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GEOLOGICAL SURVEY BRANCH ASSESSMENT REPORTS
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GEOLOGICAL ASSESSMENT REPORT

on the

MAGNOLIA PROPERTY

Nanaimo Mining Division
British Columbia

N.T.S. 092F/09, 10
Latitude 49° 42' 30" N
Longitude 124° 29' 30" W

for

CANQUEST RESOURCE CORP.

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by

FILMED

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FEBRUARY 15, 1996

**GEOLOGICAL SURVEY BRANCH
ASSESSMENT REPORT**

24,321

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1. SUMMARY

- 1.1 The Magnolia property consists of 43 contiguous mineral claims totalling 77 units. The claims are located on northern Texada Island, B.C. approximately one kilometre north of the town of Gillies Bay. The claims are accessible by several old logging roads and the Vananda - Gillies Bay highway.
- 1.2 The claims are underlain by basaltic flows and volcanoclastics of the Middle to Upper Triassic Karmutsen Formation. The uppermost flows contain numerous interbeds of grey limestone. Gold and copper bearing skarn zones are developed at the Capsheaf and Southcap showings. Previous rock sampling from these showings returned gold values ranging from 66 ppb to 8,620 ppb. Copper values ranged from 3,244 ppm to 73,320 ppm.
- 1.3 The Capsheaf and Southcap showings are located proximal to intersecting northwest and northeast trending fault zones. An exploration program consisting of soil sampling, geophysics and geological mapping is recommended to delineate further mineralized zones within areas of intersecting fault structures. Prospective zones from the above program should be followed up by excavator trenching.

2. INTRODUCTION

- 2.1 This report was prepared at the request of Mr. John Bissett, President of CanQuest Resource Corporation. It reviews previous exploration programs, discusses the November 1995 program and recommends an exploration program consisting of geological mapping, geophysics and soil sampling.
- 2.2 The information for the accompanying report was obtained from sources cited under references and from a personal examination of the property from November 21-28, 1995. CanQuest provided some private reports together with other historical geological data including government reports and maps.
- 2.3 Pertinent information such as extent and character of ownership, as set out in section 4, was submitted by the Company and the Company's representatives and is believed to be true. No attempt was made to verify this information as this is beyond the scope of this report.
- 2.4 This report is prepared for the exclusive use of CanQuest Resource Corp., and shall not be reproduced, distributed or made available to any other persons or companies without the knowledge and written consent of the author.

3. LOCATION, ACCESS AND PHYSIOGRAPHY

- 3.1 The Magnolia property is located on Texada Island, B.C., one kilometre north of the Town of Gillies Bay. This largest island in the Strait of Georgia lies 110 km west-northwest of Vancouver and is accessible from Vancouver by car and ferry combinations either directly via Powell River on the mainland or circuitously through the Town of Comox on Vancouver Island. Air service on request is available on certain scheduled flights from Vancouver to Powell River.
- 3.2 The property is centered at 49° 42' 30" north latitude (UTM 5507050 N) and 124° 29' 30" west longitude (UTM 392500 E) on N.T.S. mapsheets 092F/09W and 092F/10E. Road access to and within the property is good. The gravel Central Road and the paved Gillies Bay - Vananda highway cross the northeastern and western boundaries respectively. Interior travel is aided by old logging roads traversable by 4-wheel drive vehicles and other trails suitable for foot access only.
- 3.3 There are cleared lots and dwellings at locations along the north side of the highway within the western part of the property. Two concentrations of these occur at Paxton Road and Case Lake which are underlain by parts of the Mag 1, Mag 2, Mag 4, Mag 19 and Mag 20 claims. Otherwise, the overwhelming majority of the surface rights are held by the Crown.
- 3.4 The topographic relief on the property ranges from 60 metres above sea level on the southwest to approximately 250 metres on the east boundary which is on the southwest flank of Mount Pocahontas. With the exception of the relatively flat area around Cranby Lake in the southwest, the property is characterized by northwesterly trending rocky ridges that are typically 50 metres above intervening gullies which commonly contain small streams or swamps. The forest cover is mostly second or third growth Douglas-fir, arbutus and jackpine on the fairly sparse ridges and cedar, spruce, hemlock, balsam and poplar in the lower elevations. Thick underbrush together with abundant deadfall and logging remnants characterize the valleys.
- 3.5 The island is within the "Sunshine Coast" area of British Columbia and features mild winters and moderate, dry summers. Consequently, all aspects of surface exploration may be carried out year round. Drinking water for the two towns on the island is provided by two dammed lakes. One of them, Cranby Lake, is within the southwest part of the property. Water for diamond drilling is available from the many creeks and swamps on the property.

4. CLAIM STATUS

- 4.1 The Magnolia property is comprised of 3 four-post claims and 40 two-post claims containing 77 units. The contiguous claims form a group which is approximately 3.5 kilometres by 4.5 kilometres with an area of 1575 hectares (Figure 2).

Name	Tenure	Units	Expiry*	Name	Tenure	Units	Expiry*
Tucson 1	230207	5	11/25/96	Mag 1	317407	1	12/05/96
Tucson 2	230208	20	11/25/96	Mag 2	317408	1	12/05/96
Scot 4	231249	12	10/30/96	Mag 3	317409	1	12/05/96
Scot 5	320112	1	08/16/96	Mag 4	317410	1	12/05/96
Scot 6	320113	1	08/16/96	Mag 5	317411	1	12/05/96
Scot 7	322632	1	11/21/96	Mag 6	317412	1	12/05/96
Scot 8	322633	1	11/21/96	Mag 7	322654	1	11/20/96
Scot 9	322634	1	11/21/96	Mag 8	322655	1	11/20/96
Scot 10	322635	1	11/21/96	Mag 9	322656	1	11/20/96
Scot 11	322636	1	11/21/96	Mag 10	322657	1	11/20/96
Scot 12	322637	1	11/21/96	Mag 11	322975	1	12/13/96
Scot 13	322638	1	11/21/96	Mag 12	322976	1	12/13/96
Scot 14	322984	1	12/13/96	Mag 13	322977	1	12/13/96
Scot 15	322985	1	12/13/96	Mag 14	322978	1	12/13/96
Scot 16	322986	1	12/13/96	Mag 15	322979	1	12/13/96
Comet 1	317217	1	04/29/96	Mag 16	322980	1	12/13/96
Comet 2	317218	1	04/29/96	Mag 17	322981	1	12/13/96
Comet 3	317219	1	04/29/96	Mag 18	322982	1	12/13/96
Comet 4	317220	1	04/29/96	Mag 19	323322	1	01/17/97
Comet 5	317221	1	04/29/96	Mag 20	323323	1	01/17/97
Cranby 2	322983	1	12/13/96				
Cranby Fr.	322987	1	12/14/96				
Chase Fr.	323324	1	01/17/96				

* Includes assessment currently being applied.

- 4.2 Except for some reverted Crown granted claims whose exact positions within the property boundaries are no longer determinable, none of the located claims have been surveyed. The Crown grants in all cases have been overstaked in total or in part by CanQuest to ensure that no gaps exist in the assemblage. Claim locations are determined by reference to government mineral tenure maps for the Nanaimo Mining Division, NTS 092F/09W and 092F/10E. The above expiry dates have been derived from the same mineral tenure records.

- 4.3 The property boundaries contain two small groups of claims not owned by CanQuest. They are: (a) reverted Crown grants Copper Cave (230202), Stobie Fraction (230203), both owned by James E. Newman and located in the north central part of the property and (b), two-post claims Bolt 1 (229848), Bolt 2 (229849) owned by Damir Cukor and X-Ray reverted Crown grant (229535) owned by Kenneth Misner. These last three contiguous claims are located within CanQuest's Tucson 2 claim in the south central part of the property.
- 4.4 CanQuest Resource Corp., is the registered owner of all the claims.

