ASSESSMENT REPORT ON THE ALCES CLAIMS

Report Prepared for
DIAMANT RESOURCES LTD
123-280 NELSON ST
Vancouver, B.C.
V6B2E2

N.T.S. 94A/1
Latitude 56 12 N
Longitude 120 11 W
UTM Zone 10: 675000E; 6232000N

By

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208-1707 Charles Street
Vancouver, B.C.
V5N 2T7

GEOLOGICAL SURVEY BRANCH
ASSESSMENT REPORT

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VANCOUVER, B.C.
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Metric Conversion Table

<table>
<thead>
<tr>
<th>Unit</th>
<th>Conversion Factor</th>
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<tbody>
<tr>
<td>1 foot (ft)</td>
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</tr>
<tr>
<td>1 inch (i.)</td>
<td>= 2.54 centimeters (cm)</td>
</tr>
<tr>
<td>1 kilometer (k)</td>
<td>= 0.26137 miles (mi)</td>
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</table>
INTRODUCTION

Location
The Alces claims are located in northeastern British Columbia (Figure 1) in the Peace River Lowlands, 40 kilometers east of Fort St. John, BC. (Figure 2).

Access
Provincial Highway 97 (the Alaska Highway) is the main roadway through the region. Many other secondary highways and roads service the Peace River area. This program utilized agricultural, oil and gas service roads, and seismic cut lines for access.

Physiography
The Peace River area in northeastern British Columbia is an agricultural region consisting primarily of farming and rangeland. In addition to agriculture, the Peace River Region is one of British Columbia’s premier gas producing regions.

The forest cover is dominantly spruce, pine and poplar with spruce forests dominating the Muskeg rich regions in the north. The climate is temperate continental with moderate precipitation, warm summers and cold winters. The region’s population is situated primarily in the Peace River valley (Fort St. John and Dawson Creek.)

The topography on the claims is gently sloping terrain, generally descending southward towards the Peace River. The elevation of the peneplain is 730 metres ASL. The Peace River Lowlands are transected by the deeply incised channels of the Alces River, Flatrock Creek, and Zhoda Creek to an elevation of about 500 metres ASL.
The registered owner of the Alces claims is Diamant Resources Ltd.

<table>
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<th>Claim Name</th>
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The Alces claims total 125 units for a total area of 3125 ha. The claims are located on NTS map sheets 094A.029 and 094A.030 in the Liard Mining Division, of British Columbia.
REGIONAL GEOLOGY

The regional geology of northeastern British Columbia consists of crystalline basement rocks overlain by marine clastic sediments of the Western Canada Sedimentary Basin. The basement rocks are not exposed on the claim group but have been intersected by several oil and gas exploration wells in the area. The geology and structure of the basement rocks has been interpreted through a combination of petrology and radiometric studies coupled with geophysical data.

The area is underlain by a stable Archean basement domain called the Nova Terrain. This terrain is bounded to the north by the Great Slave Lake shear zone (GSLS zone), a 1.9Ga northeast trending structure that extends from the southeast margin of the Slave craton in NWT southwest through northern Alberta and northeastern British Columbia (120°W 57°N) to the Rocky Mountain Trench. Geochronology of the gneissic basement rocks of the Nova Terrain has returned Proterozoic and Archean ages consistent with rocks of the Slave Craton (Villeneuve et al., 1993.) This along with other similar attributes shared by the Nova Terrain and the Slave craton have led to a possible interpretation that the Nova may be a dextrally displaced faulted remnant of the Slave craton. Alternatively, this region of crust may be related to Archean crust underlying the Ksituan High, which is a magmatic belt located east of the Nova Domain (Villeneuve et al., 1993.) If the Nova Domain is Slave craton equivalent, then it presents an attractive exploration target for diamonds in northeastern British Columbia (Figure 3.)

