

MAR 20040019: DELORME LAKE

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756736 ALBERTA LTD

**2002 – 2004 EXPLORATION OF THE
DELORME LAKE AREA PROPERTY
NORTH-CENTRAL, ALBERTA**

**Metallic and Industrial Minerals Permits
9398070353, 9398070352, & 9398070345**

**Geographic Co-ordinates
54°45'00" to 55°18'00" N
114°07'00" to 114°45'00" W**

NTS Sheets 83 J/15 O/1 and O/2

2004.10.25

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. 9398070352, and 9398070353 herein referred to as the Delorme Area Property, located southeast of Lesser Slave Lake, Alberta in the central part of the Swan Hills, was explored for primary diamond deposits by 756736 Alberta Ltd. A number of anomalous areas depicted from several high resolution aeromagnetic (HRAM) surveys acquired from Spectra Exploration Geoscience Corporation and Terraquest Ltd. along with areas recommended by Halferdahl & Associates Ltd. were investigated.

Ground magnetic profiles were conducted to more precisely localize the source or possible sources of some of the aeromagnetic anomalies. Several topographic circular/oval-shaped physiographic features were also investigated. Concentrated streambed mineral samples were examined from several streams near possible source areas but not collected and sent for analysis at this time.

2. INTRODUCTION

During 1998 through 2002, 756736 Alberta Ltd. conducted exploration for primary diamond deposits within the Delorme Area Property. Exploration activities included the use of high-resolution aeromagnetic data (HRAM) from Spectra Exploration Geoscience Corp. and Terraquest Ltd.; ground magnetometer surveys; streambed mineral sample collection and concentration; and an extensive 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 Delorme Lake Area Property consisting of Maim Permit #s 9398070352 and 9398070353 during July 2002 through to July 2004. This assessment report 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. It borders on the southeast corner of the town of Slave Lake and extends from 54° 45'00" to 55°18'00" north latitude and 114°07'00" to 114°45'00" west longitude, within NTS map sheets 83 J/15, O/1, and O/2 (Fig. 3.1 and Fig. 3.2).

Property Access

The properties are accessible from several graveled oilfield roads leading south from Highway 2, east of the town of Slave Lake and from graveled oilfield roads about 50 km northeast of the town of Ft. Assiniboine. There are also several logging roads that allow access during the winter months. Seismic lines, pipelines and old logging roads provide all-terrain vehicle or snow-machine access to most remote areas of the property (Fig. 4.1 & Fig. 4.2).

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

Property Geology

The area contains major 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 north and eastern part of the Swan Hills within the hydrographic basins drained by the Otauwau River and Sauteaux River .

4. EXPLORATION

Work Description

Between July 31, 2002 and July 31, 2004, 756736 Alberta Ltd. explored access, de-cultured and carried out preliminary ground follow-ups of anomalies depicted on 1997 Spectra Exploration Geoscience Corp. and Terraquest Ltd. HRAM survey maps. Ground magnetic survey checks were also conducted on several topographic circular/oval-shaped physiographic features using selection criteria suggested by Halferdahl & Associates Ltd.

Site Selection

The properties contained considerable amounts of cultural interference complicating selection. HRAM data processing and editing may have eliminated geographically significant anomalies not shown on the aeromagnetic maps but that perhaps could be confirmed by ground measurements. Raw data processing using Geosoft Software showed that there were several small anomalies that do not have verified cultural sources.

Selected sites were chosen to conduct magnetic ground surveys mainly to accommodate down-sizing considerations. Profiles were conducted using hip chain, compass, and GPS. The length of the profile and the line spacing chosen depended on the terrain and the data available. Magnetic profile surveys were performed at 50 sites throughout the area. Cut lines and other cleared areas which often contained buried man made culture were avoided where ever possible. (See Table 4.1 titled Exploration, Grid Flagging, and Magnetic Ground Profile Locations, July 2000 – 2002 for the locations of the profiles conducted in their respective areas).

Data collected for each profile was processed at a later date. (For data collection methods, processing methods and equipment used see Appendix 3 – Method of Ground Magnetic Surveying Employed).

Table 4.1 Exploration, Flagging, and Magnetic Ground Profile Locations						
Delorme Property Block July 2002 - 2004						
Permit # MAIM 9398070352.						
Profile Ident.	Dist. m	UTM		Work Description	Dates	Shown in Figure
		Easting	Northing			
TP70r3w5				Exploration and Deculturing	Apr 11/03	4.2
P7007	823	670750	6107325	Flagging and Magnetic Profile	Apr 12/03	4.10
P7003	776	671650	6103625	Flagging and Magnetic Profile	Apr 12/03	4.9
P6908	2025	669750	6108750	Flagging and Magnetic Profile	Apr 13/03	4.8
Permit # MAIM 9398070353.						
Profile Ident.	Dist. m	UTM		Work Description	Dates	Shown in Figure
		Easting	Northing			
TP71r3w5				Exploration and Deculturing	Apr 14 & Apr 15/03	4.1
P6417	1000	664950	6117850	Flagging and Magnetic Profile	Apr 15/03	4.7
P6416	1015	664625	6116700	Flagging and Magnetic Profile	Apr 15/03	4.6
P6414	1110	665400	61149550	Flagging and Magnetic Profile	Apr 16/03	4.5

5. CONCLUSIONS

None of the profile data collected showed anything of significance. This was not surprising considering that the profiles were conducted for the purpose of downsizing the property. Much of the area is riddle with oil field culture and many of the planned profiles were abandoned once sources became evident. The profiles indicating short duration fluctuations likely could be contributed to near surface magnetic rocks in the soil. Readings also varied when crossing creeks but this is probably due to magnetic particle concentration in the streambed.

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

6. PERMIT TABULATION

The areas retained were selected using selection criteria suggested by Halferdahl & Associates Ltd., topographic circular/oval-shaped physiographic features; anomalies depicted on 1997 Spectra Exploration Geoscience Corp. and Terraquest Ltd. HRAM survey maps; ground magnetometer surveys; and an extensive review of aerial photographs, digital elevation data, topographic maps and other publicly available information, by 756736 Alberta Ltd..

Table 6.1 lists the areas of the permits that 756736 Alberta Ltd. wants retained. Figures 6.1 & 6.2 should also depict this same information. If there is a discrepancy between the table and the figures, please use the information depicted on the figures. Cancel all shaded areas of the original permits as depicted in figures 6.1 - 6.2.

Permit #	Legal Land Description	Area (ha)	Figure
9398070352	Tp.70r3w5 (Sec. 26SW,L7,L11,L12; 36SW)	176	Fig. 6.2
9398070353	Tp.71r3w5 (Sec. 19L10,L11,L13)	80	Fig. 6.1

Distances Gridded and Surveyed - Delorme lake Area:

Maim Permit # 9398070352 - Total ground magnetic survey line/km = 3.6

Maim Permit # 9398070353 - Total ground magnetic survey line/km = 3.1

Exploration Expenditures

Delorme Lake Area exploration expenditures (July 2002 – July 2004):

Maim permit #9398070353: **\$5,865.25**

Maim permit #9398070352: **\$6,861.75**

Delorme expenditures: **\$12,727.00**

For a summary of permit #9398070353 expenditures see:

Appendix 1 – Statement of Reasonable Expenditures.

