

GEOLOGICAL REPORT

ON THE

O.K. PROPERTY

Powell River
Vancouver Mining Division
British Columbia

FOR

CANQUEST RESOURCE CORPORATION

BY

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January 7, 1994
(Revised July 4, 1994)

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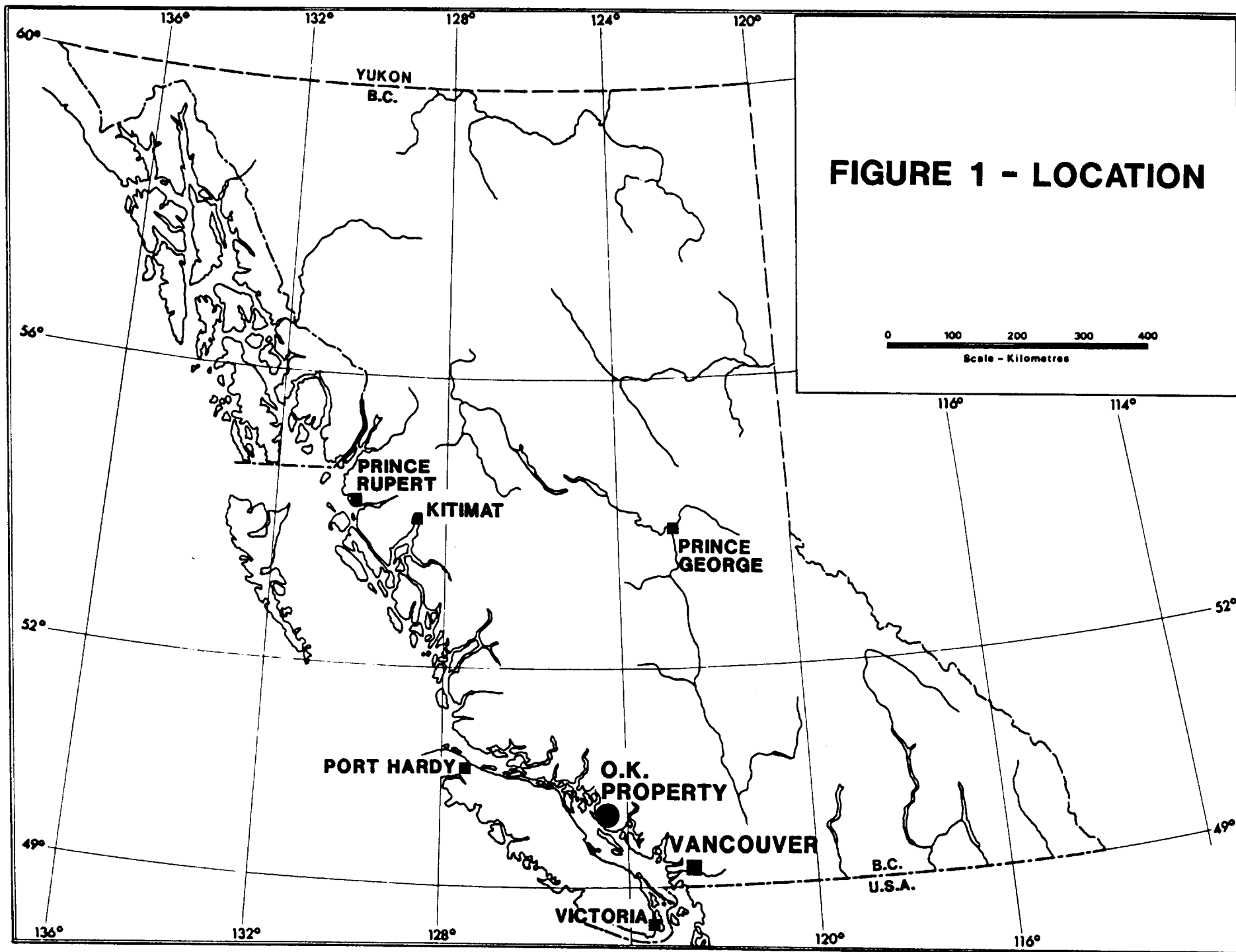
SUMMARY

CanQuest Resource Corporation holds an option on the O.K. copper-molybdenum property situated north of Powell River in southwestern British Columbia. The property consists of 8 contiguous mineral claims in the Vancouver Mining Division.

Access is by road and the property is bordered by navigable ocean inlets on the west and north.

Since its discovery in 1965, the O.K. property has been explored by a variety of geological, geochemical and geophysical surveys and by more than 14000 metres of percussion and diamond drilling.

The central part of the property is situated on an upland plateau-like surface some 800 metres above sea level. Coast Plutonic Complex granitic rocks of mid-Cretaceous age have been intruded by a probable mid- to late Tertiary multiple phase granitic complex which hosts copper and molybdenum mineralization. Principal intrusive phases include a peripheral granodiorite, the main mineralized host rock and a central, essentially barren, quartz-feldspar porphyry dyke-



INTRODUCTION

CanQuest Resource Corporation holds an option on the O.K. copper-molybdenum property which is situated north of Powell River in southwestern British Columbia. The property includes 8 contiguous mineral claims located in the Vancouver Mining Division.

This report, which is a revision of earlier reports dated May 27, 1991, July 20, 1992 and January 7, 1994 has been prepared at the request of Messrs. John Bissett and Ian Semple of CanQuest Resource Corporation. The report is based on a personal examination of the property June 3, 1984, on evaluation of available data pertaining to earlier exploration work, and on a summary report on the property prepared by the writer in July of 1984.

The writer is not aware of any detailed exploration work having been carried out on the property since 1984 other than a recent, limited geological mapping and sampling program for assessment work purposes. A geostatistical evaluation of previous drilling results from the property was completed on behalf of the company by N.V. Froc, P.Eng. and D.M. Francois-Bongarcon, Ph.D. in 1989.

LOCATION AND ACCESS

The O.K. property is situated 25 km northwest of the municipality of Powell River on the southwest coast of British Columbia (Figure 1). Powell River, with an area population of 23,000, is 120 km northwest of Vancouver and is reached by highway and ferry and by regularly scheduled airline service (Figure 2).

The mineral property includes an area of 3575 hectares bounded on the north and west by Theodosia and Okeover Inlets respectively (Figure 3). The geographic centre of the property is at latitude $50^{\circ}02'$ North and longitude $124^{\circ}39'$ West in NTS map-areas 92F/15E and 92K/2E.

Access to the central part of the property from Powell River is by 30 km of highway and logging roads (Figure 2).

MINERAL PROPERTY

The O.K. property includes 8 Modified Grid (4-post) mineral claims, comprising 143 mineral claim units, located in the Vancouver Mining Division. The configuration of these mineral claims is shown on Figure 3.

