

# **RESSOURCES CARTIER INC.**

**ANNUAL INFORMATION FORM FOR THE YEAR ENDED  
DECEMBER 31, 2007**

**October 24, 2008**

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## GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations commonly used in this Annual information Form and the appendices attached thereto.

**“Acquisition”** means the acquisition of the Properties in accordance with the terms of the Agreement in principle.

**“Agreement in principle”** means the agreement in principle entered into on January 26, 2007, as amended on March 30, 2007, between the Company and the Vendors, setting out the terms for the acquisition of the Properties.

**“Capital Pool Company”** or **“CPC”** means a company for which the following conditions are met:

- a) a prospectus of Capital Pool Company was filed and approved by one or more commissions in accordance with the Policy;
- b) a final Company bulletin has not yet been issued.

**“Company’s Escrow Agreement”** means the escrow agreement entered into on November 10, 2006 between the Company, Mincor Quebec Inc., Capital Maximus Inc., Claude St-Jacques, Jean Carrière, Fanny Benoit and CIBC Mellon Trust Company.

**“Company’s Option Plan”** means the incentive Company’s stock options plan adopted on December 14, 2006 and as amended at the annual and special meeting of shareholders on April 11, 2007.

**“Desjardins”** means Desjardins Securities Inc.

**“Desjardins’ options”** means collectively or, as appropriate, i) the Company’s stock options granted to Desjardins in connection with the initial public offering of the Company allowing Desjardins to purchase 400,000 shares of the Company at a price of \$0.25 per share until December 28, 2008 and ii) the Company’s stock options granted to Desjardins under the Private Placement allowing Desjardins to purchase 368,000 shares of the Company at a price of \$0.70 per share until May 31, 2009.

**“Exchange”** means TSX Venture Exchange Inc.

**“Exchange Escrow Agreement”** means the escrow agreement entered into on May, 31 2007 between the Company, Grayton Mining Inc., Jean Descarreaux, Mathieu Piché and CIBC Mellon Trust Company.

**“Pacific”** means Pacific International Securities Inc.

**“Pacific’s options”** means the Company’s stock options granted to Pacific under the Private Placement allowing Pacific to purchase 168,000 shares of the Company at a price of \$0.70 until May 31, 2009.

**“Private Placement”** means the Company’s private placement dated May 31, 2007 of 8,000,000 Units at a price of \$0.50 each.

**“Properties”** means seven (7) mining exploration properties totaling 396 mining claims located in the greenstone belt of Abitibi, in the North-West of Quebec.

**“QCA”** means the Quebec *Companies Act*, as amended from time to time, and including all regulations adopted under this Act.

**“Qualifying Transaction”** means the acquisition by the Company on May 31, 2007 of the Properties in accordance with the terms of the Agreement in principle.

**“Units”** means the shares offered under the Private Placement at a price of \$0.50 each. Each unit consist of one share of the Company and one-half warrant. Each whole warrant entitles its holder to subscribe for one share of the Company at a price of \$0.70 per share until May 31, 2009.

**“Vendors”** means collectively Jean Descarreaux, Mathieu Piché and Grayton Mining Inc., a private company incorporated under Part 1A of the QCA and wholly-owned by Philippe Cloutier.

**All dollar amounts quoted in this Annual information Form refer to Canadian dollars unless otherwise specified.**

## CORPORATE STRUCTURE

Ressources Cartier inc. (hereinafter the “**Company**” or “**Cartier**”) was incorporated on July 17, 2006 pursuant to Part 1A of the QCA as “Investissements St-Pierre inc.”. By articles of amendment dated May 31, 2007, the Company changed its name to “Ressources Cartier inc.”

The headquarters and principal place of business are located at 851, Fifth Avenue in the city of Val-d'Or, in Quebec, J9P 1C1.

The Company has no subsidiary.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Corporate history

#### 2006

The Company was originally established in connection with the Exchange's Capital Pool Company program.

The Exchange's CPC program enables a newly created company that has no assets, other than cash, and has not commenced commercial operations to conduct a first IPO and obtain a listing on the Exchange. The CPC then uses these funds to identify and evaluate the assets or businesses which, when acquired, qualify the CPC for listing as a regular issuer on the Exchange.

On September 13, 2006, the Company completed the placement of 1,000,000 shares at a price of \$0.125 per share for a total gross proceeds of \$125,000.

On December 14, 2006, the Company completed its first IPO pursuant to a final prospectus dated November 10, 2006 by the issuance of 4,000,000 shares at a price of \$0.25 per share for total gross proceeds of \$1,000,000.

On December 20, 2006, the Company completed the closing of a private placement for a total of 1,200,000 shares at a price of \$0.25 per share (\$300,000) with the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (\$100,000), Sidex, Société en commandite (\$100,000) and Sodemex, Société de développement des entreprises minières et d'exploration II (\$100,000).

#### 2007

On January 26, 2007, the Company and the Vendors entered into the Agreement in principle, as modified on March 30, 2007, with respect to the Qualifying Transaction.

In connection with the Qualifying Transaction, the Company conducted the Private Placement and issued 8,000,000 shares at a price of \$0.50 per share, for an amount of \$4,000,000. The units have been subscribed by subscribers residing in Canada and in the United States.

The Private Placement was completed through Desjardins, as agent and leader and through Pacific as co-leader. A portion of the Private Placement was also completed by the Company without agent.

On June 4, 2007, the Company also completed the closing of its Qualifying Transaction, consisting in the acquisition of the Properties pursuant to the terms of the Agreement in principle.

The Company's shares are listed on the Exchange since December 28, 2006, initially under the trading symbol “INP.P” and then, since June 7, 2007, under the trading symbol “ECR”.

In August 2007, the Company started Phase 1 of the exploration program on the Kinojevis property. This program included 25 drillings for a long stretch of 48 kilometers in length of the extension of the Destor-Porcupine Fault. The compilation, geophysical interpretation and recent field surveys have all generated

drill targets. The results of the 2,761 kilometer helicopter-borne gamma-ray spectrometric and magnetic data survey have provided a solid base for the geological interpretation. At the end of 2007, ten diamond drill holes had been completed for a total of 3,778.3 meters.

A stripping and trenching program was completed in the vicinity of the MacCormack prospect in July and August 2007. The work produced 12 exposures of varying area. Seven exposures were done in order to complete a traverse through the vein field observed near the prospect as well as around the best results from the first sampling (3.4 g/t Au). Five other exposures were completed on various targets including an induced polarization anomaly and a VLF conductor proximal to a rhyolite-gabbro contact located 300 meters north of the MacCormack prospect as well as on a new discovery of mineralized cherty tuff overlying a rhyolitic unit, also north of the gold prospect.

The compilation continued with the integration of all sampling, stripping sites and channel locations as well as the digitization of outcrops. Multi-layer compilation maps on a scale of 1 / 20 000 were produced for the entire property.

On December 5, 2007, the Company announced the nomination of Mr. Philippe Berthelot as Vice President Exploration. Mr. Berthelot graduates to this management position after having served as senior geologist with the Company since May 31, 2007. Mr. Berthelot has acquired over 20 years experience in the mineral exploration industry and specializes in gold and base metals exploration and has participated in several discoveries and economic deposit delineation and evaluation throughout his career.

### **Significant acquisitions**

Over the past year, the Company did not make any significant acquisition for which information should be presented in accordance with National Instrument 51-102 on continuous disclosure obligations (hereinafter "**NI 51-102**").

## **DESCRIPTION OF THE BUSINESS**

### **SUMMARY OF THE BUSINESS**

The Company specializes in the exploration and development of mining properties. The Company focuses on gold in the greenstone belt of Abitibi in Quebec. As at December 31, 2007, the Company held a 100% interest on a portfolio of seven (7) mining exploration properties: Kinojevis, Bapst, Dieppe-Collet, Lamorandière, Lac Castagnier, Dalquier and Dollier.

The "material property" of the Company, within the meaning of NI 51-102, is the Kinojevis property.

The objective of the Company is to make significant discoveries on its properties and increase the value of its assets. The geologists of the Company combine the use of traditional methods with advanced technologies, including geochemistry.

### **Risk factors**

#### ***Risk inherent to mining exploration***

The mining exploration involves significant risks and while the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. The Company is presently not exploiting any of its properties and its future success will depend on its capacity to generate revenues from an exploited property.

The discovery of mineral deposits depends on a number of factors, including the professional qualification of its personnel in charge of exploration. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. The majority of these factors are beyond the control of the Company. Moreover, it may take many years to commercially exploit a property. In the event that the

Company wishes to commercially exploit one of its properties, no guaranty can be given to the effect that in such a case, it would succeed in obtaining the necessary expropriations, or pay for them. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration and development of mineral deposits. Mining operations generally involve a high degree of risk, including unusual and unexpected geology formations.

There can be no guarantees that sufficient quantities of minerals will be discovered or that one of the Company's properties will reach the commercial production stage. If the Company discovers profitable mineralization, the Company does not have sufficient financial means to bring a producing mine into operation. Considering that the Company has no properties with proven reserves and considering the aforementioned risk factors, it is unlikely that the Company develop a profitable commercial operation in the near future.

### ***Impact of regulatory matters and market conditions***

The Company's mining activities are subject to governmental regulation. These activities can be affected at various levels by governmental regulation governing production, price control, taxes increases, expropriation from properties, labour standards and occupational health, mine safety, environmental protection and/or changes in the conditions under which the minerals can be sold. An excessive supply of certain minerals may arise from time to time due to the absence of a market for said minerals and to restrictions on exports.

Exploration and commercialization of minerals are subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties.

### ***Permits, licences and approvals***

The operations of the Company require licences, permits and approvals from various governmental authorities. The Company believes it holds all necessary licences and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licences and permits are subject to changes in regulations. There can be no guarantee that the Company will be able to obtain all necessary licences and permits that may be required to maintain its mining activities, construct mines or milling facilities and commence operations of any of its exploration properties. In addition, if the Company proceeds to production on any exploration property, it must obtain and comply with permits and licences which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licences or that it will be able to comply with any such conditions.

### ***Title to property***

There is no guarantee that title to any of the Company's properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interest.

### ***Competition***

The Company's activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company will result in discoveries of commercial quantities of mineral deposits. The Company will compete with other interests, many of which have greater financial resources than it will have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

### ***Additional Funding***

Additional funds will be required for future exploration and development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position.

Programs planned by the Company may necessitate additional funding, which could provoke a dilution of the value of the investment of the actual shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of reserves that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the present Annual Information Form.

### ***Dependence on Management***

The Company is dependent on certain members of management. The loss of their services could adversely affect the Company. Investors must rely on the Company's directors and those who are unwilling to do so should refrain from investing in the Company.

### ***Conflicts of Interest***

Certain directors of the Company serve as directors of other companies involved in natural resource exploration, development and production; consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

### ***Commercialization***

The commercialization of metals depends on a number of factors that are independent from the Company's desire to proceed with said commercialization. These factors include market fluctuations and governmental regulations concerning prices, taxes, fees, authorized production, imports and exports. The exact effect of these factors cannot be accurately evaluated.

### ***Risk of legal proceedings***

The Company could be held responsible for certain risks including environmental pollution or other hazards against which it cannot ensure or against which it may elect not to ensure, taking into consideration the importance of the premiums or other reasons. The payment of amounts relating to liability of the aforementioned hazards could cause the loss of the Company's assets.

### ***Land claims***

To the best of the Company's knowledge, the properties are not currently subject to land claims from aboriginal nations. No assurance can be provided to the effect that this will not happen in the future



## INFORMATION ABOUT THE KINOJÉVIS PROPERTY

Pursuant to the Agreement in principle, the Company has acquired from the Vendors a 100% interest in the Properties in consideration of the issuance of a total of 2,200,000 shares at a price of \$0.45\$ per share for gross proceeds of \$990,000.

For accounting purposes, the acquisition of the Properties required the assumption of future income taxes amounting to \$292,314 since the tax rollovers were completed by the Vendors.

The 2,200,000 shares issued to the Vendors in payment of the acquisition price of the Properties have been allocated as follows:

|                      |                                |
|----------------------|--------------------------------|
| Grayton Mining Inc.: | 850,000 common shares          |
| Jean Descarreaux:    | 800,000 common shares          |
| Mathieu Piché:       | <u>550,000 common shares</u>   |
| <b>Total</b>         | <b>2,200,000 common shares</b> |

The following paragraphs are reproduced from a technical report issued in accordance with the requirements of National Instrument 43-101 on standards of disclosure for mineral project and related to the Kinojevis property, prepared by Alain-Jean Beauregard, geologist, OGQ, FGAC, AEMQ and Daniel Gaudreault, engineer-geologist, OJQ, AEMQ (hereinafter the “**Authors**”) of Geologica Consulting Group Inc. and dated June 30, 2008 (hereinafter the “**Technical Report**”). This report is available on [www.sedar.com](http://www.sedar.com).

### Description and location of property

The property is located SNRC map sheets 32D/07 and 32D/08. It is situated between 674 000 mE / 5,365 500 mN and 722,000 mE / 5,374,300 mN (NAD 83, Zone 17). The property consists of 337 claims covering a total area of 14,050.50 hectares.

The 337 claims were attributed by the *ministère des Ressources naturelles et de la Faune* du Québec (the « **MRNFQ** ») for a period of two years following their date of filing or renewal.

Status of the claims was verified using GESTIM, the governments system for management of claims, available on the MRNFQ website: <http://www.mrnf.gouv.qc.ca/mines/titres/titres-gestim.jsp>. Furthermore, Cartier has awarded Gescad Inc. (a private firm from Rouyn-Noranda) for all land management issues related to its claims and obligations with the MRNFQ.

In order to renew all rights to claims, proof of assesmnet work varying from \$500 to \$1,200 per claim must be filed within two years of the claims attribution date.

There are no surface rights associated to the land holdings.

The Kinojevis property does not have any liens, encumbrances, royalties owing, acquisition rights or obligations or any other agreement related charges.

In order to conduct exploration work, Cartier must respect all laws relative to exploration and request all the appropriate permits from the department of forest for all drilling and trenching related activities.

