NI 43-101 TECHNICAL REPORT

EXPLORATION PHASE 2 GEOLOGY and SAMPLING
& PHASE 3 DIAMOND DRILLING

On the

LAC GUÉRET PROPERTY

COMTÉ MANICOUAGAN, REGION CÔTE NORD, QUÉBEC

(NTS 22N/3)

for

QUINTO TECHNOLOGY INC.

prepared by

Edward M. Lyons, PGeo

for

TEKHNE RESEARCH INC.

28 February 2004

TABLE OF CONTENTS

Note: The sections and subsections of this report were written and organized pursuant to the requirements of the Form 43-101F.

Tables

3 Summary

The Lac Guéret Property consists of a total of 277 CDC (map staking) registered claims covering 14,969.35 ha. The original 18 CDC registered claims, staked by Exploration Esbec Inc. of Sept Îles, Québec, are centered on a graphite outcrop called the Graphite Road showing and includes both the Graphite Road (GR) and Graphite Cliff (GC) Zones that are the focus of the Phases 2 and 3 programs. They are under option to Quinto Technology Inc. of Delta, BC, the owner of the remaining 259 claims. Quinto entered into a 50:50 joint venture with SOQUEM Inc. that is in the process of finalisation The owners are currently registered as Quinto Technology Inc. 50% and SOQUEM Inc. 50%.

The property lies 300 kilometres north-northwest of Baie-Comeau, Québec along the southwest shore of Reservoir Manicouagan and is accessible by paved and main-haul logging roads (see figure 1). The roads are accessible year round to within 30 km of the graphite zone. Local accessibility in the winter depends on logging activities. In the 2003-04 winter, the local logging company, Scièrie Kruger, is operating in the area and is expected to maintain the main haul roads.

The regional geology lies within the Grenville Province. The Gagnon Group is part of the oldest belt of the Grenville Province, called the Parautochthon Belt. It is divided into the older Katsao Formation (2.5-2.2 Ga) and the younger Duley, Wapussakatoo, Wabush and Nault Formations (2.0 to 1.8 Ga). All have been correlated to the Knob Lake Group in the Labrador Trough near Schefferville, QC and metamorphosed equivalent metasediments in the Churchill Group to the northwest. The metamorphic grade is the upper amphibolite facies.

The property encloses the most southwesterly synclinorium of the younger part of the Gagnon Group. The stratigraphy is equivalent to the metasediments 150-200 km northeast that host the several iron mines around Lac Jeannine, Mt. Reed, and Mt. Wright, and the Lac Knife graphite deposit with geological resources of 5.5 Mt of 17.1% carbon as graphite (Cg) in graphite schist hosted in quartz-feldspar-biotite paragneiss.

Strong compression from the southeast during the Grenville event around at 1.16 – 1.13 Ga or slightly later formed vertical open to isoclinal and overturned southeast-dipping folds plunging gently to the southwest with strike lengths to six kilometres. Later cross-folding in the north to north-northwest direction generated short strike length (0.7-3 km) folds with double plunges. They may result from compression and uplift of the synclinorium.

The graphite stratigraphy is an integral part of the informally named Lac Guéret Member in the uppermost part of the Katsao Formation. The unit includes biotite-quartz paragneiss, schist, and gneiss with local migmatite zones. Graphite occurs as beds in the stratigraphy associated with biotite. Mapping shows similar structural forms and tight folds recorded by Québec Cartier Mining Co. in their work on adjacent iron formations now within the Lac Guéret property in 1959-62. The graphite is believed to have originated as carbonaceous sediments in pelitic black shale beds that were part of a marine basin sedimentary assemblage. It has been metamorphosed to upper to middle amphibolite facies so the carbon is recrystallised to the flake crystalline graphite seen today.

The present program was centred on the two zones discovered in 2002. The GR Zone is based around the original Graphite Road showing on the main logging road and extends over 1000 metres to the northeast, where it has been exposed by 17 trenches (six more trenches failed to reach bedrock due to deep overburden). The GC (Graphite Cliff) Zone was discovered during the 2002 program with outcroppings of graphite schist over 1,200-metre strike length; 13 trenches have exposed significant graphite mineralization. The results of this program delineated a subzone that contains graphite grades in range of 20% – 50% Cg as a discrete traceable unit within the GC Zone. The two zones are subparallel and are separated by 600 metres covered by glacial overburden. Recent forest fires (1992) and clear-cut logging (2000) cleared the forest over most of the surface over the two zones. Main haulage logging roads provide excellent access to the graphite zone.

Work in Phases 2 and 3 exploration included 50 trenches and test pits totaling 4,409 metres, and 10 NQ wireline inclined diamond drill holes totaling 1,206.4 metres. Saw-cut channel sampling of the trenches was done with a rock saw to duplicate HQ-size drill core and resulted in 1,023 samples. Drill core was saw-cut and yielded 421 samples. All samples were sent to Process Research Associates in Vancouver, BC for carbon-as-graphite analyses.

The grade distributions of the zones show instructive patterns. Within the GC Zone, the HiG ("High Graphite") Zone is an unusually high-grade graphite subzone defined by numerous composites of 4 to 47 individual samples from both trench and drill data. When the samples from the HiG subzone are subtracted from the GC sample population, the GR and GC Zones both show a remarkably similar cumulative grade distribution with 35% of the samples over 10% Cg to a maximum of 45% Cg. The HiG subzone, however, has 70% of its population greater than 10% Cg and 50% is 20%CG or higher to a maximum of 50% Cg. The GR Zone also has a few composites of similar material, but these appear to be more isolated than in the HiG zone. The HiG zone warrants further testing.

Knowledge gained in this program supports the continuation of exploration activities. The programs for Phase 4 and Phase 5, contingent on the results of Phase 4, are presented. Phase 4 work includes 5,000 metres of in-fill trenching, drilling about 38 inclined holes totaling 2,800 metres, and initiation of metallurgical, environmental, mineral resource quantification, and other studies. The estimated cost for Phase 4 is *$ 1,193,000*. This program would generate data of sufficient density to permit an inferred resource estimation for the GC and GR Zones. The target is to test the potential of 10-15 million tonnes of graphitic rock with grades of +10% CG.

The Phase 5 program is infill drilling on the better area developed in Phase 4. It includes 80 diamond drillholes totaling 6,750 metres. The data would support an estimation of measured resource. The Phase 5 proposed budget is *$1,009,000* and is based on economies of executing the two phases in the same season.

I, as Qualified Person, believe that the sampling procedures, sample handling and security, assaying procedures, and quality control checks are being done to a standard so that the results adequately represent the material sampled.

4 Introduction and Terms of Reference

Quinto Technology Inc. contracted with Tekhne Research Inc. of Victoria, BC, an arms-length company, on 6 June 2003 to design and to execute the technical program of sampling and drilling of the graphite zones discovered in the 2002 exploration program.

This technical report details the results of the Phase 2 and 3 programs, conducted between 25 June and 2 October 2003. Besides the fieldwork, the report cites published geological maps and reports as well as assessment reports available from the Ministère de Ressources naturelles, Faune et Parcs (MRNFP).

I, as principal if Tekhne Research Inc., personally directed the fieldwork and data compilation on the property between 12 June 2003 and 12 February 2004.

5 Disclaimer

Information on the registered claims described in *Items 6 (c) and (d)* was derived from the Gestmin website of the Ministère de Ressources naturelles, Faune et Parcs (MRNFP) in Québec. I believe to the best of my knowledge and experience that these data are correct. However, I disclaim responsibility for such information.

I relied on documents and information by the vendor, Exploration Esbec Inc. and the optionor, Quinto Technology Inc. as to the terms and conditions of the property agreement described under *Item 6(g)*. No independent legal opinion was sought to verify the legal status of the claim ownership, status or the underlying option agreement. I disclaim responsibility for the accuracy of such information.

Information on existing environmental liabilities and work permits described under *Items 6 (h) and (I)* respectively was derived from information given to me by phone calls to government agencies. I believe these to be accurate based on my experience in the area. However, I disclaim responsibility for such information.

I derived information about historical ownership and work described in *Item 8* from the assessment archives of the Quebec government available on the Ministère de Ressources naturelles, Faune et Parcs (MRNFP) *Gestmin* website. However, I disclaim responsibility for such information.

6 Property Description and Location

6 (a) Property Area

The property covers a total of 14,969.35 ha in 277 CDC claims. The area was reduced in November and December 2003 from the previous Technical Report written by me by returning to the Crown the non-productive claims in the eastern part of the claims registered in 2001.

6 (b) Location (*See fig. 1*)

The claim group is in the Côte-Nord-Nouveau-Québec region in northeastern Québec and lies on the southwestern shore of Reservoir Manicouagan. It is centred at 51°07'N and 69°05'W. The property is named for Lac Guéret, located in the south-central part of the group. No other named topographic features on topographic maps at 1:50,000 scale occurs on the property.

6 (c) Claim Details

The property consists of 277 contiguous registered unpatented CDC claims ("*claims désigné du carte"*) located on eastern third of NTS sheet 22N/03. Quinto and SOQUEM have additional contiguous claims to the south and west of the Lac Guéret property under the same joint venture agreement. SOQUEM is the operator on the southern group. No other claim applications have been recorded for this area with Ministère de Ressources naturelles, Faune et Parcs (MRNFP). Claims for surface material for road construction are the only recorded claims in the area.

Table 1 lists the details of the registered claims, based on information from the MRNFP's *Gestmin* website updated as of 15 January 2004. Figure 2 shows the location of individual claims within the registered claim group. The claims are in good standing for two (2) years from the registration date. Assessment work totalling $ 239,566 was filed in September, 2003 by SOQUEM Inc on behalf of the joint venture on the claims having dues dates on or before 3 December 2003.

The claims are "*claims désigné du carte*" (CDC) class for map staking. In Québec, the areas available under the map staking rules are divided into cells 30 seconds north by 30 seconds west. This results in claims that re approximately 900 metres north by 600 metres west. Because of the earth's curvature, the area in each cell decreases to the north. Hence, in NTS 22N03, cells in Row 10 have 54.10 ha. and in Row 20 have 54.00 ha. The difference in area between the notional 54 ha. (900 x 600 m) and the actual area is 0.1%.

Table 1

Record of Registered Claims

Region: Comté Manicouagan, Cote-Nord-Nouveau Québec   NTS Sheet: 22N03   Data reviewed 15 January 2004

From	To	Qty	Registration Date	Area/claim	Total (ha)
1037496	1037497	2	2001/11/14	54.06	108.12
1037498	1037499	2	2001/11/14	54.05	108.10
1037518	1037520	3	2001/11/14	54.06	162.18
1037521	1037523	3	2001/11/14	54.05	162.15
1040764	1040764	1	2001/12/01	54.06	54.06
1040765	1040765	1	2001/12/01	54.05	54.05
1040766	1040771	6	2001/12/01	54.04	324.24
1040944	1040945	2	2001/12/03	54.09	108.18
1040946	1040948	3	2001/12/03	54.08	162.24
1040949	1040953	5	2001/12/03	54.07	270.35
1040956	1040958	3	2001/12/03	54.06	162.18
1040959	1040960	2	2001/12/03	54.05	108.10
1040965	1040965	1	2001/12/03	54.04	54.04
1040970	1040975	6	2001/12/03	54.03	324.18
1040987	1040989	3	2001/12/03	54.09	162.27
1040991	1040993	3	2001/12/03	54.08	162.24
1040997	1040997	1	2001/12/03	54.07	54.07
1041002	1041003	2	2001/12/03	54.06	108.12
1041005	1041005	1	2001/12/03	54.06	54.06
1041007	1041009	3	2001/12/03	54.05	162.15
1041010	1041012	3	2001/12/03	54.04	162.12
1041013	1041016	4	2001/12/03	54.02	216.08
1041024	1041026	3	2001/12/03	54.10	162.30
1041028	1041030	3	2001/12/03	54.09	162.27
1041031	1041033	3	2001/12/03	54.08	162.24
1041040	1041041	2	2001/12/03	54.07	108.14
1041045	1041045	1	2001/12/03	54.06	54.06
1049507	1049508	2	2002/02/11	54.06	108.12
1049509	1049511	3	2002/02/11	54.05	162.15
1049512	1049515	4	2002/02/11	54.04	216.16
1049516	1049522	7	2002/02/11	54.03	378.21
1049523	1049531	9	2002/02/11	54.02	486.18
1104975	1104977	3	2002-11-12	54.08	162.24
1104978	1104980	3	2002-11-12	54.07	162.21