Please allocate any excess expenditures to the retained area of active permit #9398070353.

**For a summary of permit #9398070352 expenditures see:
Appendix 2 – Statement of Reasonable Expenditures.**

**Please allocate any excess expenditures to the retained area of active permit
#9398070352.**

**MAIM Permit #s 9398070352, & 9398070353 are privately owned by 756736 Alberta
Ltd., 4011-37 Ave., Leduc, Alberta and exploration expenditures are not financed by
share holders. 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:

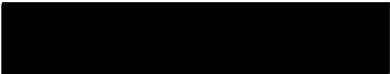
Education:

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 just a hobby.


**August Hangartner
Part time prospector,
Leduc, Alberta
Oct 25, 2004.**

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.**

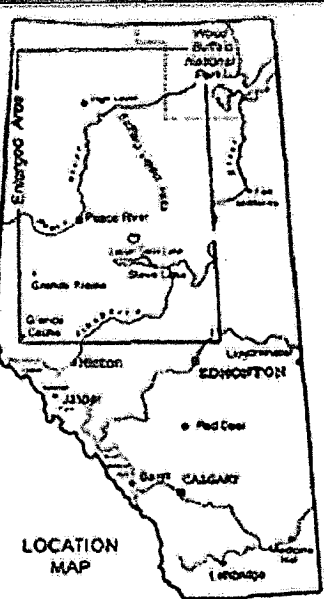
Wood
Buffalo
National
Park

58° 00' N

57° 00' N

56° 00' N

55° 00' N



LOCATION
MAP

HIGH LEVEL

FORT VERMILION

35

89

PEACE RIVER

RED EARTH CREEK

150

88

HIGH PRAIRIE

SLAVE LAKE

GRANDE PRAIRIE

VALLEYVIEW

Hondo

SYMBOLS

 Active Permits

**Delorme Lake
Area Property**

756736 Alberta Ltd.

**Fig. 3.1 Location and Index
Map, Main Permit#s
9398070352 & 9398070353,
Delorme Lake Area Property**

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Ft. Assiniboine

WHITECOURT

Vega

Dapp

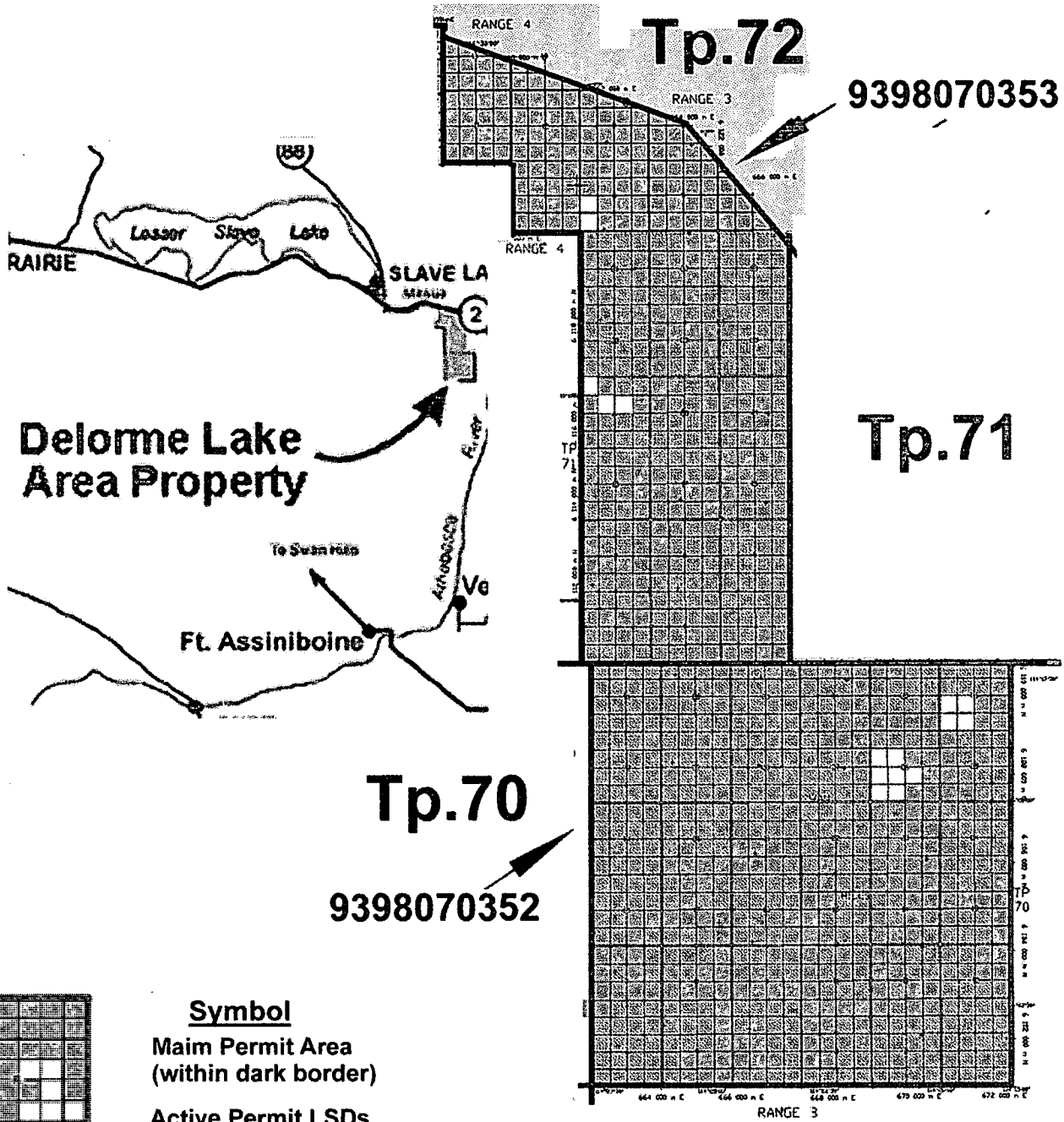
Westlock



5th Meridian
114° 00' W

110° 00' W

Range 4



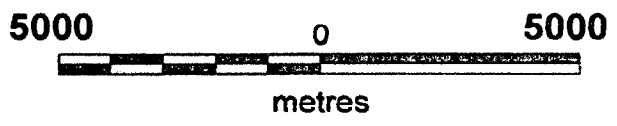
756736 Alberta Ltd.