### Access, climate, local resources, infrastructures and physical geography

The Kinojevis property is located within a triangular area linking three majors towns of Northwest Quebec; Rouyn-Noranda (40 km SW of the property), Amos (10 km north of the eastern portion of the property) and Val-d’Or (43 km SE of the eastern portion of the property). These towns all have available mining, forestry and agriculture based workforces. The central and west parts of the property and easily

accessed by route 395 linking Preissac to Amos from the transcanadian highway 117. A lumber road situated 1 km north of the bridge crossing the Kinojevis River, gives access to the entire western portion of the property. The main gold occurrence (MacCormack Showing) is immediately north of this lumber road approximately 17.5 km west of the paved route No. 395. The eastern portion of the property is traversed by route 111 linking Val-d'Or to Amos.

The Kinojevis River flows in an east-west direction and cuts the western half of the property. This river drains several smaller tributaries along its course. The eastern half of the property is drained by several smaller tributaries of the Harricana river that cuts the central half portion of the landholdings.

The mean altitude of the property area is 290 metres above sea level with local hills reaching 310 metres in the western portion of the property. In the western part near the northern limit there are many more hills and an abundance of outcrop. Previous diamond drilling indicates that overburden thickness varies from 25 to 88 metres in the southern and eastern parts and from surface to 35 metres in the northern and western parts of the property.

In the western sector, vegetation consists of 40% deciduous and 60% coniferous trees and the area is known for its lumber potential, whereas the central and eastern portions of the property are covered by clay bearing soils, have a paucity of outcrops and are locally host to farming activity.

Based on Environment Canada statistics, from 1971 to 2000, the region was characterized by a mean daily temperature of 12°C. The month of July has an average temperature of 17.2°C, whereas the month of January averages – 17.2°C. The extreme minimum recorded temperature was -43.9°C, whereas the highest recorded temperature was 36.1°C. There were 209 days recorded below freezing point. The average annual precipitation of water is 954 mm. The month of September receives the highest average precipitation with 101.5 mm of water. However, July is the month with the highest daily amount of precipitation with 68 mm of water. Snow precipitation ranges from October to May with the highest amounts between November and March. The average of precipitation (in mm of water) for this six month period is 54 mm.

## **History**

### **General**

The Geological survey of Canada conducted the first geological reconnaissance in the area at the turn of the century.

During this period, the Central Duparquet, Beattie and Donchester gold deposits were discovered. Following this, towards 1950's, the Fayolle, Aigubelle-Goldfields, Destorbelle and Hard Rock gold occurrences were found in an area west of the property. On the property the MacCormack and LM-3-70 showings were discovered. Several other mineralized occurrences were found by drilling and prospecting in the eastern portion and proximal to the property. Most of the previous work was conducted for the search of precious and base metal mineralization.

### ***Previous work on the property***

Several forays were conducted by the *Ministère de la colonisation* between 1948 and 1972 in order to locate water for the farmers colonizing the fertile lands for agriculture.

The summary descriptions of previous work found below concern areas of interest and mineral occurrences mostly found on the property and of those conducted for the search of base metals and precious metals. The majority of the exploration work was conducted in the western part of the land holdings following the discovery of the MacCormack showing.

- 1911 J. Auten Bancroft completes, for the Geological Survey of Canada, a geological and economical reconnaissance of the claim held by J. C. MacCormack (current site of the main Au showing in the western part of the property) he notes pyrite, tourmaline and feldspar in white quartz veins oriented E-W within mica schists (GM-06717).
- 1923 R.C. Cooke completes, for the Geological Survey of Canada, a description of the geological features of the MacCormack showing. In 1931, Cooke reports a value of 2.74 g/t Au (GSC Paper No. 166).
- 1936 L.V. Bell, mentions previous trenching and channel sampling. He describes rocks and mineralization from three separate locations. Several values are obtained: 0.17 g/t Au, 0.34 g/t Au and 1.71 g/t Au. In 1938, additional sampling of quartz veins and veinlets reveal values of 4.80 g/t Au, 4.11 g/t Au and 2.74 g/t Au (GM-06637). The author mentions that a 1 m<sup>3</sup> « pit » was completed in lot 22 of range II of Manneville Township. The host rock is described as silicified schist with traces of gold.
- 1944 R.A. Halet for Nortyne Gold Mines reports values of 4.11 g/t Au, 0.69 g/t Au, 1.37 g/t Au and 7.89 g/t Au on carbonate altered outcrops of the MacCormack showing (Source : SOQUEM report – GM 42299). The same year, W. N. Ingham (Quebec Departement of Mines) mentions that samples from the MacCormack showing returned weak gold values (GM-06790).
- 1945 Nortyne Gold Mines Ltd. completes 19 drill holes for a total of 3,333 metres on the MacCormack showing (GM-06823). The document mentions that the carbonate altered zone was followed over 2 kilometers. However, no diamond drill logs or assay results are available.
- 1951 Nortyne Gold Mines Ltd. Completes additional drilling for a total of 610 metres in order to test certain magnetic anomalies and investigate the rhyolite (GM-01094-A and GM-01094-B). These drill holes were completed on the LM-3-70 showing. Rhyolites, diabase, serpentinite, peridotite, gabbros, aplites and quartz-feldspar porphyritic intrusives were cut. Traces to greater than 5% pyrite and pyrrhotite were observed in these units. The best reported intersections are 0.03% Cu over 1.52 m (N-4), 0.05% Cu over 1.8 m (N-5) and 0.15% Cu over 0.45 m (N-7).
- 1970 Groupe Minier Sullivan Ltée completes exploration programs on the Brisson and Valiquette claims. Geophysics and diamond drilling were completed over the westernmost part of the property (GM-25810 and GM-26823).
- 1973 R. Lamontagne completes EM and Mag surveys on N-S lines spaced 122 metres (400 feet). Six anomalies d'orientated E-W were outlined, five of which were located south of the river and a main anomaly on the showing north of the river (Source: SOQUEM report – GM 42299).
- 1976 M. Guthrie, previous claim holder of a portion of the west part of the property (lots 13 to 35, range I; and lots 20-25, range II of Manneville Township), cuts a grid and completes a VLF survey (contracted by G.J. Hinse (GM-31858)).
- 1980 The Ministry of Natural Resources publishes results of a geological mapping survey completed in 1977-78 by Dubé in the southern half and NE quadrant of Manneville Township. The same year, G.J. Hinse reports for Vézina and Poirier (claim holders in the western part of the current property) the similarities of the geological environment with that of the area of the Kerr Addison Mine (DPV-729 et GM-36259).
- 1982 SOQUEM acquires part of the current land holding (west and central west portion of current property) and conducts various exploration work including: a cut grid with N-S lines spaced every 100 metres, mapping and Humus sampling (1825 samples). The main showing (MacCormack) was highlighted by gold and arsenic anomalies. Several other anomalies were detected on the property (GM-38998).

- 1983 SOQUEM completed 15 overburden drill holes for a total of 850 metres. The study of bedrock samples indicates a predominance of komatiites and local syenite. Several visible gold grains were observed in the non-magnetic heavy mineral concentrate overburden samples; values range from 100 ppb greater than 5.4 g/t Au (GM-40061 and GM-41120).
- 1984 SOQUEM conducts prospecting on the property. Diamond drilling was proposed but the programme was never conducted (GM-42299).
- 1985 SOQUEM conducts an electromagnetic (MaxMin) survey and an Induced Polarization (IP) survey over the western area of the property (GM-42798 and GM-42917).
- 2002 170364 Canada inc. acquires a group of claims by map staking in the western part of the property (lots 17-25 of range I and lots 21-25 of range II Manneville Township).
- 2004 170364 Canada inc. conducts prospecting, sampling and a Beep-Mat survey over a small portion of the western area of the property, MacCormack showing area (GM-61595). Results from 11 grab samples taken from outcrop returned gold varying from 5 ppb to 284 ppb, and silver varying between 0.5 g/t and 19.1 g/t.
- 2005 In October 2005, 170364 Canada inc. conducts geological reconnaissance and a Bep-Mat survey over the western part of the property south of the Kinojevis River (lots 17 to 22 of rang I du canton de Manneville). No outcrops were observed and no Beep-Mat anomalies were detected.

The central and east portions of the property have not received much exploration work in the past (few ground geophysical surveys and diamond drill holes) mostly due to the fact that the lay of the ground is flat and overlain with clay (few to no outcrops) and that until recently the eastern extension of the Porcupine-Destor fault was ignored in the area. The most significant work acknowledged by these authors is from Lyon Lake Mines, Umex Inc. and the prospector Frigon.

- 1974 Umex Inc. completes two diamond drill holes in Figuery Township (rang III, lot 26) for a total of 167 metres (GM-30435). Drill hole P149 cut a graphitic schist with minor sphalerite and returned a value of 1.4 g/t Au over 0.9 metres.
- 1987 Lyon Lake Mines Ltd., conducts an Induced Polarization survey over their property covering a portion of the central area of the current land holding, and, completes eight diamond drill holes for a total of 1,439 metres. One drill hole (600-87-3) drilled to a depth of 175 metres was drilled on lot 48 of range III of Villemontel Township and returned 0.7 g/t Au over 1.8 m in a sheared rhyolite (GM-47453).
- 1999 R. Frigon drills one hole (99-02) on lot 55 of range IV of Villemontel Township. The hole was drilled to a depth of 308 metres and returned 0.55 g/t Au over 1.1 m within a tuff horizon (GM-59246).

## **Geological Setting**

### ***Regional Geology***

The Kinojevis property lies within the Abitibi Subprovince of the Superior Province. This Archean subprovince is composed of ultramafic, mafic and felsic volcanic rocks, clastic sedimentary rocks and pre- to post-tectonic tonalitic and granitic intrusions. These rocks are generally metamorphosed to the greenschist facies. In the core of less deformed areas, the metamorphic grade corresponds to the prehnite-pumpellyite facies, whereas it reaches the amphibolite facies around certain intrusions. The various volcano-sedimentary units are separated by extensive deformations zones such as the Destor-Porcupine and the Cadillac-Larder Lake faults. The Destor-Porcupine Fault, which crosses the property, can be traced over more than 350 kilometres from Timmins, Ontario, to the Grenville Front about

60 kilometres ENE of Val-d'Or, Québec, and is associated with several major gold deposits including Hollinger, McIntyre, Dome, Lightning Zone and Holloway in Ontario, and Beattie in Québec.

North of the Destor-Porcupine Fault, from north to south occur the Hunter Mine, Stoughton-Roquemaure and Kinojevis groups. The oldest unit in the area, the Hunter Mine Group, is a calc-alkaline unit composed of rhyolite, rhyolitic breccia, siliceous tuff and chert, cut by coeval porphyry dykes. This group is overlain in the western part of the area by the Stoughton-Roquemaure Group, characterized by tholeiites, komatiites and ultramafic intrusions in a west-thickening sequence. The two groups are in normal stratigraphic contact and lithologies are locally interbedded.

The Kinojevis Group north of the Destor-Porcupine Fault was subdivided into two units: the Deguisier Formation, composed of Fe- and Mg-tholeiites, and the Lanaudière Formation, consisting of basalts, andesites, rhyolites, komatiites and multiple mafic intrusions.

The Duparquet Formation, composed of locally derived polygenic conglomerate, overlies along an angular unconformity the Deguisier and Lanaudière formations. These rocks, assigned to the Timiskaming Group, represent molassic sediments derived from the erosion of tectonic edifices and deposited in an alluvial and fluvial environment.

South of the Destor-Porcupine and Manneville faults occur the Malartic, Kewagama, Blake River and Kinojevis groups. The Malartic Group, cored by a complex antiform structure, is composed of ultramafic flows, mafic flows, and felsic pyroclastic rocks.

The Blake River Group is mainly composed of tholeiitic basalts, calc-alkaline andesites and calc-alkaline rhyolites. It is divided into three structural domains: the north, central, and south domains. Rocks in the vicinity of the Kinojevis property are assigned to the north domain. Near the Ontario border south of the Destor-Porcupine Fault, the north domain conformably overlies the Kinojevis Group.

Kewagama sedimentary rocks and adjacent volcanic rocks are generally separated by faults. A normal relationship where Kewagama rocks conformably overlie Blake River volcanic rocks. Kewagama rocks represent turbiditic sediments deposited in deep basins peripheral to volcanic centres.

Proterozoic diabase dykes trending N-S, ENE-WSW, and NE-SW crosscut all earlier lithologies. Late faults have displaced certain dyke segments. N-S-trending dykes can be traced over hundreds of kilometres and range from 15 centimetres to 50 metres in thickness.

Major E-W-trending structures are the products of N-S compression, which led to the collision of three major tectonic blocks, each corresponding to an extensive group: Kinojevis, Malartic, and Blake River. The development of the Destor-Porcupine Fault is associated with south-directed thrusting of the Kinojevis block onto the Malartic block and Lac Caste sediments. As a result of this compressional episode, units in the north domain of the Blake River Group were folded in an accordion-type arrangement. They were also imbricated with a north vergence (Blake River block over Kinojevis block) and a south vergence (part of the north domain over the central domain). Due to its higher competency, the structural make-up of the central domain corresponds to a large anticline. Regional dextral strike-slip structures developed after the main episode of shortening and uplift of strata.

The mineral potential of the Timmins – Val-d'Or trend and the Kinojevis property area is quite significant and is the result of overlapping hydrothermal systems. Mineral occurrences in the area are dominated by polymetallic systems or gold deposits. Polymetallic Cu-Zn-Au-Ag systems correspond to synvolcanic massive sulphide lenses. Gold deposits are associated with either shear zones or fracture zones. These systems are commonly associated with intermediate or felsic intrusions.

### ***Local Geology***

The area around the Kinojevis property is largely dominated by E-W-trending komatiitic and tholeiitic basaltic flows of the Malartic Group. Basaltic flows coincide with strongly magnetic komatiitic units

surrounded by less magnetic units. Volcanic contacts between strongly magnetic basaltic units and komatiites can thus be easily traced by magnetic surveys. Basaltic units also include a few andesitic flows and minor graywacke units. Komatiitic magmatic breccias were commonly intersected in diamond drill holes. Feldspar-phyrlic albite dykes and lamprophyre dykes are common in this part of the Malartic Group.