From	To	Qty	Registration Date	Area/claim	Total (ha)
1104981	1104983	3	2002-11-12	54.06	162.18
1104984	1104986	3	2002-11-12	54.05	162.15
1104987	1104990	4	2002-11-12	54.04	216.16
1104991	1104994	4	2002-11-12	54.03	216.12
1104995	1104998	4	2002-11-12	54.02	216.08
1104999	1105006	8	2002-11-12	54.01	432.08
1105007	1105014	8	2002-11-12	54.00	432.02
1105015	1105020	6	2002-11-12	54.01	324.06
1105021	1105029	9	2002-11-12	54.00	486.00
1105030	1105044	15	2002-11-12	53.99	809.85
1105045	1105054	10	2002-11-12	53.98	539.80
1105060	1105060	1	2002-11-14	54.08	54.08
1105061	1105061	1	2002-11-14	54.07	54.07
1105062	1105062	1	2002-11-14	54.06	54.06
1105063	1105063	1	2002-11-14	54.05	54.05
1105154	1105157	4	2002-11-14	54.13	216.52
1105163	1105168	6	2002-11-14	54.12	324.72
1105172	1105179	8	2002-11-14	54.11	432.88
1105182	1105183	2	2002-11-14	54.10	108.20
1105185	1105187	3	2002-11-14	54.09	162.27
1105242	1105242	1	2002-11-18	54.14	54.14
1105243	1105244	2	2002-11-18	53.98	107.96
1105245	1105255	11	2002-11-18	53.97	593.67
1105256	1105263	8	2002-11-18	53.96	431.68
1105264	1105271	8	2002-11-18	53.95	431.60
1105272	1105277	6	2002-11-18	53.94	323.64
1105278	1105280	3	2002-11-18	53.93	161.79
1105358	1105363	6	2002-11-21	54.14	324.84
1105364	1105369	6	2002-11-21	54.13	324.78
1105370	1105375	6	2002-11-21	54.12	324.72
1105376	1105381	6	2002-11-21	54.11	324.66
1105382	1105387	6	2002-11-21	54.10	324.60
1105388	1105391	4	2002-11-21	54.09	216.36
	Claims	277		Area (ha.)	14,969.35

Registered Owners: Quinto Technology Inc. (MRNFPFP Reg. # 19140) 50% & SOQUEM Inc. (MRNFPFP Reg. # 2427) 50%

6 (d) Issuers Interest

The original 18 claims (1037496 – 1040771) are owned 100% by Exploration Esbec Inc. of Sept-Îles, Québec and are under option to Quinto Technology Inc. under the terms outlined in Item 6 (g). The remaining 259 registered claims are 100% owned by Quinto Technology Inc. of Delta, BC. All the claims are part of the 50:50 joint venture between Quinto and SOQUEM and are currently registered with MRNFP as such.

6 (e) Legal Survey

The claims have not had any legal surveys.

6 (f) Location of Mineralization

The reader is referred to the discussion on Property Geology (*Item 9 (b)*) and Mineralization *(Item 11)* for details concerning mineralization on the property. *Fig. 4* shows the claim group with relation to general geology and mineralization.

6 (g) Property Agreement

The Lac Guéret graphite property is subject to the Option Agreement signed on 20 November 2001 between Exploration Esbec Inc. as vendor and Quinto Technology Inc. as optionor. The terms of payment are: $5,000 on signing; $25,000 paid on 15 December 2001; $30,000 paid on 1 December 2002; $40,000 paid in January 2004; and the final payment of $50,000 to be paid on 1 January 2005 for a total of $150,000. In addition, 50,000 shares of Quinto Technology Inc were given to the vendor on or about 15 December 2001. Work commitments are: $100,000 by 1 December 2002; $200,000 by 1 December 2003; and $500,000 by 1 December 2004. To date, total work expenditures is Phases 1-3 total approximately $670,000.

As part of the joint venture described below, SOQUEM maintains the scheduled payments as part of the joint venture expenditures and maintains the assessment work filings.

Any additional claims staked by either party within a five-kilometre distance of the original 18 claims automatically become part of this agreement. As of the date of this report, additional claims by Quinto have been staked that fills most of the 5-km area of influence. These include claims north of the registered claims through row 22; south through row 7; and west through column 43. Effectively, all, except the most southwesterly (1041024), of the registered claims are included as well as unregistered claims totalling 51 units to the north, 29 units to the south , and 7 units to the west of the registered claim group boundary.

No royalties or other considerations form part of the Option Agreement. The author confirmed verbally with both parties that the foregoing constitute the terms and conditions of the Agreement and that no changes are contemplated at this time.

In January 2003, Quinto and SOQUEM Inc. entered an agreement in principle to combine contiguous claims around and southwest of Lac Guéret into one joint venture. The initial input was apportioned 50% to Quinto and 50% to SOQUEM Inc. based on the value of the works each had performed on their respective claims prior to the joint venture agreement. The claims in the subject property of this report include most of the claims owned by Quinto

Technology and by Esbec Exploration described in the 2002 NI 43-101 technical report (Lyons, 2002). Other claims subsequently acquired by Quinto and by SOQUEM are also included in the joint venture under SOQUEM's management and are not subject to this report.

Both parties to my knowledge as of 12 February 2004 had not signed the final agreement. The Issuer advised me that the agreement in principle is to divide the claims into two operating units named the Lac Guéret Nord under the operatorship of Quinto Technology and the Lac Guéret Sud under the operatorship of SOQUEM Inc. Exploration. Development costs on each block will be shared pro-rata. I am not aware of any details regarding royalties or cash payment schedules. The 2003 work programs by both operators have been funded under the terms of the agreement.

SOQUEM INC. is a wholly owned subsidiary of SGF Minéral Inc., a subsidiary of Société générale de financement du Québec ("SGF"). The mission of the Société générale de financement du Québec, as an industrial and financial holding company, is to carry out economic development projects, in co-operation with partners and in accordance with accepted requirements for profitability that comply with the economic development policy of the Government of Québec.

6 (h) Environmental Liabilities

The property is not subject to any known environmental liabilities related to exploration activities to the best of my knowledge. No mining activity has occurred in this area. Limited surface excavation for road materials occurs in several locations on the property; they are each less than 0.5 ha. and are the responsibilities of the registered claim owner. However, I disclaim responsibility for such information.

6 (i) Work Permits

The Ministière de Ressources naturelles, Faune et Parcs requires a work permit for any fieldwork that involves surface disturbance, such as trenching and drilling. I coordinated the permit application for the 2003 program to MRNFP with Mr. Gaston A. Lacroix, ing.f, (Professional Forestry Engineer-Québec). Because the surface disturbance will be less than 2% per claim in the proposed work program and is in recently clear-cut areas, the MRNFP Mines Section and the Forests Section granted permission with no special restrictions. The permit extended from 27 June to 15 November at which time the field work program was completed. The fieldwork for the 2004 program will require another application.

7 Physiography, Accessibility, Infrastructure, and Climate

No change since previous NI 43-101 Technical Report by the author dated 12 October 2002.

8 History

No change since previous NI 43-101 Technical Report by the author dated 12 October 2002.

9 *Geological Setting*

9 (a) Regional Geology (*see fig. 3*)

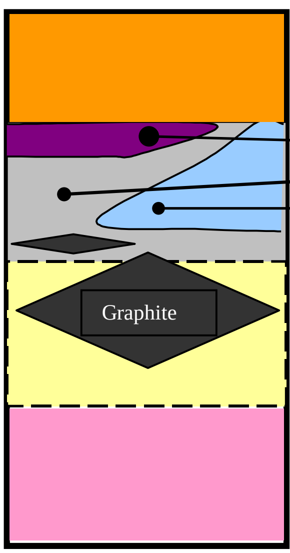
No change since previous NI 43-101 Technical Report by the author dated 12 October 2002.

9 (b) Property Geology (*see figs, 3 & 4*)

9 (b1) Stratigraphy

The regional geology is summarised on *fig. 3*. Only the boundaries of units within the Gagnon Group have been changed from the previous 43-101 report (Lyons, 2002), based mainly on interpretations of the Scorpion airborne geophysical survey (Geotech, 2003) and reconnaissance geology verification. Data from the 1959-62 exploration work by Québec Cartier Mining Co. aided understanding of structural geology (Ferreira, 1962a, 1962b)

Table 2
Property Stratigraphic Column (youngest to oldest)



Map Code	Paleoproterozoic *Gagnon Group*
G12	Nault Fm. (quartzofeldspathic gneiss and schist)
G11	Wabush Fm. (iron formation)
G10	Wapussakatoo Fm. (quartzite)
G9	Duley Fm. (dolomitic marble & quartzite)
	Cycle 2
	Cycle 1
G8a	Katsao Fm. Lac Guéret Member. (informal) (graphite-biotite schist, biotite-quartz gneiss)
G8	Katsao Fm. (granite and amphibolite gneisses)

The geology on the property includes all the units listed above. The relationships, especially between the younger formations, are highly interpretative since outcrops are less than 1% of the surface in the area. In the detailed work by Québec Cartier Mining Co. (QCM) (Ferreira 1962a, 1962b), the paucity of outcrops severely limits the interpretations. The iron formations are traced mainly with airborne and ground magnetic anomalies (Geotech, 2003). The Duley marble is noted by its uniform lack of magnetism and EM responses. The Nault gneiss appears to be as equally unresponsive as the Duley marble and is noted from a few outcrops only. The Wapussakatoo Fm and Lac Guéret Member have a similar distinct magnetic and EM response; the differences are noted as a result of field mapping. The projections should be interpreted with care. New logging activity may expose new outcrops and improve the data for interpretations.

All the units are paragneisses and paraschists derived from marine basin sediments deposited 2.5 – 1.6 Ga and metamorphosed by the Grenville event at 1.16-1.13 Ga (Emslie and Hunt, 1989). Metamorphism on the property is upper to middle amphibolite facies.

The oldest unit on the property is the *Katsao Fm (G8b)*, interpreted to be the Grenville equivalent of the Attikamagen Sub-group of the Labrador Trough (Hocq, 1994). It underlies the southeastern part of the claim group and is interpreted to underlie the northwest part of the property as well. The interpretations are based on the airborne magnetometer patterns from the airborne survey. In the southeast, it is mainly fine- to medium-grained quartzofeldspathic granitic gneiss with lesser amphibolite ± garnet and biotite gneiss. No graphite was seen during the reconnaissance mapping. Few migmatite dykes or quartz veins were seen. The rock appears “dry” with respect to hydrothermal recrystallisation. The unit appears to be greater than 800 m thick.

The *Lac Guéret Member (G8a)* of the Katsao Fm occupies the contact between the Cycle I formations and the Cycle 2 formations. In the Labrador Trough, the contacts are interpreted as either a major erosional or an angular unconformity, depending on the location in the Trough. On the Lac Guéret property, the contact between the Katsao Fm (equivalent to the Cycle I formations) and the overlying formations (equivalent to the Cycle 2 formations) appears to be broadly transitional. It is expressed by the interbedding of quartzofeldspathic gneiss with minor local amphibolite-garnet beds and quartzite that progressively and gradationally becomes the pure quartzite of the Wapussakatoo Fm. The gradational contacts are seen in the trenches and in drill core. The Member is distinguished in the field by the common presence of coarser-grained gneiss that locally becomes migmatitic pegmatite in dykes and pods with gradational margins. It appears to be more recrystallised than the main Katsao Fm gneisses. The writer believes that the presence of graphite (± residual water?) lead to a lowering of the recrystallisation energy during Grenville metamorphism. This allowed the original minerals to form larger crystals of all minerals including graphite, feldspar, quartz, garnet, and micas (biotite, muscovite, and roscoelite). Apatite is also concentrated in the migmatic phases. The unit is 250 – 400 m thick on the southeast flank of the synclinorium and appears likely to be thinner (<100 m?) on the northwest margin, based on geophysical interpretation. The Lac Guéret Member is the most widespread unit enveloped within the synclinorium

This unit is the host of all the significant graphite with associated pyrrhotite concentrations observed on the Lac Guéret property. It should be noted that, while other formations south of the Lac Guéret property contain graphite. They do not appear to be equivalent to the Gagnon Group sequence in my opinion.

The Lac Guéret Member is overlain by the *Wapussakatoo Fm quartzite (G10)* with a gradational or possibly transgressive contact. The quartzite is thin to thick bedded with locally well-preserved bedding features, including rare graded beds. Thin beds also include 1-10% magnetite crystals at a stratigraphic level only slightly higher than the end of the major graphite deposition. The quartzite locally has interbeds of white diopside (calc-silicate) devoid of iron as well as pale green amphibole and red-brown garnet (species unknown). The diopside, identified by MRNFP geologists by XRD, occurs in monomineralic lenses to two metres thick. Graphite occurs as rare isolated flakes and thin beds near the base of the unit. The quartzite is up to 200 m true thickness but often is less, especially with the iron formations near the core of the synclinorium. The unit is discontinuous within the synclinorium; laterally it may merge with the more mixed metasediments of the Lac Guéret member.

The *Duley Fm (G9)* dolomitic marble includes 5-15% quartz (probably recrystallised quartz-rich sediment). The marble is medium to coarsely grained with a light grey to light bluish grey colour. Bedding is shown by interbedded and lensy quartz. The contact relations between the Duley Fm and the Lac Guéret Member are not exposed, although they should exist. The commonest contacts are between the Duley and the Wapussakatoo Fms, where they appear to be sharp, based on QCM mapping of the iron formations. In these areas, the marble underlies the quartzite.