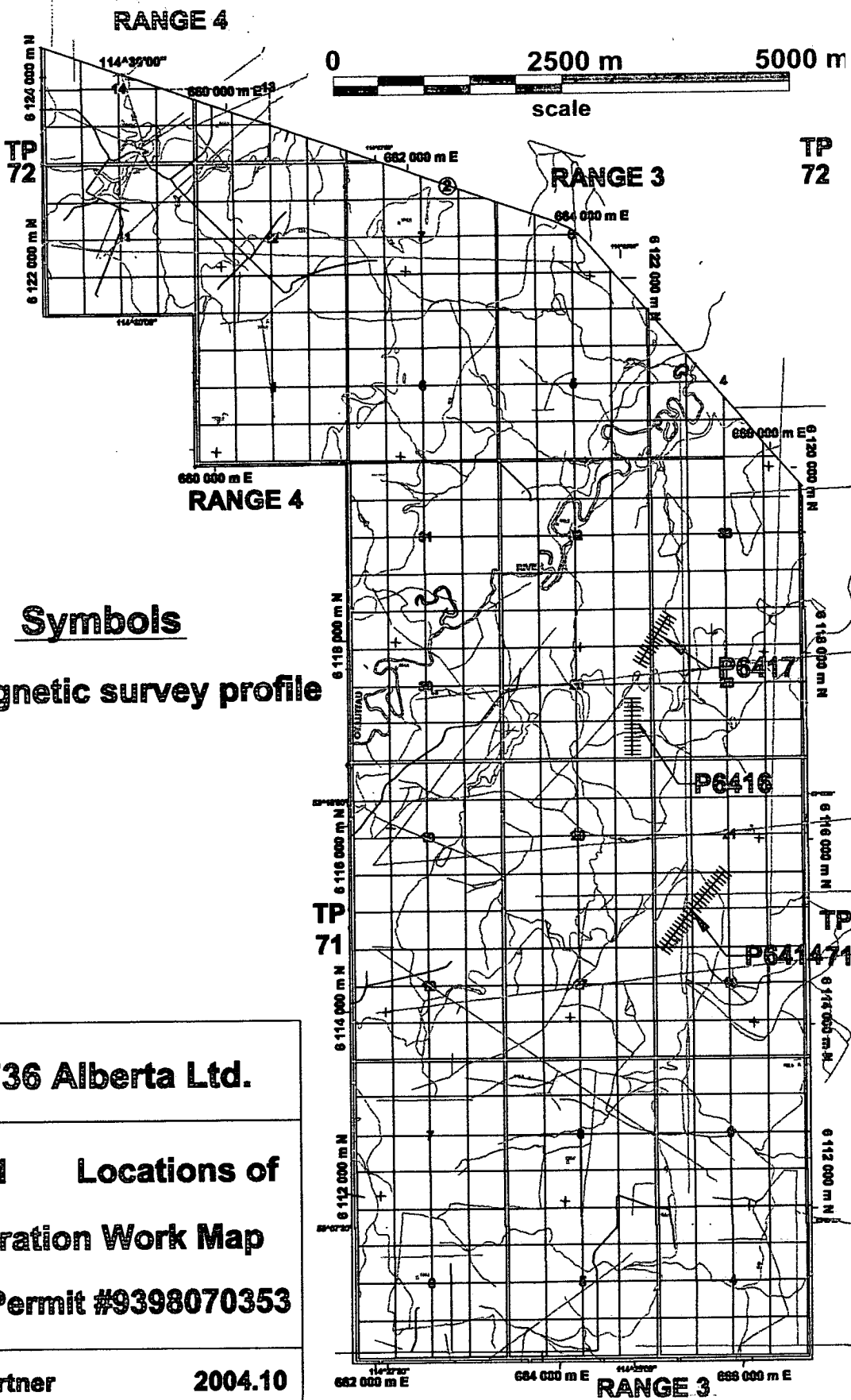
Fig. 3.2 Property Map

MAIM Permit #s:
9398070352, & 9398070353

Delorme Lake Area Property

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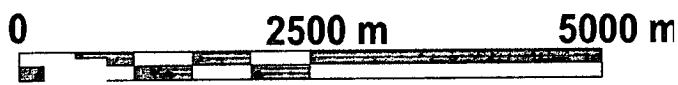
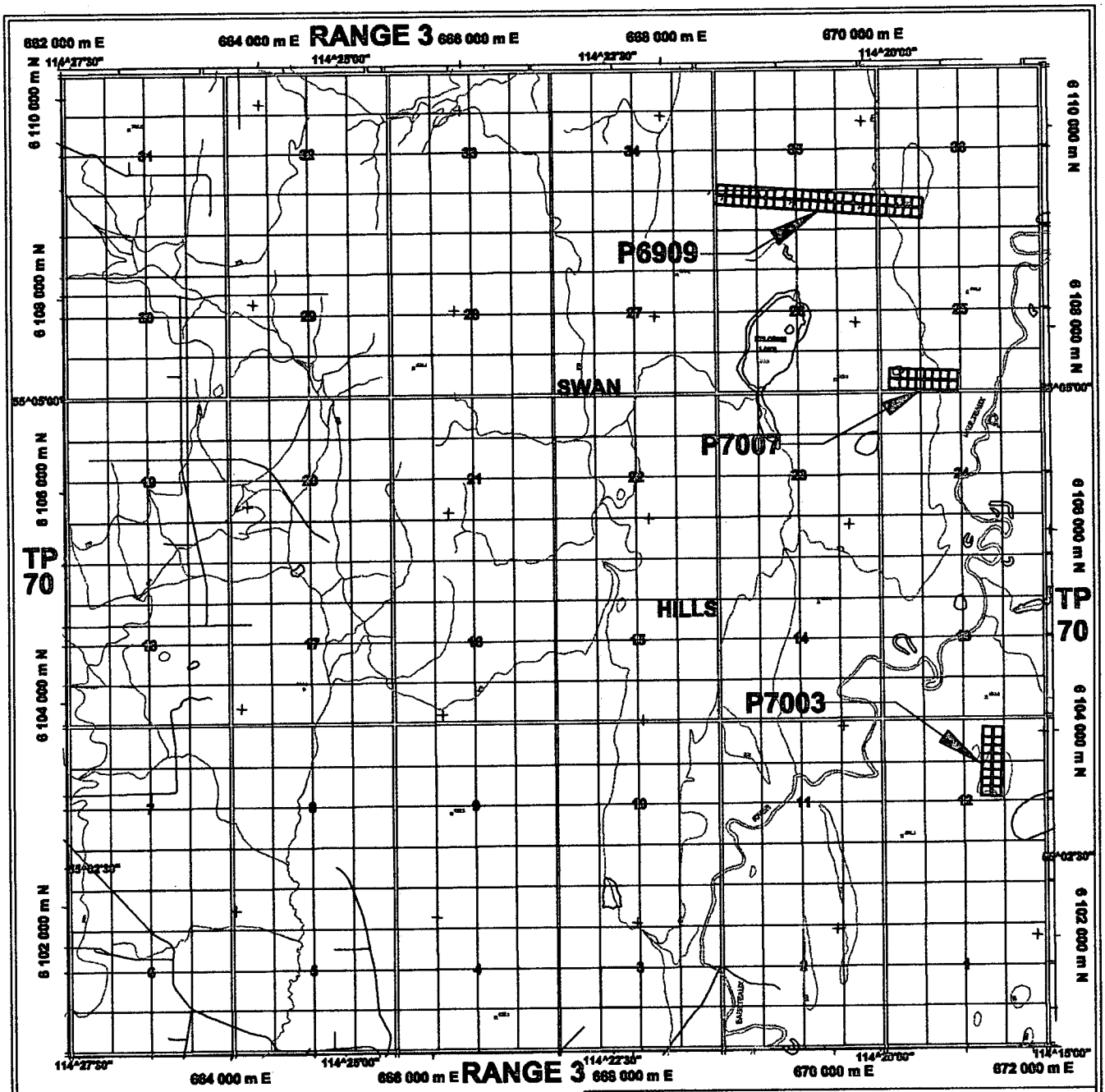


