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ADVISORY

"Early Bird Alert"
TSXV: QU
Recent Price: $C 0.50

Timing Alert: Quinto Technology Inc. (TSXV: QU)

September 2006

Surging Iron Ore Prices Focus Spotlight On Company's Peppler Lake Iron Project, Located in Iron-Mining District of Quebec.

New Drilling Program Aims to Upgrade and Double the Size Of Current 250-Mil. Tonne Inferred Iron Resource Grading 28.2% FE, as Outlined in Recent 2006 Scoping Study.

Quinto Technology Inc. (TSXV: QU) is a base and strategic metals explorer with a diversified basket of significant advanced-stage projects located in the mineral-rich province of Quebec.

Management sees 2006 as an important year for the company because – riding the swell of unusually strong global metals prices – further exploration and development programs at several key Quinto projects, now underway or planned for this year, have the potential of significantly re-rating the company's values:

• **Iron Ore**: At Quinto's **Peppler Lake Iron Ore Project**, a 43-101 resource announced this March identified an inferred 250 million tonnes of 28.2% Fe at a cut-off grade of 20% iron, and an initial scoping study by Montreal-based Bumigeme Inc. calculated an IRR of 23.64% with an NPV of $C 626.9-million at a discount rate of 8.5% over an initial 14-year life for this resource.

The company in early June commenced an extensive drilling program (1st phase: 15-holes, $C 600,000) whose objective is to upgrade this resource to the Measured and Indicated category, as well as to double its overall size. Only the northern half of the Peppler Lake sedimentary basin iron formation (3 km. x 1.2 km. x 100 meters) has been drilled to date.

Besides upgrading the current resource, Quinto is now focusing expansion drilling on the southern half of the project – as well as on three large additional iron-prospective magnetic anomalies whose potential was not factored into the resource or scoping studies and which are all located within a 5-mile radius of the main zone.

NPV of $C 1.27-billion

Per the Bumigeme economic Scoping Study, increasing the resource to extend the Peppler Lake mine life from 14 to 25 years raises Quinto's IRR on the overall project to 25.8% and the project's NPV (at an 8.5% discounted rate) to $C 1.27-billion.

• **High-Purity Graphite**: Starting immediately, Quinto is also launching a drilling program of up to 30 holes (est. $C 650,000) toward the planned completion of a 43-101 Measured and Indicated resource calculation for what is believed to be one of the world's largest and richest graphite deposits. A final feasibility and marketing study will follow later in 2006 and is budgeted at $C 1.4-million.

Specialty graphite mineral products sell for up to $US 2,000–$US 4,000/tonne for applications such as high-temperature gaskets in the aerospace and chemical industries. Metallurgical tests have already confirmed that the 15%–20%

Quinto Technology Inc.

Exchange/Symbol:	TSXV: QU
Recent price:	$C 0.50
Shares outstanding:	36.20 million
Shares fully-diluted:	44.00 million
Major shareholders:	Sidex, Mavrix, NCE Diversified, Canadian Dominion, CMP 2005 Resources
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grades of graphite broadly achieved in drilling at Quinto's **Lac Gueret Graphite Project** over widths of up to 107 meters can be processed to very high purities (+99.9%) and qualify for a range of high-end graphite specialty products that the company can sell to industrial users.

The company completed an initial 43-101 technical report on the project this January, after buying out for $C 1.2-million the 50% joint-venture interest held in Lac Gueret by SOQUEM, Inc., a Quebec provincial economic development entity. Total exploration costs to date here are $C 2.5-million.

Quinto first acquired the Lac Gueret Project in 2001 for both its graphite and iron potential, and in 2002 delineated two separate zones of rich graphite values in channel sampling and trenching. SOQUEM entered the picture as JV partner in 2003 and drilled 1,206 meters in 50 holes, as well as trenching 4,565 meters in 38 trenches, to define these zones.

Selected trench results produced up to 99.5 meters 22.68% Cg (carbon in graphite form) and 101.3 meters of 17.58% Cg, while drilling returned values of up to 80.2 meters of 24.35% Cg and 107 meters of 14.25% Cg. Metallurgical tests at the end of 2003 confirmed easily recoverable high purities of graphite.

Pending completion of a formal 43-101 resource calculation, Quinto's management informally estimates that Lac Gueret contains some 10 to 20 million tonnes of so-called high-quality "grade flake" graphite.

Subject to a final feasibility study, the company believes the project can be put into production for less than $C 45-million within 30 months or less, and can generate a very strong IRR, perhaps in the 70% range. The project is contemplated for low-cost open-pit mining and has excellent proximity to transportation and power (see map, p. 3).

