

Assessment Report on the

2011 SOIL GEOCHEMICAL SURVEY

on the

FLOW PROPERTY, YUKON

Grant Number	Claim Name
YD117501 - YD117738	FC 1 - FC 238

WHITEHORSE MINING DISTRICT

Date(s) Worked: August 22-27, 2011

NTS Map 115N01, 115O04
UTM 550,150E; 6,993,250N (NAD 83, Zone 7)

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SUMMARY

The Flow property owned by Silver Quest Resources Ltd. (Silver Quest) is an early stage exploration project targeting copper and gold mineralization. Flow is located in west-central Yukon approximately 50 kilometres (km) east of the Yukon-Alaska border and 115 km southwest of Dawson City (Figure 1). A total of 145 soil geochemical samples were collected over 16 man days on the Flow property. The 2011 soil geochemical survey returned weak results for gold, however an anomalous arsenic, antimony, bismuth, lead and tellurium zone and two minor copper/zinc anomalies were identified.

INTRODUCTION

This report describes a reconnaissance soil geochemical survey conducted on the eastern portion of the Flow property by a 4 person crew between August 22 and August 27, 2011. Work on the Flow property was completed for Silver Quest by Silver Quest employees. The author participated in the program and the Statement of Qualifications is contained within this report.

The objective of the geochemical survey was to further evaluate the mineral potential of the Flow property by completing a regional soil geochemical survey on previously untested ground.

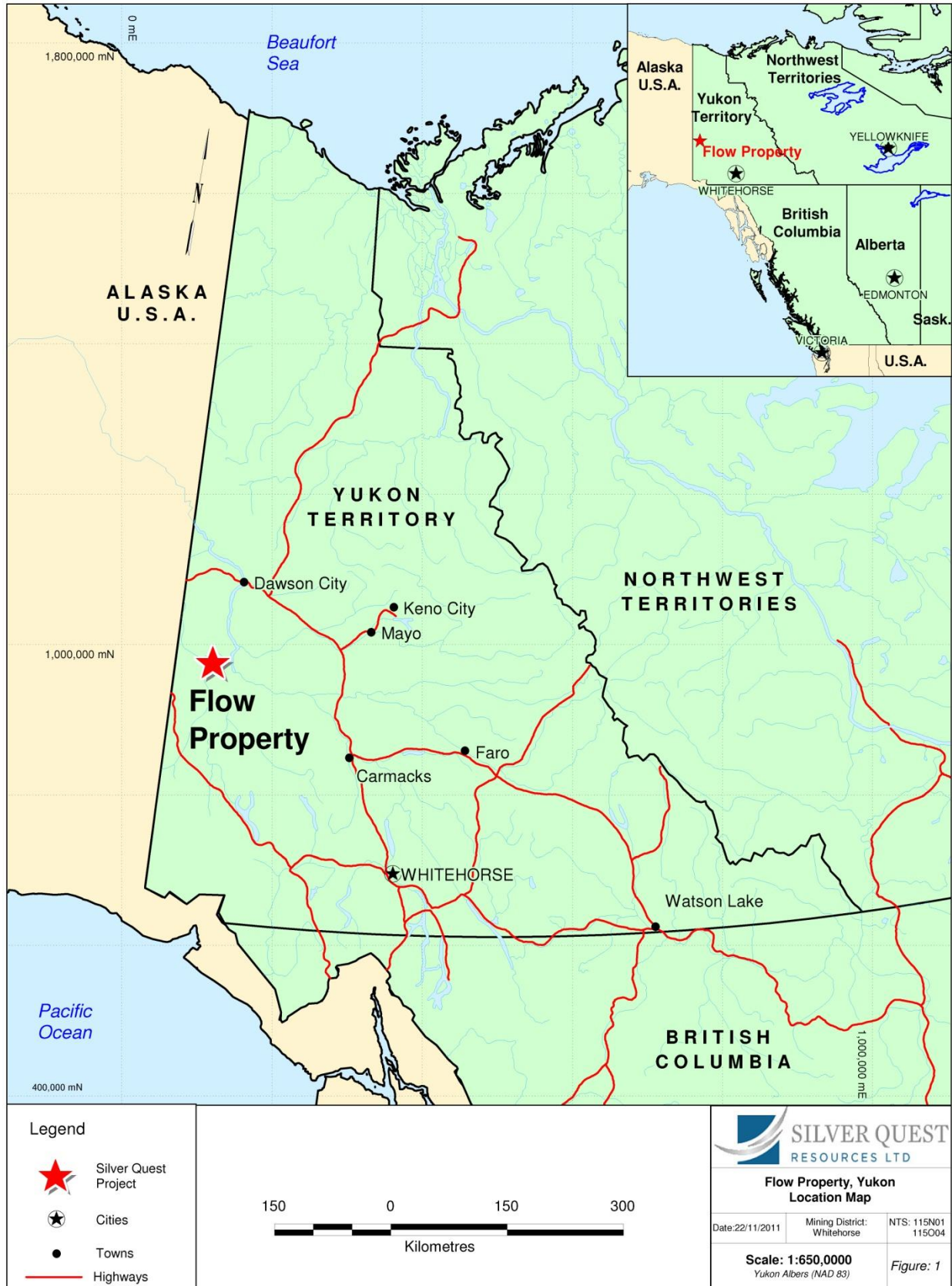


Figure 1 – Location Map

CLAIM DATA AND OWNERSHIP

Silver Quest Resources Ltd. acquired the FC claims by staking during the summer of 2010. The portion of the Flow property discussed in this report comprises 238 contiguous quartz claims and covers a total area of approximately 4,900 hectares (ha). The claim block centres on UTM 550,150E and 6,993,250N (NAD 83, Zone 7) on NTS map sheet 115N01 and 115N04 as shown on Figure 2. Quartz claims are registered with the Whitehorse Mining Recorder. Claim data is listed below.

Table 1 – Claim Data

Grant Number	Claim Name	Registered Owner	Expiry Date
YD117501 - YD117738	FC 1 - FC 238	Silver Quest Resources Ltd.	February 15, 2014

*Note: Expiry date assumes the acceptance of the work reported herein.

PROPERTY DESCRIPTION

LOCATION

The Flow property is located in the Wolf Creek area of west-central Yukon about 50 km east of the Yukon-Alaska border and 115 km south of Dawson City (Figure 1).