Tholeiitic basalts of the Kinojevis Group appear north of the Malartic Group, whereas the sedimentary Kewagama Group forms the south part of the area. The Blake River Group, occurring south of the Kewagama Group, is not represented in the area. Lac Caste sediments may represent Kewagama sediments along the north limb of the La Pause Syncline.

Small porphyritic syenite intrusions occur in the SW corner of the area, and a minor NE-trending diabase dyke crosscuts the entire sequence.

On the property, the following stratigraphic units occur from south to north:

- 1) A band of sedimentary rocks indicated by the presence of outcrops located south of the Kinojevis River on Lot 20, Range I in Manneville Township. The rock is described in a report by SOQUEM as a dark grey, massive, very hard wacke (S3), with weakly defined E-W bedding and <1% pyrite. This stratigraphic unit is assigned to the Lac Caste Formation of the Kewagama Group.
- 2) A band of locally silicified basalts (V3B) and/or andesites (V2J), associated with minor gabbro (I3A) and greater amounts of ultramafic rocks (V4) with a few rhyolite (V1B) enclaves, occurs immediately to the north of the previous sedimentary units. Basaltic and andesitic rocks are massive to locally pillowed, dark green to light green and fairly hard. Silicified sequences are much harder. The gabbro is massive, medium-grained and dark green. Ultramafic rocks are grey to blackish and exhibit spinifex textures, with trace to 1% pyrite. The rhyolite is massive, grey, very hard and shows a smooth, aphanitic texture. The rhyolite locally contains 1-2% finely disseminated pyrite. These effusive rocks belong to the Lanaudière Formation of the Kinojevis Group. To the west, a white to beige, medium to coarse-grained tonalite (I1D) intrusion occurs. A peridotitic (I4I) core was also intersected in historic diamond drill holes.
- 3) Further north lies a band of schistose rocks with carbonate, talc, chlorite, and fuchsite. This unit underlies the west-central part of the property over 500 metres to more than 1 kilometre in thickness. This zone of deformed rocks is well exposed at the MacCormack showing, where a series of outcrops show intensely altered ultramafic komatiitic rock sequences with quartz-carbonate-albite injections, a few quartz-feldspar porphyry intrusions, thin rhyolite sequences and mafic (gabbro) dykes with little or no evidence of deformation. This stratigraphic sequence probably belongs to the Deguisier Formation of the Kinojevis Group.
- 4) The northernmost sequence consists of weakly silicified, locally carbonatized massive to pillowed andesitic and basaltic rocks. A few thin rhyolite sequences are also observed. This sequence belongs to the Deguisier Formation of the Kinojevis Group. A few albite and quartz-feldspar dykes crosscut the local stratigraphy.
- 5) Three (3) Proterozoic diabase dykes cross the property in the west, central and east parts of the property. These brown, homogeneous, massive and magnetic dykes trend N60°E.

A close spatial correlation between the MacCormack gold showing and NE-trending conjugate faults associated with the main Destor-Porcupine structure (which crosses the property) is readily apparent on the Kinojevis property. NE-trending faults associated with the latter gold occurrence show a smaller amount of apparent strike-slip movement than at the Fayolle deposit and the Aiguebelle Goldfields showing further west. The conjugate structures likely plunge to the NW. This spatial association of gold with conjugate structures forming "Y"-shaped junctions is typical of gold zones along the Destor-Porcupine Fault Zone, which runs across the Kinojevis property from west to east.

## **Mineral Deposit Types**

The Destor-Porcupine Fault trends east-west and extends over nearly 350 kilometres from Timmins in Ontario to the Grenville Front, ENE of Val-d'Or (Québec). Many gold deposits are known along the western segment of the fault in Québec (Beattie, Donchester, Duquesne, Yvan-Vézina and Davangus mines), whereas the Ontario segment of the fault hosts the Holt-McDermott and Harker-Holloway ore deposits as well as the vast majority of gold mines in the Matheson and Timmins mining camps. The Kinojevis property straddles the Destor-Porcupine Fault, a major gold trend in the Abitibi, over 48 km strike length.

The gold-bearing Destor-Porcupine and Cadillac-Larder Lake fault zones are two parallel structures that show similar features, and host orebodies and showings with analogous structural settings and types of alteration and mineralization. Thus, the geological setting of the Kinojevis property, along the Destor-Porcupine gold trend, exhibits geological features similar to the Kerr Addison and Harker-Holloway ore deposits in Ontario.

### ***Kerr Addison and Holloway Geological Models***

The authors wish to list certain elements of the geological models for Kerr Addison (10,457,000 oz of gold from 1938 to 1996) and Holloway (4.9 M metric tonnes grading 5.9 g/t Au), as the two models are very important for exploration on the Kinojevis property.

These geological characteristics include rock type, alteration, and structure, as described below:

- At both deposits, gold mineralization occurs along or is very closely related to the contact between komatiitic and basaltic units. On the Kinojevis property and adjacent terrains, known gold occurrences (Fayolle, Destorbelle, Vang, Aiguebelle Goldfields, LM-3-70 and MacCormack) occur along interfaces marked by a strong magnetic contrast on magnetic maps. This relationship is also apparent on geochemical diagrams, where high gold grades are generally located near the sharpest magnetic contrasts.
- At Kerr Addison and Holloway, strong albitization is associated with mineralized zones and albitite dykes intrude host rocks. Significant albitite dykes were identified at the MacCormack showing in recent and prior visits by the authors. These albitite dykes are generally feldspar porphyries and exhibit a true thickness of several metres.
- At Kerr Addison, strong fuchsite alteration occurs around ore zones. At Holloway, the komatiitic footwall is altered to fuchsite whereas equivalent sericite alteration is observed in tholeiitic units. The presence of several spectacular and extensive fuchsite alteration zones has been observed in the komatiitic host rocks at the MacCormack showing.
- At Kerr Addison, Kishida and Kerrich (1987) calculated  $3K/Al$  and  $Na/Al$  mole ratios to quantify the degree of sodium and potassium saturation for all lithologies. They inferred that sodium had been concentrated in albite, and potassium in sericite or fuchsite. Pure albite shows a  $Na/Al$  mole ratio of 1, whereas pure sericite or fuchsite shows a  $3K/Al$  ratio of 1. Consequently, as the ratio approaches a value of 1, the degree of saturation in sodium and potassium progressively increases. The amount of sodium in a rock varies according to the availability of aluminium, thus by dividing  $Na$  and  $3K$  by  $Al$ , it becomes possible to compare different lithologies. By adding the two ratios, the degree of saturation for sodium and potassium are monitored at the same time. Thus, at Kerr Addison,  $(3K+Na)/Al$  ranges from 25 (away from the ore zone) to 40 to 50 (about 75 metres from the ore zone) to 70 to 90 (along or directly in the ore zone). However, this type of study has never been conducted for the LM-3-70 and MacCormack showings on the Kinojevis property.
- Background gold values at Kerr Addison are extremely low (<2 ppb Au) beyond 75 metres from the ore zone.

A close spatial correlation between gold showings and NE-trending conjugate faults associated with the main Destor-Porcupine structure is readily apparent on the Kinojevis property. Specifically, the Fayolle, Aiguebelle Goldfields, LM-3-70 and MacCormack occurrences all lie at the junction between one of these NE-trending structures and a magnetic interface as described above.

### ***Types of Mineralization Observed Along the Destor-Porcupine Fault Zone***

A metallogenic study released by Legault et al. in 2006 (ET 2006-01) lists many characteristics of the types of occurrences found along the Destor-Porcupine tectonic zone, which can be used as exploration guides along this structure on the Kinojevis property.

- a. "Quartz-carbonate veins" occur in deformation zones with strong iron carbonate, sericite and pyrite alteration, typical of orogenic deposits. These features are present on the Kinojevis property.
- b. "Disseminated sulphides associated with porphyritic intrusions" may be divided into subtypes based on the composition of the intrusive rock: an alkaline subtype associated with sulphide-rich and intensely silicified alkaline rocks, and a calc-alkaline subtype with a limited sulphide content and very strong carbonatization (some of these features were observed by the authors and reported by SOQUEM on the MacCormack showing).
- c. "Hydrothermal veins" with open-space filling crystallization textures (colloform, crustiform, cockade) and anomalous Zn, Pb, and Hg concentrations, typical of neutral epithermal deposits.
- d. "Argentiferous quartz veins" associated with Cu-Sb-Zn-Hg-rich tension gashes, analogous to Ag-Pb-Zn veins hosted in clastic metasedimentary rocks.
- e. "Disseminated sulphides associated with leaching" occurring as a massive quartz+pyrite (5-10%) residue, reminiscent of acidic epithermal deposits.

### **Exploration Work**

During 2007, Cartier completed several exploration work phases on its Kinojevis property. Trenching, mapping and channel sampling were completed in the immediate area of the historic MacCormack showing. Line cutting followed by ground Pulse-EM (TDEM) and HEM surveys were completed over the MacCormack showing area and in range IV Villemontel Township area, extension of drill hole 99-02 (GM 59246) mineralized intersection. A helicopter-borne gamma-ray spectrometric and magnetic survey was completed over the entire property. This was followed by a diamond drill program, launched in August of 2007 and continued to end of year. The program was still in progress at the time this report was completed.

The authors considered holes KI-07-01 to KI-07-10 due year end completion and availability of the assay results.

### ***Helicopter-borne Geophysical survey:***

At the beginning of June 2007, a 2,761 kilometer helicopter-borne gamma-ray spectrometric and magnetic data survey was completed. All interpretation maps have been delivered. The survey design was optimized with a view to aid mapping of the property and the identification of favorable structures in order to define drill targets. The technical report with the interpretation was submitted to the *Ministère des ressources naturelles et de la faune* ("MRNF") for assessment work credits.

### ***Spectrometry Interpretation:***

A structural analysis with radiometric data processing based on LANDSAT ETM+ satellite imagery and an ortho-rectified aerial photography was completed by Technologies Earthmetrix inc. The main objective of



this study was to determine the most promising targets for the exploration follow-up work. The study performed over the Kinojevis project area was instrumental to determine the structural context. Three structural target types have been outlined. The Doyon-Bousquet-Dumagami prospect type is the most promising from an economical point of view and is characterized by a northwestern and a northeastern system. The targets of this type are located near the Destor-Porcupine fault, and are the high priority sectors of the Kinojevis property. A technical report with recommendations, a structural map to scale of 1: 20,000, and a corrected map of radiometrical anomalies (K, U, Th) (1: 20,000) were delivered.

### ***Prospecting and Surface Sampling:***

Reconnaissance sampling was performed on the Kinojevis property. A total of 367 samples were collected by performing 200 meters spaced traverses, with at least one sample every 100 meters for large outcrop sectors or according to outcrop availability. Out of these collected samples, 183 were analyzed for major elements and certain trace elements, in order to determine the rock type and its level of alteration. 184 samples were analyzed for metals (Au + 34 elements). This sampling will allow a good general view of the property's geology that was previously poorly defined. Moreover, the sampling discovered a new mineralized showing of 1.4 g/t Au, associated to sulphide veining in a rhyolite and a new exhalative horizon with massive sulphides, gold and zinc anomalous, marking the top of the rhyolite.

### ***Trenching Campaign:***

13 sites were trenched during 2007. The sites are located in the west part of the property. A total of 4,569 square meters were exposed, allowing for sampling and structural mapping. 661 channel samples were sent to the *Laboratoire ALS Chemex* in Val-d'Or for analysis. The gold, silver, copper and zinc content of each sample was systematically analyzed.

Trench site 01 to 13, in 2007 and follow-up sampling and mapping has led:

- 1) To confirm the presence of a highly deformed zone characterized by fuchsite and carbonate-chlorite and carbonate schists, and by many dykes and quartz and carbonate veins and veinlets. This deformation zone most likely corresponds to the Destor-Porcupine tectonic zone;
- 2) To document all of the porphyritic felsic intrusives, which are typically associated to auriferous mineralization along Destor-Porcupine deformation corridor;
- 3) To document a major carbonate, chlorite and fuchsite alteration system with minimal dimensions of 350 meters by 110 meters;
- 4) To document many anomalous results in gold, silver, copper, and zinc;
- 5) To document two structural domains: the first one is intensively deformed and localized south of a second domain which consists of weaker deformation. Observations made by Cartier slightly south of the stripping site allowed to identify the presence of a third un-deformed structural domain, estimating the corridor deformation at approximately 250 meters wide;
- 6) To document a cherty tuff horizon, mineralized with sulphides at the contact of a basalt and a rhyolite and suggesting a potential for volcanogenic massive sulfide (VMS) deposits.

Many samples show anomalous metal values (gold, silver, copper and zinc). The most significant results show are:

- 570 ppm copper over 1.03 m at site 07;
- 556 ppm zinc over 0.96 m at site 11;
- 49.5 g/t silver over 1.12 m at site 01;
- 0.90 g/t gold over 0.73 m at site 11;

- 0.77 g/t gold over 1.16 m at site 02;
- 0.74 g/t gold over 0.96 m at site 11.

It should be noted that: 12 samples present results greater than 10 g/t in silver, 13 samples present results greater than 0.25 g/t in gold, 19 samples present results greater than 100 ppm in copper, 56 samples present results greater than 100 ppm in zinc.

### ***Geoscientific Compilation:***

The compilation progressed with the integration of the samples (assay and wholerock), trenching, channels, as well as the labeling of the outcrops. Compilation of (physiography, photomosaic multi-layer maps, sampling localization, geology, geophysics, drill hole locations, mineralized showings) at a scale of 1: 20,000 were produced for the property in its entirety.

### ***Ground Pulse-EM survey***

During October and November 2007, the company completed a total of 8.1 km of Time-Domain Electromagnetic (Pulse-EM) surveying over ten lines with 100-meter spacings. The survey was completed by Géophysique TMC of Val-d'Or (Quebec). This survey was conducted over the MacCormack showing area and the North Rhyolite and cherty exhalite in order to detect mineralized conductive zones from surface to -150 meters.

