

Assessment Report on the

2011 SOIL GEOCHEMICAL SURVEY

on the

ASPEN AND GRIZZLY PROPERTIES, YUKON

Grant Number	Claim Name	Grant Number	Claim Name
YF24301 - YF24391	WC 1 - WC 91	YF25099 - YF25148	Grizzly 199 - Grizzly 248
YF24398 - YF24461	WC 98 - WC 161	YF25150	Grizzly 250
YF24486 - YF24556	WC 186 - WC 256	YF25152 - YF25201	Grizzly 252 - Grizzly 301
YF24574 - YF24647	WC 274 - WC 347	YF25204 - YF25256	Grizzly 304 - Grizzly 356
YF24659 - YF24735	WC 359 - WC 435	YF25258 - YF25312	Grizzly 358 - Grizzly 412
YF24737 - YF24869	WC 437 - WC 569	YF25314 - YF25370	Grizzly 414 - Grizzly 470
YF24905 - YF24932	Grizzly 5 - Grizzly 32	YF25372 - YF25430	Grizzly 472 - Grizzly 530
YF24937 - YF24966	Grizzly 37 - Grizzly 66	YF25432 - YF25492	Grizzly 532 - Grizzly 592
YF24969 - YF25000	Grizzly 69 - Grizzly 100	YF25935 - YF25944	Grizzly 625 - Grizzly 634
YF25003 - YF25048	Grizzly 103 - Grizzly 148	YF25957 - YF25976	Grizzly 647 - Grizzly 666
YF25050 - YF25097	Grizzly 150 - Grizzly 197		

DAWSON MINING DISTRICT

Date(s) Worked: September 14 - October 5, 2011

NTS Map 115J16 and 115O02
UTM 635,000E; 6,987,000N (NAD 83, Zone 7)

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March 13, 2012

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SUMMARY

The Aspen and Grizzly properties comprising 510 and 600 quartz claims respectively. They comprise two early stage exploration projects targeting orogenic gold mineralization. These properties are located in west-central Yukon approximately 150 kilometres (km) northwest of Carmacks, YT and 135 km southeast of Dawson City, YT (Figure 1). A total of 254 and 109 soil geochemical samples were collected from Aspen and Grizzly respectively over a total of 28 man days. The 2011 soil geochemical survey returned moderate but encouraging results for gold and its pathfinder elements.

INTRODUCTION

This report describes a reconnaissance soil geochemical survey conducted on the Aspen and Grizzly properties. Soil sampling was conducted by Kryotek Arctic Innovation on behalf of Silver Quest Resources Ltd. ("Silver Quest"). Sampling was completed by a 4 person crew over 7 days between September 14 and October 5, 2011. The author managed the program from the field camp location. The Statement of Qualifications is contained within this report.

The objective of these geochemical surveys was to evaluate the mineral potential of Aspen and Grizzly, both located along a favourable region-scale structural trend. Aspen and Grizzly are proximal to recent gold discoveries made by Pacific Ridge Exploration Ltd. ("Pacific Ridge") and Silver Quest earlier this season, as well as historical high-grade gold discoveries.

CLAIM DATA AND OWNERSHIP

Silver Quest staked the WC and Grizzly claims in September of 2012, based on recent gold discoveries in the area and the general North-west geologic trend. The Aspen property comprises 510 contiguous quartz claims and covers a total area of 10,650 hectares (ha). Aspen is centred on UTM 649,500E and 6,975,500N (NAD 83, Zone 7) on NTS map sheet 115J16 as shown on Figure 2. The Grizzly property comprises 600 contiguous quartz claims and covers a total area of 12,540 hectares (ha). The claim block centres on UTM 621,200E and 6,999,600N (NAD 83, Zone 7) on NTS map sheet 115O02 as shown on Figure 3. Quartz claims are registered with the Dawson Mining Recorder and are pending transfer of ownership to Silver Quest and then to Independence Gold Corp. Claim data is listed below.

Table 1 – Aspen Claim Data

Grant Number	Claim Name	Pending Registered Owner/Operator
YF24301 - YF24391	WC 1 - WC 91	Silver Quest Resources Ltd.
YF24398 - YF24461	WC 98 - WC 161	Silver Quest Resources Ltd.
YF24486 - YF24556	WC 186 - WC 256	Silver Quest Resources Ltd.
YF24574 - YF24647	WC 274 - WC 347	Silver Quest Resources Ltd.
YF24659 - YF24735	WC 359 - WC 435	Silver Quest Resources Ltd.
YF24737 - YF24869	WC 437 - WC 569	Silver Quest Resources Ltd.

Table 2 – Grizzly Claim Data

Grant Number	Claim Name	Pending Registered Owner/Operator
YF24905 - YF24932	Grizzly 5 - Grizzly 32	Silver Quest Resources Ltd.
YF24937 - YF24966	Grizzly 37 - Grizzly 66	Silver Quest Resources Ltd.
YF24969 - YF25000	Grizzly 69 - Grizzly 100	Silver Quest Resources Ltd.
YF25003 - YF25048	Grizzly 103 - Grizzly 148	Silver Quest Resources Ltd.
YF25050 - YF25097	Grizzly 150 - Grizzly 197	Silver Quest Resources Ltd.
YF25099 - YF25148	Grizzly 199 - Grizzly 248	Silver Quest Resources Ltd.
YF25150	Grizzly 250	Silver Quest Resources Ltd.
YF25152 - YF25201	Grizzly 252 - Grizzly 301	Silver Quest Resources Ltd.
YF25204 - YF25256	Grizzly 304 - Grizzly 356	Silver Quest Resources Ltd.
YF25258 - YF25312	Grizzly 358 - Grizzly 412	Silver Quest Resources Ltd.
YF25314 - YF25370	Grizzly 414 - Grizzly 470	Silver Quest Resources Ltd.
YF25372 - YF25430	Grizzly 472 - Grizzly 530	Silver Quest Resources Ltd.
YF25432 - YF25492	Grizzly 532 - Grizzly 592	Silver Quest Resources Ltd.
YF25935 - YF25944	Grizzly 625 - Grizzly 634	Silver Quest Resources Ltd.
YF25957 - YF25976	Grizzly 647 - Grizzly 666	Silver Quest Resources Ltd.



