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A REPORT ON THE  
MICROGOLD PROPERTY

NICOLA AND KAMLOOPS MINING DIVISIONS  
BRITISH COLUMBIA

LATITUDE 50° 24' N.  
LONGITUDE 120° 22' W.

N.T.S.  
92I/8W

For  
CanQuest Resource Corporation

By  
G.H. RAYNER, P.ENG.  
G.H. RAYNER AND ASSOCIATES LTD.

WEST VANCOUVER, B.C.

**GEOLOGICAL BRANCH** JUNE 6 1992  
**ASSESSMENT REPORT**

**22,424**

## TABLE OF CONTENTS

	Page
1:0 INTRODUCTION, LOCATION AND ACCESS.....	1
2:0 PROPERTY.....	1
3:0 REGIONAL GEOLOGY.....	2
4:0 PROPERTY GEOLOGY AND MINERALIZATION.....	3
5:0 GEOPHYSICS.....	7
6:0 CONCLUSIONS.....	8
7:0 RECOMMENDATIONS.....	9
8:0 REFERENCES.....	10
9:0 STATEMENT OF COSTS.....	11
10:0 CERTIFICATE.....	12

## FIGURES

FIGURE 1...LOCATION MAP.....	4
FIGURE 2...CLAIM MAP.....	5
FIGURE 3...GRID AND PROPERTY MAP.....	6
FIGURE 4...RESISTIVITY/CHARGEABILITY PROFILES.....IN POCKET	/

## APPENDIX I

LOGISTICAL REPORT: INDUCED POLARIZATION SURVEY /  
ALAN SCOTT, GEOPHYSICIST

## 1:0 INTRODUCTION, LOCATION AND ACCESS

The Microgold property is a well developed volcanic-hosted epithermal mineral system. Numerous veins and alteration zones occur over an area about 1200 meters by 1200 meters as presently exposed.

The property lies in southwestern British Columbia about 40 kilometres northeast of the town of Merritt and about the same distance south of Kamloops. Most services are available in one or the other of these two towns. A paved highway (Highway 5) connecting them passes through the southeastern corner of the property. Both towns have rail service and from Kamloops there is scheduled air service to Vancouver.

The specific location of the property is 50° 24' North Latitude; 120° 22' West Longitude.

Local dirt or gravel ranch roads give good access to much of the property from Highway 5. Beyond the road network, much of the area is open range land readily accessible by 4-wheel drive vehicles.

## 2:0 PROPERTY

The Microgold property consists of three M.G.S. claims totalling 45 units with about four units lost through overlap. The property straddles a mining division boundary and as a result, two of the claims are recorded in Nicola Mining Division and one in Kamloops according to the locations of their Legal Corner Posts.

Claim details are presented in Table I.

TABLE I  
MICROGOLD PROPERTY  
MODIFIED GRID SYSTEM CLAIMS

<u>CLAIM NAME</u>	<u>MIN. DIV.</u>	<u>REC. NO.</u>	<u>UNITS</u>	<u>EXPIRY DATE</u>
MICROGOLD	NICOLA	1257	9	June 21, 1992
CIN	KAMLOOPS	4210	20	Oct. 7, 1992
DY	NICOLA	1307	16	Nov. 1, 1992

The expiry dates shown will change upon acceptance of recent assessment filings with the B.C. Department of Mines. All claims are recorded in the name of CanQuest Resource Corporation.

### 3:0 REGIONAL GEOLOGY

In the Stump Lake area the geological framework is basically composed of an underlay of Nicola Volcanic rocks of Upper Triassic (Karnian and Norian) Age. The Nicola Group in this area is composed of a succession of flows and pyroclastics with minor sedimentary sections. Regionally, the Nicola Group is dominantly of intermediate composition but variations from basalts to rhyolites do occur. The Microgold area lies in the eastern belt of the Nicola which in this area is more basic than the group as a whole.

In this district the Nicola sequence is bounded on the west by the Nicola Batholith and on the east in part by the Penask Batholith. The sequence is broadly folded along north-south axes.

The primary fault structure of the area is known as the Stump Lake Fault. This is a steeply easterly-dipping structure with a north to north-westerly trend. It passes through the eastern portion of the Microgold property and also just to the east of the Mineral Hill veins to the south.

