1.0

RESOURCE ESTIMATE
FOR THE
OMEGA COAL PROJECT

LIARD MINING DIVISION

NORTHEAST BRITISH COLUMBIA
Centred at 6,014,600 N and 69,400 E (NAD 83)

Submitted to:
Western Coal Corp.
15 February 2011

Moose Mountain Technical Services
1975 1st Ave. South
Cranbrook, V1C 6Y3, B.C. Canada
Phone: 250.489.0360
Email: bobm@moosemmc.com

Pages 6 & 7, 35-38, 40-42, 46-48, 53- and Appendix C of this report remain confidential under the terms of the Coal Act Regulation, and have been removed from the public version.

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/10_251_2004#section2

2.0 Table of Contents

1.0 1
2.0 Table of Contents 2
2.1 List of Tables 3
2.2 List of Figures 4
3.0 Summary 5
4.0 Introduction 9
5.0 Reliance on other Experts 11
6.0 Property Description and Location 12
7.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography 16
8.0 History 18
9.0 Geological Setting 20
9.1 Regional Setting 20
9.1.1 Stratigraphy 20
9.1.2 Structure 22
9.1.3 Coal Seam Development and Correlation 22
9.2 Coal Seam Development and Correlation 23
10.0 Deposit Types 26
11.0 Mineralization 27
12.0 Exploration 28
13.0 Drilling 29
14.0 Sampling Method and Approach 30
15.0 Sample Preparation, Analysis, and Security 31
16.0 Data Verification 32
17.0 Adjacent Properties 33
18.0 Mineral Processing and Metallurgical Testing 34
18.1 In Situ Coal Quality 35
18.2 Clean Coal Quality 35
18.3 Clean Coal Tests 38
19.0 Mineral Resource and Mineral Reserve Estimates 39
20.0 Other Relevant Data and Information 52
21.0 Interpretations and Conclusions 53
22.0 Recommendations 54
23.0 References 55
24.0 Date and Signature Pages 56
25.0 Additional Requirements for Technical Reports on Development Properties and Production Properties 59
26.0 Illustrations 60
APPENDIX A – Coal Intercepts 61

Appendix B Geophysical logs
Appendix C Coal quality data
Appendix D Lithologic logs
This notation added by BC Ministry of Energy and Mines September 2014

2.1 List of Tables

Table 3-1 Summary of Measured Resources - Geology Type: "Complex" 6
Table 3-2 Summary of Indicated Resources 6
Table 3-3 Summary of Inferred Resources 6
Table 3-4 Measured Resources by Seam, Low Volatile Bituminous 7
Table 3-5 Indicated Resources by Seam, Low Volatile Bituminous 7
Table 3-6 Inferred Resources by Seam, Low Volatile Bituminous 7
Table 6-1 Coal Licences 13
Table 8-1 Omega: Surface Mineable Reserves 19
Table 12-1 Summary of Exploration Activities – Omega Block, 1978 – 1979 28
Table 13-1 Summary of Omega Drilling 29
Table 18-1 Seam Cores Obtained from Omega Properties 34
Table 18-2 2005 Raw Coal Analysis 35
Table 18-3 Clean Coal Quality (adb) Denison 1978/79 Core Assays, 1.55 SG Cut Point 36
Table 18-4 SCLP 2005 Core Washability 37
Table 18-5 Clean Coal All Seams Composite Proximate Analysis 38
Table 18-6 Mineral Analysis of Ash All Seams Composite 38
Table 18-7 Petrographic Analysis All Seams Composite 38
Table 19-1 Average Seam True Thickness, Omega Property 40
Table 19-2 SG by Seam for the Omega Property 40
Table 19-3 Summary of Measured Resources, Low Volatile Bituminous 41
Table 19-4 Summary of Indicated Resources, Low Volatile Bituminous 41
Table 19-5 Summary of Inferred Resources, Low Volatile Bituminous 41
Table 19-6 Measured Resources by Seam, Low Volatile Bituminous 42
Table 19-7 Indicated Resources by Seam, Low Volatile Bituminous 42
Table 19-8 Inferred Resources by Seam, Low Volatile Bituminous 42
Table 22-1 Proposed Exploration Program, Phase 1 54

2.2 List of Figures

Figure 4-1 Location Map 10
Figure 6-1 Property Map.... 14
Figure 6-2 Property Licences.... 15
Figure 9-1 Table of Formations 24
Figure 9-2 Stratigraphic Column, Omega.... 25
Figure 15-1 Coal Analysis Procedures.... 31
Figure 19-1 Drillhole Locations with Property Outline.... 43
Figure 19-2 Showing the Coal Seam Distribution 44
Figure 19-3 Showing the Topography with the Drillholes 44
Figure 19-4 Structure Contours, FW Seam 1.... 45
Figure 19-5 True Thickness Isopach, Seam 1.... 45
Figure 19-6 20:1 Strip Ratio Pit.... 46
Figure 19-7 Resource Classification, Seam 1 47
Figure 19-8 Resource Classification, Seam 2 47
Figure 19-9 Resource Classification, Seam 3 48
Figure 19-10 Resource Classification, Seam 5 48
Figure 19-11 Grid Area, Showing Cross-Section Location 49
Figure 19-12 Cross-section, Row 67.... 50
Figure 19-13 Cross-section, Row 93.... 50
Figure 19-14 Cross-section, Row 116.... 51
Figure 19-15 Cross-section, Row 140.... 51
Figure 22-1 Proposed Drilling 54

