GOLDQUEST CORPORATION

LA ESCANDALOSA PROJECT, DOMINICAN REPUBLIC

Geophysical review in the light of the 2012 Romero discovery

INTRODUCTION

The background to the project and an interpretation of the existing IP/resistivity and ground magnetic data have been documented previously (Redwood 2010, Quantec Geoscience 2011, Last 2012).

The mineralization (Au, and associated Ag, Cu, Zn and Pb) as seen from the rock and soil geochem, drillhole assays and alteration map, is strongly correlated with a well-defined low resistivity trend representing the zone of oxidation (+ sulphides/alteration at deeper levels), partially overlapping with and underlain by a high chargeability zone representing disseminated sulphides, also well-defined. The anomalous zone runs more or less N-S through the area, with offsets due to faulting north and south of the central zone.

The magnetic data show that the IP/resistivity anomaly and the mineralized zone correlate with a magnetic low trend, which at this geographic location corresponds to lower susceptibility compared to the surrounding rocks. This would be related to alteration and corresponding depletion of magnetic minerals in the zone.

In the following the existing geophysical (in particular IP/Conductivity) and drilling information are reviewed in the light of the recent Romero discovery hole LTP-90. Recommendations are made for further drilling (total 60 holes) and additional geophysical surveys.

IP/CONDUCTIVITY

Figure 1 shows the chargeability for the entire area at the deepest level available (283m below ground). Figure 2 shows the corresponding 283m conductivity.

Figure 3 focuses on the 283m level chargeability for the area around Zone 2(N), showing existing and proposed drillholes. Note the chargeability cut-off to the north of LTP-90, which may represent a downthrow to the NNW, or conceivably an offset to the ENE (Zones 3/5).

Figure 4 shows the 283m conductivity for the area around Zone 2(N). In contrast to the chargeability, the conductivity anomaly continues, with an offset, towards the NW, where it remains open. At this level it is stronger than in Zones 1 and 2, which supports the downthrow scenario, according to which the underlying chargeability source is considerably deeper. Figure 2 shows that the conductivity anomaly is also open to the SE.

The geological map produced by Goldquest offers evidence for an ENE-WSW structure just to the north of LTP-90. This can be seen as an overall offset of the (pink) rhyolite unit to the ENE, also mapped faults offset the (light green) andesitic-dacitic unit, particularly along its western margin.

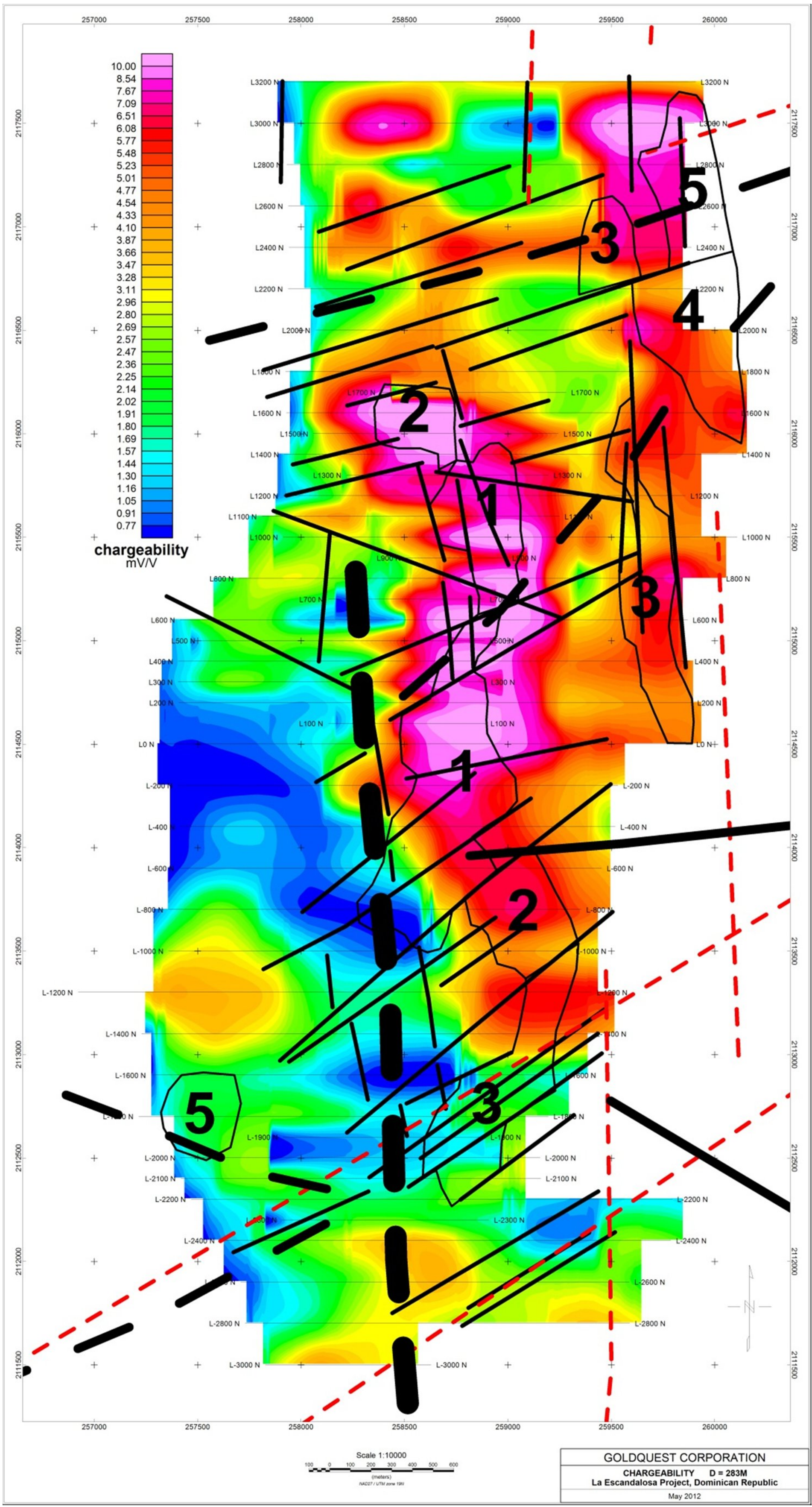

Figure 1. Chargeability 283m below ground.

