GM 55516

SUMMARY REPORT ON THE MONT SAINT-HILAIRE PROPERTY

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SUMMARY REPORT ON THE MONT SAINT-HILAIRE PROPERTY QUÉBEC

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GM 55516

Report # 730

A.C.A. Howe International Limited
Toronto, Ontario, Canada

R.L. Comeau, Geologist

October 16, 1995

Summary

Diadem Resources Ltd. has an option to acquire a 100% interest in the diamond exploration rights to 144 mineral claims (5,065 hectares), located in Sainte Madeleine and Saint Jean-Baptiste de Rouville Parishes of Québec, situated approximately 30 miles east of Montréal.

The property is favourably located with respect to a kimberlite discovery made in the past in the general Montréal area and could host one or more diamond-bearing kimberlite pipes or associated deep-seated rock types within its boundaries.

A diamond drilling program was carried-out in May and June of 1995 to test several magnetic anomalies which may have reflected intrusive kimberlitic lithologies. The drilling program failed to discover true kimberlite pipes, however, a gas diatreme with an associated lamprophyric intrusive was located in the northern portion of the property. The diatreme and lamprophyre are believed to be part of the Monteregean alkaline suite of rocks common in the vicinity and which are associated with several deeply penetrating tectonic structural features which converge in the area.

The presence of diamonds in one kimberlite body in the Montréal area (Île Bizard), in conjunction with structural features capable of penetrating to crustal depths and local rock types possibly reflecting deep-seated sources, reinforces the diamond-bearing potential of the property.

It is recommended that a detailed glacial overburden and stream heavy mineral geochemical study be performed within the general area in order to locate diamond-indicator mineral accumulations. Indicated mineral trains should be evaluated in conjunction with detailed follow-up magnetic surveys in order to pinpoint potential drill targets.

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Introduction

Diadem acquired an option to purchase a 100% interest in the Mont Saint-Hilaire claims from Mr. Peter Ferderber of Val D'Or, Québec. To exercise the option, Diadem is required to pay on or before February 28, 1995 a cash payment of $12,500 and issue 200,000 common shares of the Company. The agreement further provides that Mr. Ferderber will be entitled to receive a royalty of 2% of gross proceeds from the sale of diamonds recovered from the property. The claims are currently in good standing and will remain so until October of 1996. The present drilling program should substantially extend the expiry date.

A land position summary is shown in Table I and a detailed listing of all mineral claims is included as Appendix "A".

Property, Location and Access

Diadem Resources Ltd.'s Mont Saint-Hilaire property consists of the mineral rights to 144 contiguous unpatented mining claims encompassing 5,065 hectares in Sainte Madeleine and Saint Jean-Baptiste parishes (Seigneuries of Delorme and Rouville), approximately 40 kilometres east of Montréal, Québec. The claims are centered between the two villages of the same name, Sainte Madeleine on the northwest boundary and Saint Jean-Baptiste de Rouville in the southwestern portion of the property (see Figure 1).

The towns of Beloeil and Mont Saint-Hilaire are located to the immediate west of the property on the Richelieu River, a major tributary of the Saint Lawrence River. Service industries, hydro-electric power and a skilled, motivated population are available locally. The area is mostly farmland with hay, corn, soya beans, vegetables and berries being the main produce.

The property is served by a network of paved highways, the most convenient access from Montréal being along either Route #10 (road to Sherbrooke) located to the south of the claims, or Route #20 (Trans Canada Highway) to the north. Secondary access can be accomplished utilizing provincial routes #227 and #229 which cross the centre of the property. Numerous paved and gravel roads make for easy ingress throughout the property.

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MONT SAINT - HILAIRE PROPERTY
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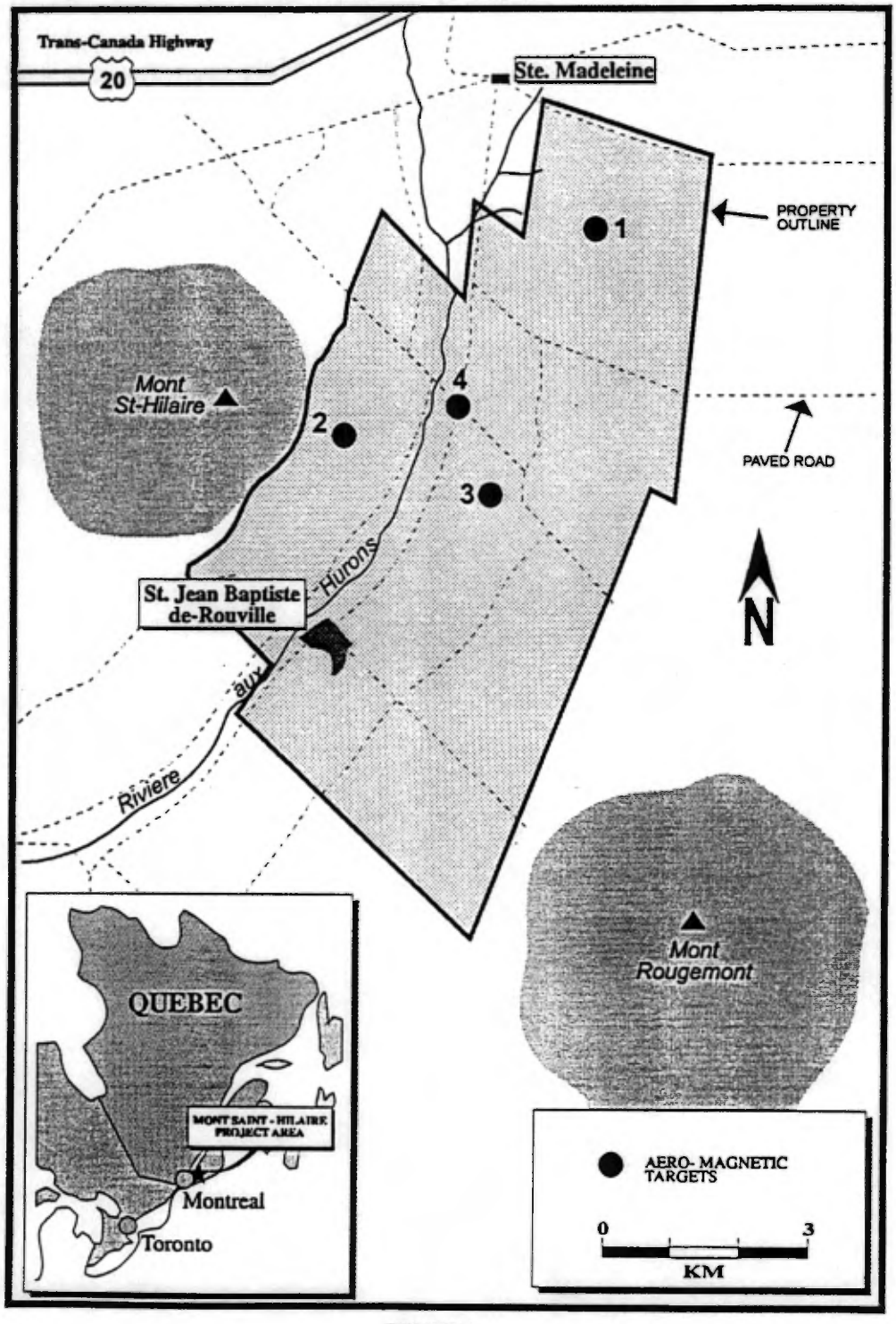


FIGURE 1

Most surface ownership is held by local residents. Surface lot and mineral claim boundaries are often coincidental and reflect the "seigneurie" system of land subdivision with property lines generally defined by drainage ditches. Landowner permission is required to trespass. Most farm lots are underlain by plastic drainage pipes at a depth of 3 to 4 feet and great care must be exercised to avoid damage to this infrastructure.

The area is underlain by a thick Pleistocene clay layer, which, when wet, results in extremely difficult travel conditions in the field, especially when utilizing heavy equipment. Under such conditions damage to the surface can be severe.

Table I

MONT SAINT-HILAIRE PROPERTY
Claims Listing Summary
Diadem Resources Ltd.

Seigneurie (Parish)	Location	Lot Numbers	Hectares	No. of Lots
Delorme (Ste Madeleine)	Première Concession	1-28	220	28
	Rang Saint-Simon	49-69	501	21
	Concession N.O. de la Rivière aux Hurons	294-324	232	31
	Rang Argenteuil Sud	742-756	279	15
	Rang Argenteuil Nord	824-846	448	23
Rouville (St. Jean-Baptiste)	Première Rang	1-43, 72-123	736	95
	Deuxième Rang	213-229, 271-336	1,052	83
	Rang des Trentes	337-400, 441-461	1,597	85
Total			**5,065**	**381**

Exploration History

There is no record of any exploration activity for precious or base metals on the Mont Saint-Hilaire property. Lead and zinc mineralization is known from numerous other localities in the Saint Lawrence Lowlands, but to date, none have been found in sufficient quantities to warrant exploitation. Local small occurrences of copper and uranium mineralization have also been noted. Niobium has been produced from carbonatites in the Mont Oka intrusive, to the west of Montréal.

Limited oil and gas exploration drilling has been carried-out within the Saint Lawrence Lowlands. Records indicate several holes were completed in the vicinity of the Mont Saint-Hilaire property. Small amounts of gas were encountered but no production is recorded.

Numerous quarries are located within hornfelsed sediments intruded by the Monteregean hills and within the Monteregean intrusives themselves. They have been and are being exploited as a variety of source material for industrial usage. Shales are used in the fabrication of bricks, dolostones and limestones in construction and cement, hornfelsed sediments as road ballast. Decomposed peridotite is sometimes used for gravel roads and gabbros as monumental headstones. Sand and gravel is also utilized in road construction and asphalt.

A stone quarry is active on Mont Saint-Hilaire, to the north of the property, where hornfelsed shale, limestone and nepheline syenite are being produced.

General Geology

Stratigraphy

The Saint Lawrence lowlands, in the Montréal region, are underlain by a conformable sequence of Cambro-Ordovician-aged sedimentary rocks overlying the Precambrian Grenville basement complex. The sediments form a sequence from 1,500 to 3,000 metres in thickness reflecting a complete oceanic transgression and regression with its lower and upper units representing a continental origin and the central portion being basically marine in origin.

The youngest sedimentary units of the Upper Ordovician sequence underlie the immediate Mont Saint-Hilaire property (see Figure 2) and consist of the Queenston and Lorraine Groups. The Queenston Group is composed mainly of red and dark grey argilitic shales with minor interlayered grey sandstones, siltstones, gypsum and anhydrite. It is unfossiliferous. The underlying Lorraine Group consist of an interlayered sequence of fossiliferous grey shales, sandstones, siltstones and limestones.