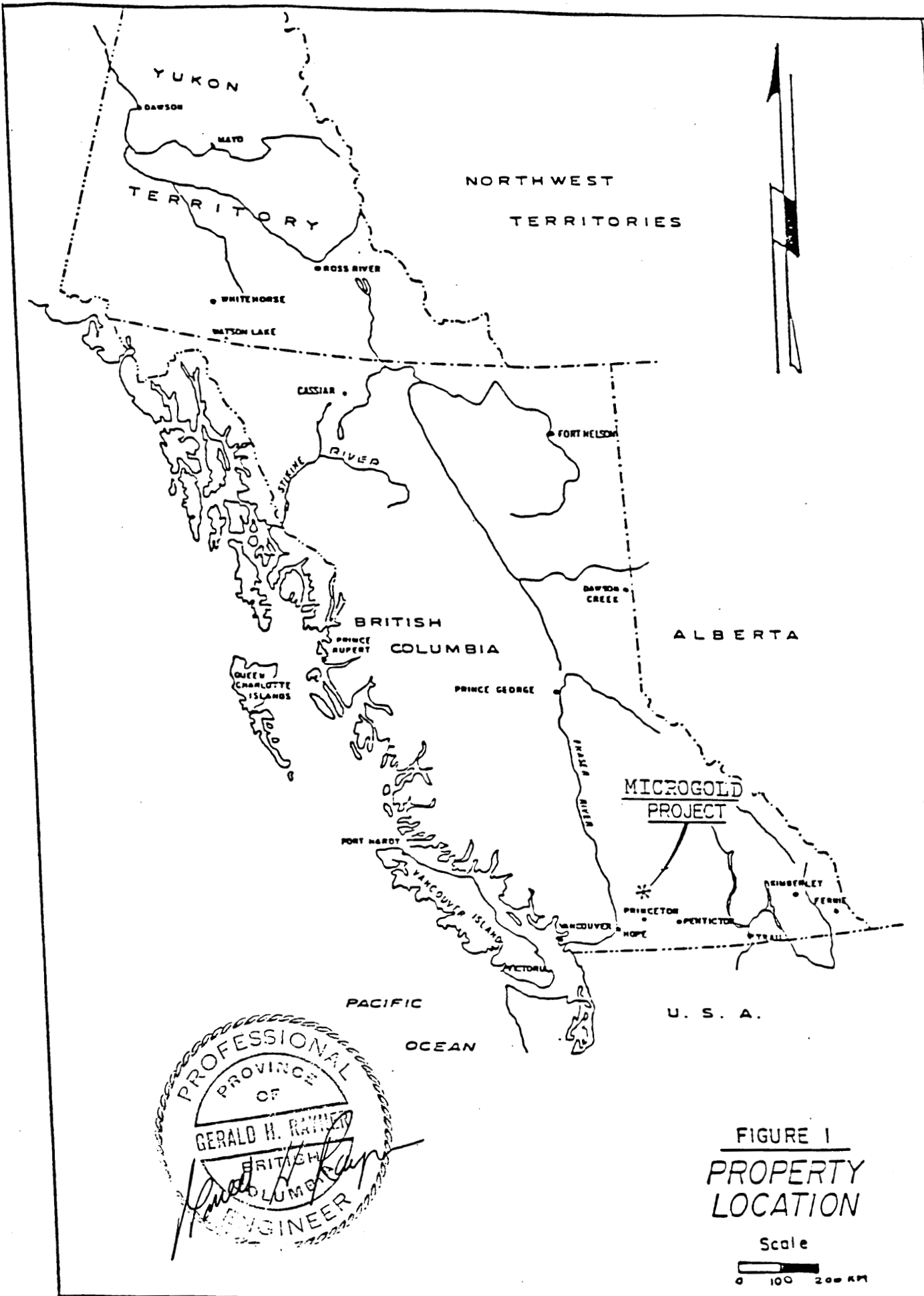
The Microgold property is the only epithermal system known in the district barring a few narrow veins on adjoining claims. The origin of the system is unclear. BP geologists considered it might be related to Tertiary rhyolite intrusions of which a small example is exposed just north of Kullagh Lake. Others have suggested that it may be related to the Mineral Hill system but emplaced slightly higher and laterally more distant from the heat source than the mesothermal Mineral Hill veins.

#### 4:0 PROPERTY GEOLOGY AND MINERALIZATION

The claims are mainly underlain by Nicola augite porphyry flows and pyroclastics with minor sediments made up primarily of maroon conglomerate. The Nicola volcanic rocks are either green or red in colour suggesting alternating subaerial and submarine depositional conditions.