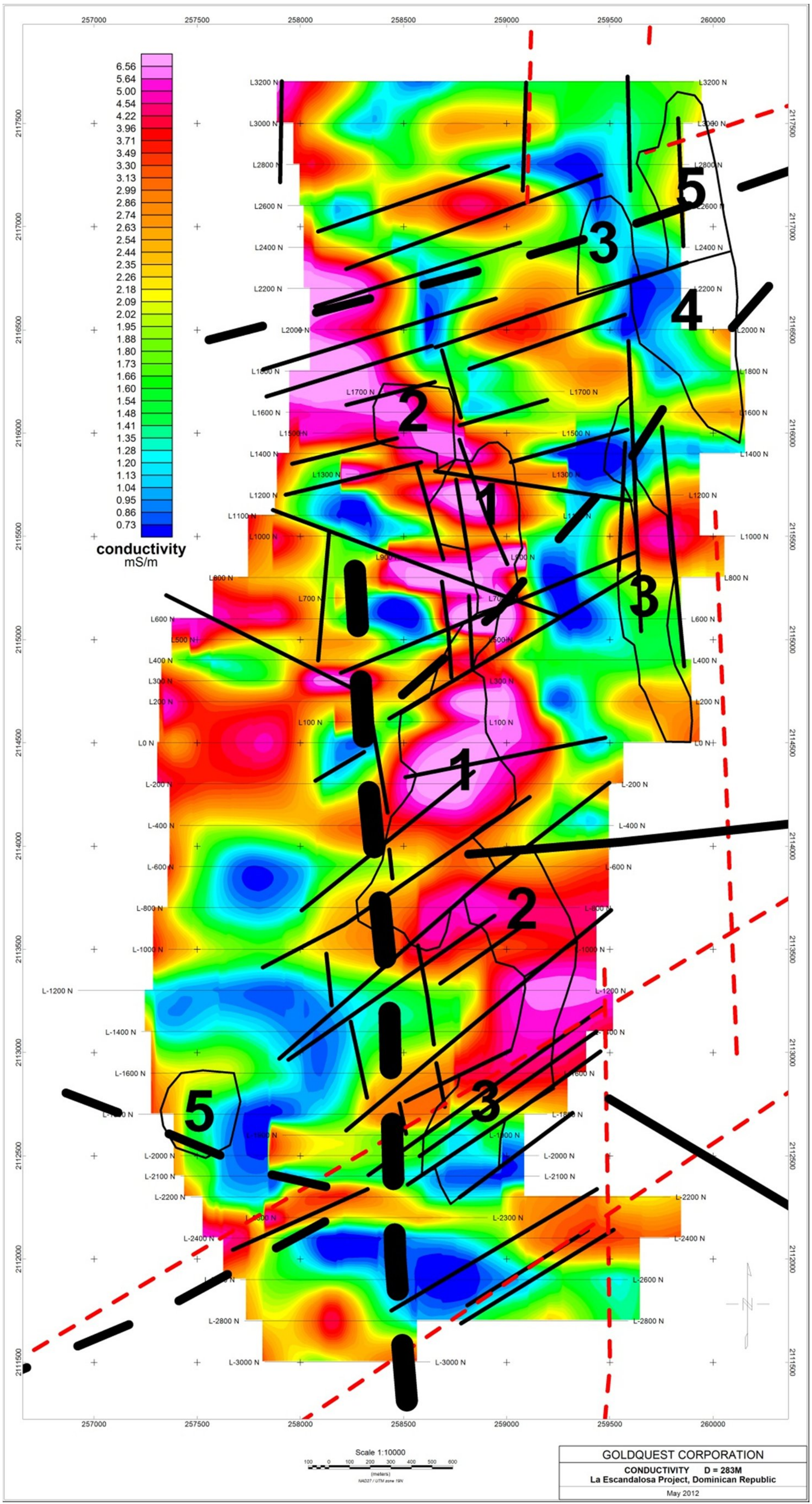

Figure 2. Conductivity 283m below ground.

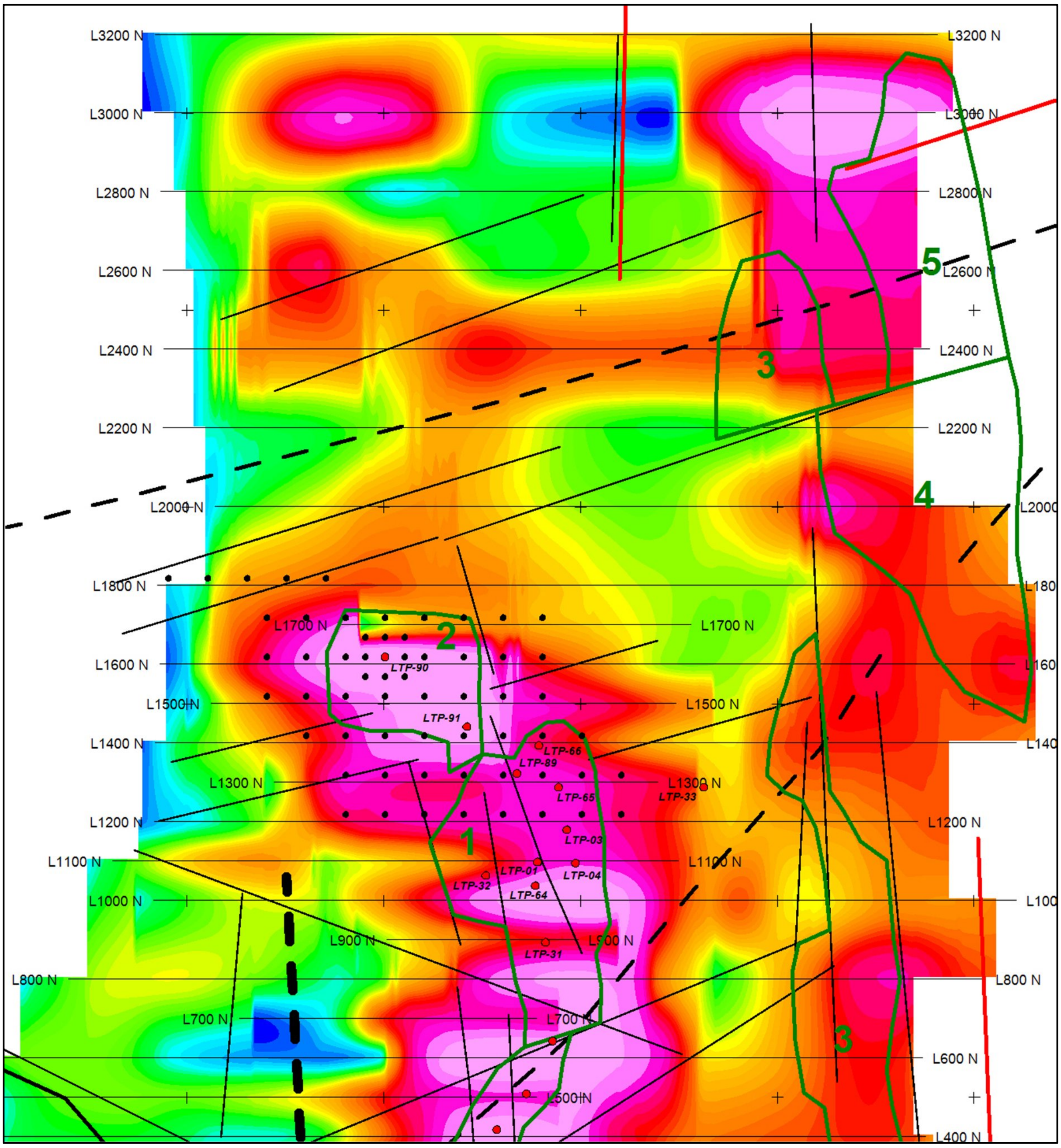

Figure 3. Chargeability 283m below ground (Zone 2N), with existing and proposed drillholes.