The survey detected one well defined conductor of moderate intensity located near the southern limit of the profiles over the western portion. Additional surveying with an Induced Polarization survey and Resistivity is recommended to better define the anomaly (P. Boileau, Novembre 2007).

### ***Surface Horizontal Loop Electromagnetic (HEM) survey***

From November 10 to December 1, 2007, the company completed a total of 7.2 kilometres of Horizontal Loop Electromagnetic Time-Domain surveying. Several weak conductors were detected (P. Boileau, 2007).

### ***Drilling***

From September to November 2007, ten diamond drill holes were completed for a total of 3,778.30 on the Kinojevis property. Drilling was completed to test the MacCormack showing area as well as test geological and structural targets with north to south stratigraphic drill fences in poorly tested areas of the property.

### ***Mineralization***

Several gold occurrences were discovered along the Destor-Porcupine Fault in Québec, and many orebodies are known along the Ontario segment. On the property and its immediate vicinity to the west, many interesting gold and copper showings are known. The Fayolle gold deposit and the Destorbelle, Vang, Aiguebelle Goldfields, Landome, LM-3-70 and MacCormack showings are all located in the area. The MacCormack and LM-3-70 showings are the main occurrences located within property limits. The Fayolle gold deposit is one of the most significant in the immediate vicinity. A large part of the information presented in this chapter was taken from a technical report by Typhoon Exploration Inc. ("Rapport technique selon la norme 43-101 sur la propriété Fayolle", see website [www.explorationtyphon.com](http://www.explorationtyphon.com)) and other statutory reports filed by previous owners of claims within and adjacent to the Kinojevis property.

Note that the authors have chosen to discuss below the main precious metal (Au, Ag) and base metal (Cu, Zn) showings. All occurrences of lithium and related by-products, molybdenum and nickel showings were not discussed since their stratigraphic, structural and geochemical settings are not relevant to the geological setting of the property under study.

## **Showings on the Property**

### ***MacCormack Showing***

The MacCormack showing is located, according to the MRNFPQ Deposit File, on lots 23 to 25, Range II in Manneville Township (UTM Zone 17 – 680,086 mE and 5,368,770 mN). The showing was discovered in 1911 on the MacCormack claims, during prospecting work conducted by Bancroft for the Geological Survey of Canada.

A few exploration programs took place after the discovery, between 1930 and 1984 (by the Geological Survey of Canada, Nortyne Gold Mines and SOQUEM respectively). Best assay results were as follows: 0.17 to 4.80 g/t Au (L.V. Bell, 1936-38), and 1.37 to 7.89 g/t Au (Nortyne Gold Mines, 1944). The latter also drilled 19 holes on the showing in 1945, but no report was made public and the location of the drill holes is uncertain. Work by SOQUEM outlined a geological setting similar to the Kerr Addison ore deposit in Ontario (presence of carbonate, fuchsite, quartz-carbonate-albite veins and veinlets, and syenite and quartz-feldspar dykes). More recently in 2004, one of the authors (D. Gaudreault) sampled a few outcrops in the vicinity of the MacCormack showing and obtained assay results between 5 and 284 ppb gold, and between 0.5 and 19.1 g/t silver, from grab samples of exposed bedrock.

During a recent visit (October 24, 2006) by the authors, AQ-calibre tubing and a former bulk sampling site, probably dating back to the era of Nortyne Gold Mines, were found on the property, just north of the access road (UTM Zone 17 – 679,865 mE and 5,368,680 mN). The location of these features, the geological setting and the local topography correspond fairly well with the UTM location cited in public documents of the MRNFPQ, thus confirming that this is in fact the site of the MacCormack showing.

The authors also collected two grab samples from this site, one in an intrusive quartz-feldspar porphyry dyke with quartz-carbonate veins and veinlets, and the second in the former bulk sampling area showing a series of quartz-carbonate veins and veinlets in host rocks strongly altered to iron carbonate, fuchsite and probably albite. During the site visit performed in November 2007, no samples were collected on stripped areas considering the onset of winter conditions.

### ***LM-3-70 Showing***

The LM-3-70 showing is located on Lot 9, Range I in Manneville Township. This showing was discovered in drill hole in 1970, during a drill program by the Sullivan Mining Group. The mineralized zone consists of pyrite and pyrrhotite in a graphitic schist and an ultramafic sequence with talc-chlorite schist. Best results were 11.52 g/t Ag over 0.76 m, and 0.13% Ni over 1.22 m.

### ***Other Gold Showings***

Three other gold showings are reported on the property, based on statutory reports available at the MRNFPQ.

The first showing is located on Lot 48, Range III in Villemontel Township. A drill hole (600-87-3) completed in 1987 by Lyon Lake Mines intersected a sheared rhyolite grading 0.7 g/t Au over 1.8 m (GM-47453).

The second showing is located on Lot 55, Range IV in Villemontel Township. The showing corresponds to a drill hole (99-02) completed by R. Frigon, which intersected an intermediate tuff grading 0.55 g/t Au over 1.1 m (GM-59246).

The third showing is located on Lot 26, Range III in Figuery Township. One hole (P149) drilled in 1974 by UMEX intersected a graphitic schist unit with minor sphalerite, which graded 1.4 g/t Au over 0.9 m (GM-30435).

## **Drilling**

From September to November 2007, ten diamond drill holes were completed for a total of 3,778.30 on the Kinojevis property. Drilling was completed to test the MacCormack showing area as well as test geological and structural targets with north to south stratigraphic drill fences in poorly tested areas of the property. A list of the diamond drill holes is presented below. It should be noted that drilling was still in progress at the time this report was completed.

The Diamond drill contract (BQ caliber) was awarded to Forage à diamant Benoît Ltée. of Val-d'Or. Drill site access, environmental issues as well as all geological aspects are supervised by Cartier with local technical support by Géologica and environmental issues by GESST.

A total of 932 (+ 109 QAQC) samples for collected and sent for assaying for a total length of 1,141.70 meters of core sampled. All samples are from core sawed in half at the Cartier coreshack in Val-d'Or by a company employee. All samples for metals assay were sent ALS Chemex and Technilab.

Several color indication tests to determine type of carbonate alteration were completed at the coreshack in order to identify the type, intensity and zonation of the carbonate alteration associated to the MacCormack showing.

Deviation along the hole was recorded by a Flex-It instrument using a « Multi-shot » method. This method provides a continuous reading of the deviation along the hole (one reading every 3 meters). Magnetic susceptibility readings are also recorded with deviation readings. A correction of 13° west was applied to all azimuth readings.

## **Drilling Campaign**

The drill program was launched on August 28 with a stratigraphic section 3.5 kilometers east of the MacCormack prospect. At the end of December 2007, 14 drill holes, for a total of 5,239 meters had been completed. This is part of a 7, 000 meters campaign consisting of testing and recognizing the extension of the Destor-Porcupine fault, with eight north-south drilling sections spread over the 48 kilometers of the property. This report concerns holes for which assays were received at the time of writing the report.

### **List of technical parameters of diamond drill holes**

| HOLE #    | LOCALIZATION (UTM) |           | AZIMUTH (degrees) | DIP (degrees) | LENGTH (m) |
|-----------|--------------------|-----------|-------------------|---------------|------------|
|           | EAST (m)           | NORTH (m) |                   |               |            |
| KI-07-01  | 683050.5           | 5368856.5 | 180               | -45           | 72.00      |
| KI-07-01A | 683050.5           | 5368857.5 | 180               | -57           | 354.00     |
| KI-07-02  | 683050.0           | 5369276.0 | 180               | -55           | 35.00      |
| KI-07-02A | 683050.0           | 5369277.0 | 180               | -60           | 644.30     |
| KI-07-03  | 679895.9           | 5368721.1 | 180               | -53           | 492.00     |
| KI-07-04  | 720246.2           | 5372818.7 | 180               | -50           | 329.20     |
| KI-07-05  | 720259.8           | 5372561.0 | 180               | -50           | 324.00     |
| KI-07-06  | 720268.7           | 5372317.8 | 180               | -50           | 321.00     |
| KI-07-07  | 710591.2           | 5372558.5 | 180               | -50           | 321.00     |
| KI-07-08  | 710599.4           | 5372304.4 | 180               | -50           | 312.00     |
| KI-07-09  | 710604.7           | 5372059.0 | 180               | -50           | 312.00     |
| KI-07-10  | 710419.0           | 5371850.4 | 180               | -50           | 361.80     |

The first drill hole, KI-07-01A, was completed at a depth of 354 meters. The hole crossed non-deformed chloritized ultramafic lava with minor porphyric dykes near the end of the hole. From 160 meters onwards

the hole cut several felsic porphyritic dykes. The dykes are comprised of 40 to 60 % feldspar and quartz phenocryst ranging from 1 to 3 mm in a finer grained hematitic (brick red to purplish) groundmass. They are tonalitic with disseminated magnetite. The individual dykes vary from 3.0 to 5.0 meters. Ultramafic flows contacts are marked by flow breccias or spinifex texture. Schistosity is generally weakly developed. The hole cut three thin chlorite-serpentine-talc and minor carbonate altered shears ranging from 1.0 to 7.0 meters wide

Drill hole KI-07-02A was collared 400 meters north of KI-07-01A in order to complete the stratigraphic fence and locate the deformation and alteration corridor seen in outcrop on the MacCormack trench sites. The hole was completed at a depth of 645 meters. The hole cored medium grained slightly carbonate altered diorite to 217.7 meters. Local sections host from 15 to 30% quartz-carbonate veinlets with 1% pyrite. From 217.7 to 419.5 meters, the hole cut a sequence of intermediate flows with local zones of 5 to 10% quartz-carbonate veining. From 345.8 to 369.0 meters, it traversed a quartz-feldspar-sericite schist with 5 to 10% quartz eyes and 1% pyrite, this unit could be a highly deformed and altered felsic flow or intrusive. The unit marks the boundary of a highly deformed zone with microfolds and crenulations. The lower portion of the flows is highly deformed and sericite to chlorite and local carbonate altered. A 4.0-meter cherty horizon marks the lower contact with ultramafic flows. The marker horizon is a fine gray-black chert, bedded and contains 3% massive pyrite layers. The drill hole ended in ultramafic flow sequence similar to those seen in hole Ki-07-01A.

Drill hole KI-07-03 anchored in bedrock at 4.8 meters and was stopped at a depth of 490 meters due to technical problems. The hole started within the shear zone seen at the surface and characterized by an ankerite-fuchsite-quartz schist with certain sections where chlorite replaces fuchsite. The shear zone traverses several mineralized, hematized, albitized felsic dykes (Au-Ag-Pb) similar to those observed at surface. The deformation corridor is marked by a dyke cored between 68.9 and 95.3 meters. It continues in a wide sequence of slightly deformed ultramafic flow, including some felsic to intermediate quartz feldspar porphyritic dykes. The volcanics occur from 454.6 to 455.4 meters is marked by a chert horizon with graphite and massive pyrite. This horizon corresponds to an EM conductor.

The hole ends in a highly silicified, epidotized, and carbonate flows with redish siderite. The unit is hornfelsed by contact metamorphism and is micro-fractured with quartz veinlets.

Gold and silver values were obtained in the altered dykes found in the shear zone. A first dyke shows a value of 24.6 g Ag/t over 0.5 meters (19.3 at 19.8 m). A second dyke, cored further south from 34.5 to 36.4 meters returned 1.57 g Au/t over 1.9 meters, including 2.6 g Au/t over 0.70 meters. A third dyke, traversed from 68.9 to 95.3 meters returned 1.05 g Au/t over 4.6 meters over the upper portion, including 1.95 g Au/t over 1.5 meters (average value with the new analysis).

Drill hole KI-07-04 traversed mafic flows intruded with gabbro dykes of variable thickness (5.0 to 34.0 meters). From 30.0 to 115.0 meters, the hole cored many quartz-tourmaline-pyrite veinlet zones, with local tourmaline alteration of the wall rock. It then traverses from 157.4 to 171.9 meters a sedimentary sequence consisting of fine to medium grained wackes weakly altered with carbonate and sericite and mineralized with 0.5 % pyrite. The mafic flows between 198.0 and 306.9 meters, are weakly ankeritized. These alteration zones are strewn with 5 to 20% of quartz-ankerite-pyrite veinlets and veins. The hole ends in a sericified quartz porphyritic felsic dyke.

Mineralization consists of pyrite (0.5% to 1%) associated with the quartz-carbonate veinlets and veins which are scattered throughout the hole and disseminated in local highly carbonatized zones. The tourmalinized zones contain 0.5% of disseminated pyrite.

Anomalous gold and silver values were obtained from 306.0 to 311.0 meters, with 774 ppb Au over 1.50 meters; 27.6 g/t Ag over 0.90 meters and 121 ppb Au, 19.9 g/t Ag over 1.20 meters. These values are associated with a shear zone cored from 309.7 to 310.6 meters with strongly carbonatized shear walls and 20% of quartz-carbonate-pyrite veins.

Drill hole KI-07-05 continues the stratigraphic fence, 260 meters south of the KI-07-04. It anchors in wackes that alternate with small chloritic argillite beds. The hole intersected 1.3 g Au/t over 1.50 meters from 76.3 to 77.8 meters. The remainder of the hole crossed mafic flows with gabbro dykes and a lapilli tuff horizon. From 40.0 to 60.0 meters, the flows are affected by a moderate iron carbonate alteration with local zones of higher intensity.

The mafic flows are more chloritic and magnetic from 184.0 to 217.8 meters and from 247.2 to 324.0 meters, with 1 to 3% of finely disseminated magnetite.

Mineralization consists mostly of pyrite (0.5% to 1%) associated with the quartz-carbonate veinlets and veins that are mainly found in carbonatized zones.

The rock is highly carbonatized and slightly ankeritized between 297.0 and 309.7 meters. The rock is fractured, locally brecciated and has up to 15% of quartz-carbonate-pyrite veinlets. The zone returned two significant gold intersections: 2.26 g/t Au over 1.5 meters (306.0 to 307.5 m) and 4.70 g/t Au over 0.7 meters (309.0 to 309.7 m).

