

MAR 20000013: SALTEAUX

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756736 ALBERTA LTD

**1998 - 2000 EXPLORATION OF THE
SAULTEAUX BLOCK PROPERTY**

NORTH-CENTRAL, ALBERTA

**Metallic and Industrial Minerals Permits
9398030087, 9398030088 & 9398030089**

**Geographic Co-ordinates
54°51'00" to 55°07'00" N
114°36'30" to 114°46'00" W**

NTS Sheets 83 J/15 and 83 O/2

2000.05.25

Prepared by

A. Hangartner, Prospector

**756736 Alberta Ltd.
4011 - 37 Avenue
Leduc, Alberta
T9E 6E1**

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1. SUMMARY

Alberta Metallic and Industrial Minerals Permit Nos. 9398030087, 9398030088 & 9398030089, herein referred to as the Saulteaux Block Property, located southeast of Lesser Slave Lake, Alberta in the central part of the Swan Hills, was explored for primary diamond deposits. 756736 Alberta Ltd. explored the area and conducted ground magnetic surveys on several topographic circular oval-shaped physiographic features. The anomalous areas investigated were chosen using criteria suggested by Halferdahl & Associates Ltd.

2. INTRODUCTION

During 1998 and early 2000, 756736 Alberta Ltd. conducted exploration for primary diamond deposits within the Saulteaux Block Property. Exploration activities included the use of high-resolution aeromagnetic data (HRAM) from Spectra Exploration Geoscience Corp.; ground magnetometer surveys; and a brief review of aerial photographs, digital elevation data, topographic maps and other publicly available information by 756736 Alberta Ltd..

The assessment report herein, describes the exploration conducted at the Saulteaux Block Property, Metallic and Industrial Minerals Permits 9398030087, 9398030088 & 9398030089 during 1998 through early 2000. It has been prepared by 756736 Alberta Ltd, who is the owner of the permits.

3. LOCATION AND ACCESS

Property Location

The property is located in north-central Alberta, about 150 km northwest of the City of Edmonton and about 50 km southeast of the town of Slave Lake (Fig. 3.1). The property extends from 54° 51'00" to 55°07'00" north latitude and 114°36'30" to 114°46'00" west longitude, within NTS map sheets 83 O/2 and 83 J/15.

Property Access

Several winter logging roads can be used to access the property. These are accessible from a graveled oilfield road leading south from Highway 2 at the Mitsue Lake Industrial turn-off 15 km east of the town of Slave Lake or from a winter logging road accessible about 2 km from the end of a graveled oilfield road that follows the power-lines about 50 km northeast of the town of Ft. Assiniboine (Fig. 3.1). Seismic lines, pipelines and old logging roads provide all-terrain vehicle or snow-machine access to most remote areas of the property (Fig. 6.1 – Fig. 6.3).

Infrastructures near the area include accommodation, food and vehicles at Slave Lake or Ft. Assiniboine.

Property Geology

The area contains minor amounts of oilfield culture. Economic activities in the area are dominated by logging and timber operations and oil and gas exploration. The property is in the eastern part of Swan Hills within the hydrographic basins drained by the Coutts Creek, the Florence Creek, the Otauwau River and the Saulteaux River .

4. EXPLORATION

Work Description

Between Mar 10, 1998 and Mar 10, 2000, 756736 Alberta Ltd. explored access to anomalies depicted on a 1997 Spectra Exploration Geoscience Corp. HRAM survey and conducted ground magnetic checks on several topographic circular oval-shaped physiographic features using selection criteria suggested by Halferdahl & Associates Ltd .

Site Selection

Several oval-shaped hills were chosen from the aerial photographs, digital elevation data, and other publicly available information to conduct magnetic surveys (Table 5.1 – Exploration, Grid Flagging, and Magnetic Ground Survey Locations, Mar. 1998 - 2000). Grids were established by flagging north-south and east-west lines. Stations were measured and positioned using hip chain, compass, and GPS. The size of the grid and the line spacing chosen depended on the terrain and the data.

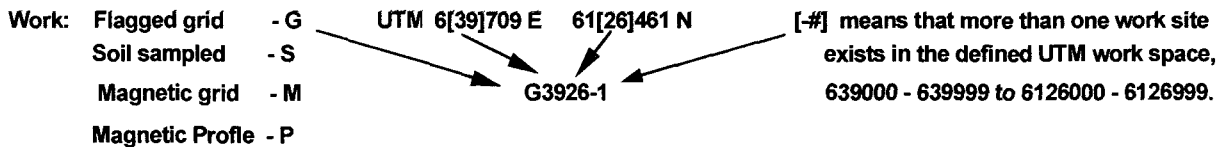
Magnetic surveys were performed on four grids. Data collected for each grid was uploaded via Internet and processed at a later date (For data collection methods, processing methods and equipment used see Appendix 2 – Methods of Ground Magnetic Surveying Employed).

Table 4.1 Exploration, Grid Flagging, and Magnetic Ground Survey Locations, Mar. 1998 - 2000.

Locations of field work performed by 756736 Alberta Ltd. at the Saulteaux Block Property.

Report Identifier	UTM		Work Description	Dates	Shown in Figure
	Easting	Northing			
M5090	650450	6090000	Exploration & Gridding	Jan 21,22/00	4.1
			Magnetic Grid Survey	Jan 23/00	4.4
M4592	645500	6092300	Exploration & Gridding	Jan 31, Feb 1/00	4.1
			Magnetic Grid Survey	Feb 2/00	4.5
M4589-1	645450	6089450	Exploration & Gridding	Feb 15,16/00	4.1
			Magnetic Grid Survey	Feb 17/00	4.2
M4589-2	645550	6089800	Exploration & Gridding	Feb 23,24/00	4.1
			Magnetic Grid Survey	Feb 25/00	4.3
Tp68r5w5			Exploration for access	Jul 20-22,31, Aug 1/99, Feb 25-27/00	4.1
Tp69r5w5			Exploration for access	Feb 3/00	4.1
Tp70r5w5			Exploration for access	Feb 19-22/00	4.1

756736 Alberta Ltd. - Identified physiographical features from aerial photographs, topographical maps, and exploring for access.



We plan to investigate all small anomalies depicted on the aeromagnetic maps and all circular physiographic surface features present on the property.

Findings

M4589-1: The grid was located on a small ovular shaped hill. The grid covered most of the hill. There was a 15 nT change in readings from the bottom of the eastern slope, the steepest side of the hill, to the top. The grid didn't extend far enough down the gentler slopes in the other directions judging from the plotted results of the collected survey data to establish an anomaly.

M4589-2: The location was a small round hill, 300 m east of M4589-1. The slopes of the hill were gentle and the grid didn't extend all of the way down the slopes in every direction. The overall readings averaged about 10 nT lower than those of M4589-1, next door, but they failed to display any defined results. Its interesting to note that there is an increase of 20 nT from the low readings of this area to the high readings of M4589-1, 300 m away. This grid invites more investigation of the area surrounding M4589-1.

M5090: The grid started on a small hill just north of a larger oval shaped hill. The readings were lowest in the low area between the two hills. Although the readings varied 13 nT, the data displays rapid fluctuations along many of the lines of data. This type of noise could arise from small very near surface magnetic rocks in the soil. The readings on the eastern slope were lower than those of the western and northern slopes. No presence of an anomaly could be defined from the data collected.

M4592: The hill chosen for this grid was fairly large. The data collected appears to define an eastern perimeter of what could be a large anomaly. The reading taken in the southwest corner of the grid were 11 nT higher that those taken in the northeast corner. The spotty look of the displayed data may arise from small very near surface magnetic rocks in the soil. These fluctuations were not filtered out and are of no importance in this survey.

