

TECHNICAL REPORT:
MARTISON PHOSPHATE PROJECT
“SOUTH OF RIDGE LAKE” AREA
NORTH OF HEARST ONTARIO

FOR:

MARTISON PHOSPHATE PROJECT JOINT VENTURE

MANAGED BY:
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1.0 SUMMARY

The Martison Phosphate Project area ("Martison") is located atop a carbonatite plug known as the Martison Carbonatite Complex. The project area is about 70 kilometres northeast of the town of Hearst, Ontario, and 15 kilometres southwest of Martison Lake in the James Bay Lowlands. The project area is located in the "South of Ridge Lake" area and centered about 50° 18' 52" N, 83° 24' 52" E. The Martison Phosphate Project is a joint venture between PhosCan Chemical Corporation ("PhosCan") and Baltic Resources Inc. ("Baltic"). Each of PhosCan and Baltic own 50% of the project assets. PhosCan is currently managing a series of studies of the project.

The Martison Carbonatite Complex is of apparent Proterozoic age and is capped by a residuum, the economic target of this project, formed through weathering processes thought to have occurred during the Cretaceous Period. The deposit is further overlain, in part, by other Cretaceous sediments and covered by a ubiquitous glacial till. There are no outcrops on the property.

The Martison area is characterized by three aeromagnetic anomalies identified as A, B, and C. Most exploration has centered on the definition of Anomaly A. Anomaly A is the subject of this Technical Report which estimates the *in-situ* phosphate resources with minor comments on the niobium values contained in the residuum.

Exploration of the property began in 1981 and the last drilling program occurred in 2002. PhosCan is currently conducting a Preliminary Feasibility Study ("PFS") focusing on the production of phosphate concentrate from proposed mining on Anomaly A and beneficiation operations nearby with the subsequent manufacture of phosphoric acid and fertilizer products. This PFS will meet the requirements of N.I. 43-101 guidelines and a report, including a reserves study, will be issued in late 2007 at the conclusion of the PFS.

Based on recently completed studies, the Anomaly A area of the Martison Carbonatite Complex contains an estimated measured and indicated resource of at least 62.3 million *in-situ* tonnes of phosphatic material in Litho Units 2A and 2B averaging 23.55 % P₂O₅ and 0.34 % Nb₂O₅. Inferred resources of phosphatic material are estimated to total 55.7 million *in-situ* tonnes in Litho Units 2A and 2B averaging 21.87 % P₂O₅ and 0.34 % Nb₂O₅. These areas of inferred resources will require further drilling to elevate the resource classification. The estimates relied heavily on geostatistical studies of the drilling and analytical data as well as the construction of a computer-generated 3-D block model. Of vital importance to the interpretation of these data is the fact that significant areas of the residuum in the central portion of Anomaly A remain open at depth and planned future drilling will thoroughly test these areas.

The results of these recently concluded tasks are judged to be a successfully completed milestone in the development of the Martison project with the 3-D block model currently being used in mine planning activities associated with the PFS. Upon the favorable review of the completed PFS, a major field program will be initiated, likely in the winter of 2008, to further define Anomaly A, at depth and aerially, as well as collect the geotechnical and geochemical data necessary for the completion of the planned Feasibility Study. The Feasibility Study is currently scheduled to immediately follow the field campaign.

This Technical Report incorporates all applicable data, interpretations and conclusions which were in hand as of April 1, 2007.

2.0 INTRODUCTION

This N.I. 43-101 compliant report was prepared for PhosCan Chemical Corporation (“PhosCan”) located in Toronto, Ontario, Canada, and presents the estimated *in-situ* phosphate resources for the Martison Phosphate Project (“Martison”) which is focused on Anomaly A of the Martison Carbonatite Complex. The report encompasses information and studies generated over a period of 25 years. These data are the culmination of six (6) drilling programs and numerous metallurgical testing projects, environmental and geotechnical studies as well as economic/financial investigations. The writer, James S. Spalding, the Qualified Person for this report, was commissioned by PhosCan in July 2006 to review and update the geological and resource base for Martison. He completed due diligence visits to the project site, to the project core library and to the project-file archives in November 2006.

PhosCan is a TSX Venture Exchange listed company engaged in the development of the Martison Phosphate Project. PhosCan owns a 50% interest, in the Martison phosphate deposit which is located near Hearst in North-Central Ontario, close to rail, power, highway, and other infrastructure. The remaining 50% interest in Martison is owned by Baltic Resources (“Baltic”) of Timmins Ontario. The interests of PhosCan and Baltic are subject to the Martison Joint Venture (“Joint Venture”). PhosCan is managing the current work being done on Martison on behalf of, and financed pro-rata, by, itself and Baltic. The Martison property contains a major carbonatite (igneous carbonate-rich) pipe capped by a residual deposit (residuum) enriched in phosphate and niobium minerals.

Phosphate fertilizers are used worldwide to sustain and improve crop yields, which are required to meet the needs of both a growing world population and annual depletion of soil nutrients. There is growing demand by chemical plants for phosphate from igneous sources, because of its low cadmium content. Cadmium is a toxic element. Restrictions on the cadmium content in both phosphate fertilizers and animal feed phosphates are a growing major concern. Most of the phosphate production is processed to fertilizer and shipped directly to consumer markets. The starting point for the manufacture of most phosphate products is phosphoric acid. It is made by the acidulation of phosphate concentrate (phos rock) using sulfuric acid and filtering out the resulting calcium sulfate (gypsum), leaving phosphoric acid containing 25% to 40% P₂O₅, depending on the process being employed. Of particular benefit to the project is the availability of cheap sulfuric acid from nearby Ontario base-metal smelters, which produce acid as a byproduct during the capture of sulfur emissions – as, prescribed by clean air regulations.

On behalf of the Joint Venture, PhosCan is currently conducting a Preliminary Feasibility Study consisting of two phases. Phase One consists of mineral resource estimates and open-pit mine planning, the preparation of a phosphate concentrate, phosphoric acid tests of the concentrate utilizing the hemi-hydrate process, and tests producing the two fertilizer products contemplated for the market place. In conjunction, preliminary testing will take place on the quality of the gypsum produced from the phosphoric acid tests evaluating its possible use as a byproduct.

Phase Two is comprised of engineering studies, including the updating of all capital and operating costs, infrastructure costs, product mix, logistics and desired markets associated with the designing of a vertically integrated phosphoric acid facility.

3.0 RELIANCE ON OTHER EXPERTS AND DISCLAIMER

This technical report (NI 43-101 compliant) on the Martison Phosphate Project has been completed with reliance on numerous geological and technical study reports prepared by various companies, individuals, and government organizations in Canada. These references are listed in Section 21.0