Drill hole KI-07-06 completes the stratigraphic fence, 260 meters south of KI-07-05. The hole cores a mafic flow sequence comprised of massive and pillowed sections, and of at least two gabbroic horizons (70.5 to 75.0 meters and 177.8 to 190.4 meters). From 123.9 meters to the end of the hole, the rock is moderately to strongly sheared and likewise chlorite and carbonate altered. From 273.0 to 279.6 meters, the rock is mostly sericitized. The presence of 15 to 30% carbonate and quartz veinlets was noted throughout the deformation zone. Schistosity increases gradually towards the end of the hole.

The entire sequence is cut by thin quartz porphyric felsic and schistose dykes. These contain between 1 to 3% of disseminated pyrite.

Mineralization associated with the deformation zone is mostly pyrite and to a lesser extent with disseminated pyrrhotite (0.5 to 3%). The best gold value obtained is 428 ppb Au over 0.70 meters (from 140.3 to 141.0 meters) and is associated with a quartz-carbonate vein with 2% pyrite.

Drill hole KI-07-07 anchored in bedrock at 19.5 meters and cored up to 120 m in a highly schistose mafic volcanic flow sequence. The rock is carbonated with 15 to 20% calcite veinlets. The hole continues through a sedimentary sequence comprised of fine to medium grained wacke and local fine siltstone and argillite sections. These horizons are increasingly affected by the deformation and are highly sericitized, with 5 to 10% of quartz-calcite veinlets. The hole ends, from 302.6 to 321.0 meters, in mafic volcanics similar to the units cored over the upper portion of the hole. The intensity of deformation is generally moderate with local (up to 6.0 meters wide) intensely sheared zones. The shears are characterized by chlorite- carbonate mylonite, mostly calcite and quartz. The sediments regularly contain 1-2% and locally 5% disseminated pyrrhotite and pyrite. The sedimentary horizons that are sericitized show anomalous zinc values with many values higher than 1,000 ppm.

The highest value is 4,200 ppm Zn over 0.80 meters. No anomalous gold values are found in the hole.

Drill hole KI-07-08 anchors in bedrock at 22.1 meters and cored through an intermediate to mafic flow ensemble, sheared and carbonate altered with local thin diorite dykes to 235.3 meters.

The volcanics are in contact with fine to medium grained wackes interlayered with chloritic and graphitic argillite. The upper portion of the sedimentary unit is brecciated and has pyritic chert and graphite horizons. Many small sericitized quartz porphyritic dykes cut the sediments. From 121.2 to 206.6 meters, the hole cored through a shear characterized by chloritic mylonite with sericite-carbonate alteration and 15-30% quartz veinlets. The sedimentary units are moderately sheared, with the highest deformed sections being graphitic. Mineralization consists of pyrite and pyrrhotite associated with quartz veinlets and the graphitic argillite horizons. The shear zone crossed by this hole does not show enrichment in gold.

The highest gold value obtained is 126 ppb Au and 5.7 g/t Ag over 1.5 meters and is associated with a thin shear zone with 20% quartz-carbonate veinlets and 1% pyrrhotite from 66.0-68.2 meters.

Drill hole KI-07-09 anchors, from 22.7 to 59.2 meters, in mafic to intermediate volcanics, locally sheared and carbonate altered. It continues to 228.4 meters, through a sedimentary sequence similar to that cored in KI-07-08. The sediments are cut by many quartz porphyritic dykes. The dykes vary up to 16.0 meters thick with the majority being in the lower portion of the sequence. A conglomerate horizon marks the end of the sedimentary sequence. It contains fragments of volcanics, 0.5 cm to more than 6.0 centimeters in size, consisting of felsic to mafic volcanics, as well as chert blocks, in a wacke type matrix. This clearly marks the base of the sedimentary sequence. The final portion of the hole from 228.4 to 312.0 meters cores through schistose mafic volcanics. Local gabbroic dykes and porphyritic diorites cross the unit. The flows are generally magnetic and present 1 to 3% of disseminated magnetite. From 260.0 meters onwards, the metamorphism gradient increases and is marked by fine biotite and needle-like amphibole. The intense deformation zone observed in hole KI-07-08 continues throughout this hole and is moderately developed in the sediments. Mineralization in the sediments is mostly comprised of 1 to 2%, locally 5%, pyrrhotite and pyrite disseminated or associated with the quartz-carbonate veinlets. The porphyritic dykes also contain similar sulphides finely disseminated.

Drill hole KI-09-10 completes the section south of hole KI-07-09. From 24.6 and 69.4 meters it traversed the same sedimentary sequence as in hole KI-07-09. This was followed, from 69.4 to 277.9 meters by schistose mafic volcanics with 1 to 3% of disseminated magnetite. These flows are cut with gabbroic dykes and quartz-feldspar porphyritic intermediate to felsic dykes. The metamorphism gradient increases down hole, where biotite content increases in the ultra-mafics. The final portion from 277.9 to 361.8 meters cores in fine grained spinifex textured ultramafic flow. The section hosts two horizons, which are 3.4 to 5.0 meters thick, consisting of graphitic argillite. Local thin chlorite-serpentine and carbonate shears zones cross the ultramafics. Mineralization consists of minor disseminated pyrrhotite and pyrite (1 to 2%), in the sediments and tends to concentrate in the graphitic and sheared sections. Local porphyritic dykes have traces of fine chalcopyrite.

The best gold value in the hole is 125 ppb Au over 1.5 meters and is associated to the conglomeratic horizon. Many anomalous values in copper, ranging from 400 ppm to 884 ppm, are associated to the porphyritic dykes, between 110.0 and 200.0 meters. Moreover, a zone with 20% of quartz-carbonate (pyrite-chalcopyrite) veinlets returned a value of 22.2 g/t Ag, 0.31 % Cu and 0.34 % Zn over 0.80 meters (from 244.7 to 245.5 meters).

## **Sampling Method and Approach**

### ***Surface select sampling (Grab)***

The samples that were collected from outcrop show alteration, oxidation, quartz veining, shearing and/or sulphides. Each sample collected is put in a plastic bag provided by an accredited laboratory, it is tagged, its precise location is noted on paper maps.

### ***Channel sampling***

All samples were collected on trenched mineralized outcrop. Sample length was adapted according to the presence of alteration and mineralization associated to the host lithology for gold. Samples generally cut perpendicular to foliation  $S_1$  and over a length varying from 0.58 meters to 1.57 meters.

### ***Drill Core Sampling***

All sample lengths and orientation are marked on the core. The latter is sawed in half with a 4-blade diamond saw. Half of the core is sampled from lengths varying from 0.3 to 1.5 meters. The first half is re-placed in the box and kept with its numbered identification tag for future reference. The other half is placed in a thick plastic bag provided by an accredited laboratory with its associated numbered identification tag.

## Sample Preparation, Analyses and Security

- 1) From the drill rig, the core is transported appropriately to the coreshack where it is logged and prepared for sampling by or assisted by a qualified person (NI 43-101).
- 2) Following an established protocol, all sample lengths and orientation are marked on the core. The latter is sawed in half with a 4-blade diamond saw. Half of the core is sampled from lengths varying from 0.3 to 1.5 meters. The first half is re-placed in the box and kept with its numbered identification tag for future reference. The other half is placed in a thick plastic bag provided by an accredited laboratory with its associated numbered identification tag. The samples are then brought to an accredited laboratory with a well established and secure chain of custody.
- 3) The samples are analysed for gold by fire assay and an atomic absorption finish. Results greater than 1 g/t Au are re-assayed with a gravimetric finish. A series of standards, duplicates and blanks are inserted in the sample stream that are sent to the laboratory.

## Data Verification

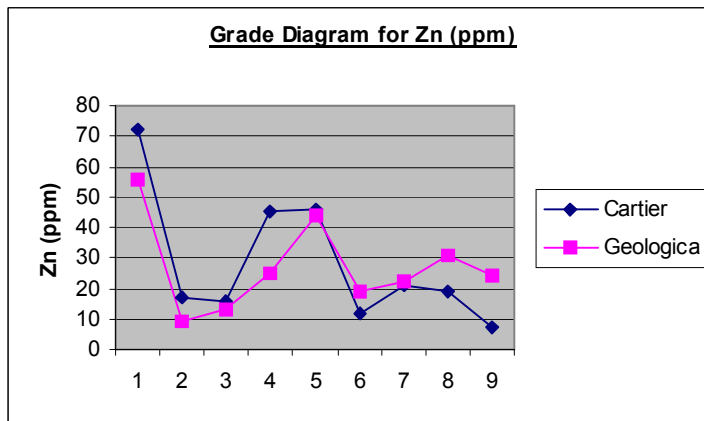
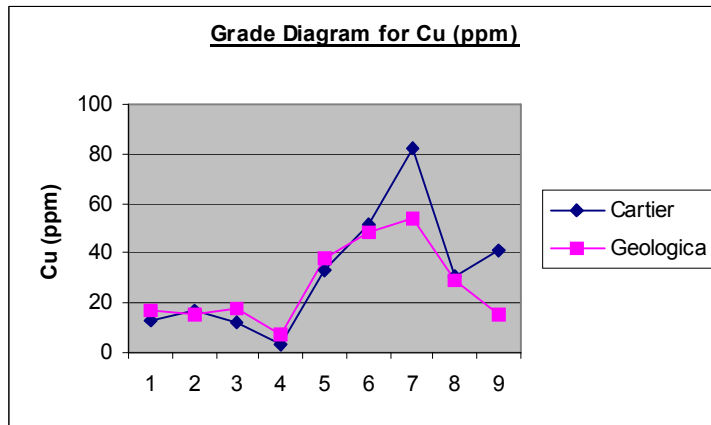
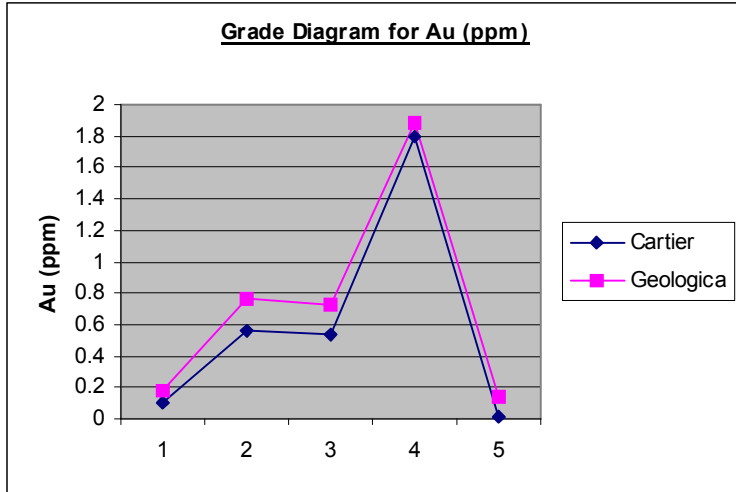
The authors have verified existing data of previous reports. Although the techniques were not described in the reports, data reported in assessment files, sampling and analysis appears to have been conducted with the norms and standards employed at that period and still valid to this day.

The authors have reviewed all of the recent documents prepared by the company and did not find elements not in line with current norms and standards. Furthermore the authors have conducted a site visit of the trenches completed in 2007 and have verified samples by quartering mineralized core intersections from holes KI-07-03 and KI-07-04.

### Sample results comparison Cartier versus Geologica For hole KI-07-03

| Ressources Cartier inc. |          |        |          |          |          |          | Geologica Groupe-Conseil Inc. |          |        |          |          |          |          |
|-------------------------|----------|--------|----------|----------|----------|----------|-------------------------------|----------|--------|----------|----------|----------|----------|
| Sample No.              | From (m) | To (m) | Au (ppm) | Ag (ppm) | Cu (ppm) | Zn (ppm) | Sample No.                    | From (m) | To (m) | Au (ppm) | Ag (ppm) | Cu (ppm) | Zn (ppm) |
| 514191                  | 33       | 34,5   | 0,006    | 2,2      | 13       | 72       | 44526                         | 33       | 34,5   | 0,01     | < 0.5    | 17       | 56       |
| 514192                  | 34,5     | 35,7   | 0,941    | 1        | 17       | 17       | 44527                         | 34,5     | 35,7   | 1,29     | < 0.5    | 15       | 9        |
| 514193                  | 35,7     | 36,4   | 2,55     | 1,2      | 12       | 16       | 44528                         | 35,7     | 36,4   | 1,01     | < 0.5    | 18       | 13       |
| 514194                  | 36,4     | 37,8   | 0,009    | 2,1      | 3        | 45       | 44529                         | 36,4     | 37,8   | < 0.01   | < 0.5    | 7        | 25       |
| 514212                  | 67,7     | 68,9   | 0,096    | 1,9      | 33       | 46       | 44530                         | 67,7     | 68,9   | 0,18     | < 0.5    | 38       | 44       |
| 514213                  | 68,9     | 70,5   | 0,563    | 0,6      | 52       | 12       | 44531                         | 68,9     | 70,5   | 0,77     | < 0.5    | 48       | 19       |
| 514214                  | 70,5     | 72     | 0,529    | 0,7      | 82       | 21       | 44532                         | 70,5     | 72     | 0,73     | < 0.5    | 54       | 22       |
| 514215                  | 72       | 73,5   | 1,8      | 1,4      | 31       | 19       | 44533                         | 72       | 73,5   | 1,89     | < 0.5    | 29       | 31       |
| 514216                  | 73,5     | 75     | 0,015    | 0,6      | 41       | 7        | 44534                         | 73,5     | 75     | 0,14     | < 0.5    | 15       | 24       |