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**Fig 4.1 Locations of
Exploration Work Map
MAIM Permit #9398070353**

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scale
Symbols

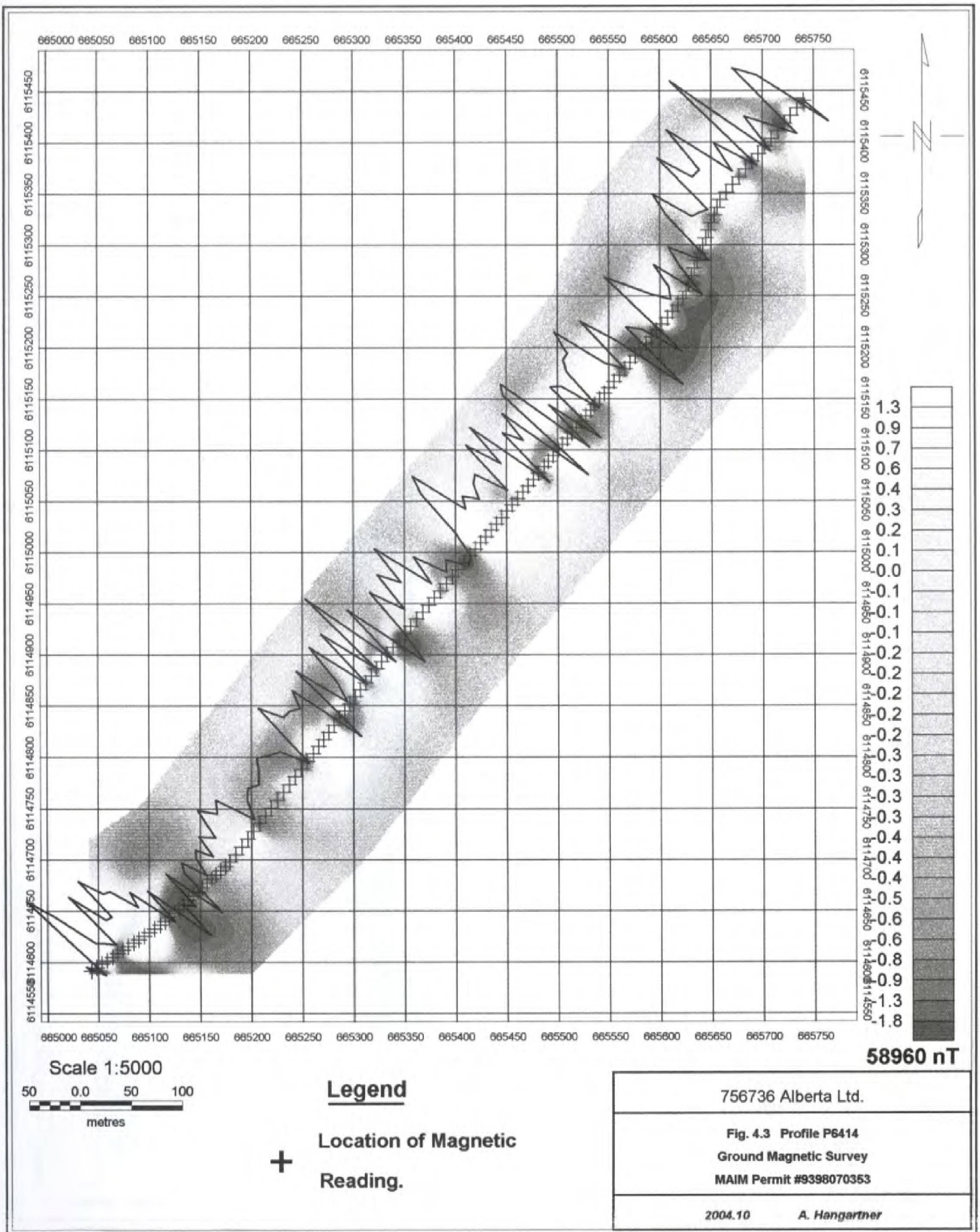


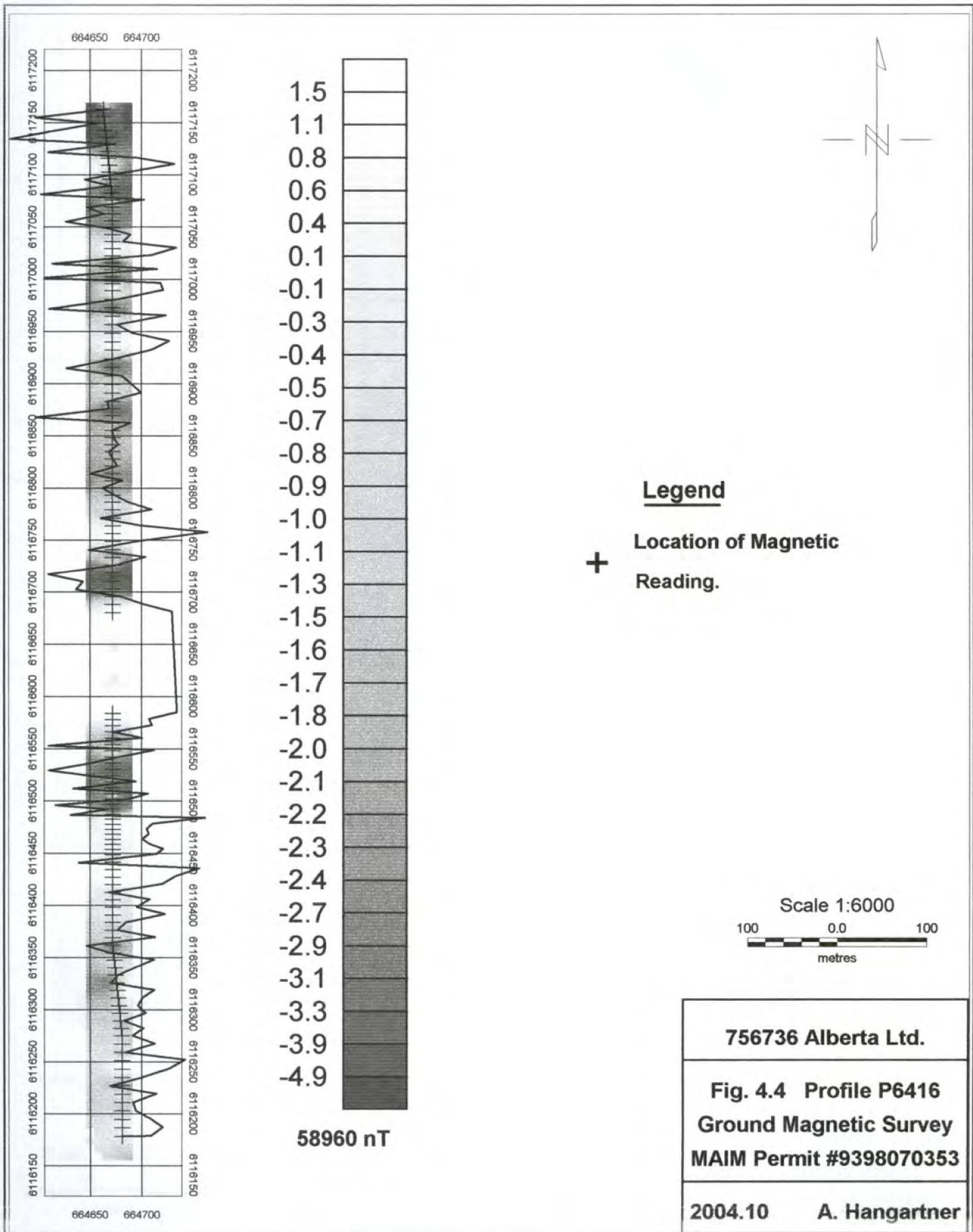
Location of magnetic profile

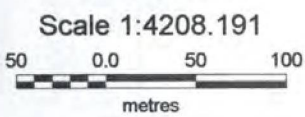