5. CONCLUSIONS

The M4589-1 ground magnetic survey displays partial boundaries of an anomaly. The grid should be extended westward to try to establish western and southern boundaries and soil samples from a small nearby creek should be collected and analyzed. The grid at M4589-2 didn't produce any defined results but it did provide indications that made M4589-1 look more promising. This area of the property warrants further exploration. Survey M5090 doesn't show anything of significance with the exception of the magnetic low area appearing off toward the southeast. Extending the grid to the northwest would bring it onto a pipeline. No farther exploration at this location is planned. The M4592 grid establishes north and east boundaries to what might be an anomaly. If profiles and /or extension of the grid show promise then soil samples will be collected and sent in for analysis.

6. PERMIT TABULATION

Table 6.1 Cancellations and Amendments

Previously Active Area

Claim:	March 1998 – 2000, active MAIM permit #s 9398030087, 9398030088 & 9398030089.
Legal Land Descriptions:	Tp.68 – 5W5 (Sec. 1-36) MAIM permit # 9398030087. Tp.69 – 5W5 (Sec. 1-36) MAIM permit # 9398030088. Tp.70 – 5W5 (Sec. 1-36) MAIM permit # 9398030089.
Area:	Total: 27,648 (ha) Approx.
See Figure:	Fig. 6.1, Fig. 6.2, & Fig. 6.3. Property Map – Cancelled and Retained active permit LSDs.

Retained Active Area (Please retain this area).

Claim:	March 2000 - 2002, active area retained from, MAIM permit #s 9398030087, 9398030088 & 9398030089.
Legal Land Description:	Tp.68 – 5W5 (Sec. 1SE,L10,L15 ;2L16; 10L9,L16; 11L1,L2,L12-14; 12L2-4,L7-10,L14,15; 13NW,L2,L3,L6; 14L3,L5-7,L9-11,L14; 22L3,L4,L6-8,L10,L15; 23SW;27L2,L5,L7,L10-12,L14; 32NW,L15,L16; 33L2,L3,L7,L8,L10,L15; 34L3,L5-7,L9,L10; 35NW,L10,L15) Tp.69 - 5W5 (Sec. 3L3,L4; 4L1,L2,L6,L7,L11-13; 5L1,L5,L8,L9,L12,L13; 6L8-10,L15; 7L2-5,L12,L13; 8L1,L4-13,L16; 9L4,L5,L12; 17L1,L2,L6,L7,L10,L14-16; 18L4,L5; 20L1,L3,L5,L6,L11,L12,L14,15; 22L6-8; 23L5-9,L12; 24L10-12,L15; 25NE,L2,L7; 27L12,13; 28L2-4,L7-9,L16; 29L1-3,L5-7,L12; 30L9-12,L15,L16; 31SE,L9,L16; 36SE,L10-13,L15) Tp.70 – 5W5 (Sec. 1L4,L5,L12,L13; 6LSE,L6,L11,L13,L14; 7L3,L6,L7,L9-12,L14; 8L5,L6,L11,L12; 10L16; 11L6-8,L11,L13,L14; 12L4,L5,L9-12; 14L4,L13,L14; 15L1,L8,L9,L12-16; 16L9,L16; 17L6,L7,L10-13; 18L3,L6,L11,L14-16; 19L1,L8,L9,L15,L16; 20L4-10; 21L1,L4-8,L11,L14,L15; 22L2,L7,L13; 23L2,L3; 27L3,L4; 28L1,L2,L7,L9,L10,L16; 30L2,L6,L7,L11,L14; 31L2,L3,L5-7,L9-12,L16)
Area:	4880 (ha) Approx
See Figure:	Fig. 6.1, Fig. 6.2, & Fig. 6.3. Property Map - Retained active permit LSDs.

Distances Gridded and Surveyed

Total grid line/km = 8

Total ground magnetic survey line/km = 8

Exploration Expenditures

Total exploration expenditures, Mar. 1998 – Mar. 2000: **\$26,319.53**

(See Appendix 1, pg. A1)

Please allocate this expenditure to the retained area. (See Table 6.1, pg. 6)

For a summary of expenditures see Appendix 1 – Statement of Reasonable Expenditures. (A detailed breakdown of dates, activities and equipment used has been retained and is available upon request.)

Metallic and Industrial Minerals Permit Nos. 9398030087, 9398030088 & 9398030089 are privately owned and exploration expenditures are not financed by share holders.

MAIM Permit #s 9398030087, 9398030088 & 9398030089 are held by 756736 Alberta Ltd., 4011-37 Ave., Leduc, Alberta. This report is being submitted for 756736 Alberta Ltd. by August Hangartner, chief prospector and president of 756736 Alberta Ltd.

7. QUALIFICATIONS

Qualifications and work experience of the author of this report:


Education:

Graduate of NAIT, - Electronics Engineering Technology (1970).

Work experience:

Many years experience as a Technical Systems Analyst working with complex computer systems, programming, troubleshooting, interfacing devices, etc.

I have no formal training in Geology. Prospecting is a hobby.


August Hangartner
Part time prospector,
Leduc, Alberta
May 25, 2000.

Distribution:

Minister of Energy: 2 copies
756736 Alberta Ltd.: 2 copies

8. REFERENCES

Terraquest Ltd. (1998) High resolution aeromagnetic survey.

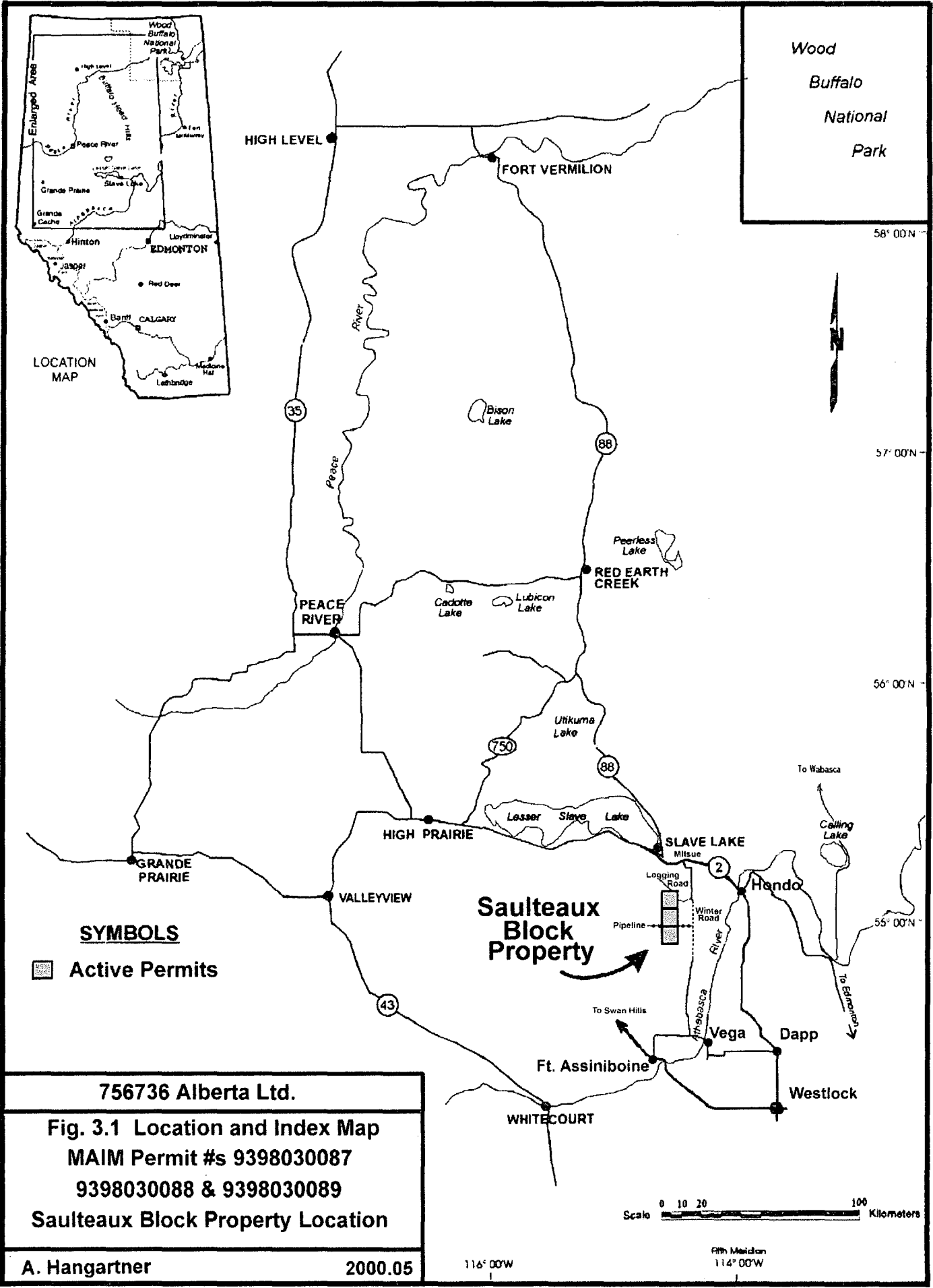
Lesser Slave Lake project - Blocks B & C; unpublished report dated 1998/04/28 to Halferdahl and Associates Ltd., Edmonton, by Terraquest Ltd., Toronto, 22 pgs., 5 figs., 6 maps.