Tertiary basaltic flows and breccias belonging to the Kamloops Group of Miocene age are found on the east side of the property. These younger rocks lie on the east side of the Stump Lake fault suggesting that the fault is down-dropped to the east.

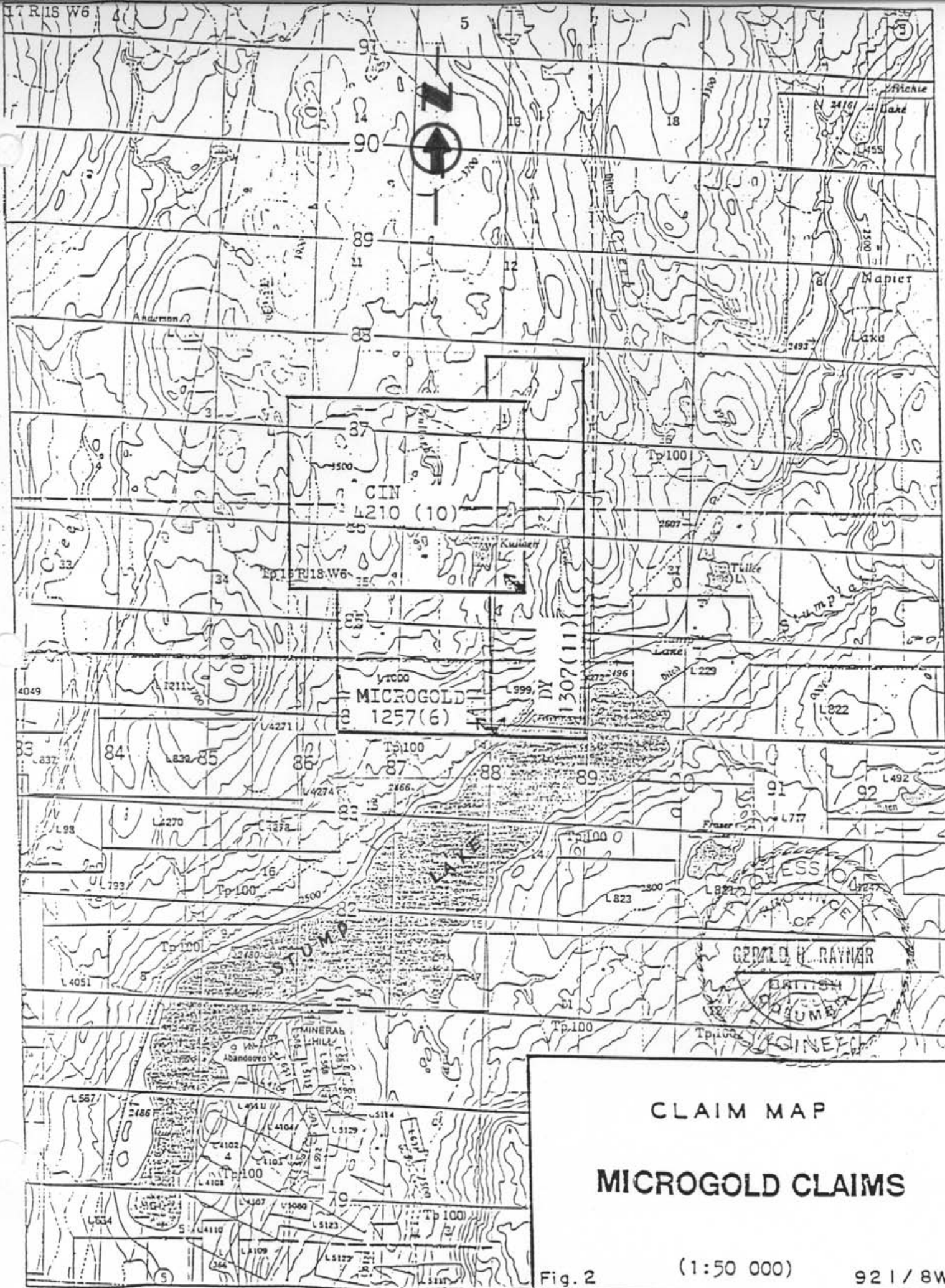
A small Tertiary sedimentary basin at the south end of Kullagh Lake contains a thin sequence of conglomerates, sandstones and siltstones. The age of these rocks is not exactly known but they clearly pre-date the mineralization.