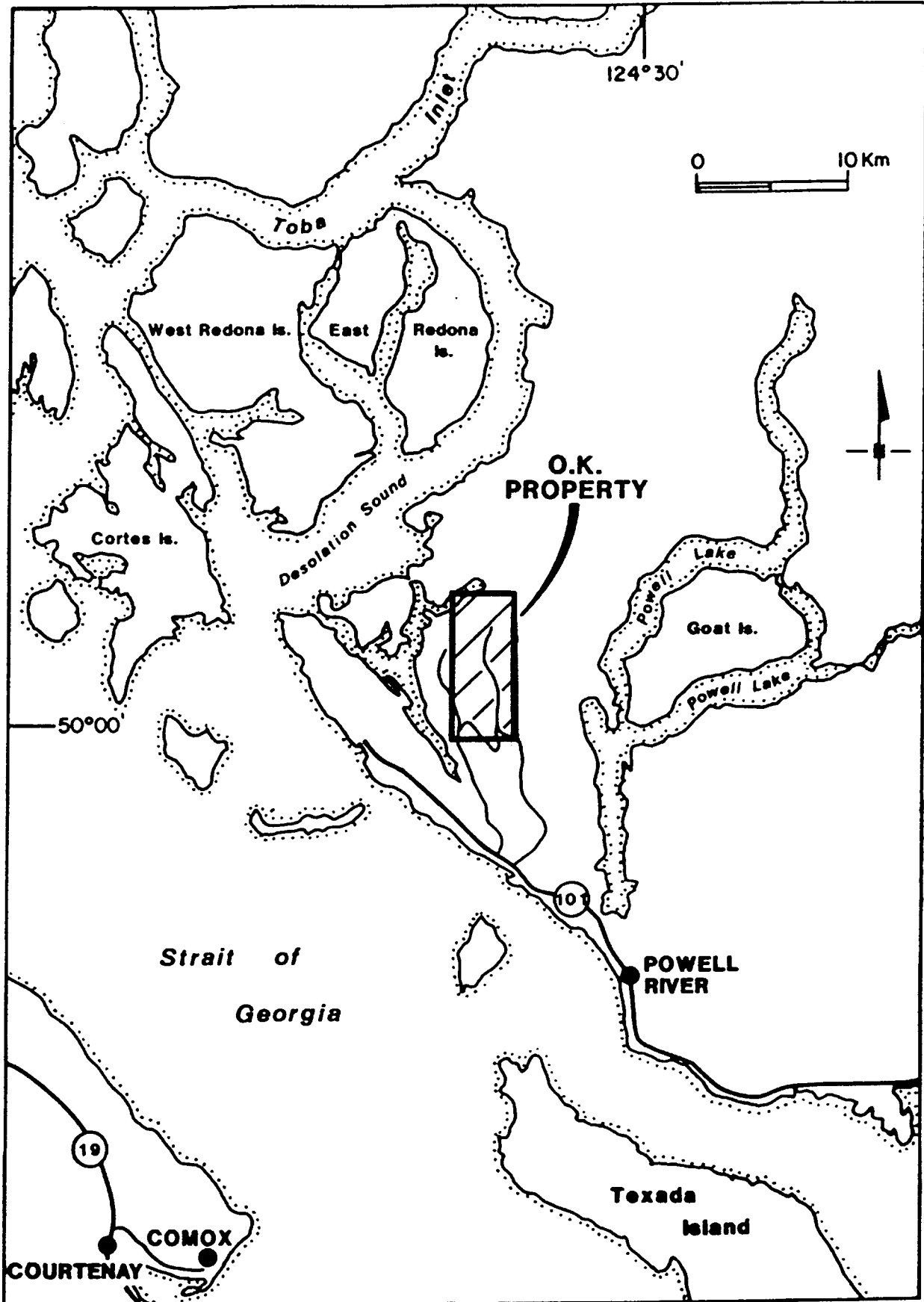


FIGURE 2 - O.K. PROPERTY - LOCATION

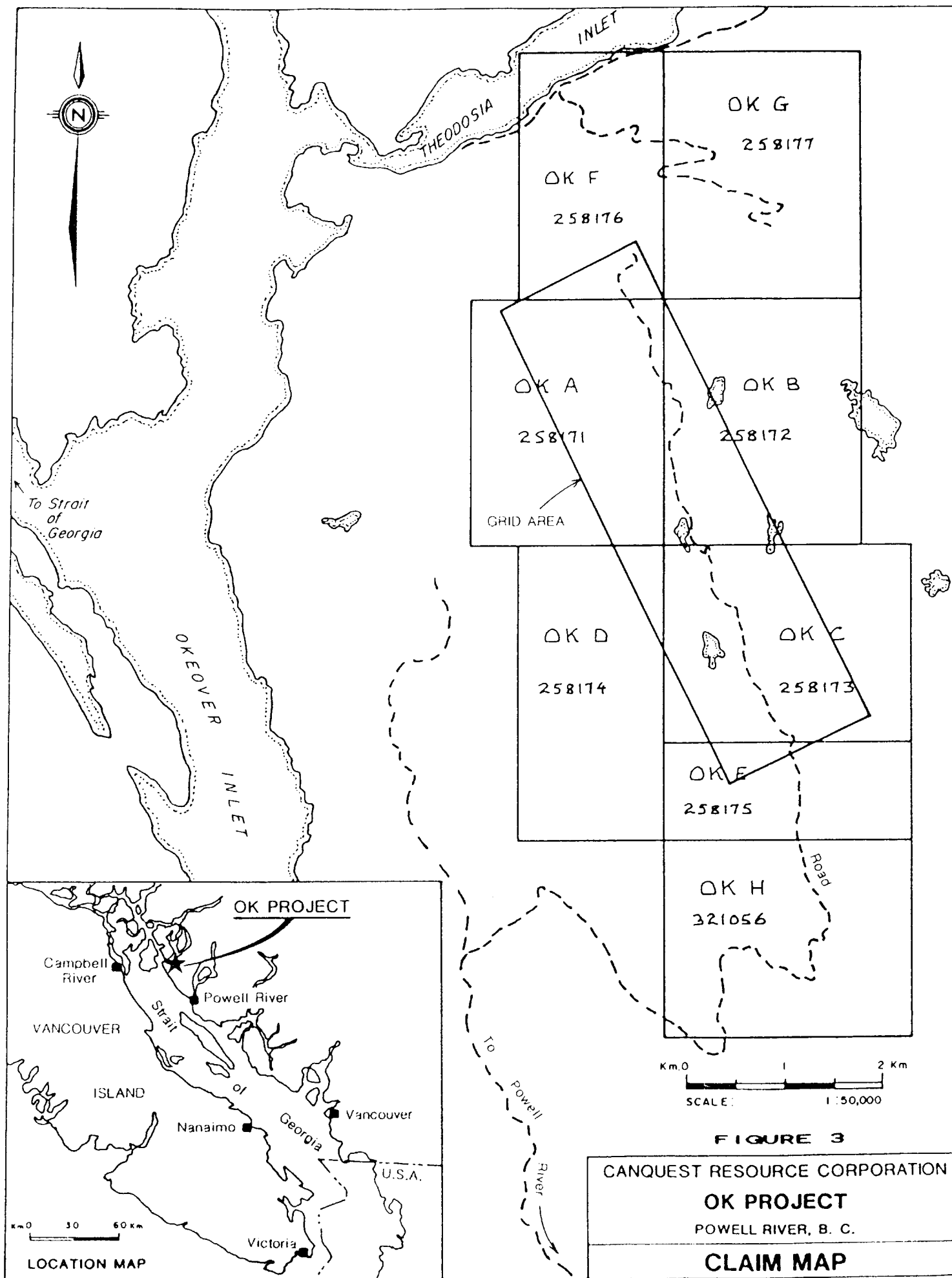
The current mineral claims are believed to have been located in accordance with procedures as specified by the Mineral Tenure Act Regulations for the Province of British Columbia. The writer has not inspected claim posts or lines on the property. Details of the claims are as follows:

<u>Claim Name</u>	<u>Tenure Number</u>	<u>Units</u>	<u>Expiry Date</u>
OK A	258171	20	June 17, 1999
OK B	258172	20	June 17, 1997
OK C	258173	20	June 17, 2001
OK D	258174	18	June 17, 1995
OK E	258175	10	June 17, 1995
OK F	258176	15	June 17, 1995
OK G	258177	20	June 17, 1995
OK H	321056	20	Sept. 24, 1994

HISTORY

Copper-molybdenum mineralization was discovered on the O.K. property by local prospectors in 1965. Between 1966 and 1982, eight companies have carried out a variety of geochemical and geophysical surveys, mechanical trenching and more than 14000 metres of drilling.

94 drill holes have partially tested several of the known zones of copper-molybdenum mineralization on the property. The drilling includes 728 metres of percussion drilling in 12 vertical holes and 82 diamond drill holes



totalling 13660 metres. Most of the diamond drill holes were inclined at -45 degrees or less and six were vertical holes. Average diamond drill hole length was 170 metres and the deepest hole drilled was 363 metres in length. Average vertical depth tested was between 120 and 140 metres.

Work on the property between 1979 and 1982 consisted of limited diamond drilling, geological mapping, Induced Polarization geophysics and soil geochemical surveys in selected areas of the property and some road building and trenching (Cardinal, 1983). Reconnaissance geological mapping and sampling, carried out in June of 1994, was directed to investigation of recently-logged areas in the vicinity of several of the known mineralized zones (John Bissett, personal communication).

PHYSICAL SETTING

The central part of the property occupies an upland plateau-like area 800 to 900 metres above sea level. This area is bordered on the east by the Bunster Hills which rise 100 - 200 metres above the plateau surface. Relatively moderate slopes prevail between the upland surface and Okeover Inlet while the north part of the property features

steep slopes to Theodosia Inlet.