- 1. 5.0 Data Processing - Processing steps and some important concepts that should be highlighted with regard to cultural editing.**
- 2. 6.0 Interpretation -Techniques and comments offered to assist in the interpretation of the horizontal gradient vectors.**
- 3. Contoured Vertical Gradient of RTF and Horizontal Gradient Vectors, Block B, high resolution magnetic survey map.**

Halferdahl & Associates Ltd. (1998) Assessment report. 1997 and Early 1998

Exploration of the Lesser Slave Lake Property, North - Central, Alberta dated 1998/05/26, 23 pgs. 11 figs., 6 apps.

- 1. 10. Conclusions – Anomalies warrant additional exploration.**
- 2. Appendix 2 – Location of Anomalies.**
- 3. Appendix 2 - Selected Physiographic Features.**
- 4. Appendix 2 – Coincident Anomalies and Physiographic Features.**

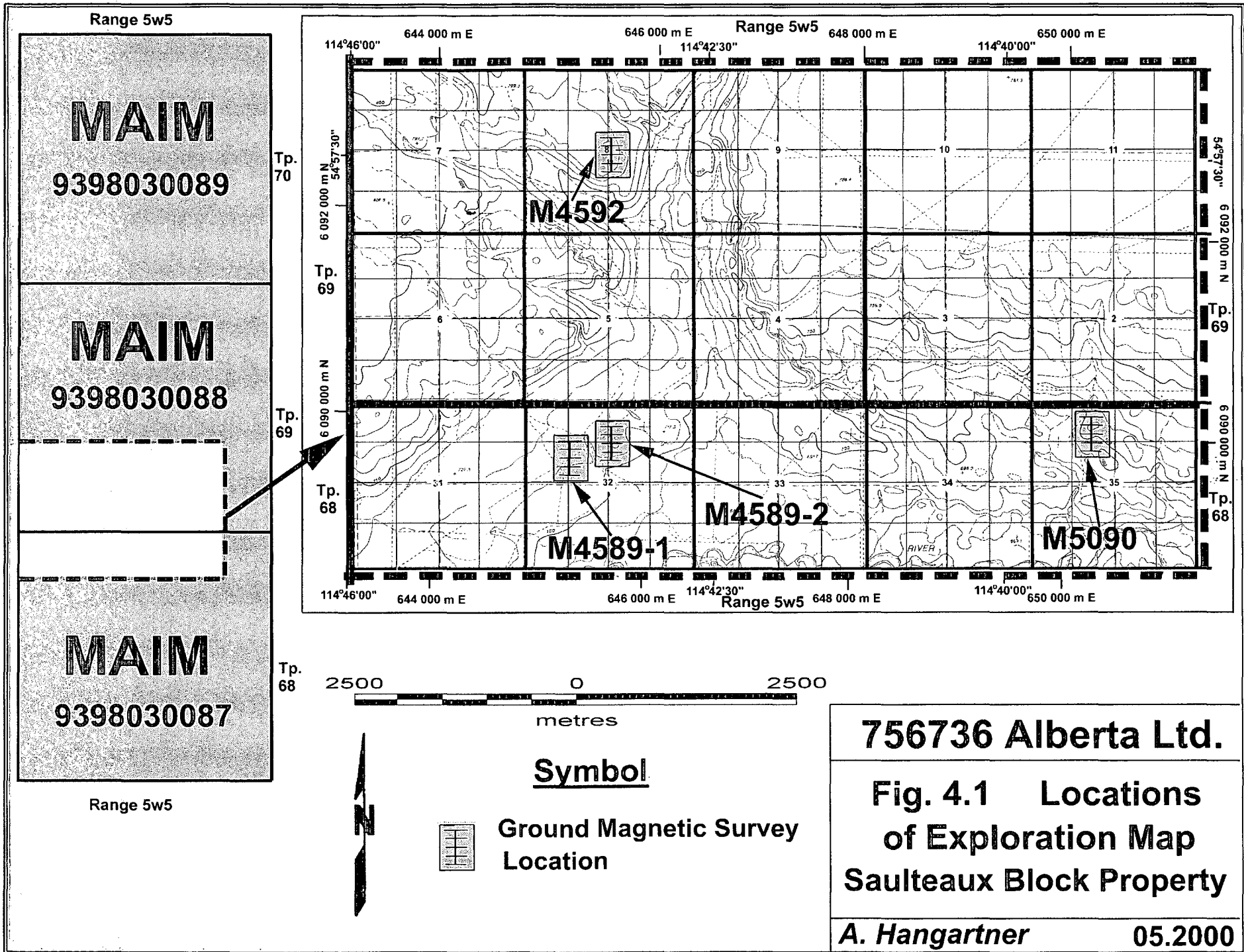


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Fig. 3.1 Location and Index Map
MAIM Permit #s 9398030087
9398030088 & 9398030089
Saulteaux Block Property Location