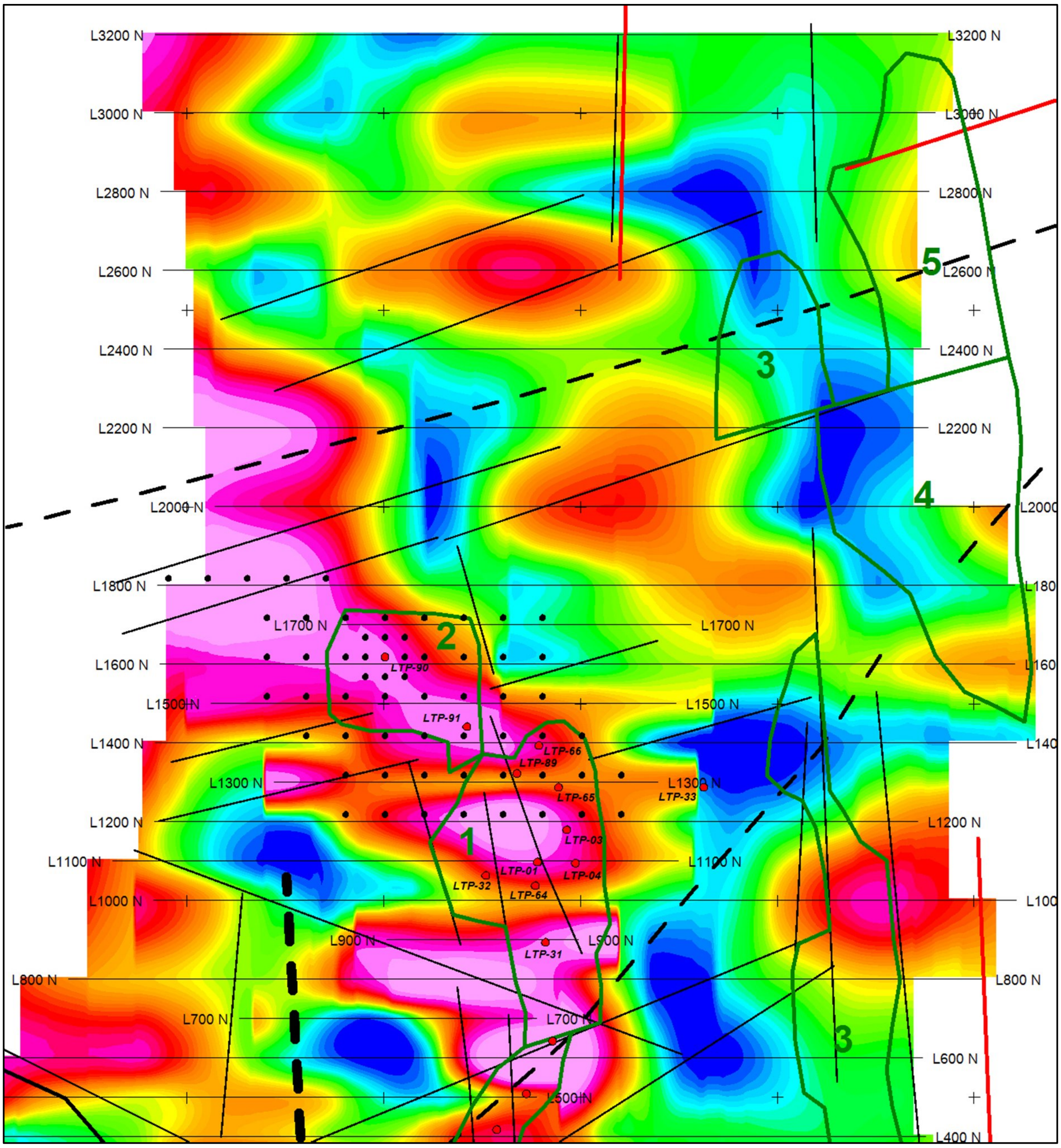

Figure 4. Conductivity 283m below ground (Zone 2N), with existing and proposed drillholes.

CORRELATION WITH MINERALIZATION

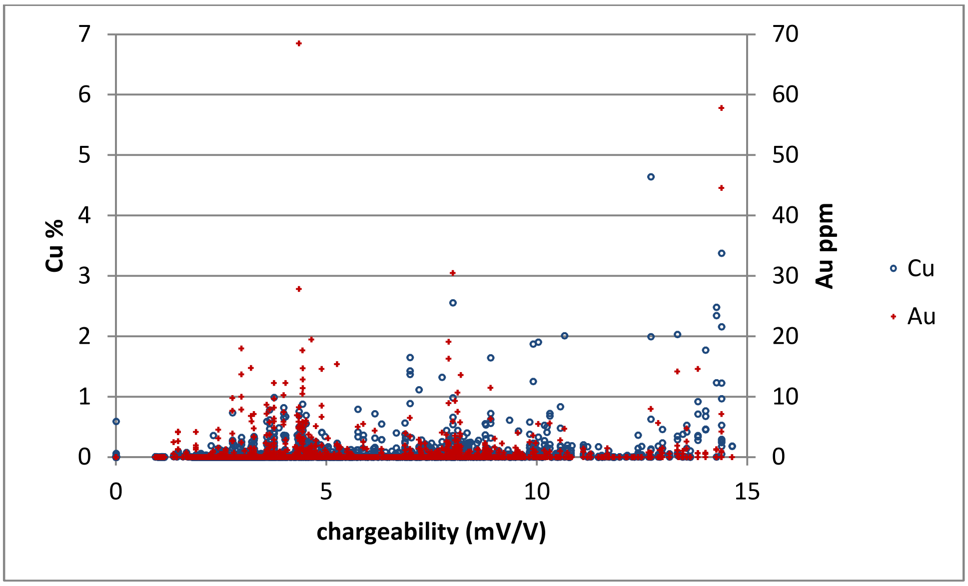

Figure 5. Relationship of Au and Cu mineralization with chargeability (all drillholes).

Figure 5 shows that significant Au values occur across the range of chargeability values (~ 2-15 mV/V), with the highest values occurring at both the high and low ends of the spectrum. This implies that gold occurs both in the low chargeability upper zone and the higher chargeability deeper zone. This is seen in the Romero discovery hole LTP-90. A cutoff of 0.5 ppm Au was used. See also Figure 7, which shows Au values as a function of downhole depth.