CLIMATE AND GEOMORPHOLOGY

The Flow property lies within the Dawson Range in an area of gentle undulating relief. Local elevations range from 460 to 1250 metres (m) above sea level. The higher parts of the property are thinly vegetated with stunted, aspen and spruce trees, scrub brush and thin moss cover. Lower elevations support a mixed forest of aspen and spruce with thick brush, willows and moss-covered slopes.

The Dawson Range remained unglaciated during the Pleistocene making outcrops rare, the few outcrops that are present are located along sparsely vegetated ridges and in the main creek drainages. The property area covered in this report is drained by various creeks, most notably Los Angeles Creek, which flows into Yukon River. Climate in the region is described as sub-arctic with short mild summers and long cold winters. Permafrost was discontinuous but present while conducting the soil survey on the property.

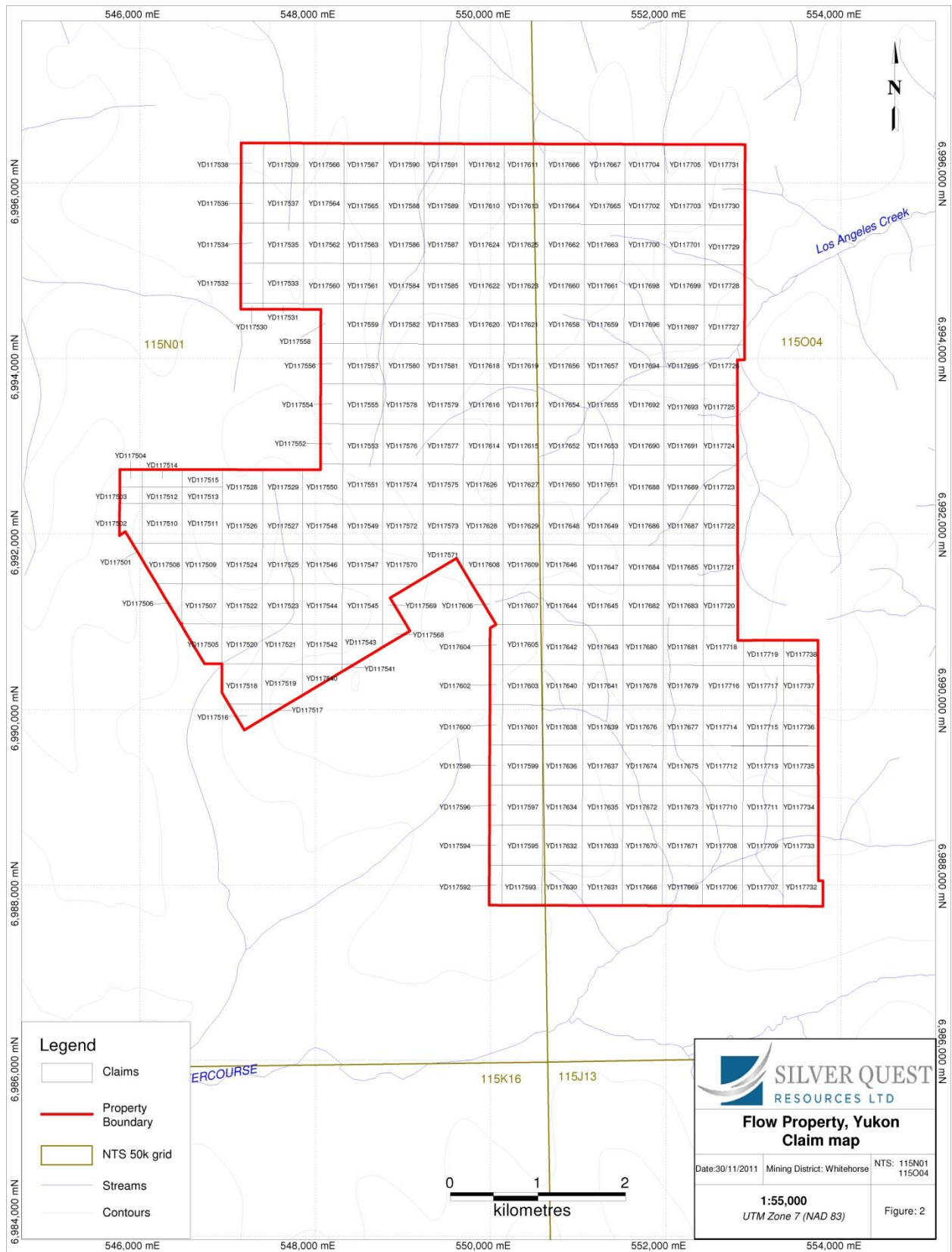


Figure 2 – Claim Map

INFRASTRUCTURE

Access to the Flow property in 2011 was via a Bell 206 Long-Ranger helicopter operated by Trinity Helicopters of Yellowknife and based out of Silver Quest's 2011 Independence Camp, located on Independence Creek. Alternatively, several boat operators in Dawson City and a barge operating out of Minto Landing are available for hire to transport supplies to points along the Yukon River where they can be subsequently mobilized by helicopter to the property. There is no road access to the Property, and the nearest airstrips are Independence and Thistle, both are located about 35 km from the property to the southeast and east respectively.

HISTORY

PREVIOUS WORK

No historical work has been completed on the claim blocks included in this report, however the area immediately west of the FC claims which is also held by Silver Quest has been the focus of numerous studies since 1969. These areas include Silver Quest's WCK claims and CAD claims. These blocks were originally staked in 1969 by Quintana Minerals Corporation following a regional-scale stream sediment survey that identified anomalous values in gold, arsenic and antimony. Quintana continued their work in 1970 with a soil sampling, trenching and mapping program (Baker and Voordouw, 2010).

This area was then re-staked as the Eyrie claims in 1975 and as the Hope Claims in 1994. There is no public record of work performed during these years. S. Ryan staked the CU claims in 1998 and conducted rock, soil and silt sampling (Ryan, 1999). These claims are still active.

In 1999, Prime Properties staked the OHGO claims, which are now part of the western half of Silver Quest's Flow property. These claims were optioned to Prospector International Resources Inc., who performed regional stream sediment sampling, which yielded anomalous gold, arsenic, copper and mercury values (Baker and Voordouw, 2010).

RECENT HISTORY

Archer, Cathro & Associated (1981) Limited staked the WCK and CAD properties in June 2009 and optioned them to Silver Quest in December 2009. These two properties are now included in Silver Quest's Flow property. Silver Quest staked the remainder of the current Flow property in 2010, and conducted rock, silt and ridge and spur soil sampling in 2010.