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MONT SAINT - HILAIRE PROPERTY
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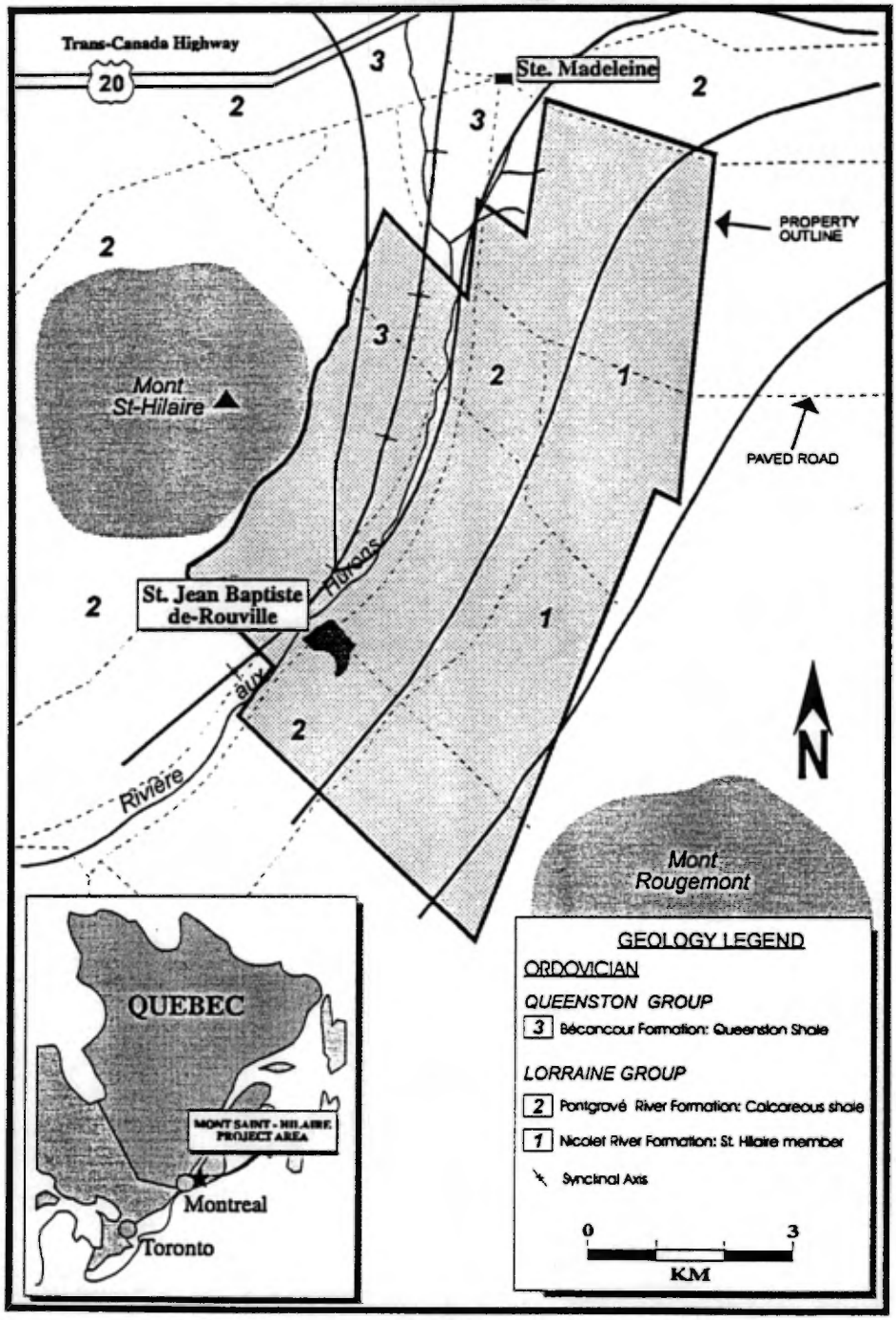


FIGURE 2

Exposures of units of the Upper Ordovician are located along the Richelieu River, south of the Chambly Basin and near the mouth of the Rivière aux Hurons. Other exposures are present near Monts Rougemont, Grégoire, Saint-Hilaire and Saint-Bruno where they have been hornfelsed due to contact metamorphism effects of the alkaline rocks forming the hills.

The stratigraphy of the Saint Lawrence Lowlands with its principal units are shown in the accompanying Table II.

Structure

Tilsley states that the Montréal region is at the focal point of three major regional tectonic structures, all of which are of sufficient size and type to access deep crustal sources. The three structures are referred to as the Monteregean-Great Lakes Fracture, the Ottawa-Bonnechere Graben and the Appalachian Fracture. The locations of these major regional features are depicted on Figure 3.

The Monteregean-Great Lakes Fracture is identified by occurrences, along its trend, of rock types generally regarded as being derived from deep within the crust or even the mantle. The structure can be traced for a distance of approximately 1,500 kilometres from Maine to Minnesota and diamonds have been located near its western extremity in Michigan and to the east, in the Montréal area.

The Ottawa-Bonnechere Graben extends along the Monteregean trend to the Ottawa area, where it swerves in a northerly direction to Hudson Bay, a distance of 1,200 kilometres. The trend is marked by down-faulted grabens and associated alkaline rocks, including kimberlites.

The Appalachian Fracture is traceable from Arkansas to northeast of Montréal, a distance of 1,200 kilometres and is marked by kimberlites and lamproites. Diamonds have been located at various locales along the trend and produced in Arkansas.

In the more immediate Mont Saint-Hilaire property area, the Cambro-Ordovician sedimentary package forms a long synclinal trough elongated along a SW-NE trend (Chambly-Fortierville Syncline) which, at its southwestern extremity, gently plunges to the northeast and near its northeastern end, plunges to the southwest. The trough is fault-bounded to the north-west against Grenville-aged units and overlapped by thrust sheets of the Appalachian domain to the southeast.

The axial trace of a gentle, shallow syncline runs through the central portion of the Mont Saint-Hilaire property, in a complimentary southwest-northeast direction (refer to Figure 2). The gentle warping may be reflected in the preservation of a slightly thicker sedimentary package within the property.

Table II

Geological Column for Saint Lawrence Lowlands

Era	Period	Millions of Years	Event
Cenozoic	Quaternary	1	Continental glaciation and the formation of the ***Champlain Sea***
	Tertiary	60	***Erosion***
Mesozoic	***Cretaceous***		Igneous activity associated with the Atlantic Rift. Formation of the ***Monteregean hills*** E-W faulting
	Jurassic		***Erosion***
	Triassic	200	***Erosion***
Palaeozoic	Permian	280	***Erosion***
	Carboniferous	345	***Erosion***
	Devonian	395	Marine invasion and ***deposition of carbonates***
	Silurian	430	Emergence and ***erosion***
	Ordovician	500	***Queenston*** red shales and sandstones with associated evaporites. Sea closure near Québec by Appalachian uplift. ***Lorraine and Utica*** shales, sandstones and limestones ***Taconic*** orogen ***Trenton*** limestone deposition Marine Regression ***Black River and Chazy Groups***: dolostones, limestones and sandstones Marine transgression Discordance ***Beekmantown Group*** dolostone deposition
	Cambrian	700	Marine regression ***Potsdam*** conglomerate and sandstone deposition Marine invasion
Pre-Cambrian		4,000	Volcanic and igneous activity; mountain building, and erosion

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MONT SAINT - HILAIRE PROPERTY, QUÉBEC; IN RELATION TO MONTEREGION HILLS ALKALINE INSTRUSIVES AND REGIONAL TECTONICS

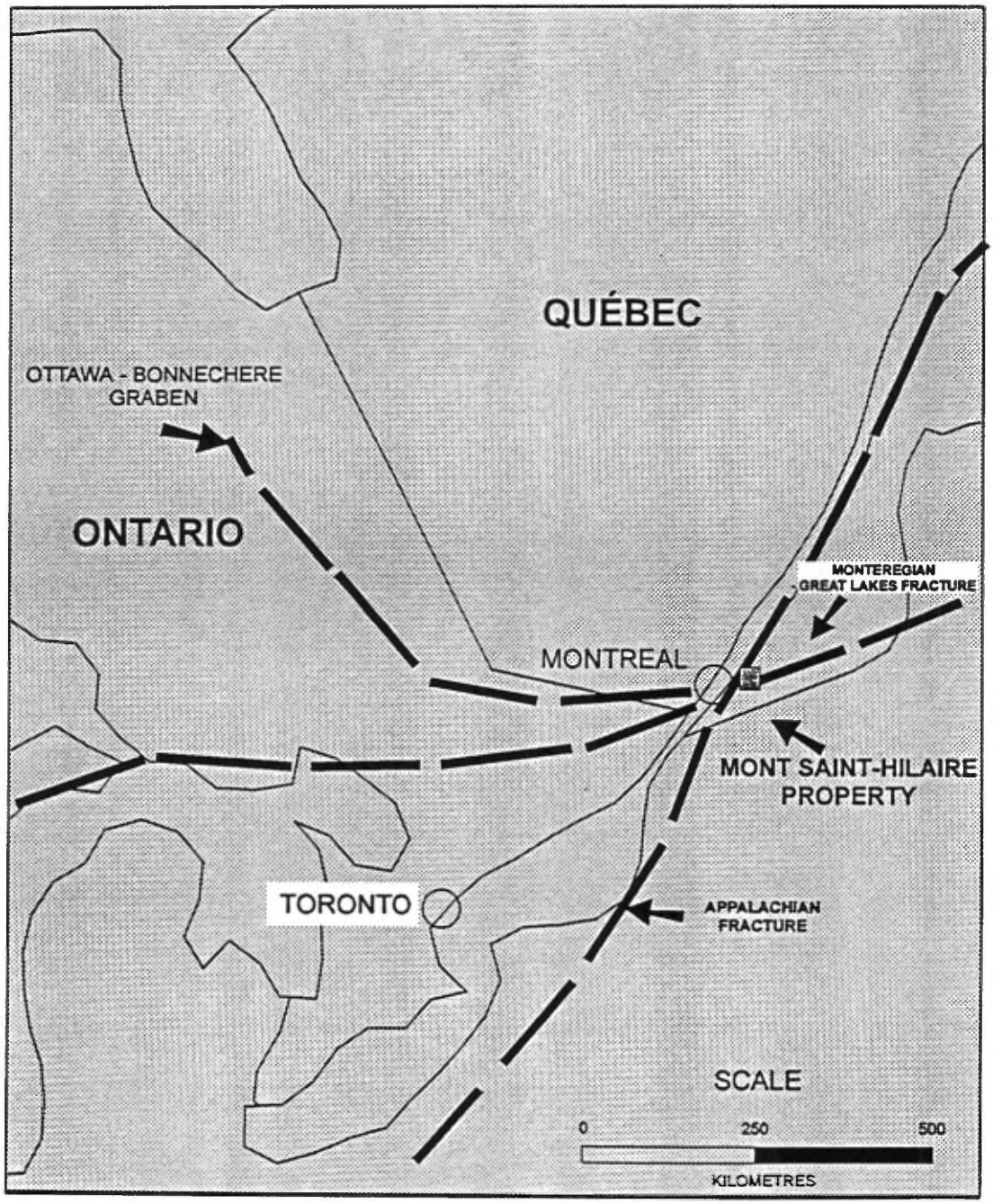


FIGURE 3

Igneous Intrusives

At the beginning of the Cretaceous, a series of alkaline intrusions took place; presently evidenced, from west to east, by Monts Oka, Royal, Saint-Bruno, Saint-Hilaire, Rougemont, Saint-Grégoire, Yamaska, Shefford and Brome. They were labeled the Monteregean Hills by Adams in 1903. A portion of Mont Oka, as well as the hill Saint-André-East and perhaps Mont Mégantic, to the extreme east, also form part of the Monteregean Complex. In addition, another intrusion is present at Grand Bois, which does not surface, 4 kilometres west of Mont Saint-Grégoire. It is postulated to exist from its magnetic expression and appears to reflect a geological environment very similar to Mont Saint-Grégoire itself.

The Monteregean Hills are comprised of a rock assemblage of alkaline affinity consisting of pyroxenites, gabbros, diorites, nepheline syenites, carbonatites, lamprophyres and locally kimberlites and other units with kimberlitic affinities. The main intrusions appear to reflect remnant volcanic necks or feeders to much larger deposits or a series of pulsating lacoliths presently exposed due to Pleistocene glaciation in the area. The intrusions are surrounded by numerous satellite dykes and sills injected into the country rock sediments.

There is some controversy as to whether the Monteregean intrusions ever reached the Cretaceous palaeo-surface. Some authors believe that they were at least locally extrusive, while others believe they never reached the surface and crystallized while still volcanic necks, completely below surface. Sediments in proximity of the intrusives have been hornfelsed and locally, rheomorphic features, are quite common along the contact zones. The hornfelsed sediments steepen in dip towards the intrusive rocks, a fact which may enhance the latter theory.

Kimberlite/Diamond Occurrences: St. Lawrence Lowlands

Fifteen kimberlites or rocks with kimberlitic affinities have been recognized from the Montréal region. Most of the occurrences are pipe-like features composed of volcanic breccia, others are dykes or sills. The kimberlitic units are intrusive into both Pre-Cambrian rocks as well as overlying horizontal Palaeozoic sediments. The kimberlitic intrusives are Cretaceous in age corresponding to the age of the Monteregean geological episode.

The best documented kimberlite is located on Île Bizard, immediately west of Montréal. The kimberlite breccia contains both angular fragments of sediments, as well as ultramafic nodules in a mass of serpentine, hydrogarnet and carbonate. All the nodules contain indicator minerals, notably dark-green enstatite, bright-green chrome-diopside and chrome spinel. Traces of pyrope garnet have been noted on the chrome-spinel crystals.