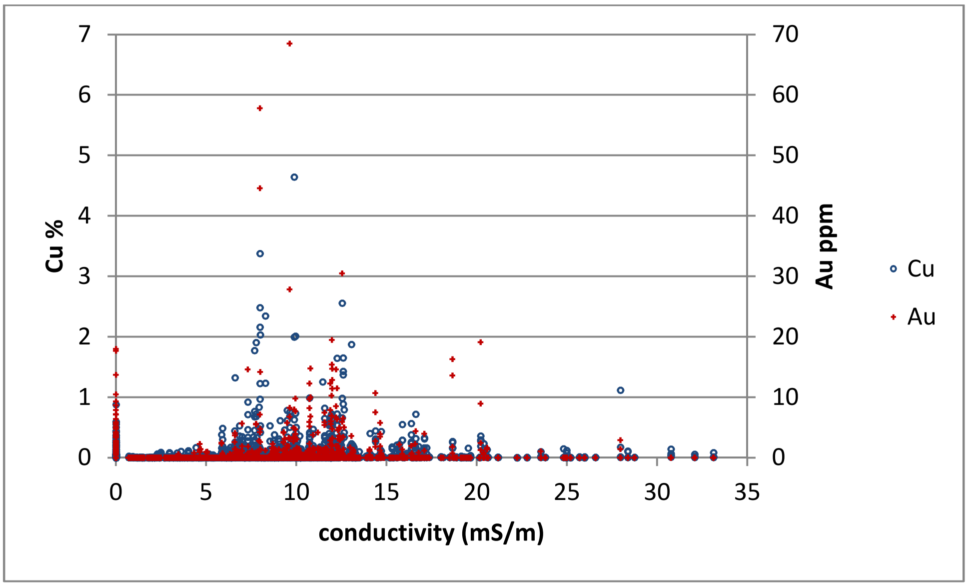

Figure 6. Relationship of Au and Cu mineralization with conductivity (all drillholes).

Figure 6 shows that significant gold values are associated with both resistive zones (conductivity ~ 0) and higher conductivities related to oxidation/weathering/alteration (~ 5-20 mS/m).

Figures 5 and 6 show that increasing Cu is correlated with higher chargeabilities and lower conductivities associated with deeper sulphide-rich zones, as might be expected from the logs (chalcopyrite). This is seen in LTP-90, and is confirmed by a plot of Cu values against downhole depth, as shown in Figure 7. See also Figure 13.

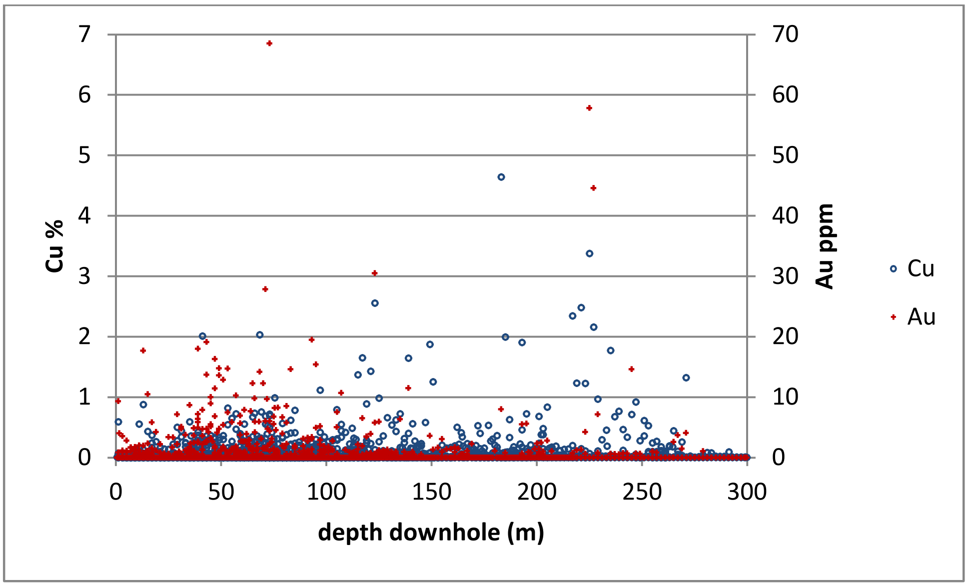

Figure 7. Distribution of Au and Cu mineralization with downhole depth (all drillholes).

Although there is an overall correlation between Au and Cu (Figure 8), Figure 9 shows that increasing Cu (and Zn) values are associated with relatively higher sulphur content. This is consistent with Cu and Zn occurring in chalcopyrite and sphalerite respectively. Note that as sphalerite is non-conductive it will not contribute to the IP/resistivity response.

The highest Au values appear to be associated with intermediate sulphur content (2-10 %).

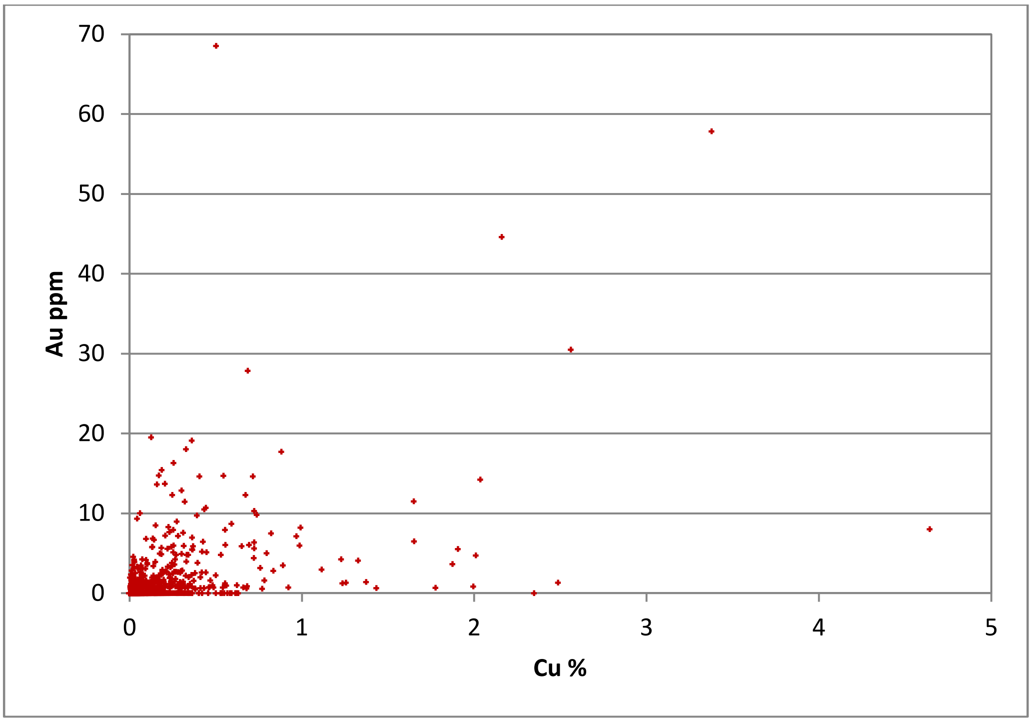

Figure 8. Correlation of Au and Cu mineralization (all drillholes).