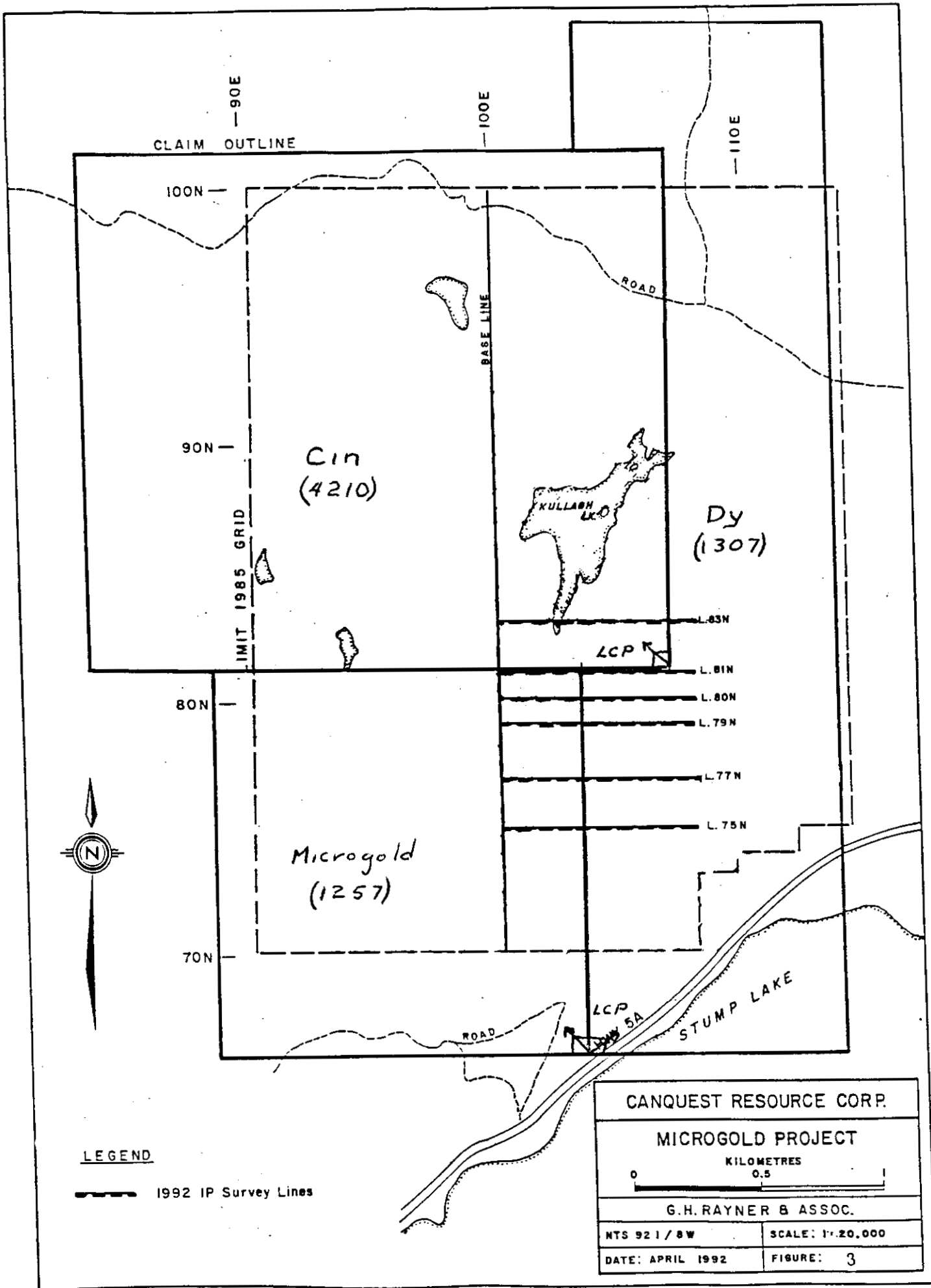
PROFESSIONAL  
 PROVINCE OF  
 GERALD H. RAINY  
 BRITISH COLUMBIA  
 ENGINEER

FIGURE 1  
 PROPERTY  
 LOCATION

Scale  
 0 100 200 KM



CLAIM MAP  
**MICROGOLD CLAIMS**



LEGEND

----- 1992 IP Survey Lines

CANQUEST RESOURCE CORP.