Geochemical work carried out by Monopros on the Île Bizard kimberlite resulted in the recovery of 10 macro and micro-diamonds for a total weight of 0.0605 carats. The largest stone weighed 0.0244 carats and measured 2-3 mms across.

The fifteen kimberlites and affiliated bodies reported from the Montréal region are:

Location	Description
Île Cadieux	One dyke: mica-peridotite
Como	Two dykes: mica-peridotite pipes
Brilund	One volcanic breccia cut in drill hole
Aumacho River	Two ultramafic dykes in drill core
Monastery	One diatreme pipe outcrop
Île Sainte-Hélène	One dyke outcrop
Metro Subway	Two dykes in tunnel
Mount Royal	One dyke outcrop
Main Oka	One intrusive breccia
Île Bizard	Three diatreme outcrops

Unconsolidated Sediments

The Saint Lawrence Lowlands are immediately underlain by a succession of Pleistocene unconsolidated deposits generally subdivided into two age groups, Recent and Wisconsin and Older. These ages have been verified by carbon 14 and palynologic dating methods. The stratigraphic succession of the unconsolidated sediments is displayed in Table III. It is these recent deposits which renders the area prime agricultural land.

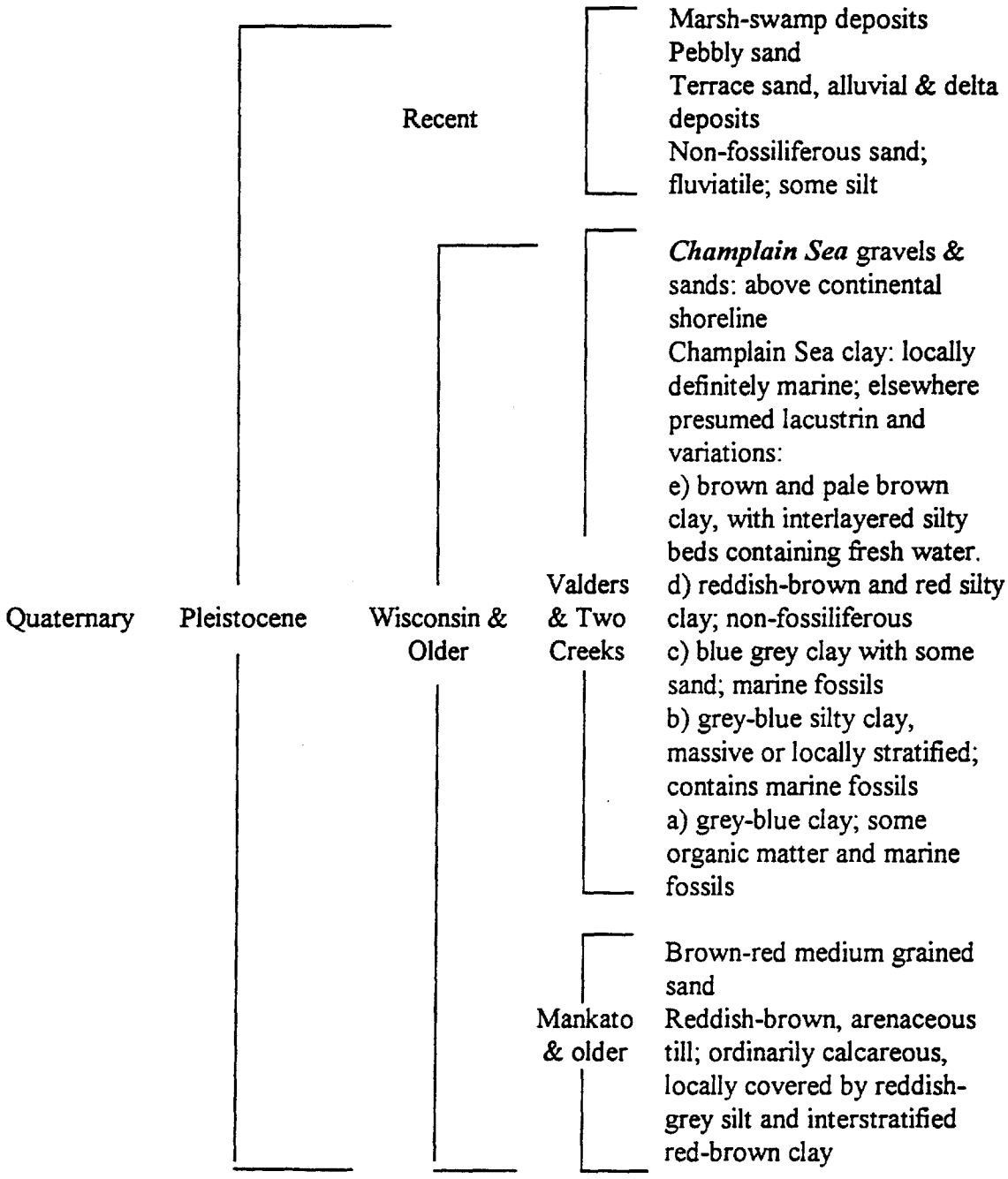
The units of prime importance on the Mont Saint-Hilaire property, are the Valders and Two Creeks Formations of Wisconsin and Older age. The deposits are derived from the "Champlain Sea", which formed upon glacial retreat and which was at least partly of glacially-derived fresh water. Sediments of the Champlain Sea overlie older, varied glacial deposits or rest directly on eroded sediments of Cambro-Ordovician age and/or igneous rocks of Cretaceous-age.

Clay deposits of the Champlain Sea, which can attain thicknesses of over 200 feet, have been subdivided into five separate units based on color, silt, fossil, organic and sand content. The clay is generally a grey-blue or pale brown in color and when wet, makes mobilization, especially with heavy equipment, very difficult.

TABLE III

UNCONSOLIDATED SEDIMENTS STRATIGRAPHIC COLUMN

SAINT LAWRENCE LOWLANDS
MONTRÉAL AREA



Glacial Deposits: Heavy Mineral Geochemistry

During 1994, a heavy mineral sampling program was conducted in the Saint Lawrence Lowlands, near the Montréal area, on in-place glacial debris and stream-reworked glacial deposits. The work was carried-out by Prospecting Geophysics Ltd. of Val d'Or. The Mont Saint-Hilaire property was included within the study area. The purpose of the program was to located either diamonds or diamond-indicator minerals in the glacially-transported material and determine their potential source areas.

The sampling procedure utilized on the stream and glacial sediments collected is described by Scott in the "Exploration Report for Howex Enterprises Ltd." dated August 5, 1994 (Howex Enterprises being the predecessor company to Diadem Resources Ltd.). Each sample consisted of approximately eleven (11) kilograms of material with particle size less than one quarter inch. The sample is then screened into separate portions, as follows;

Sample Portion	Size	Approximate Resulting Weight	Comments
A	greater than 1.7 mm	4.0 kg	Discarded
B	between 0.85 and 1.7 mm	1.2 kg	Saved
C	between 0.5 and 0.85 mm	3.3 kg	Saved
D	less than 0.5 mm	1.9 kg	Discarded

"B" and "C" were then jig concentrated, in order to separate out the heavy mineral concentrate from the sample and the magnetic portion of the sample is recovered and discarded. The non-magnetic portion is examined visually under the microscope for its diamond and indicator mineral content.

Probable diamond crystals are treated by hot hydrofluoric acid which dissolves most material save for diamonds. Some indicator minerals are then analyzed by electron microprobe for chromium, magnesium and nickel content to determine their affinity to prospective diamond-bearing rocks.

Eight samples of stream and esker sediments were collected from the Mont Saint-Hilaire property. Six of the samples have been described as containing chrome-bearing pyroxenes or chrome-spinel, possibly indicating a source rock originating deep within the earth's crust. The following Table IV, reported by Scott, describes some of the samples collected on the property. Their locations are shown on Figure 4.

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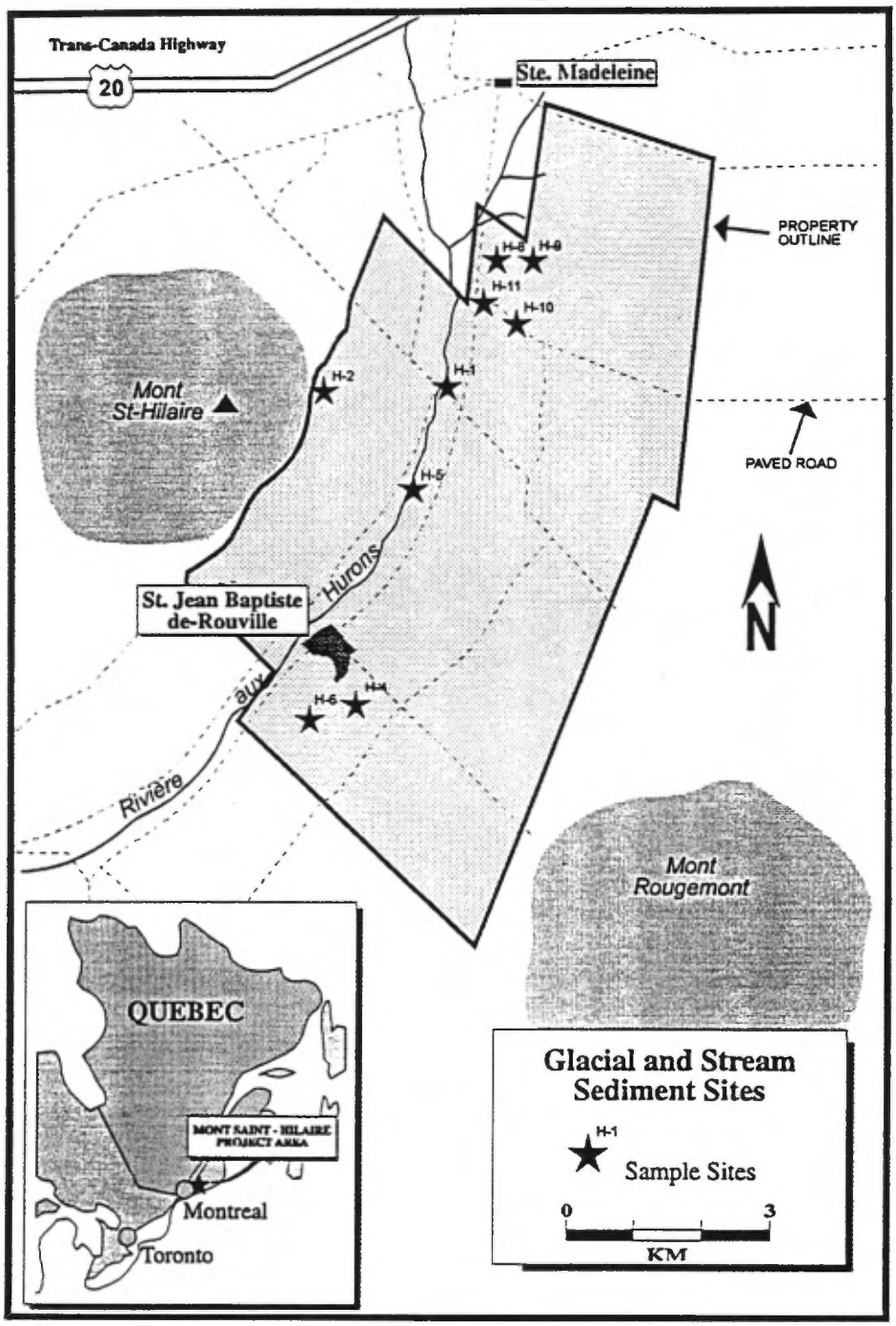


FIGURE 4

Table IV

Heavy Mineral Concentrates
From Stream and Glacial Sediments
Mont Saint-Hilaire Property, Québec
Diadem Resources Ltd.
from F. Scott

Sample #	Garnets	Green Minerals	Black Minerals	Remarks
H-1	Almandine	Clinopyroxene	Amphibole; Chrome-Spinel	
H-2	Almandine, Grossularite	Clinopyroxene	Amphibole	Spinel, Zircon
H-4	Almandine	Chrome-Augite Pyroxene	Amphibole	Distant Source
H-5	Almandine, Andradite	Green Pyroxene	Amphibole	Distant Source
H-6	Almandine, Grossularite	Chrome-Augite, Clinopyroxene	Amphibole	Nearby Source
H-7	Almandine	Chrome-Augite, Pyroxene	Amphibole	Distant Source
H-8	Almandine	Chrome-Augite, Pyroxene, Olivine	Amphibole	Nearby Source
H-9	Almandine	Chrome-Augite, Olivine, Pyroxene	Pyroxene	Nearby Source

In reference to the geochemical exploration method utilized in the sampling of glacially-transported debris and their potential bedrock sources, Scott defines the more important diamond-indicator minerals as follows:

Pyrope garnets are the highest magnesium-bearing member of the garnet family. In diamond-rich kimberlites it may also have a chromium content exceeding four percent. With the ideal chromium/calcium ratio the garnet will fall in the G-10 category, considered to be favorable. All kimberlites do not contain pyrope garnets, nor do all G-10 pipes contain diamonds. Chrome-diopside is a rare calcium/magnesium silicate mineral with an anomalously high chromium content. Its bright emerald-green color makes it easy to identify. Picroilmenite and geikielite are unique magnesium-bearing titanium-iron minerals. Chrome-spinel is a chromium-aluminum oxide specific to deep-sourced rocks such as kimberlites. Chromite is an iron-chromium oxide which normally carries 50-57% chromium. If the chromium content is in the 62-68% range, the chromite is considered to be derived from a kimberlite source.