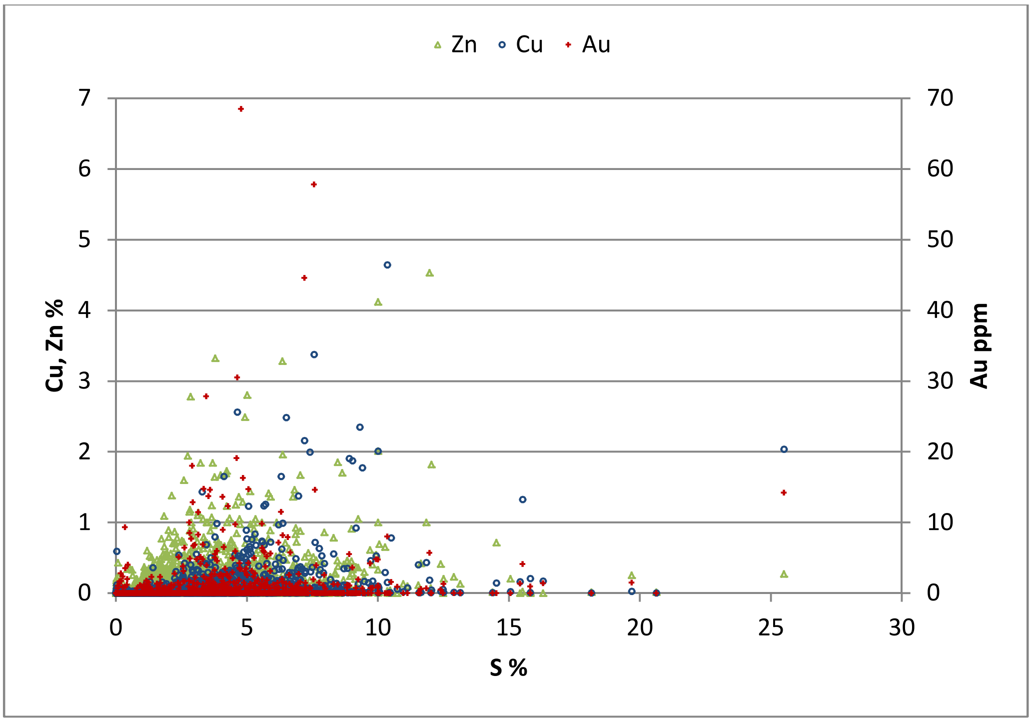

Figure 9. Variation of Au, Cu and Zn mineralization with sulphur content (all drillholes).

PROPOSED DRILLING PROGRAMME

The increasing chargeability response with depth corresponds to higher sulphide concentrations at depth, which in turn are linked to the Au, Cu and Zn mineralization. As discussed above, the Au mineralization appears to be distributed throughout the section, including the overlying low resistivity (high conductivity) zone.

A drilling programme consisting of 55 vertical holes to a depth of 300m or more is proposed to investigate the IP/Conductivity anomaly underlying Zone 2, in the vicinity of the Romero discovery hole LTP-90. The proposed grid spacing is 100m x 100m, except in the immediate neighbourhood of LTP-90 where it is 50m x 50m. See Figure 10, RDH-01 to RDH-55. See also Figures 3 and 4.

In Figures 10-14, the conductivity isosurface (7 mS/m) is shown in green and the chargeability isosurface (7 mV/V) in yellow. Elevation contours based on the STRM DEM are shown every 10m.

The main area proposed for drilling is approximately 700m x 500m and includes Zone 2 and the northern extremity of Zone 1. It may be desirable to add in further holes at 25m spacing around LTP-90.

In addition 5 exploratory holes (RDH-56 to RDH-60) are suggested to probe the conductivity anomaly which lies immediately to the NW of Zone 2 (Figures 10, 3 and 4). Depending on the results, further holes may be warranted to further investigate this anomaly and its extension to the NW.

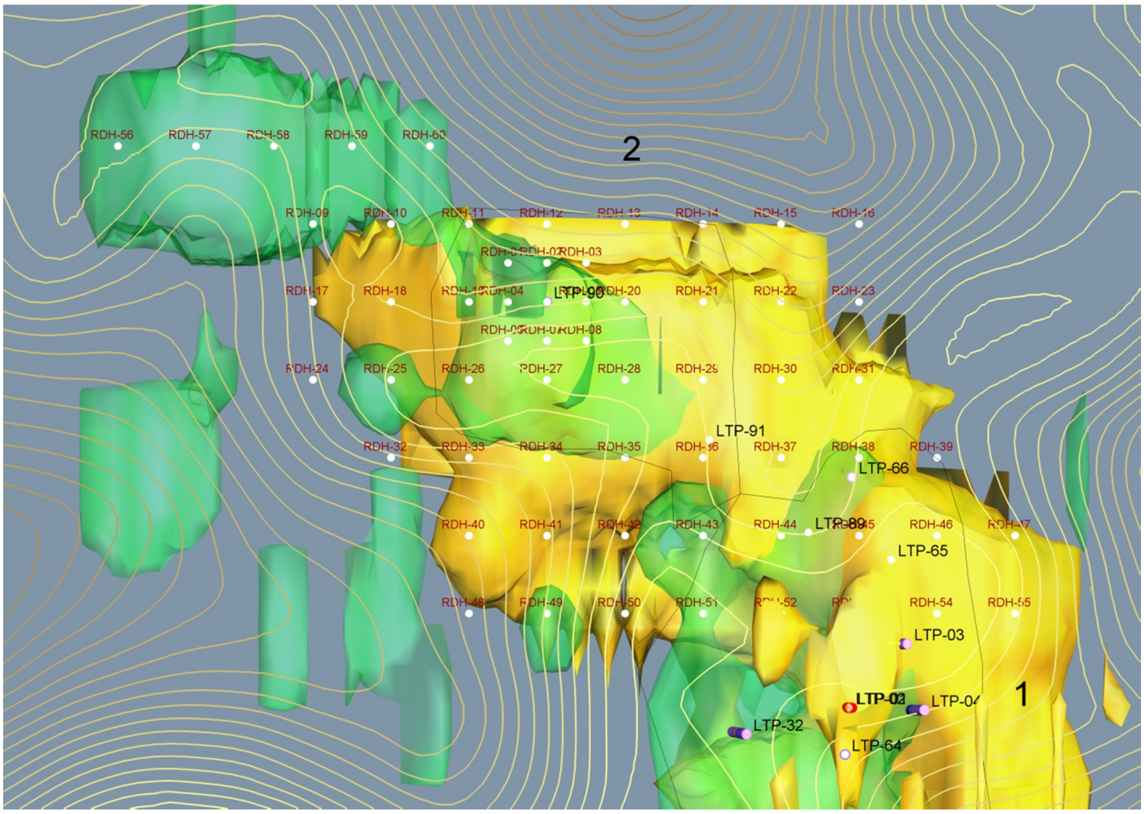

Figure 10. Existing and proposed drillholes from above, showing conductivity and chargeability.