Numerous small lakes and swampy areas are present in the central part of the property. Logging over the past 15 years has removed much of the original forest and a thin veneer of glacial till obscures bedrock. The best bedrock exposures are in road cuts and trenches.

REGIONAL GEOLOGICAL SETTING

The O.K. property is situated near the western margin of the Coast Plutonic Complex in southwestern British Columbia. The regional setting of the property is somewhat unique inasmuch as most known porphyry copper-molybdenum deposits in the Canadian Cordillera are situated mainly in the Intermontane tectonic belt and to a lesser degree in the Insular belt. Notable exceptions are some porphyry molybdenum deposits in British Columbia and the Alaska panhandle which are related to younger granitic intrusions within the Coast Plutonic Complex (Carter, 1978). Examples of these include the significant US Borax Quartz Hill molybdenum deposit (now owned by Cominco) near Ketchikan in southeastern Alaska, and the Salal Creek and Gem molybdenum prospects in southwestern British Columbia. The Don copper-molybdenum prospect, north

of Jarvis Inlet and 40 km east of the O.K. property, is a relatively recent discovery of porphyry mineralization within Coast granitic terrane.

Some previous workers have referred to the position of the O.K. intrusive complex between two subcircular structures which include East Redonda Island to the north and part of Powell Lake to the east (Figure 2). Both of these features may represent collapsed caldera structures.

Coast Plutonic Complex rocks in the area of the O.K. claims include granodiorites, quartz diorites and more basic diorites and gabbros. Screens of intermediate to basic volcanic rocks have been reported. Radiometric ages of similar granitic rocks in southwestern British Columbia range from early to mid Cretaceous.

PROPERTY GEOLOGY, GEOCHEMISTRY, and GEOPHYSICS

Geology

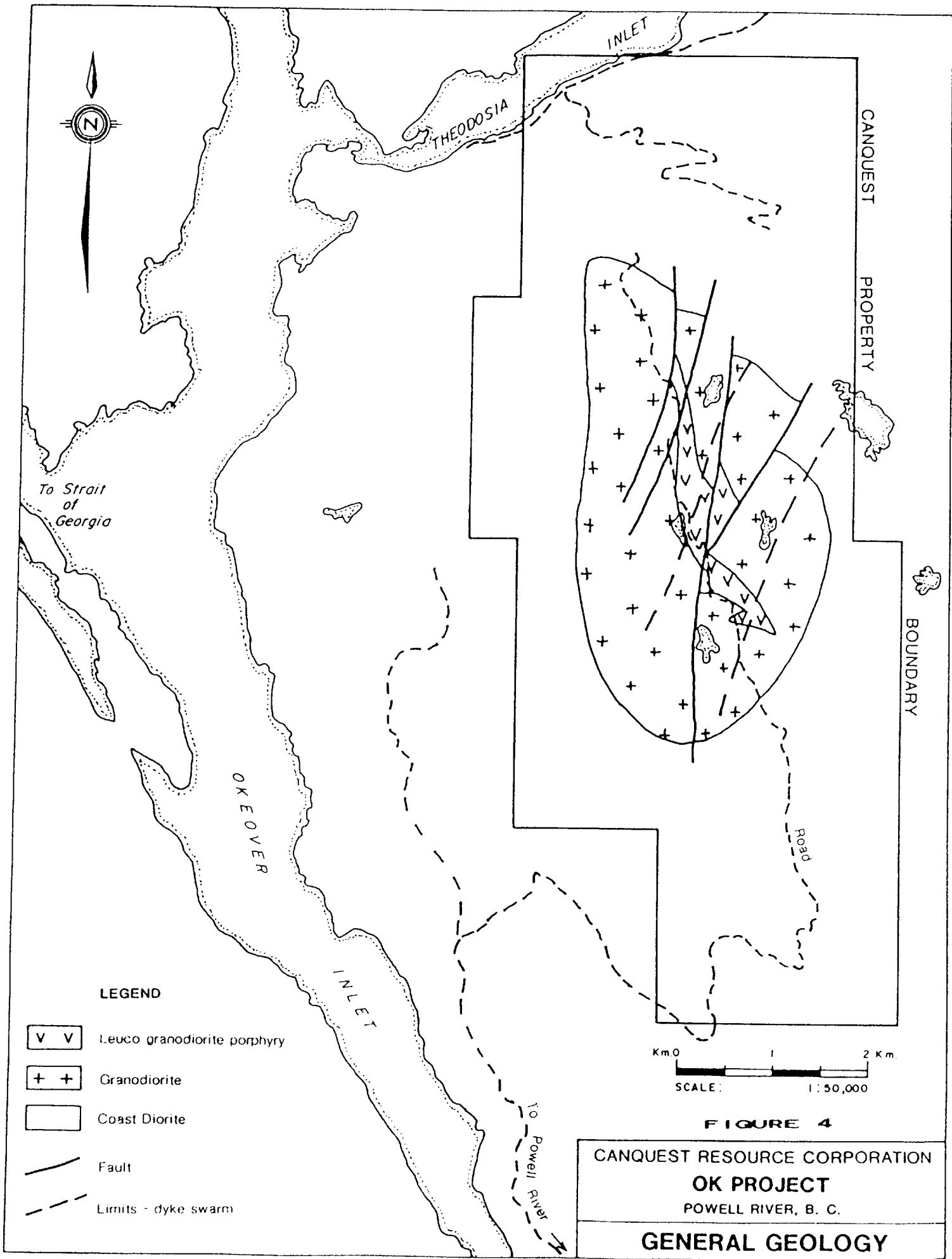
Coast Plutonic granitic rocks have been intruded by the O.K. intrusive complex, elongate in a northerly direction and measuring 3.6 by 2.3 km. The age of this complex is not known, but it is reasonable to assume a mid-Tertiary or

younger age, similar to other mineralized intrusions on Vancouver Island (Catface, Mt. Washington) and elsewhere in southwestern British Columbia (Gem, Salal Creek).

Principal geological features are shown on Figure 4 (after Meyer et al, 1976) and in more detail on Figure 5 (Froc and Francois-Bongarcon, 1989). The intrusive complex features multiple intrusion, characteristic of many porphyry deposits. At least six intrusive phases were noted by the writer in the southern part of the property.

The two principal intrusive phases are shown on Figure 4. An earlier, variably altered, granodiorite is intruded by a large northerly trending dyke-like body of leucocratic quartz-feldspar porphyry, referred to as leucogranodiorite porphyry by Meyer et al (1976).

Later phases include narrow quartz-eye porphyries (dacites of earlier workers) and post-mineral hornblende diorites which occur as north-northeasterly trending dykes up to 3 metres or more in width. Swarms of these dykes are contained within a 1 km wide northeast trending zone (Figure 4). Discontinuous fine grained andesite dykes of variable orientation represent the latest intrusive phase.



LEGEND

- V V Leuco granodiorite porphyry
- + + Granodiorite
- Coast Diorite
- Fault
- Limits - dyke swarm