Geophysical Surveys

Airborne Geophysics

The Geological Survey of Canada (GSC) conducted a regional airborne magnetic survey over the Saint Lawrence lowlands in the 1950's which included coverage of the Mont Saint-Hilaire property. Flight altitude was 300 metres and flight lines were spaced at approximately 800 metre intervals.

The GSC survey outlined 4 low amplitude, magnetic features of interest within the property suggestive of mafic to ultramafic lithologies at depth within the Palaeozoic sediments, conforming with known kimberlite and lamproite occurrences elsewhere in the region. Some of the magnetic anomalies were located in an up-ice direction from glacial debris reported to contain heavy-mineral assemblages with concentrations of chrome-bearing pyroxenes and spinels, suggestive of rock types derived from great depths. Abrasion of some of the indicator mineral edges suggest possible local derivation.

Ground Geophysics

Ground magnetometer surveys were conducted in 1994 and 1995 by Prospecting Geophysics Inc. of Val d'Or, Québec, for Diadem Resources Ltd., on the four airborne anomalies selected from the GSC data and were labeled Target #'s 1, 2, 3 and 4. The areas of interest are displayed on Figure No. 1. The four anomalies were thought to represent the best likelihood of reflecting "kimberlitic-type" intrusive bodies at depth. The ground work was completed to more precisely define and delineate the areas of interest, preparatory to drill evaluation; an attempt to determine if indeed the magnetic anomalies were kimberlitic intrusives and, if such was the case, were they diamond-bearing.

Proton precession, total field magnetic readings were taken every 100 feet, along lines 200 feet apart, established by pace and compass. More closely spaced work was performed in areas of detailed interests. The results of the detailed ground magnetometer surveys on anomalies 1, 2, 3 and 4 are displayed in Appendix "C".

Two of the anomalies, #'s 1 and 4, were outlined as "ovoid" in shape, a characteristic which might indicate a circular intrusive pipe at depth. Anomaly #3 was thought to reflect a portion of a northeasterly-trending dyke-like feature, measured on three consecutive, parallel lines during the airborne survey. Finally, anomaly #2 was determined to be the result of cultural contamination and received only minor initial examination.

Drilling Program

A diamond drilling program was carried out for Diadem Resources Ltd. from May 20th through June 12, 1995. The drilling company employed was Downing Drilling of Calumet, Québec, under contract to Exploration Corex of Saint Eustache, Québec. Management of the program was carried out by A.C.A. Howe International of Toronto, Ontario.

Four diamond drill holes were completed for a total footage of 3,686 feet 3 inches. The holes tested Targets (magnetic anomalies) # 1, 3 and 4. Two holes, one vertical and one inclined were completed on Target #1 and one inclined hole each were completed on Targets #3 and #4.

The locations and final lengths of the four holes are displayed on Figures 5 and 6 and summarized in Table V below. Detailed drill logs are located in Appendix "B". Geological cross-sections are included as Figures 7, 8 and 9.

Diamond drill holes MSH #1 and MSH #2 tested Target #1 located on Lot #5 in Sainte Madeleine Parish. The anomaly displayed a generally circular magnetic high of up to 500 nanoteslas above the background Palaeozoic sediments, with an internal ovoid low of similar proportions. Although the postulated extreme southern portion of the anomaly was not ground-surveyed, data obtained from both ground and airborne surveys indicates a circular anomaly approximately 1,500 feet in diameter.

The area was determined to be underlain by a dyke breccia or gas diatreme consisting of up to 90% xenoliths and xenocrysts of varying lithologies ranging in size from millimeters to several centimeters. The fragments are angular to sub-rounded and composed essentially of three altered lithological types; hornfelsed, fine-grained sediments, porphyritic mafic and ultramafic rocks and xenocrysts of pyroxenes and olivines with the occasional fossiliferous carbonate noted. Ultramafic and sedimentary fragments predominate and commonly display embayment features by the groundmass indicative of resorbtion.

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MONT SAINT - HILAIRE PROPERTY

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STE.MADELEINE PARISH

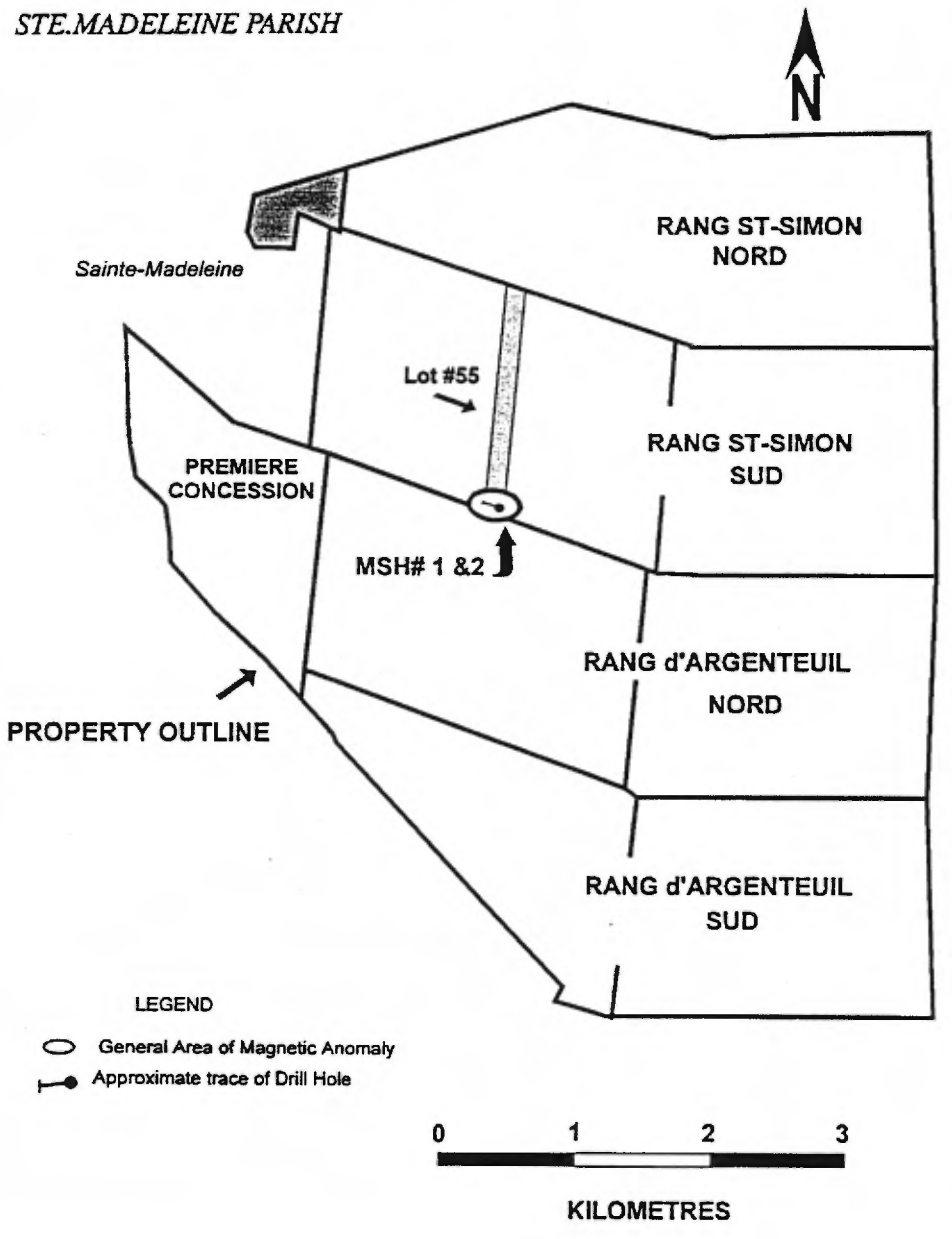


FIGURE 5

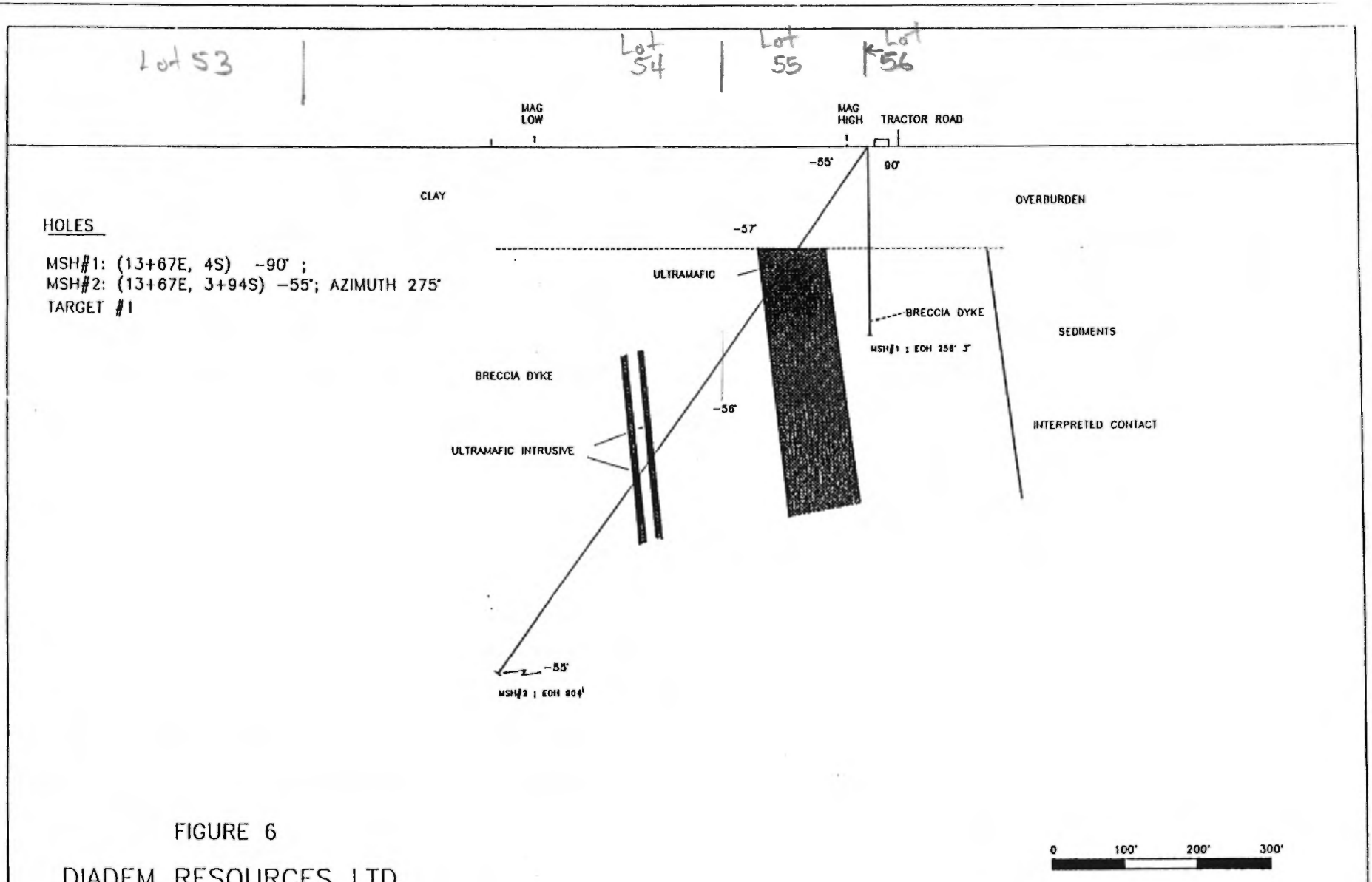


FIGURE 6

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MONT SAINT-HILAIRE PROPERTY
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DRILL HOLE SECTION
HOLES MSH#1 AND MSH#2

When present, the matrix of the diatreme consists of a carbonatized and serpentinized groundmass of micro-phenocrysts predominated by olivine, clinopyroxene and magnetite crystals. Locally the matrix consists totally of fine-grained xenocrysts of rock fragments with very little, if any, igneous groundmass.