3.0 Summary

In September 2010, Moose Mountain Technical Services (MMTS) was retained by Western Coal Corp. (Western) to review the geology of the Omega Project area, build a computer model, generate a resource estimate, and recommend an infill drilling program.

The Omega coal property is located in northeastern British Columbia, approximately 630km north-northeast of Vancouver, close to the provincial boundary with Alberta. It is situated approximately 115km south-southeast of the town of Tumbler Ridge and 140km southwest of the city of Grande Prairie Alberta.

The property covers a total area of 7,314.0ha and consists of one contiguous block of 19 coal licenses. These licenses are held by the Belcourt Saxon Coal Limited Partnership (BSCLP) which is 50% owned by Western Coal Corp. and 50% by Peace River Coal.

Access into the property is by air only. A network of Provincial paved highways and un-paved, all-weather roads built for forestry purposes and oil and gas exploration and development access coal properties to the northeast. The property is located approximately 90km southeast of a rail line which terminates at the Quintette wash plant and coal load-out facility, approximately 25km south of Tumbler Ridge, owned by Peace River Coal. The currently operating Trend and Perry Creek open pit coal mines are located approximately 25km south and 15km west of Tumbler Ridge, respectively. The Tumbler Ridge rail line joins the CN Rail main line just north of Prince George and provides direct access to the coal export facility at Ridley Island, Prince Rupert, over a total distance of approximately 1,000km.

The Omega property covers part of the "old" Saxon property previously owned by Denison Mines Limited (later, joint ventured with Gulf Canada Resources Inc). Exploration of the property began in 1970 but the main programs were carried out between 1976 and 1980. Recent exploration on Omega was carried out in 2005.

Within the area now covered by the Omega property, a total of 19 drillholes totaling 4,033.3m have been completed. Drilling and sampling was conducted in a manner similar to current exploration practices. Most of the data generated from these programs are available as are the reports generated from these programs. Exploration conducted by the BSJV in 2005 consisted of three air rotary holes and 13 diamond drillholes.

The Omega property lies within a belt of Mesozoic strata that form part of the Rocky Mountain Foothills of northeastern British Columbia. The stratigraphic succession broadly represents an alternating sequence of marine shales and marine and non-marine clastic lithologies deposited from a series of transgressive and regressive cycles. These strata were uplifted during the Laramide Orogeny, resulting in the development of thrust faults and intense folding. The property is characterized by two north plunging anticlines separated by a zone of faulting.

The coal seams of greatest potential are found within Lower Cretaceous strata of the Gates Formation. At Omega, the Gates Formation contains six main coal seams along with three split seams for a total of nine, in ascending order, from 1 to 5 and a Seam10 (with Seam 2 having an occasional upper and lower split, and Seam 4 having an occasional lower split). The main coal seams are consistently developed and even

Three mineral resource categories are used to define assurance-of-existence. In order of increasing uncertainty, these mineral resource categories are: measured, indicated, and inferred. Measured resources have a high degree, indicated a moderate degree, and inferred resources a relatively low degree of geological assurance. Although the precise levels of uncertainty of these categories have not been calculated, geological experience with Canadian coal deposits suggests that measured resource quantities are known within about 10%, indicated within about 20%, and inferred within about 50% (GSC Paper 88-21).

Assurance-of-existence categories are intended to reflect the level of certainty with which mineral resource quantities are known. Intuitively, one knows that the greater the distance over which seam thickness data are extrapolated, the greater the possible error; hence, several resource classification schemes have used distance from nearest data point or distance between data points as the primary criteria for assurance-of-existence categorization. In moderate geology type deposits, the assurance of existence is based on the distance from nearest data points for these deposits (GSC Paper 88-21).

MMTS is of the opinion that the Omega property hosts significant, well defined, coal resources and is a property of merit, worthy of further exploration. A phased work program is recommended. The decision to proceed with Phase II will be contingent upon the results obtained from Phase I.

4.0 Introduction

In October 2010, Moose Mountain Technical Services (MMTS) was retained by Western Coal Corp. (Western) to create a geological model of the Omega coal deposit, to estimate the coal resources for the deposit and to recommend a follow-up drill program.

The purpose of the present work is to report on the current technical status of the property specifically addressing the resource potential of the property. This Technical Report includes a review of the previous geology and drillhole data to the end of 2005.

