

Property Name : Magnolia

Name of Owner(s) : CANQUEST RESOURCE CORPORATION

Name of Operator(s) : - SAME -

Program Still in Progress? : YES

Exploration Program Budget : \$36,299 SO FAR - \$46,500 IN NEXT STAGE SCHEDULED FOR NOV/DEC.

Confidential  Can Be Released  ( please check appropriate box )  
( If confidential will be used only as a portion of the overall SWBC total )

Work Done ( In particular: number of drill holes and total meterage; underground development, number of metres advanced; geophysical and/or geochemical surveys conducted, sampling, etc. ) :

(1) 38 km of grid lines. (2) 30.6 km of Magnetometer and VLF readings.  
(3) 671 "B" horizon soil samples @ 20x25x100m intervals from selected areas;  
the samples analyzed by 32 I.C.P. with gold by fire assay. (4) Reconnaissance  
geologic mapping and some rock sampling.

Commodities (eg. Au, Ag, Cu) : Au / Cu

Postulated Deposit Type : (1) Stratabound and discordant gold-copper skarn deposits.  
(2) Zones of quartz-pyrite flooding along N.W. trending fault zones.

Comments ( Significant results, zones tested, short geological description ) :

SEE ATTACHED SHEET !

Completed by : *Jim Bisett* Phone # : 687-8768

Note : Any additional information concerning the geology of your property would be appreciated.

Please submit by October 25, 1992

Oct 15/92

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In February, 1992, soil sampling and geophysical surveys together with some limited geological mapping were conducted by the Issuer over selected areas of the northern part of the property. The analysis of 671 reconnaissance-spaced soil samples returned 55 results with anomalous concentrations of *precious and/or base metals* which have served to delineate three significant gold anomalies on the Storneway and Scot 4 claims. The two Scot 4 anomalous areas, each of which presently measure roughly 100m x 200m are "open" to the north and south, and could therefore be extended in size when follow-up sampling takes place on adjacent grid lines. The VLF-EM surveys detected 10 northwest trending conductors which more or less coincide with those detected by the 1988 airborne geophysical survey, and which probably represent geological contacts and shear zones. Such contacts and shear zones on Texada Island can represent loci for skarn-type copper/gold mineralization. In addition, 4 relatively weak and short conductors were detected proximate to the Scot 4 geochemical gold anomalies. These warrant further and immediate investigation in light of the geophysical/geochemical correlations. A very strong magnetic anomaly was detected in an area of extensive overburden on or just east of the west-central boundary of the Magnolia 1 claim. It is 1.4 km east of the Leroy magnetite-copper orebody mined from an open pit by Texada Mines Limited in the 1950's. A model of the anomaly's source by Delta Geoscience Ltd. suggests a shallow-lying massive magnetite body about 20 m thick and 60 m wide. This could develop into a significant exploration target for copper-gold skarn mineralization at the inferred easterly projection of the contact between the Gillies Bay stock and the Karmutsen Formation. The geological work, apart from providing some initial geologic control, resulted in the discovery of two old pits on the Nelson and Scot 4 claims which exhibited copper and gold values in dump and bedrock samples.

*John Bissett*  
Oct 15/92



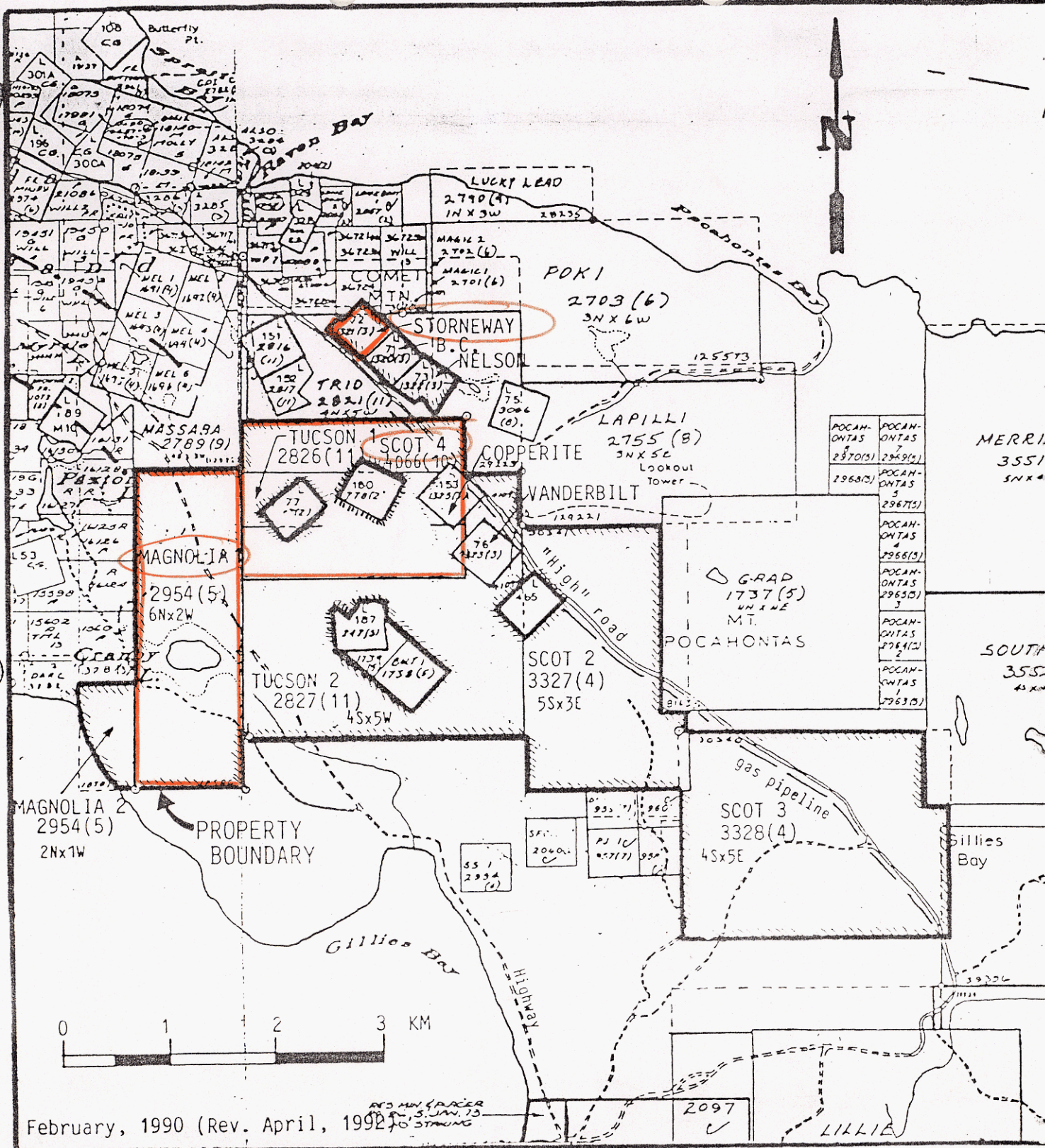


FIGURE 2: Claims map showing the location of the Magnolia property claims on northwestern Texada Island (N.T.S. 92F/10E and 9W).