The diatreme is itself intruded by an ultramafic lamprophyre (biotite-bearing Alnoite). The lamprophyre contains up to 50% phenocrysts, xenocrysts and xenoliths of pyroxene, olivine and fine grained hornfelsed sediments set within a fine to medium crystalline matrix composed of serpentinized micro-phenocrysts of olivine, pyroxene and magnetite crystals. The heavy mineral content consists of pyroxene, olivine, phlogopite and some ilmenite with leucoxene coatings. The lamprophyre is most-likely the cause of the circular magnetic high and may occur as a ring-dyke structure intruded along areas of weakness initiated by the diatreme intrusive episode.

Save for the lithologies of the incorporated fragments, the structural setting is similar to the Île Sainte-Hélène and Île Ronde Breccias exposed in the immediate Montréal region and other occurrences associated with the Monteregean intrusive episode. The Île Sainte-Hélène breccia, in the Montréal area, has been described by Clark, Kranck and Philpotts, as a gas breccia composed of fragments of all local formations including Precambrian basement fragments as well as fragments from younger, now eroded, lithological units from stratigraphically higher formations. The diatreme contains no igneous matrix and is related to a gas fluxing episode. A second type of breccia, (Île Ronde Breccia), consists of monolithic fragments of Grenville composition contained within an olivine diabase matrix.

In addition, narrow, olivine-bearing, porphyritic pyroxenites were encountered deeper down hole MSH #2 at 462 and 554 feet. Varying percentages of phenocrysts and xenoliths are displayed by these intrusive rocks.

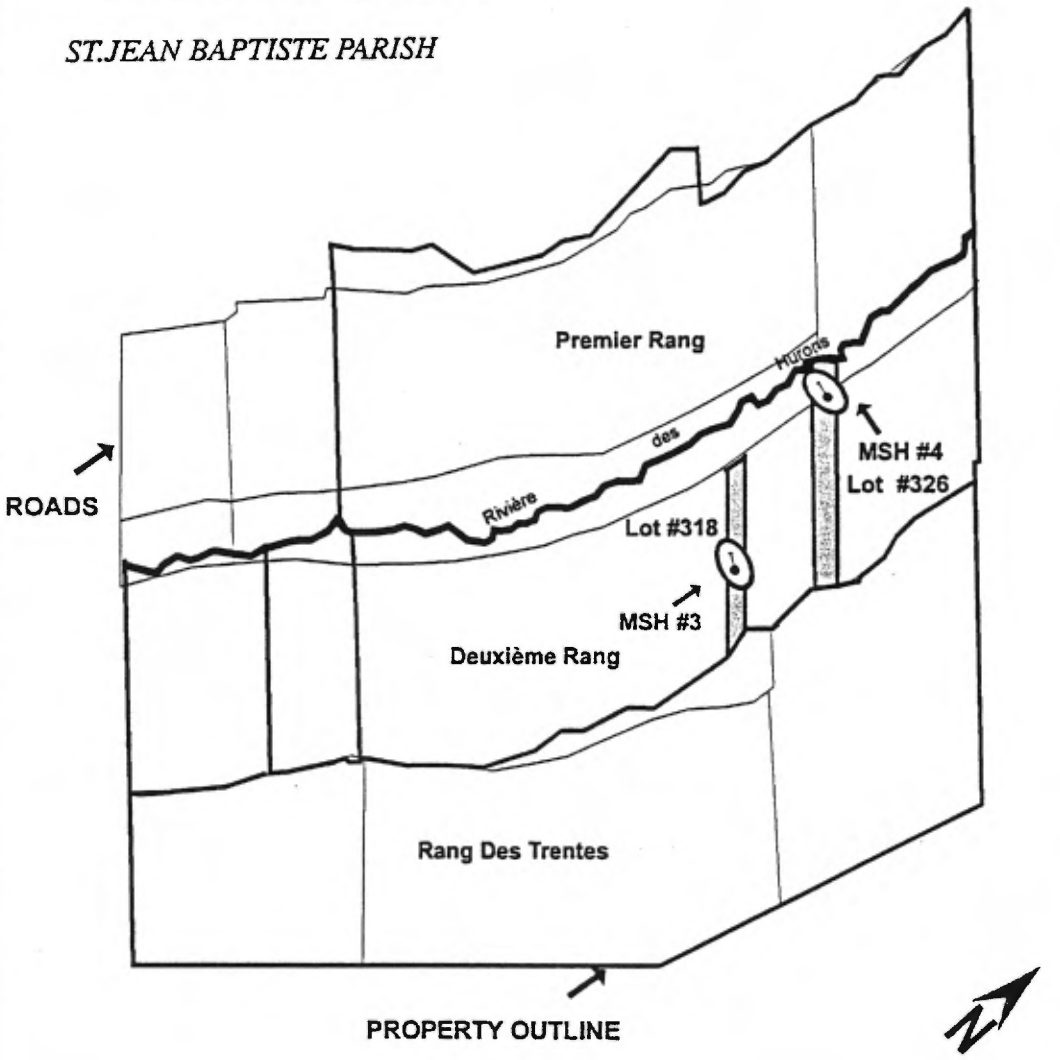
Target # 3 is a northeasterly-trending, linear magnetic anomaly depicted on three contiguous parallel flight lines on the airborne magnetic map. Detailed ground magnetic surveys verified the anomaly and its trend and determined the maximum readings to be approximately 50 nanoteslas above background.

Diamond drill hole MSH #3 collared on Lot #318 in Sainte Madeleine Parish and drilled at an azimuth of 307 degrees tested the area and determined the cause of the magnetic anomaly to be a fine to medium crystalline olivine pyroxenite dyke approximately 6 feet in thickness, located at 618 feet hole depth. A second, one foot thick dyke of similar composition was encountered further down in the hole at a depth of 1,682 feet. Both of the ultramafic units are intrusive into flat-lying sediments and carbonates of the Ordovician Queenston and possibly Lorraine Groups.

DIADEM RESOURCES LTD.

MONT SAINT - HILAIRE PROPERTY
PROVINCE OF QUÉBEC

ST.JEAN BAPTISTE PARISH



LEGEND

General Area of Magnetic Anomaly

Approximate trace of Drill Hole

0 1 2 3 4

KILOMETRES

FIGURE7

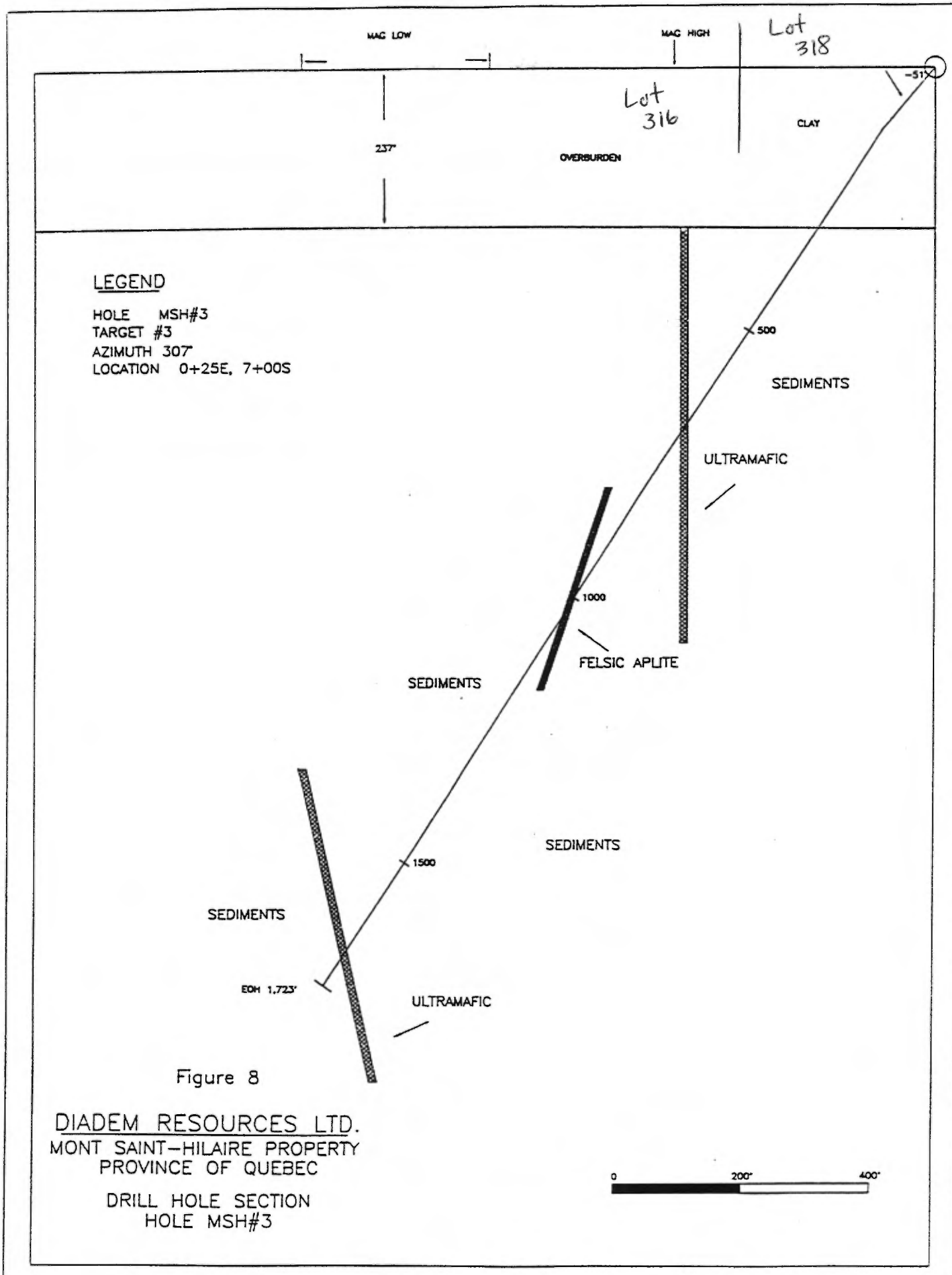


Figure 8

DIADEM RESOURCES LTD.
MONT SAINT-HILAIRE PROPERTY
PROVINCE OF QUEBEC

DRILL HOLE SECTION
HOLE MSH#3

Target #4 is an ovoid-shaped magnetic anomaly slightly elongated along a northwesterly trend. Maximum magnetic relief is approximately 70 nanoteslas above the Palaeozoic background.

Diamond drill hole MSH #4, located in Saint Jean-Baptiste Parish, Lot #326-1, tested the source of the anomaly. The cause was determined to be an intrusive porphyritic, medium crystalline olivine pyroxenite dyke located at 514 feet down the hole.

Representative samples from all intrusive rock types, both fragmental and non-fragmental, were collected and submitted to Minéraux Indicateurs Almaz Inc. and Lakefield Research for diamond and indicator mineral content, utilizing both attrition and caustic solution recovery methods.