Basement Structures

The Peace River Arch is a northeast trending basement structure that controlled the deposition of Palaeozoic sediments. It was an anomalously positive tectonic element (arch) during the Devonian and possibly early Palaeozoic. By the Carboniferous period and later, the Peace River Arch had become a site of subsidence and excess sedimentation (Ellis et al., 1986). The axis of the Peace River Arch trends roughly east-west, crossing into northeastern B.C. at about 120°W, 56° N, and extends west-southwestward. The Peace River Arch is a long-lived, large-scale structure of a type that could be influential in localizing Kimberlite diatremes.
Diamant Resources Ltd.

Assessment Report

October 2002

Alces Claims

The Buffalo Head craton kimberlites in Alberta are interpreted to occur along the crest of the Peace River Arch. Around the Fort St. John area in northeastern British Columbia, the Peace River Arch is cut by significant northwest trending cross structures that extends into the basement. These intersecting structures thus provide potential sites for kimberlite emplacement.

Property Geology

The claim groups are located in the Western Canada Sedimentary Basin with local bedrock geology composed of Upper Cretaceous Kaskapau and Dunvegan formations and Lower Cretaceous Upper Shale (Figure 4). The Kaskapau formation consists of shale, silty shale with minor amounts of sandstone, siltstone, and ironstone. The Dunvegan formation is a fine to medium grain grey sandstone that is evenly bedded and interbedded with grey to dark grey siltstone and carbonaceous shale. Ironstone bands and thin coal seams are also present. The Upper Shale unit consists of grey shale and silty shale with minor amounts of sandstone, siltstone, thin bands of ironstone, and scattered concretions of ironstone.
Figure 3. Tectonic domains in the basement of northwestern Alberta and northeastern British Columbia based on aeromagnetic anomaly data and U-Pb geochronology (Ross, 1990)
MINERAL OCCURRENCES

The British Columbia MINFILE database records nine mineral occurrences on NTS map sheet 94A of mainly industrial minerals. Bentonite occurrences are known from drill core data in the Fort St. John Group. Bentonite is a clay mineral that typically forms from weathered volcanic rock or ash indicating local volcanic activity during the Cretaceous time period.
PREVIOUS WORK

Assessment reports by Stapleton (1997 a,b; 1998 a,b) outline the exploration efforts of TUL Petroleum Ltd. in the Peace River region of northeastern BC. Prospecting along the Beatton River in 1996, northeast of Fort St. John, revealed garnet-bearing beach sands downstream from Indian Creek (at UTM 642990E, 6252060N) (Stapleton, 1998a). The Lucky Jim property was staked surrounding this showing and the area upstream in hopes of locating a source. The heavy mineral fractions of the beach sands were examined by microscope and electron microprobe confirming the presence of diamond indicator minerals, including G9 garnet. It was proposed that a possible kimberlitic source lay west of the Beatton River and north of Indian Creek. A widely spaced airborne survey was flown over the target area, and resulted in a magnetic anomaly being identified in a topographic depression (Stapleton 1997a), (Gal 2001).

TUL staked a second property (Moose Creek, now known as the Alces property) along the Alces River located east of Fort St. John. Diamond indicator minerals including G9 garnet and clinopyroxene (Chrome-diopside) were recovered from a gravel pit located along the Alces River (Stapleton, 1997b.) Volcanic boulders were also recovered and petrographically identified as altered lamprophyre. An airborne magnetic survey was flown over the area (Stapleton, 1997b) that identified magnetic highs or anomalies and lineaments that warranted further investigation.