In 2006, Rimfire Minerals and Northgate Minerals carried out a regional silt sampling program across various areas in the Dawson Range looking for Pogo-style intrusion-related gold targets (Roberts and Baker, 2007). During this program 9 silt samples were collected from areas that are now covered by Silver Quest's Flow property. Two of these samples contained anomalous values of 129 parts per billion (ppb) gold and 32 ppb gold. Silver Quest purchased this database from Rimfire and Northgate in 2009.

GEOLOGICAL SETTING

REGIONAL GEOLOGY

The Flow property is situated within the Yukon-Tanana Terrane in west-central Yukon. This area is characterised by various pericratonic terranes that were accreted to the ancestral continental margin of North America in the early Jurassic. During the mid-Cretaceous the pericratonic terranes were intruded by a northwest-southeast trending plutonic suite known as the Dawson Range plutonic belt (Hart et al. 2004), which lies south of the Flow property.

PROPERTY GEOLOGY

The property is predominately underlain by Devonian to Mississippian banded to massive, grey to white quartzite and quartz-muscovite-schist. This unit was thrust overtop of the Permian Klondike Schist (PKs) which is comprised of muscovite-chlorite-quartz-feldspar schist and locally deformed lapilli tuff. Patches of the Cretaceous Carmacks Group, basalts and andesite is mapped on as well as surrounding the property (Gordey and Makepeace, 2003).

There is limited outcrop on the Flow property for detailed mapping; however 2 man days during the 2011 program were spent prospecting. The observed geology correlates with the known and mapped geology of Gordey and Makepeace (2003).

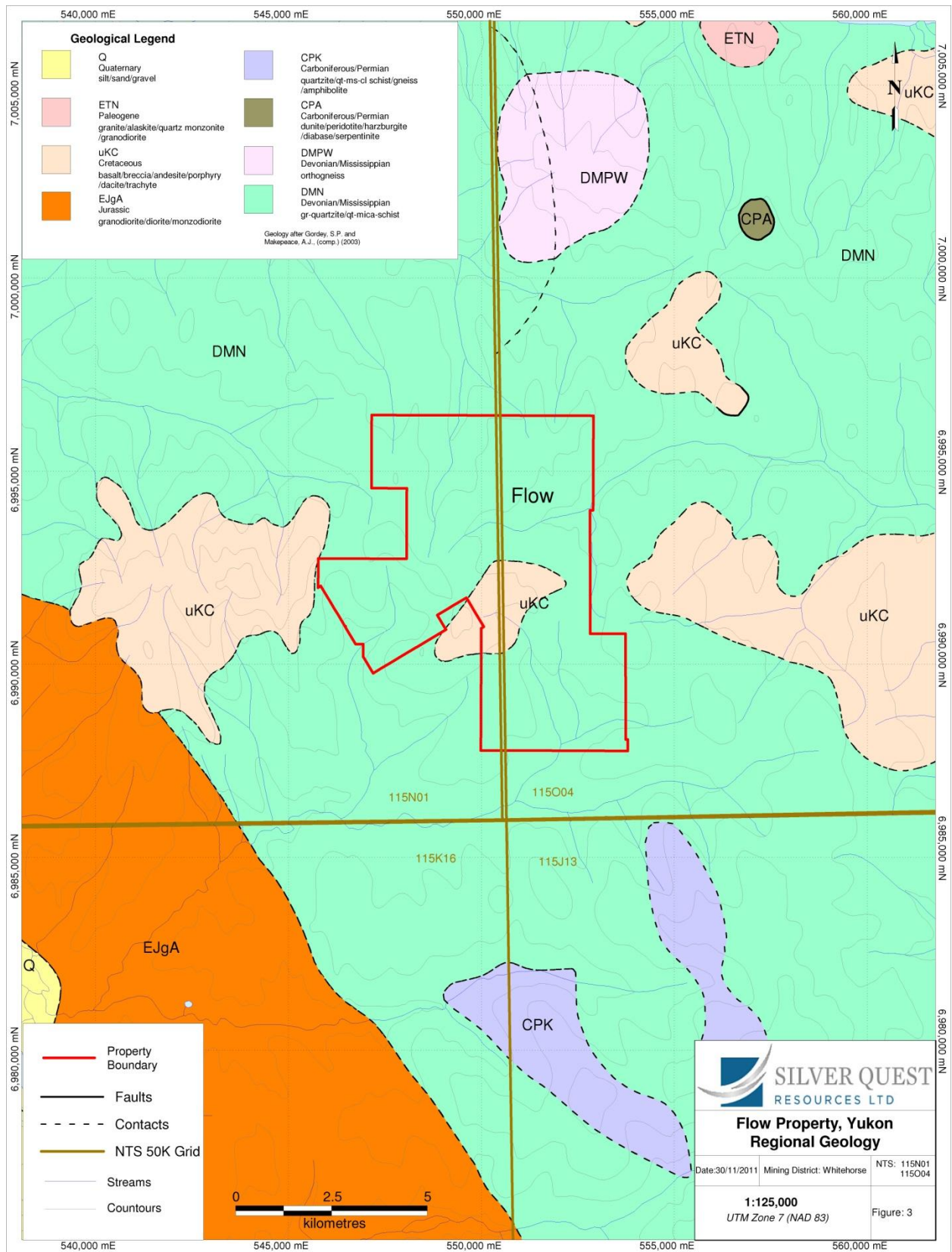


Figure 3 – Regional Geology

GEOCHEMISTRY

SOIL GEOCHEMISTRY

The 2011 exploration program at Flow consisted of 4 days of work for 4 soil samplers and/or prospectors. A total of 145 soil samples from multiple ridge and spur survey lines were collected at a sample spacing of 100 m (Figure 4).

All samplers were trained to use the same sampling procedures when collecting the B-horizon soil samples. Sampler began by removing a 30 centimetre (cm) by 30 cm section of moss mat or vegetative cover. Second, a soil pit of similar dimensions was hand excavated exposing A and B soil horizon boundaries, reaching the top of the C-horizon where feasible. The depth of the pit varied from 20 cm to 60 cm, depending on horizon thicknesses and sampling conditions. Soil material (300 grams to 400 grams) was collected from the walls of the pit utilizing a clean plastic trowel. Samples were collected and stored in standard KRAFT soil sample bags and transported to the 2011 Independence Camp in polyurethane bags for drying and subsequent analysis by a hand held X-Ray Fluorescence (XRF) device.