5. REGIONAL GEOLOGY

- 5.1 The geology of Texada Island has been reported on by several people since magnetite was first discovered in 1873. G.M. Dawson, of the Geological Survey of Canada, examined the shoreline geology in 1887. A comprehensive report on Texada Island Geology was made in 1914 by R.G. McConnell of the Geological Survey of Canada. That report mainly concentrated on the iron occurrences adjacent to the northwestern shore of the Island. Swanson studied the iron skarns in 1925. More recent work was done on the skarn mineralization by Bacon (1952), Muller and Carson (1968), Sangster (1969), Ertlinger and Ray (1988) and Webster and Ray (1990). The only map of the whole Island is by Muller (1968) who mapped on a reconnaissance basis. Webster and Ray (1990) produced a geological map of the northern third of the Island based on reconnaissance mapping during July and August 1989 and information provided by local prospectors, geologists and quarry managers.
- 5.2 Texada Island is located along the eastern margin of both the Insular tectono-stratigraphic belt and the Wrangellia Terrane of the Canadian Cordillera. The oldest rocks mapped on the Island are calc-alkaline volcanoclastics of the Paleozoic Sicker Group exposed on the southeastern tip of the Island. These are unconformably overlain to the north by pillowed to massive basaltic flows and volcanoclastics of the Middle to Upper Triassic Karmutsen Formation. Near the top of the formation the flows contain thin interbeds of fossiliferous limestone.
- 5.3 The Karmutsen is conformably overlain by limestones of the Upper Triassic Quatsino Formation whose exposures vary in thickness from marginal east and south of the exhausted iron mines to more than 500 metres at the northern tip of the Island. Cretaceous sediments of the Nanaimo Group crop out around Gillies Bay and may extend northward under alluvium for one to two kilometers.
- 5.4 Various stocks and minor intrusions, ranging in composition from gabbro through the more common diorite to quartz monzonite intrude the volcanics and limestones. These have been radiometrically dated as Middle to Upper Jurassic, and may correlate with the Coast Plutonic Complex on the mainland or the Island Intrusions on Vancouver Island. The more mafic stocks, which tend to be concentrated along the northwest trending Marble Bay Fault, are

associated with copper-gold skarn mineralization around Vananda and the northeastern tip of the Island. The Gillies Bay felsic stock is associated with several magnetite-rich skarn deposits.

Other stocks and minor intrusives reportedly have skarn development but apparently have not been examined in great detail.

5.5 According to Webster and Ray the limestone and volcanics have been deformed into a series of broad, northwest trending open folds that plunge gently to moderately northwards.

5.6 Three sub-parallel, northwesterly lineaments are the most striking structural features of the north end of the Island. The most persistent and visually striking one, the Marble Bay fault, appears to traverse the entire length of the Island, albeit with some offsets. The other two, the Holly and Ideal faults are substantially shorter. All of them, according to Webster and Ray (1990) appear to have controlled the emplacement of the Jurassic intrusives and their associated skarn mineralization. The area between these faults has undergone substantial brittle deformation expressed by numerous low-angle splay faults and right-angle faults and shear zones either mapped or inferred from airborne geophysical surveys and photographs.

6. REGIONAL ECONOMIC SETTING

6.1 Texada Island has a long history of mining and exploration for gold, copper and iron ore that began with the discovery of magnetite in 1873.

6.2 Gold, copper and silver were produced during intermittent production mainly from three mines during the period 1896 to 1952. The Marble Bay, Little Billie and Cornell mines, located at Vananda 5 kilometres northwest of the Magnolia property, produced a total of 303,608 tonnes of ore with an average grade of 7.83 grams/tonne gold, 52.74 grams/tonne silver and 2.9% copper (Ettlinger & Ray, 1988). These three deposits were in skarn mineralization at contacts between the Quatsino limestone and diorite intrusions. Other deposits which produced small amounts of ore during the same period were either in similar skarn environments or in quartz-flooded breccia zones along faults cutting the interbedded volcanics and limestones of the Karmutsen formation. It is believed that northwesterly trending faults, as well as low-angle splays from these faults, are associated with the emplacement of the diorite intrusions and locally, skarn mineralization (Webster and Ray 1990).

6.3 Iron ore was mined from a discontinuous line of magnetite-copper lenses, approximately two kilometres in length, situated immediately northwest of the town of Gillies Bay. Magnetite-copper skarn mineralization is developed along either the Quatsino-Karmutsen contact near the margin of the Gillies stock or along the intrusive-Quatsino contact. Alternatively, skarn mineralization may form in the limestone and volcanic rocks some distance from the stock where the skarn forming fluids were controlled by near vertical brittle fractures (Webster and Ray, 1990). Between 1885 and 1976 Texada Iron Mines Ltd., produced from four open pits

and subsequent underground workings 20,880,900 tonnes of ore which yielded 10,000,000 tonnes of iron concentrate, 887,560 grams of gold, 23,644,310 grams of silver and 26,740,300 kilograms of copper.

- 6.4 Numerous small magnetite lenses associated with limestone beds within the Karmutsen Formation occur near the east coast of the Island from the northern tip to Mount Pocahontas. Most of them contain considerable amounts of copper (McConnell 1914) and at least one of them, the Yew showing which was discovered in 1985, contains free gold in unevenly distributed amounts (J. Bissett, personal communication). None of them has produced on a commercial basis. The Capsheaf and Southcap showings, within the central part of the existing claims, falls under this category. Similarly, a number of small quartz veins and silicified shear zones containing free gold have been discovered on the northern part of the Island. The gold values in these showings were highly variable and proved to be uneconomic. The Holly showing, approximately four kilometres northwest of the Magnolia property, exhibited spectacular near-surface free gold in silicified, brecciated Karmutsen volcanics within the Holly Fault but subsequent trenching at depth and laterally could provide no evidence of economic continuity (J. Bissett, personal communication).
- 6.5 The iron and copper-gold skarns are believed to be coeval, are structurally and stratigraphically controlled and are related to a varied suite of continental margin intrusions that formed part of the early to middle Jurassic Bonanza magmatic arc. The massive, impermeable nature of the Quatsino limestone on Texada Island is detrimental to skarn formation and may have prevented the formation of wide exoskarn halos. The presence of extensive bleaching in limestones is thought to indicate skarn alteration at depth. The Quatsino Formation is being mined from open pits on the northern and northeastern end of the Island. The limestone is crushed, screened and barged to Vancouver and Portland, Oregon for use in a variety of pharmaceutical and industrial uses.

7. **EXPLORATION HISTORY**

- 7.1 Numerous pits, trenches, adits and at least one shaft on the Magnolia property attest to previous, mostly unrecorded exploration of the property. The Capsheaf showing, within the Scot 5 claim in the centre of the property, occurs within a skarn lens within a gently west-southwest dipping limestone interlayer of the Karmutsen Formation (Figures 4 & 6) at a diorite intrusive contact. A shaft was sunk, before 1914, to a depth of 27 metres (90 feet) and some drifting done (McConnell 1914). In 1975 Longbar Minerals Ltd., conducted a magnetometer and electromagnetic (VLF) survey in conjunction with geological mapping on and around the Cap Sheaf. Three short diamond drill holes were completed to the south of the Capsheaf shaft. Assay results from drill core included one 1.5 metre (5 foot) section containing 6.17 grams/tonne (0.18 oz/ton) gold, 54.17 grams/tonne (1.58 oz/ton) silver, 5.52% copper and 26.80% iron. Several sections returned 0.5 to 1.0% copper with negligible gold. Whittles, in

his report on the work, noted four magnetic anomalies worthy of follow-up work. Whittles categorized these anomalies as "m1", "m2" and "m3" with "m1" being the highest priority target and "m3" being the lowest priority (note that there are two "m1" targets). These anomalies are plotted on Figure 5 and all four are deserving of follow-up work during the next exploration program.

- 7.2 Reconnaissance-scale geologic mapping, prospecting, and soil/rock geochemical surveys were conducted during 1984 and 1985 on what are now the Comet 1-5 claims by Packard Resources Ltd. A magnetic and E.M. survey was run over the Bolt 1&2 claims by its owner in 1988. Also in 1988, BP Minerals Canada Limited conducted a large-scale soil sampling and geological mapping program on a large block of claims adjoining the north and east of the Magnolia property. Some of the ground surveyed was absorbed by the Magnolia claims in late 1993 and January 1994 and a number of anomalous gold values require investigation (Figure 5).
- 7.3 An airborne geophysical survey was conducted for CanQuest in August 1988. Aerodat Ltd. flew 175 line kilometres over what is now the claim group except for the ground covered by the Mag 13-20 claims in the northwest corner of the property. The survey, with lines oriented at 045° and spaced 125 metres apart, included a four frequency EM system, a cesium magnetometer and a dual frequency VLF-EM system. This survey delineated most of the prominent structural features (vertical gradient magnetics) and postulated several possible bedrock conductors (VLF-EM). Total field magnetic data tended to be fairly noisy due to the highly variable nature of the Karmutsen Formation. Furthermore, the total field magnetics tended to be suppressed in areas covered by overburden. Due to the physiography of the area (prominent northwest trending ridges separated by low lying, swampy ground - predominately faults) the total field magnetics were not very useful in delineating potential massive sulphide targets. Several of the more prominent geophysical features are plotted on Figure 5.
- 7.4 In November 1990, reconnaissance scale programs of geologic mapping, prospecting and soil sampling were conducted by CanQuest in an area south of the tear shaped swamp in the west centre of the Tucson 2 claim and in an area of the Tucson 1 claim near the Central Road - Pocahontas Bay Road intersection, including part of the Comet 4 claim. The purpose was to explore on the ground some areas of intersecting, conductive structures indicated by the airborne geophysical survey. Soil sampling returned some single point anomalous gold values. The prospecting south of the swamp requires follow-up where some potentially significant quartz flooded shear zones within basalt were discovered. On Texada, such quartz flooded shears are commonly associated with gold mineralization.
- 7.5 In April 1991, reconnaissance scale ground magnetic and electromagnetic surveys were carried out by CanQuest south of the above mentioned swamp and in the southwest of the property near the airport. The geophysical features detected corresponded generally with the anomalies

indicated by the airborne survey. One additional north-northwest trending conductor was located at approximate grid coordinates 17+50N, 2+50E.