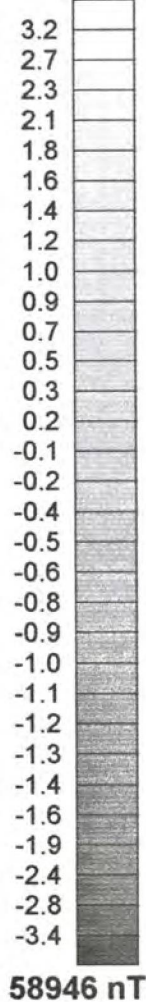
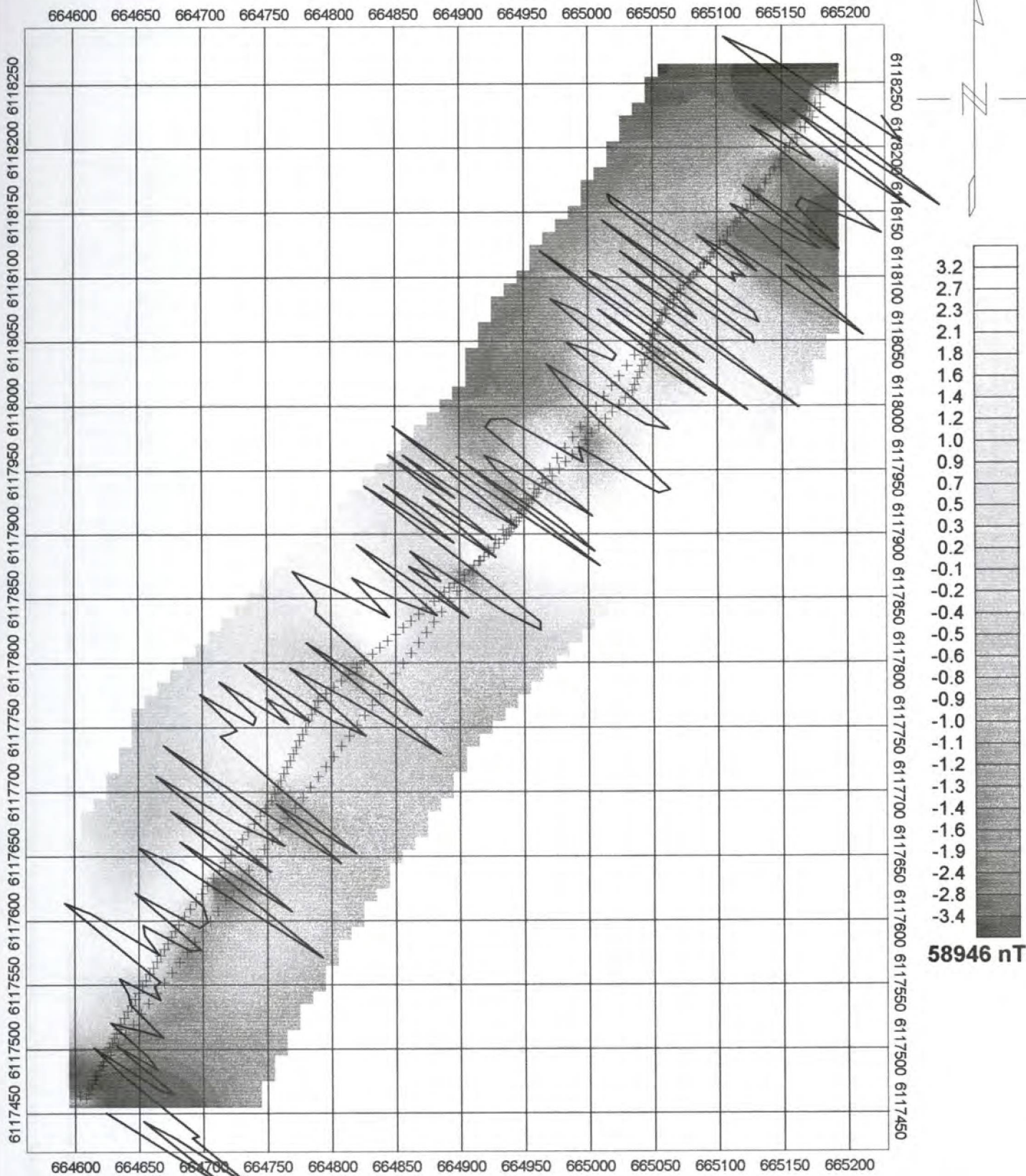
756736 Alberta Ltd.

**Fig 4.2 Locations of
Exploration Work Map
MAIM Permit #9398070352**

A. Hangartner 2004.10



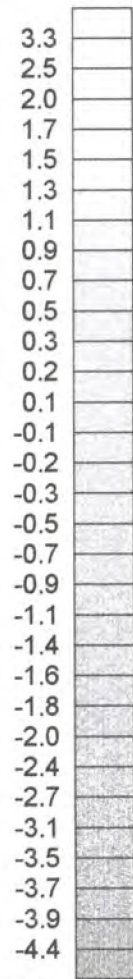
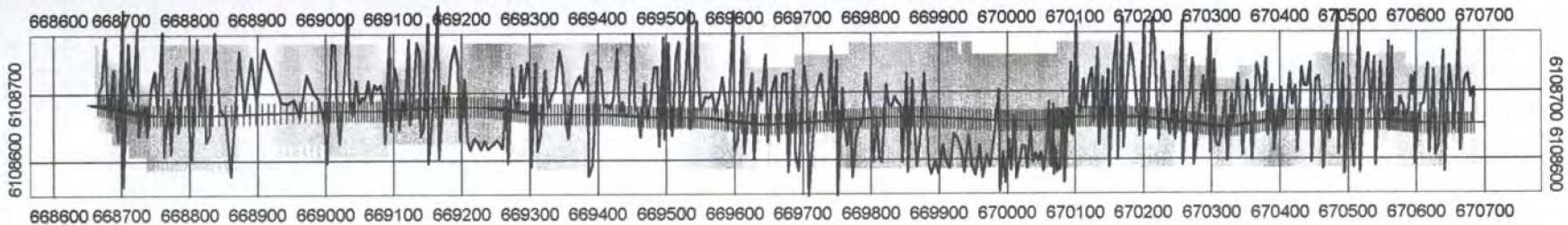




Legend
 + Location of Magnetic Reading.