• **Copper**: Quinto will decide shortly whether to embark on a second-phase exploration and drilling program at its 35 sq. km. **Bornite Hill Copper Project**, located near the town of Mont Laurier in Quebec, or to farm it out to a joint-venture partner. Acquired in September 2004 for $C 100,000 (payable over a four-year period) plus 200,000 shares, the project has reported excellent initial copper exploration values.

Channel Samples Average 2.22% Copper

Grab samples from three trenches taken in September 2004 yielded results grading 4.34%, 7.17% and 15.93% copper. Results from trench channel sampling reported last August yielded an average of 2.22% copper from 0 to 6.45 meters including 2.5% copper from 0 to 5.30 meters in trench no. 3. Grab samples from this trench also assayed 1.84 g/t gold, 5.0 g/t silver and 7.32% copper.

A first-phase 6-hole reconnaissance drill program reported in early March 2006 drilled a total of 450 meters, encountering copper mineralization in all six holes. Highlights included 22.83 meters grading 0.57% copper (including 5.1 meters of 1.08% copper, 7.14 meters of 0.70% copper and 5.23 meters of 0.88% copper) and 32.7 meters of 0.47% copper (including 3.53 meters of 1.21% copper and 3.83 meters of 1.27% copper).

The next drilling phase to be undertaken by the company or a JV partner will target higher grade areas developed with information from first-phase drilling, as well as conducting further reconnaissance on this large prospect property.

• **Nickel**: Three 100%-owned Quinto nickel projects are currently awaiting results from initial drilling programs undertaken last fall. They are the Lac Paradis Nickel Project (where sampling returned values of up to 5.25%), the Riviere Vallant Nickel Project (where samples returned values of up to 3.87% nickel, and 6.29% copper with 0.46% nickel) and the Lac Jourdain Nickel Project.

This March the company also acquired the 1,980-hectare B100 Nickel Property north of Forestville, located within 20 km. of the other three nickel projects. These projects are all scheduled for more exploration, either directly or via JVs.

• **Titanium**: Finally, Quinto is now preparing for a next phase of exploration at its 1,961-hectare **Lac Brule Titanium Dioxide Project**. Acquired 100% from Exploration Esbec Inc. in

April 2004 for $C 100,000 payable over 30 months and 200,000 shares plus a 3% NSR royalty, the project was explored in 2004 and 2005 by Quinto.

Used extensively in paint, plastics, paper and other coatings, titanium dioxide was priced at $US 1.03/lb. as of year-end 2005, and is found in the mineral ilmenite.

Yielding 31.81% Bulk Sample Results

Per a 43-101 technical report filed last December, Quinto exploration programs identified "sizeable ilmenite lenses" in the Lac Brule property, reaching a total length of 1 km. with thicknesses from 0.5 meter to 23.09 meters.

A third-phase program in December 2004 collected a 5-ton bulk sample of ilmenite blasted from a 50 sq. m. area near an old drill hole. Average assay results from 95 samples taken from this bulk sample yielded grades averaging 31.81% TiO_2.

The company's next step here is to develop a resource estimate. A 1956 reserve calculation by Bersimis Mining Company, not in accordance with CIM resource standards of the time and not compliant with today's NI 43-101 standards, estimated reserves to be 6.488 million tons of "high grade probable ore." The company does not rely on this information and it is cited as historical data only.