The *Wabush Fm (G11)* is made of various iron formation minerals. The are predominantly oxide facies (magnetite and hematite) and silicate facies. Sulphide facies has not been noted in this unit, although sulphidic graphite occurs in the underlying quartzite quite close to the same stratigraphic level as the oxide iron formations. The best studied parts are the oxide facies that host magnetite. QCM noted regional airborne magnetic anomalies in the area currently part of the Lac Guéret property in 1959. Their field work in 19591-63 outlined folded beds of magnetite>hematite with subordinate silicate-facies iron formation intimately associated with the quartzite. They interpreted the iron formations as tightly to isoclinally folded and cross-folded synclines with quartzite on the outboard margins of the synclines, which is often in contact with the Duley Fm marble (Ferreira, 1962a, 1962b). (Note on *fig. 4* that the iron formations include adjacent quartzite, since the scale of the iron formation + quartzite assemblages are small scale.)

The *Nault Fm (G12* is the youngest Gagnon Group unit. It is quartzofeldspathic paragneiss derived from turbidite and mudstone. Few outcrops have been noted to date. They are uniformly fine- to medium-grained quartzofeldspathic gneiss with low biotite and scarce migmatite. It appears to be finer grained and more uniform than is the Lac Guéret Member.

9 (b2) Structure

Structure of the Gagnon Group is centred on the broad northeast-trending synclinorium defined by the Cycle 2 formations. The outboard part is underlain by the Katsao Fm, which shows modest to steep southeast dips and folds with shallow southwest plunges. The unit forms a broad arc with an easterly orientation in the southwest part of the claims and arcing to the north-northeast near the shore of Lac Manicouagan. The Lac Guéret Member shows a similar broad pattern, but has more tightly arced late fold from northeast to almost north. Within the core of the synclinorium, the QCM data shows that the stratigraphy on the kilometre scale is complexly folded and cross-folded.

The structural history includes two coplanar folds, F_1 and F_2 , oriented northeast to north-northeast with tight open to isoclinal overturned synclines and anticlines. The F_1 fold plunges moderately to the southwest (~42º to 55º) and dips steeply to the southeast. The F_2 fold plunges shallowly to the southwest (~10º to ~20º) with a similar dip. It appears to be the major control on the geometry of the graphite beds. These show a dominant compression direction from the southeast.

The F_3 fold oriented to the northwest and with a presumed vertical to steep southeasterly plunge is a broad open flexure that marks the arc seen in the Katsao units. It also marks a gentle uplift and is expressed as the northwest cross-folding direction observed in QCM's mapping data that causes the earlier folds to show doubly plunging folds. It appears to be locally extensional, as seen by open-space gashes 10-cm wide and 1-4-m long in the graphite beds; these are filled with late recrystallised graphite and coarse pyrite crystals observed in several trenches. This event may be related to the Allocthonous Boundary Fault (ABT) shown on figure 3.

Local folding follows the regional pattern. The Québec Cartier Mining mapping showed folds usually striking northeasterly with vertical to steep southeast dipping isoclinal to overturned anticlines and synclines. These plunge gently to the southwest, but rarely to the northeast, and can be traced over 5 km. A subordinate dip direction is to the north-northwest to north-northeast. Locally, the folding turns rapidly to the north and northwest with isoclinal open and overturned folds dipping to the northeast. These tend to have double plunges indicating arching. These may be due to gentle folding of the synclinorium.

Ferreira (1962a, 1962b) noted that the southeast limbs of the northeast striking folds tended to be thicker than the northwest flanks. It is possible that thrust faulting, originating from compression from the southeast, may thicken the southeastern limbs. The same tendency appears on the GC grid outcrops, although that may reflect more the survival of glacial erosion of outcrops with planar fabric in that direction rather than to the northwest.

The prominence of southeastern dipping folds indicates that the regional compression came from the southeast. The secondary northwestern fold trend is not apparent on a large scale in the area of detailed investigation, but it occurs on the metre-scale at the original Road outcrop with a doubly folded syncline in the biotite-quartz gneiss.

My interpretation of the Geotech airborne mag-EM data (Geotech, 2003) indicates two significant displacements of the Cycle 2 Gagnon formations that I show on *fig.3* as thrust faults from the southeast probably associated with the Allochthonous Boundary Thrust.

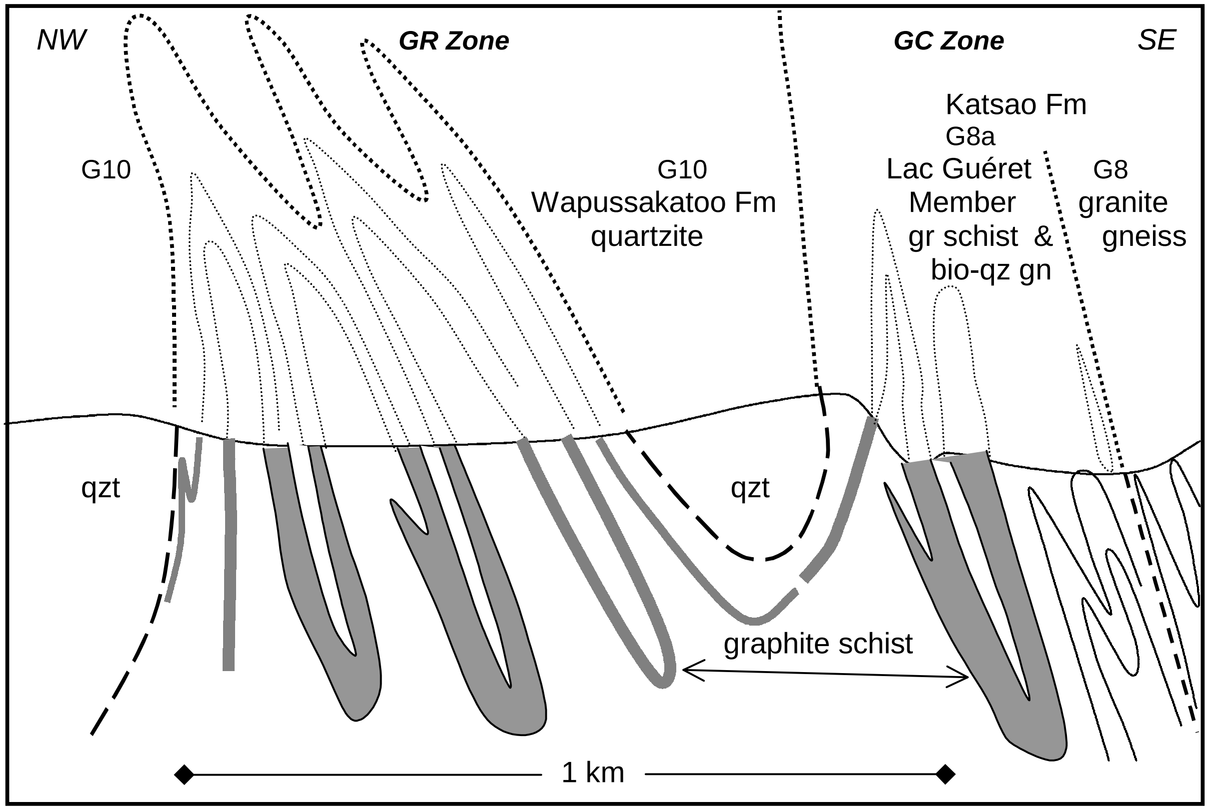
Brittle deformation, such as faults, is rarely observed in the syncline to date. The airborne EM data supports the interpretation of the northerly lineament along the west boundary of the Lac Guéret claims as being a normal fault with the east side down dropped. The mag-EM pattern west of the fault is the same as the Katsao Fm on the property. The topography suggests the Katsao folds around the southwest projection of the syncline.

Several southwest dipping faults in the south part of the GC Zone were encountered in drilling LG-09 and LG-10, where the graphite horizon appears to be uplifted several tens of metres on the west side, showing a minor thrust fault direction from the northwest (see *fig. 15*).

Details of the geology in the graphite zone are shown in *figs. 5-7* and in the sections of the trenches and drilling in *figs. 8-15*. The initial geological model was that several layers of graphite schist in the section have been brought into juxtaposition by folding. However, a *mise a la mass* geophysical study by Marc Boivin, chief geophysicist for SOQUEM Inc. in September 2003, showed that both the GR and GC Zones were electrically connected with an exceptionally low resistance. The implication is that the main graphite horizon(s) are in fact one unit. The non- or low-graphite bearing beds appear to be lenses or interfingering facies diluting the graphite unit, which a length is excess of 2.3 kilometres and a folded thickness of up to 200 metres.

Fig.16 is a schematic interpretation of structural relations of the NW-SE transect across the western GR and the central GC grids.

Figure 16
NW-SE Cross Section of GR & GC Zones



10 Deposit Type

The graphite bed(s) form an integral part of the informally named Lac Guéret Member at the uppermost part of the Katsao Formation. The graphite originated as carbonaceous sediments in pelitic turbidite beds that were part of a marine basin sedimentary assemblage. Local scale mapping shows the same structural forms and tight folds recorded by Québec Cartier Mining Co. in their work on the adjacent iron formation. Metamorphism recrystallised the organic carbon to the coarse flake crystalline graphite seen today. Significant graphite has not been observed in the other formations in the Gagnon Group nor do they have any significant group of AEM conductors on the property to date.

The HiG Zone within the GC Zone is an unusually high-graphite rock that occurs as facies of the GC graphite schist. While the HiG zone may be enriched by high-grade beds by selective flowing into fold hinges, we see no evidence in drilling (see *figs. 13 and 15* for example) to support that model.

The key to exploration is a better understanding of the stratigraphy in the area, particularly in tracing the Lac Guéret Member assemblage, which underlies the Wapussakatoo Fm. quartzite and the Wabush Fm. iron oxides. Results of the work to date support that theory.

11 Mineralization

Graphite forms fine to coarse crystal flakes (<0.01 to >4-mm diameter) in quartzofeldspathic gneiss and schist. This results from recrystallization of in-situ carbonaceous material, rather than any enrichment or remobilsation from some distance. Graphite in biotite-quartz gneiss, and especially in migmatite gneiss near and enclosing the graphite schist, is often coarser grained than in the graphite-biotite schists themselves. Graphite crystals in the migmatite gneiss can reach 7 mm diameter. This lower-grade coarse-grained material does not appear to occur in significant amounts to date, but more work needs to be done.

All the graphite on the project is flake crystalline, rather than amorphous, graphite. Drill and trench channel sampling shows the graphite distributed from very high-grade beds, locally > 50%, to low-grade disseminated zones with 2-7%. In drill core, the contacts between individual beds range from disseminated and gradational to abrupt. All the contacts that I observed appear to be sedimentary. In one hole, several graded beds with graphite as the tops of turbidite quartz-rich sediment eloquently demonstrated the sedimentary heritage.

There does not appear to be a single control on flake size, such as a preferred orientation relative to folding or extensional features, except locally in 0.8- to 3-m long northwest trending extensional fractures observed in several trenches in the GC Zone. These form a minuscule volume of the graphitic stratigraphy.

The economic factor affecting the valorisation of flake graphite deposits is the percentage of graphite flake, not the amount of graphite or carbon. Analysis of flake percentage requires more sophisticated and more costly sample treatment, but gives a more accurate idea of the economic potential of the project. The data could be based on percent of graphite greater than some minimum grain size. The Issuer is evaluating the possibility of incorporating such a parameter in future work.

The plans in *figs. 5, 6, and 7* show the extent of the graphite-bearing gneiss and schist. As mentioned above, the main graphite unit appears to be interfingered with silicate sedimentary rocks and tightly folded. The *mise a la mass* conductivity test showed the graphite to be one electrically connected unit. The exploration work to date has delineated two surface zones. The Graphite Road (GR) Zone has a strike length of over 1000 metres with widths from 25 to 130 metres wide, and the Graphite Cliff (GC) Zone extends over 1000 metres with widths from 100 to 190 metres. Both zones are open on strike. The GC Zone is more consistent in terms of width and style of graphite. As well, the HiG (“high graphite”) subzone is a facies of unusually high-grade graphite schist within the GC. It contains composited intervals > 20% CG with most of the individual samples greater than 20% Cg and up to 50% Cg. It is appears to be a primary feature of the graphite stratigraphy.

Both zones strike northeast to north-northeast and dips generally steeply to the southeast. The electrical connection suggests that the zones are in fact the same stratigraphic horizon and may connect either at depth or along strike. The distribution of the graphite is predictable in 50-metre step-outs in the GR Zone and on 100-metre step-outs in the GC Zone.

Assay details of the individual trenches and drillholes are presented below in *Items 12 & 13* and in the sections in *figs. 8-15*.