Figure 1 – Location Map

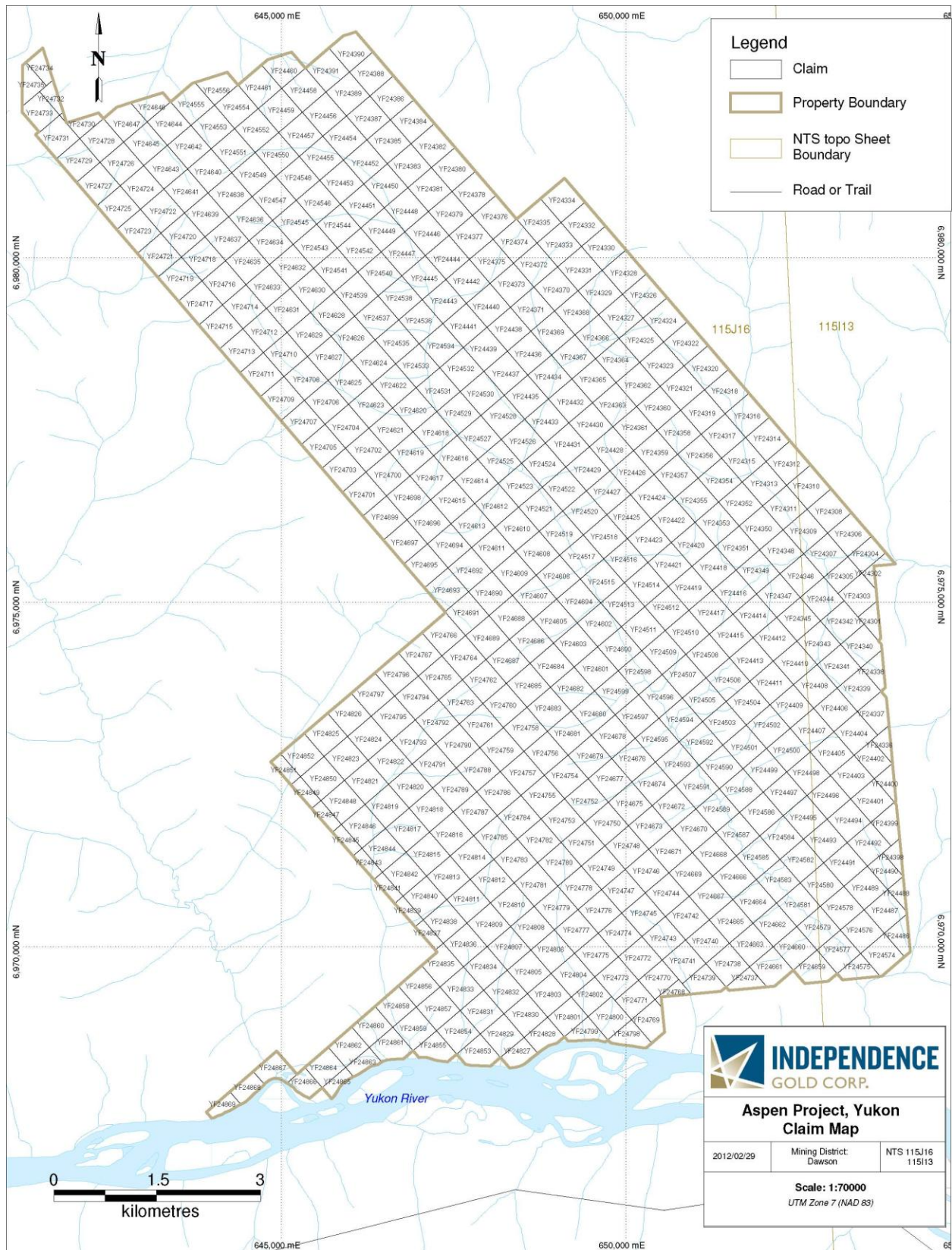


Figure 2 – Aspen Claim Map

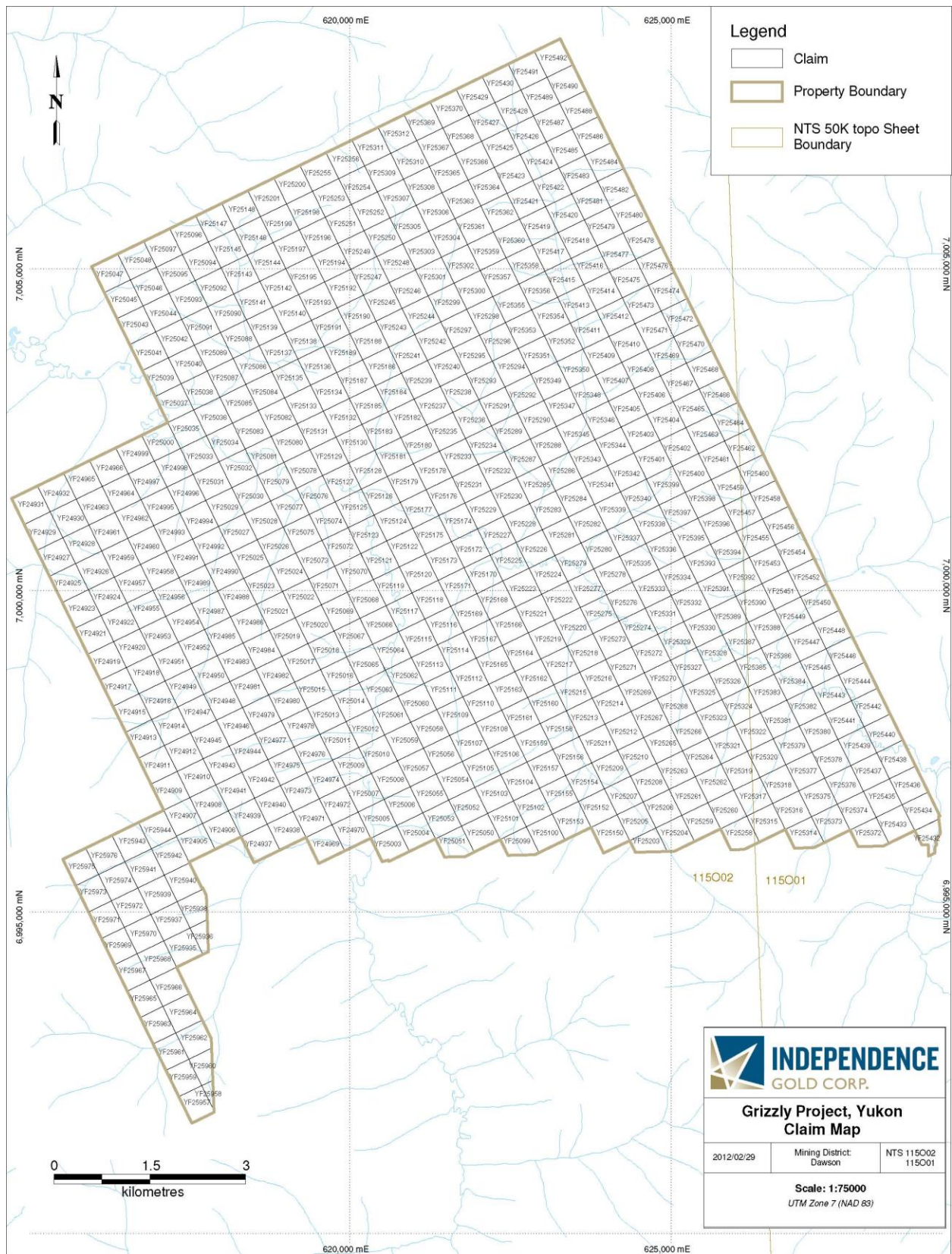


Figure 3 – Grizzly Claim Map

PROPERTY DESCRIPTION

LOCATION

The Aspen property is located in the Cripple Creek area, 128 km northwest of Carmaks, YT and 147 km southeast of Dawson City, YT. Grizzly is located in the Scroggie Creek area of west-central Yukon, located 165 km northwest of Carmaks, YT and 113 km southeast of Dawson City, YT (Figure 1).

CLIMATE AND GEOMORPHOLOGY

The Aspen and Grizzly properties lie within the Dawson Range in an area of gentle undulating relief. Local elevations range from 425 to 1,100 metres (m) above sea level. The higher parts of Aspen and Grizzly 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 Aspen property is drained by Cripple Creek, which flows south into the Yukon River, while Grizzly is drained by Scroggie Creek, which flows north into Stewart 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.

INFRASTRUCTURE

Access to the Aspen and Grizzly properties in 2011 was via an AS350-B2 A-star helicopter operated by Transnorth Helicopters of Whitehorse and based out of Silver Quest's 2011 Boulevard Camp, located on Independence Creek. Alternatively, several fixed-wing operators in Dawson City and Whitehorse are available for hire to transport supplies to various airstrips in the vicinity including Casino, Minto, Rude Creek and Scroggie Creek where supplies can be subsequently mobilized by helicopter to the property.

There is no maintained road access to either of these Properties.

HISTORY

PREVIOUS WORK

There are no Minfile occurrences or public records of previous exploration on the Aspen or Grizzly properties.

Scroggie Creek has been the actively placer mined since 1978 and reportedly produced 55,603 ounces of gold between 1978 and 2003 (LaBarge, 2004)

RECENT HISTORY

There is no record of previous work completed within the property areas.

Archer, Cathro & Associated (1981) Limited (Archer Cathro) staked the near by BDR claims in June 2009 and optioned them to Silver Quest in December 2009. ATAC Resources Ltd. completed a one day soil sample survey with a crew of 3 people in August 2009 on behalf of Archer Cathro. A total of 87 deep auger soil samples were taken at 50 m spaced intervals along 3 lines spaced 100 to 500 m apart. No significant results were returned (Smith, 2010). In 2011, Silver Quest completed 4 man days of soil sampling, collecting 68 samples from two parallel spur lines, with 50 m sample spacing. The highest gold value returned from the 2011 program was 41 parts per billion (ppb) (Congdon, 2011).

Pacific Ridge owns the majority of the claims that lie along strike between the Aspen and Grizzly properties. This block of claims is more commonly known as the Mariposa property. Pacific Ridge completed diamond drilling on their highest grade gold-in-soil anomaly, known as the Skookum Main zone in 2011. Their best intercept was 38.9 m of 2.44 grams per tonne in hole 11MP-01. Pacific Ridge completed a total of 34 holes during their 2011 drilling program (Brock, 2011). These holes are located along regional scale trends approximately 2.5 km to the southeast of Birdman.

GEOLOGICAL SETTING

REGIONAL GEOLOGY

Aspen and Grizzly are situated within the Yukon-Tanana Terrane approximately 80 km southwest of the Tintina Fault 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), and a variety of early Jurassic batholiths which surround the Aspen and Grizzly properties.