A. Hangartner **2000.05**

R2



Range 5w5

MAIM

9398030089

Tp. 70

MAIM

9398030088

Tp. 69

Tp. 69

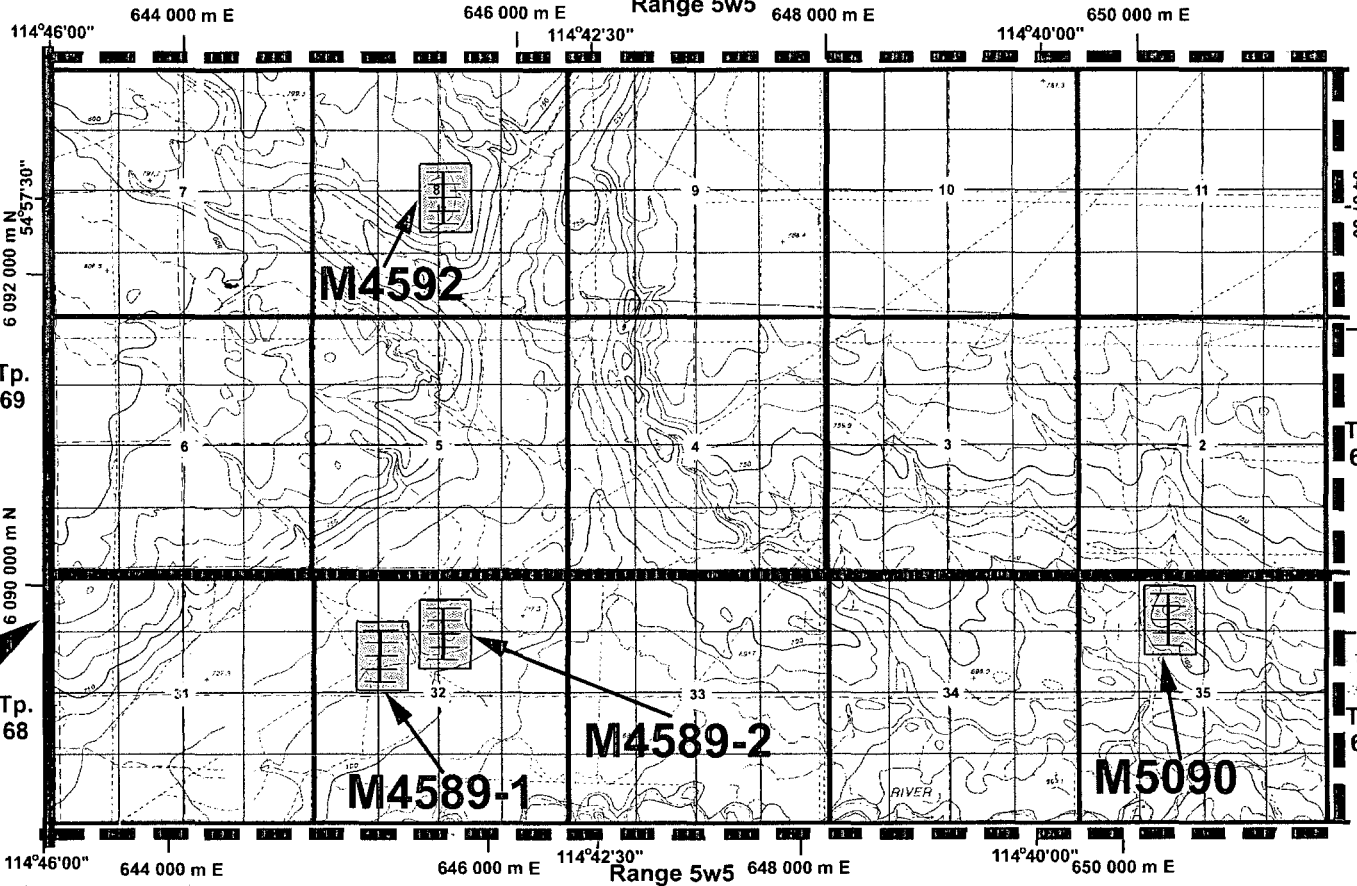
Tp. 68

MAIM

9398030087

Tp. 68

Range 5w5



Symbol



Ground Magnetic Survey Location

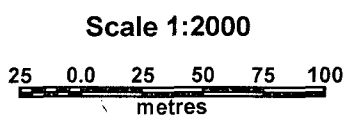
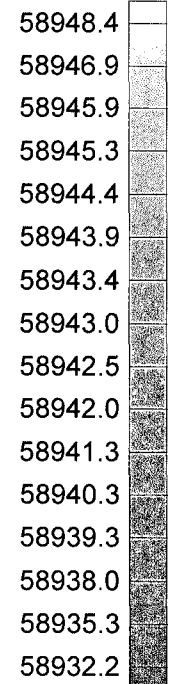
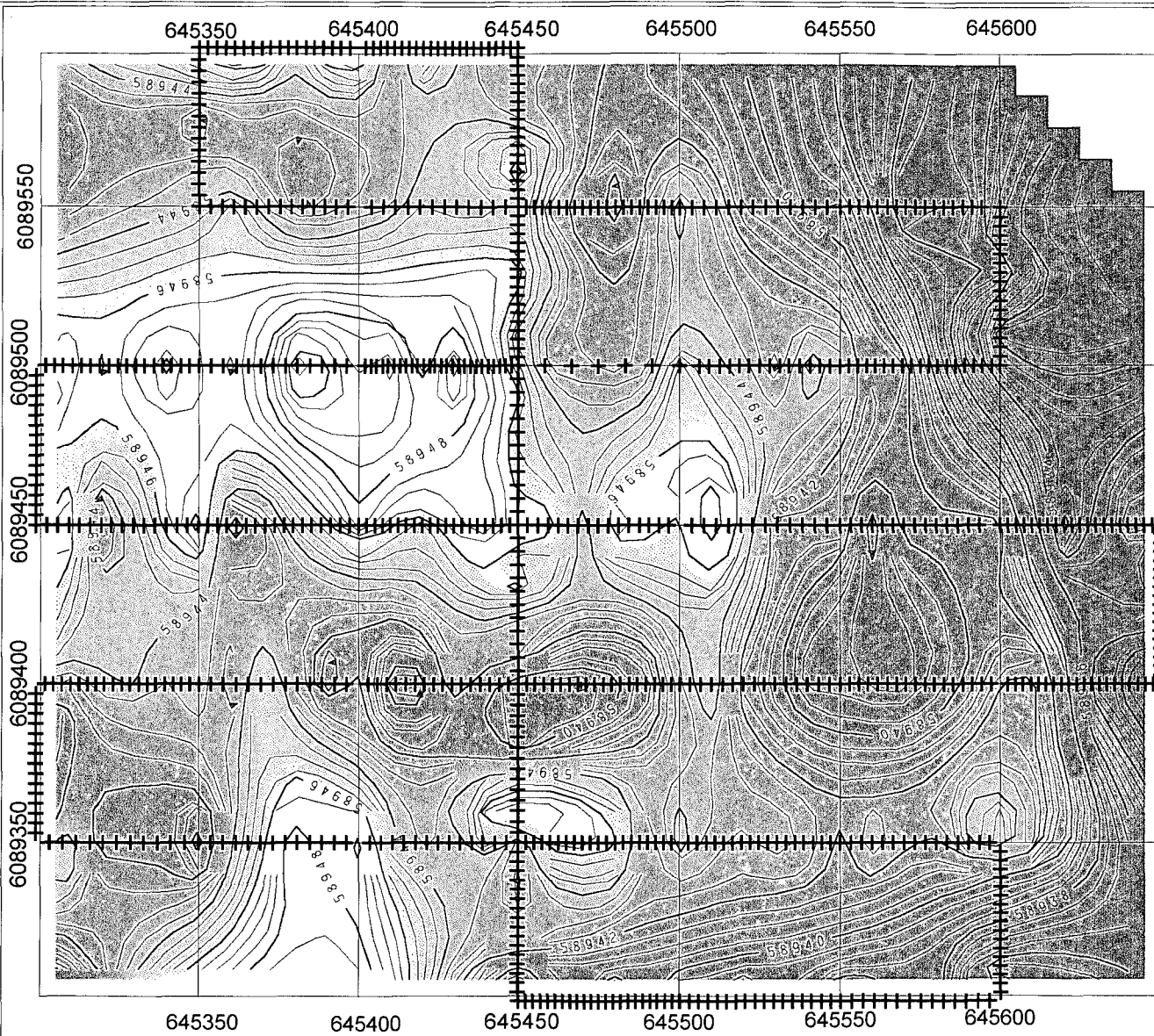
756736 Alberta Ltd.