Sulphides are present mainly as pyrrhotite and less frequently as pyrite. Pyrrhotite occurs commonly with graphite, especially at grades greater than 10%, as 3-5% fine-grained, very weakly magnetic, grey-bronze, disseminated to semi-massive blebs and patches 0.3- to 4-mm diameter aligned subparallel with the schistosity. It is visible in drill core, but less in outcrop. Outcrops rarely show significant iron oxidation when trenched and show minor white ferric sulfate efflorescence on fresh surfaces. Pyrite occurs only locally as very coarse crystals, including octahedrons to 4-cm, associated with late northwesterly extensional gashes seen in several trenches and in drill core in the GC Zone. It is not associated with other hydrothermal minerals such as quartz or calcite in the open-space fractures. In core, pyrite crystals occur adjacent to finer-grained pyrrhotite blebs with sharply defined crystal margins for the pyrite and no local change in crystallinity in the pyrrhotite. I saw no other sulphide species. ICP geochemical data, reviewed in *Item 12*, shows normal concentrations of Cu, Pb, Zn, and other metals.

12 Exploration

12 (a) Exploration Program in Phases 2 & 3

Exploration work in 2003 was divided into two phases. Phase 2 involved trenching, sampling, mapping, and prospecting. It commenced in 25 June and finished on 9 September. Phase 3 drilling started on 10 September and finished 2 October with the logging and sample preparation completed by 10 October 2003. These works built on Phase 1results cited in my previous NI 43-101 report (Lyons, 2002). Table 3 summarises the exploration statistics.

Table 3
Exploration Statistics

Work	*GR Grid*	*GC Grid*	*Total*
Trenching	30 trenches total 1871 m	20 trench of 2538 m	50 @ 4409 m
No. of Samples	523 samples	500 samples	1023 samples
Cumulative Length of Samples	812.1 m	955.6 m	1767.7 m
Diamond drilling (NQ)	6 holes total 660.5 m	4 holes total 546.4 m	10 @ 1206.9m
No. of Samples	216 samples	205 samples	421 samples
Cumulative Length of Samples	304.31 m	320.61m	624.92 m
Prospecting			11 km²

Trenching was done with an Atlas 1803E LC or similar excavator fitted with a smooth lipped bucket. The objective was to remove the glacial till cover and minimize destruction of the outcrop surface. The trenches were cleaned first with compressed air, then with brooms, shovels, and water pumps where necessary. When the overburden exceeded about 2.2 meters, trenching for samples stopped for safety reasons. However, if the excavator could expose bedrock as deep as five metres, the geologist would record visual information, such as presence of graphite. The deeper trenches that posed potential safety hazards to humans and animals were back-filled after mapping and sampling. All of the significant graphite intervals encountered are available for inspection. Details of sampling procedures are discussed under Item 14. Details of the drilling program are contained in *Item 13*. *Figs. 8 - 15* show the details of the individual trenches and drill holes with samples in relation to the geology. *Table 4* under *Item 14* summarises the significant drill and trench composite sample results.

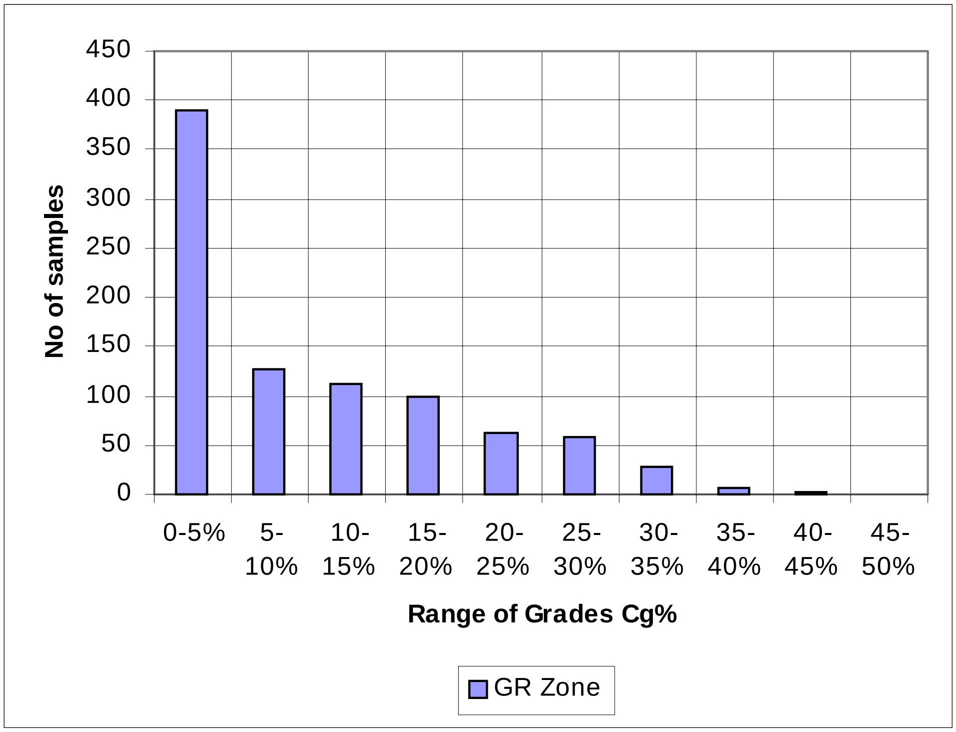
The trenching program on the GR Zone was primarily focused on extending the areas around the 2002 trenches in areas with shallow overburden. Reconnaissance prospecting discovered another outcrop of high-graphite bedrock to the north-northeast on trend, which is now TR14, about 1000 metres from the original Road Showing. Trenching in the GC Zone followed subcrops found in 2002. These cover a zone 1000 metres long between lines L19N to L9N on the GC grid cut in 2002.

The significant sampled intervals were length-weight composited and are shown of *figs. 6 -7*. Examples of the main zones related to the sections in *figs. 8 - 15* are listed under *Item 14(e).*

12 (b) Interpretation of Results

The interpretation of the geological data in plan was discussed in general under Property Geology. Although the graphite lenses are electrically connected as per the *mise a la mass* study, they vary in character and grade distribution between the GR and GC Zones. The GR Zone shows more interlayering with quartz-feldspar-biotite gneiss with local thickening of the graphite horizon. The GC Zone tends to be more extensive and consistent both in length and width.

The HiG (high graphite) subzone within the GC Zone appears to be a coherent unit traceable along its length. The HiG zone is defined by those composited intervals averaging 20% Cg or higher. The grade distribution shows higher graphite grades with 50% of the samples 20% Cg or higher. When the HiG data is taken from the GC Zone data, the grade distributions of both the GR and GC Zones show strikingly similar grade distribution patterns of a single population with a wide range on values from 0 to 45 Cg%. The HiG distribution shows higher grades with a weak bimodal distribution centred on the 15-20% and 35-40% ranges and a maximum grade of just over 50 Cg%. This indicates that it is a separate geological entity with its own characteristics, one of which is the individual sample grades within a composite zone show a number greater than 25% Cg. The high grades do not result from structural compression of the same material. The HiG-type mineralization does not appear to be a significant part of the GR Zone, although a few composites do occur there. These appear to be laterally limited, based on our data. The distribution data are shown in *figs. 17 and 18* below. A review of the individual samples listed in *Table 6* shows the difference between the HiG and regular graphite grades. The details within the unit require further work to delineate the exact limits, but I believe, based on my field experience on the property, that this is a real geological feature, not a sampling or analytical artefact. It has significance for future exploration and development of the project



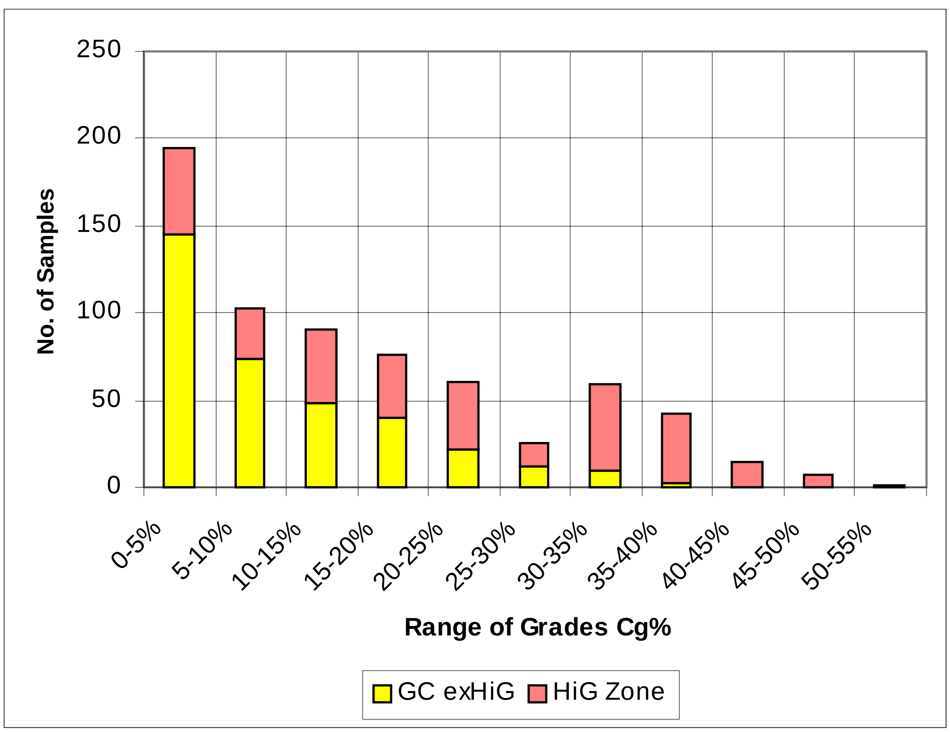


Figure 17. Grade (Cg%) vs. Number of samples by Zone

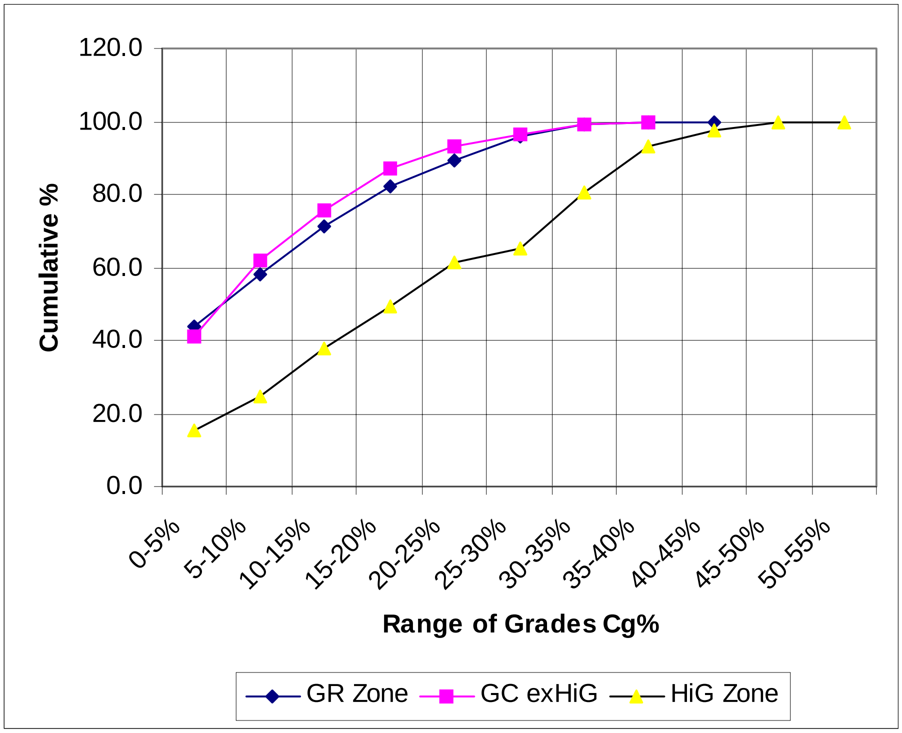


Figure 18. Grade (Cg% vs. Cumulative % of samples by Zone
(GR Zone N=886 GC Zone N=353 HiG Zone N=319)

A group of 89 samples were analysed by 32-element ICP spectroscopic technique by International Plasma Labs (IPL). PRA, as a normal course of its testing, selected 44 random samples and I requested additional 45 high-graphite samples. The elements of particular concern for environmental reasons were antimony (Sb), arsenic (As), bismuth (Bi), cadmium (Cd), and mercury (Hg). With only a few exceptions, these were below the detection limits of 5 ppm for Sb and As, 2 ppm for Bi, 0.2 ppm for Cd, and 3 ppm for Hg, regardless of the graphite values between 0.3 and 44.6% Cg.

Other elements were correlated against graphite values. They include: barium (Ba), strontium (Sr), copper (Cu), molybdenum (Mo), magnesium (Mg), phosphorus (P), manganese (Mn), iron (Fe), nickel (Ni), cobalt (Co), lead (Pb), zinc (Zn), vanadium (V), tin (W), and silver (Ag). No gold analyses were performed, as there is no indication of hydrothermal mineralization. No boron or sulphide analyses were done.