FIGURE 4

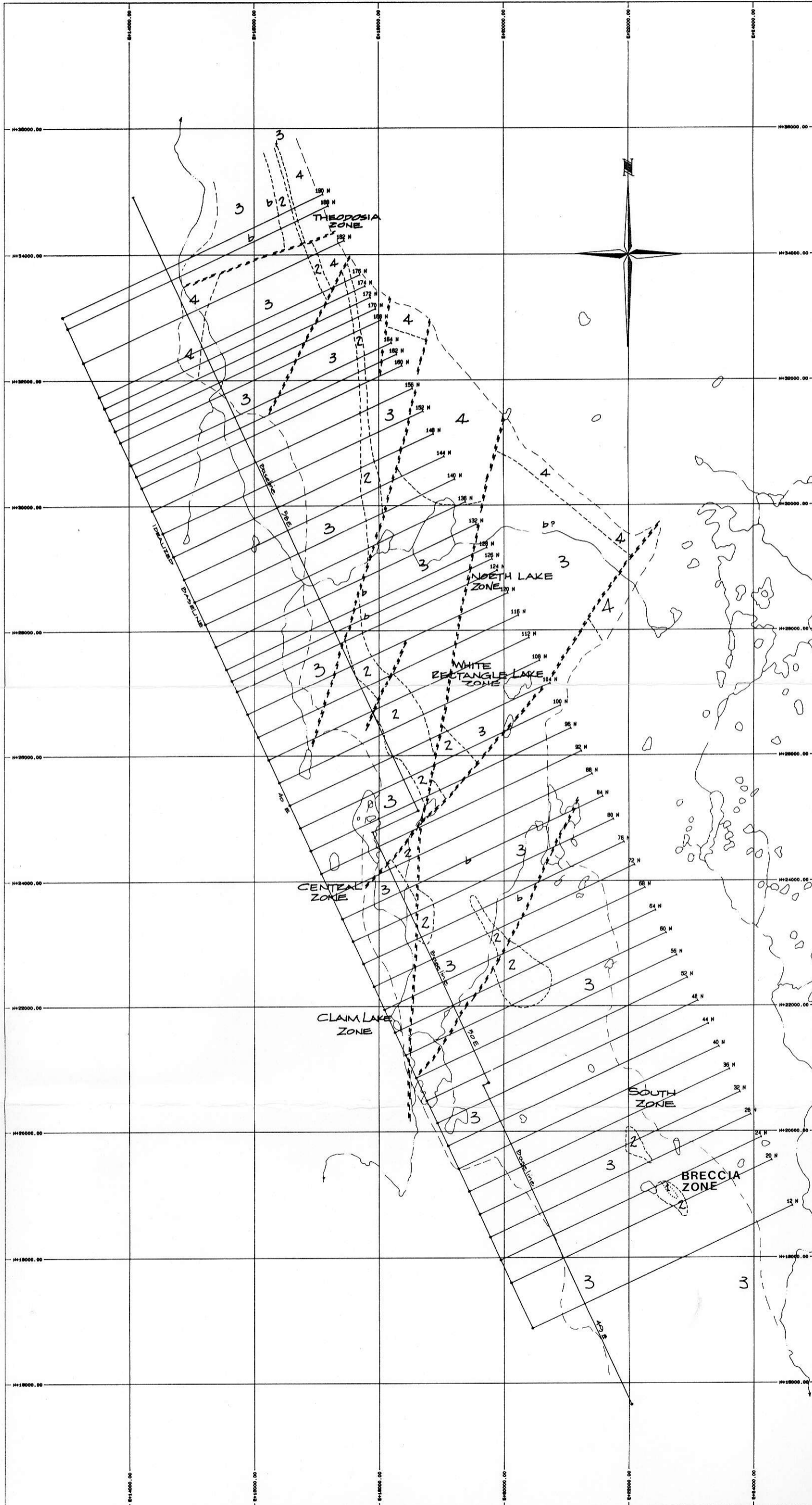
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OK PROJECT
 POWELL RIVER, B. C.

GENERAL GEOLOGY

Of particular significance are intermineral intrusive breccias, first recognized near the south end of the grid in 1979 (Figure 5 - see Figure 3 for location of grid relative to property boundaries). The geometry of these bodies is imprecisely known. Trenching and limited diamond drilling by Aquarius Resources suggests a north-northwest trend for the breccia zone with widths of at least 10 and possibly 30 metres and an indicated strike length of at least 100 metres. A similar breccia zone was mapped by Aquarius 250 metres northeast of the main body. Tectonically derived breccias are also present on the property.

The main breccia zone seen by the writer has definite characteristics of intrusive breccias typical of most porphyry deposits. Rounded to subangular 2-5 cm clasts of varying lithologies are closely spaced and are contained in a fine grained matrix consisting of a good percentage of sulphide minerals.

Contacts between the O.K. intrusive complex and Coast granitic rocks have been observed along the northern contact where some development of gneissic rocks has been observed (Meyer et al,1976).



EXPLANATION

- 1 · Hydrothermal Breccia
- 2 · Quartz - Feldspar Porphyry
- 3 · Granodiorite
- 4 · Gabbro - Quartz Diorite
- b · Known tectonic breccia occurrences (hydrothermal?)
- - - Inferred faults
- - - Lithologic contacts
- - - Limit of known geology

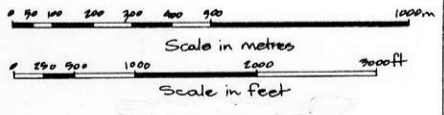


FIGURE 5
LOCAL GEOLOGY

To accompany report prepared for 'CANQUEST RESOURCE CORPORATION' by N. Fiac, P.Eng./D. Francois-Bongorson, Ph.D. Dated October '89

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24/10/1989 SCALE 1: 9600

North-northeast striking faults cut both the Coast granitic rocks and the O.K. intrusive complex (Figures 4 and 5). These clearly post date the mineralization and provide conduits for the post-mineral dyke swarms.

Alteration and Mineralization

Aquarius Resources (Cardinal, 1983) undertook an alteration mapping program in the southern half of the property. Results indicate moderate to strong sericite and kaolinite (phyllic-argillic) alteration centred on the breccia zone (South zone) and south of the Claim Lake zone (Figure 5). Elsewhere on the property, there is little evidence of the classic inner potassic grading outward to phyllic, argillic and propylitic alteration zoning typical of many porphyry systems. This may be due to a number of factors including host rock lithologies and style of intrusion.

Meyer et al (1976) describe a strong quartz-sericite alteration of the quartz-feldspar porphyry or leucogranodiorite central dyke (Figures 4 and 5) which decreases in intensity outward to predominantly chlorite-epidote alteration in the bordering granodiorite.

Mineralization on the O.K. property consists of pyrite, chalcopyrite and molybdenite with lesser bornite, sphalerite and magnetite. The sulphide minerals occur in a stockwork of quartz veinlets which have a predominant east to northeast trend. Molybdenite also coats dry fractures.

Quartz stockworks are best developed within the central or late phase quartz-feldspar porphyry although these are largely devoid of sulphide mineralization. The best copper-molybdenum mineralization is hosted by granodiorite adjacent to the quartz-feldspar porphyry (leucogranodiorite porphyry) dyke, suggesting that this later intrusive phase is probably the mineralizing unit. Pyrite is usually associated with chalcopyrite and molybdenite but is more prevalent in peripheral zones as a typical pyrite halo.

Seven mineralized zones have been explored over a northerly trend of 5 km (Figure 5). All of these, including the southernmost breccia zone, have been tested by at least some diamond drilling.

Most of these zones contain apparent large tonnages of low grade copper-molybdenum mineralization (see subsequent section for estimates of possible resources and grades). The south breccia zone has demonstrably higher copper grades with