- 7.6 In February 1992, further soil sampling and geophysical surveys together with limited geological mapping were conducted by CanQuest over blazed and flagged grid lines on selected areas of what was then the northern part of the property and limited by the northern boundary of the Scot 4 claim. The analysis of 671 reconnaissance spaced soil samples returned 55 results with anomalous concentrations of precious and/or base metals which served to delineate two significant gold anomalies on the northeast quarter of the Scot 4 claim (Figure 5). These two anomalous areas, each of which presently measure roughly 100 metres x 200 metres, are "open" to the north and south thus require further soil sampling. Four short conductors were detected by the VLF-EM survey proximate to these two gold anomalies. The geophysical survey over the north central area detected ten northwest trending conductors which more or less coincided with airborne survey results. On the west side of the property, covered now by the Mag 3-6 claims, a moderately strong magnetic anomaly was detected in an area of extensive overburden. A model of the anomaly's source, by the consulting geophysicist, suggests a shallow lying massive magnetite body about 20 metres thick and 60 metres wide. The location is 1.4 kilometres east of the Leroy magnetite-copper open pit and close to the inferred easterly projection of the contact between the Gillies Bay diorite stock and the Karmutsen formation.
- 7.7 In January 1994, a 1,500 metre long baseline was cut northward from L13+00N, 25+00E in order to tie in the eastern ends of the previously established grid and to establish survey control for geological mapping in the Capsheaf area and the area to the south. A two man crew blazed and flagged L13+00N from the original baseline, 10+00E, to 25+00E. Once the starting point was established the line was cut utilizing axes and a powersaw. The line was picketed, tight chained and marked at 50 metre stations.
- 7.8 During the same period, portions of the property were mapped at a scale of 1:10,000. The purpose of the geological mapping was to determine the cause of the various geophysical signatures and to re-locate and sample several old showings. Gold and copper bearing skarn zones are developed at the Capsheaf and Southcap showings. Rock sampling in 1994 returned gold values ranging from 66 ppb to 8,620 ppb. Copper values ranged from 3,244 ppm to 73,320 ppm.

8. 1995 EXPLORATION PROGRAM

- 8.1 The 1995 exploration program was designed as a follow-up to the 1994 sampling in the Capsheaf and Southcap area. Geological mapping and prospecting was conducted over an area measuring 1,000 metres northeast-southwest by 500 metres southeast-northwest. In addition to this, limited prospecting was done in the vicinity of 18+00N, 16+00E as well as on the northeast side of the Central Road in the vicinity of the soil anomaly on the Comet claims.
- 8.2 Prospecting was done in the vicinity of 18+00N, 16+00E in order to locate the Milner showing as reported in the Minister of Mines Annual Report for 1903. This showing was not located.
- 8.3 Prospecting was carried out on the northeast side of the Central Road in the vicinity of the soil anomaly on the Comet claims. The bedrock source of the anomaly was not located due to heavy overburden.
- 8.4 Mapping in the Capsheaf - Southcap area was hampered by overburden. Outcrop is exposed in less than five percent of the area (Figure 4). Topography in this area is characterized by a series of north-northwest trending relatively well exposed ridges separated by intervening heavily forested gullies. It is the Authors opinion that many of these gullies represent small fault zones and thus may be prospective for skarn hosted gold mineralization.
- 8.5 Several small pits and adits were located immediately north of the Southcap showing. These prospects were sampled and mapped (Figure 8). A total of five grab samples were collected. Gold values ranged from nine to 3,270 ppb while copper values ranged from 65 to 20,488 ppm. Both adits were driven into limey volcanics of the Karmutsen Formation. Minor magnetite-sulphide skarn mineralization is formed in the volcanics. Two small outcrops of diorite occur immediately north of the northernmost adit. These intrusives are most likely the heat source for the skarn mineralization.

9. PROPERTY GEOLOGY AND MINERALIZATION

- 9.1 The property is underlain, for the most part, by basaltic flows and volcanoclastics of the Middle to Upper Triassic Karmutsen Formation. For the purpose of field mapping the author divided the Karmutsen into four lithological units (Figure 4). Unit 1 consists of undifferentiated, dark green to black, variably magnetic basalt. The basalt grades from massive to feldsparphyric with individual laths of feldspar to three millimetres in size. The basalt almost always contains disseminated, fine grained magnetite.
- 9.2 Amygdaloidal basalt (unit 1a) is located around Case Lake in the northwest corner of the claims. Amygdules are commonly filled with secondary epidote. Immediately north of Case lake Mafic volcanic tuff and breccia (unit 1b) is exposed. At the Capsheaf and Southcap showings dark grey, massive limestone (unit 1c) hosts magnetite-garnet-sulphide skarn zones.

The limestone strikes approximately 350° and dips 20° to the southwest. This limestone unit occurs as interbeds within the top of the Karmutsen Formation and, as such, suggests that the basalt flows have a gentle attitude.

- 9.3 On the highway, immediately west of Case Lake, Light to dark grey, poorly bedded recrystallized limestone (unit 2) of the Upper Triassic Quatsino Formation is exposed. Relict bedding is observed striking 350°.
- 9.4 Only one small exposure of diorite was seen on the north end of Cranby Lake (Figure 4). In this area several outcrops of moderately to strongly altered, basalt are truncated to the east by a fault. This basalt outcrop is the only relief in an otherwise flat area and may be the expression of an underlying stock. This outcrop coincides with a large magnetic anomaly ("M3") defined by Aerodat Ltd. Hendrickson (1992) noted a strong magnetic high approximately 200 metres west of the outcrop which may indicate the bedrock comes close to surface in this area.
- 9.5 There are two styles of mineralization present on the property; (a) pyritized, carbonate-silica altered sheared basalts and (b) magnetite-garnet-sulphide skarn zones within limestone interlayers of the Karmutsen. The carbonate-silica altered basalts tend to have low grade copper mineralization and anomalous gold values. Lead, zinc and silver mineralization may also be present.
- 9.6 Two zones of magnetite-garnet-sulphide skarn are present on the property - Capsheaf and Southcap (Figures 4, 6, 7 & 8). Both skarn zones have developed within an interlayer of limestone surrounded by basalt at or near the contact of a diorite intrusive. These skarn zones appear to form proximal to the intersection of northwest trending and northeast trending faults which most likely served as a conduit for the mineralizing solutions. Airphoto analysis has located several intersecting linears that are interpreted to be faults.
- 9.7 At the Capsheaf showing, magnetite-garnet-epidote skarn is exposed in a trench and one outcrop. It is assumed that this same unit is exposed in the shaft but, at present, the shaft is full of water so this can not be confirmed. The skarn zone trends north-northwest and most likely dips southwest. Within the trench, a one metre wide zone of massive magnetite-pyrrhotite-pyrite-chalcopyrite-bornite-malachite occurs on the footwall of the magnetite-garnet-epidote skarn. Previous sampling of this showing returned gold values ranging from 66 to 5,260 ppb and copper values ranging from 3,244 to 18,942 ppm.
- 9.8 At the Southcap showing, garnet skarn with or without sulphides occurs along the contact of carbonate altered basalt and recrystallized limestone within an approximately 20 metre long open cut (Figure 7). Massive magnetite-pyrrhotite-pyrite-chalcopyrite occurs within a highly sheared area on the north end of the trench. Previous sampling of this zone returned gold values ranging from 980 to 8,620 ppb and copper values ranging from 4,715 to 73,320 ppm.