Positives of Peppler Lake Iron Project

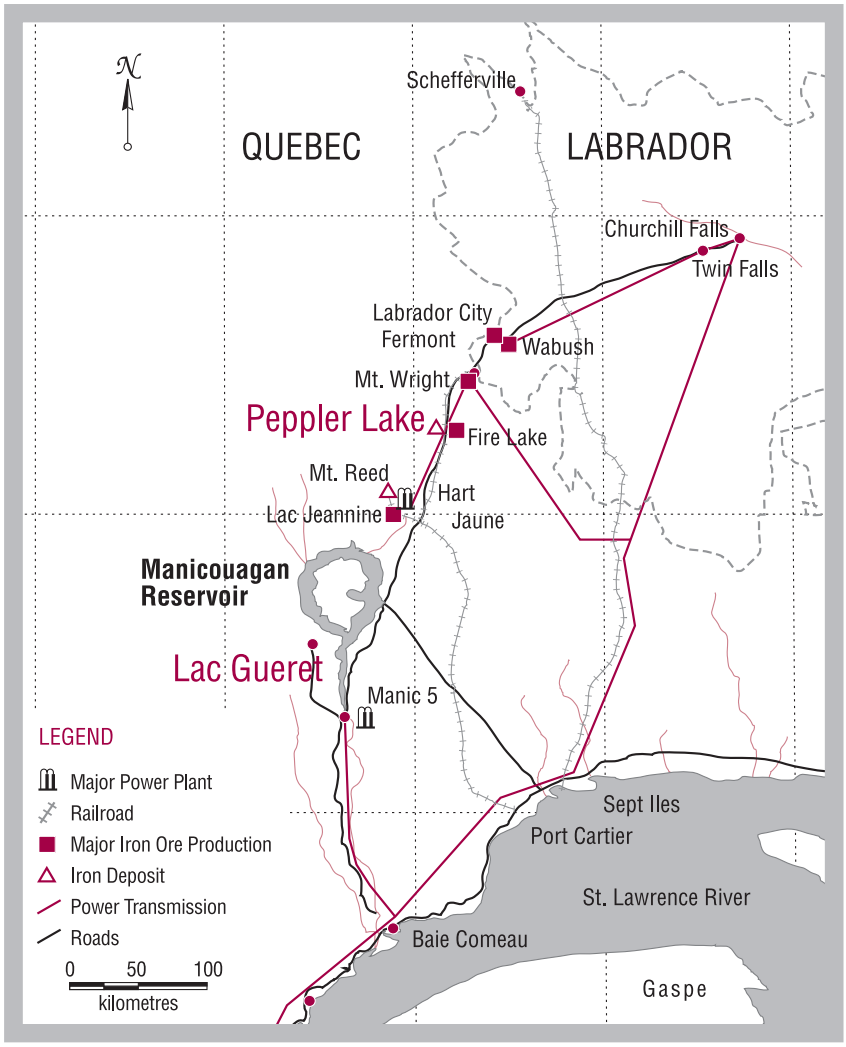
Having taken a brief overview of Quinto's multiple base and strategic metals exploration projects, let's now re-focus on the exciting potentials and particulars of the company's current flagship project: the Peppler Lake Iron Project.

Some key factors to consider:

• **Iron Ore is in a strong bull market, having doubled in price in the last three years**. European steel producers, the principal importers of Canadian iron ore, have now accepted a 19% increase in iron ore prices for the period April 1, 2006 through March 31, 2007. This increase came on top of the big 71.5% price increase they accepted for the April 1, 2005–March 31, 2006 period. And that huge increase followed the 15% to 20% increase in iron ore prices the year before. Most importantly, iron ore analysts predict tight markets and good iron ore prices through 2010.

These pricing factors contribute strongly toward making the Peppler Lake Iron Ore Project potentially economic, and are expected to contribute strongly to a buoyant share market for iron ore explorers, developers and miners into the foreseeable future.

Quinto's Peppler Lake Iron Ore Project



This location map demonstrates the excellent infrastructure surrounding Quinto's Peppler Lake iron ore project. Situated close to most of Canada's major iron ore production, Peppler Lake is along Highway 369, and close to both the largest power transmission grid and the rail line that runs directly to Port Cartier, the major Eastern port that ships Canadian iron ore to Europe and the world. These fine points of infrastructure can save, not millions, but billions of dollars in the iron ore business.

• **The location of the Peppler Lake Iron Project is, in itself, a superior asset for Quinto in terms of infrastructure and ore transport**. Most fortunately, Peppler Lake is in a region where more than 90% of Canada's iron ore is both mined and shipped to end-users in Europe and the U.S. This area encompasses the far-eastern corner of Quebec along the Atlantic Ocean ("North Shore") and the southwest corner of Labrador.

Peppler Lake's neighborhood to the north and south hosts numerous iron mines operated by Canada's Big Three iron producers – Iron Ore Company of Canada (IOC, a subsidiary of Rio Tinto), Quebec Cartier Mining Company (QCM, earlier a division of U.S. Steel), and Wabush Mines. All these are located in the Labrador Trough, a major iron belt extending through northeastern Quebec and Labrador.

Port Cartier here (see map, page 3) is the easternmost year-round deep-sea port of Canada that handles big iron ore shipments to Europe – and this port is far and away closer to Europe than any U.S. or Brazilian port, giving Peppler Lake a critical advantage in shipping costs.

Moreover, Peppler Lake is also in a prime situation for a direct rail connection from its deposit to Port Cartier. The project is located just 13 km. from the Cartier Railway (CRC) wide-gauge heavy-duty railway linking QCM's Mount Wright Iron Mine to the deep-water Port Cartier. A spur loop can be readily run out to the Quinto Deposit from the main line, connecting it directly to the port.