Another assessment report does not deal with kimberlite exploration, but is interesting nonetheless. Sevensma (1970) mentions an occurrence of limonitic soils and clays, and massive sulphide pebbles (later identified as concretions from Cretaceous mudstones), about a 1/2 mile from the east bank of the Doig River. A soil sample with anomalously high amounts of Ag had been collected, which would suggest hydrothermal activity, and possibly volcanism or plutonism. A follow-up soil survey outlined weakly anomalous amounts of Ag that was attributed possibly to a white volcanic ash observed in the area. Sevensma (1970) made a possible correlation of the ash with reports of Cretaceous volcanics cored in an oil exploration well drilled to the northeast near the trace of the Great Slave Lake shear zone.
SUMMARY OF WORK PERFORMED AND RESULTS

Heavy Mineral Sampling

During the summer program of 2002 a total of five samples (see Appendix A) were collected consisting of three stream sediments and two gravel pit samples (Appendix B.) The primary objective of the heavy mineral sampling program was to repeat the results of TUL Petroleum and to generate possible new kimberlitic indicator mineral anomalies.

Stream and glaciofluvial samples were sieved at +3.5mm with the coarse material being discarded and the -3.5 mm saved for processing. The reason for sieving samples is to increase the weight of the heavy mineral concentrate thus increasing the likelihood of recovering kimberlitic indicator minerals. Stream samples are the preferred medium on a reconnaissance scale as it theoretically contains source material from a large geographical area.

Heavy Mineral Sampling Procedure

The heavy mineral sampling procedure was to obtain material from streams and of glaciofluvial origin. While at site, the coarse materials (consisting of pebbles, stones and cobbles) were removed by sieving at or near the sample site and a rough pebble count was taken. The resulting samples, weighing 20 to 25 kilograms, were then shipped to the Saskatchewan Research Council (SRC) of Saskatoon. Once the samples were received by the SRC they underwent a reduction process (Figure 5) as outlined below:

- The process consisted of sizing the original 25 kg material by sieving, (1.0 to + 0.25 mm)
- The resulting material was sent to a shaker table.
- The heavies were then passed through a High Intensity Magnetic Separator.
- The Magnetic portion was immersed in a heavy liquid with a specific gravity of 3.1.
- Any mineral with a specific gravity greater than 3.1 underwent Frantz Magnetic Separation @ 0.34 Amps the resulting proportions being Frantz Uppers 1 and Frantz Lower 1. (LW1)
- The Frantz Uppers 1 were further processed using Frantz Magnetic Separation @ 0.19 amps, resulting in Frantz Lower 2. (LW2)
Once the samples were reduced to approximately 160 grams in size the LW1\(^1\) and LW2\(^2\) fractions were shipped back to Vancouver where the author then examined each sample under a binocular microscope and the kimberlitic indicator minerals were isolated. These indicator grains were counted, examined for surface abrasions that may be indicative of transportation distance, and saved for additional testing if warranted.

Anomalous kimberlitic indicator concentrations were classified and these, together with the abrasion characteristics of the indicator minerals found, and the local ice-flow direction, are used to trace potential kimberlite sources.

**Heavy Mineral Results**

Five samples were collected in the area of the claim groups, two of which are pending results. Of the three observed for kimberlitic indicator minerals, three returned indicator grains (Appendix C).

The minerals useful as indicators for kimberlites and, to a certain extent, in the evaluation of the diamond potential of a kimberlite include peridotitic-pyrope, eclogitic pyrope, chrome-diopside, picro-ilmenite, chromite, and olivine. The preceding are the most commonly used kimberlite indicator minerals, although in rare cases, diamond is abundant enough to be its own indicator. These minerals survive glacial transport, are far more abundant in kimberlite than diamond, and are visually and chemically distinct.

The following are descriptions of the samples observed for kimberlitic indicator minerals:

**Sample 119007**

This stream sample is from the Alces property and was taken in the Zhoda Creek gully, 75m upstream from the Alces river junction. The grains recovered from this sample included two picro-ilmenite, one chromite, and 13-chrome diopsides.

Of particular interest are the two picro-ilmenites, they appear to have traveled a relatively small distance. The evidence for this is that the alteration rim around the grains appears to have a

\(^1\) Minerals of interest in this fraction are, Peridotitic Pyrope, Eclogitic Pyrope, Chrome rich Diopside, and Olivine

\(^2\) Minerals of interest in this fraction are Picro-ilmenite and Magnesium rich Chromite
primarily "orange peel like" texture, which is typical on many grains derived from kimberlite. This particular texture is usually removed within a short distance during glacial transport, particularly on Picro-ilmenite.

