

CANQUEST RESOURCE CORPORATION

Spring '96
885372
microgold

MICROGOLD PROJECT UPDATE (Refer to maps opposite and overleaf)

A recent exploration program carried out over a limited portion of CanQuest's 20 square mile (52 square kilometre) Microgold gold property by two of the Company's consultants focused on several prime objectives: 1) to confirm the previous work done in the Kullagh Lake area by BP Minerals; 2) to confirm that the resistivity anomalies that were measured in an aerial geophysical survey done for CanQuest, and which occur over widespread areas to the west of Kullagh Lake, were reflective of an additional epithermal environment conducive to gold deposition; 3) to define targets for a major drill program to be initiated on the property by CanQuest. A secondary program of sampling for fluid inclusion studies was also completed.

The results of this field program have fully met these objectives. The Kullagh Lake area has been confirmed as an area with widespread surface gold mineralization occurring in an epithermal depositional environment. Earlier work in this area had seen 368 rock chip samples collected for assay. The results of these assays defined a large zone (Zone A on the map opposite) of highly anomalous gold mineralization. Subsequent re-sampling of this zone on an intermittent but representative basis by CanQuest has confirmed these anomalous results, with gold assays ranging as high as 8.12 g/t (0.237 oz/t).

Limited work in the West Zone area has defined a large, but still not fully delimited zone (Zone B on map) of faulting, brecciation, siliceous and carbonaceous alteration, and associated epithermal veining and gold mineralization. Rock chip sampling in this area returned a large number of anomalous gold values, ranging up to 4.1 g/t (0.132 oz/t).

Zone C, also not fully delimited, returned anomalous gold values from a siliceous epithermal vein system within brecciated volcanics, and just north of a sinuous fault that bounds a geophysical aeromagnetic "high" (heat source?) to the south and an anomalous resistivity "high" (siliceous alteration and veining) to the north. Zone C is also proximate to an important steeply dipping, north-south and northeast trending fault system which may lead to a heat source and high grade gold mineralization.

Aside from Zones B and C, much of the areas defined by geophysical resistivity anomalies to the west, southwest and northwest of Kullagh Lake have yet to be examined in detail for their economic gold mineralization potential. However, in conjunction with an equal area of high resistivity geophysical anomalies, approximately 7.5 square kilometres of gold-prone, heavily siliceous, and in many cases brecciated rock, have to date been identified on surface, covering the Kullagh Lake Zone and West Zone on the Microgold property. An additional minimum of 5.5 square kilometres of resistivity anomalies, many of them still "open" to the west, are presently known to represent in major part, areas of similarly siliceous rock on the property, but which have not yet been properly investigated.

Zone A has been confirmed as presently the best area for CanQuest to commence its drilling program on the Microgold property. Earlier work by BP Minerals was mandated solely to probe the shallow, flat-lying quartz veins in the area just south of Kullagh Lake, with the view to defining only a deposit with surface tonnage. The report of BP Minerals, based on only one summer's work (thereafter the company was disbanded when the parent oil company withdrew from the mineral exploration business) stated that..."regardless of what kind of epithermal system the Microgold is, the greatest potential is in the vertical component, and a better idea of the third dimension is needed to understand the mineralizing system. The flat-lying veins may be of economical importance, but at this point they do not have the best potential." Lending further credence to that statement is the fact that many of BP Mineral's best drilling results, particularly in the Kullagh Lake area, came at or near the bottom of the largely shallow, and mostly vertical drill holes. The orientation of the latter were not designed to intersect the steeply to vertically dipping faults known to occur on the Microgold property.

The numerous, more steeply-dipping vein and fault systems on the Microgold property have thus been largely ignored to date. It is these systems that may prove to have been the feeder conduits from a deep-seated heat source, for the shallow emplacement of the extensive, flat-lying to domed siliceous veins carrying anomalous gold values on the property's surface. It is within these feeder veins where high-grade gold "bonanza" vein systems can occur.