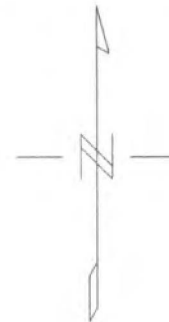
756736 Alberta Ltd.
 Fig. 4.5 Profile P6417
 Ground Magnetic Survey
 MAIM Permit #9398070353
 A. Hangartner 2004.10

F8



58939 nT

+ Legend
Location of Magnetic
Reading.



Scale 1:10065.67

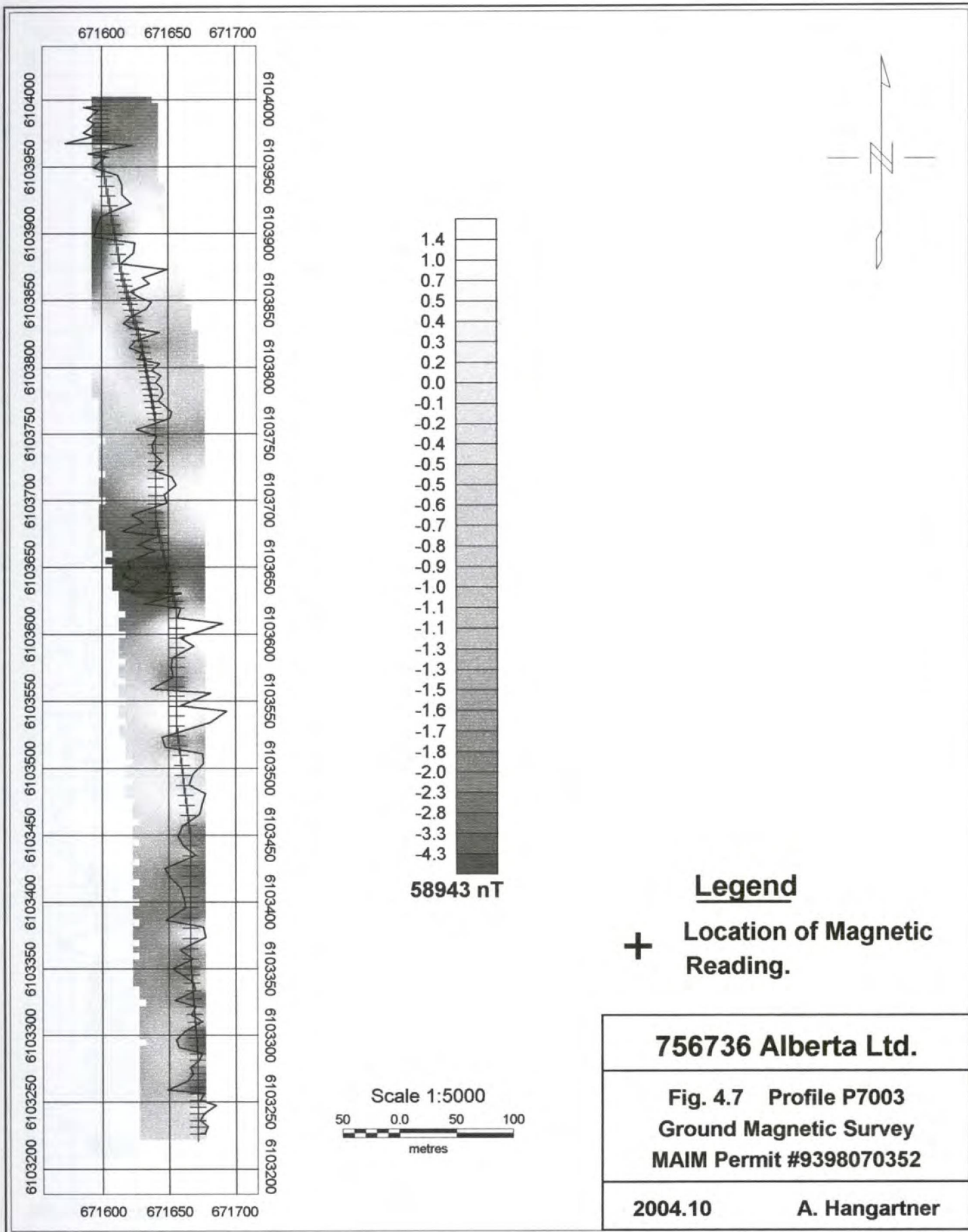


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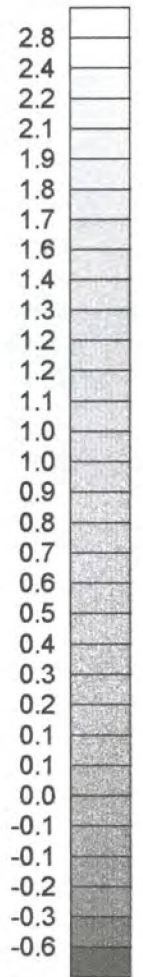
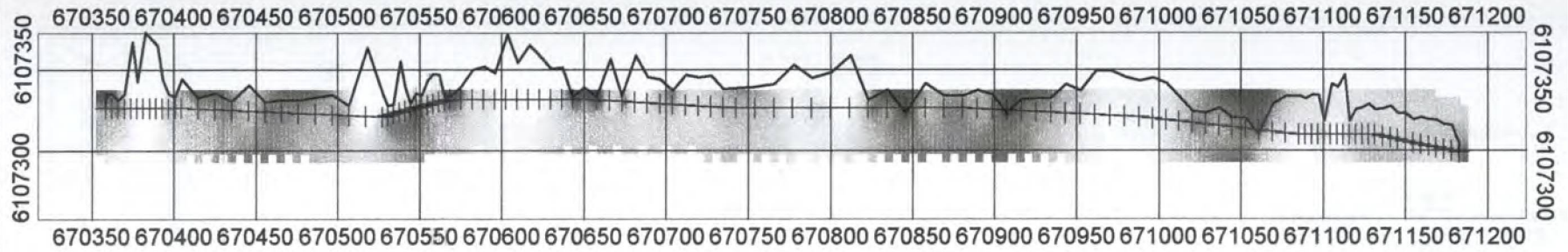
**Fig. 4.6 Profile P6908
Ground Magnetic Survey
MAIM Permit #9398070352**

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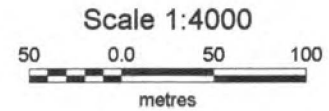
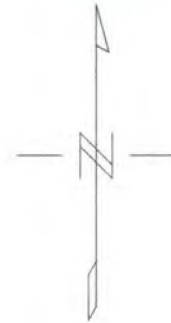


F10



58941 nT

Legend
+ Location of Magnetic Reading.