**Fig. 4.1 Locations of Exploration Map
Saulteaux Block Property**

A. Hangartner

05.2000

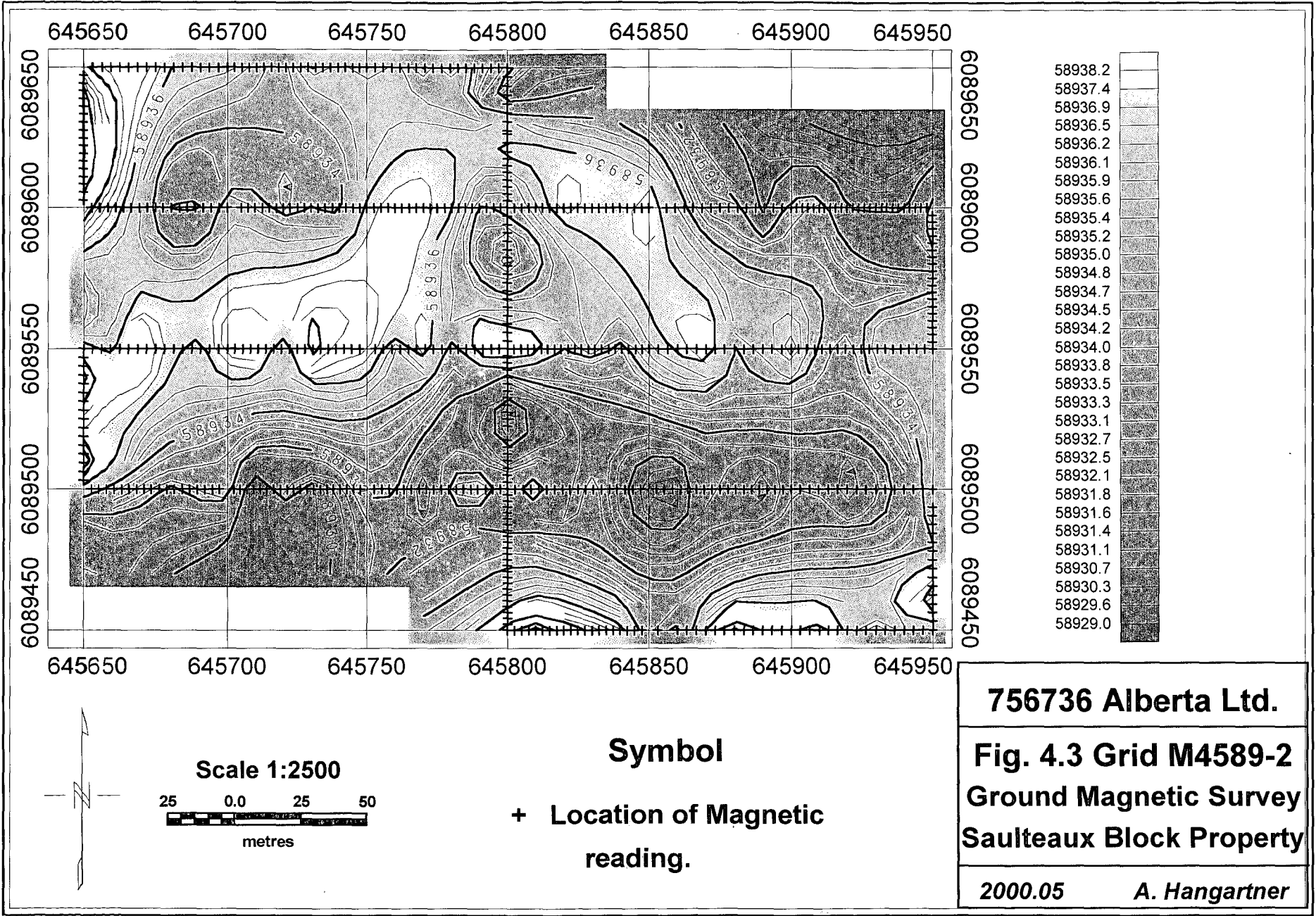
F3

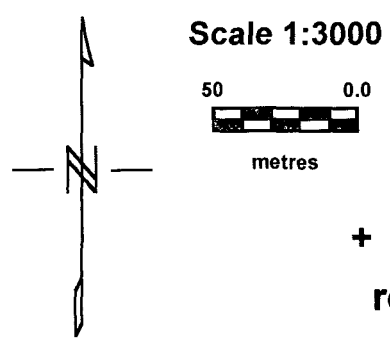
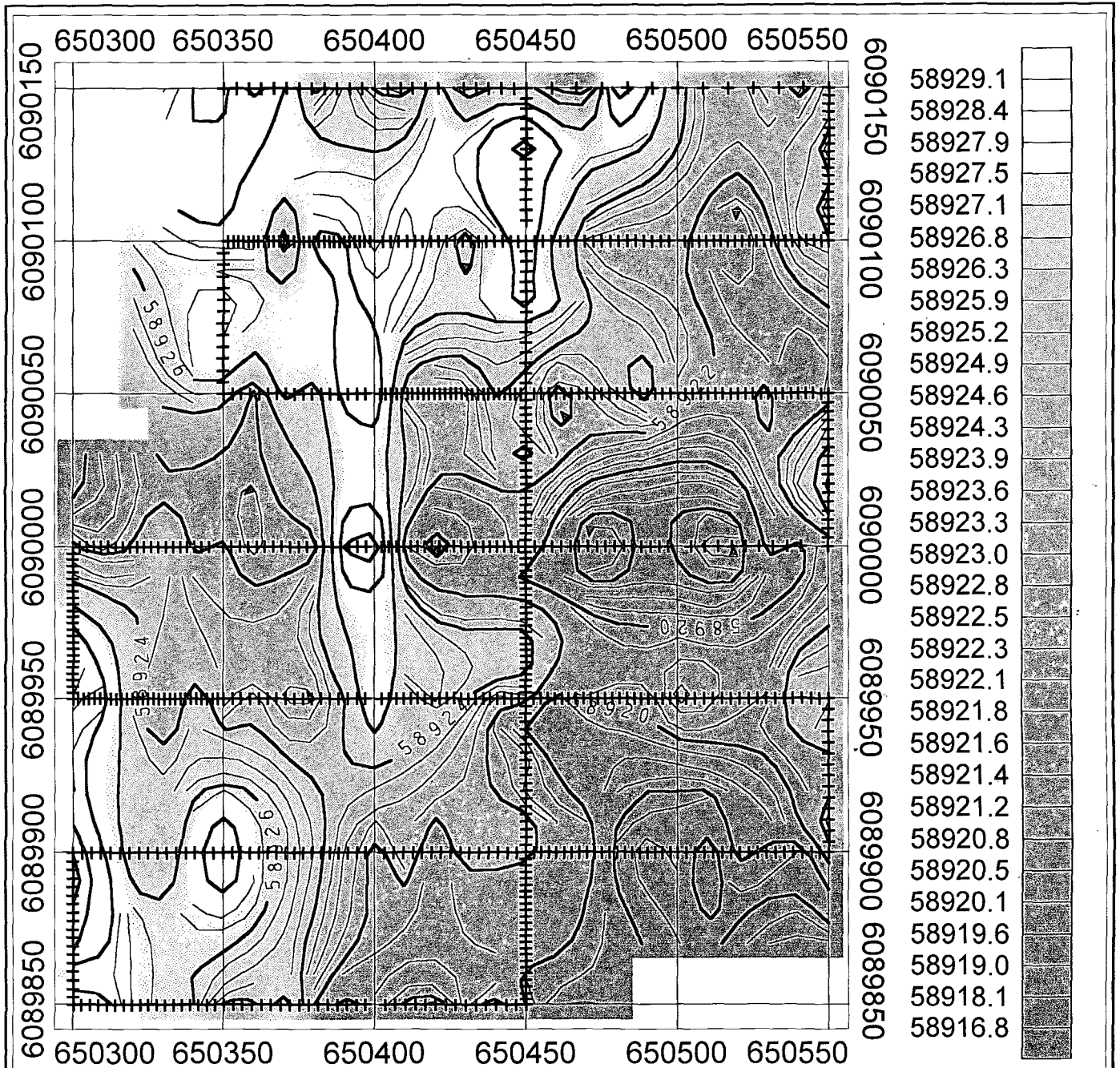


Symbol
 + Location of Magnetic reading.