MICROGOLD PROJECT

KILOMETRES  
0 0.5 1

G.H. RAYNER & ASSOC.

NTS 921/8W

SCALE: 1"=20,000

DATE: APRIL 1992

FIGURE: 3



Structurally, the property appears to have undergone very little deformation. The Stump Lake fault, as previously noted, passes through the eastern portion of the property. Other faults have been mapped but in general there seems to have been little movement on them since conjugate intersections show no sign of significant off-setting.

The Microgold property demonstrates many features of classic epithermal deposits; the vein mineralogy and textures, the tendency for mineralization to occur in flat vein structures, the suite of geochemical indicator elements, and the presence of gold mineralization locally up to near economic levels. The reported presence of brecciation also fits the picture although the exact nature or origin of the breccias is presently uncertain. All of these features create an exciting, fairly obvious target that in recent years has attracted the attention of numerous epithermal-oriented explorationists and companies. On closer examination, it becomes clear that this system differs from the classic model in several important respects. First of all, wallrock alteration is fairly limited. In addition, the property lacks the widespread acid-sulphate alteration typical of so many deposits which is so useful in sorting out the vertical zoning pattern. Secondly, it appears that hydrothermal brecciation, if present, is not extensive. Both of these features are believed to be related to the boiling of hydrothermal fluids and hence to the deposition of metals. Consequently, their relative absence in the surface exposures has prevented previous exploration from following accepted guidelines in the search for ore at or near the boiling level.

## 5:0 GEOPHYSICS

Previous work on the property (Gamble 1985) had indicated that Induced Polarization - Resistivity surveys were effective in

indicating areas of silicification (resistivity) and pyrite or clay alteration (IP). The present survey was decided upon to expand the previous work and to attempt to close off some of the partially outlined anomalous areas.

Under the present program, during February, 1992 a portion of the Microgold grid was rehabilitated and an Induced Polarization survey was completed over 4.625 kilometres of line in the area to the south of Kullagh Lake. The area surveyed covered Lines 75N, 77N, 79N, 80N, 81N and 83N from 100+25E to 107+75E (see Fig.3).

The geophysical work was carried out by Scott Geophysics Ltd. under the direction of Alan Scott, Geophysicist. Scott's report on the program, including his recommendations, is presented as Appendix I of this report.

The data has given relatively high resistivity results particularly in the areas from 102+50E to 103+50E on Lines 77N to 83N. Moving south to Line 75N the zone of anomalous resistivity has shifted east to the area from 105+00E to 106+25E.

Moderate to strong chargeability highs appear to be less systematic in distribution. A moderate high occurs on Line 79N at about 103+00E and on Line 83N a strong high appears at about 102+75E. A series of fairly weak anomalous zones occurs on the intervening lines looping slightly to the west and suggesting that the features may be related.

## 6:0 CONCLUSIONS

It seems probable from previous work reported on the property (Gamble;1985) and in other similar epithermal environments

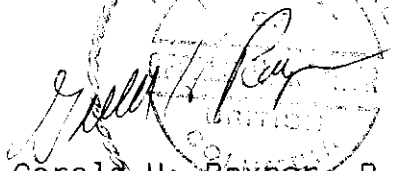
that the higher resistivities reflect silicification. The surface exposures in the area show some silicification which correlates only in part with the resistivity. This suggests that, under at least part of the anomalous area, stronger silicification may occur at depth.

The chargeability highs do not form as coherent a pattern as does the resistivity. In addition, the geological mapping shows no significant surface indications of pyrite or clay alteration to give a local source for the anomalies suggesting that the cause may lie at depth.

#### 7:0 RECOMMENDATIONS

Since the patterns of both the resistivity and chargeability results suggest the possible presence of the styles of alteration commonly associated with epithermal precious metal mineralization it is recommended that the area be considered for testing by drilling when funds are available.

Respectfully submitted,

  
Gerald H. Rayner, P. Eng.