10. CONCLUSION AND RECOMMENDATIONS

- 10.1 There are two known gold and copper bearing skarn zones on the Magnolia property. These zones appear to be intimately associated with intersecting northwest and northeast trending fault zones. Two magnetic features located by Whittles, during his 1975 geophysical survey, suggest there may be more magnetite bodies within this immediate area (Figure 5, "m1"). Furthermore, this area is bisected by several northwest and northeast trending airphoto linears, thought to represent faults.
- 10.2 The area between the Capsheaf and Southcap showings is characterized by north-northwest trending ridges of basalt separated by heavily vegetated gullies. Several of these ridges have very steep sides suggesting that they are truncated by faults. Several old pits were located in areas where the volcanics were rusty. The pits are all badly sloughed and could not be sampled.
- 10.3 In the Capsheaf-Southcap area, the airborne geophysics delineated many of the prominent structural features (vertical gradient magnetics) and postulated several possible bedrock conductors (VLF-EM).
- 10.4 It is recommended that an exploration program consisting of detailed soil sampling, geophysics (VLF-EM and magnetics) geological mapping and prospecting be undertaken to test for further gold-copper mineralization. Prospective areas from the above program should be trenched.
- 10.5 Soil sampling should be conducted between the Capsheaf and Southcap showings. Soils should be collected at 25 metre intervals along east-west lines spaced 25 metres apart. Detailed notes as to topography, soil type, etc., will have to be taken to facilitate interpretation. VLF-EM and magnetic surveys and more detailed mapping within this soil grid should be completed at the same time. Particular attention should be paid to fault structures as sulphide bearing skarn mineralization appears to be formed at or near the intersection of two fault structures.

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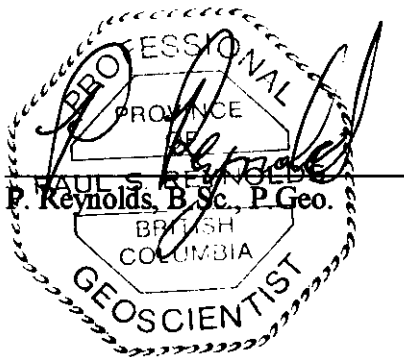
Whittles, A.B.L: Geophysical Report on the Capsheaf Claim Group. December 1975.

12. **CERTIFICATE**

I, Paul Reynolds, of the city of Vancouver in the province of British Columbia do hereby certify that:

- 1) I am a Professional Geoscientist registered with the Association of Professional Engineers and Geoscientists of British Columbia.
- 2) I am a graduate of the University of British Columbia with a B.Sc. degree in geology.
- 3) I have practiced my profession as exploration geologist since graduation in 1987.
- 4) This report is based on a review of previous reports and on field work carried out by the author during the period November 21-28, 1995.
- 5) I have no interest, directly or indirectly, nor do I expect to receive any interest, directly or indirectly, in the Magnolia property or in the securities of CanQuest Resource Corp.
- 6) Permission is hereby granted to CanQuest Resource Corp. to use this report in support of any filing to be submitted to the Ministry of Energy, Mines and Petroleum Resources of the Province of British Columbia for the purpose of filing assessment on the Magnolia claim group.

Dated this 15th day of February, 1996.



APPENDIX I
STATEMENT OF COSTS

STATEMENT OF COSTS

NOVEMBER 21-25 1995

WAGES

Paul Reynolds, P.Geo.	5 days @ \$350/day	1,750.00
Rod Husband, P.Geo.	5days @ \$350/day	1,750.00

TRUCK RENTAL

5 days @ \$50/day	250.00
kilometres: 170 km @ \$0.15/km	25.50

ROOM AND BOARD	10 MAN DAYS @\$50/DAY	500.00
----------------	-----------------------	--------

<u>GST</u>		<u>299.29</u>
------------	--	---------------

SUBTOTAL		4,574.79
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NOVEMBER 26-28 1995

WAGES

Paul Reynolds, P.Geo.	3 days @ \$350/day	1,050.00
Rod Husband, P.Geo.	3days @ \$350/day	1,050.00

TRUCK RENTAL

3 days @ \$50/day	150.00
kilometres: 150 km @ \$0.15/km	22.50

ROOM AND BOARD	6 MAN DAYS @\$50/DAY	300.00
----------------	----------------------	--------

ASSAYING		114.57
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MISC. FIELD EXPENSES		30.00
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REPORT, DRAUGHTING, PRINTING, BINDING, ETC.		400.00
---	--	--------

<u>GST</u>		<u>218.19</u>
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SUBTOTAL		3,335.26
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TOTAL		7,910.05
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APPENDIX II

SAMPLE DESCRIPTIONS AND ANALYTICAL RESULTS

Sample Description and Analysis Record

NTS: 092F / C9 + 10

Project: MAGNOLIA

Claim: _____

Geologist: P. REYNOLDS
R. HUSBAND

Sample No.	Location	Type	Sample Description	Length	Au PPM	Ag	Cu PPM	Pb	Zn
38383	NORTH WALL OF NORTHERN ADIT AT PORTAL	GRAB	SILICEOUS, PYRITIFEROUS INT.		900		685		
38384	SOUTH WALL OF NORTHERN ADIT AT PORTAL	"	MUCK SAMPLE (SEARN) Co, Py, CPy, GARNET HEAVY LIMONITE		524		2255		
38385	4 METRES NORTH OF PORTAL OF NORTHERN ADIT	"	EPIDOTIZED INTRUSIVE WITH DGS Py.		9		65		
38386	SOUTH WALL OF NORTHERN ADIT AT PORTAL	"	MASSIVE SULPHIDE		3270		20488		
38387	"	"	Co, Py, CPy IN SEARN. HIGHLY OXIDIZED.		566		409		
38388	"	"	SEARN		270		890		
38389	"	"	SEARN MASSIVE MAG WITH LESSER CPy & Py. FROM MUCK PILE		950		2670		

O-Outcrop

F-Floot

V-Vein

So-Soll

T-Talus Fines

SI-Sill



GEOCHEMICAL ANALYSIS CERTIFICATE



CanQuest Resources Corp. PROJECT MAGNOLIA File # 95-4970

Submitted by: Paul Reynolds

SAMPLE#	No	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U	Au	Th	Sr	Cd	Sb	Bi	V	Ca	P	La	Cr	Hg	Ba	Tl	B	Al	Mo	K	M	Au*
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	ppm	ppm	%	ppm	%	ppm	%	%	%	ppm	ppb
D 38383	1	685	78	64	4.0	12	110	1008	12.49	248	<5	<2	5	48	.8	4	<2	15	6.26	.017	2	13	.19	3	<.01	<3	.28	<.01	<.01	<2	900
D 38384	1	2255	5	30	4.2	4	20	1278	10.25	133	8	<2	10	41	.9	3	2	13	13.91	.009	7	5	.12	3	<.01	<3	.23	<.01	.01	4	524
D 38385	1	65	8	41	.5	8	10	464	1.22	20	<5	<2	5	351	.4	<2	<2	43	6.27	.138	9	9	.82	32	.12	<3	6.14	.37	.04	<2	9
D 38386	1	20488	57	91	55.1	13	67	398	27.67	2574	<5	<2	<2	15	3.0	10	22	18	2.42	<.001	<1	6	.08	3	<.01	<3	.13	.01	<.01	<2	3270
RE D 38386	1	20535	54	91	56.2	13	67	395	27.17	2504	<5	<2	<2	15	2.9	12	25	17	2.43	<.001	<1	6	.08	2	<.01	<3	.12	<.01	<.01	<2	3570
D 38387	1	409	<3	24	1.5	8	137	1181	12.31	345	6	<2	9	61	.6	3	<2	31	10.24	.008	6	12	.23	2	<.01	<3	.30	<.01	<.01	<2	566
D 38388	3	890	4	17	2.2	3	63	1080	10.58	59	7	<2	8	30	.5	4	<2	6	11.69	.005	4	6	.11	2	<.01	<3	.16	<.01	<.01	<2	270
D 38389	<1	2670	6	45	9.1	7	32	800	27.78	915	<5	<2	4	26	.8	3	3	24	3.15	.006	<1	3	.06	2	<.01	<3	.05	<.01	<.01	<2	950

ICP - .500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
 THIS LEACH IS PARTIAL FOR MN FE SR CA P LA CR MG BA TI B W AND LIMITED FOR NA K AND AL.
 ASSAY RECOMMENDED FOR ROCK AND CORE SAMPLES IF CU PB ZN AS > 1X, AG > 30 PPM & AU > 1000 PPM
 * SAMPLE TYPE: ROCK AU* - IGNITED, AQUA-REGIA/MIBK EXTRACT, GF/AA FINISHED.
 Samples beginning 'RE' are Retuns and 'RRE' are Reject Retuns.