Sample 119008

This stream sample was taken from the Alces River. The grains recovered include six chromites and three chrome diopsides. This sample also produced two grains of free gold.

Sample 119033

This sample is a glaciofluvial (gravel pit) sample from the Alces claim block. It was taken to reproduce the original results obtained by TUL Petroleum Ltd. on their Lucky Jim gravel pit claim. Upon observation, the heavy mineral concentrate yielded 23 chrome diopsides, one chromite, and one picro-ilmenite. During the observation of the sample it was noted that one ortho-pyroxene appears to have a primary kimberlitic texture, this grain requires further study to determine its genesis.
Figure 5

Kimberlite Indicator Minerals – Till
Saskatchewan Research Council Reduction Process

Field Sample
(Weigh Swt)

Deslime, Wet Screen
±1.00mm, 0.25mm

Screening Efficiencies
determined and
recorded

+1.0mm
(Save)

1.0+0.25mm
(Weigh Mwt)

-0.25mm
(Save)

Shaker Table

Heavies

Lights
(Save)

Dry weigh, High Intensity Magnetic Separation

Nonmags
(Save)

Mags

Remove Ferromags

Maestream @ + SG 3.1

SG<3.1
(Save)

SG>3.1

Frantz Magnetic Separation @ 0.34 amps

Frantz Uppers 1
(Weigh Up1)

Frantz Lowers 1
(Weigh Lw1)

Frantz Magnetic Separation @ 0.1 amns

Frantz Uppers 2
(Save)

Frantz Lowers 2

Pyropes
Cr Diopsides
Eclogites
Olivines

Chromites
Picroilmenites

Microscopy

Report

Shake Table Standard
(pyropes, Cr-diopsides)
recoveries recorded.

Permroll Standard
(pyropes, Cr-diopsides)
recoveries recorded.

Magstream Standard
(pyropes, Cr-diopsides)
recoveries recorded.

Frantz Standard
(Picroilmenites)
recoveries recorded.
CONCLUSIONS AND RECOMMENDATIONS

Based on the work by TUL Petroleum Ltd., Diamant staked these claims with the focus of discovering kimberlite resources. Diamant’s initial program had two purposes, to duplicate anomalous results obtained by TUL Petroleum Ltd. and to delineate a possible source direction for the anomalous kimberlitic indicator materials. Of the five samples collected, three were observed and three proved to be anomalous with sample 119033 confirming TUL Petroleum’s initial work. Currently, two samples are pending observation for kimberlitic indicator minerals.

The company’s claim groups have yielded kimberlitic indicators such as pirco-ilmenite, chromite, and chrome diopside. The combination of these indicator minerals and their abundance indicate a kimberlitic source or sources may be proximal to the sample locations. The recovery of kimberlite indicator minerals indicates this area has a high potential to host kimberlite intrusions. It is recommended the following work be conducted in order to delineate and identify the potential source or sources.

Recommendations are as follows:

- Further sampling is required to delineate and identify the source of the kimberlitic indicators.

- Follow up sampling should focus on initial anomalies and should encompass at least 200 samples on a regional and property specific scale.

- Further stream sediment and glacial till samples must be taken on a regional basis to gain insight of possible indicator distribution and to determine if the results are indicative of the area or if they are anomalous. In addition, further sampling will allow us to develop an understanding of the magnitude of property scale anomalies.

- Conduct indicator studies and grain morphology studies on anomalous samples to understand the nature of the kimberlite itself and its proximity to sample location.
Concurrent with the required sampling and ground observations will be the recording of glacial ice movement directions and prospecting for kimberlitic float materials. Prospecting for and properly identifying kimberlitic float has accelerated many recent discoveries in other areas of Canada.