All sample locations were rehabilitated; by back-filling the soil pit and replacing the moss mat or vegetative cover. This was done to minimize the environmental impact. Locations with permafrost or areas lacking mineral soils were not sampled. Equipment such as shovels and trowels were cleaned between samples and waterlogged samples were stored in separate polyurethane bags to minimize cross-contamination. All sample locations were recorded using a hand-held GPS. All maps and UTM coordinates are referenced to the 1983 North American Datum (NAD 83), Zone 7. A complete description of soil type, depth, thickness of the sample and surrounding environment and terrain was recorded at each location.

Samples were submitted to the ALS Laboratory Group preparation facility in Whitehorse, a ISO9001 certified preparation facility. Samples were analysed by aqua regia digestion and a combination of inductively coupled plasma with atomic emission spectroscopy or mass spectroscopy (ICP-AES and ICP-MS) analysis for 51-elements including gold. Gold was also analysed by fire assay and atomic absorption spectroscopy (Au-AA23) for more accuracy. Assay certificates of analysis are presented in Appendix I at the end of this report. Assay statistics for the 2011 geochemical soil survey are listed below (Table 2), values denoted with a 'less than' symbol indicate samples are below detection limit for the given element.

Table 2 – Soil Geochemical Survey Percentile Values

Values	Au (ppb)	Ag (ppm)	As (ppm)	Cu (ppm)	Mo (ppm)	Sb (ppm)	Zn (ppm)	Pb (ppm)	W (ppm)
Max	63	0.75	153	127.50	5.29	2.01	331.0	63.7	1.96
Min	<5	0.01	1.10	6.90	0.43	0.07	9.00	3.40	<0.05
99th	13.3	0.53	87.80	82.57	2.97	1.62	154.80	53.65	0.75
98th	12	0.50	71.30	59.62	2.75	1.36	129.32	39.31	0.54
95th	8	0.31	28.30	53.98	2.35	0.98	104.40	29.94	0.32
90th	6	0.26	16.34	45.56	2.07	0.78	93.80	22.70	0.26
85th	<5	0.20	14.14	37.46	1.99	0.69	87.20	18.92	0.24
75th	<5	0.16	12.00	32.30	1.80	0.57	76.00	12.90	0.20
50th	<5	0.10	9.10	25.70	1.33	0.45	62.00	10.40	0.17

QUALITY ASSURANCE/QUALITY CONTROL

For Quality Assurance-Quality Control (QAQC) purposes, field check samples were inserted into the sample stream every 10 samples. Blanks, comprised of silica sand, were inserted on odd sample identification numbers (i.e. numbers ending in 10, 30, 50, 70, 90); while duplicates were inserted on even sample identification number (i.e. numbers ending in 20, 40, 60, 80, 100). Duplicates were acquired from the same soil pit, or from a separate pit at the same location. The field sample checks were analysed with the rest of the soil samples and resulting values were used to check the consistency of our sampling procedures and the analytical procedures used by ALS Laboratory Group. ALS Laboratory Group blanks, duplicates and standards were also used to confirm results.

A classification system was applied for QAQC samples. Field blanks for main pathfinder elements were flagged when above the 20th percentile mark for the sample population for each project area. Field duplicates past when less than a 20% variance was noted. ALS Laboratory

Group standards did not pass when recorded results exceeded two standard deviations or what was deemed above thresholds by ALS Laboratory Group. Erroneous QAQC results were investigated and appropriate re-analysis undertaken when necessary.

Quality Assurance-Quality Control (QAQC) samples for Flow passed without any significant concerns. However, field blank L839010 returned above threshold values in silver, arsenic, molybdenum and antimony. The survey area where this field blank was inserted shows a weakly elevated zone of the same elements. This may indicate potential contamination, however at such low values; interpretation of the data is not affected. Also no other laboratory or field blanks indicated erroneous results. Of the 6 field duplicates only one showed significant variance. This duplicate L839019 and L839020 contained the highest gold value of the survey (63 ppb), although both samples were anomalous for gold and pathfinder elements, there was significant variance indicating a likely “nugget effect” in the sample material.

DISCUSSIONS AND CONCLUSIONS

Soil geochemical survey results from the Flow property were compared to the Silver Quest soils database, which contains sample values collected between 2008 and 2011 within the Dawson Range. Anomalous value ranges were identified and applied to the thematic maps represented in this report (Figure 5). Historic sampling displayed on thematic maps may show a higher range of values of various elements; this could be attributed to an alternative soil sampling procedure.

Results from the 2011 soil geochemical survey did not indicate any major anomalous gold zones on the Flow claims covered in this report. However a single sample did return highly anomalous gold at 63 ppb (Figure 5a) along with anomalous bismuth, tungsten and zinc.

Three minor anomalous zones were identified on the Flow property; the most compelling is located on a ridge in the southwest area of the block. This zone consists of anomalous arsenic, antimony, bismuth and lead within a broader zone of tellurium (Figure 5c, 5e, 5f) over approximately 1.3 km. The other two anomalous zones consist of copper (Figure 5d) strongly correlated with zinc occurring on the two most northern spurs conducted in the survey. The copper/zinc zone may correlate to underlying geology. Other gold pathfinder elements demonstrated low, erratic and geographically scattered patterns.

