

**TECHNICAL REPORT
ON
MADOC PROJECT,
ONTARIO, CANADA

FOR

LYDIA DIAMOND EXPLORATION OF CANADA LTD.**

**Toronto, Ontario, Canada
June 30, 2009.**

Gerald A. Harron, M. Sc., P. Eng.

**G.A. Harron & Associates Inc.
Suite 501, 133 Richmond Street West
Toronto, Ontario Canada M5H 2L3**

TABLE OF CONTENTS

1.0	SUMMARY	1
2.0	INTRODUCTION AND TERMS OF REFERENCE	4
3.0	RELIANCE ON OTHER EXPERTS	8
4.0	PROPERTY DESCRIPTION AND LOCATION	9
5.0	ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY	22
6.0	HISTORICAL EXPLORATION	23
6.1.	Gold Exploration.....	23
6.2.	Diamond Exploration.....	24
7.0	GEOLOGICAL SETTING.....	26
7.1.	Regional Geological Setting	26
7.2.	Property Geology	30
8.0	DEPOSIT MODELS	37
8.1.	Gold Deposit Model	37
8.2.	Diamond Models	38
9.0	MINERALIZATION.....	39
10.0	EXPLORATION.....	40
11.0	DRILLING.....	41
12.0	SAMPLING METHOD AND APPROACH	42
13.0	SAMPLE PREPARATION ANALYSIS AND SECURITY	43
14.0	DATA VERIFICATION	44
15.0	ADJACENT PROPERTIES.....	45
16.0	MINERAL PROCESSING AND METALLURGICAL TESTING.....	46
17.0	MINERAL RESOURCE AND RESERVE ESTIMATES	47
18.0	OTHER RELEVANT DATA AND INFORMATION	48
19.0	INTERPRETATION AND CONCLUSIONS.....	53
20.0	RECOMMENDATIONS.....	54
21.0	REFERENCES.....	57
22.0	CERTIFICATION OF AUTHOR.....	60

LIST OF FIGURES

Figure 1	General Location Map	5
Figure 2	Property Claim Map.....	6
Figure 3	Location and Access Map	11
Figure 4	Terrane Subdivisions of the Central Metasedimentary Belt	27
Figure 5	Domains of the Central Metasedimentary Belt	28
Figure 6	Property Geology.....	31
Figure 7	Total Magnetic Intensity Map	32
Figure 8	Property Geology.....	33
Figure 9	Historical Gold Occurrences and Potential Diamond Targets.....	35

LIST OF TABLES

Table 1	List of Mining Claims, Madoc Project	12
Table 2	Characteristics of Other Gold Occurrences, Madoc Project and Vicinity	49
Table 3	Proposed Phase 1 Budget.....	55
Table 4	Proposed Phase 2 Budget.....	56

1.0 SUMMARY

Lydia Diamond Exploration of Canada Ltd. has 100% mineral rights title to 169 claims covering approximately 24,940 hectares, located in Cashel, Effingham, Grimsthorpe and Tudor townships, situated in the Southern Ontario Mining Division, Ontario, Canada. This area is approximately 35 kilometres north of the village of Madoc, and approximately 220 km northeast of Toronto, Ontario.

The Madoc Project can be easily accessed (on a seasonal basis) by forestry roads and trails extending eastward from Highway 62. Some of the roads are not maintained in the winter. Paved highways provide easy access to urban centers such as Kingston, Toronto and Montreal. Bulk and freight services in the area are offered by numerous trucking companies. Telecommunications and electricity services are well developed. Social amenities such as housing, educational and recreational facilities and medical care are available in the larger population centers. There are no First Nation issues currently affecting the project.

The project area is situated in the Laurentian Highlands of the Laurentian Region of the Canadian Shield. In general, large areas of the property are poorly drained, a reflection of the existing immature drainage patterns. Mean elevation in the area is in the order of 300 metres. Relief in the order of 100 m is associated with glacially sculpted rounded hills. Outcrop exposure overall averages less than 5% and sandy till is abundant.