This report deals with coal seams found in the Gates Formation. The geology of the property is defined by the previous work of geologists from Denison Mines Ltd. as well as the work of John Perry of JHP Coal-Ex Consulting Ltd. This Technical Report includes a review of the previous geology and drillhole data to the end of 2005.

The author, Robert J. Morris, inspected the property on 4 December 2005. The site visit was a helicopter fly-over where access to the property as well as roads and drill sites were observed.

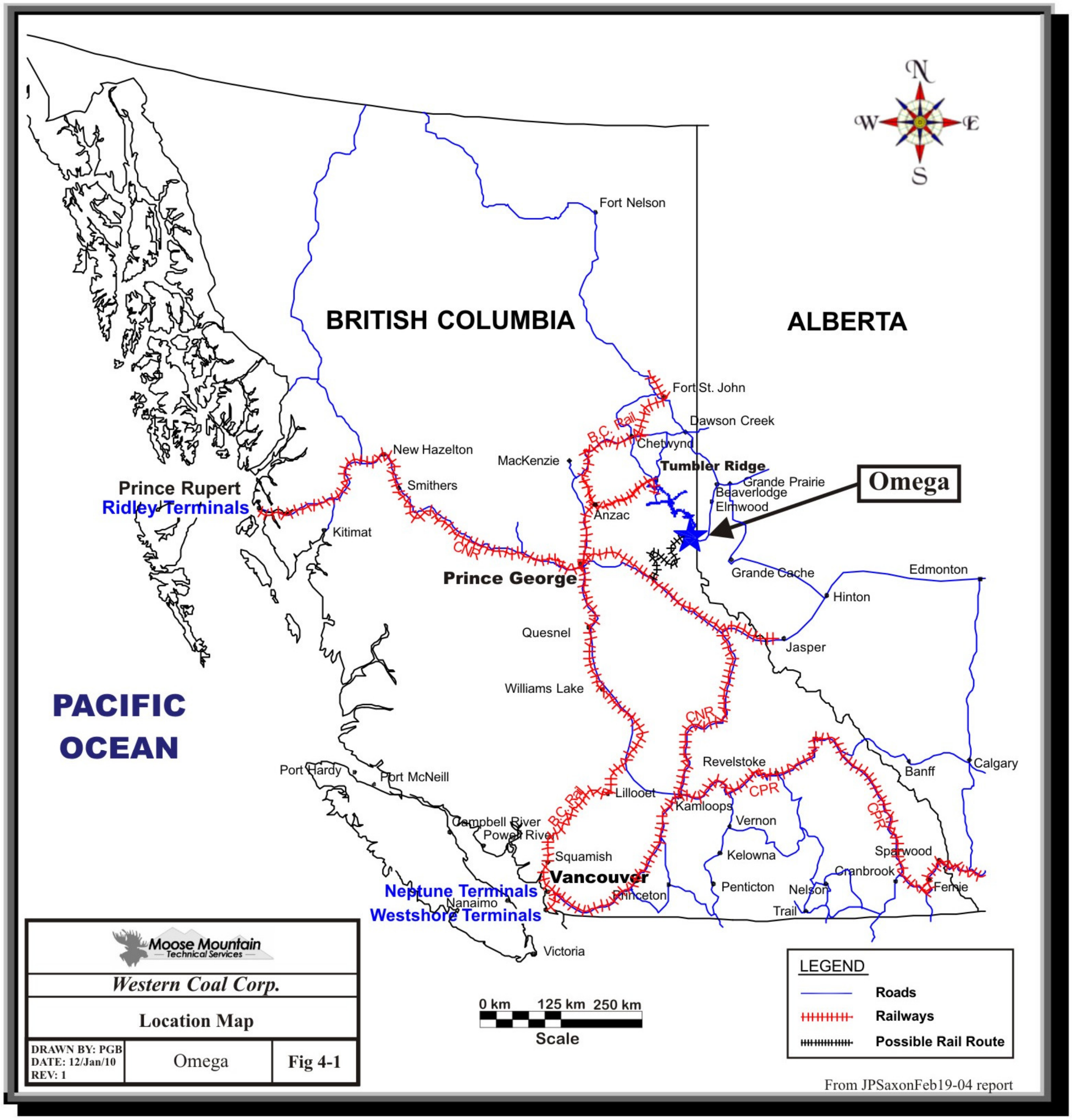

Figure 4-1 Location Map

5.0 Reliance on other Experts

Portions of the material in this report were originally reported in "Saxon Summary Report for NEMI", February 19 2004, by John Perry for NEMI (Northern Energy And Mining Inc.).

Moose Mountain Technical Services (MMTS) prepared this report for Western Coal Corp. (Western). Western holds the Omega property in a joint venture (Belcourt-Saxon Coal Limited Partnership) with Western holding 50% and Peace River Coal Inc. holding the other 50%.

Robert J. Morris is responsible for the entire report, except Item 18, "Mineral Processing and Metallurgical Testing", which has been prepared by Robert F. Engler.

This report is intended to be used by Western, subject to the terms and conditions of its contract with MMTS.