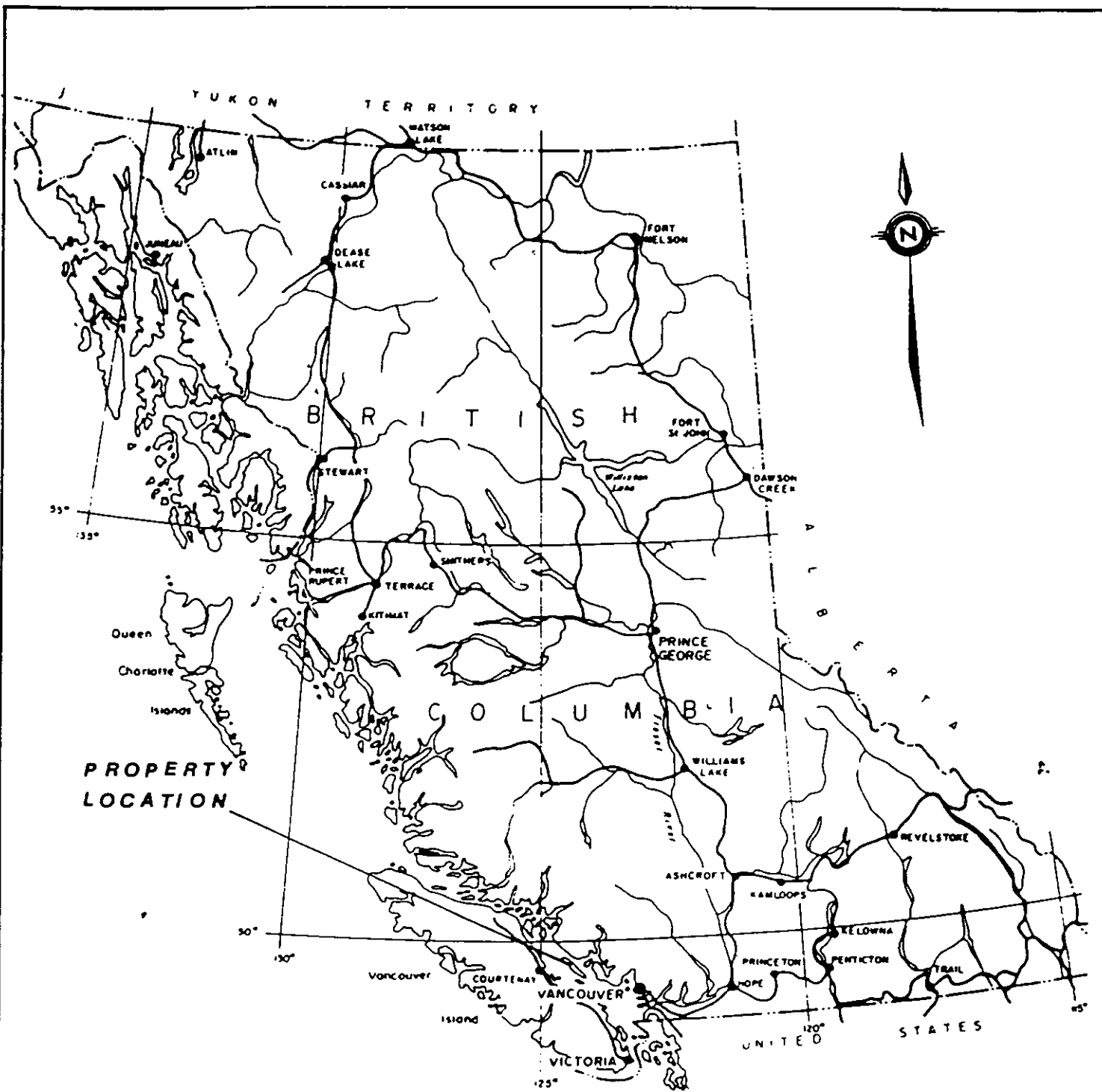
DATE RECEIVED: DEC 7 1995 DATE REPORT MAILED: Dec 12/95 SIGNED BY: *C. Hoy* D. TOYE, C. LEONG, J. WANG; CERTIFIED B.C. ASSAYERS

P.02/02
 604 253 1716 TO 6838923
 DEC 12'95 16:56 FR ACME LABS

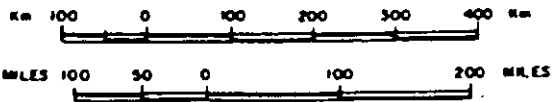
** TOTAL PAGE.002 **

APPENDIX III

FIGURES 1 - 8

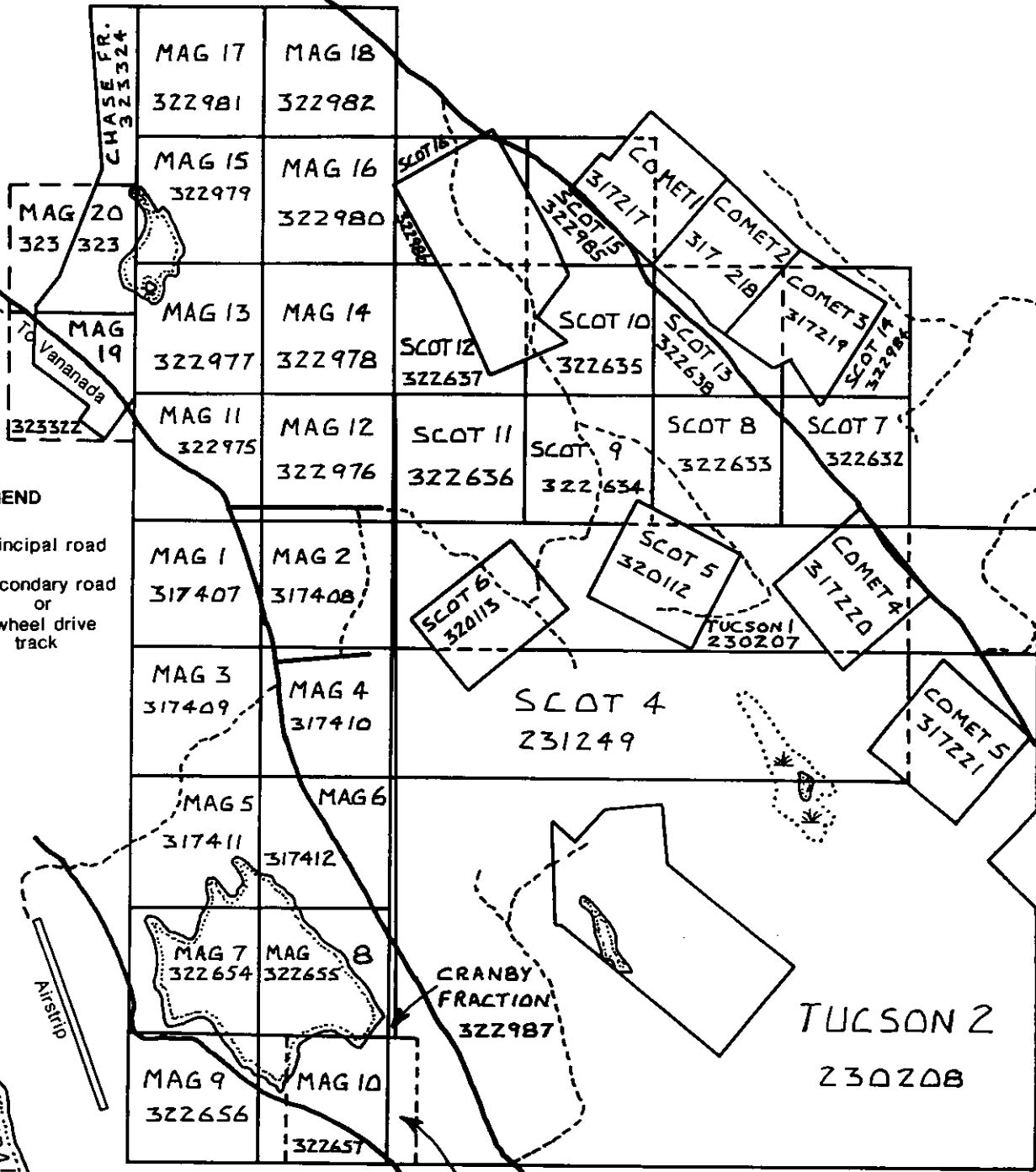


PROPERTY
LOCATION





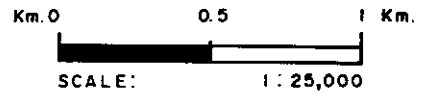
SCALE

CANQUEST	
MAGNOLIA PROJECT	
TEXADA ISLAND, B.C.	
Property Location	
FIG: 1	
Scale:	Date:
CanQuest Resource Corporation	

