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MARKETS, ECONOMIC, SOCIAL AND POLITICAL  
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# Getting Ready For Its Biggest Year!

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

Silver Quest has been on the move lately thanks in part to the gold rush in the Yukon and the fact SQI has a smorgasbord of properties from advance to early stage throughout three key districts in Canada. Silver Quest has a big year ahead of them as they are planning extensive programs in BC, Yukon and Ontario, with major programs happening on all five of the Company's main assets, and significant programs aimed at evaluating and defining drill targets on the remaining properties. This installment covers the work that Silver Quest is planning on completing throughout 2010 and what it could mean for the company.

### **BC Properties – The Foundations of Growth**

Silver Quest has a suite of advanced stage exploration projects in central BC. These are the basis of which the company has been building upon over the past two years. Although Silver Quest has been in existence (under various names) since the 1960's it has undergone a re-branding and re-focusing to excel in the current market. The core asset of the company (besides management) is the Capoose Project which has a newly defined inferred NI 43-101 resource estimate of 53 million tonnes grading 0.77 g/t gold equivalent for a total of 1.32 million ounces of gold equivalent. The Capoose deposit is open in all directions and is mineralization from surface to its current depth. Silver Quest [announced this morning](#) that a 2.2 million dollar budget has been approved by its board of directors to further explore Capoose for the remainder of 2010. Silver Quest is planning approximately 35 drill holes with depths ranging between 250 and 300 meters in a grid orientation over the southern end of the resource. These holes will be completed for the purpose of refining the current resource estimate. The planned program also includes exploration drill holes to test known geochemical and geophysical anomalies.

A short distance from Capoose is Silver Quest's 3T's Project, which has a historical resource of 942,647 tonnes grading 4.89 g/t gold and 77.8 g/t silver for a total of 148,135 ounces gold and 2.35 million ounces of silver. A summer program has also been planned for the 3T's Project which will include 5,000 meters of drilling. 3T's is an epithermal vein type deposit, and thus the drill holes will be targeting veins at depth.

The Davidson property, located just down the road from Capoose and 3T's is held 100% by Silver Quest, but is under option to Richfield Ventures, who may earn up to 75%. The Davidson property forms part of Richfield's Blackwater Project. Richfield is planning a major resource definition drill program of 25,000 meters this summer (approximately 20,000 meters will be on Davidson). As many of you saw in one of my latest postings on Silver Quest, an analyst at LOM has suggested that there could be more than 4.25 million ounces of gold which, assuming Silver Quest is diluted to 25% means more than 1 million ounces to Silver Quest.

Yesterday, Silver Quest [added another great property](#), Chuchi North to its asset mix. The Chuchi North property is located approximately 200 meters northwest of Prince George, BC in a major north-south trend that hosts large deposits such as Mount Milligan, Red Chris, Mount Polley, QR and Afton. The Chuchi North property is an early stage exploration play which helps extend the pipeline of BC properties held by Silver Quest. The property covers 5,200 ha of land and hosts a 3.5 km gold-in-soil geochemical anomaly with values up to 6.1 g/t gold and was previously explored in the late 1980's by Rio Algom. Silver Quest is planning an initial exploration program on Chuchi of geophysics and further soil sampling.

The Capoose, Davidson and 3T's properties form a stable base for Silver Quest. They are all advanced stage exploration projects, with tremendous upside potential for resource growth and expansion. Silver Quest anticipates positive results from their field programs this summer and hopes to generate excitement in both its shareholders and some of the major mining companies. Almost as a bonus to the solid underpinning of the BC projects, Silver Quest also holds a large position in the White Gold Area of the Yukon and a strategic land holding in the Pickle Crow area of Ontario.

### **Yukon Properties – The Discovery Potential**

Silver Quest is the third largest land holder in the White Gold Area with more than 150 claims and over 74 thousand acres of rocks to explore. Not to worry though, they have apparently narrowed down their targets and focused in on two main properties. Silver Quest should be completing extensive early stage exploration programs on Boulevard and Prospector Mountain this summer. Over the last couple of weeks the White Gold Area has been creating a stir as Kinross issued a bid to take over Underworld Resources, the largest land holder in the district for \$139.2 million.

Early reconnaissance work has been completed on both Boulevard and Prospector Mountain by other companies. Boulevard contains a 2.5 km long soil anomaly that is strikingly similar to the initial soil anomaly found at Underworld's Golden Saddle discovery. Follow-up work this year will include geophysics and diamond drilling. Prospector Mountain contains an area indicative of porphyry style mineralization with bonanza gold, silver and copper values recovered from a 3

km long structural trend. These values include 82.2 g/t Au, 888 g/t Ag and 5.97% Cu, and 55.7 g/t Au, 1375 g/t Ag and 7.38% Cu. A number of other veins discovered on site require follow-up exploration. The Prospector Mountain Property should see two phases of exploration this summer. Phase One is expected to include geophysics and alteration mapping, followed by phase two which should consist of diamond drilling.

The remaining Yukon properties held by Silver Quest are expected to be sampled to define drill targets for further exploration next season. The White Gold Area is going to be a busy part of the world this summer, with helicopters buzzing, drills turning, and geologists from various companies hiking through the hills. There are more discoveries to be made in this part of the world and Silver Quest seemingly has a good as chance as any with their large land package and the funds to complete the work.

### **Ontario Properties – More Discovery Potential**

The property that is creating big news in Ontario right now is PC Gold's Pickle Crow. PC Gold recently drilled 43.28 g/t gold over 13.13 meters including 138.89 g/t gold over 4 meters. This is important because Silver Quest's Slate Falls property is 100 km southwest of Pickle Crow and is hosted within the same suite of greenstone volcanic rocks. Silver Quest's Slate Falls property has returned values up to 857 g/t gold over 0.2 meters in drill core, and from grab samples on surface. The Slate Falls property is an early stage exploration play, but it is located in the right neighborhood, has some phenomenal results from previous work, and has the potential to host something big. Planning of an exploration program on Slate Falls is in the works.

### **Capital Structure – A shining light**

Silver Quest has just over 61 million shares issued and outstanding. They have over \$3.0 million in working capital and over 14 million warrants outstanding between 12 and 60 cents. The Company currently sits around the 60 cent mark, meaning that many of these warrants are being exercised before they expire later this year or next year. Silver Quest has sufficient funding to complete their exploration programs this year, a little extra from the warrants can give them a little bit of room to expand as results are returned, and most importantly, doesn't appear to need to do a financing at all in 2010 (unless of course developments and/or the share price makes a financing prudent at a higher level).

### **Bottom Line – Gearing up to take-off**

Silver Quest is well position both geographically, within major area plays, and financially, with a good share structure and sufficient funds. Assuming that Silver Quest gets the results they are hoping for this summer, it has the ability to launch itself and its shareholders into a new realm of growth and discovery. It's critical to remember that one can argue they control about 3.2 million gold equivalent of gold, which at the recent going rates for gold in the ground, their current market cap doesn't even come close to matching. There appears to be lots of upside potential left in SQI

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