The trace element data shows no unusual or anomalous concentrations compared with standard granite, granodiorite and biotite gneiss standards used for whole rock analyses. The variations are within non-anomalous populations. Elements with no correlation to graphite include: Ba, Sr, Mn, and Ag (many of the last are below detection limits). Elements with a variable response are Co and W with slight increases in one zone and decreases in the other. Mg is the only element that decreases with increasing graphite, since it resides in the silicate minerals, which form a lower proportion of high-graphite rock. The elements with slight to moderate increases with increasing graphite grade include: Cu, Mo, P, Fe, Ni, Pb, Zn, and V. The metallic elements are probably associated with the pyrrhotite content in the graphite zones.

Part of the 2003 program involved prospecting along the trend of the host Lac Guéret Member of the Katsao Fm to the northeast and southwest of the graphite zone. The main targets were airborne EM anomalies from the airborne EM and Geotech Ltd. for SOQUEM did magnetometer surveys in late 2002, using the Scorpion system. Two crews of a geologist and prospector each visited the sites of EM conductors in the field. They looked for outcrop and tested the zones with a Beepmat Model BM4. The Beepmat is an EM system of shallow anomalies that can be exposed by trenching. The depth penetration is about one metre, based on local orientation tests.

Approximately three kilometres NE and SW of the main graphite zone were tested. Several graphite outcrops and subcrops were located on trend of EM anomalies. However, most of the anomalies were probably too deep for the Beepmat to detect. The host rocks are the same as in the main graphite zone but are more quartzite-rich. The beds were generally less than 3 m wide, but future work may uncover better zones on strike. The work demonstrated that the Lac Guéret Member is generally graphitic over ~12 km strike length. Another zone northwest of the main syncline axis was discovered as interbedded graphite and gneiss with variable quartzite. This indicates that the unit wraps around the synclinal axis. More airborne EM anomalies need testing.

12 (c) Performance of Works

The Issuer contracted with Tekhne Research Inc. to provide technical services for this project. As the principal of Tekne Research, I provided daily supervision the fieldwork and wrote this report.

Other contractors working under my direction and supervision completed the works described above. They are:

- Fonds régional d'exploration minière de la Côte-Nord (FREM) of Sept-Îles, Québec for reconnaissance and Beepmat prospection,
- Exploration Esbec Inc. of Sept-Îles, Québec for camp and labour services;
- Forage Dynamitage Girard Ltd. of Longue-Rive and Excavation Côte-Nord of Bergeronnes, Québec for excavation services
- Forage Major of Val-d'Or, Québec did the drilling.
- Process Research Associates Inc. (PRA) in Vancouver, BC did the sample preparation, QA/QC checks, and metallurgical work .
- International Plasma Labs (IPL) did the analyses under PRA's guidance.
- HRGISolutions Inc. of Victoria, BC did the geographic information work.

12 (d) Reliability of Work

I, as a Qualified Person, was on the project site continuously while the works were performed in Phases 2 and 3. In my opinion, after reviewing the data results, the works were reliably executed and reported.

13 Drilling

Phase 3 was the drilling campaign following the trenching of Phase 2. Forage Major Ltd. of Val-d'Or, Québec drilled 1,206.9 metres of NQ core in 10 inclined holes. The core was placed in wood trays and metrage blocks inserted at the end of each run. I was the technical person on site and visited the drill rig frequently to verify that the core was placed in the trays in the correct order. The core was delivered at the end of each shift to the geologist by the drillers.

The geologist checked the core for metrage blocks and continuity of core pieces. He measured the core for recovery and rock quality data (RQD), as well as marking each tray with the drill hole number, box number and from-to metrage embossed on aluminium tape, which was stapled to each tray.

The geologist logged the core for geology and marked the sample intervals using coloured wax crayons. The sample cut plane was marked so as to be normal to the structural trend. Each sample was cut in half lengthwise with a diamond saw into half-core lengths. The sample for the laboratory was placed in a plastic sac with the sample tag and was placed in the drying room to dry some of surface water before closing and packing for shipment. See Item 15 for details of shipment and sample preparation procedures.

After logging and sampling, the core was taken in an enclosed truck to an enclosed locked and fenced storage locker located neat Baie-Comeau, Québec.

The trenching and drilling were designed to cross the geological trends normal to the strike and dip as much as possible. In particular, the drill holes were located to test beneath and parallel to existing trenches. The core logging included notation of the bedding and structural information. At this stage of exploration, I preferred to sample on geological changes, rather than fixed lengths. Sampling was done at geological breaks to a general maximum length of 2 metres. If the mineralization was wider, several 2-m (along core) samples would be taken. If the mineralization was just over 2 metres, it might be taken as one longer sample, or two smaller ones, depending on the length of the interval. The true thickness of the mineralization varies from trench and drillhole axis. All data intervals are reported in sample lengths along the core axis.

The sections confirm the model that the dominating control on distribution of graphite is the folded beds that generally strike northeast and dip steeply to the southeast. Detailed plotting suggests that subtle third-order folding flexes the dominant folds on the 50-100-m scale.

The overall exploration goal leads toward the definition of an open pit resource. This phase of drilling deliberately tested depths over 100 metres to see the continuity of the graphite mineralization. Future drilling will focus on defining a mineable resource and will test to about 50 vertical metres depth

The results and interpretation of the drilling is shown on *figs. 8 - 15*, which compile the surface trench data and the drilling in sections normal to the drill and trench orientations. *Table 4* summarises the drill hole location and maximum vertical depth of graphite beds.

Table 4
Drill Hole Data Summary

Hole ID	Zone	Length (m)	Azimuth (corr)	Dip	UTM N	UTM E	Vert depth graphite
LG-01	GR	90.0	342	-50	5664180	495245	-35
LG-02	GR	105.0	309	-45	5664334	495427	-45
LG-03	GR	144.5	305	-50	5664420	495640	-110
LG-04	GR	141.0	305	-45	5664490	495706	N/A
LG-05	GR	72.0	310	-60	5664495	495646	-58
LG-06	GR	108.0	112	-45	5665035	495740	-50
LG-07	GC	136.0	314	-45	5663788	495764	-101
LG-08	GC	180.0	323	-45	5663402	495638	-122
LG-09	GC	87.0	338	-45	5663022	495322.2	N/A
LG-10	GC	143.4	338	-43	5663053	495288.5	-115
		1206.9					

Note: UTM is NAD 83 zone 19

14 Sampling Method and Approach

14 (a) Sampling Approach and Methodology

Two issues about sampling technique and size were considered. The first was what should be sampled. Based on the results from the 2002 program, samples were selected based on visual mineralization with a terminal sample at each end of essentially barren material. Samples intervals were 2.0 metres or less except for a few cases. Where a narrow but high graphite bed occurs it, too was sampled. Where mineralized zones were close together, intervening low-grade material was sampled to assign measured grades for compositing calculations. The goal was to sample the mineralized geology as discretely as possible. Sample weights ranged around 2 – 5 kg each. The sample selection procedure appears to test potentially economic mineralized rock adequately. With an industrial mineral such as graphite with distinct visual qualities, if you don't see it, you haven't got it.

After detailed mapping the trench at 1:500 scale, I marked contiguous sample intervals along it to encompass the visually high-grade graphite schist intervals plus about one metre of unmineralized host rock at the ends of the intervals to characterize its grade. A cut line was marked to guide the sawyer. Marking was done with fluorescent marker paint. Each trench was photographed for future reference.

The second issue was the size for the saw-cut channel samples. Since the data must be defensible and useable for resource inventory calculations in the future, we cut the samples to duplicate HQ size core (6.35 cm diameter). The technicians used a 14" diameter gas-powered rock saw with a diamond blade to cut two grooves about 6 cm apart and 3 cm deep. The sampler used a wide-blade brick chisel to chop out the rock with uniform sized pieces throughout the sample interval. He put them in marked sample bags with the sample tags inside. The method of sawing the outcrop and chiselling the samples was chosen since the outcrop is more or less flat. Chipping gives too erratic a sample and would be quite time and labour consuming, too. The relatively soft graphite schist cut quickly. With a three-man crew, sample production was about 60 meters per day. Because the powder from the sawing coats surfaces in the trench, the first cuts were the ends of the sample intervals. The channel cuts were done later. I frequently verified that sample boundaries were being followed as the program progressed.

14 (b) Sample Quality

Having observed the process both during and after sampling on the project site, I am satisfied that these objectives were met consistently. No adverse factors in either trench or drill core sampling occurred. The drill core had a very high rate of recovery, nearly 100% with virtually every run at 3-m each.

14 (c) Sample Descriptions

The reader is referred to *Item 11* for description of the mineralization. The trenches were mapped on 1:500 scale and the samples selected based on visual graphite estimation. Especially high-grade material was sampled separately from lower grade material. The 21 detailed trench maps are not included herein. Examples from 2002 can be seen in the previous 43-101 Technical Report (Lyons, 2002). I maintained the same procedures and standard of work.

14 (d) Sample Composites

Table 5 below summarises the significant composited intervals from all trenches and drill holes in 2002 and 2003. The averages are length-weighted and include narrower higher grade intersections. In principal, the interval for compositing must start and end at 10% Cg, although it may contain material less than 10%. Incremental series of samples must average at least 10% Cg to be included in a composite.

Table 5
Significant Graphite Composites

Trench *2002*	Zone	Grade Cg%	Sample Length	True width	No. of Samples
TR01	GR	15.8	34.5	34.0	24
TR02	GR	18.4	16.7	16.2	9
TR03	GR	9.8	16.0	11.3	8
TR04	GR	11.6	10.0	6.5	5
		14.6	21.5	17.6	11
TR05	GR	17.1	22.5	15.8	12
		14.6	9.0	9.0	5
2003		18.0	37.3	29.1	19
TR09	GR	16.5	78.5	68.3	47
	includes	23.4	33.5	29.0	19
TR11	GR	13.1	55.0	54.0	30
TR12	GR	11.7	63.0	58.2	32
	includes	18.5	12.0	11.1	6
		30.9	15.5	15.2	8
TR14	GR	16.7	63.3	63.1	34
	and	18.7	14.4	14.3	7
TR17	GR	10.8	7.6	6.4	4
	and	14.5	23.0	17.4	12
TR18	GR	16.7	38.0	18.2	19
	and	20.4	20.0	8.9	5
TR19	GR	14.5	9.5	8.2	5
TR20	GC	10.1	20.8	18.2	10
	and	17.4	13.3	13.3	7
	and	13.2	11.4	11.2	6
	and	27.2	6.1	6.0	4
TR24	GC	20.8	35.8	31.0	18
	includes	26.1	16.0	13.6	8
TR25	GC	14.7	24.0	14.8	13
	and	19.9	8.2	4.7	4
TR26	GC	17.4	12.5	11.3	6
	and	15.3	22.0	19.1	11
	and	25.1	23.7	22.3	13
	and	16.5	7.5	4.6	4
	and	20.6	32.0	24.5	9

Trench *2003*	Zone	Grade Cg%	Sample Length	True width	No. of Samples
TR27	GC	14.4	54.0	53.2	27
	and	32.5	45.5	44.6	23
	and	38.4	16.5	16.3	9
TR28	GC	17.5	12.9	8.3	7
	and	12.5	31.4	27.2	16
	and	19.5	33.4	32.3	15
TR29	GC	24.0	52.0	39.8	27
	and	30.9	25.3	14.5	14
TR30	GC	30.9	14.5	8.3	7
	and	23.5	57.5	57.3	31
TR31	GC	21.5	15.3	6.5	5
TR33	GC	20.8	41.0	38.5	18
	and	21.2	40.8	39.4	19
Drillholes					
LG-01	GR	16.4	36.7	26.2	19
LG-02	GR	14.7	12.1	12.1	8
	and	14.2	11.1	11.0	6
LG-03	GR	14.2	107.2	100.7	61
LG-05	GR	10.7	5.6	5.3	4
	and	17.2	18.0	16.6	12
	and	16.6	6.6	6.4	4
	and	10.1	3.2	3.1	3
LG-06	GC	17.7	20.4	15.1	14
	and	21.9	20.5	14.2	11
LG-07	GC	24.4	80.2	75.4	44
	and	19.6	3.8	3.3	3
	and	15.2	6.4	6.0	4
LG-08	GC	15.3	34.0	32.8	20
	includes	21.8	17.3	16.7	9
	and	13.4	64.5	62.3	41
LG-10	GC	20.8	23.8	10.0	14
		25.0	17.4	9.5	11

Examples of the composites from individual samples are shown below in Table 6 below. The data the drill hole LG-07 and trench TR27 on Section GC L19N (see *fig. 13*).