What's more, the project can also easily bring in electric power directly to the Peppler Lake project from Hydro-Quebec's high-tension power transmission line that runs parallel to the CRM railway line. And only a 4.8 km. paved access road can connect the project to the provincial highway linking the settlements of Baie-Comeau and Fermont.

The proximity of other iron mines in the area and the easy infrastructure solutions are also expected to facilitate relatively fast environmental approvals for the Quinto project.

Summary of Opportunity Capital Cost

Description	$ CDN
Direct Cost	
Mine	$63,559,500
Concentrator	$236,793,000
Pellet Plant	$400,000,000
Access Road	$4,479,000
Power	$25,000,000
Tailings Pond, Piping, Pumps, Etc.	$9,835,000
Railroad & Port Facilities	$187,128,000
Service Buildings	$20,000,000
Sub-Total – Direct Cost	**$946,794,500**
Indirect Cost	
EPCM (excluding pellet plant) (12%)	$65,615,300
Construction Indirect Cost (8%)	$75,743,600
Owner's Cost (1.5%)	$14,202,000
Start-up Costs (2%)	$18,936,000
Spare Parts (1%)	$9,468,000
Training (1.5%)	$14,202,000
Contingencies (15%)	$142,020,000
Sub-Total – Indirect Cost	**$340,186,900**
Working Capital	**$63,100,000**
TOTAL – CAPITAL COST	**$1,350,081,400**

For the Base Case, it was assumed that the financing would be done on the basis of 50% equity, 50% loan at an 8.5% interest rate with a 4-year grace period. The yearly price for iron oxide pellets, estimated at $ C 1.33 per Fe unit, was assumed together with the estimated Capital and Operating Costs as shown in this and following tables. An opportunity life of 14 years was assumed including a 3-year period from detailed design to start-up.

• **The Province of Quebec provides unique financial incentives for exploration by junior companies within the province**: Canada's prestigious Fraser Institute annually places Quebec near the top of the list of the most desirable locations in the world to explore, and there is strong political and governmental support for mining as an economic development measure.

For example, Quebec Province reimburses Canadian juniors for fully 50% of their documented, qualified exploration expenses on projects located within the province.

Quinto has to date received a total of some $C 570,000 in grants and tax credits from the Province of Quebec, with other credits still outstanding. This favored financial treatment is expected to generate significant continuing cost advantages to the company, given the further significant exploration program outlays anticipated for the Peppler Lake Iron Project.

We should also note that another Quebec entity, a non-governmental one, named Service d'actions entrepreneuriales Manicouagan (SAEM) recently awarded a grant of $C 150,000 to Quinto to assist the company in completing the Feasibility Study on its Lac Gueret Graphite Project. The company also received a similar grant for work on its Lac Brule Titanium Dioxide Project.

Peppler Lake Scoping Economics

An independent 43-101 technical report for the project was produced earlier this year by Etienne Forbes, a member of the Order of Geology of Quebec and the Qualified Person for this project.

An inferred resource of 250 million metric tonnes at a grade of 28.2% iron has been estimated, based on a cut-off grade of 20% Fe. Only the northern part of the deposit has been included in the estimate, corresponding to about half of the area of the identified iron formation.

The Peppler Lake deposit is located in Quebec's Labrador Trough, halfway between the Mt. Wright and the Lac Jeannine mines, 60 kilometers south of the town of Fermont. During the 1950s to the 1980s, Quebec Cartier Mining (QCM), a subsidiary of US Steel at the time, had identified and explored many iron deposits in the area, culminating in the opening of the Lac Jeannine, Fire Lake and Mt. Wright mines. Due to changes in the Quebec Mining Act in the early 2000s, QCM abandoned its exploration properties. Quinto now has the option to acquire a 100% interest in 10 of these previously explored properties, three of which are within eight kilometers of the Peppler deposit.

The estimate of 250 million metric tonnes is based on exploration information developed by Quebec Cartier Mining, including airborne geophysics, ground geophysics, detailed surface mapping, 21 drill holes at a nominal spacing of 150 meters by 300 meters and a procedure called Davis tube testing.

Quinto carried out a three-week campaign last summer to relocate the drill holes, carry out an additional ground geophysics program, detailed surface mapping as well as obtaining additional information on the various work carried out by QCM. The resource estimate is considered relevant and

reliable given the knowledge base developed for the part of the iron formation accounted for by the estimate.

The mineral resource is categorized as an inferred resource under the CIM and NI 43-101 classification system. This categorization is considered conservative as the drilling pattern used by QCM was generally on 305-meter (1,000-foot) grid lines with approximately 150-meter (500-foot) or 305-meter spacings. The typical drill spacing used by QCM and others for Quebec's North Shore iron formation deposits is 150 meters by 150 meters to define measured resource and 300 meters by 300 meters to define indicated resource.