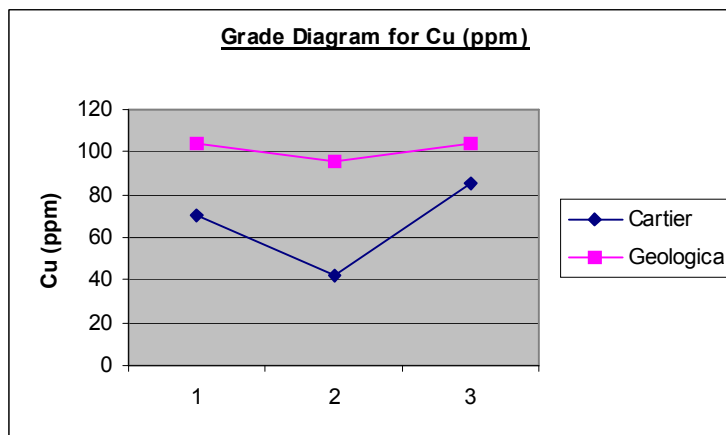
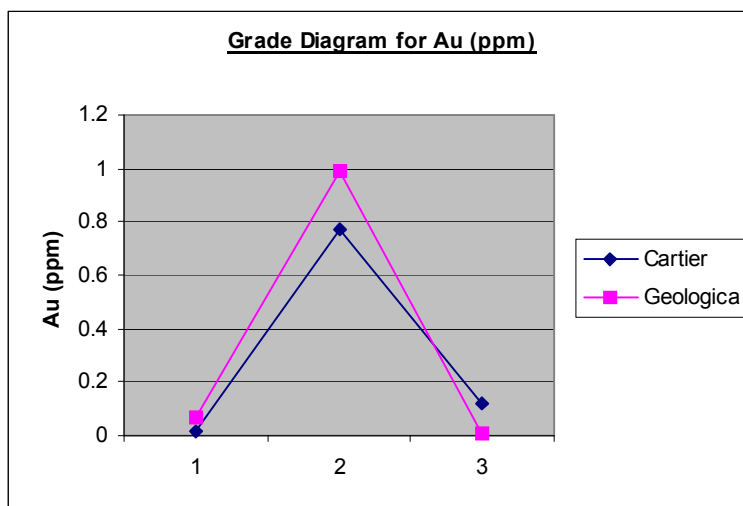


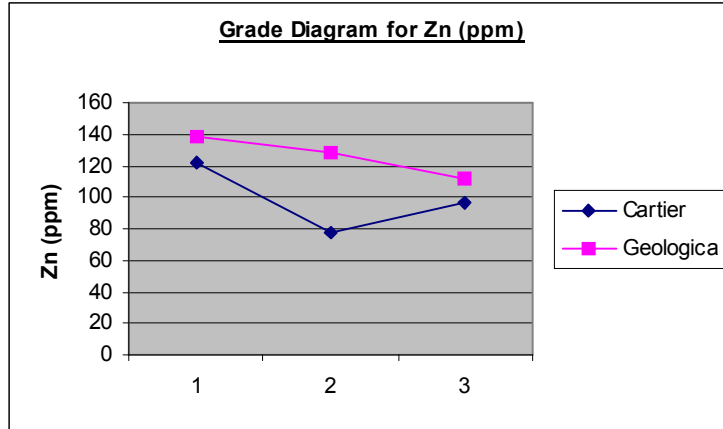


The correlation between both sampling programmes of hole KI-07-03 is 76 % for gold, 87 % for copper and 83 % for zinc, which is normal and acceptable. However there is no correlation possible for Silver due to the important difference between the sample results. The principal reason for the difference is due to the assaying technique used by Technilab which provides a higher « background » of approximately 2.0 ppm Ag. Therefore when the samples contain minor silver the lab returns values ranging between 0.5 and 2.0 ppm Ag; however when the sample contains normal silver values the results indicate greater than 2.0 ppm Ag.

**Sample results comparison Cartier versus Geologica  
For hole KI-07-04**

| Ressources Cartier inc. |          |        |          |          |          |          | Geologica Groupe-Conseil Inc. |          |        |          |          |          |          |
|-------------------------|----------|--------|----------|----------|----------|----------|-------------------------------|----------|--------|----------|----------|----------|----------|
| Sample No.              | From (m) | To (m) | Au (ppm) | Ag (ppm) | Cu (ppm) | Zn (ppm) | Sample No.                    | From (m) | To (m) | Au (ppm) | Ag (ppm) | Cu (ppm) | Zn (ppm) |
| 514419                  | 308,2    | 309,3  | 0,016    | 3,1      | 70       | 122      | 44535                         | 308,2    | 309,3  | 0,07     | < 0.5    | 104      | 138      |
| 514420                  | 309,3    | 310,8  | 0,774    | 3,0      | 42       | 77       | 44536                         | 309,3    | 310,8  | 0,99     | < 0.5    | 96       | 128      |
| 514421                  | 310,8    | 312,0  | 0,121    | 19,9     | 85       | 96       | 44537                         | 310,8    | 312,0  | 0,01     | < 0.5    | 104      | 112      |





The correlation between both sampling programmes of hole KI-07-04 is 98 % for gold, 94 % for copper and 46 % for zinc, which is normal and acceptable, although the correlation is weaker for zinc.

### Ore and Metallurgy tests

Section 18 of Appendix A-1 of NI 43-101 does not apply to the report. There were no Metallurgical or Ore testing done for the Kinojevis property.

### Mineral Resource and Reserves Estimation

Section 19 of Appendix A-1 of NI 43-101 does not apply to the report. There were no Resource or Reserve Estimation for the Kinojevis property.

### Exploration and Development

The Kinojevis property and surrounding area shows exceptional potential for gold deposit exploration, given the presence of the Destor-Porcupine Fault Zone, a major structural gold trend which crosses the property from west to east. Geological units consist of alternating komatiitic and mafic flows commonly cut by porphyritic albitite dykes, syenite dykes and local magmatic breccia horizons, as well as a few rhyolite lenses. This lithological package and related alteration are similar to the setting of the Kerr Addison and Harker-Holloway mines in Ontario.

A few gold and silver showings are known in the area and more specifically on the property. The most significant, the Fayolle deposit (799,600 T @ 6.19 g/t Au) further west, was the focus of much drilling in the past and more recently by Typhoon Exploration Inc., and significant gold grades are reported.

On the Kinojevis property, the MacCormack showing was sampled in the past and more recently by one of the authors (D. Gaudreault), yielding grades ranging from 5 ppb to 7.89 g/t Au, and from 0.5 to 19.1 g/t Ag (grab samples). Mineralizations is associated with fuchsite and carbonate alteration zones, and is readily comparable with other gold occurrences along the Destor-Porcupine Fault and more specifically with the ore deposit settings defined at the Kerr Addison and Harker-Holloway mines in Ontario.

The Destor-Porcupine Fault trends east-west and extends over nearly 350 kilometres, from Timmins in Ontario to the Grenville Front, northeast of Val-d'Or (Québec). Many gold deposits are known along the western segment of the fault in Québec (Beattie, Donchester, Duquesne, Yvan-Vézina and Davangus mines), whereas the Ontario segment hosts the Holt-McDermott and Harker-Holloway ore deposits as well as the vast majority of gold mines in the Matheson and Timmins gold camps. The eastward extension of the Destor-Porcupine Fault and its subsidiaries constitute major targets for gold exploration.

The potential of this fault segment, one of the most important gold trends in Québec, has been neglected due to various social and historical factors (gold was discovered and mined to the west in the early 1910s in Timmins) as well as physiographic elements (lack of exposed bedrock). The prospective tract across the Kinojevis property is almost completely masked by fluvio-glacial cover consisting of up to 20 metres of clay, sand, and gravel, a major deterrent for prospectors of years past.

There is every reason to believe that the geological setting of the Duparquet area, adjacent to the west of the Kinojevis property, as described in the report by Legault et al. (ET 2006-01) of the MRNFPQ, extends onto the property. In order to discover economic ore deposits, the first phase of exploration work proposed on the property consists in acquiring much more geological data (on lithologies, structures (plumbing), and lithogeochemical analyses (alteration)) over the 48-kilometre strike length of the Destor-Porcupine Fault crossing the property. These new data can then be used to define target areas for gold mineralization, which can subsequently be followed up with more detailed work.

Recent work on the Kinojevis property succeeded, as a first pass, in confirming the mineral potential of the E-W structure along the Kinojevis River. Drill holes completed to date in the form of stratigraphic sections have provided valuable information to characterize the gold and base metal potential of this vast property. In short, the Kinojevis project involves exploring for gold and base metals along a 48-kilometre segment of the Destor-Porcupine Fault, recognized as one of the most important gold trends in Québec and Ontario. The property covers 1/8<sup>th</sup> of the 350 kilometres along the structure, and 1/4<sup>th</sup> of the Québec segment. This area has been neglected in the past, essentially because of its glacial cover. Its potential nevertheless remains among the best in the Abitibi.

The focus will be on using lithogeochemistry to detect, characterize and assess alteration zones typically associated with the type of gold mineralization targeted in this specific geological setting (structure, alteration, and gold mineralization), as well as the continuation of the drilling program in stratigraphic section, in order to characterize the stratigraphy of the area and gain a better understanding of the ore deposit settings within this vast property. Exploration work should be conducted in two phases, with the second phase conditional upon the results of the first phase.

## PHASE 1: BASE-LINE EXPLORATION WORK

### PURSUE GEOLOGICAL RECONNAISSANCE OF THE PROPERTY

|  |                    |
|--|--------------------|
| • Induced Polarization (IP) survey on select grids over the property<br>(100 km @ \$1,200/km)  | \$120,000          |
| • Additional diamond drill sections on stratigraphic , structural, geological,<br>geochemical and geophysical anomalies<br>7 500 m @ \$125 / m (all inclusive costs <sup>1</sup> ) | \$937,500          |
| • Assaying and analysis of lithogeochemical results<br>(1 000 samples)   | \$70,000           |
| • Report of work : digital integration of data   | \$30,000           |
| Sub-total Phase 1:   | \$1,157,500        |
| Administration (~5%) :   | \$57,875           |
| Contingency (~10%) :   | \$121,625          |
| <u>Total Phase 1:</u>  | <u>\$1,337,000</u> |

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<sup>1</sup> Mobilization, demobilization, water lines, core trays, moves between drill holes, tests in drill holes, supervision, description, analysis

## PHASE 2: ADDITIONAL DRILLING (CONDITIONAL PHASE 1 RESULTS)

|   |                    |
|---|--------------------|
| • Diamond drilling of priority targets<br>12 000 m @ 125 \$ / m (all inclusive costs <sup>2</sup> )                           | \$1,500,000        |
| • Report of work : digital integration of data and modeling using specialized software,<br>Gemcom, Autocad, ArcView and other | <u>\$100,000</u>   |
| Sub-total Phase 2:  | \$1,600,000        |
| Administration (~5%):   | \$80,000           |
| Contingency (~10%):   | \$168,000          |
| <u>Total Phase 2:</u>   | <u>\$1,848,000</u> |
| <u>TOTAL BUDGET:</u>  | <u>\$3,185,000</u> |

## **DIVIDENDS AND DISTRIBUTIONS**

The Company did not pay any dividends since its incorporation. It is not anticipated that any dividend will be paid on its shares in an immediate or predictable future. With the exception of solvency and accounting tests provided by the QCA, there currently are no other restrictions that might prevent the Company to pay dividends.

## **CAPITAL STRUCTURE**

### **Authorized capital**

The authorized share capital of the Company consists of an unlimited number of common shares. As of December 31, 2007, 16,550,000 common shares are issued and outstanding.

### **Common shares**

Holders of common shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of common shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board of Directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

The following table sets out the structure of the shareholders' equity and long term liabilities of the Company as of December 31, 2007.

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<sup>2</sup> Mobilization, demobilization, water lines, core trays, moves between drill holes, tests in drill holes, supervision, description, analysis

| <b>Designation</b>   | <b>Amount authorized</b> | <b>As at December 31, 2007</b> |
|----------------------|--------------------------|--------------------------------|
| Long-term debt       |                          | 0                              |
| Future income taxes  |                          | \$404,262                      |
| Shareholders' equity |                          | \$5,538,993                    |
| Share capital        | Unlimited                | \$5,278,821                    |
| Stock options        |                          | \$292,310                      |
| Purchase warrants    |                          | \$633,504                      |
| Deficit              |                          | (665,442 \$)                   |

### **CAPITAL STRUCTURE OF THE COMPANY ON A FULLY DILUTED BASIS**

The following table sets out and summarizes the structure of the fully-diluted share capital of the Company as at December 31, 2007:

|   | <b>Number of common shares</b> | <b>Percentage</b> |
|---|--------------------------------|-------------------|
| Securities issued and outstanding   | 16,550,000                     | 73.83%            |
| Securities reserved for issuance pursuant to Desjardins options and Pacific options               | 936,000                        | 4.64%             |
| Securities reserved for issuance pursuant to purchase warrants issued under the Private Placement | 4,000,000                      | 17.85%            |
| Securities reserved for issuance pursuant to options granted under the Stock Option Plan          | 1,200,000                      | 3.68%             |
| <b>Total</b>  | <b>22,686,000</b>              | <b>100%</b>       |

### **STOCK MARKET FOR THE TRADING OF SHARES**

#### **Trading price and volume**

The following table sets forth information relating to the trading of the Company's common shares on the Exchange for each month or, if applicable, for each part of the month for the year ended December 31, 2007:

| <b>Period</b>                      | <b>High</b> | <b>Low</b> | <b>Volume</b> |
|------------------------------------|-------------|------------|---------------|
| From January 8 to January 25, 2007 | \$0.55      | \$0.37     | 441,000       |
| June 2007                          | \$1.00      | \$0.76     | 453,500       |
| July 2007                          | \$1.22      | \$0.76     | 657,500       |
| August 2007                        | \$1.15      | \$0.77     | 437,740       |
| September 2007                     | \$0.97      | \$0.75     | 424,100       |
| October 2007                       | \$0.83      | \$0.65     | 600,530       |
| November 2007                      | \$0.72      | \$0.62     | 825,175       |
| December 2007                      | \$0.64      | \$0.57     | 284,500       |

#### **Prior sales**

During the year ending December 31, 2007, 10,350,000 shares were issued as follows:

| Date            | Number of Shares         | Issue Price per Share | Aggregate Issue Price | Nature of Consideration Received |
|-----------------|--------------------------|-----------------------|-----------------------|----------------------------------|
| May 31, 2007    | 2,200,000 <sup>(1)</sup> | \$0.45                | \$990,000             | Acquisition of properties        |
| May 31, 2007    | 8,000,000 <sup>(2)</sup> | \$0.50                | \$4,000,000           | Cash                             |
| August 7, 2007  | 50,000 <sup>(3)</sup>    | \$0.25                | \$12,500              | Cash                             |
| August 14, 2007 | 100,000 <sup>(3)</sup>   | \$0.25                | \$25,000              | Cash                             |

(1) Shares issued with respect to the acquisition of the Properties.