Table V

Mont Saint-Hilaire Property, Québec
Delorme and Rouville Seigneuries
Diadem Resources Ltd.
Drilling Summary: May 20 - June 12, 1995

Hole #	Mag Target	Grid Co-Ord	Dip	Az	Length	True OB	Parish and Lot
MSH#1	No. 1	1367E+400S	-90	na	256'3"	145'	Ste. Madeleine: Lot 55
MSH#2	No. 1	1367E+394S	-50	275	904'0"	145'	Ste. Madeleine: Lot 55
MSH#3	No. 3	0025E+700S	-51	307	1,723'	237'	St. Jean Baptiste: Lot 318
MSH#4	No. 4	0075W+400S	-53	248	803'0"	185'	St. Jean Baptiste: Lot 326-1

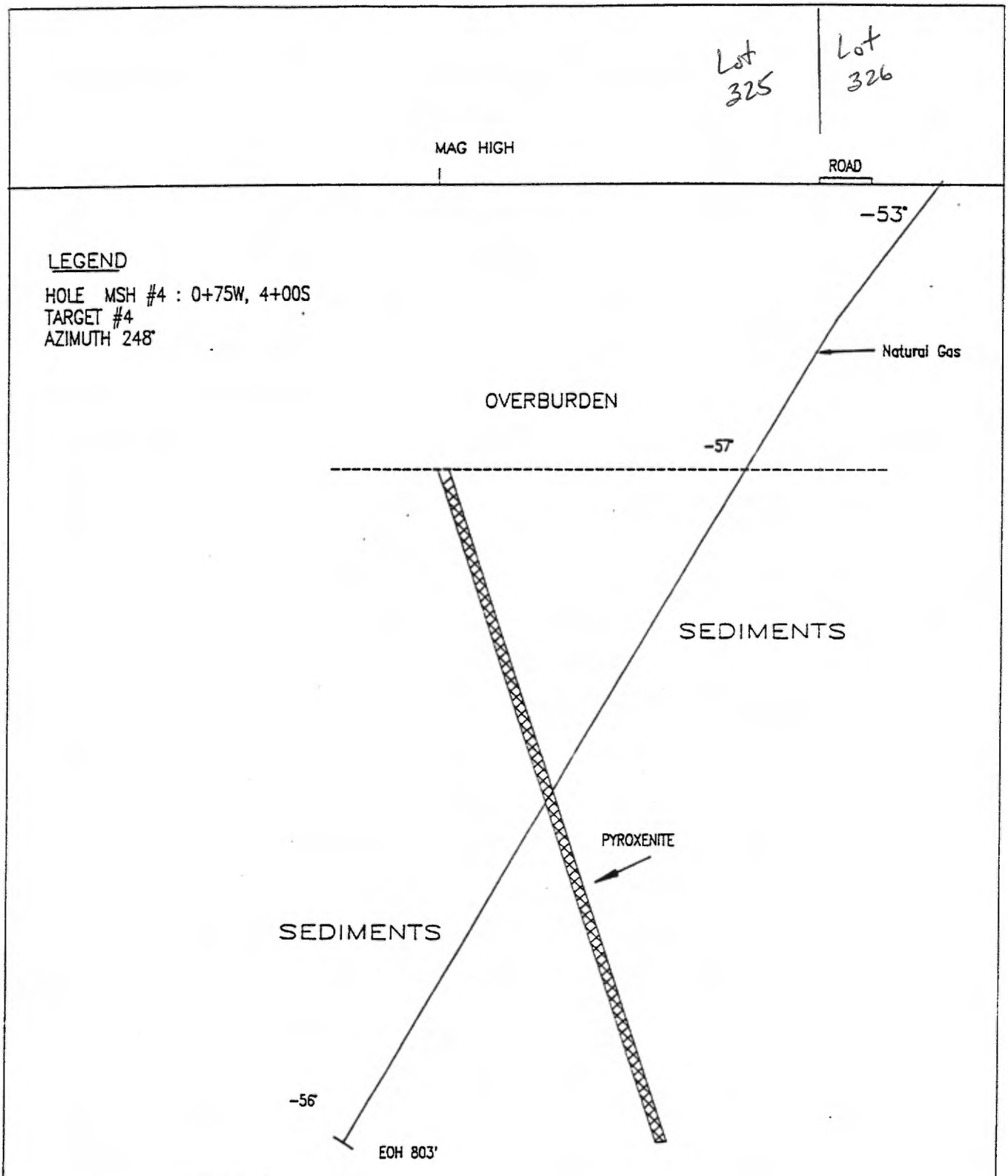


Figure 9

DIADEM RESOURCES LTD.

MONT SAINT-HILAIRE PROPERTY
PROVINCE OF QUEBEC

DRILL HOLE SECTION
MSH #4

Rock Geochemistry

Mineraux Indicateurs Almaz Inc.

Two and one-half foot (2½ foot) representative samples of core from the intrusive rock types encountered in the 4 drill holes completed on the property were collected and submitted for analysis to Mineraux Indicateurs Almaz Inc. (MIA), in Rouyn, Québec. The attrition method, a gentle and smooth crushing of the sample, which allows for the recovery of both diamonds and associated indicator minerals was utilized in sample preparation. In addition, outcrop and boulder samples from the Mont Saint-Hilaire property and adjacent areas were collected for analysis. The sampling program was conducted prior to the collection and analysis of the larger LRMSH2 and LRMSH2A core intervals, in order to determine:

a) what intersections should be completely sampled for diamond and indicator mineral content.
b) the presence or absence of true kimberlite or kimberlitic-type rock units
c) the amount and type of binding igneous matrix
d) rock nomenclature, based on the igneous matrix where present

Seventeen (17) samples (14 drill hole intervals and 3 hand samples), were collected. The representative rock samples from core were labeled **"A, B, C, D, E, F, J, K, L and M"**. Samples **"G and H"** were hand samples of outcrops collected from the general area and sample **"I"** represents a hand sample of a large boulder located near the foot of one of the alkaline massifs. Sample **LRMSH2** represents the 80 foot (61 feet recovered) ultramafic (Alnoite) intersection at the top of hole MSH #2. Based on the 2½ foot representative sample, MIA suggested that the entire section be analyzed for diamond and indicator mineral content.

The samples, their field-logged descriptions, locations and results from the geochemical study are listed in Tables VI and VII. No kimberlitic indicator minerals nor diamonds were found and MIA's conclusion was that none of the submitted samples were kimberlitic or lamproitic. Kimberlite-style ilmenite, fresh olivine and pyroxenes were present in most samples, however, MIA suggested this to be a common feature of alkaline-suite rocks and of no particular importance when encountered in solitary fashion without other accompanying definitive indicators.

Analysis of the fragmental rocks described as gas breccias in the field suggest that it represents a diatreme containing various proportions of gas-fluxed material ranging from 90% gas breccias to 65% igneous breccias, based on the proportion of gas versus igneous matrix content.

Table VI

Samples Submitted for Analyses To *Mineraux Indicateurs Almaz Inc.*
Mont Saint-Hilaire Property, Québec
Diadem Resources Ltd.

Sample #	Hole #	Interval	Rock Description from Mineraux Indicateurs Almaz	Rock Description from Drill Log
A	MSH#2	224' - 226'6"	50% xenoliths and xenocrystals; large amt of magnetite in conc: Heavy minerals: ***pyroxene, olivine, little phlogopite***; little but recognizable kimberlite-type ilmenite.	Ultramafic; may be ***Alnoite***: same as LRMSH2
B	MSH#2	800'3" - 802'9"	Magnetite and apatite sole heavies; practically a ***gas breccia,*** some igneous matrix present.	***Dyke Breccia***
C	MSH#2	764' - 766'6"	Least # of frags; 50% of concentrate is magnetite; heavies: ***pyroxene, olivine, some kimberlite-type ilmenite.***	***Dyke Breccia***: dark, dense, many small shale fragments: same as LRMSH2A
D	MSH#2	594' - 596'6"	Rich in fragments; large amt of small rock fragments to which fine-grained heavies are attached. ***Apatite*** common.	***Dyke Breccia*** with ? 20% matrix
E	MSH#2	464' - 466'6"	Small % of fragments; phenocrysts of pyroxene and apatite; ***pyroxene-apatite lamprophyre.***	***Porphyritic Pyroxenite Dyke***
F	MSH#2	354' - 356'6"	90% fragments; Ste. Hélène-type ***gas breccia***; minor igneous matrix.	Altered Salmon-colored ***Dyke Breccia***
J	MSH#3	624' - 626'6"	***Olivine pyroxenite***; heavies include magnetite, augite, olivine, green diopside, kimberlite-like ilmenite.	***Pyroxenite Dyke***

K	MSH#4	514'1" - 516'6"	*Olivine pyroxenite*:	*Pyroxenite* amygdaloidal Dyke
L	MSH#3	1,682'2" - 1,684'10"	*Olivine pyroxenite*: with barytes, some sulphides, some apatite and non-kimberlitic garnet.	***Pyroxenite dyke***
M	MSH#2	564' - 566'6"	***Nepheline Pyroxenite.***	***Porphyritic Pyroxenite dyke***
LRMSH2	MSH#2	169' - 249'	50% xenoliths and xenocrysts, medium-fine grey-black matrix, large amount of magnetite, fresh olivine, kimberlite-like ilmenite, non-kimberlite garnets, pyroxenes, apatite and green diopside (not emerald green): *Lamprophyre*.	Ultramafic dyke; Possibly ***Alnoite***
G	*Hand Sample*		*Nepheline pyroxenite*: composed largely of pyroxene + nepheline + zeolite: Heavies include magnetite, pyroxene, some kimberlitic-like ilmenite and some apatite.	***Pyroxenite-Olivine dyke*** exposed in hornfelsed section of quarry at Mont St.-Hilaire
H	*Hand Sample*		*Peridotite*: Heavies = 5% magnetite, 80% olivine and some kimberlitic-type ilmenite.	*Pyroxenite* dyke intrusion at Ange Guardien near Yamaska River
I	*Hand Sample*		*Nepheline pyroxenite*: abundant pyroxenes and nepheline/zeolites (?)	***Layered olivine-pyroxenite/gabbro*** boulder at foot of Mont Rougemont

Lakefield Research

Sample **LRMSH2A** represents a 123 feet 4 inch interval of dark grey, hard, dense dyke breccia (from hole MSH #2 @ 654'-777'4") and was sent to **Lakefield Research** for analysis. The sample consisted of 42 individually packaged, but continuous intervals. From each sample interval, a portion, representing approximately 20% was chosen. The 20% fraction underwent attrition grinding while the remaining 80% of the sample was subjected to total caustic dissolution. This particular method was employed in order to maximize both diamond and indicator mineral recoveries. Small (2 inch) drill core samples, **LRP-1 and LRP-2,** were also sent to Lakefield Research for petrographic analysis.

Lakefield's attrition milling flowsheet uses a combination of particle size, density and magnetic separation methods to concentrate minerals such as pyrope, ilmenite, chrome diopside and chromite. Selected mineral grains are then extracted and analyzed with the electron probe. The heavy, non-magnetic concentrate is also searched for diamonds.

Using the caustic dissolution method involves dissolving the entire sample in hot NaOH and recovering the residue. The residue is washed and magnetically separated to obtain several magnetic fractions and the microdiamond-bearing non-magnetic concentrate. In addition to microdiamonds, other resistant minerals in the sample include graphite, spinel, zircon, kyanite and garnet. Diamond-indicator minerals such as pyrope garnets, ilmenite and chromite may survive the caustic treatment.

Sample LRP-1 and LRP-2 lithologies were described as hypabyssal rocks containing olivine and pyroxene phenocrysts set in a finely serpentinized matrix itself containing olivine and pyroxene micro-phenocrysts. No rock type was identified as "kimberlite".

The residues obtained through both flowsheets contained primarily magnetic and paramagnetic rock fragments and oxides; rare red/purple garnets, orange garnets, low-chrome diopsides and minor magnesium-ilmenite and magnesium-chromite minerals. No diamonds nor true diamond indicator minerals were recovered from sample LRMSH2A.