Parts of this report, relating to the legal aspects of the ownership of the mineral claims, rights granted by the Government of British Columbia and environmental and political issues, have been prepared or arranged by Western. While the contents of those parts have been generally reviewed for reasonableness by the authors of this report, for inclusion into this report, the information and reports on which they are based has not been fully audited by the authors.

6.0 Property Description and Location

The Omega property is in northeastern British Columbia, within the Peace River Regional District. It is situated adjacent to the Alberta border between 6,017,000N and 6,012,000N and between 692,000E and 695,000E. The property is about 180km east-northeast of Prince George and 125km southwest of Grande Prairie, Alberta. It lies between the Smoky River Coalfield in Alberta and the now-closed Quintette Coal Mine, which are located approximately 60km to the east-southeast and 100km to the northwest, respectively. The Omega property lies within the Liard Mining Division and is located on NTS Map 93I/8.

Omega is the most easterly property of a group of coal properties once known collectively as the Saxon Coal Project.

The Omega property consists of 19 coal licences with a total area of 7,314.0ha. Table 6-1 lists the coal tenure. The licences are registered in the name of Belcourt Saxon Coal Ltd. of Vancouver, B.C.

Table 6-1 Coal Licences

Tenure Number	Map Number	Issue Date	Good To Date	Area (ha)
394086	093I040	2002/jun/18	2007/jun/18	302.0
394087	093I040	2002/jun/18	2007/jun/18	302.0
394088	093I040	2002/jun/18	2007/jun/18	302.0
394089	093I040	2002/jun/18	2007/jun/18	302.0
394090	093I040	2002/jun/18	2007/jun/18	302.0
416956	093I040	2005/jun/29	2007/jun/29	302.0
416957	093I040	2005/jun/29	2007/jun/29	302.0
416966	093I040	2005/jun/30	2007/jun/30	604.0
417162	093I040	2005/dec/22	2006/dec/22	302.0
417166	093I040	2005/dec/22	2006/dec/22	603.0
416958	093I050	2005/jun/29	2007/jun/29	301.0
416959	093I050	2005/jun/29	2007/jun/29	301.0
416970	093I050	2005/jun/30	2007/jun/30	301.0
416971	093I050	2005/jun/30	2007/jun/30	301.0
416972	093I050	2005/jun/30	2007/jun/30	904.0
417167	093I050	2005/dec/22	2006/dec/22	1355.0
417168	093I050	2005/dec/22	2006/dec/22	76.0
417169	093I050	2005/dec/22	2006/dec/22	76.0
417170	093I050	2005/dec/22	2006/dec/22	76.0

Total = 19 coal licences, 7,314.0ha

Figures 6-1 through 6-3 show the property tenure.