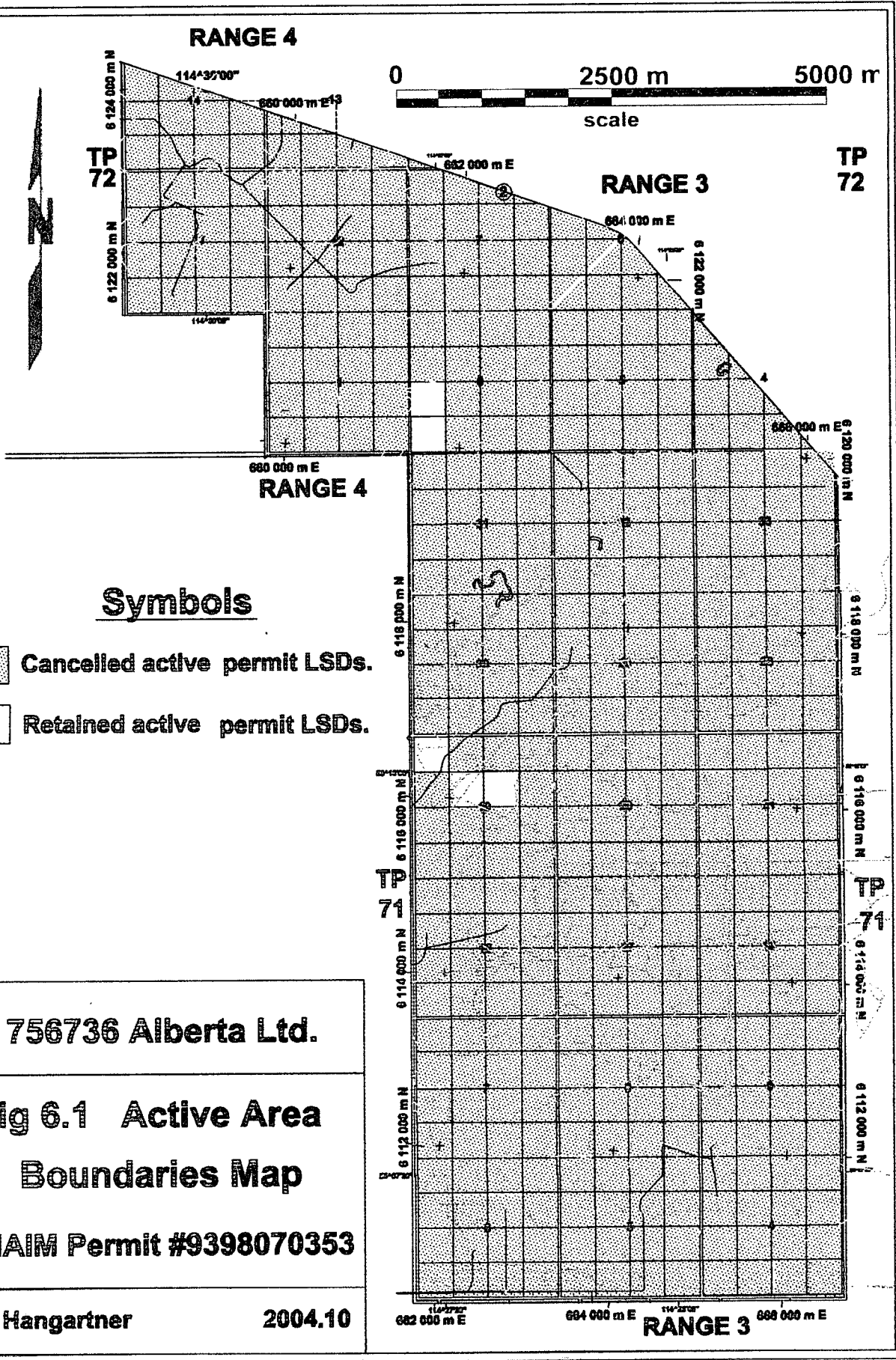


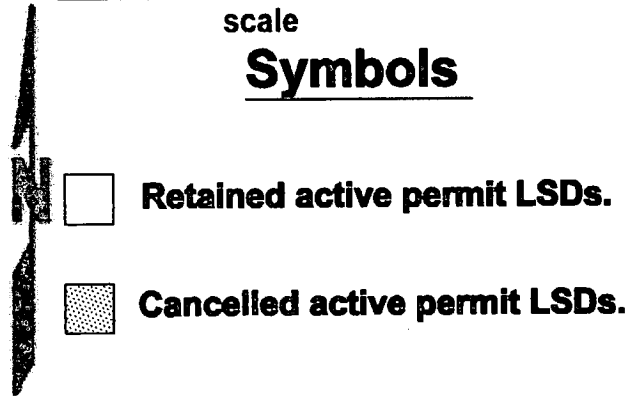
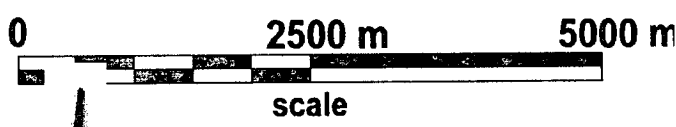
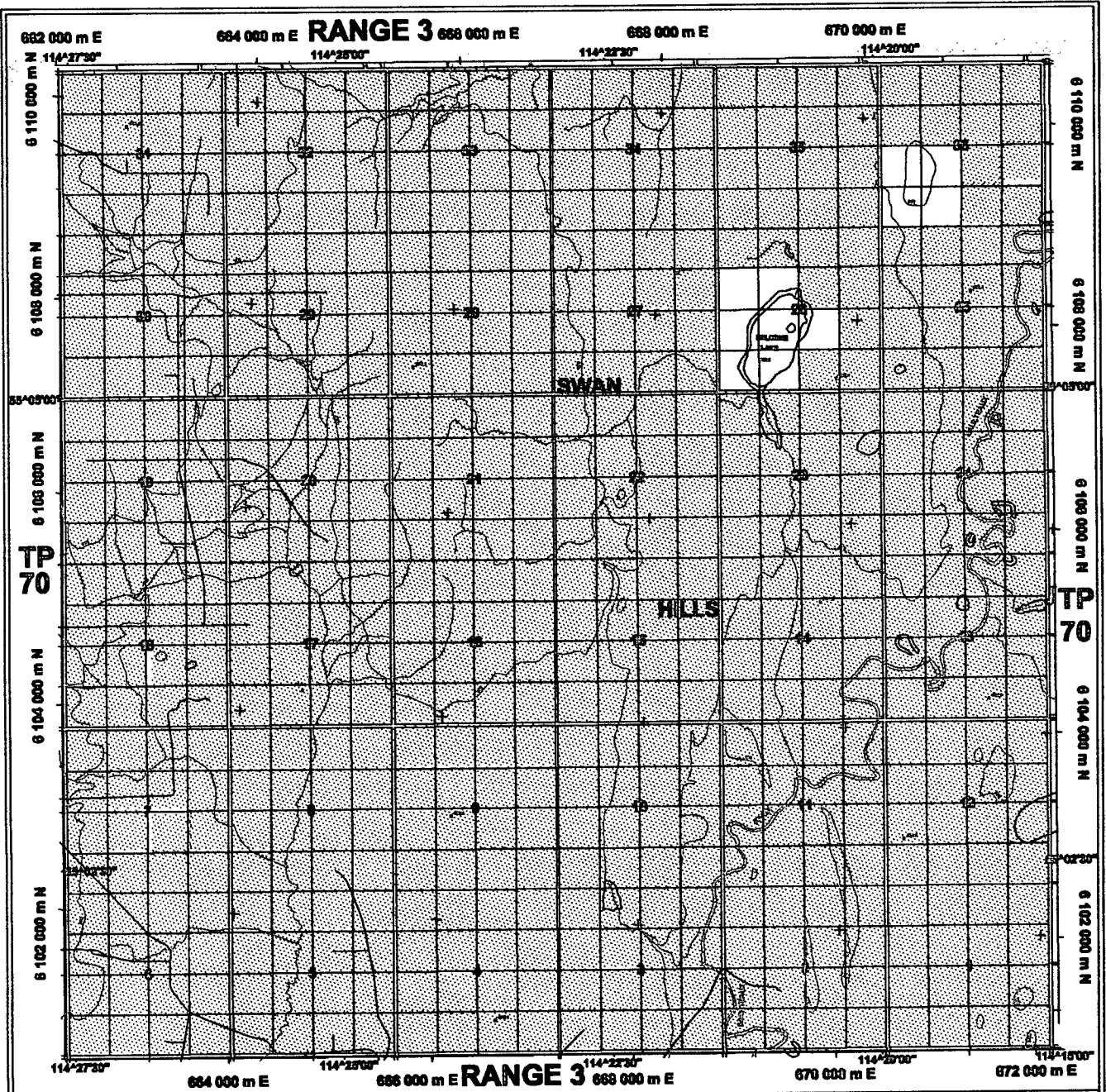
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Fig. 4.8 Profile P7007
Ground Magnetic Survey
MAIM Permit #9398070352