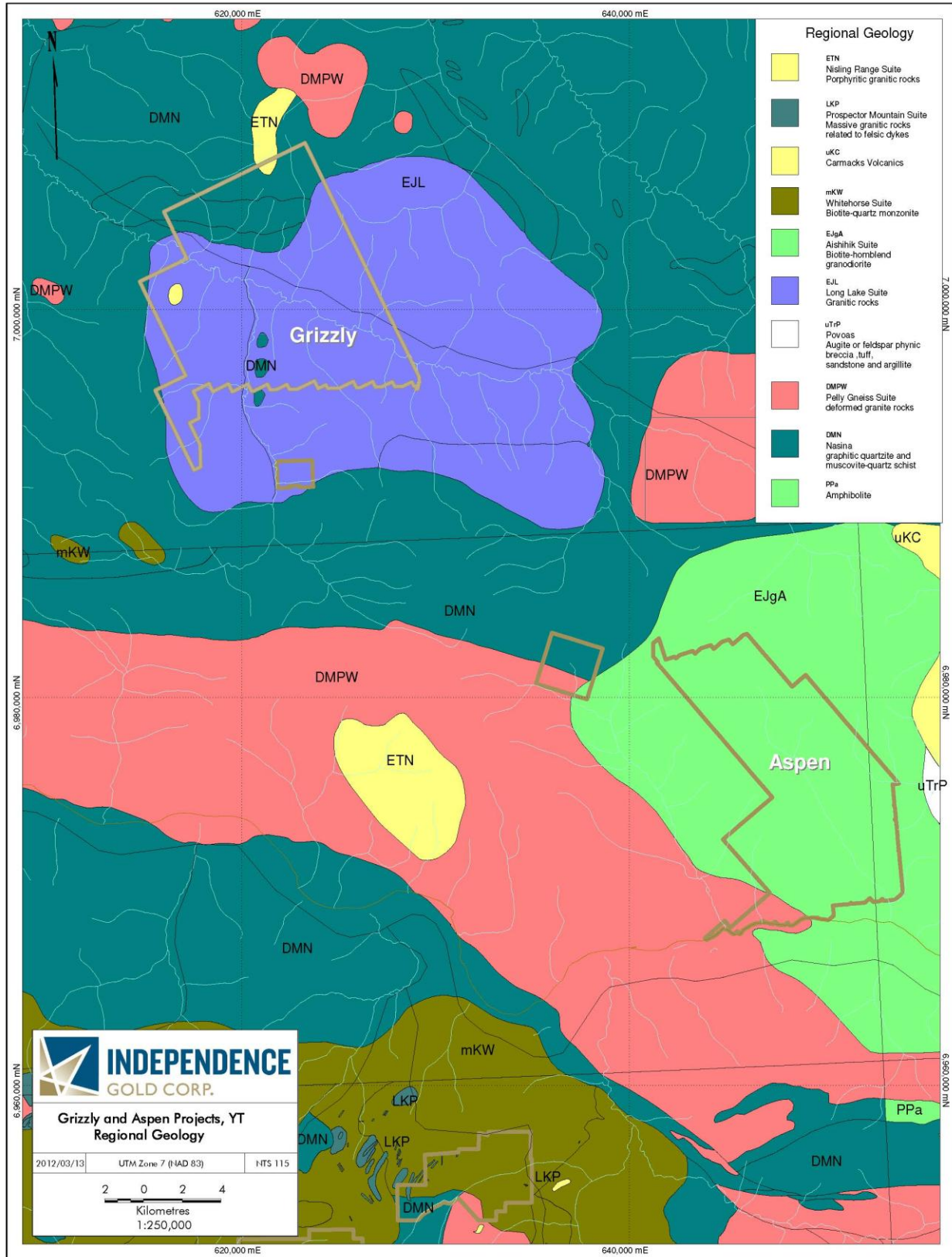


Figure 4 – Regional Geology

PROPERTY GEOLOGY

The oldest rocks in the area belong to the Devonian, Mississippian Nasina Assemblage (DMN). This unit is described as quartzite and quartz-muscovite schist (Gordey and Makepeace, 2003). This package of rocks underlies the entire area, and surfaces at the north end of Grizzly (Figure 4).

The remainder of the Grizzly property is underlain by a 20 km by 15 km pluton of Early Jurassic Long Lake Suite (EJL) which intrudes DMN. EJL is described as massive to weakly foliated, fine to coarse grained biotite, biotite-muscovite and biotite-hornblende quartz monzonite to granite, including abundant pegmatite and alplite phases. It commonly contains potassium feldspar megacrysts (Gordey and Makepeace, 2003).

The majority of the Aspen Property is underlain by a Northwest-southeast trending pluton of Early Jurassic Aishihik Suite (EJgA) which intrudes the DMN and is slightly younger than EJL. EJgA is generally described as medium to coarse grained, foliated biotite-hornblende granodiorite. This unit also intrudes the Pelly Gneiss Suite (DMgPW), which underlies the southwest corner of the Aspen property. This unit is described as foliated medium grained biotite granite gneiss to biotite or hornblende granodiorite gneiss. This unit includes interfoliated amphibolite, quartz mica schist and phyllites (Gordey and Makepeace, 2003).

No mapping or prospecting was completed during the 2011 project.

GEOCHEMISTRY

SOIL GEOCHEMISTRY

The 2011 exploration program at Aspen consisted of 3 days of work for 4 soil samplers. A total of 254 soil samples from 5 parallel survey lines were collected at a sample spacing of 100 m (Figure 5). Similarly, 4 days of work by 4 soil samplers was completed at the Grizzly property for a total of 109 samples collect from 3 ridge/spur survey lines (Figure 6). Fewer samples were collected in more time at Grizzly when compared to Aspen, this is due to the increased tree cover at Grizzly and thus difficulties and time spent to find or create suitable helicopter landing spaces. Sampling time was also lost on this property due to a first aid incident.

Sampling was conducted by Kryotek Arctic Innovation, using a small mechanical drill. All samplers were trained to use the same sampling procedures when collecting these C-horizon soil samples. Sampler began by removing a 30 centimetre (cm) by 30 cm section of moss matt or vegetative cover, they then drilled to a depth of 75 to 85 cm to collect their sample. Soil material (300 grams to 400 grams) was collected from the drill spiral and placed in standard KRAFT soil sample bags. Samples bags were 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 replacing the moss mat or vegetative cover. This was done to minimize the environmental impact. Equipment was 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.