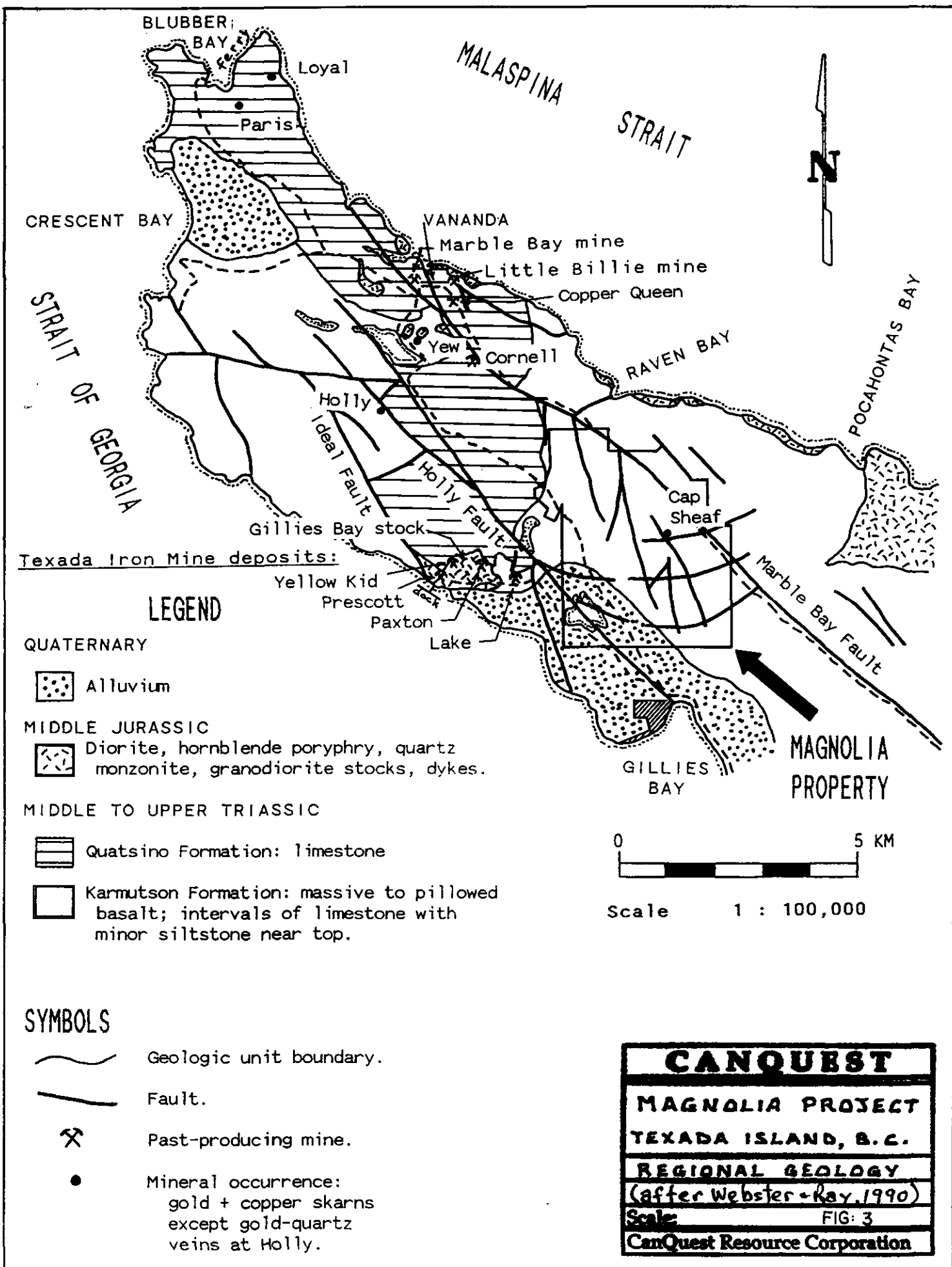


LEGEND

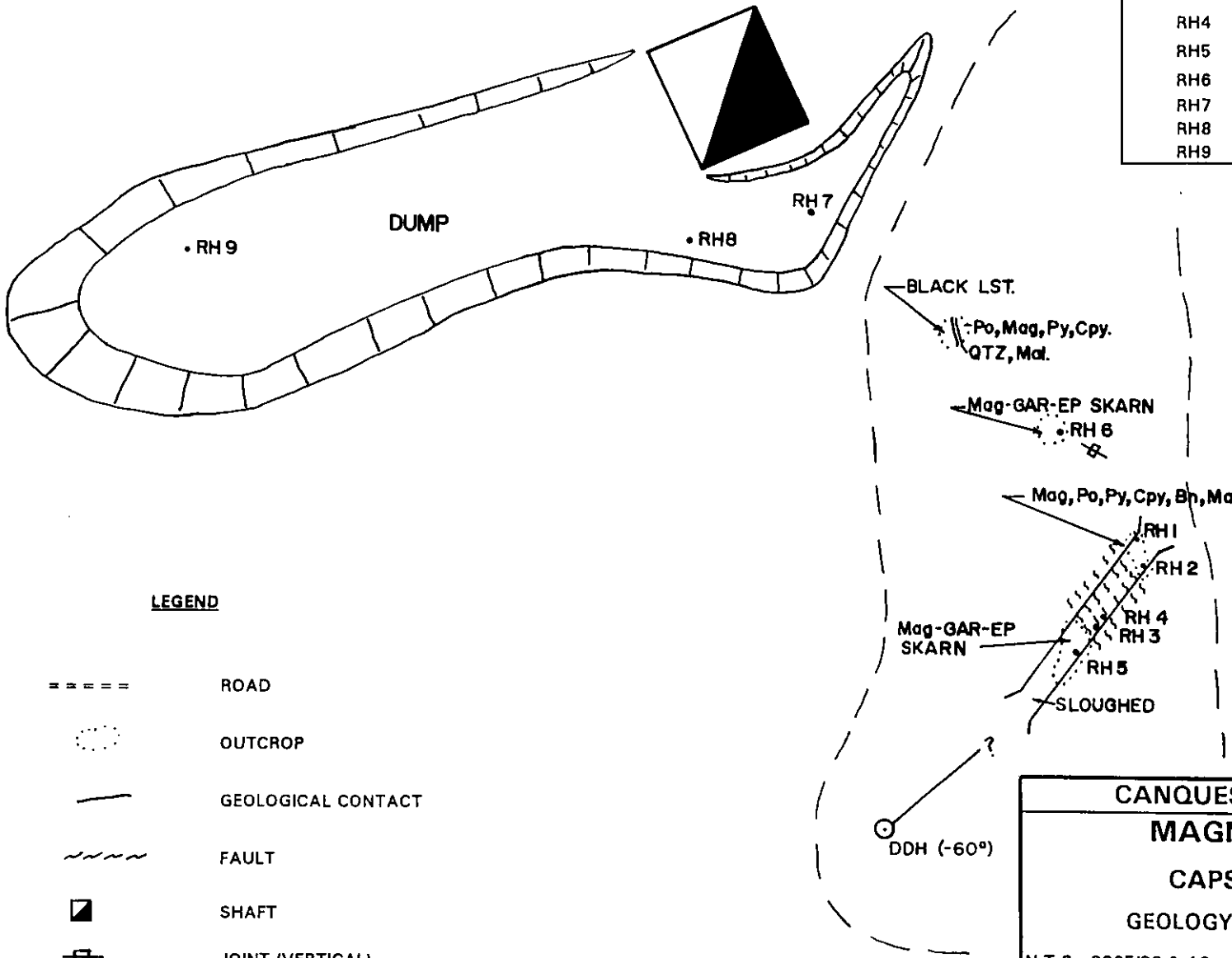
-  Principal road
-  Secondary road or 4 wheel drive track



CANQUEST RESOURCE CORPORATION
MAGNOLIA PROJECT
 TEXADA ISLAND, B. C.
 FIG: 2
CLAIM MAP



SAMPLE NO.	Au ppb	Cu ppm	Fe %
RH1	5,260	18,942	33.50
RH2	2,690	3,719	33.67
RH3	2,040	6,572	20.77
RH4	68	4,955	22.27
RH5	560	3,244	14.20
RH6	4,610	7,078	9.94
RH7	1,750	17,632	24.75
RH8	2,210	15,609	34.17
RH9	5,260	14,916	31.83