Table 6
Composites from Individual Samples
LG-07 & TR 27 (section GC L19N)

LG-07

Sample	From	To	Length (m)	Cg%	LxW	Avg	Length (m)
81717	0.00	2.00	2.00	44.60	89.20		
81718	2.00	4.00	2.00	44.61	89.22		
81719	4.00	6.05	2.05	44.22	90.65		
81720	6.05	8.05	2.00	9.56	19.12		
81721	8.05	10.05	2.00	7.56	15.12		
81722	10.05	12.00	1.95	27.73	54.07	30.40	20.90
81723	12.00	14.00	2.00	37.55	75.10		
81724	14.00	16.00	2.00	35.72	71.44		
81725	16.00	18.00	2.00	28.98	57.96		
81726	18.00	20.00	2.00	25.11	50.22		
81727	20.00	20.90	0.90	25.86	23.27		
81728	20.90	23.45	2.55	12.75	32.51	11.07	12.25
81729	23.45	25.00	1.55	6.49	10.06		
81730	25.00	26.42	1.42	13.53	19.21		
81731	26.42	28.50	2.08	5.33	11.09	***24.35***	***80.20***
81732	28.50	30.50	2.00	10.74	21.48		
81733	30.50	31.50	1.00	14.10	14.10		
81734	31.50	33.15	1.65	16.48	27.19		
81735	33.15	35.00	1.85	37.40	69.19		
81736	35.00	37.00	2.00	41.96	83.92		
81737	37.00	39.00	2.00	26.53	53.06		
81738	39.00	41.00	2.00	38.25	76.50		
81739	41.00	43.00	2.00	35.29	70.58		
81740	43.00	45.00	2.00	33.32	66.64		
81741	45.00	47.00	2.00	45.42	90.84		
81742	47.00	49.00	2.00	30.12	60.24	30.39	33.25
81743	49.00	51.00	2.00	30.59	61.18		
81744	51.00	53.00	2.00	28.53	57.06		
81745	53.00	55.00	2.00	23.94	47.88		
81746	55.00	57.00	2.00	21.47	42.94		
81747	57.00	59.00	2.00	22.22	44.44		
81748	59.00	60.12	1.12	23.98	26.86		
81749	60.12	62.00	1.88	8.51	16.00		
81750	62.00	63.00	1.00	15.90	15.90		
81751	63.00	65.00	2.00	31.40	62.80		
81752	65.00	66.40	1.40	46.03	64.44		
81753	66.40	68.40	2.00	7.31	14.62		
81754	68.40	70.20	1.80	15.38	27.68		
81755	70.20	71.60	1.40	9.34	13.08		
81756	71.60	73.20	1.60	19.62	31.39	12.39	13.80
81757	73.20	75.50	2.30	2.44	5.61		
81758	75.50	77.05	1.55	11.71	18.15		
81759	77.05	79.30	2.25	21.46	48.29		
81760	79.30	80.20	0.90	13.53	12.18		
81761	80.20	82.20	2.00	2.60	5.20		
81762	82.20	84.20	2.00	2.66	5.32		

81763	84.20	85.25	1.05	3.27	3.43		
81764	85.25	86.75	1.50	4.52	6.78		
81765	86.75	88.75	2.00	4.69	9.38	3.28	16.05
81766	88.75	90.75	2.00	3.10	6.20		
81767	90.75	92.75	2.00	3.30	6.60		
81768	92.75	94.80	2.05	3.59	7.36		
81769	94.80	96.25	1.45	1.67	2.42		
81770	96.25	98.00	1.75	18.52	32.41		
81771	98.00	100.08	2.08	23.36	48.59	19.60	3.83
81772	100.08	100.95	0.87	12.77	11.11		
81773	100.95	102.50	1.55	0.66	1.02		
81774	102.50	104.50	2.00	9.19	18.38		
81775	104.50	106.50	2.00	5.23	10.46		
81776	106.50	108.50	2.00	4.91	9.82	5.48	11.63
81777	108.50	110.50	2.00	5.86	11.72		
81778	110.50	112.13	1.63	6.52	10.63		
81779	112.13	112.58	0.45	3.81	1.71		
81780	116.91	118.15	1.24	2.71	3.36		
81781	118.15	119.80	1.65	20.40	33.66		
81782	119.80	120.47	0.67	3.34	2.24	15.20	6.40
81783	120.47	122.50	2.03	30.51	61.94		
81784	122.50	124.55	2.05	33.64	68.96		
81785	124.55	125.32	0.77	0.69	0.53		

TR27

Sample #	From	To	Length (m)	Cg%	LxW	Avg	Length (m)
80701	0.0	2.3	2.3	6.32	14.54		
No sple	2.3	3.9	1.6	*4.00*	6.40		
80702	3.9	5.0	1.1	7.46	8.21		
80703	5.0	7.1	2.1	6.30	13.23		
80704	7.1	9.0	1.9	5.24	9.96	6.17	17.0
80705	9.0	11.0	2.0	7.12	14.24		
80706	11.0	13.0	2.0	9.11	18.22		
80707	13.0	15.0	2.0	5.84	11.68		
80708	15.0	17.0	2.0	4.22	8.44		
80709	17.0	19.0	2.0	16.21	32.42		
80710	19.0	21.0	2.0	3.24	6.48		
80711	21.0	23.0	2.0	13.18	26.36		
80712	23.0	25.0	2.0	10.47	20.94		
80713	25.0	27.0	2.0	10.07	20.14		
80714	27.0	29.0	2.0	17.60	35.20		
80715	29.0	30.0	1.0	29.18	29.18		
No sple	30.0	31.6	1.6	*5.00*	8.00		
80716	31.6	34.0	2.4	8.84	21.22		
80717	34.0	36.0	2.0	14.31	28.62		
80718	36.0	38.0	2.0	24.90	49.80		
80719	38.0	40.0	2.0	24.05	48.10		
80720	40.0	41.8	1.8	19.24	34.63		
80721	41.8	43.2	1.4	21.16	29.62		
No sple	43.2	47.0	3.8	*5.00*	19.00		
80722	47.0	49.0	2.0	15.25	30.50		
80723	49.0	51.0	2.0	23.12	46.24		

80724	51.0	53.0	2.0	23.51	47.02		
80725	53.0	55.0	2.0	18.44	36.88		
80726	55.0	57.0	2.0	13.12	26.24		
80727	57.0	59.0	2.0	20.58	41.16		
80728	59.0	61.0	2.0	14.42	28.84		
80729	61.0	63.0	2.0	20.83	41.66	***22.95***	***99.5***
80730	63.0	65.0	2.0	13.73	27.46		
80731	65.0	67.0	2.0	10.71	21.42	14.94	54.0
80732	67.0	69.0	2.0	10.52	21.04		
80733	69.0	71.0	2.0	14.35	28.70		
80734	71.0	73.0	2.0	20.86	41.72		
80735	73.0	75.0	2.0	19.86	39.72		
80736	75.0	77.0	2.0	27.94	55.88		
80737	77.0	79.0	2.0	36.31	72.62		
80738	79.0	81.0	2.0	31.90	63.80		
80739	81.0	83.0	2.0	42.31	84.62		
80740	83.0	85.0	2.0	22.44	44.88		
80741	85.0	87.0	2.0	29.57	59.14		
80742	87.0	89.0	2.0	39.63	79.26		
80743	89.0	91.0	2.0	39.94	79.88	32.46	45.5
80744	91.0	93.0	2.0	41.81	83.62		
80745	93.0	95.0	2.0	47.08	94.16		
80746	95.0	97.0	2.0	36.05	72.10		
80747	97.0	99.0	2.0	38.86	77.72		
80748	99.0	101.0	2.0	40.46	80.92		
80749	101.0	103.0	2.0	37.80	75.60		
80750	103.0	105.0	2.0	32.00	64.00		
80751	105.0	107.0	2.0	28.48	56.96		
80752	107.0	109.0	2.0	28.25	56.50		
80753	109.0	111.0	2.0	23.63	47.26		
80754	111.0	113.0	2.0	30.56	61.12		
80755	113.0	115.0	2.0	28.19	56.38		
80756	115.0	116.5	1.5	19.41	29.12		
80757	160.0	162.0	2.0	39.97	79.94		
80758	162.0	164.0	2.0	46.65	93.30		
80759	164.0	166.0	2.0	44.56	89.12		
80760	166.0	168.0	2.0	44.56	89.12		
80761	168.0	169.0	1.0	45.10	45.10	38.41	16.5
80762	169.0	171.0	2.0	41.20	82.40		
80763	171.0	173.0	2.0	38.18	76.36		
80764	173.0	175.0	2.0	27.29	54.58		
80765	175.0	176.5	1.5	15.92	23.88		
80766	176.5	177.5	1.0	3.18	3.18		
80767	177.5	179.0	1.5	2.21	3.32		
80768	179.0	181.0	2.0	6.95	13.90		
80769	181.0	183.0	2.0	2.89	5.78	3.70	10.5
80770	183.0	185.0	2.0	3.03	6.06		
80771	185.0	187.0	2.0	3.30	6.60		
80772	187.0	189.0	2.0	34.91	69.82	*Correct!*	
80773	189.0	191.0	2.0	2.22	4.44		
80774	191.0	192.0	1.0	1.42	1.42		

15 Sample Preparation, Analyses, and Security

15 (a) Relation of Issuer to Sample Analysis

No one related to the Issuer, Quinto Technology Inc., as an employee, officer, director, or associate was involved with the samples at any time during sampling, transportation, sample preparation, or assaying.

15 (b) Sample Preparation, Assaying, and Analytical Procedures

The sampling crew brought the daily production of samples to the camp. They were air-dried in a heated room to remove surficial moisture. The foreman and an assistant organised them by series number and checked to see that the bags were in good condition and the identification tags were visible. Samples were stored in a closed cube van rented specifically for sample handling. Periodically, they packaged the samples for shipment in 5-gallon plastic pails with snap lids. They prepared and double-checked a list of which listed sample numbers in each container and their weights. The samples were driven in the van to Transport Thibodeau Inc. in Baie-Comeau, Québec for shipment by truck to Process Research Associates in Vancouver.

Upon receipt at Process Research Associates (PRA) at 9145 Shaughnessy St., Vancouver, BC, the samples were checked against the delivery documents, which included a detailed list of sample numbers in each bag, for completion. PRA maintains a reception list with a description of each sample for integrity of packaging, largest particle size, and moisture content. All documents are stored in the main contract file at PRA.

Samples preparation is initiated with an Instruction and Handling Sheet prepared by the laboratory manager. Details, including sample identification, air-dried weight, and approximate riffled out weight, are recorded. Each sample is first weighed and the weight recorded. It is then put into a steel pan for handling with an identification tag attached. The sample is air-dried.

The sample is crushed in a jaw crusher (and cone crusher, if required) set at 6 mesh (Taylor) or 3.3 mm. The crusher(s) is thoroughly cleaned before and after each sample. The crushed sample is quartered with a 0.75 in (1.91 cm) riffle and a subsample of 200 to 300 grams is placed into another clean steel pan with an identification tag.

The subsample is pulverised in a stainless steel rotary shatter box to 95% minus 74 microns. The shatter box is cleaned with silica sand before and after each sample. The subsample is mixed and quartered again to about 50 gr in a stainless steel riffler. Rejects are combined with the original sample.

The main sample is bagged in a polyethylene bag and stored in a covered 5-gallon plastic container. The contract number and sample numbers are written on the sample bag and container. The 50-gr subsample is bagged in a polyethylene bag and marked with the contract and identification numbers and is sealed.

PRA prepares a purchase order for the assayer, listing all samples. The information is kept in the client's contract file and is registered in PRA's central purchase order ledger.

The assayer, International Plasma Laboratory Ltd. (IPL) at 2036 Columbia St, Vancouver, BC, picks up the samples. Upon receipt, the samples are logged in their system with purchase order and list of sample numbers. The 50-gr samples were analysed for graphite following the ASTM 1915-01 method with some modifications. The method has two steps: one is the removal of all non-graphite carbon by heating and leaching with aqua regia; the second is the complete combustion of the sample using a LECO CS-300 carbon-sulphur analyser in an oxygen-rich atmosphere with a catalyst to convert all carbon to CO_2. The CO_2 is detected with an infrared absorption spectrometer and compared with standards to calculate the carbon content of the sample.

IPL reports the assay results to PRA by fax and email as well as by signed certificate. PRA evaluates the data with reference to their standards and internal checks. Once PRA completes its review, it sends the results to the client.

Canadian Association of Environmental Analytical Laboratories and the BC Ministry of Environment Land and Parks have certified international Plasma Laboratory Ltd. In 1997, IPL participated in the CANMET Proficiency Testing Program for Mineral Analysis Laboratories. The laboratory is certified under ISO 9002.1994 and is audited on a regular basis.

Michel Robert, P.Eng., the Qualified Person at Process Research Associates, assures me that International Plasma Laboratory Ltd., the primary assayer and Assayers Canada Inc (AC), the referee laboratory, are independent of Process Research Associates and offer their services on a commercial basis only.

15 (c) Quality Assurance and Quality Control

Quality control was done at two levels for the samples. Process Research Associates adds two duplicate samples and two standards with non-indicative labels in each run of 20 samples for a total batch of 24 samples. International Plasma Labs of Vancouver, BC, following the ISO 9002.1994 requirements, adds an internal standard as the 21st sample in a batch of 40 samples. Each 1st and 20th client samples are also duplicated These are in addition to the four unidentified standards and duplicates introduced into the batch by PRA. Every 10th determination, defined as sample, duplicate, or standard, is a blank sample supplied by PRA.