Quinto subsequently released a summary of its Scoping Study of the Peppler Lake property in late March of this year. The Scoping Study outlines the potential opportunity presented by Peppler Lake. The study was prepared by Bumigeme Inc. of Montreal. The senior engineers working on this study included Andre Lachapelle, Jean-Claude Caron, Charles Bourassa, Yves Buro and Florent Baril. This team represents over 160 years of operating and engineering experience in the iron-ore mining, beneficiating and pelletizing industry. Mr. Baril is the qualified person who authored the study.

The study scoped all the installations and infrastructure needed for the development of an open-pit mine to extract 22 million tonnes per year. This included the construction of a 67,000-tonne-per-day concentrator and an 8.3-million-tonne-per-year pellet plant producing blast furnace pellets grading over 65% iron.

A 23.6% IRR for Project

The preliminary economics, based on an inferred resource of 250 million tonnes at a grade of 28.2% iron, as defined by the National Instrument 43-101 report dated Feb. 28, 2006, indicated that developing the Peppler Lake deposit would require approximately $C 1.35-billion and would achieve an operating cost of about $C 40 per tonne of pellets. Projected economics for this project include a 23.6% internal rate of return (IRR) based on 50% debt and 50% equity, and a net present value (NPV), discounted annually at 8.5%, of $630-million.

The engineering firm that produced the Scoping Study also reported that increasing the mine life from 14 to 25 years, using the same price and cost assumptions, increases the project's IRR to 25.8% and raises the NPV (at an 8.5% discount rate) to $C 1.273-billion.

Notably, the 65%-iron pellet price in both scenarios assumed a figure of $C 87.18 per long ton. But prices paid by steel producers have increased by 19% as of this April 1, after the Scoping Study was prepared, with a strongly positive effect on economic scoping factors at Peppler Lake.

Bumigeme has recommended proceeding immediately with a program to develop the project, and to carry out a prefeasibility study ($4.2-million), immediately followed by a feasibility study ($14.8-million). This program is estimated to require approximately 35 months.

The Bumigeme conceptual mining plan has a low waste-to-ore ratio of 0.14:1 due to the shallow nature of the main Peppler deposit. The shape and topography of the deposit lends itself to a selective open-pit operation, the greater part of which would allow downhill hauling. Conventional diesel-hydraulic shovels (16 cubic meters), drills (312 millimeters) and 180-tonne-capacity diesel trucks were considered for the operation.

The conceptual beneficiation process consists of primary semi-autogenous (SAG) mills followed by a conventional magnetic cobbing and cleaning circuit, together with a three-stage spiral-gravity concentration circuit. The magnetite and specularite concentrates would then be fed to a pellet plant similar to that of QCM at Port Cartier, to produce blast furnace iron-oxide pellets.

The main infrastructure components include:

- a 4.8-kilometre access road to the provincial highway;
- a 20-kilometre spur to the Cartier railway line with the necessary fleet of dedicated rolling stock;
- a 150-MVA substation and a 20-kilometre line to the Hydro-Quebec high-tension power grid;
- a tailings disposal area and dams with a five-year initial capacity;
- material-handling equipment for stockpiling; and
- equipment for ocean-vessel loading at Port Cartier, Que.

Summary of Estimated Operating Costs to Produce 8.3-Million Tonnes 65%+ Iron Pellets Annually

Description	$ CDN	$ CDN/ mt pellet
Direct Cost		
Mine	$48,720,000	$5.87
Concentrator	$95,747,300	$11.54
Pellet Plant	$93,028,000	$11.21
Access Road	$110,000	$0.01
Tailings Management	$1,967,000	$0.24
Pellets Transportation and Handling	$64,325,000	$7.75
General and Administration	$24,495,000	$2.95
TOTAL	$328,392,300	$39.57

A combined provincial and federal income tax rate of 30% of net income after accelerated depreciation and retained; no other taxes were considered.

Financial Parameters of Scoping Study

The main results of the cost estimate and financial model from the Peppler Lake opportunity study are as follows:

- capital cost of $C 1.35-billion;
- operating cost of $C 39.57 per tonne of pellet;
- internal rate of return of 23.6%;
- net present value (11 years with an 8.5% discount rate) of $C 630-million; and
- payback period of 86 months.