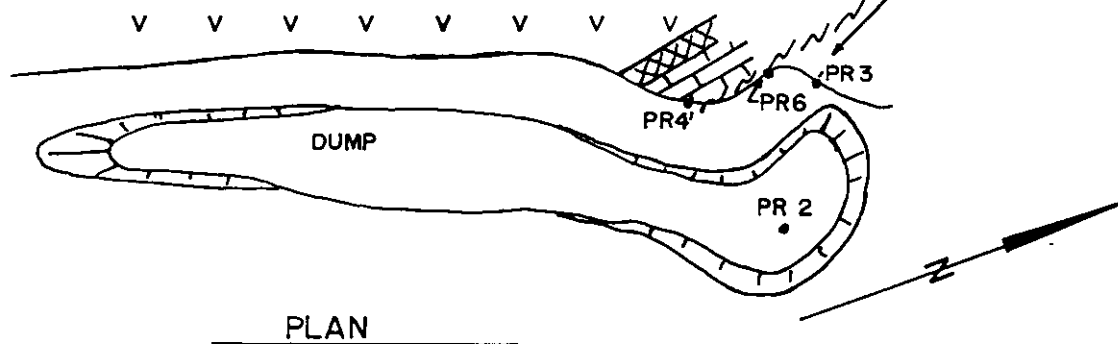
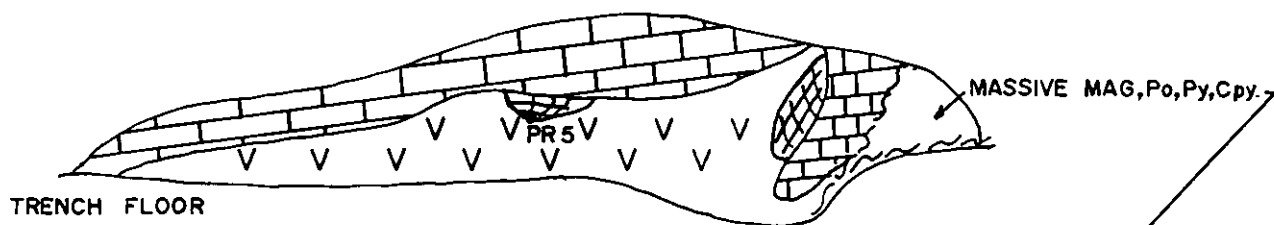
LEGEND