In addition, PRA send one of the duplicate samples and one of the standard samples from each batch to Assayers Canada Inc. for analysis as an independent check.

Blanks enter the sample stream when PRA sends the sample to IPL for analyses. In this program, no blanks were included in the original samples from the field.

15 (d) Adequacy of Sampling Procedures, Preparation, Security, and Analyses

The samples were close control and stored in the van used for transportation of the shipments from the field to delivery to the shipper’s office in Baie-Comeau. While it is remotely possible to change the samples, in fact, during the period of sampling, no one, including me, knew which material had the higher grades. The visual estimates I made are only approximations of actual grades. I saw no evidence of changes to the bags or tags or to the organisation of the samples. Thus, I believe that the potential for sample manipulation in the field to be very low.

At present, no blank samples are included with the sample sent from the field to PRA. In order to increase the quality control, this should be done in future programs.

In my opinion, the sampling procedures and handling in the field, sample preparation, sample and data security, and the analytical procedures were sufficient to maintain the integrity of the samples as representative of the material sampled.

16 Data Verification

16 (a) Data Verification and Quality Control Measures

Prior to the 2002 acquisition by Quinto, SOQUEM took six surface chip samples over the Graphite Road showing, the origin point of the GR grid baseline. The assays averaged 33.46% total organic carbon over 15 metres. Five samples taken by Peter Dasler on 23-25 July 2002 just south of this zone and a sixth from another project were analysed for both total organic carbon and graphite carbon (Cg) through PRA. The results of six samples done in the same laboratory (IPL) showed that a consistent proportion – 88% (± 4%) – of the carbon was graphite carbon throughout the range of grades from 4.86% to 61.58% organic carbon. The difference appears to be an artefact of the sample mineralogy and matrix, not a laboratory bias. Bondar-Clegg Canada Ltd. (Vancouver laboratory) also analysed three samples. Their data show that Bondar-Clegg's organic carbon was consistently ~9% lower than those by IPL were. This does not significantly affect the observation that the accurate measure of graphite is analyses specifically for graphite carbon, not total or organic carbon. Following these results, PRA requested the graphite analytic procedures described in Item 15b above. It also suggests that the original SOQUEM samples, corrected for graphite carbon rather than organic carbon, were essentially reproduced in the channel sampling on the Graphite Road showing (TR01).

The standards used as reference materials by PRA were derived from a suite of samples taken from the Lac Guéret Property Road showing. This was done in order to minimize any matrix effects due to mineralogy or potential interference by elements or compounds. The samples for the standards were prepared in the same manner as the ordinary samples described in *Item 15 (b)* above with the exception that each main sample was completely ground and sieved to minus 74 microns then riffled into 50-gr subsamples, all bagged separately. The standards are : 4.51%, 8.13%, 6.70%, and 18.90 % Cg.

Samples analysed toward the end of the fieldwork in 2003 contained a significant proportion of material that was greater than 20% Cg and up to 50% Cg. During the analyses, there were no standards with values in these higher ranges. The internal checks on blanks, standards, and duplicates show that the analyses are well controlled. However, new standards should be added for the next phase of testing to improve confidence in the data.

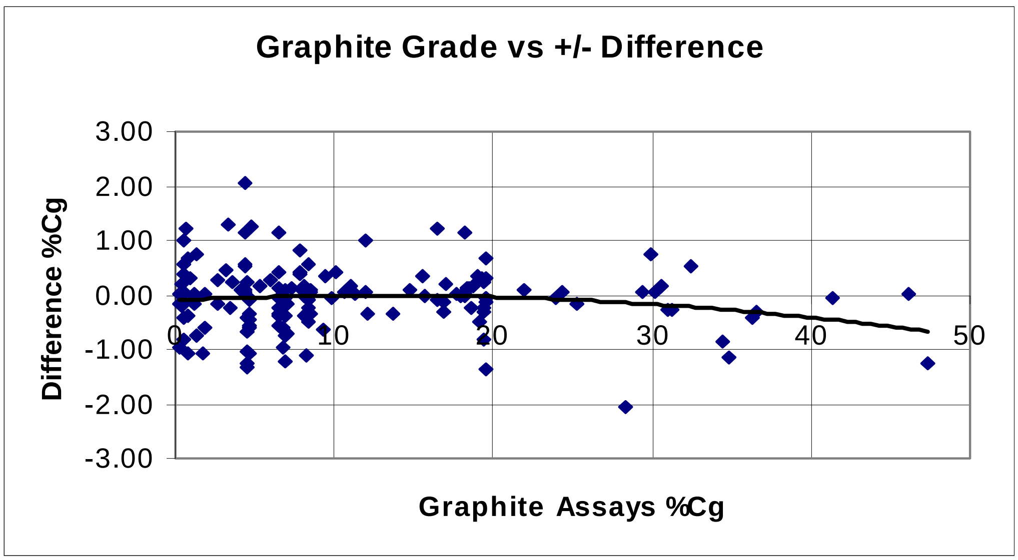
Of the 1,444 samples analysed from this phase of work, 82 (5.7%) of them were run as duplicates and 75 standard determinations (5.2%) were made. The ± difference from the averaged analyses of the duplicates and standards a range of ±2.05%. The relative difference, that is the percentage of the absolute difference from the average of the two analyses, is less than 0.50% in all but one standard, essentially negligible.

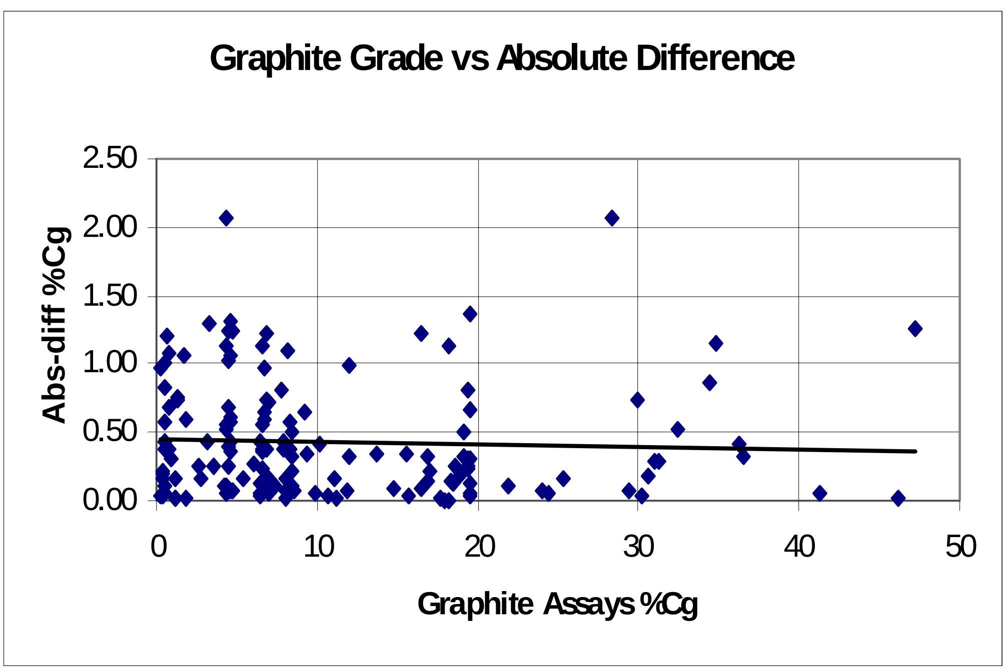
I examined the possibility of variations in reproducibility of the analyses as a function of grade. The sample grades range from 0.22% to 47.29%% Cg. The calculation of the ± differences of the averaged analyses shows the amount of variation is evenly distributed to

~25% Cg then shows a slight decrease with higher graphite grades. The absolute difference from the average of the duplicated samples shows a consistent difference of a maximum of ± 1.5% regardless of the graphite grade of the sample. *Fig. 19* shows the two data sets graphically. The relative difference as a percentage of the average grade tends to scatter a bit more with lower values and vary less with higher grades; in any case the variation is less 0.50% Cg.

These data show that the level of reproducibility is high. The correlation between labs indicates that IPL tends to be slightly higher than AC by less than 2%. The differences between the laboratories are negligible.

Figure 19
QA/QC: Variation of Duplicate & Standards
(N = 157)





No program of twin sampling was done in the field. However, in two instances, resampling for technical reasons allowed a comparison of two small sets of analyses. One was the realignment of TR26 where 8 samples over 15.3 metres were resampled. The second was on TR30 where initial sampling encountered a large inlier block of unmineralised gneiss that was a local feature, based on outcrops. The graphitic material adjacent to it was sampled in a subparallel line 0-2 m from the original sample line. These two instances give us some insight on reproducibility of samples.

Table 7
Resampling Comparison

TR26					original				
Sample #	From	To	Length (m)	Cg%	Sample #	From	To	Length (m)	Cg%
80630	4.0	6.0	2.0	18.54	80588	4.7	6.7	2.0	24.89
80631	6.0	8.0	2.0	11.14	80589	6.7	8.0	1.3	18.97
80632	8.0	10.0	2.0	21.99	80590	8.0	10.0	2.0	19.63
80633	10.0	12.0	2.0	16.27	80591	10.0	12.0	2.0	17.77
80634	12.0	14.0	2.0	9.59	80592	12.0	14.0	2.0	9.21
80635	14.0	16.5	2.5	24.84	80593	14.0	16.0	2.0	18.64
80636	16.5	18.0	1.5	4.41	80594	16.0	18.0	2.0	4.41
80637	18.0	20.0	2.0	3.83	80595	18.0	20.0	2.0	3.83
TR30					original				
80897	76.0	78.0	2.0	38.29	80863	75.9	78.0	2.1	49.22
80898	78.0	80.0	2.0	34.99	80864	78.0	80.0	2.0	42.99
80899	80.0	82.0	2.0	36.76	80865	80.0	82.0	2.0	36.67

While these data suggest that the reproducibility is good, future work should include twin sampling especially on high-grade intervals where extremely high grades may affect resource estimations. It may prove wise to introduce a cut-off *upper grade* if reproducibility is not satisfactory, similar to gold data with extreme values. The difference from gold is that the high graphite values are not isolated high samples of nugget-type data.

16 (b) Verification

I reviewed the procedures and data in discussions with the laboratory and the consultant metallurgist for the Issuer. However, I did not personally attend the analytical process. I calculated the variations cited above.

17 Adjacent Properties

The Lac Guéret property, as described in this report, shares its southern boundary to meet the block of claims held in joint venture between SOQUEM and Quinto Technology. It is composed of claims optioned from Phil Boudrais with graphite and Cu-Ni showings (the Nickel Bay showing) and claims held directly by SOQUEM (Graphi claims). No other claims are adjacent to the subject property.

Process Research Associates undertook a preliminary scoping study in order to evaluate the grain size distribution and understand the potential for deleterious materials or other metallurgical issues. I selected 14 samples from the central part of the GR Zone that represents geologically coherent material sampled in trenches. The length-weighted calculated composite grade was 15.04% Cg. Michel Robert, consulting metallurgist and Qualified Person at PRA, wrote the following report dated 20 November 2003:

Lac Guéret Project – First Metallurgical Scoping Test

A composite was prepared using 1.5 kg of each of the samples listed in table 1, to carry out the first scoping flotation test on the material.

Table 1 – Samples used for preparation of Composite #1.

80021	80352
80026	80355
80118	80359
80114	80382
80185	80383
80190	80389
80203	80393

The objectives of this first scoping test were to check the response of the graphite to standard flotation procedure, presence or absence of main deleterious minerals or associations, maximum liberation size of the graphite and size distribution of the graphite floated. Test conditions are given in appendix.

A coarse grind size with a P_{80} of 548 microns (slightly finer than 28 mesh) was achieved in the grinding mill, finer than expected. This was followed by high density conditioning of the pulp with 250 g/t of Varsol. Flotation with minor addition of MIBC as a frothing agent was quick and simple, with most of the weight recovered within the first three minutes out of a total of 8.5 minutes.

The rougher concentrate was cleaned twice, dropping out about a third of the weight of the rougher concentrate in the process. The cleaner tails material consisted mostly of mechanically entrained waste particles and a few mixed particles.

The products are being assayed for whole rock constituents, minor elements (ICP) and C graphite.

Findings:

The material responds very well to standard flotation procedure and can be liberated at a grind coarser than 550 microns, thus permitting a bulk production of coarse clean graphite flakes.

The quantity of mechanical entrainment of ash material is not significant and can be dropped out easily by cleaner flotation.

The cleaned concentrate was screened and had the following size distribution:

+ 20 mesh Tyler	5%
+ 35 mesh Tyler	31%
+ 65 mesh Tyler	35%
+ 200 mesh Tyler	24%
- 200 mesh Tyler	4%

About 70% of the material in the concentrate were coarser than 65 mesh Tyler (210 microns), appreciably higher than for most commercial producers. This augurs very well for this material as coarse material is usually easy to clean to premium grade and contains a high percentage of crystalline flakes.