June 6, 1992

## 8:0 REFERENCES

- Cockfield, W.E., 1948, Geology and Mineral Deposits of Nicola Map-area, British Columbia, Geological Survey of Canada, Memoir 249.
- Debicki, E.J.; 1983, Geological, Geochemical and Geophysical Report on the BAG 1-2 Claims, Nicola Mining Division. Assessment Report No. 11719 for Canadian Nickel Company Ltd.
- Dekker, L.; 1983, Assessment Report, Drill Hole MG83-4, CIN and DY Claims, Stump Lake Area. Assessment Report No. 11372 for Chevron Canada Resources Ltd.
- Eimon, P.I. et. al.; 1988, Gold Update '87-88 Epithermal Gold. Course Manual, Dept. of Geology, University of Southampton.
- Gamble, A.P.D.; 1985, Geology Report and Summary of Litho-geochemical Survey, Soil Geochemical Survey, Magnetometer Survey, VLF-EM and Resistivity Test Surveys on the CIN, DY and MICROGOLD Claims; Cindy Project. Private Report for B.P. Minerals Ltd.
- Monger, J.W.H. and McMillan W.J.; 1982, Bedrock Geology of Ashcroft (92 I) Map Area. Geological Survey of Canada Open File No. 980.

## 9:0 STATEMENT OF COSTS

Grid supervision and surveying

J. Bissett. Feb 1-15, 1992. 2 days @ \$350	700.00
4WD truck rental. 2 days @ \$55/day	110.00
Field expenses, hotel, meals, fuel, tolls, etc.	198.15

Grid preparation (Amex Expl'n Services Ltd.)

Wages. 5 man-days @ \$160	800.00
Profit and overhead. 4 man-days @ \$90	360.00
Vehicle (including gas)	148.28
Flagging and pickets	92.88
GST (Amex Expl'n Serv. Ltd.). 7% of 1401.16	98.08

Geophysical charges (Scott Geophysics Ltd.)

Preparation fee	500.00
Geophysical crew (two) and equip.	
Feb. 18-21, 1992. 4 survey days @ \$952	3808.00
Feb. 22, 1992. 1 travel day @ \$678	678.00
Meals, fuel, travel, accommodation	
Per attached summary (1602.94-89.46 GST)	1513.48
Plus 10%	151.34
Suburban truck. 5 days @ \$60/day	300.00
Pickup truck. 5 days @ \$30/day	150.00
Additional field assistants	
M. Makulowich. Feb. 18-22. 5 days @ \$140	700.00
E. Mackenzie Feb. 18-22. 5 days @ \$140	700.00
B. Chase Feb. 18-22. 5 days @ \$140	700.00
P. Mullan Feb. 18-22. 5 days @ \$140	700.00
Presentation time (A. Scott, geophysicist)	
Two days @ \$400.00	800.00
Expenses (vellums, blackline copies)	150.00
GST (Scott Geophysics Ltd.). 7% of \$11,543.88	808.07

Report preparation and data review

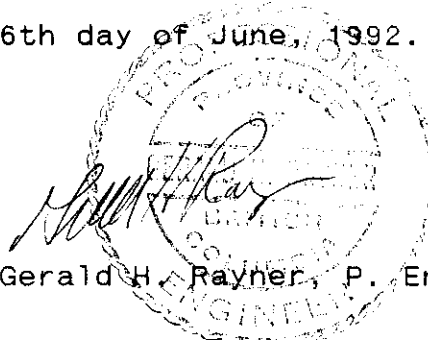
G.H. Rayner; P.Eng. May 26; June 10, 1992.	
1.5 days @ 450 plus GST	722.25
Total	<u>\$14888.53</u>

## 10:0 CERTIFICATE

I, Gerald H. Rayner, do hereby certify that:

1. I am a consulting geological engineer with offices at 626 Duchess Avenue, West Vancouver, B.C.
2. I am a graduate of the University of British Columbia (B.Sc. Geology).
3. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. I have practised my profession since 1958 primarily in Western North America and the South Pacific.
5. This report is based on a field examination of the property on October 7, 1989 and on various company maps and data.
6. I have no interest in the shares or properties of CanQuest Resource Corporation or of any affiliated company nor do I expect to receive any.

Dated at West Vancouver, B.C. this 6th day of June, 1992.

A circular seal for the Association of Professional Engineers of the Province of British Columbia. The seal contains the text "PROFESSIONAL ENGINEERS OF THE PROVINCE OF BRITISH COLUMBIA" around the perimeter. In the center, there is a signature of Gerald H. Rayner and the text "Gerald H. Rayner, P. Eng." below it.

Gerald H. Rayner, P. Eng.