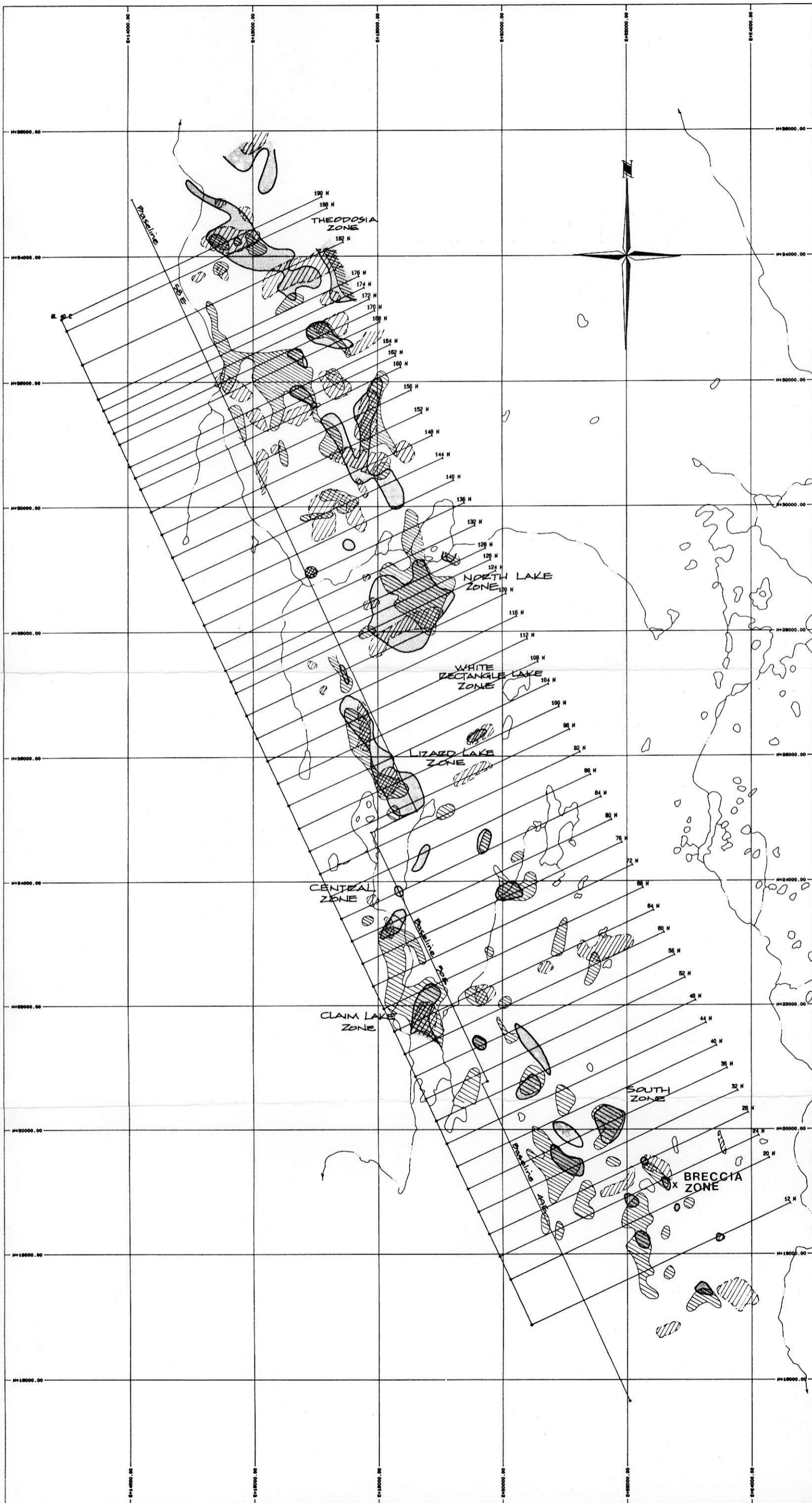
some silver (Figures 10,11). Chalcopyrite, bornite, pyrite and lesser molybdenite occur interstitially between breccia fragments.

Geochemistry




The O.K. deposits respond to geochemical techniques as demonstrated by the original discovery of mineralization on the property.

Soil sampling by Aquarius Resources in 1981 and 1982 (Cardinal,1983) was carried out over the entire grid area at 30 metre intervals along 60 metre spaced grid lines. 4300 samples were collected and analyzed for copper, molybdenum and silver. 685 of these samples were analyzed for gold.

Statistical analysis of the analytical results was undertaken in 1981 and further refined by Froc and Francois-Bongarcon (1989). Areas with anomalous values in soils for copper (+260 ppm), molybdenum (+27 ppm) and silver (+1.32 ppm) are shown on Figure 6. Samples analyzed for gold yielded low values, the highest being 30 ppb. All known mineralized zones have broad anomalous copper signatures with coincident but more areally restricted molybdenum and silver anomalies. A number of untested anomalies are present in both the



EXPLANATION

-  · ± 200 ppm Cu
-  · ± 1.32 ppm Ag
-  · ± 27 ppm Mo

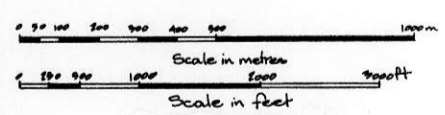


FIGURE 6

SOIL GEOCHEMISTRY
ANOMALIES / MINERALIZED
ZONES · CU · AG · MO

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RESOURCE CORPORATION by N. FRISCH, P.ENG./
D. FRANCOIS - BONGARTON Ph.D. Dated October 1989

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northern and southern grid areas and a few discrete anomalous silver areas appear to correspond with the south breccia zone (Figure 6).

Geophysics

Various geophysical methods have been employed on the property since the late 1960's. Magnetometer, VLF-EM and self-potential surveys were apparently of limited value. Induced Polarization (IP) was seen to reflect the distribution of sulphides and consequently appears to have been the most useful geophysical method.

An IP survey over the southern grid area by Aquarius Resources (Cardinal, 1983) showed anomalous chargeability and resistivity values to be crudely coincident with moderate to strong alteration zones centred on the south breccia zone.

POTENTIAL OF PROPERTY

Drill holes completed on the O.K. property between 1966 and 1982 are shown on Figure 7. As noted previously, this work consisted of 12 percussion and 82 diamond drill holes totalling more than 14000 metres. Most of the diamond drill holes were inclined at -45 degrees and both AQ- and NQ-size