Table VII

Samples Submitted for Analyses To *Lakefield Research*
Mont Saint-Hilaire Property, Québec
Diadem Resources Ltd.

Sample #	Hole #	Interval	Rock Description from Lakefield Research	Rock Description from Drill Log
LRMSH2A	MSH#2	654' - 777'4"	From residue: Magnetic & paramagnetic rk frags and oxides, rare red/purple (pyrope?) and a few almandine garnets, low chrome-diopside	Dark, dense ***Dyke Breccia*** with abundant fine shale fragments
LRP-1	MSH#2	213'	Porphyritic olivine-pyroxene hypabyssal rk; clinopyroxenes pseudomorphed olivines, some magnetite, groundmass serpentinized with micro-phenocrysts of olivine, clinopyroxene and magnetite.	Olivine pyroxenite: for petrographic analysis: Possible ***Alnoite***: Same as "A"
LRP-2	MSH#2	666'	Porphyritic, hypabyssal rock; carbonatized phenocrysts supported in carbonatized, serpentinized groundmass.	Dark, dense ***Dyke Breccia***: for petrographic analysis: same as "C" and LRMSH2A

Conclusions

The four most promising airborne magnetic anomalies on Diadem Resources Ltd.'s Mont Saint-Hilaire claim block in Québec were detailed by follow-up ground studies. Targets #1, 3 and 4 were evaluated by four diamond drill holes for a total of 3,686 feet 3 inches. Target #2 was the result of cultural contamination.

The most prominent target, a circular magnetic anomaly (Target #1) was determined to be caused by a lamprophyre intrusion (Alnoite) into a gas breccia diatreme. The fragmental diatreme itself is intrusive into flat-lying Paleozoic cover rocks of Ordovician age. The other two magnetic anomalies of worth (Targets #3 and 4) are the result of narrow olivine pyroxenite dykes intrusive into similar flat-lying sediments of Ordovician age.

Geochemical analyses of all intrusive rocks failed to locate any diamonds or diamond indicator minerals. The intrusive units are not considered to be kimberlites, but represent affinities related to the Monteregean alkaline suite of rocks.

Many kimberlites dykes can occur as gas breccias, particularly in their upper portions where fluidized, turbulent emplacement occurs.. Such violent intrusive episodes results in fragmental diatremes with or without igneous matrix emplacement.

The Mont Saint-Hilaire property is located within an area where several major tectonic structural lineaments appear to intersect. Possible deep-sourced lithologies (Monteregean Intrusive Suite) may have been taped through these features, and therefore the potential for the existence of diamond-bearing rocks in the area remains high. The presence of diamonds in one small kimberlite body (Île Bizzard) reinforces the diamond-bearing potential of the region and the property.

Recommendations

It is recommended that a detailed glacial overburden and stream heavy mineral geochemical study be performed within the general area in order to locate diamond-indicator mineral accumulations. Resulting indicated mineral trains should be evaluated in conjunction with detailed follow-up magnetic surveys in order to pinpoint potential drill targets.

Table VIII

Expenditures on the Mont Saint-Hilaire Property
1995
Diadem Resources Ltd.

Description	Amount
Project Supervision: *includes all expenses*	52,823
Diamond Drilling	75,967
Ground Magnetometer Surveys	9,700
Heavy Mineral & Diamond Analyses	9,800
Land Ownership Compensation	3,500
Core Storage	2,240
Miscellaneous	13,567
Total	**$167,597**

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Certificate

I, ***R. L. Comeau***, residing at Suite 909, 1300 Bloor Street, Mississauga, Ontario certify that;

- I am a practicing Consulting Geologist with offices at Suite 909, 1300 Bloor Street, Mississauga, Ontario.
- I received my undergraduate degree (B.Sc. in Geology) from Dalhousie University in Halifax, Nova Scotia.
- I received my graduate degree (M.Sc. in Geology) from Memorial University of Newfoundland, Saint John's, Newfoundland.
- I have practiced my profession continuously since 1972.
- I do not have, nor do I expect to receive, directly or indirectly, any interest in the properties or securities of Diadem Resources Ltd. or any affiliated companies.
- I consent to the use of this report for any legitimate purpose.

Mississauga, Ontario
October 15, 1995

R. L. Comeau, M.Sc.

Appendix "A"

Claim Holdings
Sainte Madeleine and Saint Jean-Baptiste Parishes, Québec
As of May 15, 1995
Diadem Resources Ltd.

Appendix "A"

Claim Holdings
Sainte Madeleine and Saint Jean-Baptiste Parishes, Québec
As of May 15, 1995
Diadem Resources Ltd.

Claim #	Seigneurie (Parish)	Lot No.	Owner	Hectares	Expiry Date
11859	Delorme(Ste Madeleine)	1-2	P. Ferderber	49	Oct 12, 1996
11860	"	3	"	21	"
11861	"	4-11	"	37	"
11862	"	12-22	"	46	"
11863	"	23-24	"	46	"
11864	"	25-28	"	21	"
11865	"	742-744	"	46	"
11866	"	745	"	20	"
11867	"	746-748	"	49	"
11868	"	749-750	"	29	"
11869	"	751	"	31	"
11870	"	752	"	26	"
11871	"	753	"	27	"
11872	"	754-755	"	31	"
11873	"	756	"	20	"
11874	"	824-827	"	50	"
11875	"	828-829	"	40	"
11876	"	830-831	"	50	"
11877	"	832-835	"	50	"
11878	"	836-837	"	50	"
11879	"	838	"	40	"
11880	"	839	"	20	"
11881	"	840-841	"	40	"
11882	"	842-843	"	44	"
11883	"	844-845	"	44	"
11884	"	846	"	20	"
11885	"	49	"	33	"
11886	"	50	"	30	"
11887	"	51	"	30	"
11888	"	52	"	30	"
11889	"	53	"	30	"
11890	"	54-55	"	45	"
11891	"	56-58	"	37	"

11892	"	59-60	"	40	"
11893	"	61	"	30	"
11894	"	62	"	30	"
11895	"	63	"	30	"
11896	"	64	"	30	"
11897	"	65	"	20	"
11898	"	66	"	30	"
11899	"	67	"	20	"
11900	"	68-69	"	36	"
11901	"	294-300	"	30	"
11902	"	301	"	34	"
11903	"	302-304	"	31	"
11904	"	305-311	"	31	"
11905	"	312-314	"	43	"
11906	"	315-320	"	42	"
11907	"	321-324	"	21	"
Sub-Total	*Delorme (Ste. Madeleine)*	*118*		*1,680*	

Claim #	Seigneurie (Parish)	Lot No.	Owner	Hectares	Expiry Date
11908	**Rouville (St. Jean-Baptiste)**	1-13	P. Ferderber	23	Oct 12, 1996
11909	"	14-33	"	47	"
11910	"	34-43	"	30	"
11911	"	72-74	"	30	"
11912	"	75-76	"	30	"
11913	"	77-80	"	30	"
11914	"	81	"	30	"
11915	"	82-84	"	40	"
11916	"	85	"	40	"
11917	"	86-87	"	31	"
11918	"	88	"	25	"
11919	"	89-92	"	40	"
11920	"	93-94	"	46	"
11921	"	95	"	30	"
11922	"	96	"	30	"
11923	"	97	"	30	"
11924	"	98-102	"	30	"
11925	"	103-104	"	46	"
11926	"	105	"	30	"
11927	"	106-119	"	32	"
11928	"	120-120A	"	20	"

11929	"	121-123	"	46	"
11930	"	213	"	31	"
11931	"	214-215	"	30	"
11932	"	216-217	"	47	"
11933	"	218-221	"	45	"
11934	"	222-227	"	30	"
11935	"	228-229	"	30	"
11936	"	271-280	"	30	"
11937	"	281-287	"	31	"
11938	"	288	"	30	"
11939	"	289-290	"	30	"
11940	"	291-294	"	32	"
11941	"	295	"	25	"
11942	"	296-297	"	25	"
11943	"	298-299	"	40	"
11944	"	300-301	"	30	"
11945	"	302	"	30	"
11946	"	303-306	"	50	"
11947	"	307-308	"	40	"
11948	"	309-310	"	20	"
11949	"	311-311A	"	30	"
11950	"	312-315	"	32	"
11951	"	316-317	"	30	"
11952	"	318-320	"	29	"
11953	"	321-322	"	30	"
11954	"	323	"	30	"
11955	"	324-325	"	30	"
11956	"	326	"	30	"
11957	"	327	"	32	"
11958	"	328-331	"	43	"
11959	"	332-334	"	50	"
11960	"	335	"	30	"
11961	"	336	"	30	"
11962	"	337-338	"	37	"
11963	"	339-341	"	42	"
11964	"	342-343	"	37	"
11965	"	344-346	"	49	"
11966	"	347-349	"	33	"
11967	"	350-351	"	50	"
11968	"	352-353	"	39	"
11969	"	354	"	38	"
11970	"	355	"	37	"
11971	"	356-357	"	34	"
11972	"	358-359	"	40	"
11973	"	360-362	"	50	"

11974	"	363-364	"	50	"
11975	"	365	"	24	"
11976	"	366	"	36	"
11977	"	367	"	36	"
11978	"	368	"	36	"
11979	"	369-370	"	49	"
11980	"	371-372	"	50	"
11981	"	373	"	30	"
11982	"	374-375	"	50	"
11983	"	376	"	26	"
11984	"	377	"	28	"
11985	"	378	"	28	"
11986	"	379-380	"	49	"
11987	"	381-384	"	36	"
11988	"	385-388	"	47	"
11989	"	389-390	"	41	"
11990	"	391-393	"	50	"
11991	"	394	"	21	"
11992	"	395	"	30	"
11993	"	396	"	20	"
11994	"	397	"	34	"
11995	"	398-399	"	41	"
11996	"	400	"	30	"
11997	"	441-444	"	46	"
11998	"	445-447	"	49	"
11999	"	448-450	"	46	"
12000	"	451-454	"	41	"
12001	"	455-457	"	44	"
12002	"	458-461	"	43	"
Sub-Total	***Rouville (St. Jean-Baptiste)***	***263***		***3,385***	
Grand Totals					
144		**381**		**5,065**	

Appendix "B"

DIAMOND DRILL HOLE LOGS

MONT SAINT-HILAIRE PROPERTY, QUÉBEC

Diadem Resources Ltd.
Drilling Completed May 20 - June 12, 1995

Name of Property:	*Mont Saint-Hilaire*	Drill Hole No.:	*MSH #1*
Company:	*Diadem Resources Ltd.*	Length:	*256' 3"*
Location:	*Sainte Madeleine Parish: Lot # 55, Québec*		
Grid Coordinates:	*Grid #1: 13+67E; 4+00S*	Elevation:	*~100 feet*
Azimuth:	*not applicable*	Dip:	*-90 degrees*
Started:	*May 20, 1995*	Finished:	*May 23, 1995*
Dip Tests:	*@ 0 feet = -90 degrees*		
Logged by:	*R. L. Comeau*		

Footage	**Description**
0 - 140'	*Champlain Sea Clay*: blue-grey, salty, soft. On inclined holes, the casing sinks through the clay under its own weight.
140 - 145	Till: fine-grained; not sampled
145 - 256'3"	*Dyke Breccia (Diatreme):* medium to dark grey with common areas displaying a lighter grey to salmon color alteration feature (which may reflect the effects of an unseen heat source): composed of 70 to 90% rock fragments (xenoliths) and mineral fragments (xenocrysts) of varying lithologies, including rounded to angular hornfelsed fine-grained sediments, amygdaloidal mafic rocks, porphyritic (augite and olivine) ultramafic rocks as well as xenocrysts of augite and olivine. Matrix appears to be composed of finer grained fragments of similar composition. Some fragments themselves consists of breccias. Both xenocrysts and xenoliths are altered, the sediments displaying a distinct alteration along their outside edges and a great degree of embayment by the matrix, reflecting re-adsorption. The mafic and ultramafic fragments display an altered groundmass as well as an alteration rim. Fragments range in size from several inches down to millimeters within the finer-grained matrix portion of the unit. Interstices quartz-filled with a small amount of calcite.
fr. 145' to 190'7"	rock is dark grey
fr. 190'7" - 256'3"	rock unit appears bleached, silicified, light grey, which may , in part, reflect the nearness of the breccia to the ultramafic dyke most likely at a shallow depth below the bottom of the hole.
256'3"	*End of Hole*