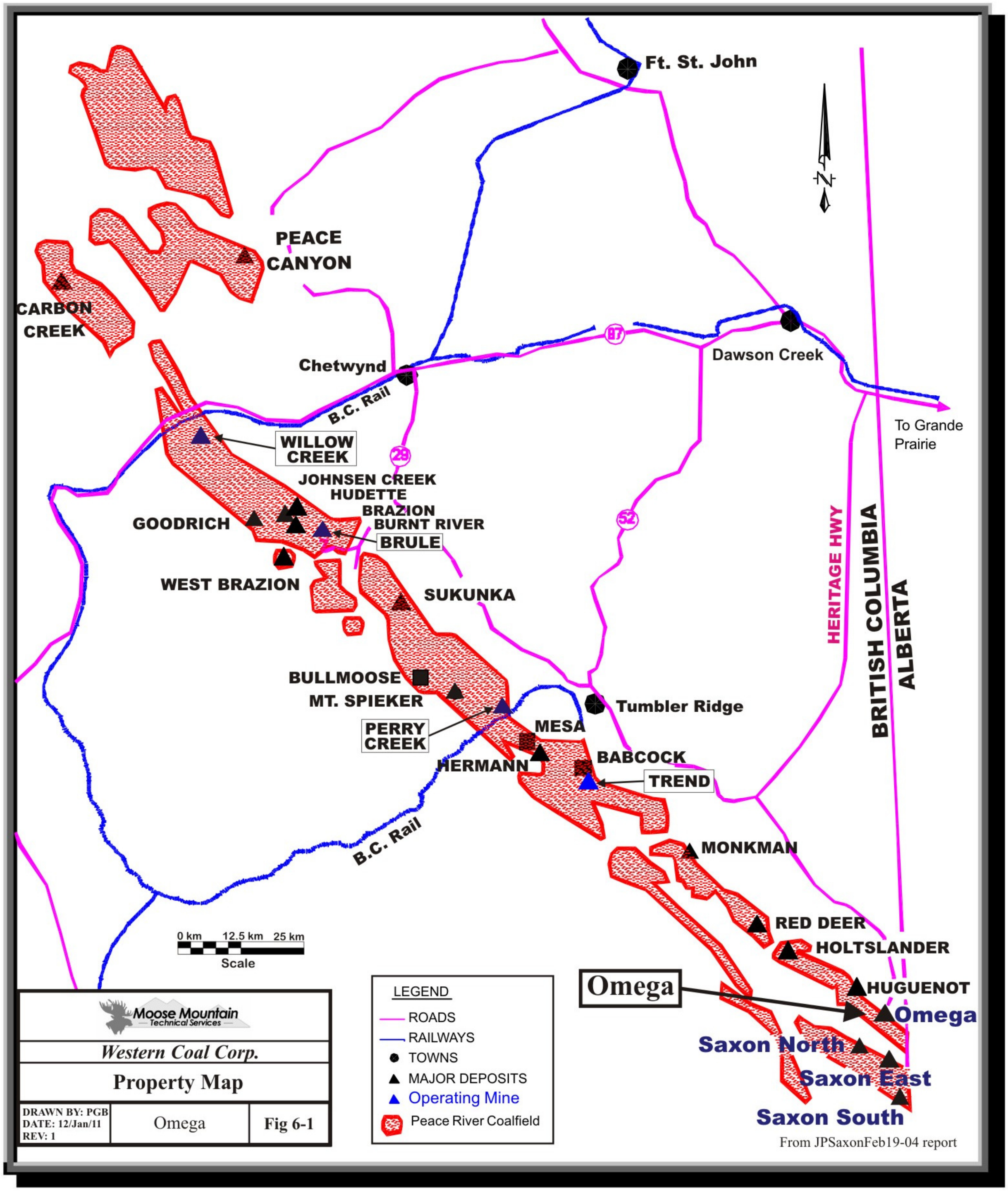

Figure 6-1 Property Map

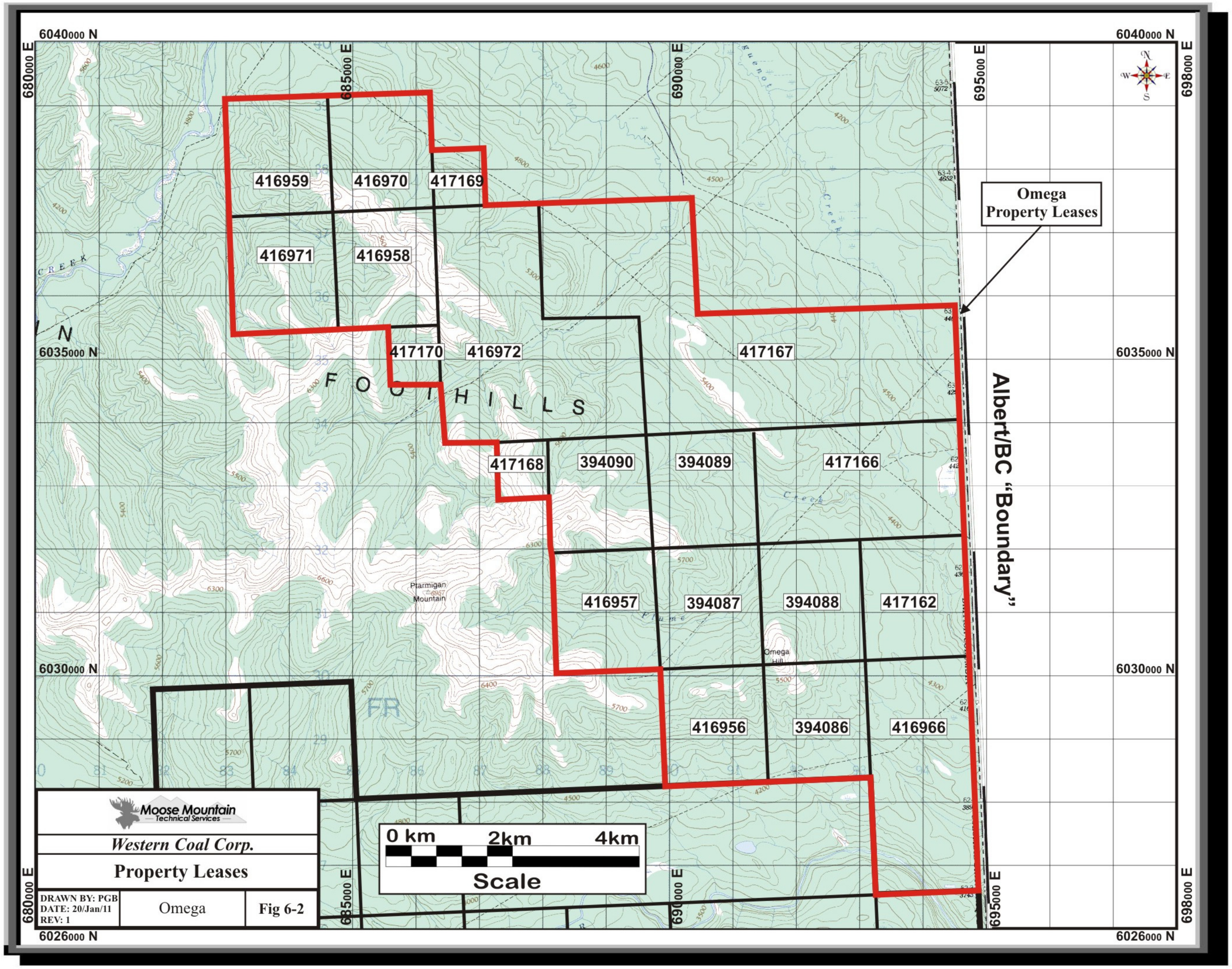

Figure 6-2 Property Licences

7.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Omega property is located within the Inner Foothills belt of the Rocky Mountains in the Peace River District of northeast British Columbia. Primary road access to the general area is from the east from Grande Prairie, Alberta. The route extends west from Grande Prairie along Provincial Highway 43 to the town of Beaverlodge where it turns south; then, along all-weather gravel roads to the small farming community of Elmworth. South of Elmworth the route follows the Two Lakes Forest Service Road to the Sherman Meadows Airstrip, close to the provincial boundary. An access trail branches off the forestry road just west of the airstrip, and extends 20km to the northwest where it branches off the main trail to Omega. These last access trails were ditched and seeded in 1978 in an attempt to restrict access by the public.

Grande Prairie is a major regional centre for west-central Alberta and is serviced by regular daily flights from Calgary and Edmonton. The Peace River District is also serviced by daily commercial airline flights to the cities of Prince George and Fort St. John. These services have respective air distances to the Omega Project Property of approximately 180km and 240km respectively.

A rail line, built by BC Rail to service the now closed Quintette and Bullmoose Coal Mines, extends to the Quintette coal load-out area. This rail line joins the BC Rail main line just north of Prince George and provides direct access to the ports of Vancouver and, via the Canadian National Railway to Ridley Island, Prince Rupert (see Figure 4-1). In the latter part of 2002, B.C. Rail removed the track between the Bullmoose coal load-out and the Quintette load-out area, but the rail-bed and bridges remain in place.

The property is situated in the Rocky Mountain Inner Foothills physiographical region and is characterized by relatively low, rounded, northwest-southeast trending ridges and valleys. Glaciation appears to have had a large influence in shaping the topography of the tenure area. The highest elevation in the area is approximately 2,100m and the lowest elevation is approximately 1,400m.

An access trail constructed by Denison Mines in 1971 branches off the forestry road just west of the airstrip, and extends 20 kilometres to the northwest, providing access along the entire length of Saxon East Block.

An eastern arm of Saxon Creek drains the north coal licence and flows northwest from the property, while a western arm drains the west coal licence and also flows northwest from the property. A branch of Torrens Creek separates the south coal licence from the Kakwa Protected area.