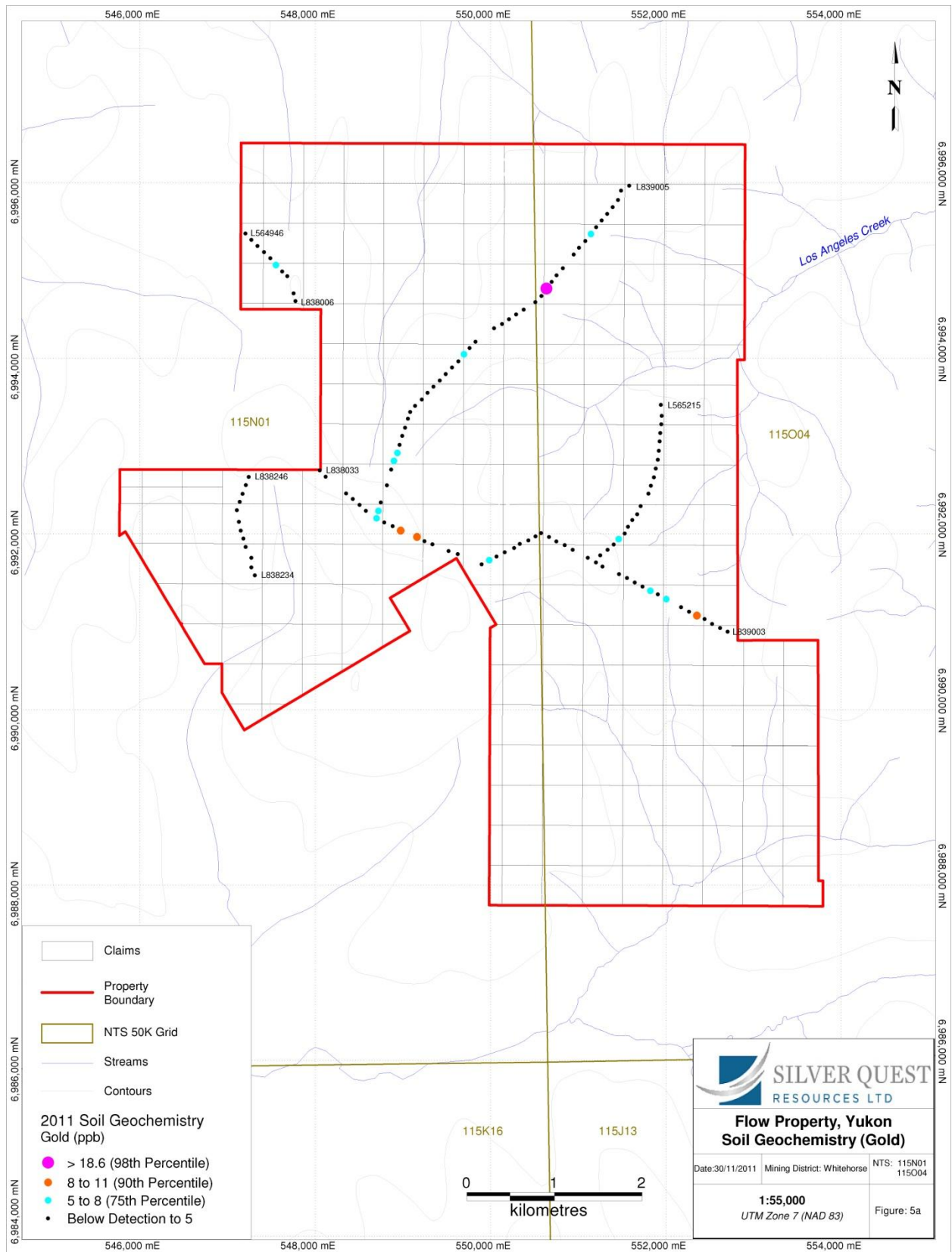


Figure 5a – Soil Geochemistry – Gold

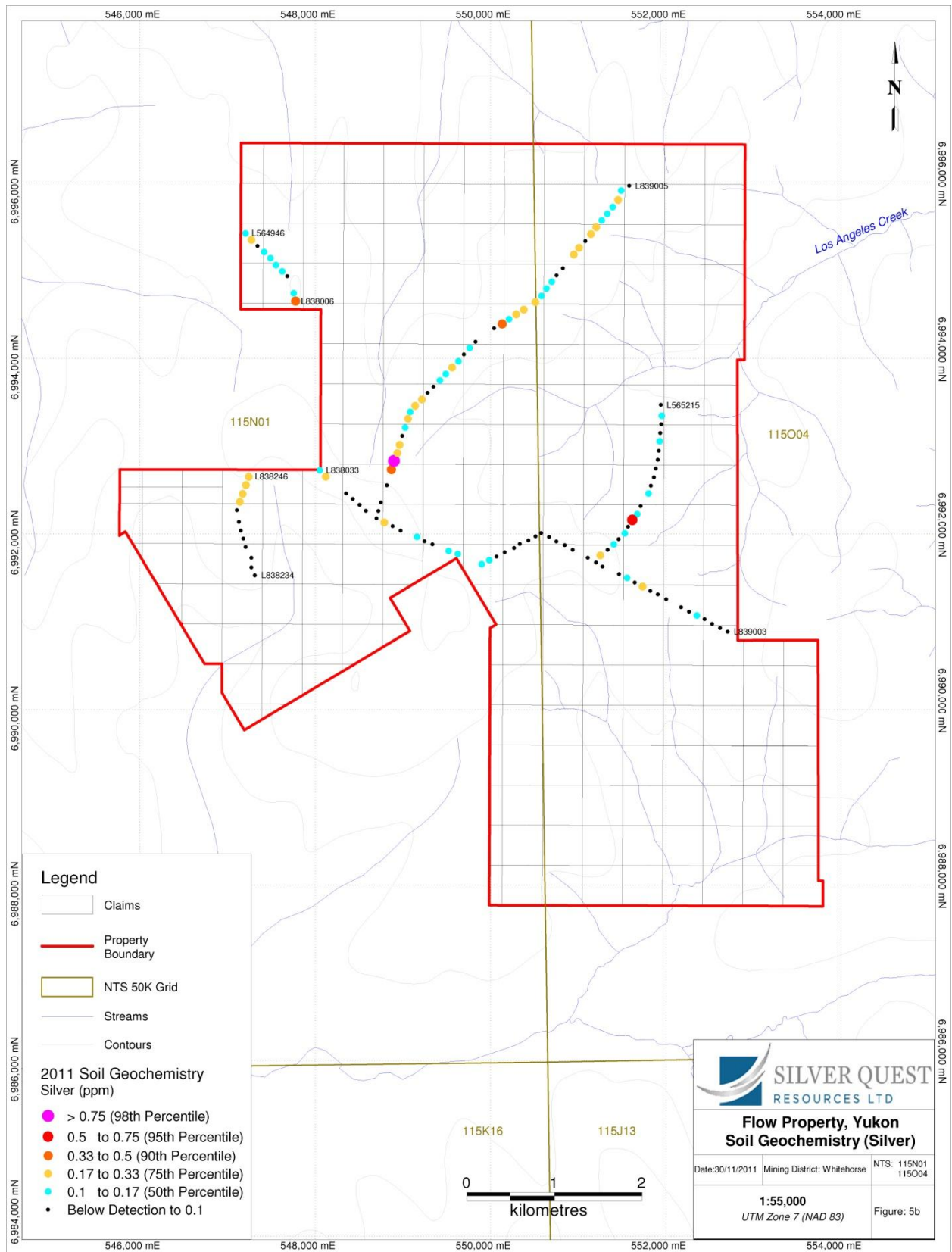


Figure 5b – Soil Geochemistry – Silver

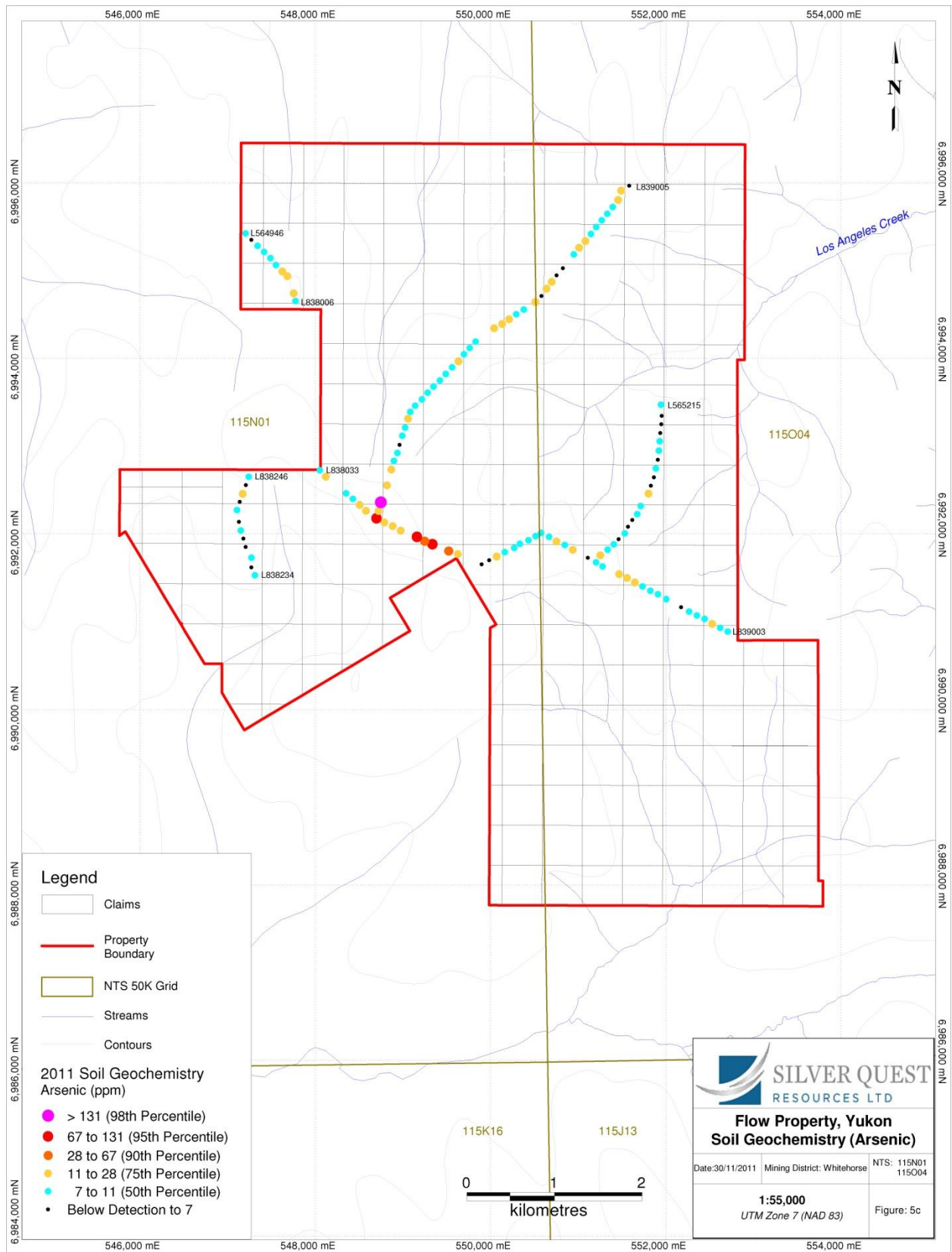


Figure 5c – Soil Geochemistry - Arsenic

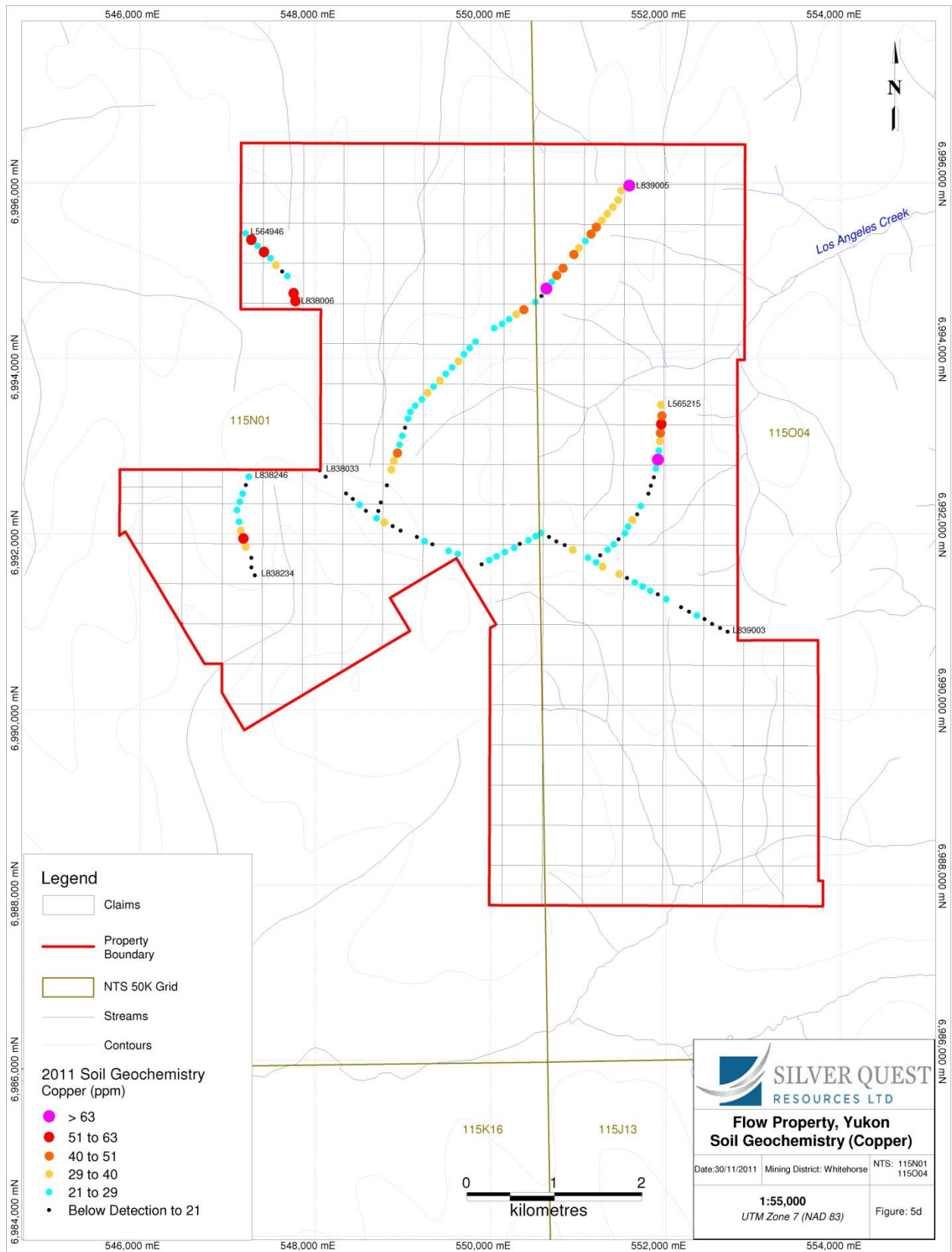


Figure 5d – Soil Geochemistry – Copper

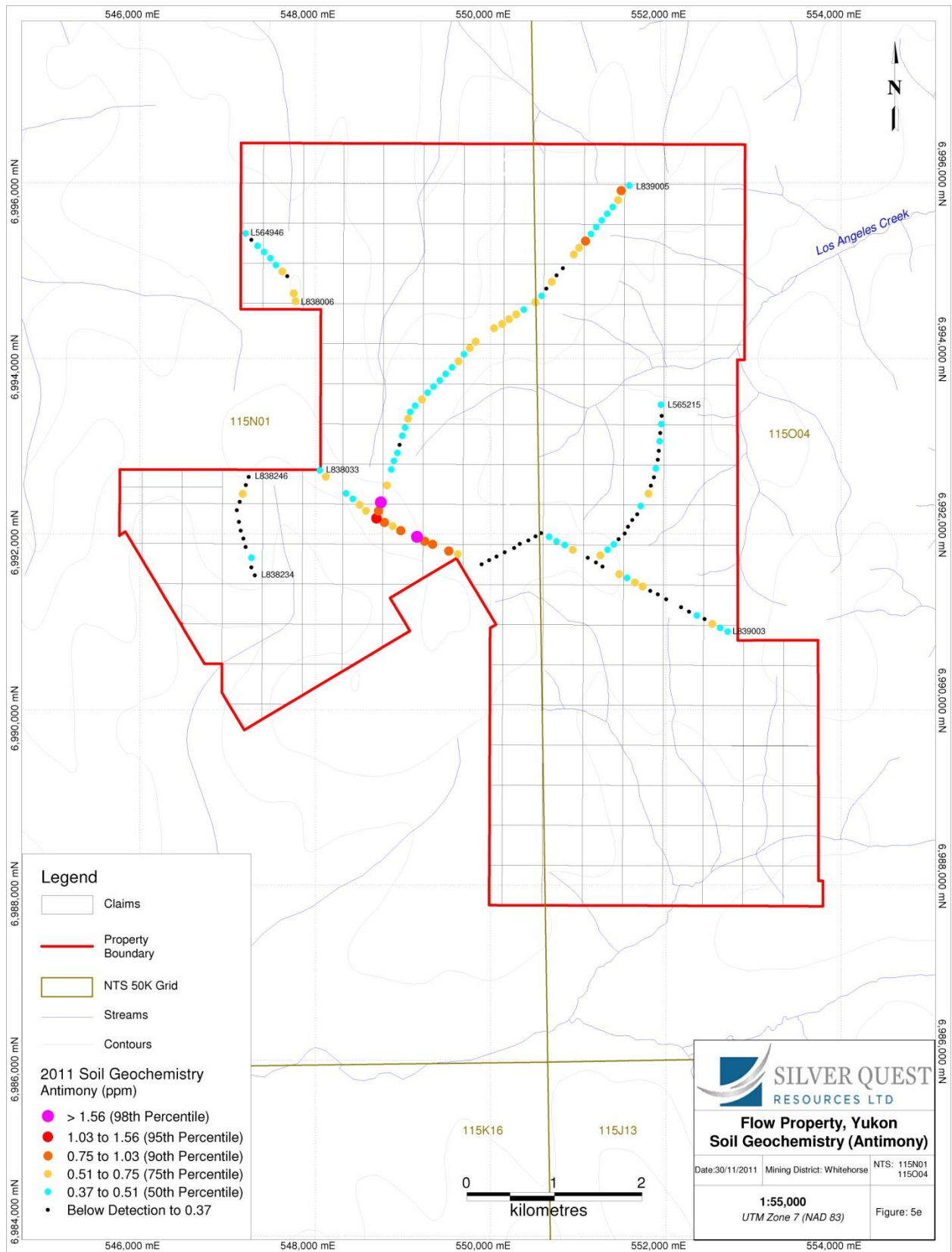


Figure 5e – Soil Geochemistry – Antimony

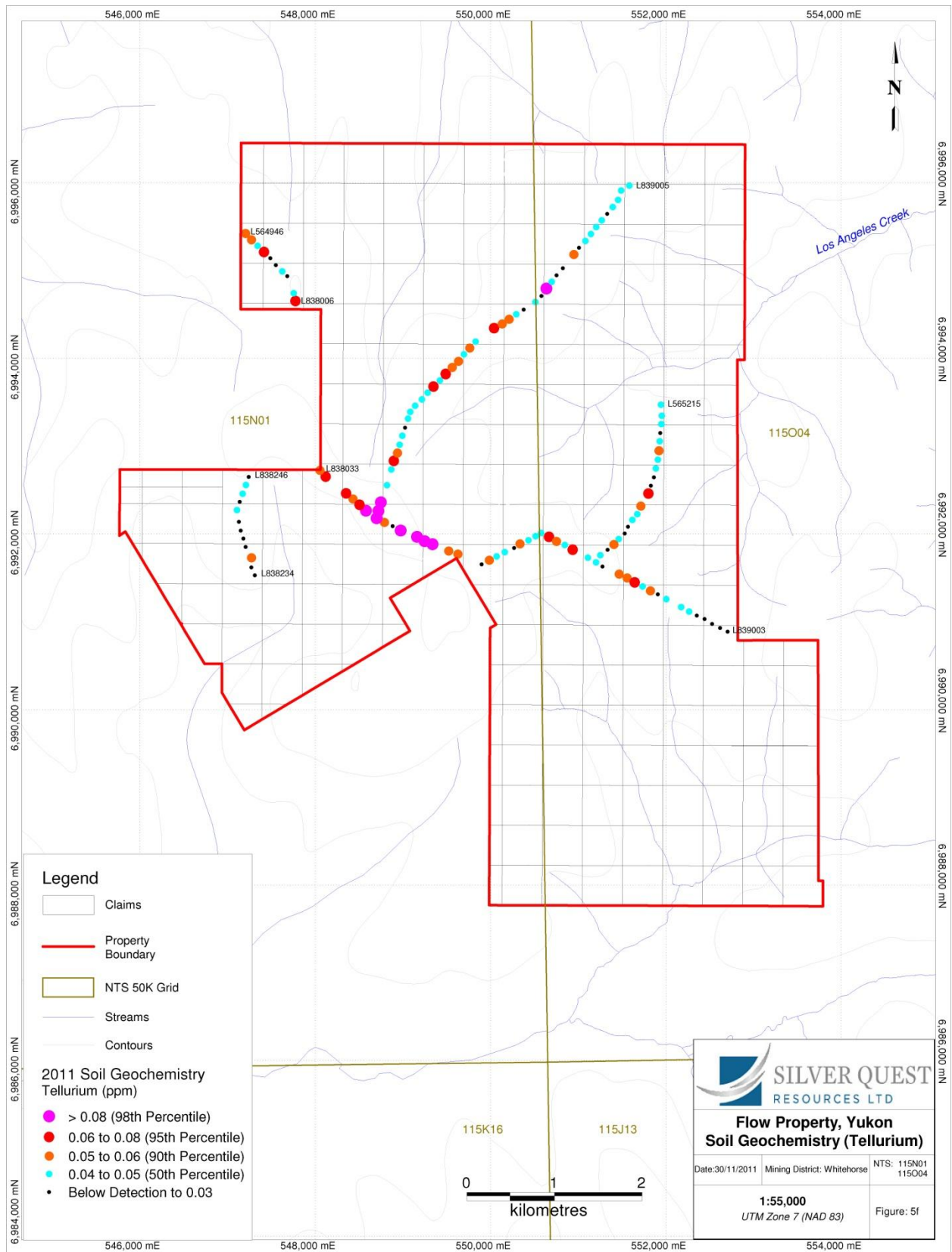


Figure 5f - Soil Geochemistry - Tellurium

RECOMMENDATIONS

Follow up contour and grid soil geochemical sampling is recommended, concentrating on the anomalies identified in this report. Geological mapping is recommended over the property; however lack of outcrop may hinder results. High gold in soil point values and pathfinder anomalies across the total Flow property should also be followed up with further soil geochemical surveys.

REFERENCES