Name of Property:	*Mont Saint-Hilaire*	Drill Hole No.:	*MSH #2*
Company:	*Diadem Resources Ltd.*	Length:	*904 feet*
Location:	*Sainte Madeleine Parish: Lot # 55, Québec*		
Grid Coordinates:	*Grid #1: 13+67E; 3+94S*	Elevation:	*~100 feet*
Azimuth:	*275 degrees*	Dip:	*-50 degrees*
Started:	*May 23, 1995*	Finished:	*May 29, 1995*
Dip Tests:	*@ 0 feet = -50; @ 450 feet = -56; @ 904 feet = -55 degrees*		
Logged by:	*R. L. Comeau*		

Footage	Description
0 - 169'	*Champlain Sea Clay:* blue-grey, salty, soft. On inclined holes, the casing sinks through the clay under its own weight. The hole commenced at an inclination of -50 degrees and within bedrock at 450 feet had steepened to an inclination of -56 degrees. True thickness of clay estimated at 145 feet.
169' - 249'	*Ultramafic intrusive, possibly Alnoite lamprophyre:* ultramafic intrusion, very soft and crumbly (only 61 feet recovered). Dark grey-green, medium crystalline. Abundant phenocrysts, xenocrysts and xenoliths (locally up to 50%) of pyroxene (titanaugite ?), olivine, fine grained sediments. Matrix appears to contain fine olivine crystals and possibly biotite. No contact visible with surrounding rock ***Entire unit was split and sampled, and sent to Mineraux Indicateurs Almaz Inc., Rouyn, Québec for indicator mineral analysis and diamond content determination. The sample was labeled LRMSH2.***
249' - 904'	*Dyke Breccia (Diatreme):* unit composed of 70 - 90 % xenoliths and xenocrysts set within a matrix of finer fragmentary material. Interstices filled with quartz and minor calcite. Xenoliths are angular to sub-rounded and consists of hornfelsed fine-grained sandstones, shales, siltstones and porphyritic (pyroxene and olivine) ultramafic rocks. Xenocrysts include pyroxenes (augite) and olivines. Fragments average ¼ inch to 1 inch but can be up to 6 inches
fr. 461'8" - 468'6"	*Pyroxene - olivine - feldspar (?) ultramafic intrusive:* coarsely porphyritic; Pyroxenes (augite ?) account for 60% of phenocrysts, olivines for 30% and feldspars (feldspathoids ?), 10%. Groundmass appears to be fine to medium crystalline, grey-green and contains pyroxenes, olivines and feldspar. Pyroxene crystals are prismatic, olivine crystals are generally ovoid and altered red due to iron-oxide filling fractures, the feldspars(?) exhibit a nebulous

outline form and are bluish white (feldspathoid/apatite?). Phenocrysts range up to 1 inch in size. No xenoliths visible. Approximately 3" fine-grained chilled margin and a slight indication of crystal alignment at 25 degrees to core axis on upper contact.

fr. 554' - 566 ***Pyroxene - olivine ultramafic:*** dark greyish-green, finely crystalline with local large (1") phenocrysts of pyroxene and common xenoliths of sediments. Abundant amygdules, up to ¼ inch, filled with calcite. Minor number of vugs with non-calcareous, light yellowish-green crystalline mineral coatings (?). Fine grained chilled margins.

Hand samples taken at:

212 feet	***Alnoite*** lamprophyre dyke
252 feet	***Altered dyke breccia;*** highly altered, rounded ultramafic fragments (ultramafics represent approximately 80% of fragments).
394 feet	***Salmon-colored dyke breccia:*** with large ultramafic fragment and altered pyroxene xenocryst (magnetite/illmenite). Ultramafic fragments predominate.
468 feet	Porphyritic ***Pyroxenite dyke***
489 feet	Salmon-colored altered ***dyke breccia***
721 feet	Dense, dark-grey , shale predominating, ***dyke-breccia***

Representative Samples Taken for Analyses at Mineraux Indicateur Almaz Inc.

224' - 226'6"	*labeled "A"*
354' - 356'6"	*labeled "F"*
464' - 466'6"	*labeled "E"*
564' - 566'6"	*labeled "M"*
594' - 596'6"	*labeled "D"*
764' - 766'6"	*labeled "C"*
800'3" - 802'9"	*labeled "B"*

Large Samples Taken for Analyses:

169' -249'	labeled *"LRMSH2":* analysis by ***Mineraux Indicateurs Almaz Inc.***
654' - 777'4"	labeled "*LRMSH2A*": analysis by ***Lakefield Research***

Name of Property:	*Mont Saint-Hilaire*	Drill Hole No.:	*MSH #3*
Company:	*Diadem Resources Ltd.*	Length:	*1,723 feet*
Location:	*Saint Jean-Baptiste Parish: Lot # 318, Québec*		
Grid Coordinates:	*Grid #3: 0+25E; 7+00S*	Elevation:	*~100 feet*
Azimuth:	*307 degrees*	Dip:	*-51 degrees*
Started:	*June 5, 1995*	Finished:	*June 12 1995*
Dip Tests:	*@ 0 feet = -51; @ 263 feet = -57; @1000 feet = -56;@1700 = -56*		
Logged by:	*R. L. Comeau*		

Footage	Description
0 - 253'	*Champlain Sea Clay:* blue-grey, salty, soft. On inclined holes, the casing sinks through the clay under its own weight. The hole commenced at an inclination of -51 degrees and in bedrock at 263 feet had steepened to an inclination of -57 degrees. True thickness of clay estimated at 237 feet.
253 - 1,115' and	*Queenston Group: Bécancour Formation (?):* alternating grey maroon, fine to medium grained sandstones, siltstones and shales. Common sedimentary features such as graded bedding, cross-bedding and rip-up inclusions. Bedding at 70 degrees to core axis. Sandstones composed primarily of sub-rounded to rounded quartz and feldspar grains with biotite. Common pyrite in grey sandstones and disseminated locally in the shales and siltstones. Local thin, hairline fracturing in red shales and siltstones, displaying grey-green reduction alteration halos ¼ inch on either side of fracture. Mud/clay seams common in upper sections of unit. Individual units vary from inches to several feet in thickness. Some calcite veining. Locally quite highly pitted. Pyrite common in grey sections and black shales.
fr: 618'7" to 628':	*Pyroxenite:* grey-green, fine-medium crystalline; common pyrite, calcareous matrix; central portion displays amygdules filled with calcite - weak alignment at 80 degrees to core axis. Shale near contact is hornfelsed for a couple of feet away from intrusive.
fr: 1,003' to 1,025'	*Aplite dyke:* pinkish-grey, fine to medium crystalline; composed essentially of alkali feldspar laths and quartz: weakly porphyritic with prismatic, light-green, soft mineral and local vaguely outlined greenish patches: common dendritic pyrite/pyrrhotite. Chilled margin for ¼ inch, followed inward by ¼ inch botryoidal zone, then massive dyke. Contact with country rock at 10 - 20 degrees to core axis. Highly sheared upper contact area (lost return water for remainder of hole). Sedimentary host is silicified for a few inchesaway from the upper contact and a lighter grey for approximately 2 feet at lower contact.

1,115' - 1,723' ***Lorraine Group: Pontgravé Formation (?):*** The sedimentary package may include the contact between the younger Queenston Group (Bécancour Formation) of non-marine red shales, interlayered grey-green sandstones and siltstones with layers of gypsum and anhydrite and the underlying Lorraine Group (Pontgravé Formation) of fossiliferous, primarily grey, calcareous sandstones and shales:

fr. 1,115 feet the unit is primarily grey in color - silty, clayey with sandy interlayers. Satin spar seams, up to ½ inch commence at 1,159 feet and continue until 1,278 feet.

fr. 1,420 feet: unit is dark grey interlayered siltstones and sandstones. Common sandstone rip-ups and convoluted bedding within the shales. Thin calcite veining every 6 inches to 1 foot as well as thin hairline fractures at 0 degrees to core axis. Common bi-valve and coral/bryozoa (?) fossils. From 1,600 feet to the end of the hole, at 1,723 feet, dark grey shales and siltstones predominate.

1,682'2"-1,684'10": ***Pyroxenite dyke:*** exhibiting contact with chilled margins. Sediments are hornfelsed for approximately 2 inches near the dyke contact. Immediate chilled margin (¼ inch) is extremely finely crystalline with some pyrite enrichment in the immediate sediments. Next to chilled margin is a botryoidal zone approximately ½ inch in width, followed inwards by fine crystalline - grey, porphyritic unit (pyroxene phenocrysts - small). Central portion of dyke is amygdaloidal with amygdules (¼ inch) filled with calcite. Groundmass appears to be composed of finely crystalline feldspars with ophitic texture with respect to pyroxenes and perhaps some glass present. Contact with sediments is at 40 degrees to core axis.

1,723 ft *End of Hole*

Samples taken for analyses : *624' - 626'6"; labeled "J"*
1,682'2" - 1,684'10"; labeled "L"

Name of Property:	*Mont Saint-Hilaire*	Drill Hole No.:	*MSH #4*
Company:	*Diadem Resources Ltd.*	Length:	*803 feet*
Location:	*Saint Jean-Baptiste Parish: Lot # 326-1, Québec*		
Grid Coordinates:	*Grid #4: 0+75W; 4+00S*	Elevation:	*~100 feet*
Azimuth:	*248 degrees*	Dip:	*-53 degrees*
Started:	*May 30, 1995*	Finished:	*June 3, 1995*
Dip Tests:	*@ 0 feet = -53; @ 250 feet = -58; @ 803 feet = -56*		
Logged by:	*R. L. Comeau*		

Footage	Description
0 - 244'	*Champlain Sea Clay:* blue-grey, salty, soft. On inclined holes, the casing sinks through the clay under its own weight: hole commenced at an inclination of -53 degrees and intersected bedrock at 244 feet at an inclination of -58 degrees. True thickness of clay estimated at 185 feet. Smell of natural gas at 158 feet which lasted several minutes.
244 - 803'	*Queenston Group: Bécancour Formation:* alternating grey and maroon, fine to medium grained sandstones, siltstones and shales. Common sedimentary features such as graded bedding, cross-bedding and rip-up inclusions. Bedding at 70 degrees to core axis. Sandstones composed primarily of sub-rounded to rounded quartz and feldspar grains with biotite. Common pyrite in grey sandstones and disseminated locally in the shales and siltstones. Local thin, hairline fracturing in red shales and siltstones, displaying grey-green reduction alteration halos ¼ inch on either side of fracture.
fr: 362'6" to 424':	grey coloration predominates; common calcite-filled fractures carrying pyrite
fr: 507'9" to 514'1"	sedimentary unit is slightly harder (hornfelsed) and contains thin, randomly-oriented fractures containing light-green (epidote/chlorite ?) filling.
fr: 514'1" to 516'6"	*Olivine Pyroxenite:* slightly porphyritic with crystals up to 1 inch of pyroxene (augite) and olivine and possibly biotite. Phenocrysts can make up to 20% of unit. Medium crystalline, greenish-grey matrix is highly calcareous with abundant amygdules filled with calcite (possibly altered olivines). Many pyroxenes and olivines have been completely altered to a bluish-green mineral or calcite and some olivines display red, iron-oxide fracture fillings. Unit contains some sub-angular xenoliths of a dark, medium-brown soft

	lithology or crystal. Central portion of the dyke is extremely soft (poor core recovery). Chilled margins displayed; top margin chilled 1 inch, bottom margin 6 inches. Amygdules show a poor alignment of 35 - 50 degrees to core axis.
fr: 548 to 563 ft	Unit predominantly grey
fr: 629 to 645 ft	Gypsum (satin spar) filling thin seams parallel to bedding in the sediments. Common isolated selenite crystals in red shale/siltstone portion of unit.
803'	***End of Hole***

Sample taken for analysis: ***514'1" to 516'6": labeled "K".***

Appendix "C"

Detailed Ground Magnetic Surveys

Anomalies 1, 2, 3 and 4

Mont Saint-Hilaire Property, Québec
Diadem Resources Ltd.