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George Cross News Letter

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NO. 36 (1995)
FEBRUARY 21, 1995

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QUINTO MINING CORPORATION

[QU-V] 8,755,819 SHS.

MICRO MINERALS RESOURCES INC.

[MMR-V] 6,953,284 SHS.

WRIT OF SUMMONS FILED - Paul Schiller, president, reports the Quinto Mining Corp. filed a writ of summons on 15Feb95 against USIG Inc., the company which contracted to participate 30% on the Lumby project at Lumby, B.C. Micro Minerals Resources Inc., a purported assignee of the rights from USIG Inc. in Quinto's property, and Giles Kavangh, president of the two aforementioned companies.

Quinto is claiming a number of remedies, including breach of contract, recovery of the sum of about \$231,000, a declaration that a purported assignment of the rights of USIG Inc. to Micro Minerals Resources Inc. is invalid, damages for defamation against the three defendants, an injunction prohibiting further dissemination or publication of defamatory material concerning the Quinto Mining Corp. and damages for oppressive conduct in the affairs of USIG Inc.

Mr. Schiller stated Quinto issued the writ since USIG/Micro refused to disclose information related to marketing the production of the Lumby property. USIG/Micro Minerals offered to sell the 30% interest in the project, on unacceptable terms while failing to account to Quinto for payments owing and for consideration paid.

William Battrum, president, has reported Micro Minerals, in good faith, engaged in discussions to conclude a joint venture on the Lumby project. Micro Minerals is of the opinion the parties were close in principle to concluding an agreement. Until a joint venture is executed, it is Micro's position no monies are due to Quinto. Mr. Battrum added that Micro Minerals, at Quinto's request, offered to sell its interest in the Lumby property to Quinto, but the offer was not accepted. Micro Minerals denies the allegations. With respect to an allegation Micro Minerals defamed Quinto, Mr. Battrum said no particulars were provided and this allegation is unfounded.

Lumby Project Review - Quinto's business centres around its 16,000 acres of contiguous claims at Lumby, 23 miles east of Vernon, B.C. on which the company has blocked out 5,000,000 tons of graphite/sericite mineralization, included in an estimated resource of 30,000,000 tons. Quinto has invested \$7,000,000 in property development, and about \$1,000,000 in acquisition cost of its lab facilities and upgrading of the mill. The mill replacement value is estimated to be \$3,000,000 and the lab replacement value is about \$4,000,000. The blocked-out material contains mineral products composed of about 30% Schillerite I and II silicates, 30% Schillerite III silica, and 10% gold-bearing pyrite. Of

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the some 500,000 drill-defined and sampled tons of the block tested specifically for gold, assays have averaged 0.13 oz.gold/ton. However, the gold extraction is only considered a by-product of the production of the silicates and silica, which are considered by Quinto to be its principal products. The silicates, Schillerite I and II, have been tested by the University of Delaware and both tests have identified a high value use of the silicates as fillers in the composite material industry and the construction industry.

The composite material industry is presently estimated at \$50 billion world-wide. Composite materials are used in automobiles and aircraft, and other uses where high strength, light weight and corrosion resistance are important factors in performance. Quinto's lab has been producing refined bulk samples of its silicate products and delivering those samples to potential users. Sixty companies in North America are presently analyzing the samples seeking purchase orders. If and when orders are received, Quinto will be able to project production requirements and it will then be able to install the final equipment, such as appropriately-sized dryers, in its mill to produce at the projected capacity required. It is expected to take no more than 60 days to bring the mill to commercial production.

Quinto presently has over \$1,000,000 in working capital reserves and no present debts or liabilities. It has a staff of 10 people, including geologists, lab technicians, and production personnel. Quinto expects the first orders will be received in June/July of this year. (SEE GCNL NO.201, Oct.20/94, P.5 FOR PREVIOUS PROJECT INFORMATION)

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