The tree line in the area is approximately 1,825m. Above this elevation, alpine vegetation consists of stunted and dwarf varieties of fir, spruce, juniper, moss, heather and other alpine tundra flora. Sub-alpine Engelmann and white spruce, sub-alpine fir and lodge pole pine grow on the slopes below the tree line while in the river valleys Douglas fir, balsam poplar, cottonwood and alder can be found. Most of the Omega prospect area lies above the tree line.

The climate of the region may be classified as northern temperate. Daily temperatures range from a mean maximum of 7ºC to a mean minimum of -6ºC, with an average mean daily temperature of 1ºC. Extreme temperatures range from a maximum of 32ºC to a minimum of -48ºC. The average number of days with frost is 210 annually.

The mean total precipitation in the region is approximately 425mm, which includes the rainfall equivalent to a mean snowfall of 165cm. The average annual number of days with measurable precipitation is ninety-five. The greatest recorded rainfall in twenty-four hours is 66.5mm.

Photo 7-1 Northern part of Omega property, looking south

Photo 7-2 Northern part of Omega property, looking north

8.0 History

Reports prepared by, or on behalf of, previous operators present estimates of coal resources/reserves that include areas now covered by Omega coal licences. All estimates carried out by Denison and their joint venture partners were presented as reserves of various categories, such as "in-place", "mineable" or "recoverable" and "clean" or "product" coal, based upon the application of geological, mining and plant yield factors. It should be noted that the use of the term "reserves" for such estimations was normal practice at that time. In today's regulatory environment, "in-place reserves" would be classified as in-place resources; the assignment of reserves would require (as a minimum) completion of an up-to-date pre-feasibility study. The discussion presented below, includes the results of estimates identified in previous studies as reserves. It should be understood that this refers to historical information and does not imply that reserves, as defined under National Instrument 43-101, are currently estimated for the licence blocks that comprise this property.

The most meaningful "reserve" estimates conducted by Denison (and their joint venture partners) on what is now the Omega were undertaken mainly between 1976 and 1980. Early estimates were carried out for various parts of the original Saxon property from 1970 and for Omega during 1978. However, these were based upon limited data and were substantially up-graded by exploration conducted between 1976 and 1979. Such early estimates are not reported herein.