Financing for the project is assumed to be one-half debt at an 8.5% interest rate and one-half equity. The published average price for Quebec North Shore iron-ore pellets for the first nine months of 2005 was at a price of $C 1.33 per iron unit, and this was used for the Scoping Study model. A project life of 11 years was used for this evaluation.

A second case, using a 25-year mine life was also developed to demonstrate the effect of a larger resource tonnage, contributed either by the extension of the deposit outside of the central zone (still to be explored) or from nearby satellite deposits held by Quinto. This preliminary assessment is considered by Quinto to be material.

The Scoping Study assessment of the Peppler Lake project is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them to enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

Expanding Exploration for Iron Ore

Quinto is currently underway on an exploration and drill program at Peppler Lake. This program consists of:

- infill drilling on the previous QCM grid to improve confidence and expand the resource;
- twinning of some of the QCM drill holes to verify the quality of the QCM data; and
- exploration drilling of adjacent magnetic anomalies to define additional mineral resources.

The purpose of this program is to upgrade the classification of the Peppler resource to Measured and Indicated as well as to identify additional tonnage of mineral resource to increase the projected mine life. The company hopes to double the size of the currently identified resource, thereby bringing the larger economic scenario described above into play.

Potential for Additional Resource

Quinto is optimistic that drilling programs now in progress represent an important opportunity to double the size of the current resource at the level of the reported inferred grades or better.

Potential resource on the Peppler Lake property can be looked for in the:

- drilled area in the main deposit;
- mapped iron formations to the south of the drilled area;
- mapped area to the east of the main deposit which was briefly earlier explored (only two drill holes);
- on the rest of the property.
- The iron formations at Peppler Lake have been mapped over 3 km. along the main axis of the structure but only the northern half was investigated by drilling by QCM. Assuming the continuity of the overall deposit, the southern half of the property can by itself double the size of the resource, in principle.
- Extending the main deposit to depth also has potential for further resource expansion. Out of the 20 holes drilled in the main deposit area, 10 were stopped in material grading from 20.9% Fe to 33.0% Fe. But additional drilling here will primarily serve to bring the resource to the indicated category and twin holes will allow correlating the old information with the new. However, since 10 holes drilled by QCM were stopped in material with iron exceeding 20% Fe, it is possible that iron formations locally thicker than defined may add significantly to the currently estimated tonnage, according to the Scoping Study.
- The company will also investigate a wide NE-trending magnetic conductor to the southeast of the main Peppler Lake deposit identified by a prior helicopter survey. The contribution of potential iron formations under overburden and under the deep-rock bodies mapped in the area of this magnetic conductor has to be determined. A recent ground magnetometer survey and mapping by Quinto will help answer this question.
- Quinto also plans to drill at least three additional large magnetic anomalies and formations strongly suggestive of additional iron deposits. These are the Hobdad, Lac Jean and Lamelee properties. All three are located within five miles of the main zone and were not included in the Scoping Study as potential sources of more resources.

Management

Tyrone Docherty, *President, Chief Executive Officer, Director*: Mr. Docherty was appointed as President, CEO and a director of the company in June 1997. He has been involved in various aspects of the resource industry since 1984. As a venture capitalist, his experience has run the gamut from investor relations to financier. Mr. Docherty sets the strategic direction of the company and attends to the day-to-day management of the company's affairs including administration and investor communications.

Michel Robert, *Vice President, MA Sc., Eng.*: Mr. Robert has over 34 years of professional experience in the mining industry. He previously served for ten years at Teck Corporation as corporate metallurgist, lead engineer (Afton), construction supervisor as well as start-up manager for Newfoundland Zinc Mine, Niobec and Highmont. Mr. Robert

Sensitivity to Price: Economics Vs. Price of 65% Pellets

Prices $ C/Lt	-20% $70.38	-10% $79.18	Base $87.18	+10% $96.78	+20% $105.57
IRR %	< 8.5%	14.87%	23.64%	29.50%	35.18%
NPV ('000,000)	Negative	$243.9	$626.9	$926.8	$1,145.0
Pay Back Months	N/A	98 Months	86 Months	78 Months	72 Months

was also a director of SNC, Vice President of the Simons Mining Group (now Amec), and Senior Vice President for Pan American Silver from 1995 to 2001 where he was responsible for the purchase re-organization, management and operations of the Quirvilca and Huaron mines in Peru, the La Colorada mine in the State of Zacatecas, Mexico and the San Vincente mine in Bolivia.