(2) Shares issued with respect to the Qualifying Transaction.

(3) Exercises of stock options.

### ESCROWED SHARES OF THE COMPANY

The following table sets out the number of shares held in escrow with the CIBC Mellon Trust Company as at December 31, 2007:

| Name and municipality of residence of holder                       | Designation of class | Number of shares held in escrow | Percentage of class |
|--|----------------------|---------------------------------|---------------------|
| Mincor Quebec Inc. <sup>(1)</sup><br>Quebec, Province of Quebec    | Common shares        | 100,000                         | 0.60%               |
| Capital Maximus Inc. <sup>(2)</sup><br>Quebec, Province of Quebec  | Common shares        | 100,000                         | 0.60%               |
| Claude St-Jacques<br>Quebec, Province of Quebec                    | Common shares        | 100,000                         | 0.60%               |
| Jean Carrière<br>Westmount, Province of Quebec                     | Common shares        | 100,000                         | 0.60%               |
| Fanny Benoit<br>Val-d'Or, Province of Quebec                       | Common shares        | 100,000                         | 0.60%               |
| Grayton Mining Inc. <sup>(3)</sup><br>Val-d'Or, Province of Quebec | Common shares        | 425,000                         | 0.60%               |
| Jean Descarreaux<br>Val-d'Or, Province of Quebec                   | Common shares        | 400,000                         | 0.60%               |
| Mathieu Piché<br>Coteau-du-Lac, Province of Quebec                 | Common shares        | 275,000                         | 1.66%               |

(1) Wholly-owned by André Gaumont, ex President of the Company.

(2) Wholly-owned by Mario Jacob, Secretary of the Company.

(3) Wholly-owned by Philippe Cloutier, President of the Company.

| Designation of class   | Number of shares held in escrow | Percentage of class <sup>(1)</sup> |
|--|---------------------------------|------------------------------------|
| Common shares held in escrow pursuant to the Company's Escrow Agreement  | 1,100,000 <sup>(1)</sup>        | 6.65%                              |
| Common shares held in escrow pursuant to the Exchange's Escrow Agreement | 500,000 <sup>(2)</sup>          | 3.02%                              |

(1) In accordance with the Company's Escrow Agreement, 250,000 common shares held in escrow were released upon publication of the final Exchange bulletin dated June 6, 2007 (the "Initial Release"), 250,000 common shares were released on December 6, 2007 and 250,000 common shares will be released every six (6) months thereafter, which means on the 12<sup>th</sup> and 18<sup>th</sup> month following the Initial Release.

(2) The Vendors have entered into a Exchange Escrow Agreement with CIBC Mellon Trust Company and the Company under which they have placed in escrow a total of 2,200,000 common shares of the Company with the CIBC Mellon Trust Company. 25% of the escrowed shares were released upon publication of the final Exchange bulletin dated June 6, 2007 and the Exchange Escrow Agreement sets out that 25% of the shares held in escrow will be released every six (6) months thereafter.

## DIRECTORS AND OFFICERS OF THE COMPANY

### General Information

The table below sets out the names of all directors and officers of the Company, their municipality of residence, their current title, their principal occupation, the number and the percentage of the common shares they hold:

| Name and municipality of residence                               | Principal occupation for the last 5 years | Common shares held     | Percentage of all shares issued and outstanding |
|--|---|------------------------|---|
| Philippe Cloutier<br>Val-d'Or, Province of Quebec                | Geologist                                 | 864,500 <sup>(3)</sup> | 5.22%   |
| Jean Descarreaux<br>Val-d'Or, Province of Quebec                 | Geologist                                 | 800,000                | 4.83%   |
| Mario Jacob <sup>(1)(2)</sup><br>St-Nicolas, Province of Quebec  | President of Capital Maximus Inc.         | 200,000 <sup>(4)</sup> | 1.21%   |
| Daniel Massé <sup>(1)(2)</sup><br>Quebec, Province of Quebec     | Director                                  | 0                      | 0%  |
| Jean Carrière <sup>(1)(2)</sup><br>Westmount, Province of Quebec | Lawyer                                    | 190,000                | 1.15%   |
| Jean-Yves Laliberté<br>Rouyn-Noranda, Province of Quebec         | Finance Vice-President                    | 300,000                | 1.81%   |

(1) Member of the Audit Committee.

(2) Member of the Compensation and Succession Committee.

(3) Held by Grayton Mining Inc., a private company wholly-owned by Philippe Cloutier.

(4) Held by Maximus Capital Inc., a private company wholly-owned by Mario Jacob.

Each director will hold office until the next annual meeting or until his successor is duly elected.

### Biographies

#### ***Philippe Cloutier, P.Geo.***

Philippe Cloutier received a Bachelor of Science in Geology from the University of Montreal in 1988 and a certificate in Human Resources Management. He has been working in the mining exploration field for twenty years. Philippe Cloutier is the founder and chairman of Grayton Mining Inc., a service and development company for the mining industry since December 2003. His areas of expertise include a full range of management operations for mineral mining exploration programs, the development and implementation of programs to identify new business opportunities and new projects. Mr. Cloutier has developed his skills working with various mining companies, such as Noranda Inc. where he worked as project geologist from 1989 to 1992, Aur Resources Inc. a mining production company, where he held the position of senior geologist from September 1996 to December 2003 and SOQUEM Inc. where he served as project geologist from October 1994 to September 1996. From 2004 to 2006, he held the position of V.P. Exploration for Alexis Minerals Corp., a mining exploration company. He specializes in the research of deposits Cu-Zn and Au. Mr. Cloutier played a lead role in the discovery of Cu-Zn deposit in Bell-Allard South (3.4 Mt @ 1.26% Cu, 13.94% Zn, 0.67g/t Au, 42.34g/t Ag in Matagami, Quebec). More recently, he was involved in the discoveries of the Montbray and West Ansil deposits located in Rouyn-Noranda, Quebec. Since September 2002, he serves as a member of the Quebec Order of Geologist professional inspection committee, is a director of the Quebec Mineral Exploration Association (QMEA) and is a director of the Chamber of commerce of the City of Val-d'Or, Quebec.

#### ***Jean Descarreaux, Ph.D., P.Geo***

Dr. Jean Descarreaux is a graduate in geology from the University of Montreal (B.Sc. 1964 and M.Sc. 1966) and from Laval University (Ph.D. 1973). His doctoral thesis was entitled « Geochemistry of the volcanic rocks of the Abitibi ». Dr. Descarreaux has 44 years of experience in the mining exploration field and in the development of mineral deposits. Throughout his career, he was consultant to junior and major



mining and exploration companies throughout Canada and overseas. He has played instrumental roles in the discovery of gold and base metal deposits (respectively the Golden Pond and Estrades deposits in the Casa Berardi area, in Quebec). Dr. Descarreaux has been praised and rewarded by the geoscientific community for the development of innovative lithochemical exploration tools. He also was a founding member and president of Claude Resources Inc. from December 1980 to September 1983 and instrumental in developing several mining exploration companies. Jean Descarreaux has held various positions on industry related and public organizations such as the Quebec Prospectors Association (president from 1977 to 1978, now the Quebec Mineral Exploration Association (QMEA)), the Prospectors and Developers Association of Canada, (member of the board of directors from 1978 to 1984) of Montreal and McGill Universities Mineral Exploration Research Institute (from 1984 to 1986), and recently as a member of the board of directors (from 2001 to 2006) of SIDEX (Diversification of Exploration Investment Partnership). Dr. Descarreaux is an independent prospector since 1998.

***Mario Jacob, LL.B***

Mario Jacob is president and director of Maximus Capital Inc., a consulting company in business financing and corporate reorganization. He is a lawyer and a member of the Quebec Bar since 1995. He is also director and corporate secretary of Power Tech Company Inc., a publicly traded company listed on the TSX Venture Exchange (the “**Exchange**”) and specializing in the manufacture of heavy machinery. Mr. Jacob is a director of Virginia Mines Inc., a mining exploration company listed on the Toronto Exchange. From March 2006 to October 2006, he was director, president and CFO of Capital DCB Inc., a publicly traded capital pool company, which completed its qualifying transaction with Opsens Inc. Since October 2006, he is a director of Opsens Inc., a company specializing in the development and the production of optical fiber sensors. He has been director and chairman of Dufort Capital Inc., a capital pool company now called Groupe Odésia Inc. following the completion of its qualifying transaction from May 2005 to December 2005. He was a director and corporate secretary of the capital pool company called Les Investissements Rasa Inc. which became Groupe Fortune 1000 Inc. (and now called Fortsum Solutions d'affaires Inc.) following the completion of its qualifying transaction from January 2003 to August 2004 and of Capital SLC Inc. which became Conporec Inc. from September 2003 to June 2005. He was vice president and director of LBJ Partenaires Inc., a private management company from October 2000 to October 2004. He was a partner of the law firm Flynn, Rivard, avocats from January 1996 to October 2000. He was corporate secretary of Ressources Plexmar Inc., a mining exploration company from January 2002 to February 2005 and of Lyrtech Inc. from August 2000 to June 2001, both listed on the Exchange.

***Daniel Massé, Adm.A., Pl. Fin.***

Daniel Massé is a graduate from Laval University with a B.Sc in Actuarial Science (1989) and a certificate in financial administration (1990). Since March 2006, Mr. Massé is president of DM Actuariat Inc. (a firm specializing in the financial assessment of personal injury damages) and of Groupe Financier Massé Inc. (a financial services and financial planning firm) since March 1996 where he acts as financial planner and financial security advisor. Mr. Massé is a member of the Ordre des administrateurs agréés du Québec since January 1993, of the Institut québécois de planification financière since July 1993 and of the Regroupement des consultants en avantages sociaux du Québec. He is an independent member of the Soquem retirement committee since 2007. Mr. Massé has also held various positions on public organizations such as Val-d'Or's Chamber of commerce (president from 2004 to 2006), the Fédération des chambres de commerce du Québec (director from 2004 to 2006), the Foundation for the Val-d'Or Hospital (corporate secretary in 1999 and president from 2000 to 2003). He also chaired the project La Cité de l'Or, which involved the conversion of the former Lamaque mine in a tourist site (president from 1991 to 1996).

***Jean Carrière, LL.B***

Jean Carrière is a corporate strategy advisor to emerging Canadian-based companies operating in a vast array of business sectors. He is also a lawyer and a member of the Quebec Bar since December 1996, Mr. Carrière began his career as an associate specializing in commercial and corporate law, initially with

the firm Guy & Gilbert LLP from December 1996 to August 1998 and then with the firm of Legault, Joly from September 1998 to February 1999. From February 1999 to October 2003, he joined Bell Canada and its subsidiaries, initially serving as Legal Counsel in various sectors such as publicity directories, new media and e-commerce and then as senior executive – Corporate development and strategic alliances for the business-to-business portal operated by Bell Canada. Mr. Carrière is a graduate of Concordia University, where he obtained a Bachelor of Arts in May 1990 and a Master of Arts in Political Sciences in October 1992, and of the University of Ottawa where he obtained his degree in Civil Law (LL.L) in May 1995.

### ***Jean-Yves Laliberté, CA***

M. Jean-Yves Laliberté graduated with a bachelor's degree in Accounting from l'Université du Québec en Abitibi-Témiscamingue in 1985, and is a member of the Order of Chartered Accountants of Québec since 1988. From 1994 to 2006, he was vice president finances for Richmond Mines Inc., a mining operator, and of the Société minière Louvem Inc., also a mining operator. Since March 2006, he is consultant for several companies and has acted as CFO for Scorpio Mining Company from April 2006 to April 2007. He is also director of the exploration companies Ressources Pershimco Inc. and of X-Ore Inc.

### ***Philippe Berthelot, P.Geo.***

Philippe Berthelot received a Bachelor of Science in Geology from the University of Quebec in Montreal in 1984 and has been working in the mining exploration field for 24 years. His areas of expertise include a full range of management operations for mineral mining exploration programs and projects, the development and implementation of programs to identify new projects. Mr. Berthelot has developed his skills working with various mining companies, such as Mines de Métaux Abitibi Ltée. (from 1987 to 1988), SEREM Québec Inc. (from 1989 to 1993), Géonova Explorations Inc. (from 1994 to 1999), Aur Ressources Inc. (from 2001 to 2003) where he served as senior project geologist and from 2004 to June 2007, he acted as consultant for Alexis Minerals Company for which he was in charge of the Cadillac gold mining projects, of the Rouyn mining camp and of the Lac Pelletier mining project. Mr. Berthelot also founded NOMANS Resources Inc., a private company which transferred its assets to NIOGOLD Mining Corporation in 2002.

### **Corporate Cease Trade Orders or Bankruptcies**

Within 10 years before the date of this Annual information Form, none of the directors, executive officers or promoters of the Company or unitholders holding a sufficient number of securities of the Company to affect materially its control have been a director, executive officer or promoter of any other person or company, while that person was acting in that capacity:

- (a) has been subject of a cease trade or similar order or an order that denied access to any exemption under the applicable securities legislation, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties or Sanctions**

None of the directors, executive officers or promoters of the Company or unitholders holding a sufficient number of securities to affect materially its control have been subject to any penalties or sanctions imposed by a court relating to securities legislation or a securities regulatory authority or entered into a settlement agreement with a securities regulatory authority or has been subject to any penalties or sanctions by a court or regulatory body that would likely be considered important to a reasonable shareholder of the Company having to take a decision on the operation.