The climate is typical of northern boreal forest regions, with extended periods of sub zero temperatures though the winter months of November through March. More temperate Conditions prevail during the summer months with temperatures in the range of 15-24° C with moderate precipitation. Geophysical surveys and diamond drilling (and mining) activities can be executed during all seasons.

The region has a long history of mineral exploration and development dating back to the, 1850s. Commodities of interest to the early prospectors included iron ore, base metals and gold. The Craig gold deposit was discovered in the late 1880s and was operated in 1904-06, and underwent additional development work in 1934-36. Production is recorded as 248 ounces of gold. The historical Craig deposit is located within the Madoc Project area, but is not owned or optioned.

The Gilmour Mine, located within the northwestern part of the Madoc Project area (but not owned or optioned) was discovered in the late 1890s and operated during the 1902-1906 period, with additional marginal production achieved intermittently in the 1909-1936 period. Several short episodes of development are recorded for the property in the 1937-1988 period.

From 1989 to 1991 Homestake Mineral Development Company conducted a gold exploration program in areas along strike from the Gilmour gold deposit. Significant results from the work include the recognition of the Moira River shear zone and its proximity to gold mineralization, and that standard -80 mesh soil samples analyzed for Au and As provide a geochemical signature for gold mineralization. A strong sympathetic correlation was noted between Au and As. Homestake discovered ten occurrences of gold in concentrations greater than 1 g/t Au, in the Gilmour Shear Zone, that have not been followed up. A recent study of gold mineralization in the area sponsored by the

Provincial Government has identified 28 gold occurrences located on or proximal to the Madoc Project.

GAHA is of the opinion that the historical exploration results reviewed for the Madoc Project are of sufficient merit to justify continued exploration and development of the property.

It is proposed that a Phase 1 program will focus predominantly on the gold mineralization potential. A Phase 2 program will mostly continue gold exploration, and provide for drill testing of gold targets developed in the Phase 1 program. The Phase 2 budget will also support the resumption of diamond exploration.

This initial part of the Phase 1 program will include geology, geophysical and geochemical compilations in order to assess the scope of work required to adequately explore the gold potential of the property. Provision has been made to scout out the property for existing trail and road access, in view of active forestry activities over the past few years.

An airborne survey combining the acquisition of magnetic and electromagnetic data is proposed for the entire property, including the area only surveyed for magnetic data only. The results from these surveys can be used to identify structures and lithologies for both gold and diamond mineralization.

Ground based high resolution deep-penetrating IP/RES surveys will be conducted on survey grids to characterize anomalous target areas defined by the airborne geophysics. Geological (structural) mapping and lithologic rock sampling will also be conducted on these survey grid areas in order to define diamond drill and/or stripping targets.

The Phase 1 budget required to support the above exploration activities is estimated to be \$1.3 million.

A proposed Phase 2 program is not dependent upon the results of the Phase 1 program, as the main purpose of this budget is to continue diamond drill testing of gold targets and to resume diamond exploration on the balance of the property.

Compilations of the previous years' geology, geophysical and geochemical results provided the starting point for the Phase 2 budget and work program.

It is also proposed that till samples collected in the 2002 program be retrieved from storage and analyzed / interpreted. Similarly the MJ-35 lamproitic dyke needs to be sampled and analyzed for diamonds and diamond indicator minerals and petrology.

Additional airborne surveying combining the acquisition of magnetic and electromagnetic data using a flight line density of 50 m is proposed for areas of the property showing geophysical complexity. Data from these surveys can be used primarily to increase knowledge of the local structures and lithologies for both gold and diamond mineralization.

Ground based high resolution deep-penetrating IP/RES surveys utilizing the closer (50m) line spacing will be conducted on survey grids to assist in resolving geophysical complexities. Geological (structural) mapping and lithologic rock sampling will also be