Bryan Nethery, *Vice President, P. Eng.*: Mr. Nethery is a senior manager with 30 years of North American and international experience in mining, metallurgy, and related industries. He has extensive project management experience in all aspects of mining project development, from leading the design and construction of major projects, to conducting scoping studies, pre-feasibility studies, "bankable" feasibility studies, metallurgical studies, and valuations studies. His experience includes base metal flotation, hydrometallurgy, SX-EW, pressure oxidation and smelting. As Project Manager, he has successfully led the design, procurement and construction of mining projects to on time and within budget completion. Mr. Netherly is also experienced in cost control, scheduling, estimating, contract administration, financial analysis, project finance, risk analysis, and construction management.

Dr. Serge Cheve, *PhD, Geologist*: Dr. Cheve supervises the Peppler Lake Iron Project, and has been active in the mining industry for over 30 years. He obtained his BA in geology and engineering in 1973 from Ecole Polytechnique, Montreal, Quebec, and also obtained his PhD in 1990 from the same institution. He is a member of the Order of Geologists of Quebec and a member of the Order of Engineers of Quebec. Dr. Cheve's experience is instrumental in moving all aspects of the Peppler Lake project forward. He is currently supervising the initial work program at Peppler Lake.

Outlook

The operative factors in assessing the likely economic potentials of an iron mine are three-fold. There is (a) the cost to produce and deliver a tonne of iron pellets with 65%+ iron content to Europe, compared with (b) the income from that tonne of iron pellets, compared with (c) the capital cost to get all the mining, processing and transportation factors in order to deliver significant volumes of iron at low cost.

In the case of Peppler Lake, the company's Scoping Study indicates that the capital cost will be **$C 1.35-billion** to mine and process 22 million tonnes per year, allowing the company to produce **8.3 million tonnes per year of 65%+ iron pellets at $C 40/tonne** or less. In today's iron market, after including the 19% increase now in effect until March 31, 2007, the income factor is **$C 106/tonne**. Annual revenue of the operation, given this year's price, would be approx. **$C 880 million** ($C 106 times 8.3 million tonnes), with a gross profit annually of approx. **$C 500-million** ($C 106 less $40 or $C 66 times 8.3 million tonnes).

As we've already seen, the Scoping Study assumed an income factor of only $C 86.45/tonne. So, already, the potential revenues are approx. 20% better, compared to the assumptions in the original scoping study.

Comparing Costs

Is an average cost of $C 40/tonne to generate 65% iron pellets a competitive cost? The answer here is a definite yes.

The criterion is the comparative cost to generate a tonne of pure iron (not a tonne of 65% iron), expressed in $USD. That is $C 40 divided by.65, or $C 62/tonne of iron. $C 62 times.9 or **$US 55.40**. The Scoping Study estimates that it would cost Quinto – if it raises $C 1.4-billion to get started – $US 55.40 to generate a tonne of pure iron.

Industry comparables on costs according to Michel Robert, Quinto's VP:

North American average:	$US 58
Canada North Shore average:	$US 58
Lake Superior average:	$US 60

Admittedly, Quinto's comparables are based on just a preliminary Scoping Study, but so far the deposit looks competitive in terms of cost.

Measuring Revenue

Revenue is measured in the iron industry in terms of "cents per iron unit." For example, the Quinto Scoping Study assumes a steady price for iron oxide pellets – which was the current price at the time of the preparation of the report and throughout the 11 years of production – of "$C 1.33 per iron unit."

An iron unit is 1% iron in a tonne of ore. The income from shipping 1 tonne of 65% iron oxide pellets was assumed in the Scoping Study to be $C 1.33 times 65 or $C 86.45/tonne.

As another example, the Canadian Minerals Yearbook 2002 shows the price of iron oxide pellets delivered to Europe from Quebec, from 1990 through 2002, as "US cents/FE Unit Dmt, fob" of between 44 cents and 54.88 cents. For 13 years, the price was very steady, staying in this range the entire time. "Dmt" means dry metric tonne or 2,200 pounds. "Fob" means free on board, which means without charge to the purchaser for delivery "on board" or onto a ship at a specified deportation point – Port Cartier. (Iron prices to Europe are FOB producer's port, loaded on ship.)

From this perspective, one can see the price explosion in the iron industry. The comparative price of iron ore from the Mt. Wright Mine in Quebec, FOB Europe, has jumped from a relative steady state between 1990 and 2002 of $US 32.50/tonne for 65% iron to $US 95.40/tonne for 65% iron this year.

Net Present Value and Value in the Ground

As shown by the Scoping Study, the net present value of Quinto's 100%-controlled Peppler Lake iron ore project is **$C 640-million** (8-1/2% discount annually), as currently defined, and before further expansion of the deposit. That's an awfully big number for such a small company with a market cap (fully diluted) of only $C 22-million (43.5 mil shares outstanding at $C 0.50/share).

