MAR 20020008: DRIFTWOOD

Received date: Jul 08, 2002
Public release date: Jul 08, 2003

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756736 Alberta Ltd.

NORTH-CENTRAL, ALBERTA

Metallic and Industrial Minerals Permit 9398030090

Geographic Co-ordinates
55°30'00" to 55°35'30"N
114°05'00" to 114°14'00"W

NTS Sheet 83 O/9

2002.05.25

Prepared by

A. Flangartner, Prospector

756736 Alberta Ltd.
4011 – 37 Avenue
Leduc, Alberta
T9E 6E1
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Table 4.1  

Locations of field work preformed by 756736 Alberta Ltd. at the Driftwood Property.

<table>
<thead>
<tr>
<th>Report Ident</th>
<th>Length of prof</th>
<th>UTM Easting</th>
<th>UTM Northing</th>
<th>Work Description</th>
<th>Dates</th>
<th>Shown in Figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>P8363</td>
<td>1.6 km</td>
<td>683132</td>
<td>6163131</td>
<td>Exploration, Flagging and Magnetic Profile</td>
<td>04-Mar-01</td>
<td>4.2</td>
</tr>
<tr>
<td>P8361</td>
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<td>683798</td>
<td>6161024</td>
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</tr>
<tr>
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<td>676035</td>
<td>6155741</td>
<td>Exploration, Flagging and Magnetic Profile</td>
<td>08-Mar-01</td>
<td>4.4</td>
</tr>
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<td>P7856</td>
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</tr>
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<td>&quot;</td>
<td>Mar 2, 7, &amp; 8. May 5, 6, 20, &amp; 28.</td>
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1. SUMMARY

Alberta Metallic and Industrial Minerals Permit No. 9398030090, herein referred to as the Driftwood Property, located northeast of Lesser Slave Lake, Alberta in the central part of the Pelican Mountains, was explored for primary diamond deposits. A number of anomalous areas depicted from a high resolution aeromagnetic (HRAM) survey acquired from Terraquest Ltd. along with areas recommended by Halferdahl & Associates Ltd. were investigated.

756736 Alberta Ltd. explored the area to determine the source or possible sources of some of the aeromagnetic anomalies. Several topographic circular oval-shaped physiographic features were also investigated.

2. INTRODUCTION

During 1998 and early 2000, 756736 Alberta Ltd. conducted exploration for primary diamond deposits within the Driftwood Property. Exploration activities included the acquisition of high-resolution aeromagnetic data from Terraquest Ltd.; and a brief review of aerial photographs, digital elevation data, and other publicly available information by 756736 Alberta Ltd..

The assessment report herein, describes the exploration conducted at the Driftwood Property during 2000 through early 2002. It has been prepared by 756736 Alberta Ltd., who is the owner of the Metallic and Industrial Minerals Permit No. 9398030090.
3. LOCATION AND ACCESS

Property Location

The property is located in north-central Alberta, about 325 km north-northwest of the City of Edmonton and 55 km northeast of the town of Slave Lake. The property extends from 55°30'00" to 55°35'30" north latitude and 114°05'00" to 114°14'00" west longitude, within NTS map sheet 83 O/9.

Property Access

The property is accessible 45 km northeast along a graveled oil and gas service road leading from Highway 88, 10 km north of the town of Slave Lake (Fig. 3.1). The property is also accessible 45 km west along a winter road leading from Highway 513, 50 km north of the town of Calling Lake. There are several oilfield service roads throughout the exploration area (Fig. 6.1). Seismic line, pipeline, and power-line lines provide all-terrain vehicle or snow-machine access to remote areas of the property.

The closest infrastructure to the area that includes accommodations, food, and vehicles is at Slave Lake, 55 km away.

Property Geology

The property contains substantial amounts of oilfield culture and the Meradian Forestry Tower and Fire Camp. Economic activities in the area are dominated by logging and timber operations and oil and gas exploration. The property is in the central part of Pelican Mountains within the hydrographic basin of the Driftwood River.
4. EXPLORATION

Work Description

Between Mar 10, 2000 and Mar 10, 2002, 756736 Alberta Ltd. carried out preliminary ground follow-ups of the Terraquest HRAM fly-by map anomalies and other features that were identified as meriting investigation by criteria suggested in consultations with Halferdahl and Associates. Several lower intensity HRAM anomalies and some of the circular physiographical features were investigated, flagged and ground magnetic survey follow-ups were done on several of these.