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Fig. 4.2 Grid M4589-1
Ground Magnetic Survey
Saulteaux Block Property
 2000.05 A. Hangartner

F4





Symbol
 + Location of Magnetic reading.

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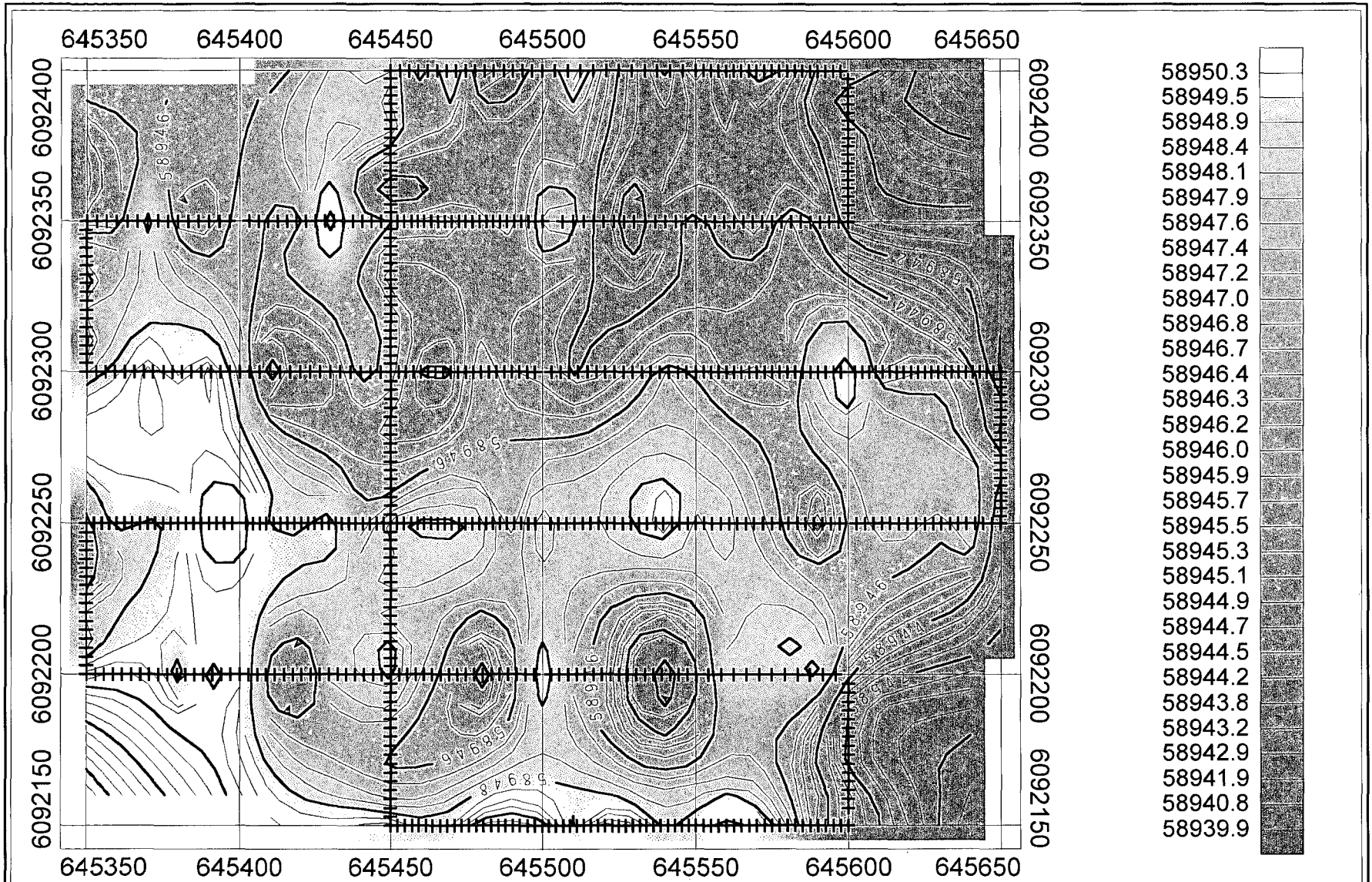
Fig. 4.4 Grid M5090

Ground Magnetic Survey

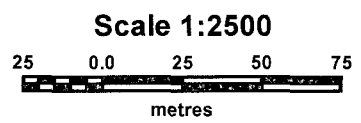
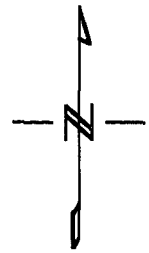
Saulteaux Block Property

2000.05 A. Hangartner

F6



58950.3
58949.5
58948.9
58948.4
58948.1
58947.9
58947.6
58947.4
58947.2
58947.0
58946.8
58946.7
58946.4
58946.3
58946.2
58946.0
58945.9
58945.7
58945.5
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58940.8
58939.9



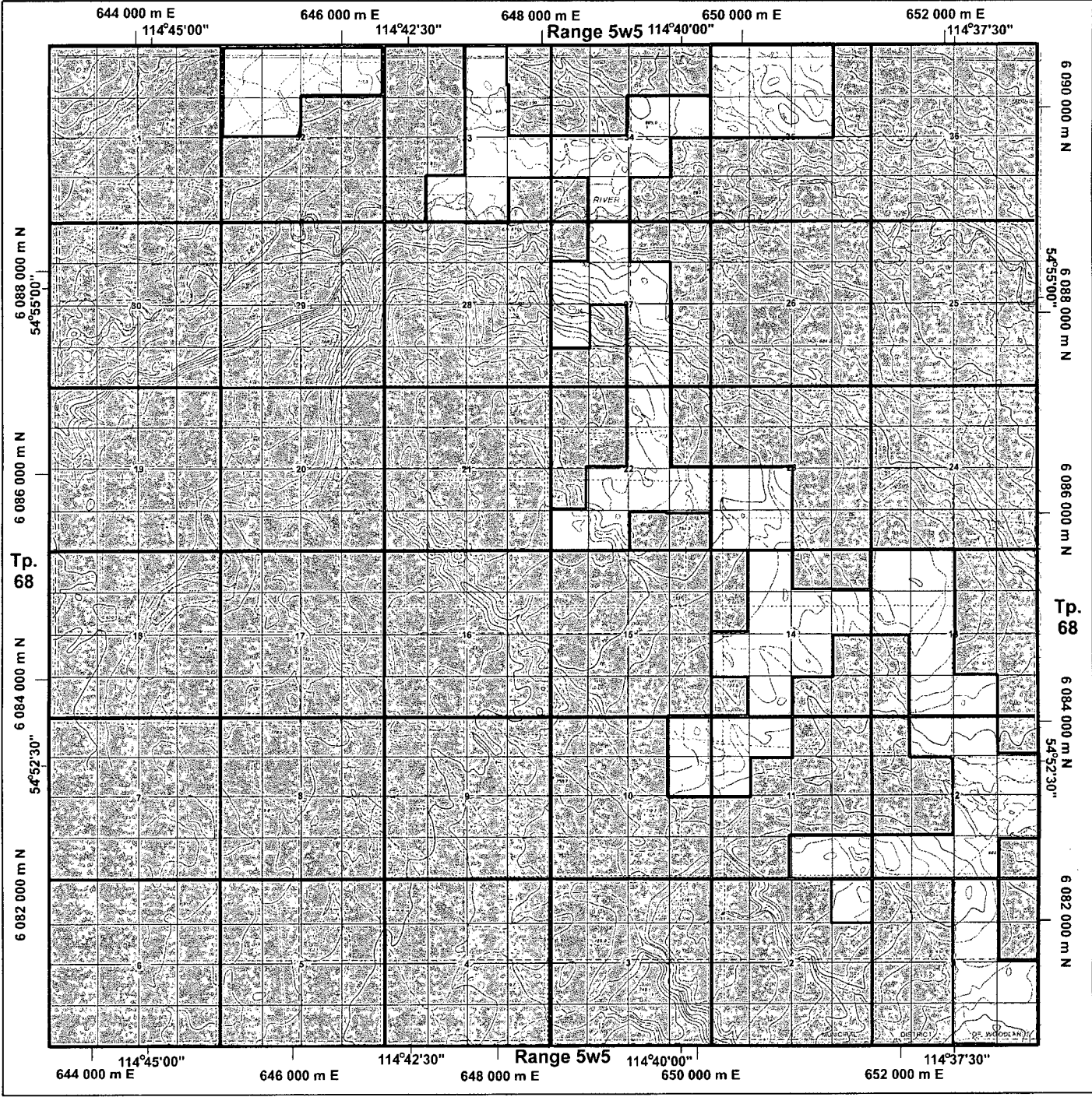
Symbol
+ Location of Magnetic reading.