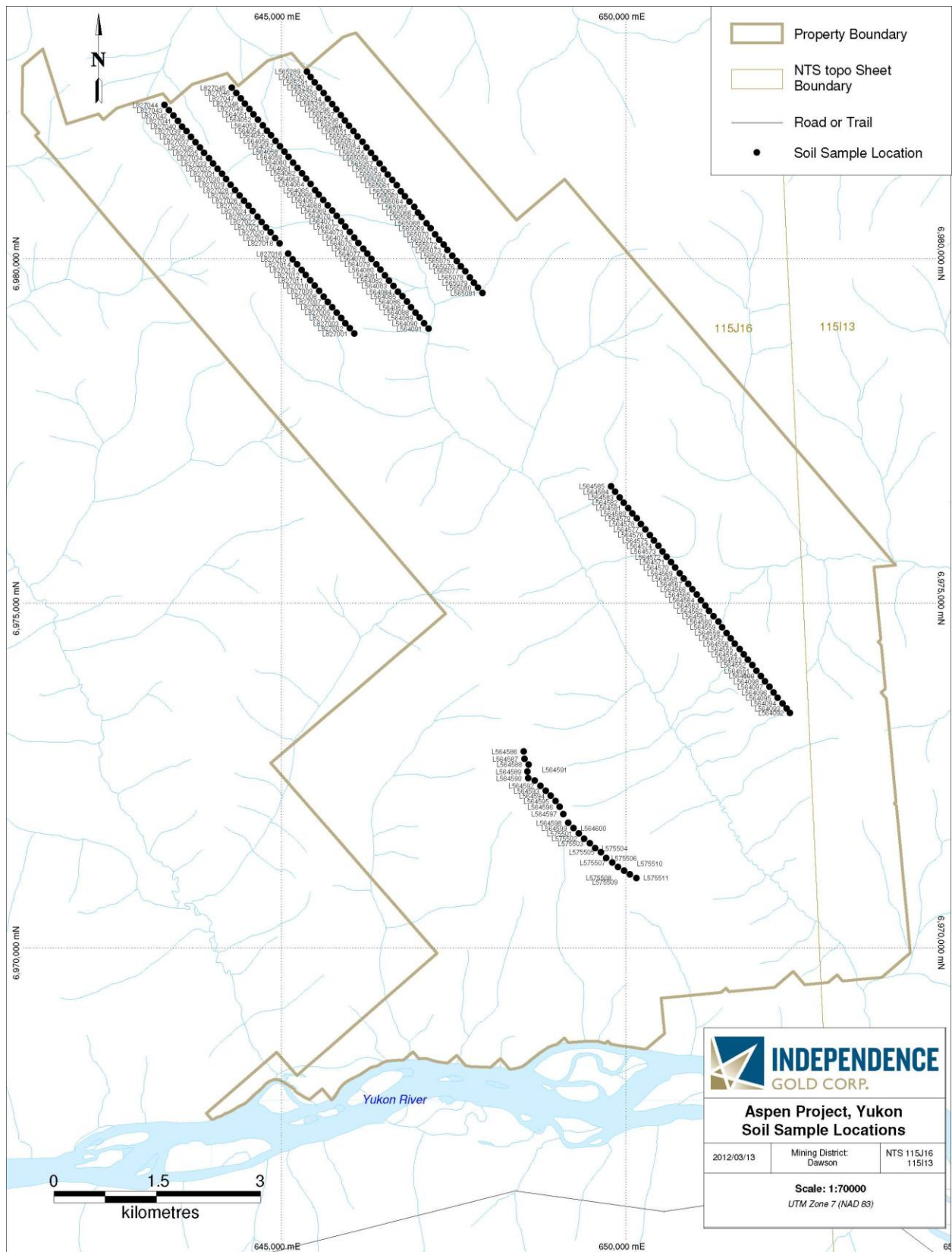


Figure 5 – Aspen Soil Geochemical Sample Locations

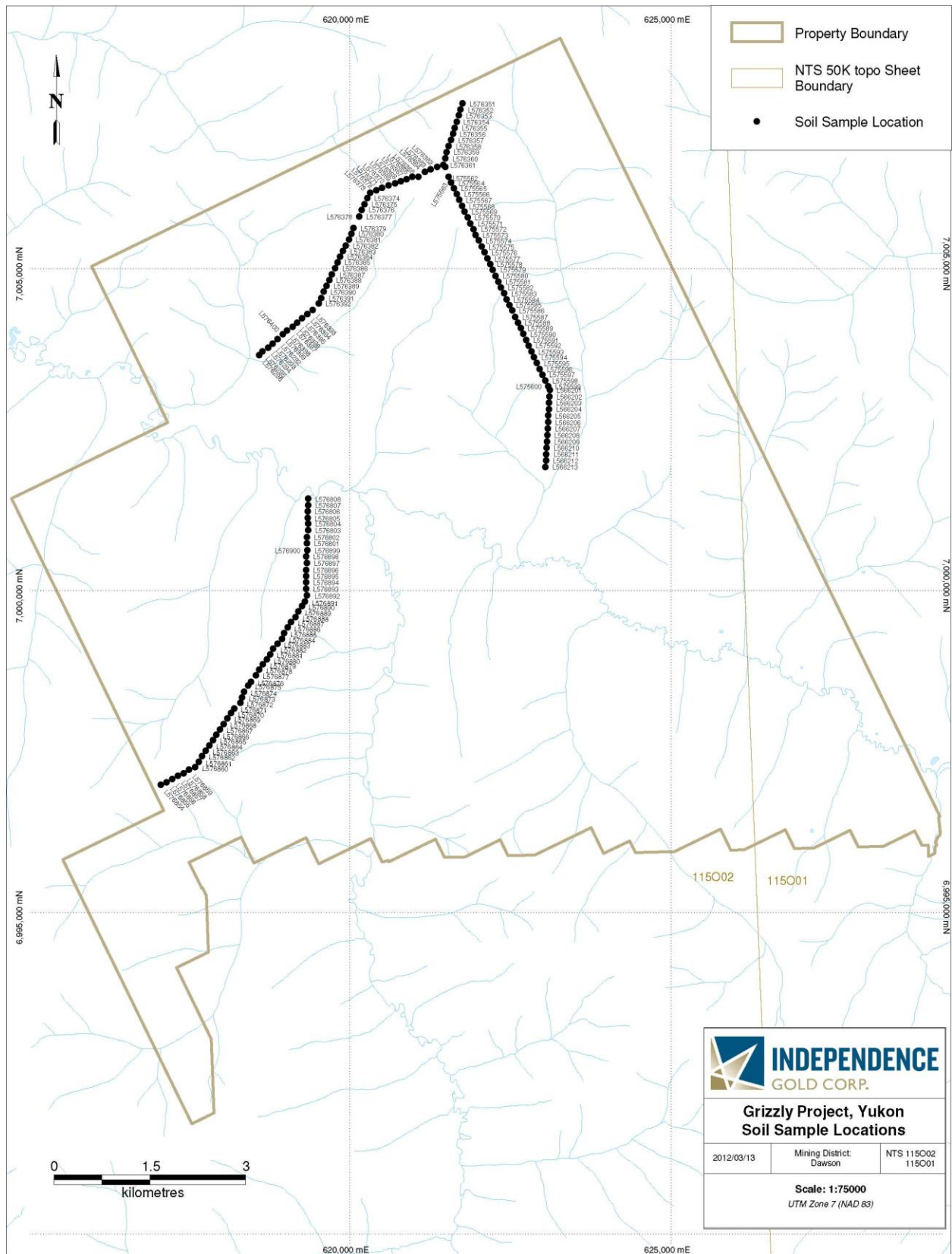


Figure 6 – Grizzly Soil Geochemical Sample Locations

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 3 – Aspen Soil Geochemical Survey Percentile Values

Values	Au (ppb)	Ag (ppm)	As (ppm)	Cu (ppm)	Sb (ppm)	Te (ppm)
Max	23.0	1.20	32.00	100.00	1.35	0.13
98th	16.8	0.43	10.00	25.21	0.77	0.06
95th	10.8	0.25	9.19	48.46	0.72	0.05
90th	8.9	0.21	8.40	34.67	0.63	0.04
75th	7.0	0.16	7.40	27.00	0.54	0.04
50th	6.0	0.12	6.20	18.25	0.42	0.03

Table 4 – Grizzly Soil Geochemical Survey Percentile Values

Values	Au (ppb)	Ag (ppm)	As (ppm)	Cu (ppm)	Sb (ppm)	Te (ppm)
Max	21.0	0.34	25.00	107.00	0.63	0.14
98th	18.6	0.31	17.53	63.30	0.55	0.06
95th	15.0	0.25	10.98	37.31	0.47	0.04
90th	12.0	0.18	8.68	27.07	0.43	0.04
75th	6.0	0.14	6.23	14.80	0.35	0.02
50th	5.0	0.10	4.00	9.65	0.27	0.02

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 passed 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 Aspen and Grizzly passed without any significant concerns.

DISCUSSIONS AND CONCLUSIONS

Soil geochemical survey results from the Aspen and Grizzly properties were analysed to identify anomalous ranges that were then applied to the following thematic maps (Figure 7 a-h). The sample values were also compared to the Silver Quest soils database, which contains values for approximately 40,000 samples collected between 2008 and 2011 within the Dawson Range. Anomalous value ranges for each of these two properties were found to be consistent with anomalous values for the larger data set.

The 2011 sampling was not detailed enough to identify anomalous zones, however results did indicate multiple point values of interest, all of which require further follow-up work. The Aspen property had a maximum gold value of 23 ppb, while the maximum gold value on the Grizzly property was 21 ppb. As single point values these are considered to be highly anomalous.

In general, pathfinder elements returned moderate values, that show areas of interest that are coincident amongst various elements, for example the south-western soil sample line on the Aspen property shows high values in gold, arsenic and antimony at the northern end of the line. Similarly, arsenic and antimony coincide well at the intersection of the two northern soil samples lines on the Grizzly property.