Further ground acquisition must be considered as mineral dispersion trains are developed and possible source areas are identified.

Conclusions

The initial results indicate this area of northern British Columbia has high potential to host a kimberlitic body or bodies. In an effort to unearth the kimberlitic bodies in the area, a further heavy mineral sampling program must be undertaken. The program should consist of taking at least 200 stream and till samples, regional geology, prospecting, and ice direction studies.
CERTIFICATE of qualifications – DERRICK STRICKLAND

1. I, Derrick Strickland, of 208-1707 Charles Street, Vancouver, British Columbia hereby certify:

2. I am a graduate of Concordia University and hold a B.Sc. degree in Geology (1993).

3. I have been employed in the mineral exploration industry since 1986 and have practiced my profession since graduation.

4. I have worked extensively in diamond exploration for seven years. I worked on programs in Quebec, Ontario, Alberta, North West Territories, British Columbia, Australia, Finland, United States, and Mauritania.

5. I have trained numerous mineral pickers to find Kimberlitic indicators in exploration samples.

6. I do not have, not do expect to receive any interest in the claim groups described in this report.

Dated at Vancouver, British Columbia, this 12th day of November, 2002

Derrick Strickland B.Sc.
BIBLIOGRAPHY


References, cont.


GLOSSARY

Several minerals are useful indicators for kimberlites and, to a certain extent, in the evaluation of the diamond potential of a kimberlite. These minerals survive glacial transport, are far more abundant in kimberlite than diamond, and are visually and chemically distinct. Chrome-pyrope, eclogitic garnet, chrome-diopside, magnesium-illmenite, chrome-spinel, and olivine are the most commonly used kimberlite indicator minerals, although in rare cases, diamond is abundant enough to be its own indicator.

**E-Pyrope** is an Eclogitic Garnet. E-Pyropes are calcium and chrome bearing garnets that are typically yellow in colour.

**P-Pyrope** is a Peridotitic Garnet. P-Pyropes are chrome-rich pyropes that are typical distinctive from other garnets. P-Pyropes have a distinctive purplish colour. This group of pyropes is where Gurneys G9 and G10’s occur.

**Cr. Diopside** is a chrome rich diopside that may be derived from a kimberlite.

**Picro-ilmenite** is a magnesium-rich ilmenite typically found in kimberlites and represents one of the most important diamond indicator minerals.

**Chromite** is a magnesium-rich chromite and is an important accessory mineral in mantle-derived ultramafic rocks and kimberlite magmas.

**Olivine** is a magnesium-rich olivine. There are numerous types of olivine, from iron to magnesium rich. The one of particular interest is the magnesium-rich olivine, which includes olivines found in peridotitic xenoliths and kimberlite magmas.
APPENDIX A