A different way to express the value of Peppler Lake is that its inferred resource of 250 million tonnes of 28.2% iron in the ground is 70.5 million tonnes of iron (250 x .282) worth $C 106/tonne or $US 6.7-billion in the ground. That's 70.5 x 106 or $C 7.5-billion times .9 = **$US 6.7-billion in the ground**.

Competitors/Comparables

		Aug. 9, '06 Price	Shares Outstanding	Shares Fully Diluted	Market Cap
Baffin Land Iron Mines Corporation	TSXV:BIM	$C 2.20/sh.	44,100,000	47,100,000	$C 104MM
Consolidated Thomson – Lundmark Gold Mines	TSXV:CLM	$C 2.30/sh.	33,000,000	40,900,000	$C 93MM
New Millennium Capital Corp.	TSXV: NML	$C 0.84/sh.	60,000,000	65,000,000	$C 55MM
Quinto Technology Inc.	TSXV: QU	$C 0.50/sh.	36,200,000	44,000,000	$C 22MM

The Opportunity

According to Quinto's management, there are two steps to make the project to work. First step: getting one of the big Canadian iron ore companies to joint venture Peppler Lake with Quinto. To achieve this, Quinto believes it must demonstrate the project has an operating life of at least 20 to 25 years at the scale shown in the Scoping Study – a doubling of the resource, through the current drill programs.

Second step: The participating major will then likely have to joint venture Peppler Lake with one of the major global mining companies or multinational steel producers who can front $C 1.4-billion and make the mine happen.

But one thing's sure, with a demand from steel producers worldwide expected to continue to keep iron ore prices strong, Quinto anticipates no difficulties in obtaining partners to build and operate its Peppler Lake Project if the key step of expanding the current resource is achieved.

Comparables/Comparisons

How does Quinto compare with other juniors in exploration and pre-production phases of iron ore project development? The table on this page tells the story.

Baffin Land Iron Mines delivered a scoping study in mid-May, targeting 10 million tonnes/yr. production of 66% iron ore for the European market starting in 2011. The company has a resource of 309-mil./t. grading 26% iron and 28-mil./t. grading 65.9% iron.

The mine is on an uninhabited island at the top of Hudson's Bay, and will require construction of a 43-km. rail line and a deep-water port. Capital costs are estimated at $C 1.7-billion, plus an additional $C 500-million for four icebreaker-type ships.

The IRR on this project is estimated at 15% and the NPV (basis a 7% discount rate) is $C 1.15-billion.

New Millennium Capital Corp. awaits a pre-feasibility report due this summer. The project's M&I resource is 3.665 billion tonnes grading 29.6% iron with another 1.475 billion tonnes of inferred resource also grading 29.6%.

The company is targeting production of 15 million tonnes/yr. in pellets starting in 2011. Capital costs aren't yet available, but the project will require construction of a 600 km. slurry pipeline from the mine site. The project is located approximately 600 km. north of the Peppler Lake Project.

It's evident that the infrastructure and environmental challenges for both Baffin Land Iron Mines and New Millennium Capital pose significant challenges in terms of construction, cost and time.

Consolidated Thomson-Lundmark Gold, located in the same general area as Quinto's Peppler Lake Project, reported a proven and probable resource of 580 mil. tonnes of iron grading 29.9%. The company targets production of 5-mil. tonnes/yr. of 66% iron concentrate starting by early 2009. In mid-June it raised a $C 40-mil. through several large Canadian brokerage firms.

The company's information describes its IRR at 40% on this project, with a project NPV (at a 5% discounted rate) of $C 888-million.

Quinto Technology Inc. currently shows the smallest iron resource (250-mil. tonnes grading 28.2% iron) but is also believed to have the potential for the greatest upside leverage if it is successful in doubling this resource as well as upgrading it. Quinto's scoping study IRR (at 23.6%) and NPV (at $C 640-mil.) compare favorably even at the company's current resource levels.

This doesn't factor in the company's basket of other promising advanced-stage projects – including its high-grade graphite, titanium dioxide, copper and nickel projects.

The company's management believes that the Peppler Lake Iron Project can be at the production decision stage within less than three years – and, depending on the breaks, could conceivably become Canada's next iron producer, ahead of most of the other pre-production juniors now lining up at the starting gate.

But this is a company that also expects to demonstrate increasing shareholder values well ahead of the start of production – through ongoing drilling programs at Peppler and also by advancing its other significant projects.

The company is amply financed to meet all current program objectives, and has $C 3-million in the treasury.

TSXV: QU. Recent price: $C 0.50. ▲

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