days @ $500/day)		15,000
Core splitter (30 days @ $300/day)		9,000
Drilling (1000m @ $120/m)		120,000
Assaying (500 core samples @ $55/sample)		27,500
Room and Board (300 person days @ $125/day)		37,500
Helicopter (70hrs @ $1600/hr wet)		112,000
Mob/demob		15,000
Reporting		20,000
	subtotal	389,000
Contingency (15%)		58,350
	Phase 2 Total	$447,350

respectfully submitted this 20th day of August, 2013.

Ken Galambos P.Eng.
APEY #0916
APEGBC #35364

Item 19: References

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Thompson, JFH, Sillitoe, R.H., and Hannigton, M., 2007, Magmatic Contributions to Sea-Floor Deposits: Exploration Implications of a High Sulphidation VMS Environment, from BC Geological Survey Branch http://www.empr.gov.bc.ca/mining/geolsurv/MetallicMinerals/depmodel/3-vmsepi.HTM

Item 20: Date and Signature Page

1) I, Kenneth Daryl Galambos of 1535 Westall Avenue, Victoria, British Columbia am self-employed as a consultant geological engineer, authored and am responsible for this report entitled “Progress Report - Rainbow Project”, dated August 20, 2013.

2) I am a graduate of the University of Saskatchewan in Saskatoon, Saskatchewan with a Bachelor’s Degree in Geological Engineering (1982). I began working in the mining field in 1974 and have more than 27 years mineral exploration and production experience, primarily in the North American Cordillera. Highlights of this experience include the discovery and delineation of the Brewery Creek gold deposit, near Dawson City, Yukon for Noranda Exploration Ltd.

3) I am a registered member of the Association of Professional Engineers of Yukon, registration number 0916 and have been a member in good standing since 1988. I am a registered Professional Engineer with APEGBC, license 35364, since 2010.

4) This report is based upon the author’s personal knowledge of the region and a review of additional pertinent data.

5) As stated in this report, in my professional opinion the Rainbow property is of potential merit and further exploration work is justified.

6) To the best of my knowledge this report contains all scientific and technical information required to be disclosed so as not to be misleading.

7) I am partners with Ralph Keefe on the Rainbow property and a number of other properties in British Columbia. My professional relationship is as a non-arm’s length consultant, and I have no expectation that this relationship will change.

8) I consent to the use of this report by Ralph Keefe for such assessment and/or regulatory and financing purposes deemed necessary, but if any part shall be taken as an excerpt, it shall be done only with my approval.

Dated at Francois Lake, British Columbia this 20th day of August, 2013.
“Signed and Sealed”

Ken Galambos, P.Eng. (APEY Reg. No. 0916, APEGBC license 35364)
KDG Exploration Services
1535 Westall Ave.
Victoria, British Columbia V8T 2G6

Item 21: Statement of Expenditures

October 14, 2011
Personnel

Interpretation and Report (4 days @ $600/day)	2400.00

Item 22: Software used in the Program

Adobe Acrobat 9
Adobe Photoshop Elements 8.0
Adobe Reader 8.1.3
Google Earth
Internet Explorer
Microsoft Windows 7
Microsoft Office 2010