2004.10

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**Fig 6.2 Active Area
Boundaries Map**

MAIM Permit #9398070352

A. Hangartner **2004.10**

APPENDIX 1: STATEMENT OF REASONABLE EXPENDITURES
METALLIC AND INDUSTRIAL MINERALS PERMIT 9398070353, Delorme Lake Area.
EXPLORATION SERVICES - 756736 ALBERTA LTD.

Description	Per	Rates Charge	Cost (\$)	Total Cost (\$)
<u>Salary and Wages</u>				
A. Hangartner - consultations, data processing, drafting, exploration, ground magnetometer surveys, gridding, mineral sampling, reporting				
Helper(s) - travel (2 per.) - trip preparation				
- total travel time for services				
Total Cost:			\$3,980.00	\$3,980.00
 <u>Field Costs</u>				
-meals & lodging (2 per.) - total meal expenses for services	8 dy	\$30.00	\$240.00	
- total accomodations expenses for service	8 nt	\$40.00	\$320.00	
Field Supplies - cords, batteries, ribbon, hip chain, etc.		\$21.50	\$21.50	
Total Cost:			\$581.50	\$581.50
 <u>Rental Equipment</u>				
- truck rental, 1/2 or 3/4 ton	6 dy	\$80.00	\$480.00	
- GSM-19 Magnetometer rental	2 dy	\$64.00	\$128.00	
- GSM-19 Magnetometer Base Station renta	2 dy	\$64.00	\$128.00	
- pentium computer system rental	4 dy	\$35.00	\$140.00	
- data logging device rental	2 dy	\$30.00	\$60.00	
- global positioning system rental	4 dy	\$30.00	\$120.00	
- gridding equipment rental	2 dy	\$30.00	\$60.00	
- lap top CPU pentium	4 dy	\$30.00	\$120.00	
- quad 6x6 rental	4 dy	\$110.00	\$440.00	
- base global positioning system rental	2 dy	\$20.00	\$40.00	
- utility trailer rental	6 dy	\$30.00	\$180.00	
- office space rental	24 mo	\$15.00	\$360.00	
Total Cost:			\$2,256.00	\$2,256.00
 <u>Office Charges, Administrative, General</u>				
- phone, internet, Fax, etc.			\$20.00	
- office supplies, paper, ink carts.,lamintation			\$15.00	
- Maps	1 map	\$9.25	\$9.25	
Total Cost:			\$44.25	\$44.25
Grand Total			\$6,861.75	

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 \$60.00 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, [REDACTED] per man hour and the shortened claimed duration should be appropriate.

**APPENDIX 2: STATEMENT OF REASONABLE EXPENDITURES
METALLIC AND INDUSTRIAL MINERALS PERMIT 9398070352, Delorme Lake Area.
EXPLORATION SERVICES - 756736 ALBERTA LTD.**

Description	Per	Rates Charge	Cost (\$)	Total Cost (\$)
<u>Salary and Wages</u>				
A. Hangartner		- consultations, data processing, drafting, exploration, ground magnetometer surveys, gridding, mineral sampling, reporting		
Helper(s)		"		
-travel		- trip preparation		
(2 per.)		- total travel time for services		
			Total Cost:	\$3,260.00
				\$3,260.00
<u>Field Costs</u>				
-meals & lodging	6	dy	\$30.00	\$180.00
(2 per.)	6	nt	\$40.00	\$240.00
Field Supplies			\$25.00	\$25.00
			Total Cost:	\$445.00
				\$445.00
<u>Rental Equipment</u>				
- truck rental, 1/2 or 3/4 ton	5	dy	\$80.00	\$400.00
- GSM-19 Magnetometer rental	2	dy	\$64.00	\$128.00
- GSM-19 Magnetometer Base Station renta	2	dy	\$64.00	\$128.00
- pentium computer system rental	4	dy	\$35.00	\$140.00
- data logging device rental	2	dy	\$30.00	\$60.00
- global positioning system rental	4	dy	\$30.00	\$120.00
- gridding equipment rental	2	dy	\$30.00	\$60.00
- lap top CPU pentium	4	dy	\$30.00	\$120.00
- quad 6x6 rental	4	dy	\$110.00	\$440.00
- base global positioning system rental	2	dy	\$20.00	\$40.00
- utility trailer rental	4	dy	\$30.00	\$120.00
- office space rental	24	mo	\$15.00	\$360.00
			Total Cost:	\$2,116.00
				\$2,116.00
<u>Office Charges, Administrative, General</u>				
- phone, internet, Fax, etc.			\$20.00	
- office supplies, paper, ink carts.,lamintation			\$15.00	
- Maps	1	map	\$9.25	\$9.25
			Total Cost:	\$44.25
				\$44.25
			Grand Total	\$5,865.25

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 \$60.00 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, [redacted] per man hour and the shortened claimed duration should be appropriate.

Appendix 3: Method of Ground Magnetic Surveying Employed.

Collection Method

The magnetic surveys were performed using an Overhauser Model GMS-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 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 (or 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.

The data was 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.