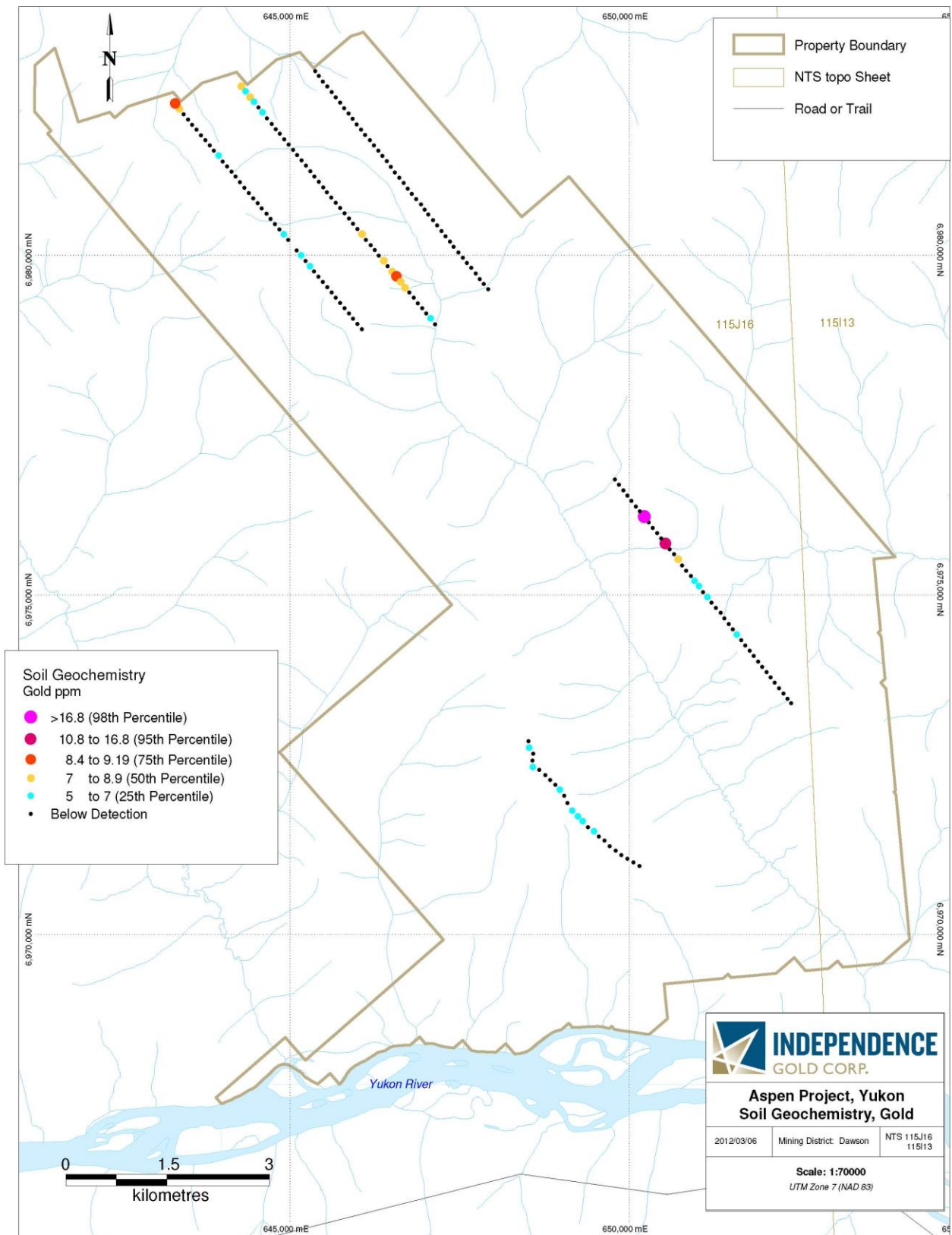


Figure 7a – Soil Geochemistry – Gold

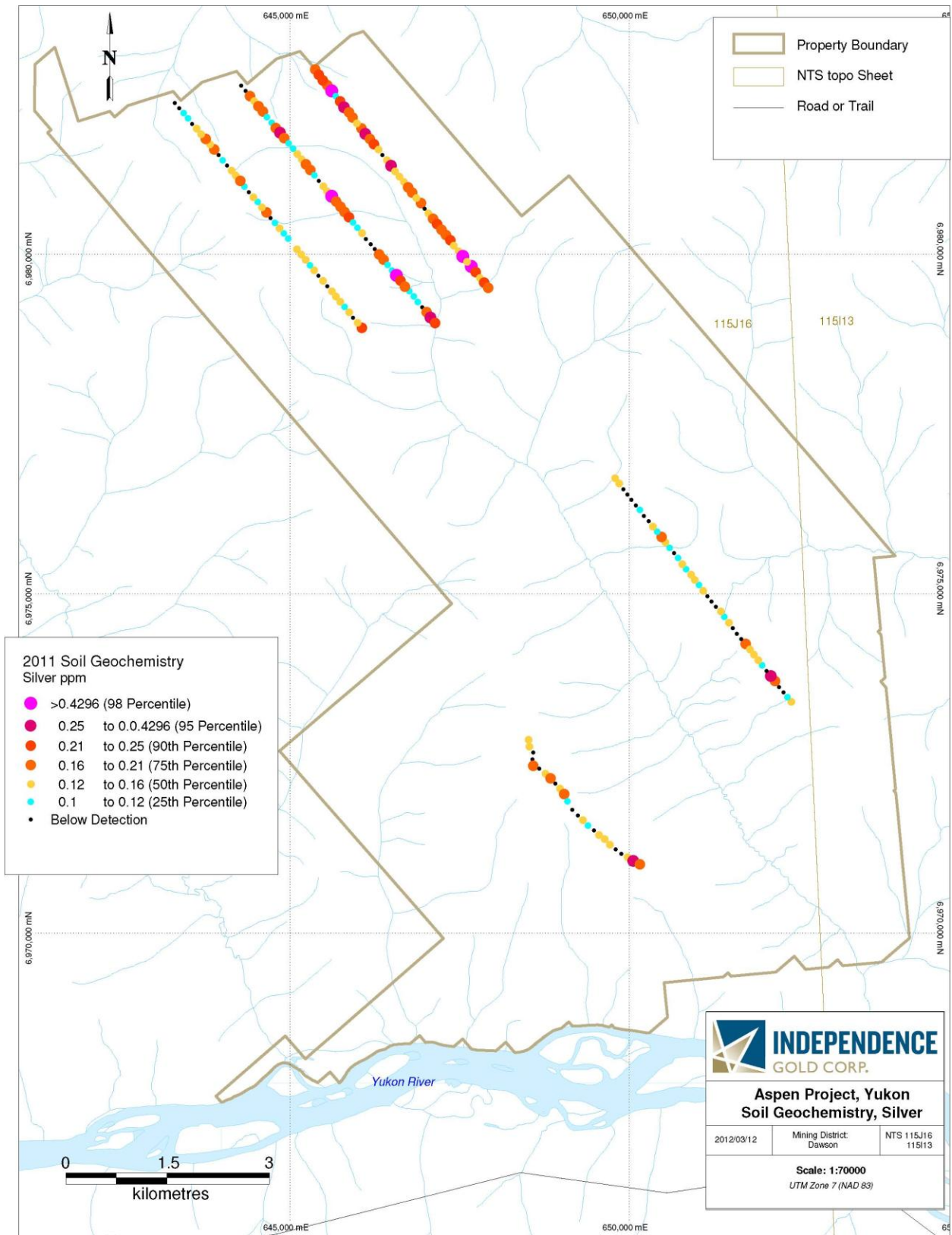


Figure 7b – Aspen Soil Geochemistry – Silver

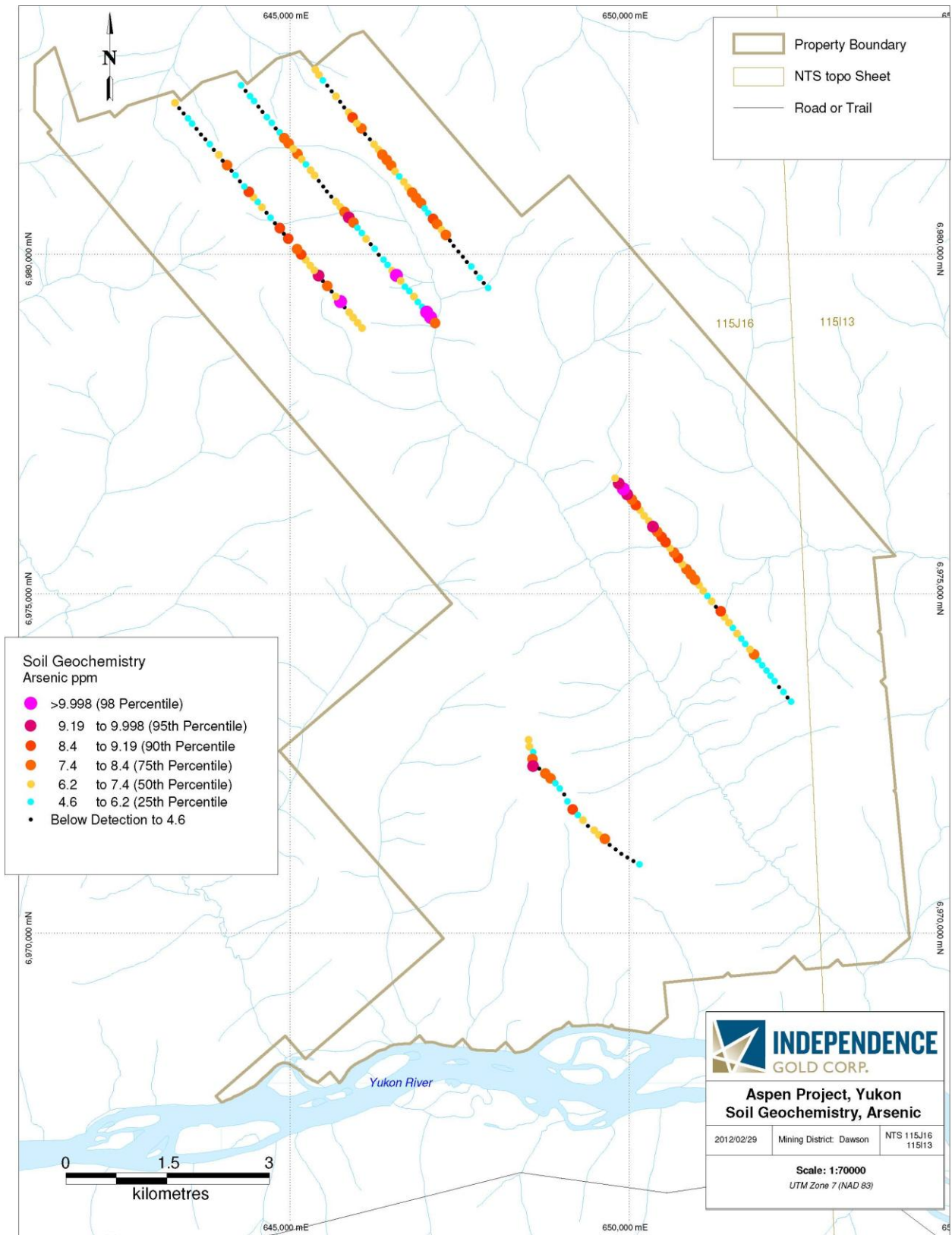


Figure 7c – Aspen Soil Geochemistry – Arsenic

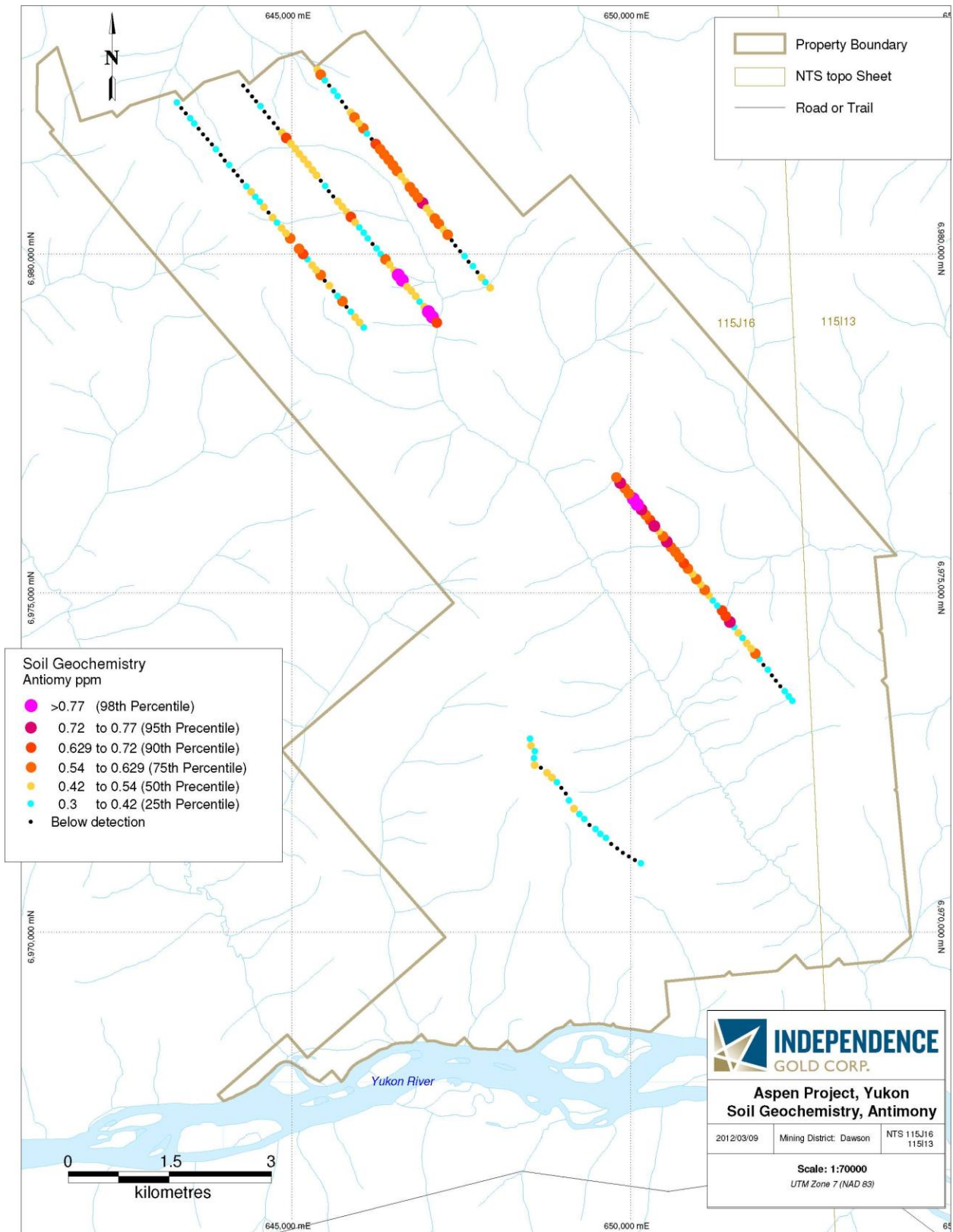


Figure 7d – Aspen Soil Geochemistry – Antimony

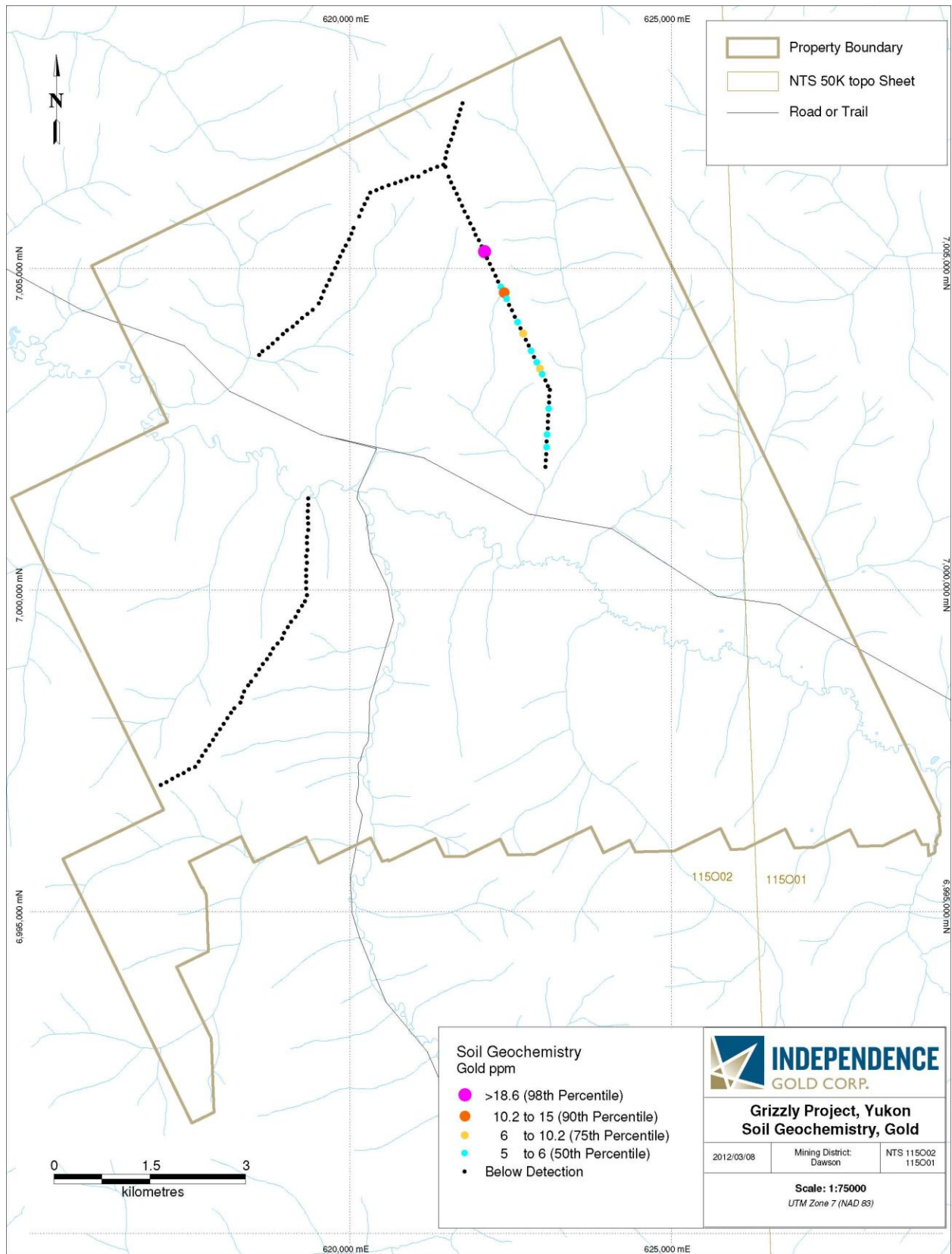


Figure 7e – Grizzly Soil Geochemistry – Gold

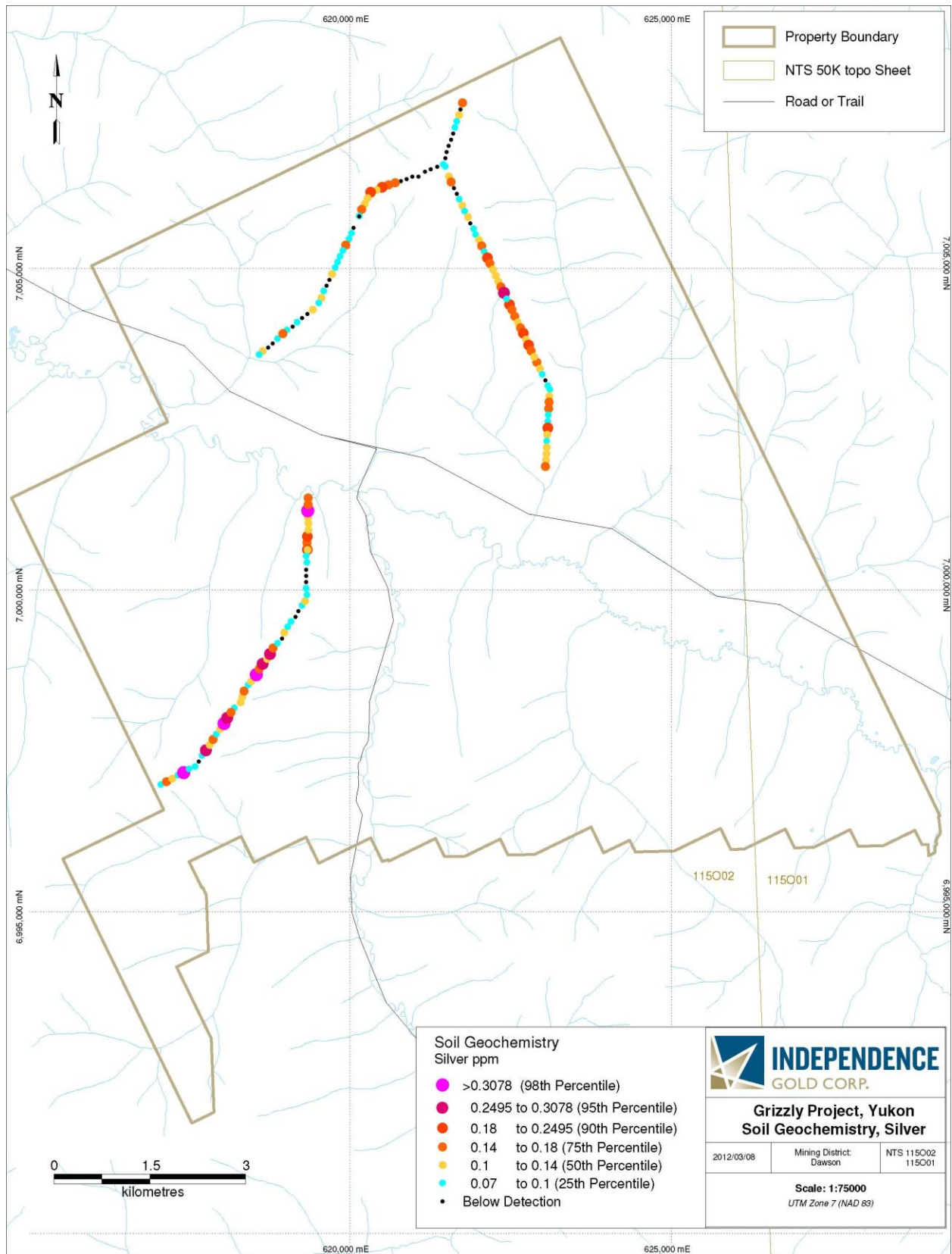


Figure 7f – Grizzly Soil Geochemistry – Silver

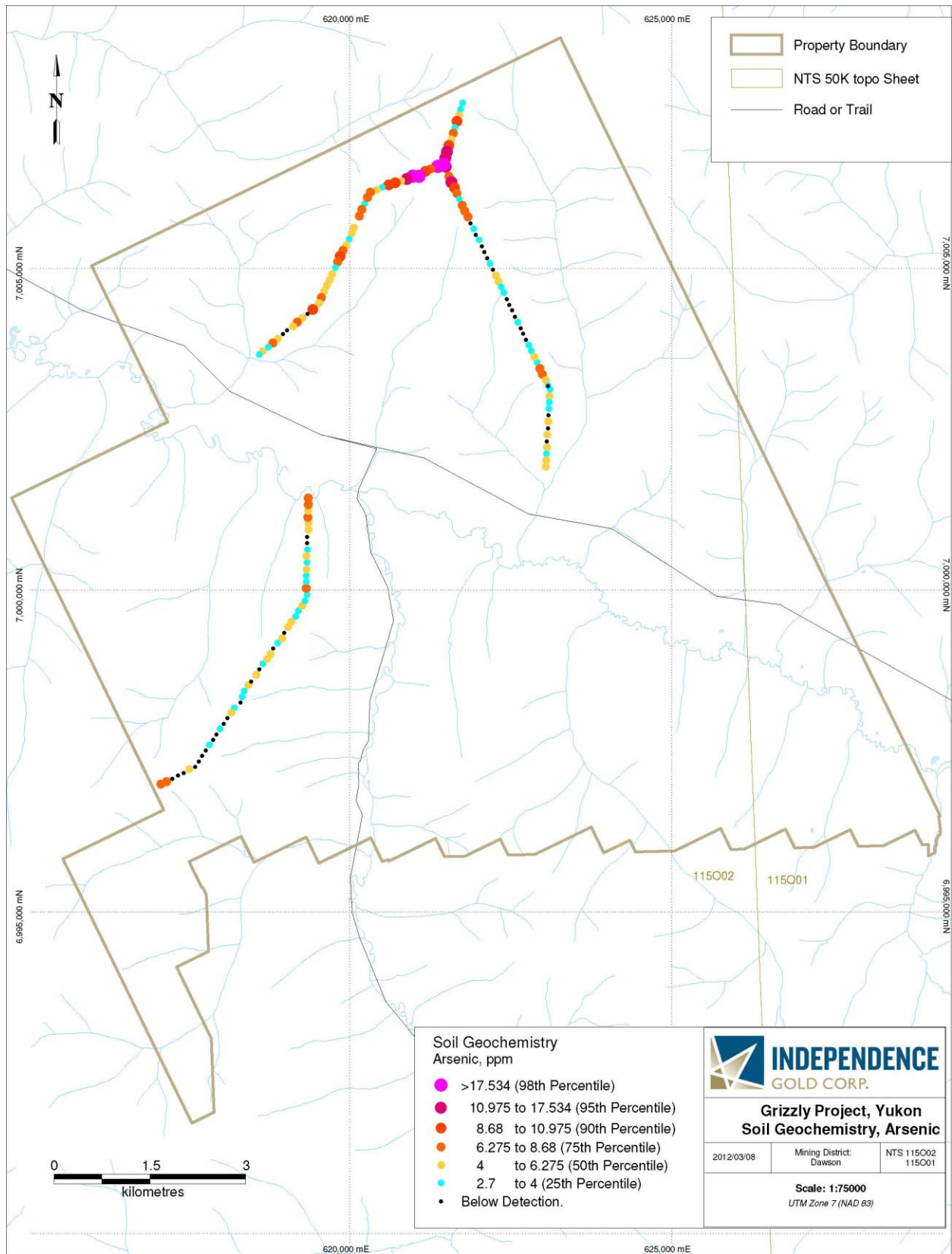


Figure 7g – Grizzly Soil Geochemistry – Arsenic

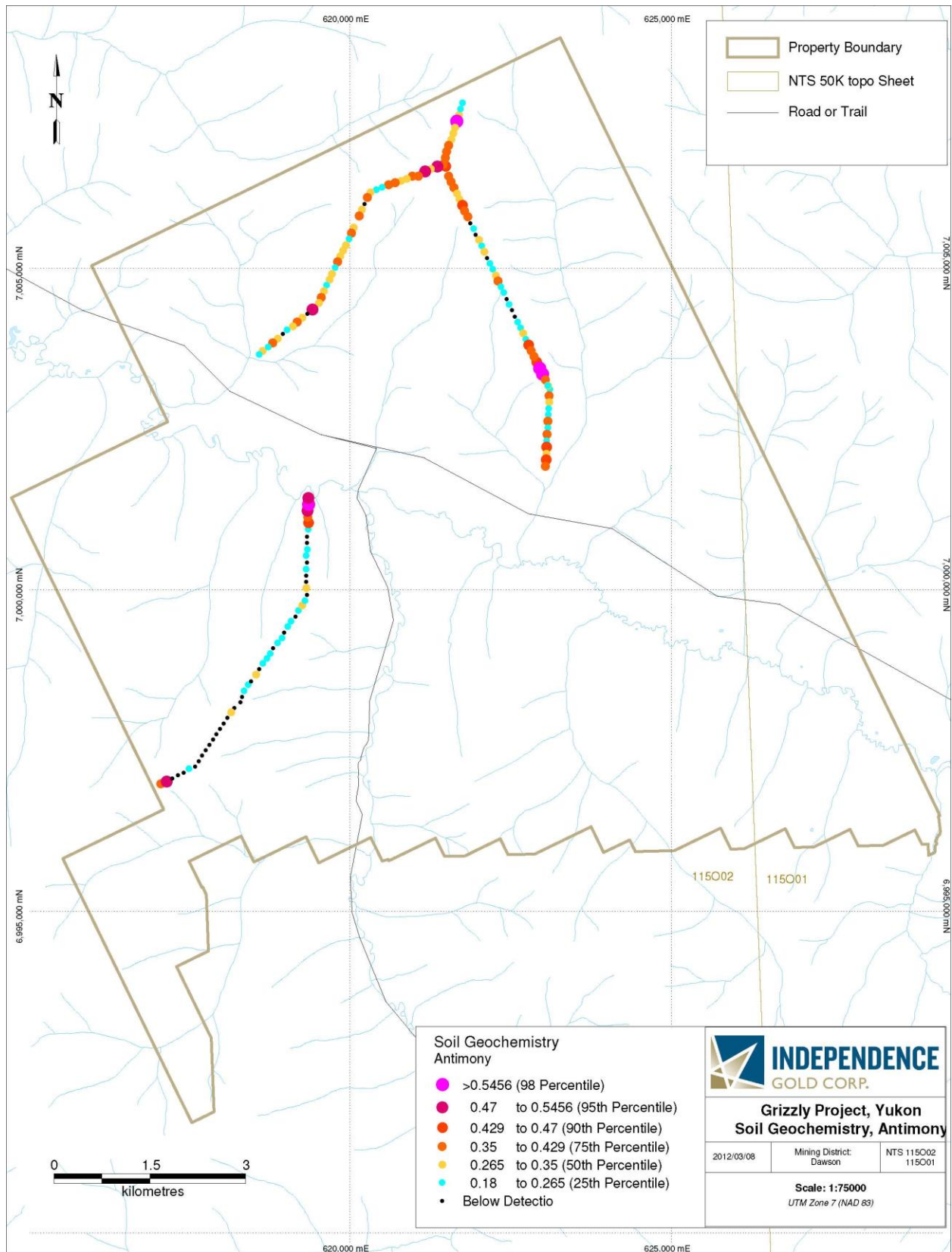


Figure 7h – Grizzly Soil Geochemistry – Antimony

RECOMMENDATIONS

Based on trace element soil geochemical data from the 2011 geochemical surveys on Aspen and Grizzly further geochemical, geophysical and geological work is recommended as follows:

- Further soil geochemical work is recommended to follow-up on regionally anomalous gold values in soil. Detailed soil grids (50 m x 50 m spacing at a minimum) would be beneficial to further delineate and identify potential gold in soil geochemical anomalies. Kilometre scale gold in soil anomalies have been identified by both Pacific Ridge and Silver Quest in the area by soil sampling.
- Based on recent activity in the Yukon, the importance of structure is being realized as an important element in controlling mineralization. It is recommended that detailed airborne geophysics including magnetics, radiometrics and electromagneticics be flown over the two properties.
- Lastly, basic mapping and prospecting is recommended. Regional government geology is continuously being updated, however these efforts are being spent at a scale that is much too large to notice the differences at a property scale. It is recommended that both properties be geologically mapped and sampled at a property scale.

REFERENCES

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LaBarge, W.P. (2004) Yukon Placer Data 2004-Percentage of Total Placer Gold Production (1978-2003) by Region

Smith, H. (2010), Assessment Report describing Soil Geochemical Sampling at the BDR Property, Archer, Cathro & Associates (1981) Limited.

STATEMENT OF QUALIFICATIONS

I, Kendra A. Johnston, BSc, of Suite 206-1550 Barclay Street, Vancouver, British Columbia, hereby certify that:

I am a graduate of the University of Victoria, British Columbia having obtained the degree of Bachelor of Science in Earth and Ocean Science, 2005.

I am a member of the Association of Professional Engineers and Geoscientist (APEG) of British Columbia (ID #141786).

I have been continuously employed in the mineral exploration industry in Canada since 2005.

I am currently employed as a Project Geologist, GIT by Independence Gold Corp. 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 Aspen and Grizzly Properties" dated March 13, 2012.

I participated in the geological work reported herein.

Dated this 13th day of March, 2012.



Kendra A. Johnston, GIT, BSc

STATEMENT OF EXPENDITURES

Aspen

	Quantity	Rate	Cost	
Soil Samples Collected	254	\$ 40.00	\$ 10,160.00	
Sampler day(s)	12	\$ 350.00	\$ 4,200.00	
Prospector day(s)	0	\$ 500.00	\$ -	