Baker, D. and Voordouw, R. (2010), Silver Quest Resources Ltd. 2010 Geochemical Report on the Flow Property, Whitehorse Mining District, Yukon, Assessment Report

Gordey, S.P. and Makepeace, A.J. (comp.) 2003. Yukon digital geology, version 2.0; Geological Survey of Canada Open File 1749 and Yukon Geological Survey Open File 2003-9(D)

Hart, J. R., Goldfarb, R., Lewis, L. L., and Mair, J. L., 2004, The northern Cordilleran mid-Cretaceous plutonic province: Ilmenite/magnetite-series granitoids and intrusion-related mineralization: *Resource Geology*, v. 54, p. 253-280.

Roberts, M., and Baker, D. (2007), 2006 Geological and Geochemical Report on the Rimfire-Northgate Alliance; Stewart River area, Yukon, unpublished company report, p. 53.

Ryan, S., 1999, Geochemical report on the CU property, Dawson Mining District, Assessment Report 094074.

STATEMENT OF QUALIFICATIONS

I, Ryan J. F. Congdon, BSc, of Suite 1605-1146 Harwood Street, Vancouver, British Columbia, hereby certify that:

I am a graduate of the Curtin University of Perth, Australia having obtained the degree of Bachelor of Science in Applied Geology, 2005.

I am a graduate of the Curtin University of Perth, Australia having obtained the degree of Bachelor of Science in Environmental Biology, 2005.

I am a member of the Australian Institute of Mining and Metallurgy.

I have been employed in the mineral exploration and mining industry in Western Australia every field season (November-February) between 2003 and 2005.

I have been continuously employed as a geologist in the mineral exploration and mining industry since 2006.

I am currently employed as a Geologist by Silver Quest Resources Ltd. Suite 1410-650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8.

I am the author of the report entitled "2011 Soil Geochemical Survey on the Flow Property Yukon" dated December 1, 2011.