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**Fig. 4.5 Grid M4592
Ground Magnetic Survey
Saulteaux Block Property**

05.2000

A. Hangartner

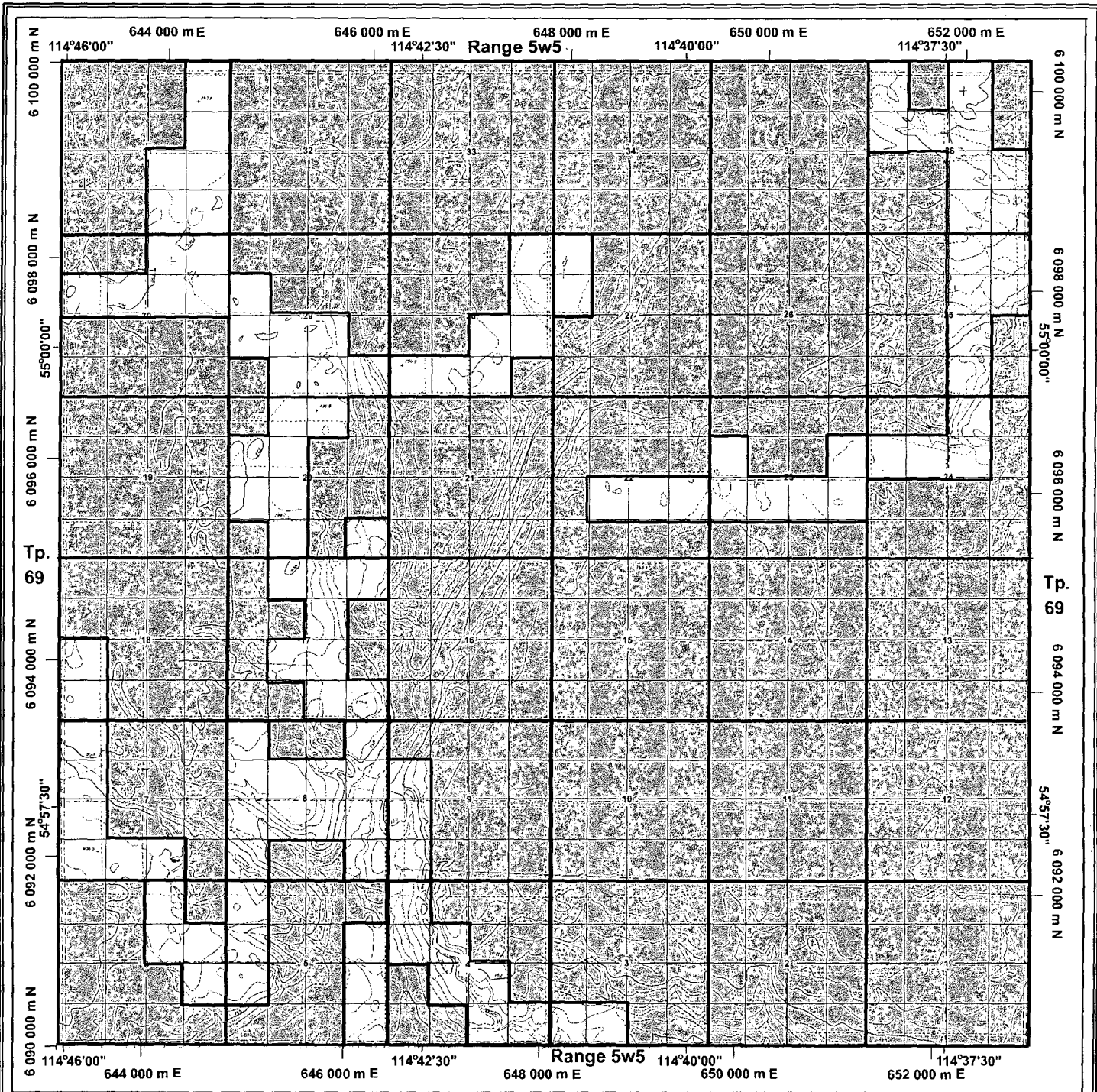




- Symbols**
-  - Cancelled active permit LSDs.
 -  - Retained active permit LSDs.

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Fig. 6.1 Property Map
MAIM Permit #9398030087
Active Area Boundaries