3D imaging

A 3D view of the area around LTP-90 and Zone 2(N), showing conductivity and chargeability isosurfaces as well as existing and proposed drillholes, is given in Figure 11.

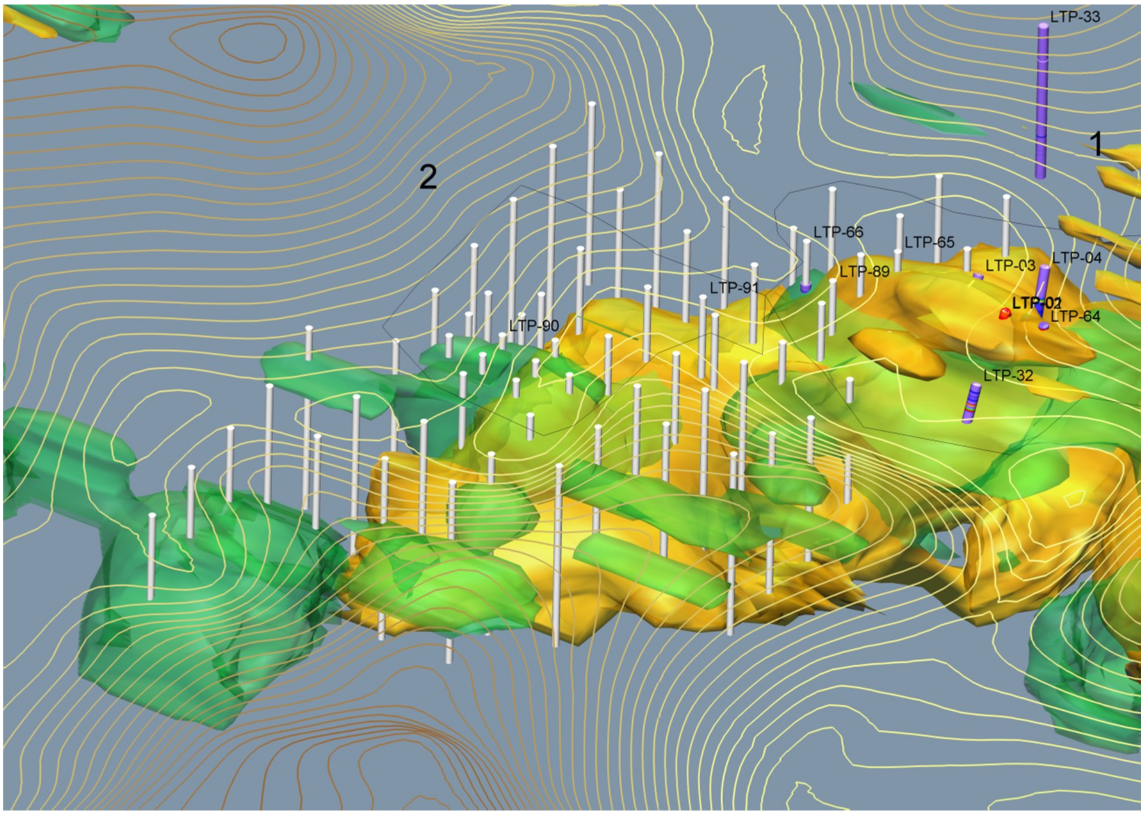

Figure 11. 3D view of existing and proposed drillholes.

Figure 12 shows the gold distribution in drillholes in the vicinity of Zone 2(N). The transparency of the conductivity and chargeability isosurfaces has been adjusted to allow the drillhole logs to be viewed.

In LTP-90, it is clear that gold is distributed throughout the section, i.e. in the conductive upper part as well as in the underlying zone characterized by increased chargeability due to sulphides.

Figures 13 and 14 show the corresponding images for Cu and Zn respectively. In Figure 13 Cu can be seen to occur generally somewhat deeper than the corresponding Au. The situation with Zn (Figure 14) is not as clear, although as discussed above the overall statistics indicate that Zn increases with sulphide content, which in turn increases with depth.

The proposed drillhole coordinates are given in the Annex.

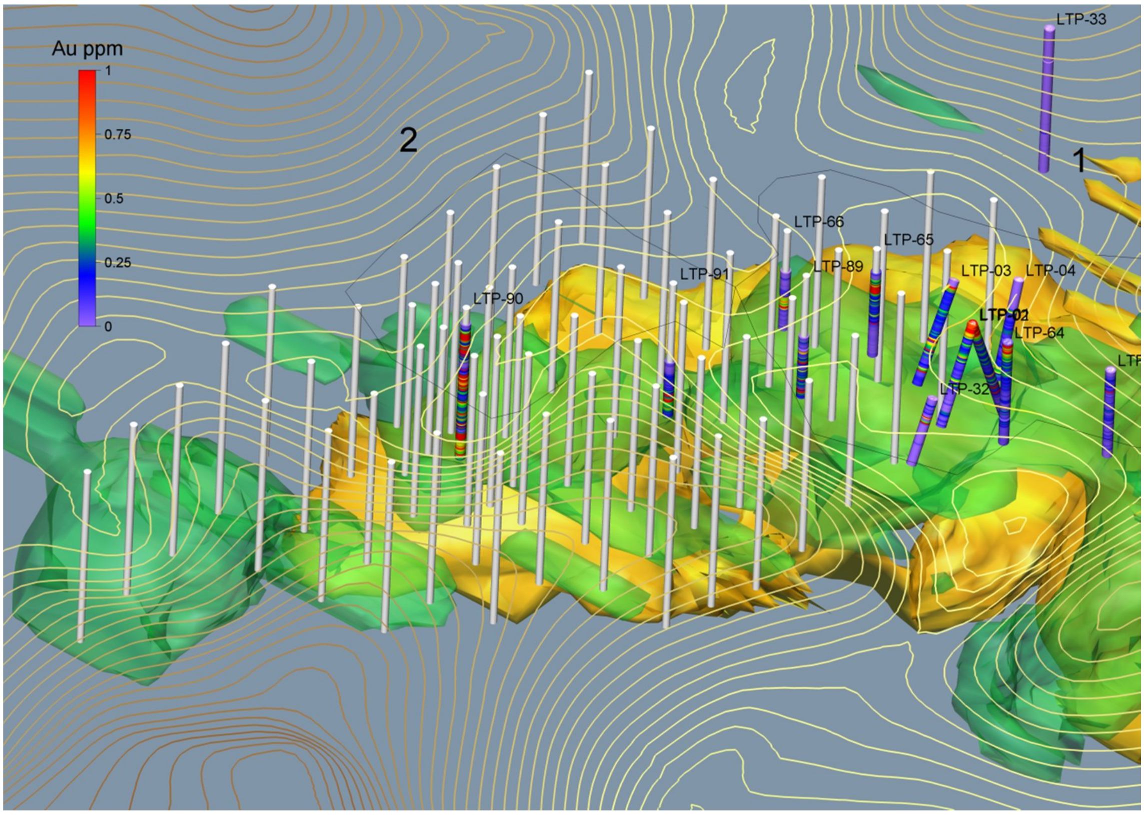

Figure 12. Existing and proposed drillholes, with Au distribution.

