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I, August Hangartner of [redacted], Leduc Alberta, T9E 6E1, do solemnly declare: That costs as outlined in the 1999 - 2001 Exploration of the Lesser Slave Lake Sawridge Block Property assessment of metallic and industrial permit 9395020019 report were expended as indicated in the Summary of Reasonable Expenditures.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force as if made under oath and by virtue of The Canada Evidence Act.

Declared before me at the city of Edmonton in the Province of Alberta, this twenty sixth day June, A. D. 2001

ANGELA SHAYER
756736 ALBERTA LTD.

1999 – 2001 EXPLORATION OF THE LESSER
SLAVE LAKE SAWRIDGE BLOCK PROPERTY

NORTH-CENTRAL, ALBERTA

Metallic and Industrial Minerals Permit
9395020019

Geographic Co-ordinates
55°12'00" to 55°20'00" N
114°47'00" to 114°55'30" W

NTS Sheets 83 O/2 and O/7

2001.05.25

Prepared by

A. Hangartner, Prospector

756736 Alberta Ltd.
4011 – 37 Avenue
Leduc, Alberta
T9E 6E1
Table of contents

1. SUMMARY ................................................................. 1
2. INTRODUCTION .......................................................... 1
3. LOCATION AND ACCESS ............................................. 2
4. EXPLORATION ........................................................... 3
5. CONCLUSIONS ......................................................... 5
6. PERMIT TABULATION ............................................... 5
7. QUALIFICATIONS ...................................................... 6
8. REFERENCES ............................................................ 7

List of Tables

Table 4.1 Exploration, Grid Flagging, Soil Sampling, and Magnetic Ground Survey Locations, Feb. 1999 – 2001 ........................................ 4
Table 6.1 Property Descriptions and Location Permit ...................... 5

List of Illustrations

Fig. 3.1 Location and Index Map ........................................... F1
Fig. 3.2 Property Map ....................................................... F2
Fig. 4.1 Locations of Work Performed .................................. F3
Fig. 4.2 Location of Ground Magnetic Survey, P3626 .................. F4
Fig. 4.3 Location of Ground Magnetic Survey, P3428 .................. F5
Fig. 4.4 Location of Ground Magnetic Survey, P3524 .................. F6
Fig. 4.5 Location of Ground Magnetic Survey, P3519 .................. F7
Fig. 4.6 Location of Ground Magnetic Survey, P3421 .................. F8
Fig. 4.7 Location of Ground Magnetic Survey, P3219-1 ............... F9
Fig. 4.8 Location of Ground Magnetic Survey, P3219-2 ............... F10
Fig. 4.9 Location of Ground Magnetic Survey, P3319 ............... F11
Fig. 4.10  Location of Ground Magnetic Survey, P3220 ......................... F12
Fig. 4.11  Location of Ground Magnetic Survey, P3620 ......................... F13
Fig. 4.12  Location of Ground Magnetic Survey, P3617 ......................... F14
Fig. 4.13  Location of Ground Magnetic Survey, P3720 ......................... F15
Fig. 4.14  Location of Ground Magnetic Survey, P3721 ......................... F16
Fig. 4.15  Location of Ground Magnetic Survey, P3920 ......................... F17
Fig. 4.16  Location of Ground Magnetic Survey, P3921 ......................... F18
Fig. 4.17  Location of Ground Magnetic Survey, P4023 ......................... F19
Fig. 4.18  Location of Ground Magnetic Survey, P3722-1 ..................... F20
Fig. 4.19  Location of Ground Magnetic Survey, P3722-2 ..................... F21
Fig. 4.20  Location of Ground Magnetic Survey, P3723 ......................... F22
Fig. 4.21  Location of Ground Magnetic Survey, P3229 ......................... F23

List Of Appendices

Appendix 1: Statement of Reasonable Expenditures .............................. A1
Appendix 2: Methods of Ground Magnetic Surveying Employed ............. A2
1. SUMMARY

Alberta metallic and industrial minerals permit 9395020019 located southwest of the town of Lesser Slave Lake, Alberta in the northeastern part of the Swan Hills was further explored for primary diamond deposits. The anomalous areas investigated were chosen from recommendations by Halferdahl & Associates Ltd.

756736 Alberta Ltd. conducted ground magnetic surveys to more precisely localize the source or possible sources, of some of the aeromagnetic anomalies. Several topographic circular oval-shaped physiographic features described as warranting additional exploration were also investigated. Concentrated streambed soil samples were collected from several streams near possible source areas and are awaiting diamond indicator mineral analysis.