Site Selection

There were numerous weak anomalies that possess near surface sources without any obvious cultural association that needed to be investigated from the ground. (Not all kimberlite pipes are magnetic.) The property contained considerable amounts of cultural interference and a great deal of time needed to be set aside for ground de-culturing and locating geographically significant anomalous not shown on the aeromagnetic maps but that perhaps could be confirmed by ground measurements. Fly-by raw data processing using Geosoft Software showed that there were several small anomalies that did not have verified cultural sources.

Several sites were chosen to conduct magnetic surveys. A consideration in site choice was downsizing strategy. Profiles were established by flagging lines that crossed through the anomalous sources nearer to the property extremities. Stations were measured and positioned using hip chain, compass, and GPS. The length of the profile chosen depended on the terrain and the data available.

Data collected for each profile was 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. 2000 - 2002.

Locations of field work preformed by 756736 Alberta Ltd. at the Driftwood Property.

<table>
<thead>
<tr>
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<td>P7655</td>
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<td>De-culturing flyby data Mar 3, 4, 5, 6, 9. May 10, 11, 24, &amp; 26.</td>
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<td>&quot; May 12, 21, 22, 23, &amp; 25.</td>
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<td>Tp.75r1w5</td>
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<td>&quot; May 8, 9, 27, &amp; 29.</td>
<td>4.1</td>
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<td>Tp.75r2w5</td>
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<td></td>
<td>&quot; Mar 2, 7, &amp; 8.</td>
<td>4.1</td>
<td></td>
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</table>
Findings

Many of the anomalous areas planned for survey were found to contain obvious man-made culture and therefore alternate areas were chosen. Other profiles were abandoned during flagging or when we were able to confirm that anomalies were underground oilfield culture. None of the profiles conducted displayed any data that could be considered significant.

5. CONCLUSIONS

The anomalous areas investigated at the perimeters of the claim contained man-made culture or no significant indications of geophysical interest. Downsizing of the investigated areas is recommended. Some areas, although they contain man-made culture, were retained to keep the claim contiguous. All small anomalies depicted on the aeromagnetic map should be investigated.

### TABLE 6.1  Cancellations and Amendments

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<th>Claim: March 2002 - 2004, Retained Active Area MAIM permit # 9398030090. *</th>
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<tr>
<td>Tp.76 - 1W5(sec.4L2; 5NW,L4-6,L10; 6L1-4; 7NE,L11,L14; 8L1-17;17NW2,L5,L7; 18L2-4,L7,L10,L13-16)</td>
</tr>
<tr>
<td>Tp.75 - 2W5(sec.23L13; 25L14-16; 26L3,4,5,6,11,13,14; 27L1-3,L6,L11; 34NE,L7,L8,L13; 35NW,L2,L5,L7-15,L16; 36NW,L3,L6)</td>
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<tr>
<td><strong>Area:</strong> 2208 (ha) Approx.</td>
</tr>
<tr>
<td><strong>See Figure:</strong> Fig. 6.1 Property Map 'Retained active permit LSDs'.</td>
</tr>
</tbody>
</table>

* The retained area was chosen to cover locations that the Terraquest Ltd. 1998 HRAM survey displayed as low intensity vertical gradient anomalies. Other areas were chosen from processing the horizontal gradient data to form a topographical map of the near surface anomalies. Any that had no attributable surface cultural interference seen on the aerial video made during flyby were retained. The remaining areas were chosen on physical features identified on topographical maps, aerial photographs or from a topographical map produced from the aircraft radar and GPS indicated altitudes data.

6. PERMIT TABULATION

**Distances Gridded and Surveyed**

Total flagged line/km = 18.5

Total ground magnetic survey line/km = 15.6
Exploration Expenditures

(See Appendix 1, pg. A1)

Please allocate this expenditure to the retained area.
(See Table 6.1, pg. 5)

For a summery 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 No. 9398030090 is privately owned and exploration expenditures are not financed by shareholders.

MAIM Permit # 9398030090 is held by 756736 Alberta Ltd., 4011-37 Ave., Leduc, Alberta. This report is being submitted for 756736 Alberta Ltd. by August Hangartner of 756736 Alberta Ltd., 4011-37 Ave., Leduc, Alberta.

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 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 - 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.