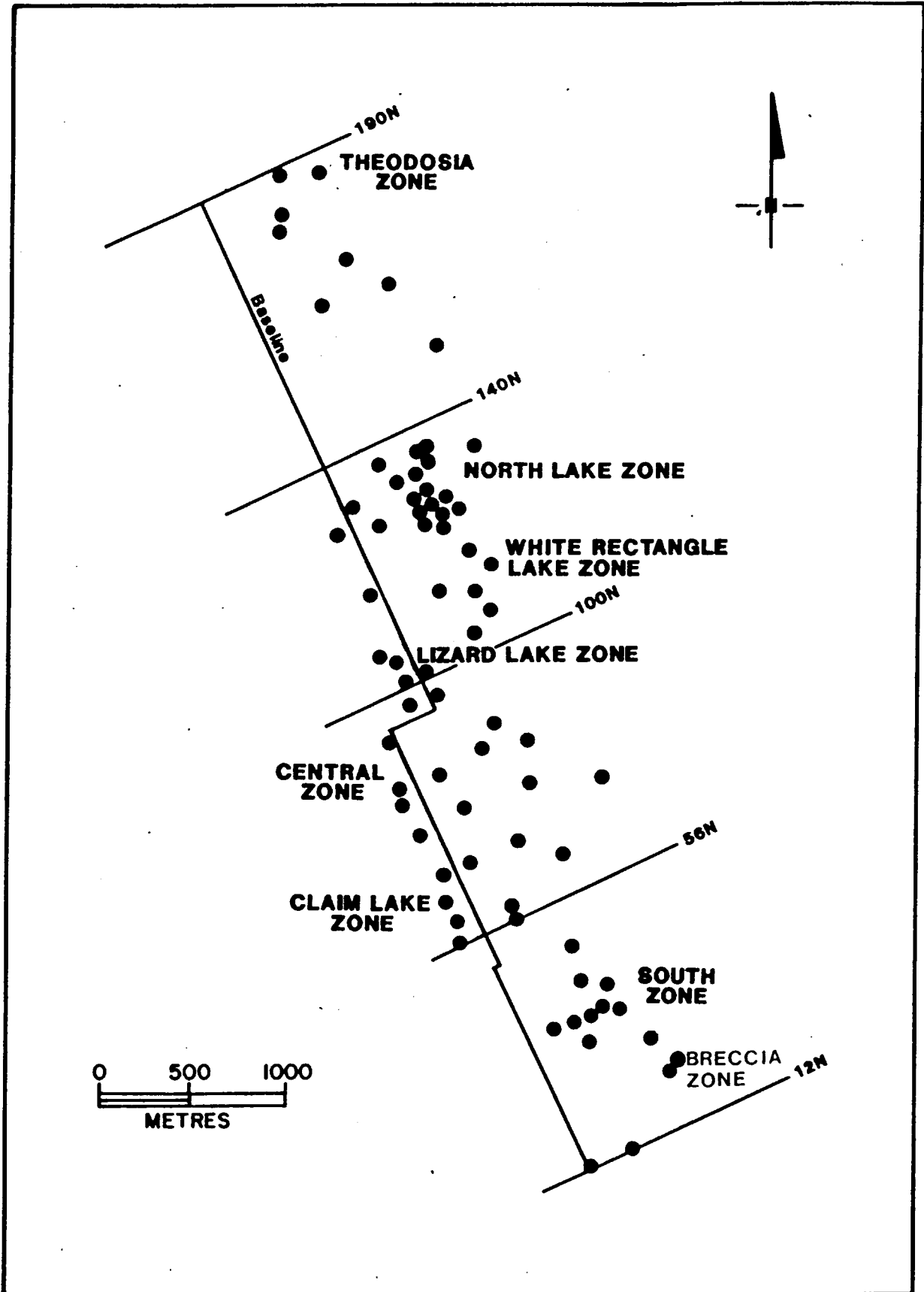


FIGURE 7 - DISTRIBUTION OF DRILL HOLES

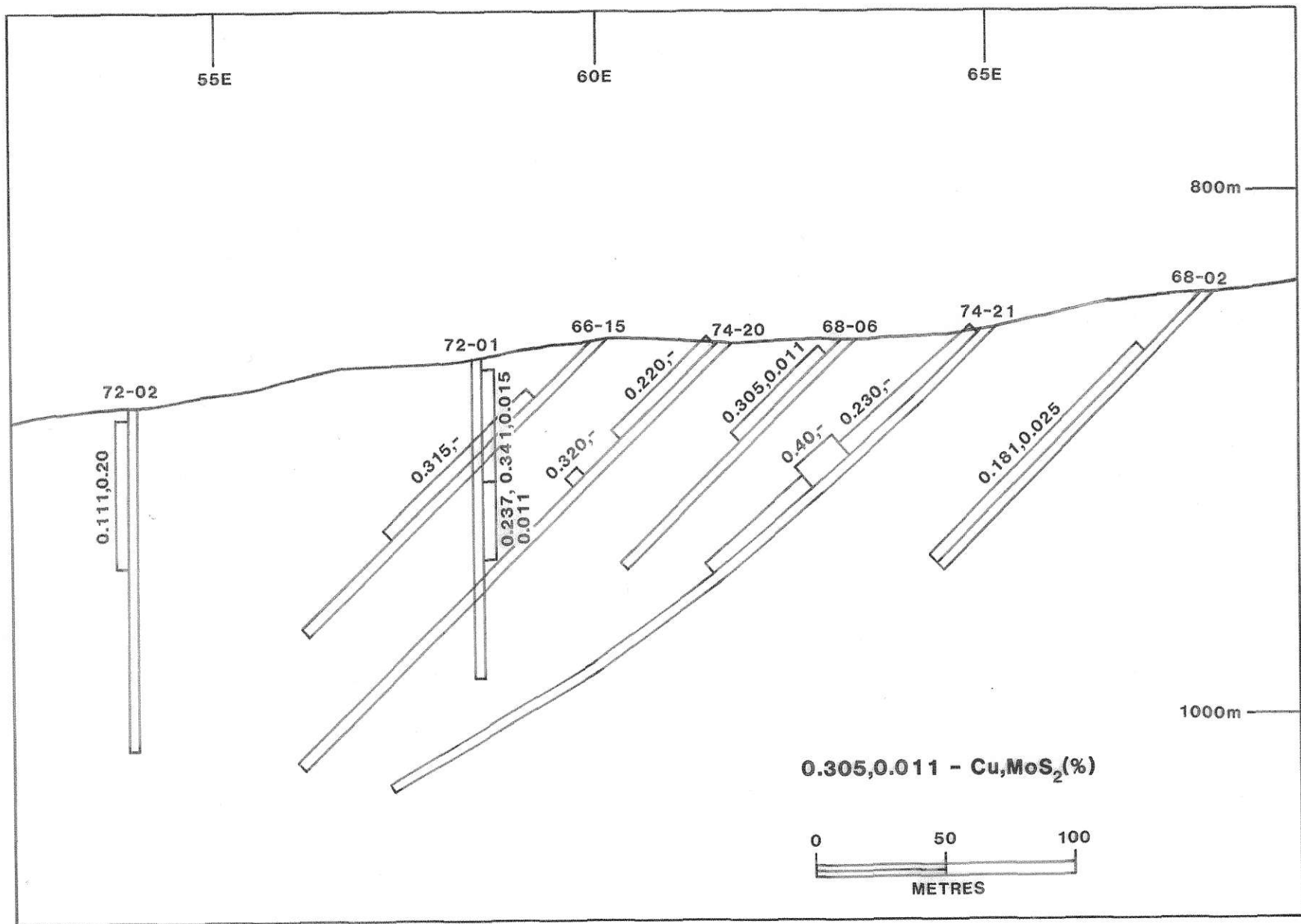


FIGURE 8 - SECTION 36N - SOUTH ZONE

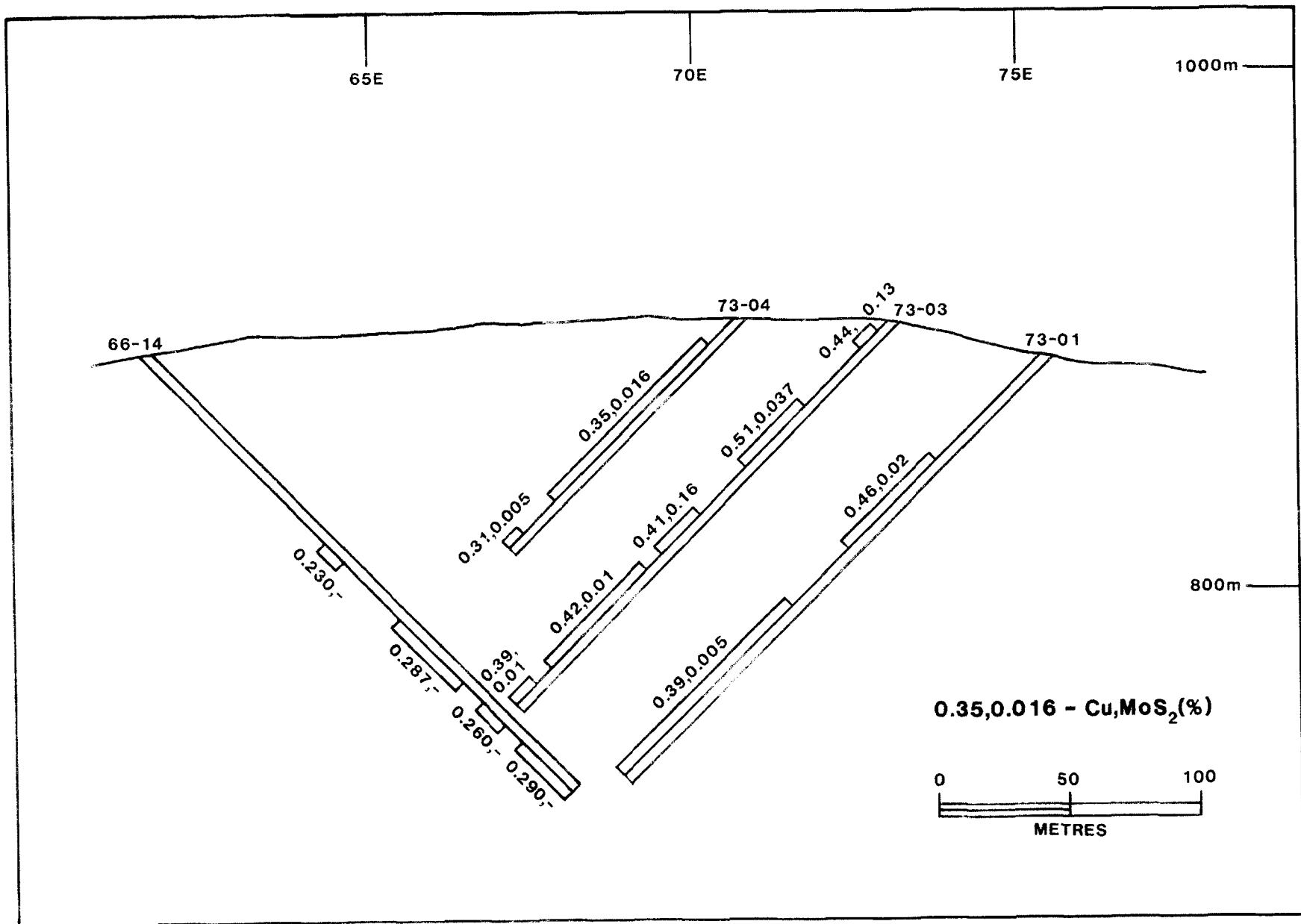


FIGURE 9 - SECTION 126N - NORTH LAKE ZONE

core was recovered. Core samples were analyzed for copper and molybdenum. Most of the pre-1979 diamond drill core was vandalized during logging operations and is unavailable for further sampling.