A. Hangartner **05.2000**

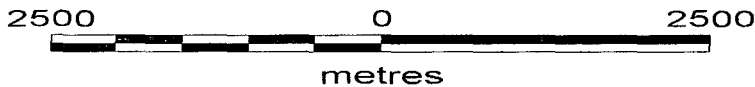
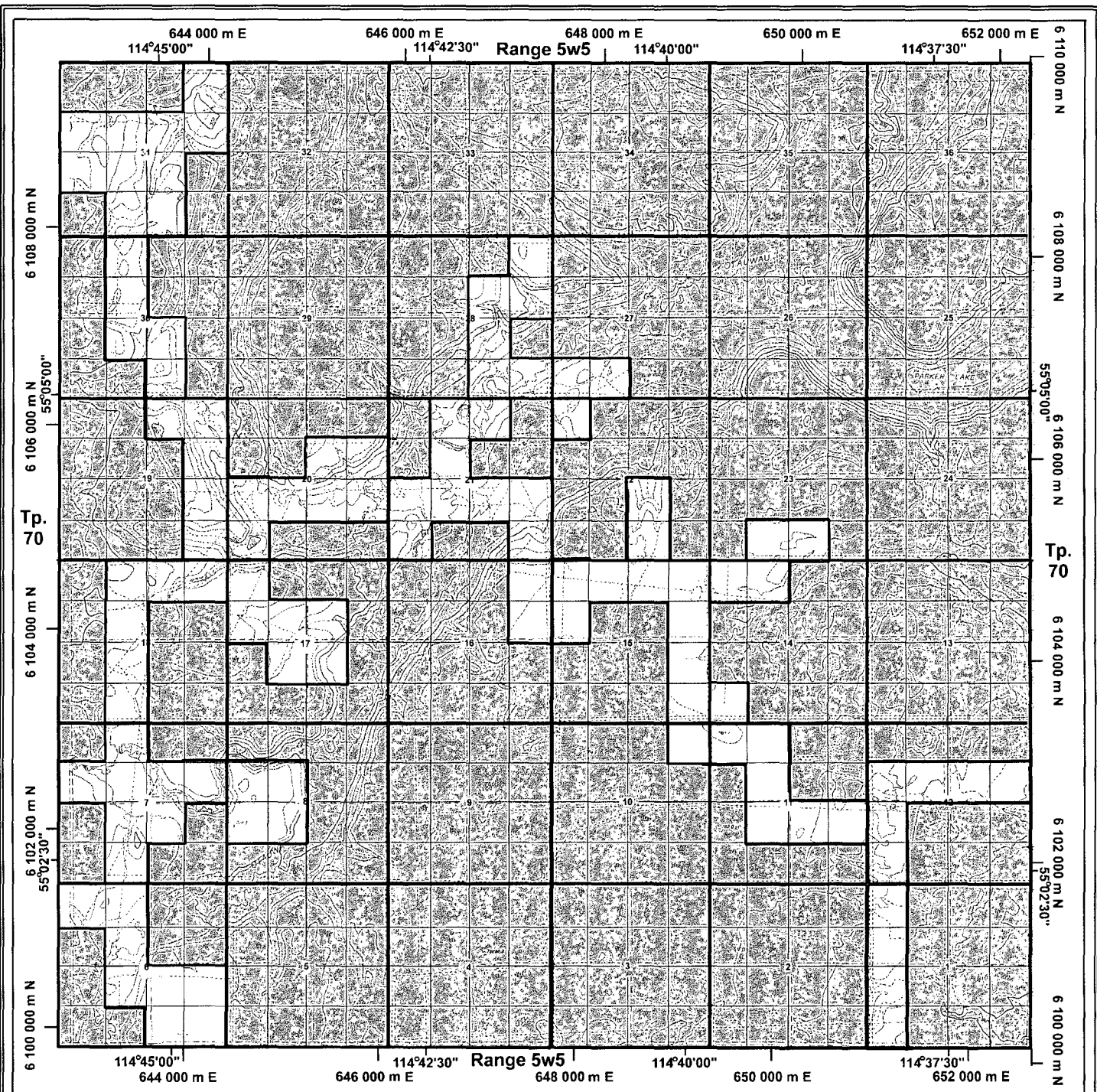


- Symbols**
-  - Cancelled active permit LSDs.
 -  - Retained active permit LSDs.

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Fig. 6.2 Property Map
MAIM Permit #9398030088
Active Area Boundries

A. Hangartner **05.2000**



Symbols



- Cancelled active permit LSDs.



- Retained active permit LSDs.

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**Fig. 6.3 Property Map
 MAIM Permit #9398030089
 Active Area Boundries**

A. Hangartner

05.2000

APPENDIX 1: STATEMENT OF REASONABLE EXPENDITURES

METALLIC AND INDUSTRIAL MINERALS PERMIT 9398030087 TO 9398030089, SAULTEAUX PROPERTY.

Description	Rates		Cost	Total Cost
	Per	Charge	(\$)	(\$)
EXPLORATION SERVICES - 756736 ALBERTA LTD.				
Salary and Wages				
A. Hangartner	- consultations, data processing, drafting, exploration, ground magnetometer surveys, gridding, mineral sampling, reporting	239 hr		
Helper	"	137 hr		
-travel	- trip preparation	30 hr		
(2 per.)	- total travel time for services	80 hr		
Total Cost:			\$14,975.00	\$14,975.00
Field Costs				
-meals & lodging	- total meal expenses for services	44 dy	\$20.00	\$880.00
(2 per.)	- total accomodations expenses for services	46 nt	\$30.00	\$1,380.00
Field Supplies	- cords, batteries, ribbon, hip chain, etc.		\$81.50	\$81.50
Total Cost:			\$2,341.50	\$2,341.50
Rental Equipment				
	- truck rental, 1/2 ton	30 dy	\$80.00	\$2,400.00
	- GSM-19 Magnetometer rental	4 dy	\$54.00	\$216.00
	- GSM-19 Magnetometer Base Station rental	4 dy	\$54.00	\$216.00
	- pentium computer system rental	16 dy	\$25.00	\$400.00
	- data logging device rental	4 dy	\$25.00	\$100.00
	- global positioning system rental	22 dy	\$25.00	\$550.00
	- gridding equipment rental	18 dy	\$20.00	\$360.00
	- lap top CPU pentium	5 dy	\$25.00	\$125.00
	- quad 6x6 rental	26 dy	\$100.00	\$2,600.00
	- base global positioning system rental	4 dy	\$10.00	\$40.00
	- utility trailer rental	26 dy	\$25.00	\$650.00
	- x-country ski equipment rental	13 dy	\$20.00	\$260.00
	- office space rental	24 mo	\$20.00	\$480.00
Total Cost:			\$8,397.00	\$8,397.00
Office Charges, Administrative, General				
	- phone, internet, etc.			\$350.00
(2-yr.)	- office supplies			\$228.28
	- Maps	3 Map	\$9.25	\$27.75
Total Cost:			\$606.03	\$606.03
Grand Total:				\$26,319.53

Above is a summary of reasonable expenditures ascribed from quoted commercial equipment rental rates less 10 or 20%. Many, many more man hours than the summary above indicates were spent on this project, and one could reasonably ascribe some \$50.00 per man hour to work of this nature in professional fees, however, this would be an unreasonable amount to justify considering the qualifications of the exploration teams, therefore, \$30.00 - \$35.00 per man hour and the shortened claimed duration should be more appropriate.

I, August Hangartner, hereby certify that the costs as outlined above for the assessment of metallic and industrial permits 9398030087 to 9398030089 were expended as indicated.

[Redacted Signature]

August Hangartner

Eugene Saldanha
 A Commissioner for Oaths
 in and for the Province
 of Alberta. My commission
 expires on the 20th day of
 March, 2002

Declared before me at the
 City of Edmonton in the
 Province of Alberta this 8th
 day of June, 2000.

E. Saldanha

Appendix 2: Methods of Ground Magnetic Surveying Employed.

Collection Method

The magnetic surveys were performed using an Overhauser Model GSM-19 Memory Magnetometer carried by the operator devoid of any magnetic materials and other ferrous metals. The operator walked each survey line, recording continuous time and magnetic intensity readings at 3 second intervals. At fixed stations along each survey line, the exact time of arrival and the location of the station were logged for post processing. After the survey lines were finish, a tie-line traversing the grid intersecting the lines at known locations was completed as a quality check for additional reference.

The base magnetometer, an Overhauser Model GSM- 19 located at a fixed position operating in base mode, recorded continuous time and magnetometer readings at 3 second intervals for post processing diurnal correction. Both units are proton magnetometers with omnidirectional sensors.

Processing Method

The collected data: base (time and reading), mobile (time, reading and location) and the GPS readings - were downloaded in the field to a Pentium II/266 based laptop processor. The data was then uploaded, via the Internet, for post processing and plotting.

Using a program, written in Microsoft Access on a Pentium II/300 PC processor, variations of the base station were subtracted from the field mobile instrument data to give a data set which varies only with position. The GPS information was used to map the grid and the grid description was used to scale the location of each station. The logged time, location and grid location information were used to correlate measurements with location. The data collected at each station is therefore attributable to local variations in magnetic materials in the underlying rocks. Another Microsoft Access program module was used to process the data collected at 3 second intervals by spacing the readings evenly between the station locations at which they occurred. The addition of the latter process gives a more accurate presentation of what data might be present between stations. Grid information at tie line intersections were checked for any intensity discrepancies and where necessary, line levelling corrections were applied.

The data were then contoured using Geosoft Oasis Software. The maps produced represent a set of contours joining points of equal magnetic field intensity measurements (i.e. an isomagnetic contour map), which in turn are determined from a grid of equally spaced points between nodes that have been interpolated from the original data.