The one concentrate sample analysed was the + 65 Tyler mesh material that assayed 82.04% Cg but was not corrected for LOI. No other analyses are planned on this material, since a more in-depth metallurgical study is being initiated.

19 Mineral Resource and Mineral Reserve Estimates

Not applicable

20 Other Relevant Data and Information

Not applicable

21 Interpretation and Conclusions

21 (a) Interpretation (see *figs. 5, 6 & 7*)

Geological mapping shows that the graphite-bearing schist and gneiss of the Lac Guéret Member forms coherent part of the regional stratigraphy. Two zones form traceable beds over 1 km with widths to 110 metres in the GR Zone and for over 1km along strike and widths to 200 metres in the GC Zone. Within the GC Zone, the HiG subzone forms a coherent unit within and the length of the GC Zone Trenching in the northeast quadrant of the GR grid exposed new areas of graphite schist as well as extending mineralization. Both zones are open on strike to the NE and SW.

The nature and location of folding is a key determinant in the localisation and thickening of the graphite beds, as it has been in the nearby iron formations. Trench exposures and a *mise a la mass* conductivity study in the graphite zones show that the graphite is one electrically connected bed with interlayered pelitic metasediments, now gneiss and quartzite beds and that they are repeatedly folded. The major structural control appears to be F_2 folds that trend northeast to north-northeast, plunge gently (10º - 22º) to the southwest and dips steeply southeast to vertically with parasitic flexures that locally flatten the dip. Some evidence from sample data in the trenches in the GC Zone shows that a subtler crossfolding oriented east-northeast with vertical to steep southeast dips may modify horizons within the broad graphitic zones. The scale of this late (F_4 ?) fold is on the order of 50 – 150 metres length.

No preferential alignment of coarser crystalline graphite was noted that would suggest a late overprinting that would upgrade the crystal size. Isolated northwest tension fractures filled with late very coarse pyrite crystals and graphite orientated into open spaces provides a trace proportion of crystalline material. These gash structures occur on the order of several metres.

The graphite appears to be primary, probably organic, sedimentary carbon occurring as beds within a marine basinal turbidite setting. This model guides exploration and extrapolations. There is no evidence in mineralogy, trace element chemistry, alteration, or later vein features to support a hydrothermal genesis. Pyrrhotite at 3-5% is a pervasive associate of the graphite and rarely occurs outside graphitic material.

The present work program completed the second and third phases of exploration. It achieved its goals by significantly increasing the length and increasing the widths of the GC Zone. As well, the data indicate the presence of a subzone of very high grade graphite named the HiG subzone. This zone carries significant potential for economic exploration. The GC Zone was exposed and tested showing significant. potential for further evaluation as an economic target. Drilling demonstrated that the graphite continues to depths exceeding 100 vertical metres with similar tenor as sampled on the surface in both zones.

The author believes the data quality to be sufficient in terms of sampling format, security, analytical techniques and quality control to support the conclusions herein.

21 (b) Conclusions

Data from the GR and GC Zones show that these zones have the potential strike length, width, and grades to become an economically sizeable deposit. Within the GC Zone, the HiG subzone is characterised by composite averages exceeding 20% Cg over a significant surface area and drilled depth. The composite grades of the trench and drill intersections are similar to or exceed those of the Lac Knife graphite (geological resource of 17.1% (Mazarin, 2001)), located 200 km to the northeast and in the same stratigraphic sequence. The existing zones may meet a significant portion of the world market for coarse flake graphite consumption if further exploration and development supports the results to date.

Further exploration and development testing needs to be done on the Lac Guéret Property for systematic delineation of the tenor and flake distribution of graphite and the dimensions by trenching and drilling.

The presence of oxide iron formation needs to compiled from old data and verified in the field. This may be a potential area for farming out.

22 Recommendations

Phase 4 exploration is warranted based on the results of the first three phases of work, and if that is successful, Phase 5 detailed drilling is warranted, also. I recommend the Phase 4 program of drilling and trenching in detail on the exposed mineralization with further testing along strike in the best areas as the primary focus of the program. Other exploration work around the property will need to be conducted in order to maintain the entire claim group in good standing. The proposed program would gain data sufficiently dense to permit an inferred resource estimation. Technical studies normal to the advanced level of exploration need to be undertaken as well.

Phase 4 drilling would consist of about 38 diamond drill holes on 100-m sections along the GC Zone from L8N to L20N with drill spacing across the trend at 50-m normal to the plane of mineralization. Drilling on the GR Zone would include seven holes in the central part of the zone. All holes should be inclined and oriented to the northwest. Depths of the holes should end just below 50 metres vertically below the surface. The target is to test the resource potential of 10-15 million tonnes of +10% Cg to an extrapolated 65 metres vertical depth.

Other works in Phase 4 include:

- trenching between existing trenches and along strike on the GC and GR Zones,
- geological and geophysical exploration outside the main graphite area to maintain the property
- initiation of the baseline environmental study and acid rock testing for environmental parameters,
- further metallurgical work to detail the behaviour of the graphite,
- continued marketing,
- establishing local geodetic reference points and total-station GPS surveying of the trenches, drill holes, and topography around the site area,
- upgrade the information database in order to facilitate studies by resource modeling and engineering consultants,
- establishment of a permanent secure core storage facility in Baie-Comeau, and
- conduct a resource inventory.

Phase 5 drilling program would build on the success of Phase 4 by focusing infill drilling in the best economic target delineated in Phase 4 work. The budget allows for approximately 60 inclined diamond drill holes spaced on 50-m sections and 50-m spacing on the plane of the mineralization plus another 20 holes on 25-m spacing across and along several sections to verify variability. This data would support calculation of an measured resource.

I recommend the work program outlined above. The estimated cost for Phase 4 is **$1,193,000**. The estimated cost for Phase 5 is **$1,009,000** and is based on economies of executing the two phases in the same season. The total cost is **$2,2002,000**.

23 (a) Cost Estimates

Table 8

Phase 4 Proposed Budget

Item	Rates	Total $$
Personnel		
Project Manager	160 days @ $455/day	72,800
Geologist	100 days @ $300/day	30,000
Jr. Geologist	2 x 120 days @ $250/day	60,000
Marketing Development		20,000
Geol. Technician	110 days @ $275/day	30,250
Field labour	5 x 110 days @ $225/day	123,750
Contractors		
Excavator	38 days @ $1500/day	57,000
Drilling	2,800 metres @ $100/m	280,000
Metallurgical program*		60,000
Environmental		10,000
Technical Studies		17,000
Surveying		16,500
Transportation		
Mobilisation/Demob		10,000
Vehicle rentals:	4 trucks @ 4 mo @$2,125.mo	34,000
Gas on site (all)		9,500
Field Support Costs		
Camp Costs (new camp)	1,110 man-days @ $75/mn-day	82,500
Lodging & meals		5,000
Assays	2,300 samples @ $25/sple	57,500
Shipping	12 tonnes @ $1,435/tonne	17,000
Core storage facility		5,000
Supplies/Equip Rentals		
Equipment rental		17,400
Field Supplies		35,000
Telephone (satphone)		3,000
Office & Computer/SW/GIS		11,000
Permits, Assessment Report		4,000
Report & Drafting		16,000
Subtotal (taxes included)		1,084,200
Contingency (10%)		108,420
		1,192,620

Table 9

Phase 5 Proposed Budget

Item	Rates	Total $$
Personnel		
Project Manager	40 days @ $455/day	18,200
Geologist	30 days @ $300/day	9,000
Jr. Geologist	2 x 30 days @ $250/day	15,000
Geol. Technician	20 days @ $275/day	5,500
Field labour	3 x 40 days @ $225/day	27,000
Contractors		
Excavator	3 days @ $1500/day	4,500
Drilling	6,750 metres @ $100/m	675,000
Surveying		9,000
Transportation		
Vehicle rentals:	4 trucks @ 1 mo @$2,125.mo	8,500
Gas on site (all)		2,000
Field Support Costs		
Camp Costs (new camp)	620 man-days @ $75/mn-day	46,500
Assays	2,100 samples @ $25/sple	52,500
Shipping	8.64 tonnes @ $1,435/tonne	12,400
Core storage facility		5,000
Supplies/Equip Rentals		
Equipment rental		6,400
Field Supplies		18,000
Telephone (satphone)		500
Office & Computer/SW/GIS		1,000
Report & Drafting		1,000
Subtotal (taxes included)		917,000
Contingency (10%)		91,700
		1,008,700

Item 23 References

Bonneau, J. and R. Raby, 1990. The Lac Knife Graphite Deposit, Mining Mag., June, 1990, 5 pages.

Clark, T, 1994. Géologie et gîtes de l'Orogène du Nouveau-Québec et de son arrière-pays in: Géologie du Québec, Gouvernment de Québec, MM 94-10, p. 47-65.

Currie, K.L., 1972. Geology and petrology of the Manicouagan Resurgent Caldera, Québec, Geol. Surv. Can., Bull. 198.

Davidson, A., 1996. Geological Compilation of the Grenville Province, Geol. Surv. Can., Open File Rept. 3346.

Emslie, R. F. and P.A. Hunt, 1989. The Grenville event: magmatism and high grade metamorphism: in Current Research, Part C, Geol. Surv. Can., Paper 89-1C, p.11-17.

Ferreira, E.C., 1962a. Report on Geological, Drilling and Dip Needle Survey, Area 24A, Echo Lake, Québec: unpubl. rept. for Québec Cartier Mining Co., 7 p. plus maps, Min. Nat. Res. Que., Assessment Report No. 12609.

Ferreira, E.C., 1962b. Report on Geological, Drilling and Dip Needle Survey, Area 24B, Echo Lake, Québec: unpubl. rept. for Québec Cartier Mining Co., 11 p. plus maps, Min. Nat. Res. Que., Assessment Report No. 13176.

Geotech Ltd., 2003. Report on helicopter-borne time domain electromagnetic geophysical survey: Blocks A & B Reservoir Manicouagan Area, Québec, unpubl rept for SOQUEM Inc.

Grieve, R.A.F., 1983. The Manicouagan Impact Structure: an analysis of its original dimensions and form, Jour, Geophys. Res., B Suppl. (2), p. A807-A818. (Proc. of the 17th Lunar and Planetary Science Conf., Pt. 2, Mar. 15-19, 1982).

GSC, 1968b. Lac Tétépisca, Geol. Surv. Can., Geophysical Series Maps 4945G.

GSC, 1968a. Lac Manicouagan, Geol. Surv. Can., Geophysical Series Maps 4980G.

Hoqc, M., 1994. Introduction *and* La Province de Grenville in: Géologie du Québec, Gouvernment de Québec, MM 94-10, p. 1-6 and p. 75-94.

Lyons, E.M., 2002. Technical Report: Phase 1 – Geology & Sampling on the Lac Guéret Property, Manicouagan, Region Côte-Nord, Québec, (NTS 22N/3) for Quinto Technology Inc., 33 p., Oct 2002, SEDAR Company Filings (www.sedar.com).

Marcoux, P. and L. Avramtchev, 1990. Feuille Reservoir Manicouagan – 22N (scale 1:250,000), Gîtes mineraux du Québec, Region de la Fosse du Labrador, carte no. M-390 de DV84-01.

Mazarin Inc. 2001. Annual Information Report, p. 9-10, SEDAR Company Filings (www.sedar.com).

24 Date

This report includes all information received by the author as of 28 February 2004.

25 Additional Requirements for Technical Reports on Development Properties and Production Properties

Not applicable

Respectfully submitted,

Edward M. Lyons PGeo. Date: 28 February 2004

EDWARD LYONS PGeo.

P.O Box 8520
Victoria, BC V8W 3S1

Tel (250) 479-8030
Fax (250) 744-5046
email: edlyons@telus.net

CERTIFICATE of AUTHOR

I, Edward Lyons, PGeo. do hereby certify that:

1. I am currently employed as a Geological Consultant with my office at 1067 Portage Road, Victoria, BC V8Z 1L1.

2. I graduated with a Bachelor of Science degree in Geology from the University of Missouri at Rolla in 1970.

3. I am a member of the Association of Professional Engineers and Geoscientists of British Columbia (21126) and Ordre des géologues du Québec (# 701).

4. I have worked as a geologist for a total of 34 years since my graduation from university.

5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that, by reason of my education, affiliation with a professional association as defined in NI 43-101 and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.

6. I am responsible for the preparation of all the sections of the report titled "43-101 Technical Report: Exploration Phase 2 Geology and Sampling & Phase 3 Diamond Drilling on the Lac Guéret Property, Manicouagan, Region Côte-Nord-Nouveau-Québec (NTS 22N/3)" dated 14 February2004 (the "Technical Report") relating to the Lac Guéret property. I visited the Lac Guéret Property on 15 June 2003 for 110 days.

7. I have not had prior involvement with the property that is subject to the Technical Report.

8. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.

9. I am independent of the issuer applying all the tests in section 1.5 of the National Instrument 43-101.

10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible to the public, of the Technical Report.

Dated this 28th of February 2004

Edward Lyons PGeo.