2. INTRODUCTION

During 1997 through to early 1998 Blanket Earth Resources Ltd. in conjunction with 756736 Alberta Ltd. conducted exploration for primary diamond deposits within the Sawridge property. Exploration activities included the acquisition of high-resolution aeromagnetic data (HRAM) from Spectra Exploration Geoscience Corp. and Terraquest Ltd.; ground magnetometer surveys by Blanket Earth Resources Ltd. in conjunction with 756736 Alberta Ltd.; and a brief review of aerial photographs, digital elevation data, and other publicly available information by Halferdahl & Associates Ltd. Assessment reports, titled "1997 and Early 1998 Exploration of the Lesser Slave Lake Property prepared and submitted by Halferdahl & Associates Ltd. " and "1998 - 1999 Exploration of the Lesser Slave Lake Sawridge Block Property" prepared and submitted by 756736 Alberta Ltd.; describe the exploration conducted at the Sawridge property.

The assessment report herein describes the exploration conducted at the Lesser Slave Lake Sawridge Block property during 1999 through early 2001. It has been prepared by 756736 Alberta Ltd., the owner of the metallic and industrial minerals permit #9395020019.
3. LOCATION AND ACCESS

Property Location

The property is located in north-central Alberta, about 200 km northwest of the City of Edmonton and immediately southwest of the town of Slave Lake (Fig. 3.1). The property extends from 55°12'00" to 55°20'00" north latitude and 114°47'00" to 114°55'30" west longitude, within NTS map sheets 83 O/2 and O7.

Property Access

The property edge is accessible by several graveled service roads leading from Highway 2, west of the town of Slave Lake. Seismic lines provide all-terrain vehicle or snow-machine access to most remote areas of the property (Fig. 3.2).

Infrastructure near the area include accommodation, food and vehicles at Slave Lake.

Property Geology

The property encompasses areas of development along Highway 2 consisting of several farms and housing developments. There is also a minor amount of oilfield culture in the northeastern and southeastern sections. The property is in the northeastern part of Swan Hills within the hydrographic basins of the Mooney and Sawridge Creeks.
4. EXPLORATION

Work Description

Between Feb 27, 1999 and Feb 27, 2001, 756736 Alberta Ltd. carried out more preliminary ground follow-ups of the HRAM anomalies and other features as recommended by Halferdahl & Associates Ltd. Profiles were established by flagging a line across an anomalous area. Stations were measured and positioned using hip chain, compass, and GPS. The data collected 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).

One soil sample was collected, concentrated and is currently awaiting diamond indicator mineral analysis.

Site Selection

Several different sites were chosen to conduct magnetic profile surveys and soil sampling (Table 4.1 – Exploration, Grid Flagging, Soil Sampling, and Magnetic Ground Survey Locations, Feb. 1999 - 2001). The length of the profile and the site chosen depended on the terrain and the data available. The strategy chosen was to profile areas of the property that were indicated as weak magnetic anomalies on the HRMS flyby then using this information to discard unlikely prospects, downsizing being the key objective. Magnetic surveys were performed on twenty of these such areas.

A soil sample, S635119, was collected from Sawridge Creek immediately below a location where a small stream entered the main stream. This site was selected because the creek was the drainage of the anomalous south-eastern area of property. This site was near P3620 and P3721 (Fig. 4.1).

The streambed samples were meshed and the concentrates were separated from the lighter materials. The collected sample is currently awaiting diamond indicator mineral analysis.

---

Table 4.1


Locations of field work performed by 756736 Alberta Ltd.

<table>
<thead>
<tr>
<th>Report Identifier</th>
<th>UTM Easting</th>
<th>UTM Northing</th>
<th>Work Description</th>
<th>Distance in meters</th>
<th>Dates</th>
<th>Shown in Figure</th>
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<td>6128184</td>
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<td>S636119</td>
<td>636210</td>
<td>6119609</td>
<td>Exploration &amp; Soil Sampling</td>
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<td>Jul 30 - Aug 1/00</td>
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<td>P3519</td>
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Findings

Profiles P3428, P3626, P3524, P3519, P3421, P3220, P3620, P3617, P3720, P3721, P3920, P3921, P4023, P3722-1, P3722-2, P3723, P3219-1, P3319, and P3229 varied by less than 5 nT.

Profile P3219-2 varied by 6.9 nT. The readings were collected on a steep slope and show no definite correlation with the surrounding terrain.

Soil sample S635119 is currently awaiting processing.
5. CONCLUSIONS

The ground magnetic profiles conducted do not confirm the presence of any of the weak anomalies depicted on the aeromagnetic survey maps and no areas were identified that warrant further exploration. The results were not unexpected. The strategy taken was to investigate the weaker anomalies and use this information to downsize the exploration area. The small soil sample taken at S635119 has not been processed for the presence of diamond indicator minerals. All anomalies depicted on the aeromagnetic map should be investigated.