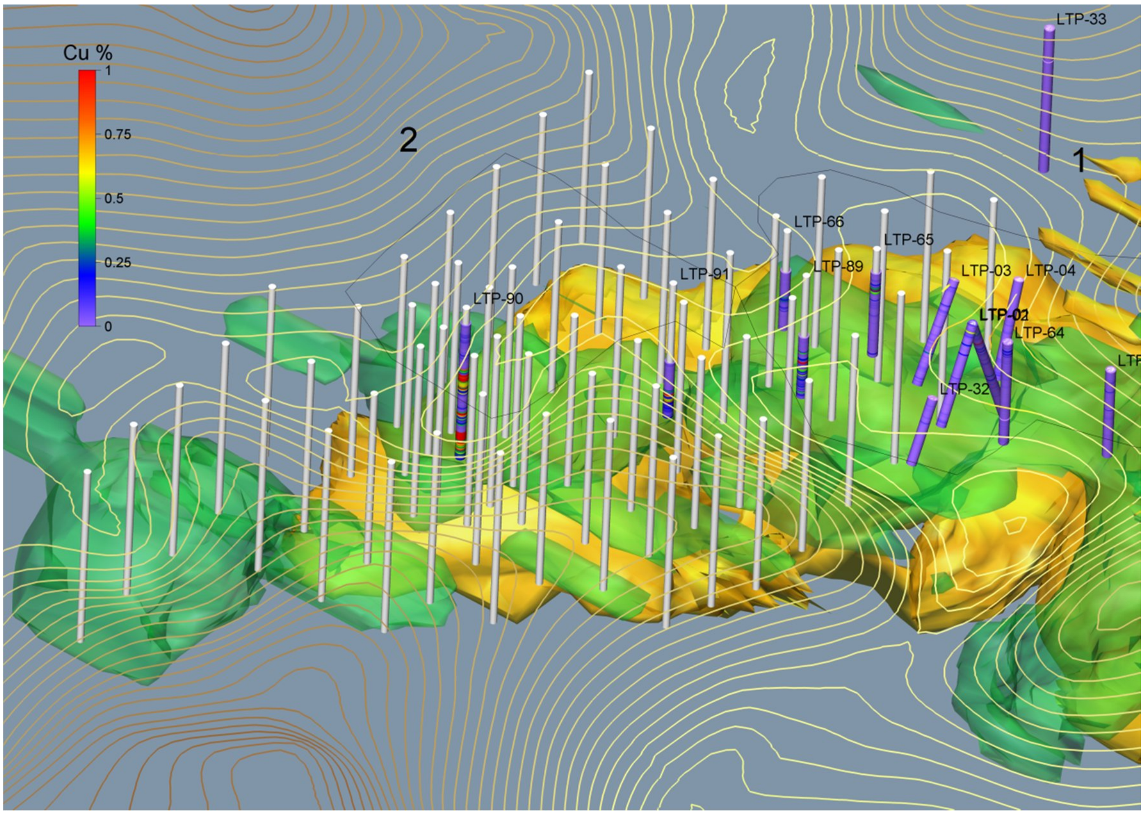

Figure 13. Existing and proposed drillholes, with Cu distribution.

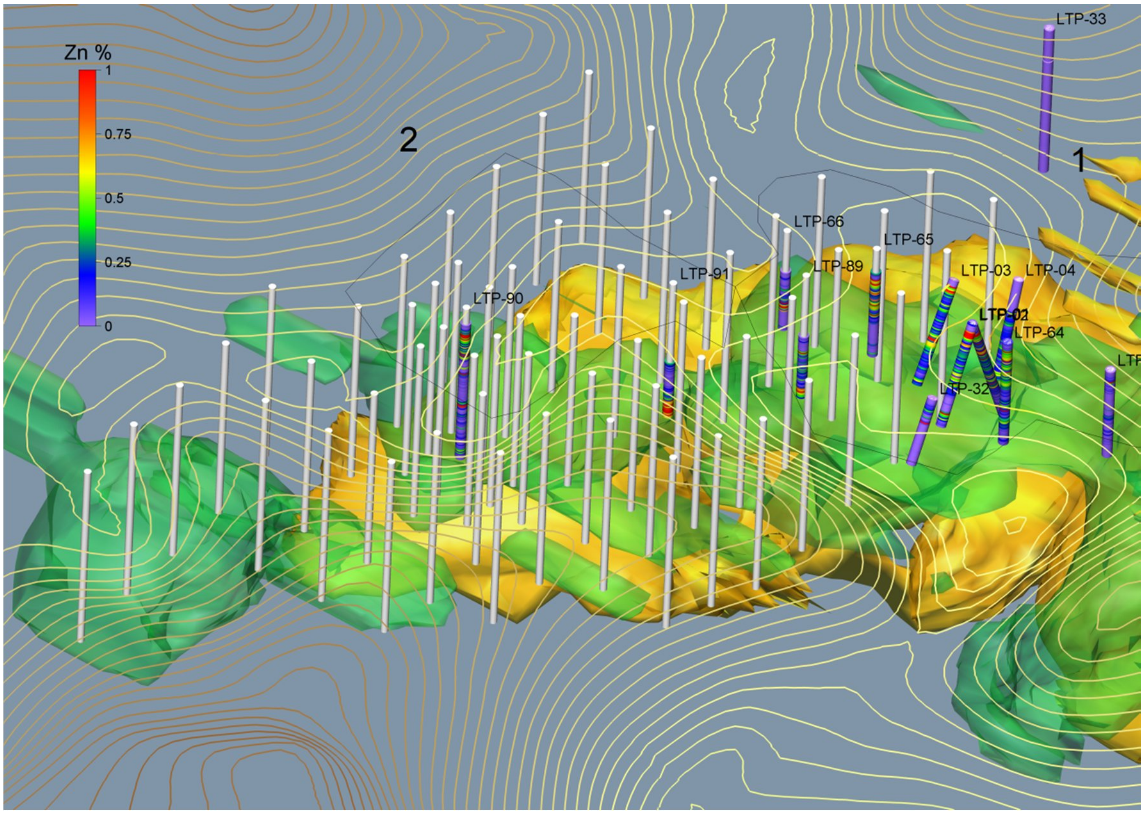

Figure 14. Existing and proposed drillholes, with Zn distribution.

Zone 3/ Zone 5

Figures 1 and 3 show a strong chargeability anomaly in Zones 3/5, which appear to coalesce at this depth (283m below ground). Whether or not this zone is the structurally offset continuation of Zone 2(N), it definitely constitutes an interesting target in view of the proven association of gold and base metal mineralization with sulphides in the area.