Planning and reporting day(s)	2	\$ 450.00	\$ 900.00	
Camp Costs (per man day)	12	\$ 450.00	\$ 5,400.00	
Helicopter Hour(s)	12	\$ 1,550.00	\$ 18,600.00	
Helicopter Fuel (drums)	15	\$ 700.00	\$ 10,500.00	
			\$ 49,760.00	
		Supervision: 12%	\$ 5,971.20	
		Total:	\$ 55,731.20	
		Claims Worked: 49	\$ 1,137.37	per claim worked
		Claims Grouped: 510	\$ 109.28	Per claim grouped

Grizzly

	Quantity	Rate	Cost	
Soil Samples Collected	109	\$ 40.00	\$ 4,360.00	
Sampler day(s)	16	\$ 350.00	\$ 5,600.00	
Prospector day(s)	0	\$ 500.00	\$ -	
Planning and reporting day(s)	3	\$ 450.00	\$ 1,350.00	
Camp Costs (per man day)	20	\$ 450.00	\$ 9,000.00	
Helicopter Hour(s)	14	\$ 1,550.00	\$ 21,700.00	
Helicopter Fuel (drums)	18	\$ 700.00	\$ 12,600.00	
			\$ 54,610.00	
		Supervision: 12%	\$ 6,553.20	
		Total:	\$ 61,163.20	
		Claims Worked: 45	\$ 1,359.18	per claim worked
		Claims Grouped: 600	\$ 101.94	Per claim grouped

Date worked: September 14, 2011 - October 5, 2011

Work Completed by Silver Quest Resources Ltd and Kryotek Arctic Innovation

APPENDIX 1
Laboratory Certificates