SAMPLE LOCATION MAP
APPENDIX B

SAMPLE DESCRIPTION TABLE
<table>
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<th>SAMPLE NO.</th>
<th>REMARKS1:</th>
<th>REMARKS2:</th>
<th>REMARKS3:</th>
<th>CREW:</th>
</tr>
</thead>
<tbody>
<tr>
<td>119007</td>
<td>Pebbles to cobbles, subrounded to rounded, 75% Qtzite, 5-10% Volcanics, 10% Sandstone, minor shale and conglomerate.</td>
<td>No reaction to HCl, 35 cm to till base.</td>
<td>Spruce poplar, alder, mixed.</td>
<td>R.R., A.M., O.P. D.S.</td>
</tr>
<tr>
<td>119008</td>
<td>70% Qtzite, 20% sst, 5% Volcanics, 5% granitoid, subrounded to rounded boulder to cobbles.</td>
<td>No reaction to HCl. Sample depth 35-40 cm.</td>
<td>Spruce poplar, alder, mixed.</td>
<td>R.R., A.M., O.P. D.S.</td>
</tr>
<tr>
<td>119011</td>
<td>Imperial gravel pit. Subrounded to rounded pebbles and cobbles. 60% Qtzite, 20% sst, and 20% granitoid material.</td>
<td>Vegetation surrounding pit is poplar, willow and pine. Sample from side of slope @ GW corner of pit.</td>
<td>3 m from surface. Sample was taken @ this location because of particle fraction size.</td>
<td>R.R., O.P. D.S.</td>
</tr>
<tr>
<td>119013</td>
<td>Subangular to rounded clasts. 30% shale, 30% sandstone, 30% quartzite and 10% granitoid. Clay rich till - no reaction to HCl.</td>
<td>Vegetation surrounding the creek is poplar, cottonwood, alder, willow, spruce.</td>
<td></td>
<td>O.P. R.R.</td>
</tr>
<tr>
<td>119033</td>
<td>Taken 15m from surface. Boulders to cobbles rounded-subangular. Qtzite 25%, SST 25%, mafics 20%, shale 5%, granite 20%, meta 5%. Dry sieved sample.</td>
<td>This sample is a retest of Lucky Jim report. Gravel banding throughout pit. Looks like shale on top of gravel.</td>
<td></td>
<td>R.R., A.M., O.P. D.S.</td>
</tr>
</tbody>
</table>
APPENDIX C

SAMPLE RESULTS MAP
## Alces Indicator Results

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<tr>
<th>SAMPLE NO.</th>
<th>Sample Wt. Kg.*</th>
<th>Observed Wt. Grams**</th>
<th>P Pyrope</th>
<th>E Pyrope</th>
<th>Chromite</th>
<th>Picro-ilmenite</th>
<th>Olivine</th>
<th>Cr. Diopside</th>
<th>Total</th>
<th>Free Gold</th>
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<td>19.00</td>
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<td></td>
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<td>16</td>
<td></td>
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<tr>
<td>119008</td>
<td>22.25</td>
<td>78.11</td>
<td></td>
<td></td>
<td>6</td>
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* Sample weight is in Kilograms  
** Observed weight in Grams
APPENDIX E

STATEMENT OF EXPENDITURES
July 25, 2002

ALCES RIVER PROJECT
Statement of Costs

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<td>$ 1250.00</td>
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<td>Wages</td>
<td>Geologist</td>
<td>Per day</td>
<td>$ 450.00</td>
<td>04 days</td>
<td>$ 1800.00</td>
</tr>
<tr>
<td>Wages</td>
<td>Geochemistry- Stream sediment sampling - 2 men</td>
<td>Per day</td>
<td>$ 450.00</td>
<td>02 days</td>
<td>$ 900.00</td>
</tr>
<tr>
<td>Truck Rental</td>
<td>2 - 4x4 trucks</td>
<td>Per day</td>
<td>$ 65.00</td>
<td>08 days</td>
<td>$ 520.00</td>
</tr>
<tr>
<td>Food/Accom.</td>
<td>3 men</td>
<td>Per day</td>
<td>$ 90.00</td>
<td>12 mandays</td>
<td>$ 1080.00</td>
</tr>
<tr>
<td>Supplies/rentals</td>
<td>Flagging, bags, thread, radios</td>
<td>Per day</td>
<td>$ 35.00</td>
<td>04 days</td>
<td>$ 140.00</td>
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<tr>
<td>Analytical</td>
<td>5 - Indicator samples</td>
<td>Per sample</td>
<td>$ 742.05</td>
<td>-</td>
<td>$ 3710.25</td>
</tr>
<tr>
<td>Report</td>
<td>Geology Report</td>
<td></td>
<td>$2758.44</td>
<td>-</td>
<td>$2758.44</td>
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<tr>
<td>Travel</td>
<td>20% - less food and accommodation</td>
<td></td>
<td>-</td>
<td>-</td>
<td>$2431.74</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
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<td><strong>$14590.43</strong></td>
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