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>
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<th>TABLE 6.1 Property Descriptions and Location Permit</th>
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<td>Claim:</td>
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<td>Area:</td>
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<tr>
<td>See Figure:</td>
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</table>

Table 6.1 lists the areas of the permits that 756736 Alberta Ltd. wants retained. Figure 3.2 should also depict this same information. If there is a discrepancy between the table and the figure, please use the information depicted in the figure. Cancel all shaded areas of the original permits as depicted in figure 3.2.
Distances Gridded and Surveyed

Total ground magnetic survey line/km: 16.25
Soil samples taken: 1

Exploration Expenditures

Total expenditures, February 1999 – February 2001: $25,349.30

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

Metallic and industrial minerals permit 9395020019 is currently held by August Hangartner of 756736 Alberta Ltd., 3011 – 37th Ave., Leduc, Alberta, the author of this report. Exploration expenditures are not publicly financed.

7. QUALIFICATIONS

Qualifications and work experience of the author of this report:

Education:

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 only a hobby.

August Hangartner
Part time prospector,
Leduc, Alberta

Distribution:
Minister of Energy: 2 copies
756736 Alberta Ltd.: 2 copies
8. REFERENCES

Lesser Slave Lake project; unpublished report dated 98/02/16 to Halferdahl & Associates Ltd., Edmonton, by Terraquest Ltd., Toronto, 15 p., 5 fig., 9 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, Sawridge Block, high resolution magnetic survey map.


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.


Finding and Conclusions.
Fig. 3.1 Location and Index Map
MAIM Permit # 9395020019
LESSER SLAVE LAKE AREA, ALBERTA

A. Hangartner  2001.05
Fig. 3.2 Property Map
MAIM Permit # 9395020019
Sawridge Block Area
A. Hangartner 2001.05

SYMBOLS
Retained Active Area
(Feb. 2001 - 2003)
SYMBOLS

• Location of Soil Sample

\[\text{Location of Magnetic Profile}\]

756736 Alberta Ltd.

Fig. 4.1 Locations of Work Performed Sawridge Block Area

A. Hangartner 2001.05

S635119
Symbol
+
Location of Magnetic Reading

Scale 1:4134.232

756736 Alberta Ltd.
Fig. 4.2 Profile P3626
Ground Magnetic Survey
Sawridge Block Area
A. Hangartner 2001.05
Fig. 4.3 Profile P3428
Ground Magnetic Survey
Sawridge Block Area

A. Hangartner 2001.05
Symbol

+ Location of Magnetic Reading
Fig. 4.10 Profile P3220
Ground Magnetic Survey
Sawridge Block Area

A. Hangartner 2001.05
Symbol

+ Location of Magnetic Reading

756736 Alberta Ltd.

Fig. 4.12 Profile P3617
Ground Magnetic Survey
Sawridge Block Area

A. Hangartner 2001.05
Symbol

+ Location of Magnetic Reading

756736 Alberta Ltd.

Fig. 4.13 Profile P3720
Ground Magnetic Survey
Sawridge Block Area

A. Hangartner 2001.05
Fig. 4.16 Profile P3921
Ground Magnetic Survey
Sawridge Block Area

756736 Alberta Ltd.

A. Hangartner 2001.05
Fig. 4.18 Profile P3722-1
Ground Magnetic Survey
Sawridge Block Area

Symbol
+ Location of Magnetic Reading

Scale 1:5079.341

756736 Alberta Ltd.
A. Hangartner 2001.05
Appendix 1: Statement of Reasonable Expenditures
Metallic and Industrial Minerals Permit 9395020019, Sawridge Block.

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<td>A. Hangartner - consultations, data processing,</td>
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<td>gridding, mineral sampling, reporting</td>
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<td>hip chain, etc.</td>
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<td><strong>Rental Equipment</strong></td>
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<td><strong>Office Charges, Administrative, General</strong></td>
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<td>-office supplies, paper, ink carts., lamination</td>
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<td><strong>Grand Total</strong></td>
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<td>$25,349.30</td>
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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 permit 9395020019 for Feb 1999 - 2001, were expended as indicated.

August Hangartner
Appendix 2: Methods 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.

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 survey and the survey description was used to scale the location of each station. The logged location time and survey reading time 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 processed using Geosoft Oasis Software. The maps produced represent profile of magnetic field intensity measurements, which in turn are determined from a survey of equally spaced points between nodes that have been interpolated from the original data.