**APPENDIX I**

LOGISTICAL REPORT  
INDUCED POLARIZATION SURVEY

MICROGOLD PROJECT  
STUMP LAKE AREA, B.C.

on behalf of

CANQUEST RESOURCE CORPORATION  
830 - 470 Granville Street  
Vancouver, B.C. V6C 1V5

Field work completed: February 18 to 22, 1992

by

Alan Scott, Geophysicist  
SCOTT GEOPHYSICS LTD.  
4013 West 14th Avenue  
Vancouver, B.C. V6R 2X3

February 23, 1992



TABLE OF CONTENTS

	page
1 Introduction	1
2 Survey Grid and Survey Coverage	1
3 Personnel	1
4 Instrumentation and Procedures	2
5 Recommendations	2

Appendix

Statement of Qualifications rear of report.

Contents of folder

	pocket.
Logistical report	1
Induced Polarization Survey: data summaries	2
Chargeability and Resistivity Pseudosections (1:2000 scale)	3
Chargeability contour plan, second separation (1:2000 scale)	4
Resistivity contour plan, second separation (1:2000 scale)	5
Induced Polarization Survey: raw data dumps	6

*map*

## 1. INTRODUCTION

Induced polarization and resistivity surveys were conducted over portions of the Microgold Project, Stump Lake Area, British Columbia, in the period February 18 to 22, 1992. The work was conducted by Scott Geophysics Ltd. on behalf of CanQuest Resource Corporation.

The pole dipole electrode array was used for the survey, with an "a" spacing of 25 meters and "n" separations of 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10, except for line 8300N which was read at "n" separations of 1, 2, 3, 4, and 5. The current electrode was to the west of the potential electrodes on all survey lines.

This report describes the instrumentation and procedures, and presents the results of the surveys.

## 2. SURVEY GRID AND SURVEY COVERAGE

A total of 4.625 line kilometers of induced polarization survey were completed on Microgold Project, 3.925 kms at 10 separations and 0.7 kms at 5 separations. The survey grid was established by CanQuest Resource's.

## 3. PERSONNEL

Alan Scott, geophysicist, was the party chief on the survey.

#### 4. INSTRUMENTATION

A Scintrex IPR12 time domain receiver and a Scintrex TSQ4 transmitter were used for the induced polarization survey. Readings were taken using a 2 second on/2 second off alternating square wave signal.

The chargeability for the interval from 690 to 1050 milliseconds after shutoff is the value plotted on the accompanying pseudosections and plan maps. This value corresponds to the M7 value for the Scintrex IPR11. Resistivities are given in units of ohm meters.

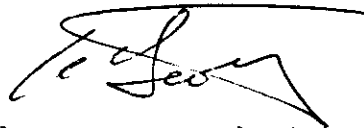
The survey data was archived, processed, and plotted using a microcomputer running proprietary software. All chargeability values were analyzed for their spectral characteristics (Cole-Cole intrinsic chargeability, time constant, and frequency dependence) using Johnson's curve matching procedure by the IPR12. In areas of low amplitude chargeability, the spectral parameters are often relatively poorly defined.

#### 6. RECOMMENDATIONS

A preliminary examination of the results of the induced polarization survey on the Microgold Project indicates the presence of moderate to strong chargeability highs, as well as areas of relatively high resistivity (which could be indicative of silicification), that merit further investigation.

A detailed interpretation of these results, and correlation to geological and geochemical information, is required before any specific recommendations could be made.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Alan Scott", written over a horizontal line.

Alan Scott, Geophysicist

Statement of Qualifications

for

Alan Scott, Geophysicist

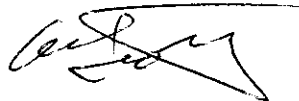
of

4013 West 14th Avenue  
Vancouver, B.C. V6R 2X3

I, Alan Scott, hereby certify the following statements regarding my qualifications, and my involvement in the program of work described in this report.

1. The work was performed by individuals sufficiently trained and qualified for its performance.
2. I have no material interest in the property under consideration in this report, nor in the company on whose behalf the work was performed.
3. I graduated from the University of British Columbia with a Bachelor of Science degree (Geophysics) in 1970, and with a Master of Business Administration degree in 1982.
4. I am a member of the B.C. Geophysical Society and of the Society of Exploration Geophysicists.
5. I have been practicing my profession as a Geophysicist in the field of Mineral Exploration since 1970.

Respectfully submitted,



Alan Scott