I participated in the geological work reported herein.

Dated this 1st day of December, 2011.

A handwritten signature in black ink, appearing to read 'Ryan J. F. Congdon', written over a horizontal line.

Ryan J. F. Congdon, BSc Geology

STATEMENT OF EXPENDITURES

	Quantity	Rate	Cost	
Soil Samples Collected	136	\$ 40.00	\$ 5,440.00	
Sampler day(s)	14	\$ 350.00	\$ 4,900.00	
Prospector day(s)	2	\$ 500.00	\$ 1,000.00	
Planning and reporting day(s)	10	\$ 450.00	\$ 4,500.00	
Camp Costs (per man day)	16	\$ 450.00	\$ 7,200.00	
Helicopter Hour(s)	11	\$ 1,550.00	\$ 17,050.00	
Helicopter Fuel (drums)	14	\$ 700.00	\$ 9,800.00	
			\$ 49,890.00	
		Supervision: 12%	\$ 5,986.80	
		Total:	\$ 55,876.80	
		Claims Worked: 42	\$ 1,330.40	per claim worked
		Claims Grouped: 238	\$ 234.78	per claim grouped

Date(s) worked: August 22 - August 27, 2011

Work done by: Silver Quest Resources Ltd.

APPENDIX 1
Laboratory Certificates