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.
Fig. 4.1 Locations of Exploration Map
Driftwood Property

756736 Alberta Ltd.

Symbols
Ground Magnetic Survey Location

A. Hangartner 05/2002
Symbols

+ Location of magnetic reading

- Underground culture suspect pipeline

756736 Alberta Ltd.

Fig. 4.2 Profile P8363
Ground Magnetic Survey
Driftwood Property

A. Hangartner 05.2002
Symbols

+ Location of magnetic reading

756736 Alberta Ltd.

Fig. 4.3 Profile P8361
Ground Magnetic Survey
Driftwood Property

A. Hangartner 05.2002
Symbols

+ Location of magnetic reading
/ Small creek

756736 Alberta Ltd.
Fig. 4.4 Profile P7655
Ground Magnetic Survey
Driftwood Property
A. Hangartner 05.2002
Symbols

+ Location of magnetic reading

Fig. 4.7 Profile P8360
Ground Magnetic Survey
Driftwood Property

756736 Alberta Ltd.

A. Hangartner 05.2002
Symbols

+ Location of magnetic reading
Fig. 4.9 Profile P7461
Ground Magnetic Survey
Driftwood Property

756736 Alberta Ltd.

A. Hangartner 05.2002
Fig. 4.10 Profile P7462
Ground Magnetic Survey
Driftwood Property

756736 Alberta Ltd.

A. Hangartner 05.2002

Symbols

+ Location of magnetic reading
Fig. 4.11 Profile P7762
Ground Magnetic Survey
Driftwood Property

Symbols

+ Location of magnetic reading

756736 Alberta Ltd.

A. Hangartner  05.2002
APPENDIX 1: STATEMENT OF REASONABLE EXPENDITURES

METALLIC AND INDUSTRIAL MINERALS PERMIT 9398030090, DRIFTWOOD PROPERTY.

EXPLORATION SERVICES - 756736 ALBERTA LTD.

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<th>Description</th>
<th>Rates</th>
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<td><strong>Salary and Wages</strong></td>
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<td>consultations, data processing, drafting, exploration, ground magnetometer surveys, gridding, mineral sampling, reporting</td>
<td>222 hr</td>
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<td>-trip preparation</td>
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<td>-total travel time for services</td>
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<tr>
<td><strong>Total Cost:</strong></td>
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<td>$19,280.00</td>
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<td><strong>Field Costs</strong></td>
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<td>-total meal expenses for services</td>
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<td>$1,500.00</td>
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<td>(2 per.)</td>
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<tr>
<td>-total accommodations expenses for services</td>
<td>56 nt</td>
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<td><strong>Field Supplies</strong></td>
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<td>-cords, batteries, ribbon, hip chain, etc.</td>
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<td>$93.50</td>
<td>$3,553.50</td>
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<td>- truck rental, 3/4 ton</td>
<td>38 dy</td>
<td>$90.00</td>
<td>$3,420.00</td>
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<td>- GSM-19 Magnetometer rental</td>
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<td>- GSM-19 Magnetometer Base Station rent</td>
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<td>$30.00</td>
<td>$300.00</td>
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<td>- global positioning system rental</td>
<td>27 dy</td>
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<td>- lap top CPU pentium</td>
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<td>$30.00</td>
<td>$240.00</td>
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<td>- quad 6x6 rental</td>
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<td>- base global positioning system rental</td>
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<td>- utility trailer rental</td>
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<td>8 dy</td>
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</tr>
<tr>
<td>- portable A/C gen</td>
<td>7 dy</td>
<td>$10.00</td>
<td>$70.00</td>
</tr>
<tr>
<td>- office space rental</td>
<td>24 mo</td>
<td>$30.00</td>
<td>$720.00</td>
</tr>
<tr>
<td><strong>Total Cost:</strong></td>
<td></td>
<td></td>
<td>$12,255.00</td>
</tr>
<tr>
<td><strong>Office Charges, Administrative, General</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- phone, internet, Fax, etc.</td>
<td></td>
<td>$210.50</td>
<td>$210.50</td>
</tr>
<tr>
<td>- office supplies, paper, ink carts, laminatation</td>
<td></td>
<td>$115.20</td>
<td>$115.20</td>
</tr>
<tr>
<td><strong>Total Cost:</strong></td>
<td></td>
<td></td>
<td>$325.70</td>
</tr>
<tr>
<td><strong>Grand Total:</strong></td>
<td></td>
<td></td>
<td>$35,414.20</td>
</tr>
</tbody>
</table>

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 - $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, $35.00 - $40.00 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 9398030090 were expended as indicated.

August Hangartner
Appendix 2: Methods of Ground Magnetic Surveying employed.

Collection Method

The magnetic surveys were preformed 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 (or mobile) instrument data to give a data set which varies only with position. The GPS information was used to map the profile and to scale the location of each station. The logged time, location and magnetometer readings 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.