There is no corresponding conductivity anomaly at this depth (Figures 2 and 4), which suggests that the disseminated sulphides are closer to the surface and/or that weathering, oxidation etc. are less intense. This view is supported by the chargeability and conductivity maps at shallower levels (Last 2012).

A few test holes could be included in the programme to ascertain the nature of these zones.

ADDITIONAL GEOPHYSICAL SURVEYS

IP/Resistivity

Extend the IP/resistivity pole-dipole survey, using a=50m, n=8, and lines every 100m, to cover the north-western area, i.e. 257100-258300E/ 2115600-2117700N. This amounts to a total of 22 lines each 1200m long, or 26.4 km. The purpose would be to further delineate the NW conductivity anomaly, and to determine whether there may be faulted blocks similar to Zone 2 in which the underlying sulphides, which are prospective for Cu-Zn as well as gold, lie closer to the surface.

The high conductivity (low resistivity) zone is still open to the SE of Zone 2S and Zone 3S (Figure 2). If the NW extension proves to be interesting, by the same token the SE extension should be investigated. In that case an extension IP survey with the above parameters is recommended to cover the area 259000-260750E/2111700-2113500N. This gives a total of 19 lines each 1750m long, or 33.25km. As the boundary of the existing survey is irregular some of the lines could be made shorter.

Airborne Geophysics

Assuming that the high conductivity zone continues to be of interest to the NW of LTP-90 and/or to the SE of the surveyed area, a helicopterborne EM/mag/rad survey (e.g. Geotech early-time VTEM) over a larger area would rapidly map this zone. Inclusion of radiometrics is highly desirable to map alteration zones and lithology. The earlier regional airborne radiometric data (SYSMIN) show a significant N-S trending potassium response at the location of the La Escandalosa prospect, reflecting the rhyolitic formation which covers a large proportion of the area. The resolution of the airborne data is not sufficient to distinguish between the responses due to (unaltered) rhyolite and the alteration zone related to mineralization. Depending on the size of the area, a line spacing of 200m, or preferably 100m, could be used for such a survey.

Ground Radiometrics

In the absence of an airborne survey, or even in addition to one, a ground spectrometer survey (K, U, Th, total counts) would be very useful for mapping alteration zones as well as lithology. The survey should be performed on tightly spaced (50m) E-W lines i.e. broadly across strike, and a suggested station interval of 20m. A modern self-stabilizing multichannel spectrometer such as the Radiation Solutions RS-125 or RS-230 is recommended.

Ground Magnetics

Routine magnetic mapping using the "Walkmag" option should be carried out using a ~ 1m station interval and a line separation should of 50m or less. Surveys should generally be conducted perpendicular to the geological strike.

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6 June 2012

REFERENCES

Golden Software Inc. Voxler 3: 3D visualization software. www.goldensoftware.com

Last B.J. 2012. Goldquest Corporation: La Escandalosa Project, Dominican Republic. Notes to accompany geophysical maps and 3D model of La Escandalosa. 1 February 2012.

Radiation Solutions Inc. www.radiationsolutions.ca

Redwood S. 2010. NI 43-101 Technical Report and Mineral Resource Estimate for the La Escandalosa Project, Province of San Juan, Dominican Republic. Panama City, Panama, November 2010.

Quantec Geoscience 2011. IP/Resistivity Survey over the La Escandalosa Project, San Juan, Dominican Republic. Summary Interpretation Report, October 2011.

ANNEX

Proposed drillhole locations (UTM NAD27 – Conus)

ID	UTM_X	UTM_Y	Elevation	Azimuth	Dip	Depth
RDH-01	258453	2116169	1117	0	-90	300
RDH-02	258503	2116169	1117	0	-90	300
RDH-03	258553	2116169	1116	0	-90	300
RDH-04	258453	2116119	1107	0	-90	300
RDH-05	258553	2116119	1102	0	-90	300
RDH-06	258453	2116069	1086	0	-90	300
RDH-07	258503	2116069	1082	0	-90	300
RDH-08	258553	2116069	1081	0	-90	300
RDH-09	258203	2116219	1106	0	-90	300
RDH-10	258303	2116219	1101	0	-90	300
RDH-11	258403	2116219	1122	0	-90	300
RDH-12	258503	2116219	1135	0	-90	300
RDH-13	258603	2116219	1138	0	-90	300
RDH-14	258703	2116219	1144	0	-90	300
RDH-15	258803	2116219	1161	0	-90	300
RDH-16	258903	2116219	1161	0	-90	300
RDH-17	258203	2116119	1112	0	-90	300
RDH-18	258303	2116119	1103	0	-90	300
RDH-19	258403	2116119	1111	0	-90	300
RDH-20	258603	2116119	1100	0	-90	300
RDH-21	258703	2116119	1105	0	-90	300
RDH-22	258803	2116119	1132	0	-90	300
RDH-23	258903	2116119	1120	0	-90	300
RDH-24	258203	2116019	1116	0	-90	300
RDH-25	258303	2116019	1092	0	-90	300
RDH-26	258403	2116019	1085	0	-90	300
RDH-27	258503	2116019	1081	0	-90	300
RDH-28	258603	2116019	1074	0	-90	300
RDH-29	258703	2116019	1084	0	-90	300
RDH-30	258803	2116019	1105	0	-90	300
RDH-31	258903	2116019	1089	0	-90	300

RDH-32	258303	2115919	1115	0	-90	300
RDH-33	258403	2115919	1108	0	-90	300
RDH-34	258503	2115919	1105	0	-90	300
RDH-35	258603	2115919	1088	0	-90	300
RDH-36	258703	2115919	1081	0	-90	300
RDH-37	258803	2115919	1093	0	-90	300
RDH-38	258903	2115919	1082	0	-90	300
RDH-39	259003	2115919	1076	0	-90	300
RDH-40	258403	2115819	1157	0	-90	300
RDH-41	258503	2115819	1142	0	-90	300
RDH-42	258603	2115819	1117	0	-90	300
RDH-43	258703	2115819	1079	0	-90	300
RDH-44	258803	2115819	1072	0	-90	300
RDH-45	258903	2115819	1081	0	-90	300
RDH-46	259003	2115819	1075	0	-90	300
RDH-47	259103	2115819	1070	0	-90	300
RDH-48	258403	2115719	1150	0	-90	300
RDH-49	258503	2115719	1112	0	-90	300
RDH-50	258603	2115719	1067	0	-90	300
RDH-51	258703	2115719	1060	0	-90	300
RDH-52	258803	2115719	1064	0	-90	300
RDH-53	258903	2115719	1064	0	-90	300
RDH-54	259003	2115719	1063	0	-90	300
RDH-55	259103	2115719	1079	0	-90	300
RDH-56	257953	2116319	1110	0	-90	300
RDH-57	258053	2116319	1118	0	-90	300
RDH-58	258153	2116319	1112	0	-90	300
RDH-59	258253	2116319	1111	0	-90	300
RDH-60	258353	2116319	1136	0	-90	300