MINERAL TARGET

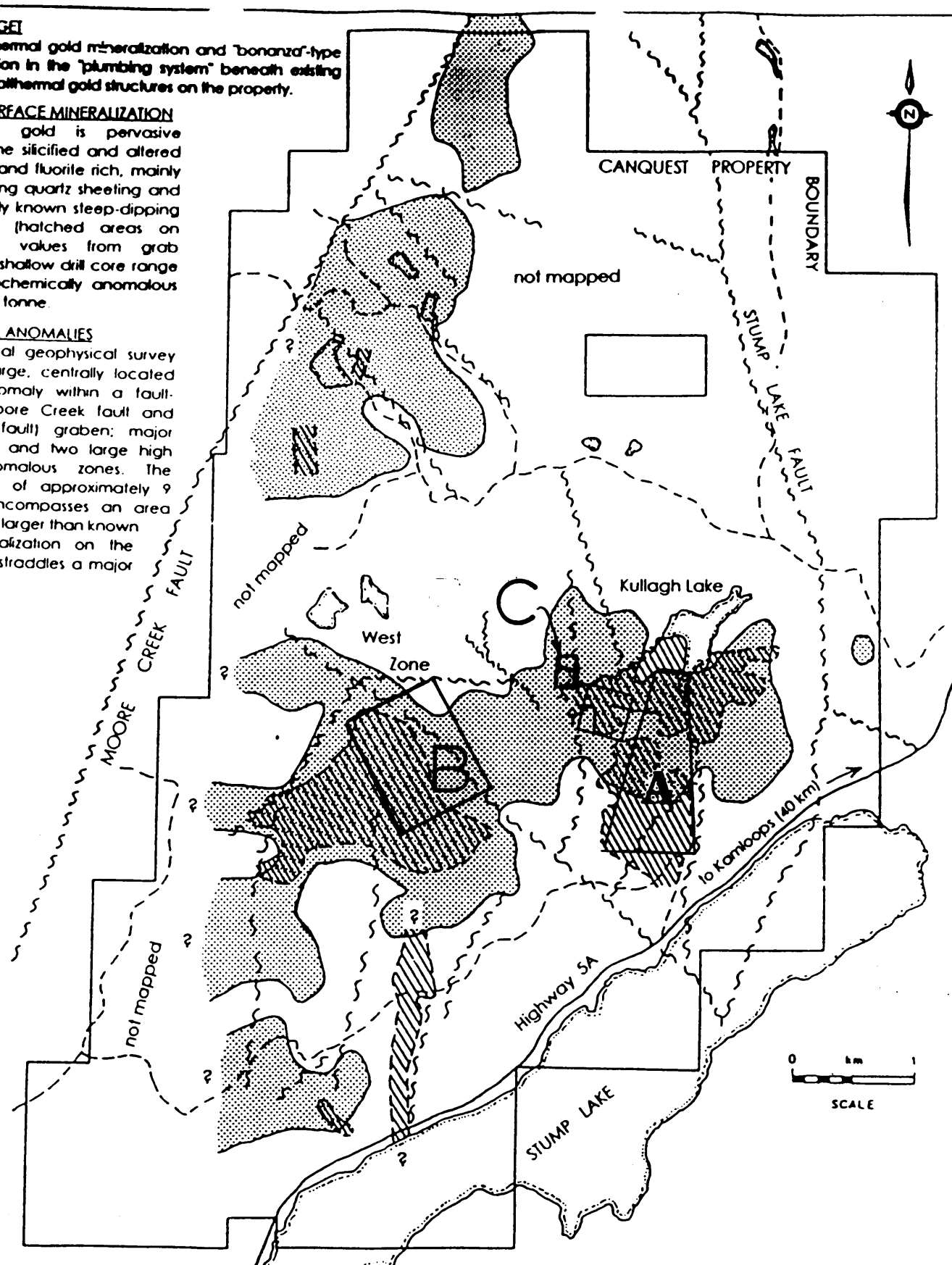
Shallow epithermal gold mineralization and "bonanza"-type gold deposition in the "plumbing system" beneath existing upper level epithermal gold structures on the property.

PROPERTY SURFACE MINERALIZATION

Disseminated gold is pervasive throughout the silicified and altered chaledony and fluorite rich, mainly shallow-dipping quartz sheeting and less commonly known steep-dipping quartz veins (hatched areas on map). Gold values from grab samples and shallow drill core range from litho-geochemically anomalous to 0.69 oz. per tonne.

GEOPHYSICAL ANOMALIES

A recent aerial geophysical survey outlined: a large, centrally located magnetic anomaly within a fault-bounded (Moore Creek fault and Stump Lake fault) graben; major cross faulting; and two large high resistivity anomalous zones. The largest zone of approximately 9 square km encompasses an area over four times larger than known surface mineralization on the property, and straddles a major cross-structure.



SYMBOLS



Tertiary rusty, gossanous, bleached alteration envelope with abundant silicification, quartz and quartz-carbonate veining, domal sheeting and brecciation; with chaledony, fluorite and gold mineralization; and soil geochemically anomalous zones of gold and gold indicator minerals.

~~~~~ Fault

----- Highway, road



High resistivity anomaly

CANQUEST RESOURCE CORPORATION

Microgold Gold Project

Stump Lake (Kamloops), British Columbia

## MICROGOLD PROJECT UPDATE continued

CanQuest's initial drilling program at the Microgold project will probe the steeply dipping faults and vein systems in Zone A to explore for both the feeder systems responsible for the flat-lying veins on surface, and the high-grade, "bonanza" veins associated with these deep-seated feeder conduits.

As shown on the map below, British Columbia government geologists have identified only ten major Tertiary epithermal gold-silver depositional systems in British Columbia and Washington State. With the exception of CanQuest's Microgold system, a relatively recent discovery, all of the nine other systems and deposits noted on the map have had significant exploration and development done on them. Excepting the Dusty Mac and Engineer properties, the balance of those nine deposits are, or have been producing gold mines, or have achieved advanced development status. As an example of the latter, recent drilling at the Specogna (formerly Cinola) deposit has encountered a rich, bonanza-vein feeder system responsible for at least part of the extensive, low grade mineralization occurring at or near the surface of the property. In like fashion, CanQuest's drilling program will in part focus on locating the bonanza-vein feeder system(s) responsible for the major epithermal gold-silver system that has been identified on the Microgold property.