- ==== ROAD
- OUTCROP
- GEOLOGICAL CONTACT
- ~~~~ FAULT
- ▀ SHAFT
- |- JOINT (VERTICAL)
- RH7 SAMPLE SITE






CANQUEST RESOURCE CORP.		
MAGNOLIA PROJECT		
CAPSHEAF SHOWING		
GEOLOGY & SAMPLE LOCATIONS		
N.T.S. 092F/09 & 10		NANAIMO M.D.
REYNOLDS GEOLOGICAL		
SCALE 1:200		DATE FEB. '94
DRAWN P.R.		FIG. NO. 6

SAMPLE NO.	Au ppb	Cu ppm	Fe %
PR2	5,240	73,320	31.51
PR3	2,760	27,625	19.76
PR4	1,910	4,715	10.85
PR5	980	10,339	15.67
PR6	8,620	36,719	30.03



LEGEND

-  GARNET SKARN
 -  RECRYSTALLIZE LIMESTONE
 -  LIMEY VOLCANIC
 - PR2 SAMPLE SITE
 - ~ ~ ~ FAULT
- } KARMUTSEN



CANQUEST RESOURCE CORP.

MAGNOLIA PROJECT

SOUTHCAP SHOWING

GEOLOGY & SAMPLE LOCATIONS

N.T.S. 092F/09 & 10

NANAIMO M.D.

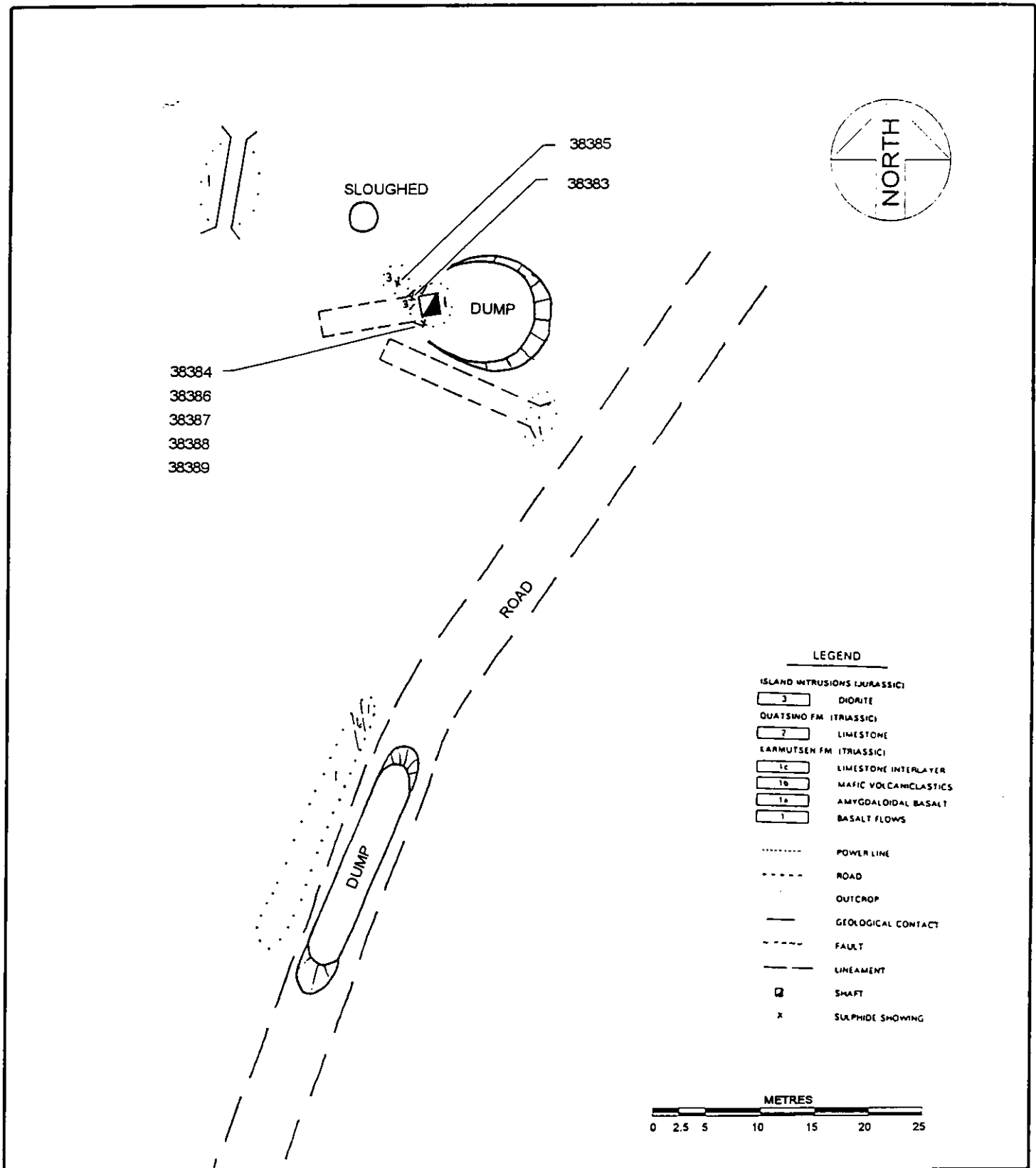
REYNOLDS GEOLOGICAL

SCALE 1:200

DATE FEB. '94

DRAWN P.R.

FIG. NO. 7



SAMPLE NO.	SAMPLE TYPE	Au (ppb)	Cu (ppm)
38383	GRAB	900	685
38384	GRAB	524	2255
38385	GRAB	9	65
38386	GRAB	3270	20488
38387	GRAB	566	409
38388	GRAB	270	890
38389	GRAB	950	2670

CANQUEST RESOURCE CORP.

MAGNOLIA PROJECT
GEOLOGY - SOUTHCAP AREA

N.T.S. 092F/08 & 10 NANAIMO, B.C.

REYNOLDS GEOLICAL LTD.

SCALE 1:500	DATE DEC. '95
DRAWN P.R.	FIG. NO. 8

390000E 391000E 392000E 393000E 394000E 395000E

5509000 N

5508000 N

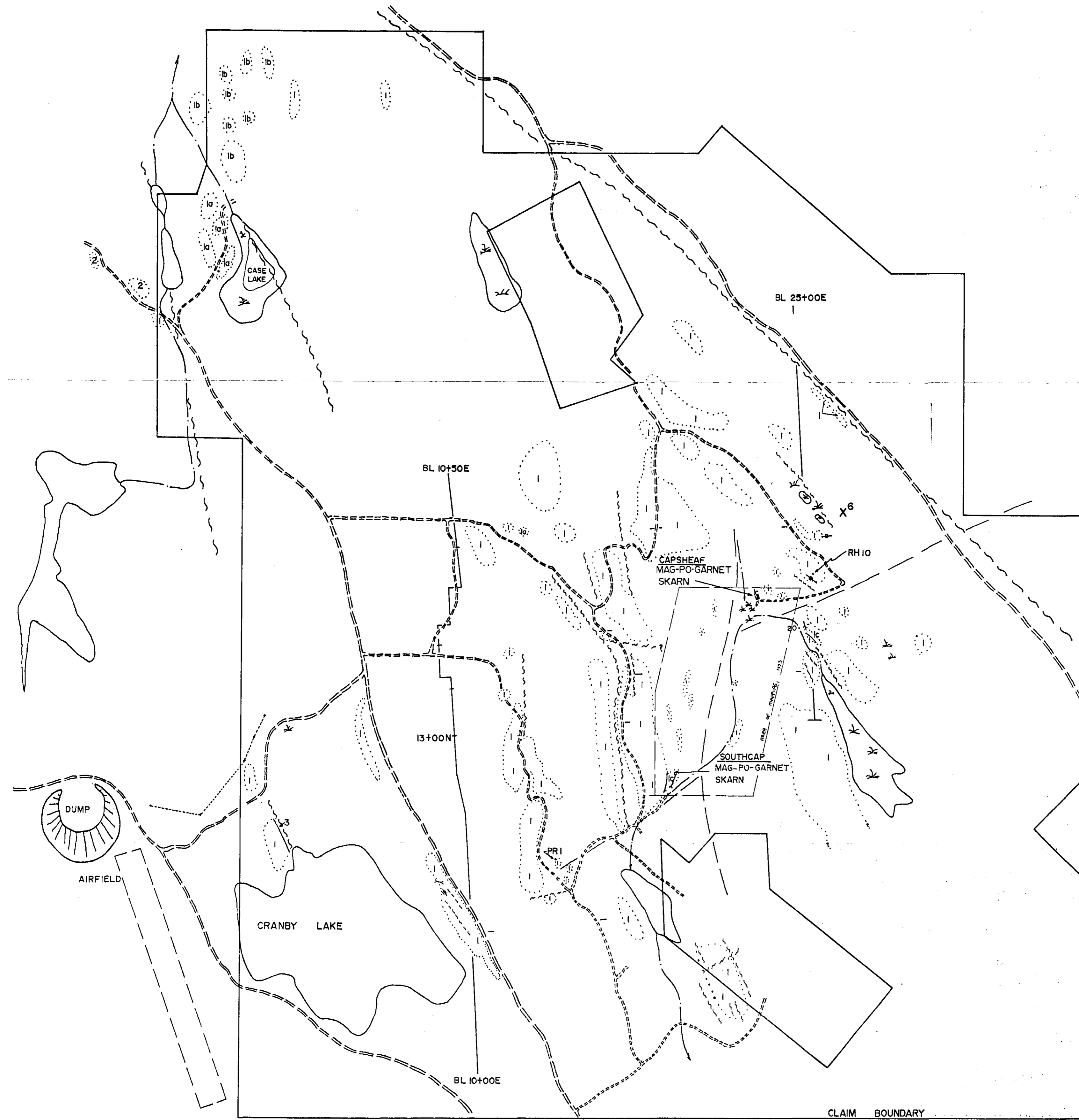
5507000 N

5506000 N

5505000 N



21+00N
19+00N
17+00N
15+00N
13+00N



LEGEND

- ISLAND INTRUSIONS (JURASSIC)
- 3 DIORITE
- QUATSINO FM. (TRIASSIC)
- 2 LIMESTONE
- KARMUTSEN FM. (TRIASSIC)
- 1c LIMESTONE INTERLAYER
- 1b MAFIC VOLCANICLASTICS
- 1a AMYGDALOIDAL BASALT
- 1 BASALT FLOWS
- POWER LINE
- ROAD
- OUTCROP
- GEOLOGICAL CONTACT
- ~ ~ ~ ~ FAULT
- LINEAMENT
- █ SHAFT
- x SULPHIDE SHOWING
- ⊥ JOINT (VERTICAL)

GEOLOGICAL BRANCH
ASSESSMENT REPORT

24,321

0 100 500 900
METRES

CANQUEST RESOURCE CORP.

**MAGNOLIA PROJECT
GEOLOGY**

N.T.S. 092F/09 & 10

NANAIMO M.D.

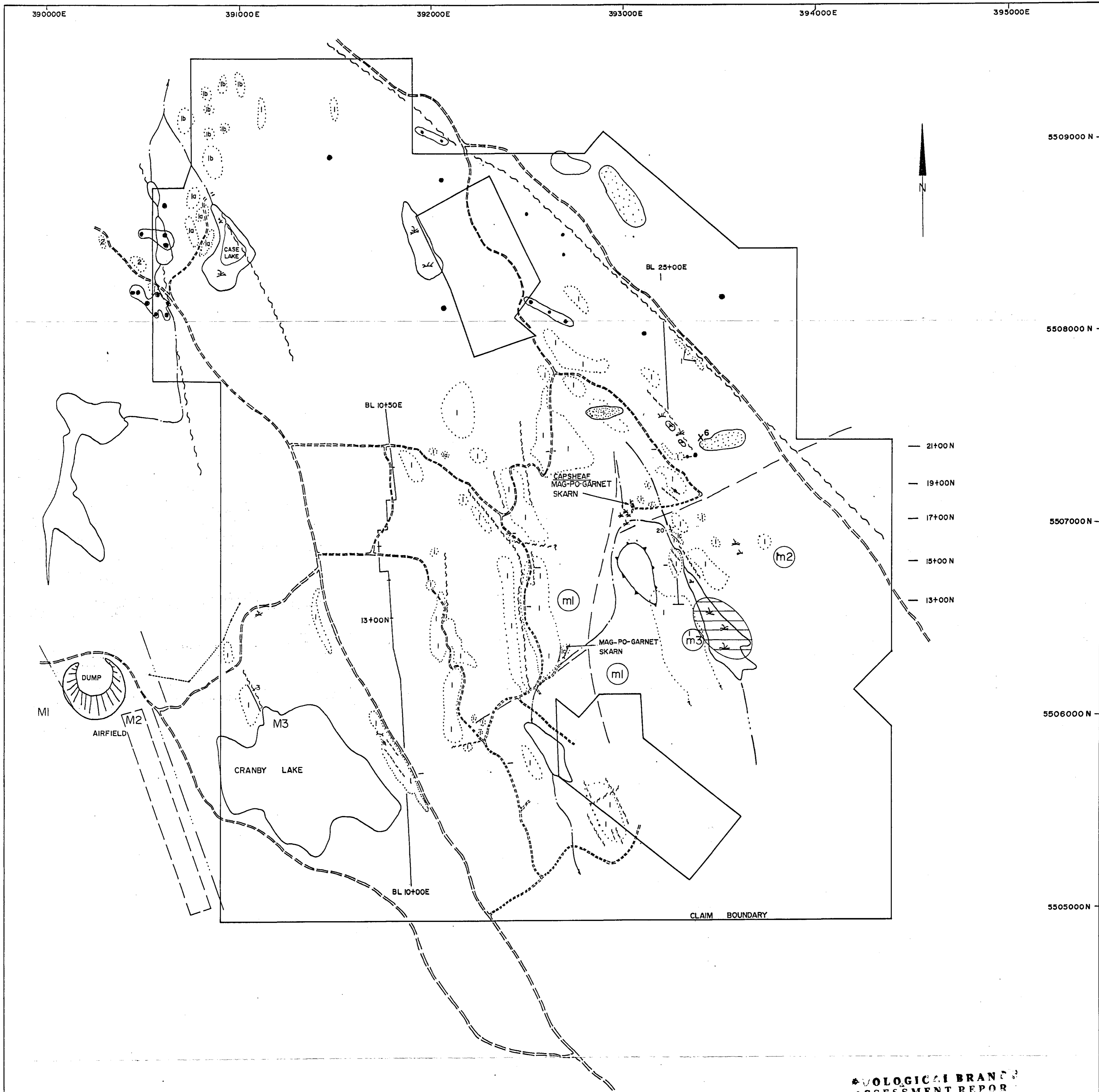
REYNOLDS GEOLOGICAL

SCALE 1:10,000

DATE FEB. '94

DRAWN P.R.

FIG. NO. 4



LEGEND

- M2 MAGNETIC FEATURE (AERODAT, 1988)
- VLF-EM CONDUCTOR (AERODAT, 1988)
- ⬤ MAGNETIC HIGH (AERODAT, 1988)
- ◻ RESISTIVITY LOW (AERODAT, 1988)
- m2 MAGNETIC FEATURE (WHITTLES, 1975)
- ◻ MULTIELEMENT SOIL ANOMALY (BENVENUTO, 1992)
- ◻ GOLD SOIL ANOMALY (HOFFMAN, 1988)

GEOLOGICAL BRANCH
ASSESSMENT REPORT

24,321



CANQUEST RESOURCE CORP.	
MAGNOLIA PROJECT	
COMPILATION MAP	
N.T.S. 092F/09 & 10	NANAIMO M.D.
REYNOLDS GEOLOGICAL	
SCALE 1:10,000	DATE FEB. '94
DRAWN P.R.	FIG. NO. 5