



Excerpted from Peter Grandich Blog on January 29, 2009:

<http://grandich.agoracom.com/category/grandich-companies/silver-quest-resources/>



Recent drops in the share price made me want to revisit the excellent fundamentals of Silver Quest and research the planned activities of the up-coming field season. After all of my research and discussions with management, my conclusions are the same; Silver Quest is quickly travelling down a path that could lead to a vast jump in shareholder value if the results prove to be as anticipated, making Silver Quest a very attractive speculation at these levels.

Silver Quest is currently exploring in central BC, west of Prince George and in the White Gold District of the Yukon. What initially drew my attention to Silver Quest was the superb management and the location and stage of their projects, most notably the Capoose Project. Over the past few months Silver Quest has been extremely active adding to its outstanding board of directors, calculating a new resource estimate on Capoose, acquiring a larger land package in the Yukon and planning multiple large exploration programs for the up-coming field season.

Why I Believe the Share Price has Dropped Recently

This past week, Silver Quest reached the end of the four month hold period for two financings completed in September. On September 1st, Silver Quest announced the closing of a non-brokered private placement with MineralFields Group for three million flow-through units at 10 cents. A second financing was closed on September 16th for 6,875,000 units at 8 cents and 5 million flow-through units at 10 cents. Together these financings raised \$1.35 million and produced over 14 million new free trading shares on January 18th. Silver Quest traded over 4 million shares in two days. In my opinion we are still seeing the sell-off of some of these newly free-trading shares while also approaching the traditional pre-field season trading lull.

BC

Silver Quest has an extremely busy year ahead with a hand in six major projects. Silver Quest is planning to start the field season at the 3T's project in late February. 3T's is an epithermal vein type deposit with a historical resource of 2.4 million ounces of silver and 148 thousand ounces of gold. The goal of this year's project is to intersect and test the mineral potential of the veins at depth with approximately 5,000 m of planned drilling. After the completion of the 3T's project, Silver Quest's geological team plans to move to the Capoose Project where they are planning an extensive drill

program including approximately 10,000 m of drilling in a grid formation to test the interior shell and the southern extent of the mineralized zone. The company also hopes to have a drill dedicated to investigating exploration targets including the 5 km long silver and gold soil geochemical anomaly, geophysical targets and regional mineral showings. There is a historical resource on the Capoose property of 32 million ounces of silver and 300 thousand ounces of gold. Silver Quest has been working throughout the past few months to produce a new compliant resource calculation and hopes to have it released by the end of Q1.

The third BC property of interest is the Davidson project, 100% owned by Silver Quest, but optioned to Richfield Ventures. Richfield is planning a 10,000 m drill program on their property of which 7,000 m will be on Silver Quest's claims. The goal of this project will be to investigate the extents of the three mineralized zones and to ultimately publish a resource calculation.

Yukon

The other three major projects are located within the White Gold Area, in the Dawson Range of the Yukon, where Silver Quest is the second largest land holder. The Yukon properties, although much earlier stage, have returned some phenomenal results and have great potential for further discovery. The Boulevard and Prospector Mountain properties appear to have all the initial positive signs that geologists get excited about in this part of the world. Boulevard has a 2.8 km gold and trace element anomaly with values that are usually associated with substantial discoveries. These geochemical anomalies have been trenched and drilled; however more trenching and drilling is required to fully investigate the area. Gold was initially discovered in the trenches at Boulevard in 2008, then followed up with 7 short drill holes and more soil sampling in 2009. 2010's exploration program is expected to bring about an extensive program of soil sampling across the remainder of the property, trenching and cross trenching the geochemical anomalies and most likely a few more drill holes.

Prospector Mountain, however, proves to be the most exciting grass roots project for Silver Quest in the Yukon. The property contains an eastern area of prospective porphyry styles of mineralization and a western area of epithermal mineralization. Values range up to 82.8 g/t of gold, 1340 g/t of silver and 11.65 % copper in surface samples in a northwest trending area termed the Bonanza Zone within the eastern porphyry area. Values from the western epithermal vein area were up to 3.51 g/t gold, 1840 g/t silver and 28.94% lead. Work in the area has consisted of surface alteration mapping, and the investigation and re-sampling of historical trenches. This will be the first year for a large scale exploration project on Prospector Mountain, and should include drilling and further mapping with the possibility of some geophysics.

The third major project in the Yukon this summer will be the general exploration of the 17 remaining claims blocks in the White Gold, Dawson Range area. The properties have all be staked based on regionally anomalous geochemical values, and they all require field sampling.

Bottom Line

The fundamentals of Silver Quest have gotten better since I first looked at the Company. It is going to be a busy nine months, with thousands of samples to be taken. Once the bulk of the newly free trading shares are behind us, I wouldn't be surprised to see the share price making new highs.

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