The most recent reserves reported for Omega are those estimated by Denison in 1979. Reserve estimations focused on providing mineable reserves and geological reserves. The former conformed to a conceptual open pit identified as having a strip ratio of less than 10 bank cubic metres of waste to one tonne of plant feed coal, while the latter were taken to a depth of 500m below surface. Reserves were estimated using the cross-section method; estimation criteria were similar to those described for Omega, except for:

- Denison's reserve estimations were based upon a cross-section interval of 400m.
- The minimum mining section true thickness was 0.5m in areas where the dip of the coal seams was 30º or less. In areas where the dip exceeded 30º a minimum true thickness of 1.0m was used.
- The method of application of mining section thickness to the cross-sections is not specified. It would appear that, due to the limited drilling, the seams were assigned a mining section thickness taken from the nearest drillhole or adit. Open pit seam lengths were measured within the pit walls as drawn on the cross-sections; geological reserves were limited to a depth of 500m below surface. Coal within 15m of the surface was considered oxidized. Fault oxidized zones were also assumed to be present, as 15m zones parallel to fault traces. Tonnages for oxidized coal appear not to have been reported separately.
- The SG determined for the mining section(s) from each coal seam or zone were applied to the measured seam lengths.

In-place and product coal reserves reported by Denison (in Wright Engineers Ltd, 1982) for the proposed Ptarmigan-Omega pit are presented in Table 8-1.

Table 8-1 Omega: Surface Mineable Reserves

Seam/Zone	In-Place Coal (Mt)	Product Coal (Mt)
6	3.19	2.13
5	14.56	9.19
4	1.79	1.24
3	12.45	5.95
2	5.94	3.87
1	11.01	7.04
Total	**48.94**	**29.42**

In-place reserves totalled 48.9Mt and yielded 29.4Mt of product coal, available at an overall stripping ratio of 6.8 bank cubic metres of waste to one tonne of clean coal. No breakdown between oxidized and un-oxidized coal is provided. In the Tables 8-1, tonnages listed for “product coal” can be considered equivalent to “net clean coal” and were generated by application of various factors to account for geological uncertainty, dilution, mining losses, and wash plant yield, to the in-place reserves. An additional 169Mt of coal in-place was estimated to a depth of 500m, for seams greater than 1.0m in thickness.

9.0 Geological Setting

9.1 Regional Setting

9.1.1 Stratigraphy

The Omega Coal Project lies within a belt of Mesozoic strata that form part of the Rocky Mountain Foothills of north-eastern British Columbia. Within this belt, the coal seams of greatest economic potential are found within Lower Cretaceous strata, consisting of the Bullhead and Fort St. John Groups. The internal stratigraphy of this succession can be broadly characterized as an alternating sequence of marine shales and marine and non-marine clastic lithology deposited from a series of transgressive and regressive cycles. The thickest coal seams are found within the Gates Formations and are believed to have formed within deltaic depositional environments. Thin seams are also found within the Gething Formation and may also be encountered within the Boulder Creek Formation and Minnes Group. These thin coal seams are not currently considered to hold any potential for economic development. The various formations that occur within the area of the property are presented in Figure 9-1 and briefly described below.

Minnes Group:
This is a thick sequence that ranges in age from Upper Jurassic to Lower Cretaceous. It consists of cyclic beds of argillaceous, fine-grained sandstone, siltstone, carbonaceous shale and coal seams. Coal seams are numerous but usually less than one metre thick and discontinuous. The change from Minnes Group strata to those of the overlying Cadomin Formation is abrupt. Locally, the contact is disconformable and regionally there is a marked angular discordance.

Cadomin Formation (Bullhead Group):
This formation is made up of coarse-grained, to very coarse-grained conglomerates containing well-rounded pebbles, cobbles and boulders of black, white and green chert, white and grey quartzite, and quartz. The clasts are set within a siliceous matrix although the conglomerate may also be clast supported. Discontinuous, lenticular, sandy horizons may be present. Owing to its highly resistant nature, particularly in comparison with contiguous units, the Cadomin is usually well exposed. This, together the weathering of the conglomerate to a rusty gravel, makes the Cadomin Formation one of the best stratigraphic markers in the region. The thickness of this formation is highly variable. It thickens towards the northwest and ranges from 30m thick in the Omega area to 80m thick north of the Narraway River.

Gething Formation (Bullhead Group):
The Gething Formation conformably overlies the Cadomin Formation. It averages approximately 70m in thickness and consists of brown, calcareous, lithic, fine- to coarse-grained sandstone, interbedded with conglomerate, siltstone, carbonaceous shale, and thin coal seams. The conglomeratic units typically occur in the lower and middle parts of this sequence. Cross-laminated sandstones predominate in the upper parts; these sandstone units commonly contain pebbles and exhibit soft sediment deformation. The formation’s upper contact is defined by a thin bed of pebble conglomerate overlain by a layer of glauconitic sandstone, which signifies the start of marine sediments belonging to the overlying Moosebar Formation. The glauconitic horizon is considered to be equivalent to the Bluesky Formation of the plains area to the east.