Seven copper-molybdenum zones (Figure 7) with fairly consistent grades for both elements were indicated by this previous drilling as shown on Figure 7. Two cross-sections (Figures 8 and 9) illustrate the ranges of values for the South and North Lake zones respectively. Copper grades range from 0.11% to 0.51% over significant core lengths with an overall average of about 0.30%. Molybdenum values, expressed as molybdenite or molybdenum disulphide, range from nil to 0.20%. Gaps between mineralized core lengths, particularly evident on Figure 9, are due to the presence of post-mineral dykes.

These post-mineral dykes present one of the major difficulties in assessing potential reserves or resources for the O.K. property. Three such assessments have been made in the past and all are considered by the writer to represent only *in-situ* reserves or possible resources (Owens, 1991).

Western Mines Ltd. estimated reserves in 1974 for the

North Lake zone (Meyer et al,1976) at a cut-off grade of 0.20% copper as being:

"Drill Indicated":	49 million tons of 0.30% copper and 0.016% molybdenite
"Inferred":	19 million tons of 0.26% copper and 0.02% molybdenite.

As noted, one of the major difficulties in assessing reserve potential is the presence of numerous post-mineral dyke swarms which appear to dilute mineralized zones by as much as 20%. The Western Mines estimates include dykes of less than 3 metres width and make the assumption that those of greater widths could be selectively mined as waste.

A geostatistical study of all drill hole data (Diehl,1982) made the same assumptions regarding the barren, post-mineral dykes as the previous Western Mines estimates. This study included all of the seven mineralized zones for which sufficient data were available, employed a 0.20% copper cut-off grade and postulated maximum depths of 300 metres for the mineralized zones. Estimates were:

"Drill Indicated":	240 million tons of 0.24% copper, 0.015% molybdenite
"Geological Potential":	210 million tons of similar grade

Note that the foregoing estimates totalling 450 million

tons are contained in several mineralized zones over a distance of 5 km. This study indicated a remarkable uniformity of copper grades throughout the several known zones while molybdenite appeared to have a more erratic distribution. The study also suggested that selective mining could possibly up-grade millheads to the 0.50% copper range, although it is readily apparent that much more work would be necessary to establish such potential.

The writer concurs with the study's conclusion that inclined drill holes provide better sampling information than vertical holes inasmuch as most of the mineralized structures and probably the post-mineral dykes are essentially vertical.

Froc and Francois-Bongarcon (1989) further refined Diehl's 1982 geostatistical analysis to provide what they referred to as "proven plus probable reserves recoverable by a selective open pit mining operation" as follows:

<u>Cut-off Grade</u> <u>(% Cu Equiv.)</u>	<u>Tonnes</u>	<u>Copper(%)</u>	<u>Molybdenite</u>
0.2	228400000	0.32	0.020
0.3	155000000	0.39	0.024
0.4	104900000	0.46	0.028
0.5	72000000	0.54	0.033
0.6	50000000	0.61	0.037

While this exercise provides some interesting

information regarding various potential cut-off grades, the writer is of the opinion that there are no reserves in any category other than geological reserves which may be referred to as possible resources - "mineralization computed on the basis of limited drilling but a reasonable understanding of the distribution and correlation of metal values in relation to geology" (Owens,1991). More detailed geological assessment plus additional drilling is required before any meaningful assessment of tonnage and grade potential can be made.

From the foregoing, it is evident that the O.K. property includes a potentially large tonnage of uniform, if low grade, copper and molybdenum mineralization. Most deposits of this type require a higher grade zone for a "starter pit" to render them economic.

The south breccia zone (Figures 10,11), which may represent a higher grade zone, indicates the potential for other higher grade breccia zones elsewhere on this large property. A chip sample collected from a trench across a 12 metre width within the breccia zone yielded values of 2.4% copper and 0.52% molybdenite with low silver values (Figure 11) and a parallel chip sample 12 metres away in less altered material averaged 0.43% copper and 0.08% molybdenite

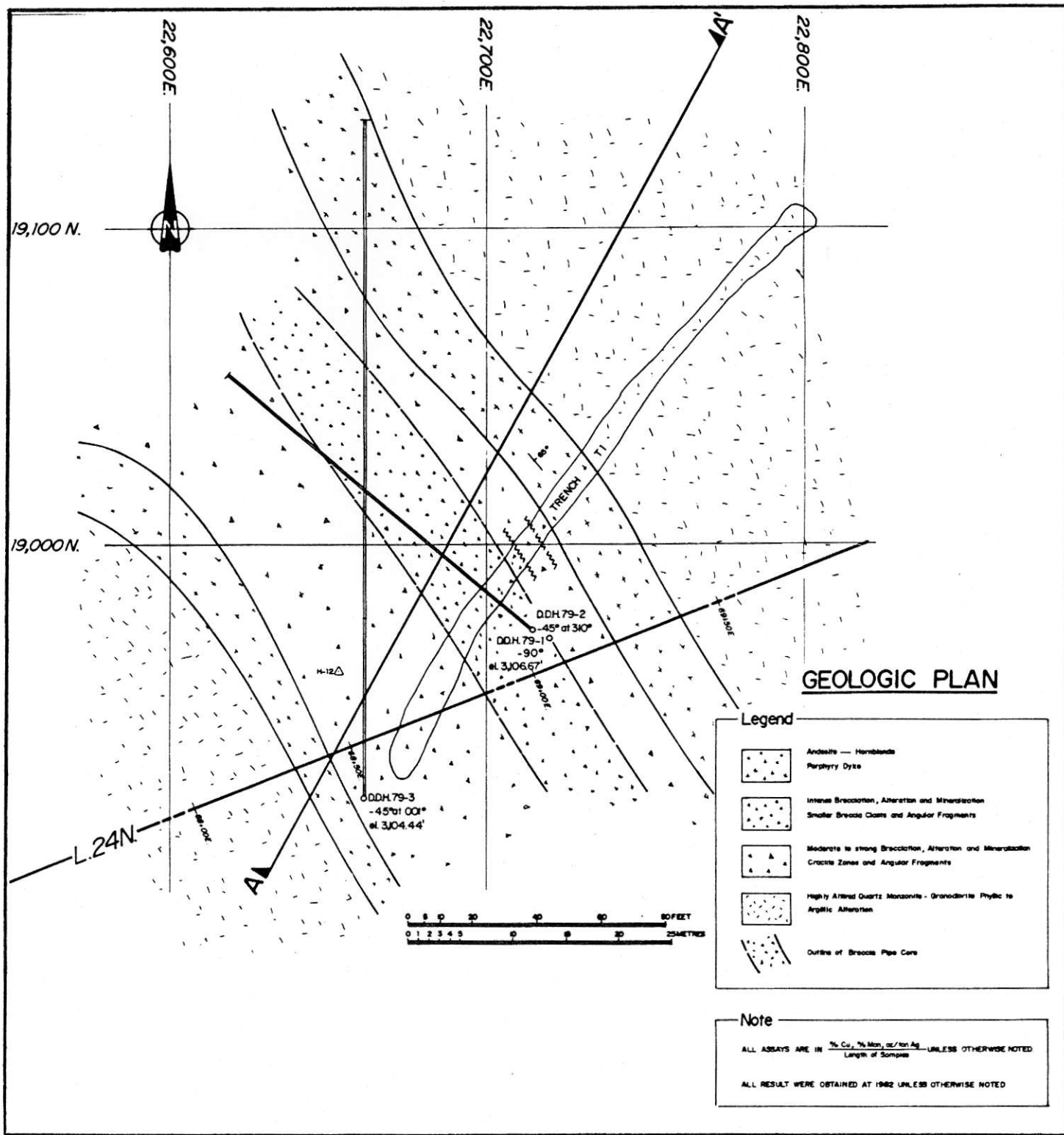


FIGURE 10—BRECCIA ZONE (after Cardinal, 1983)