## **Individual Bankruptcies**

None of the directors, executive officers or promoters of the Company or unitholders holding a sufficient number of securities of the Company to affect materially its control or a personal holding company of any of these persons, during the ten years prior to the date hereof, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

## **Conflicts of Interest**

There are potential conflicts of interest to which some of the directors and officers of the Company could be subjected in connection with the operations of the Company. Some of the directors and officers are engaged in and will continue to be engaged in companies or businesses which may be in competition with the Company. Accordingly, situations may arise where some of the directors, officers and promoters will be in direct competition with the Company. Conflicts of interest, if any, will be subject to the procedures and remedies as provided under Part 1A of the QCA.

## **PROMOTERS**

Between the date of the incorporation of the Company (July 17, 2006) and the date of the closing of the Qualifying Transaction (May 31, 2007), Mr. André Gaumond could have been considered as the promoter of the Company, which was then a CPC, considering the role he is playing in the organization and in the management of the Company. Mr. André Gaumond indirectly exercises direction and control over 190,000 common shares of the Company.

Since May 31, 2007, Mr. Philippe Cloutier, the President of the Company, can be considered as the promoter of the Company, considering the role he is playing in the organization and in the management of the Company's business.

With respect to the acquisition, which was negotiated at arm's length, Grayton Mining Inc., a private company wholly-owned by Philippe Cloutier, received on May 31, 2007 850,000 common shares of the Company at a price of \$0.45 per share.

In addition, during the year ended December 31, 2007, the Company acquired from Grayton Mining Inc. exploration equipment for valuable consideration of \$2,204.

## **PROCEEDINGS**

There is no dispute related to the Company's property or properties in which the Company is a party.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

See the "Promoters" section for further details on the interest of management and others in material transactions.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar is CIBC Mellon Trust Company, having its place of business at 2001 University Street, Suite 1600, Montreal, Quebec, H3A 2A6.

## **MATERIAL CONTRACTS**

The material contracts entered into by the Company during the financial year ended December 31, 2007 or before such time that are still in effect, other than in the ordinary course of business, are as follows:

- (1) The Transfer Agent and Registrar Agreement entered into on November 10, 2006 between the Company and CIBC Mellon Trust Company;
- (2) The Company's Escrow Agreement entered into on November 10, 2006 between the Company, Mincor Quebec Inc., Capital Maximus Inc., Claude St-Jacques, Jean Carrière, Fanny Benoit and CIBC Mellon Trust Company;
- (3) The Agreement in principle entered into on January 26, 2007 as amended on March 30, 2007, between the Company and the Vendors relating to the proposed Qualifying Transaction;
- (4) The Agency Agreement entered into on May 31, 2007 between the Company, Desjardins and Pacific in connection with the Private Placement; and
- (5) The Exchange Escrow Agreement entered into on May 31, 2007 between the Company, the Vendors and CIBC Mellon Trust Company.

A copy of these contracts may be examined at the registered office of the Company, at 851, Fifth Avenue, Val d'Or, Quebec J9P 1C1, during normal business hours.

### **INTERESTS OF EXPERTS**

Alain-Jean Beauregard, geologist, OGQ, FGAC, AEMQ and Daniel Gaudreault, geological engineer, OJQ, AEMQ are the qualified persons as defined by NI 43-101 in connection with the Kinojevis property.

The technical report entitled "*Rapport technique selon la Norme 43-101 sur la propriété Kinojevis – Cantons Manneville, Villemontel et Figury, Abitibi, Québec*" has been prepared according to NI 43-101 and some technical information relating to mining projects of the Company referred to in this Annual information Form have been take out of this report.

This report is available on [www.sedar.com](http://www.sedar.com), and a summary of it has been presented in this Annual information Form.

None of the aforementioned firms or persons held any shares of the Company or of any associate or affiliate of the Company when they prepared the reports referred to above or following the preparation of such report nor did they receive any direct or indirect interest in any shares of the Company or of any associate or affiliate of the Company in connection with the preparation of such report.

Geologica Groupe-Conseil inc., nor any directors, officers or employees of this firm, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

As at December 31, 2007, PricewaterhouseCoopers, LLP s.r.l./s.e.n.c.r.l. were the Company's independent auditors.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the website of the Company at [www.ressourcescartier.com](http://www.ressourcescartier.com). Other financial information may be obtained on the audited Company's financial statements and in the management's discussion and analysis related thereto for the year ended December 31, 2007.

### **AUDIT COMMITTEE**

#### **Charter and Composition of the Audit Committee**

The text of the audit committee's charter is attached hereto as Schedule "A". The members of the audit committee of the Company are Daniel Massé, president of the committee, Jean Carrière and Jean

Descarreux. All such members are financially literate and independent members of the audit committee, as such terms are defined in *Multilateral Instrument 52-110 Audit Committees* (“**MI 52-110**”).

### **Audit Committee Oversight**

At no time since the commencement of the latest Company’s financial year was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the latest Company’s financial year has the Company relied on the exemption provided under section 2.4 of MI 52-110 (*De minimis Non-audit Services*) or an exemption from MI 52-110, in whole or in part, granted under Part 8 of MI 52-110 (*Exemptions*).

However, the Company is not required to comply with Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of MI 52-110 given that it is a venture issuer as defined in MI 52-110.

### **External Auditor Service Fees**

The aggregate fees billed by the Company’s external auditors in each of the last two (2) fiscal years are as follows:

| <b>Financial Year Ending</b> | <b>Audit Fees</b> | <b>Audit-Related Fees</b> | <b>Tax Fees</b> | <b>All Other Fees</b> |
|------------------------------|-------------------|---------------------------|-----------------|-----------------------|
| December 31, 2007            | \$19,000          | \$18,470                  | \$4,000         | Nil                   |
| December 31, 2006            | \$14,526          | \$528                     | \$5,200         | Nil                   |

## **SCHEDULE A**

### **AUDIT COMMITTEE CHARTER**

#### **1. GOALS AND GENERAL OBJECTIVES**

The audit committee members are selected among the board of directors of Ressources Cartier Inc. (the "**Company**"). The Audit Committee (the "**Committee**") assists the board or directors (the "**Board**") in fulfilling its oversight responsibilities for:

- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the independent auditor's qualifications and independence;
- the performance of the Company's independent auditors and internal audit function;
- the Company's system of disclosure controls and procedures, internal controls over financial reporting and compliance with ethical standards adopted by the Company.

Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels. In exercising its functions, the Committee maintains open communication among the Board, the management as well as with the internal and external auditors.

#### **2. POWERS**

The Board authorizes the Committee to investigate into any matters within the scope of its responsibilities and is empowered to:

- ask for information when needed to:
  - all employees (and all employees are directed to cooperate when the Committee makes a request);
  - third parties.
- obtain legal or other counsel from outside professionals; and
- invite, when deemed necessary, the directors of the Company to participate in meetings.

The Company will provide appropriate funding, as determined by the Committee, for compensation to the independent auditor, to any advisors that the Committee chooses to engage, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### **3. ORGANIZATION**

##### ***Members***

- 3.1 The Committee is comprised of three (3) members, all of whom do not hold any direct management position within the Company and those members are named by the Board.

Each committee member will be a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director.

- 3.2 All members must be financially literate. The definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues than can reasonably be expected to be raised by the Company’s financial statements. The Board will determine whether at least one member of the committee qualifies as an “audit committee financial expert”. The existence of such a member, including his or her name and whether or not he or she is independent, will be disclosed in periodic filings. Committee members are encouraged to enhance their familiarity with finance and accounting by participating in educational programs, including those conducted by the Company or outside consultants.
- 3.3 The mandate of the members is for one year, automatically renewable, unless otherwise instructed or upon resignation. Unless a chairperson is elected by the full board, the members of the committee may designate a chairperson by majority vote.
- 3.4 Quorum for all meetings will be two members.
- 3.5 The secretary of the Committee will be the Company secretary or any other person nominated by the Committee.

#### ***Attendance in meetings***

- 3.6 If deemed necessary, the Committee may invite other people (such as the Chief Executive Officer, the Treasurer and the head of the internal auditing function) to participate in the meetings.
- 3.7 A part of its responsibility to foster open communication, the committee will meet periodically with management, the head of the internal auditing function, and the independent auditor in separate executive sessions and when appropriate to present their reports.
- 3.8 The Committee will meet periodically as required to fulfill its obligations either telephonically or by other means. Special meetings may be held when needed either telephonically or by other means.
- 3.9 Each regularly scheduled meeting will conclude with an executive session of the Committee absent members of management.
- 3.10 Brief minutes of each meeting must be recorded.

#### **4. ROLES AND RESPONSIBILITIES**

##### **In the scope of its mandate, the Committee:**

- 4.1. reviews this charter periodically, at least annually, and recommend to the Board any necessary amendments.
- 4.2. must periodically report on the results of examination of the business and makes recommendations to the Board.

##### **External Audit**

- 4.3. The Committee establishes methods to ensure the independence and qualifications of the external auditor, namely:
  - i) recommends to the Board the external auditor to be named for the audit; the nomination will be put forward for approval to the shareholders at the annual meeting;
  - ii) ensures that the external auditor operates independently from the Board and the Committee. It could recommend, if required, the dismissal of the external auditor;

- iii) must examine yearly and discuss the external auditor's report, detailing all elements that could have an effect upon its independence, and including all services performed and fees submitted by the external auditors. The auditor could be invited to participate in this discussion, if necessary;
- iv) when a change of auditors is foreseen, examines all questions related to this change, notably those relative to information that must contain a notice of change of auditor as promulgated by applicable rules and regulations, and the steps that must be followed to permit an orderly transition;
- v) whether or not a change in auditors is foreseen, examines systematically the events to declare conforming to those rules and regulations (disagreements, questions out of order and consultations);
- vi) examines and approves the hiring policies for employees or former employees of the independent auditor;
- vii) The external auditor reports directly to the Committee.
- viii) The auditor's report should be used to evaluate the independent auditor's qualifications, performance, and independence. Furthermore, will review the experience and qualifications of the lead partner and other senior members of the independent audit team each year and determines that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed.
- ix) The Committee oversees the resolution of disagreements between management and the external auditor if they arise;
- x) Since some services provided by the auditor are not incompatible with their independence or the appearance of such independence, the Committee reviews and pre-approves both audit and non-audit services to be provided by the independent auditor. The authority to grant pre-approvals may be delegated to one or more designated members of the Committee whose decisions will be presented to the full Committee at its next regularly scheduled meeting. Approval of non-audit services will be disclosed to investors in periodic reports.

#### **Financial Information**

- 4.4. The Committee supervises the process of the audit, establishes the means and the disclosure of the financial information, in particular:
- i) the instigation of an internal control system, surveillance of the system's application, the review of the integrity of the organization's financial reporting processes and internal control structure and the verification of the accuracy of the financial information to be divulged;
  - ii) meets with the independent auditor and management to discuss the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operation" and any other filing with regulatory authorities or press release related to the financial results;
  - iii) reviews all documents with financial information, verified or not, before their publication;
  - iv) reviews the audit plan with the external auditor and management;



- v) examines, along with management and the external auditor, the proposed changes relative to general accounting principals and critical accounting policies, examine the impact of risks and uncertainties as well as management's estimates and important decisions that could have a significant effect on the financial information. The Committee will discuss all alternatives treatments that have been discussed with management;
- vi) questions the management and the external auditor on important issues pertaining to financial information that has been discussed during the course of the last fiscal period, and suggests solutions. The Committee will also discuss the schedule of unadjusted differences;
- vii) studies problems encountered by the external auditor during the audit, in particular those arising because of restrictions imposed by management or on significant accounting questions where there is disagreement with management;
- viii) reviews the annual financial statements and the external auditor's report and obtains explanations from management on all significant differences compared to other periods;
- ix) examines the post-audit letter or the letter of recommendations from the external auditor as well as management's response and the actions taken in reaction to the recommendations;
- x) where applicable, reviews management's assertion on its assessment of the effectiveness of internal control as of the end of the most recent fiscal year, examines the external auditor's evaluation of internal controls as well as the response of management;
- xi) reviews the treasurer's reports, management's response and the actions taken in reaction to the recommendations;
- xii) reviews the nomination of the person in management responsible for financial matters and that of all other persons with similar functions who participate in the process of the disclosure of financial information;
- xiii) reviews that adequate procedures are in place to review Company's public disclosure of financial information extracted or derived from its financial statements and periodically assesses the adequacy of those procedures;
- xiv) keeps informed, through the external and internal auditors, of any weakness in the systems that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws and regulations;
- xv) reviews the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the financial statements of the Company;
- xvi) reviews and approves all related-party transactions, defined as those transactions required to be disclosed.

### **Complaints**

- 4.5. Establishes procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- 4.6. Establishes procedures for the confidential, anonymous submission by Company employees regarding questionable accounting or auditing matters.

### **Code of Ethics**

- 4.7. Establishes, reviews, and updates periodically a code of business conduct and ethics and determines whether management has established a system to enforce this code. Determines whether the code is in compliance with all applicable rules and regulations.
- 4.8. Reviews management's monitoring of the Company's compliance with its code of business conduct and ethics, and determines whether management has the proper review system in place such that the Company's financial information disseminated to governmental organizations and the public satisfy legal requirements.

### **Internal Audit**

- 4.9. The Committee:
  - i) reviews the activities of the internal auditing services;
  - ii) reviews and approves the internal auditor's mandate;
  - iii) reviews with the independent auditor, the internal auditing department, and management the extent to which changes or improvements in financial or accounting practices have been implemented;
  - iv) periodically reviews with the internal audit director any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.

### **Others**

- 4.10. Reviews, with the Company's counsel, legal compliance matters, including corporate securities trading policies.
- 4.11. Reviews, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
- 4.12. Discusses policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process as well as the Company's major financial risk exposures and the steps management has undertaken to control them.
- 4.13. Conducts an annual performance assessment relative to the Committee's purpose, duties, and responsibilities outlined herein.

Performs any other activities consistent with this charter, the Company's bylaws, and governing law, as the Board deems necessary or appropriate.