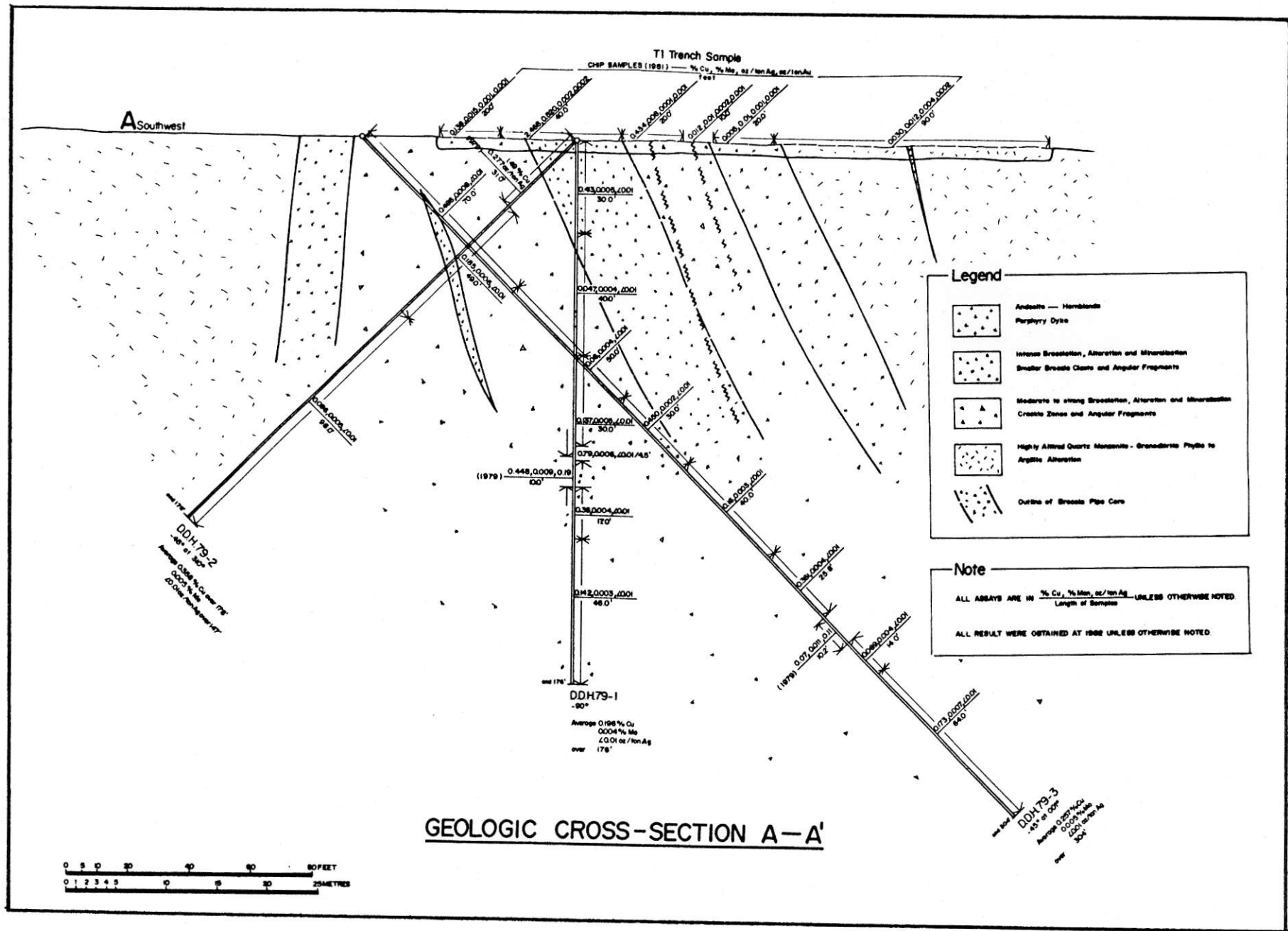


FIGURE 11- BRECCIA ZONE (after Cardinal, 1983)

over a sample length of 6 metres (Cardinal,1983). Subsequent trenching of the zone suggests that three shallow diamond drill holes, completed in 1979 (Figure 10), were not properly oriented. One of these holes (79-2 - Figure 11), however, did intersect a 9.4 metre section of breccia grading 1.49% copper and 0.28 oz/ton silver (Cardinal,1983). Three grab samples, collected at random from the trench in the south breccia zone in 1990, yielded values ranging from 0.56% to 3.24% copper and from 1.3 to 18 g/t silver (John Bissett, personal communication).

Little is known regarding precious metal values over the property as a whole. It is probable that no analyses for gold or silver were carried out during earlier drilling of the property and unfortunately, no core remains for re-sampling. The south breccia zone contains some silver and previous soil sampling indicates that higher silver values are coincident with areas of anomalous copper over much of the area sampled.

CONCLUSIONS AND RECOMMENDATIONS

Copper-molybdenum mineralization is widespread in the central part of the O.K. property. Seven zones over a 5 km

distance have been partially defined by previous drilling programs and all of these zones remain open laterally and to depth. Several areas with anomalous copper, molybdenum and silver values in soils remain untested.

Higher grades of copper with some silver have been identified in the South breccia zone which has been tested by only limited trenching and three shallow diamond drill holes. This zone should receive priority for additional work on the O.K. property. Detailed geological mapping, trenching and some geophysics (Induced Polarization) is required to obtain a better understanding of the configuration this zone and the potential for similar zones prior to additional diamond drilling.

Detailed geological mapping may also provide a better understanding of the distribution and orientation of post-mineral dyke swarms which present a potentially serious dilution problem in some areas.

Areas of lower grade mineralization require re-evaluation for gold mineralization by way of surface sampling of available bedrock exposures. Some of these lower grade zones were not entirely tested by diamond drilling and

additional surface work may indicate extensions to some of these.

A two phase program is recommended to further assess the potential of the South breccia zone on the O.K. property. The first phase would allow for additional surface investigation would incur expenditures sufficient to maintain the present levels of assessment credit on the claims. The second phase would consist of diamond drilling guided by information provided by first phase work.

COST ESTIMATE

Phase I

Geological mapping, prospecting	\$15,000.00
Sample analyses	\$5,000.00
IP survey - 4 km @ \$1500/km	\$6,000.00
Excavator trenching - 100 hours @ \$125/hr.	\$12,500.00
Reports, assessment filing fees	\$7,500.00
Contingencies	<u>\$4,000.00</u>
Total, Phase I	\$50,000.00

Phase II

Diamond drilling - 1200 metres @ \$80/metre	\$96,000.00
Sample analyses	\$10,000.00
Travel, living expenses	\$10,000.00
Supervision, reports	\$15,000.00
Contingencies	<u>\$19,000.00</u>
Total, Phase II	\$150,000.00

Total, Phases I and II	\$200,000.00
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CONSULTING GEOLOGIST

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CERTIFICATE

I, NICHOLAS C. CARTER of 1410 Wende Road, Victoria, British Columbia, do hereby certify that:

1. I am a Consulting Geologist registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1966.
2. I am a graduate of the University of New Brunswick with B.Sc.(1960), Michigan Technological University with M.S.(1962) and the University of British Columbia with Ph.D.(1974).
3. I have practised my profession in eastern and western Canada and in parts of the United States for more than 25 years.
4. The foregoing report on the O.K. property is based on a property examination in 1984, on reports on the property prepared by me in July of 1984, May 27,1991, July 20,1992, and January 7,1994 and on a review of reports dealing with results of previous exploration work on the property.
5. I hold no interest, directly or indirectly, in the O.K. mineral property or in the securities of CanQuest Resource Corporation, nor do I expect to receive any such interest.
6. Permission is hereby granted to CanQuest Resource Corporation to use this report in support of documentation to be submitted to the British Columbia Securities Commission, the Alberta Securities Commission and any Canadian Stock Exchange.

N.C. Carter, Ph.D. P.Eng.

Victoria, B.C.
July 4,1994

**N.C. CARTER, Ph.D., P.Eng.
CONSULTING GEOLOGIST**

like body.

Seven mineralized porphyry phases are evident, and an intrusive breccia is known in the southern property area. Post-mineral basic dyke swarms are numerous and present a potential dilution problem in some areas.

Seven copper-molybdenum zones have been identified over a northerly trend some 5 km in length. Geostatistical analyses of results of previous drilling suggest cumulative *in-situ* reserves or possible resources of more than 200000000 tonnes grading 0,32% copper and 0.002% molybdenite at a copper-equivalent cut-off grade of 0.20%. Precious metal grades are not known.

The intrusive breccia zone in the southern property area has yielded higher copper grades and some silver values. Only limited work has been done on this zone and its geometry and extent are not known. A two phase program is recommended to assess the potential of this zone with first phase work consisting of detailed geological mapping, an IP survey and excavator trenching and sampling at an estimated cost of \$50,000. Results of this work would guide a second phase program of diamond drilling estimated to cost \$150,000.