Moosebar Formation (Fort St. John Group):
This formation consists principally of a monotonous sequence of dark grey marine mudstone, with numerous sideritic concretions. The mudstone grades upward through a transition zone of banded and fissile sandy shale, very fine-grained sandstone, and sandstone with intercalated mudstone and siltstone. The upper part of this formation consist predominantly of thin to medium bedded sandstone, varying from fine- to coarse-grained, with an attendant decrease and gradual disappearance of mudstone. This marks the final stage of the transition from marine sediments to massive continental sandstones that occupy the base of the overlying Gates Formation. The top of the Moosebar Formation is taken at the base of the first sandstone with a thickness of two metres or greater. Consequently, the thickness of this formation is somewhat variable across the property, but averages about 60m. The Moosebar Formation is recessive weathering and exposures are normally restricted to creek channels or gullies.

Gates Formation (Fort St. John Group):
The Gates Formation conformably overlies the Moosebar Formation. It is the major coal-bearing unit within the project area and averages approximately 365m in thickness. The lower portion of the formation consists of relatively well-sorted, massive, light-grey, coarse- to medium-grained sandstone, with minor carbonaceous and conglomeratic horizons. This sequence has been informally referred to as the Torrens Member and is a resistive, ridge-forming unit throughout the region. The middle and upper portions of the Gates Formation are primarily composed of cyclical sequences of coal deposition, interpreted as representing deltaic and flood plain environments. The cycles comprise fining-upward sequences that culminate with coal deposition. They normally begin with laminated, medium to fine-grained sandstone at the base of each cycle; this gives way to carbonaceous shale that, in turn, is overlain by coal. Lenses of conglomerate are also found in this section. Typically, coal seams developed in the lower cycles usually show greater seam thickness and continuity. Within the lower cycles, seams may coalesce to form one seam or coal zone with aggregate thickness in excess of 14 metres. The upper Gates comprises mostly intercalating sandy shale or very fine sandstone, with mudstone and siltstone interbeds and thin, poorly developed coal. A very thin bed of chert pebbles with ferruginous cement marks the contact with the overlying marine sediments of the Hulcross Formation.

Hulcross Formation (Fort St. John Group):
The Hulcross Formation comprises mostly of marine sedimentary unit, consisting of interbedded of rubbley to blocky, dark grey to black shale, grey siltstone and light to dark grey very fine-grained sandstone and a thin basal conglomerate. The shales often contain fossils abundant with shells. Lithologies within the Hulcross Formation are recessive weathering. Although there is some similarity between the Hulcross and Moosebar shales, they can usually be distinguished by their relationships to surrounding strata and the absence of glauconitic sandstones at the base of the Hulcross. This thickness of this unit ranges from 15m in the Saxon East areas to 30m in the Omega area.

Boulder Creek Formation (Fort St. John Group):
The marine shale of the Hulcross Formation grade conformed into a predominantly continental sequence of shale, sandstone, and conglomerate that form the lower part of the Boulder Creek Formation. The middle part of this formation comprises alternating medium- to fine-grained, sandstones and shale, while the upper portion consists mainly of fine- to coarse-grained, grey to brown sandstone and grey siltstone. A thin pebble conglomerate set within a siltstone to clay stone matrix often marks the upper contact of this unit. The thickness of the Boulder Creek Formation tends to increase as the Hulcross thins; in the Saxon-Omega area it averages about 115m in thickness.

Shaftesbury Formation (Fort St. John Group):
The Shaftesbury Formation conformably overlies the Boulder Creek Formation and completes the stratigraphy exposed in this region. Throughout most the area only the lower portions of the Shaftesbury Formation are represented, measuring about 450m in thickness. Lithologies comprise dark-grey to black marine shale and siltstone with sideritic concretions, and minor sandstone phases.

9.1.2 Structure

Structural geology within the region is characterized by large-scale folding and associated thrust faults, within alternating layers of competent sandstone and incompetent mudstone and coal. The predominant structural trend is northwest – southeast, parallel to the Rocky Mountain structural belt. Structural styles vary across the regional trend, reflecting differences in lithology and distance from the Front Ranges of the Rocky Mountains. Folding within the finer-grained lithology can be extremely complex, typified by short-wavelength, chevron folds. More competent sequences, such as those containing the coal measures, typically form macroscopic, long-wavelength folds ranging from relatively tight anticline-syncline pairs to box folds. This style of folding may be expected within inter-layered competent and incompetent strata. Typically, the major fold axes plunge gently to the northwest or southeast. Folding on major fold limbs is uncommon but, where present, varies from gentle warps to chevron fold pairs.

The folds are often cut by thrust faults that slice longitudinally through the belt of coal-bearing strata; commonly, these structures dip towards the southwest, although northeasterly-dipping thrusts are present. These thrusts impart a structural variability along trend which, in some areas, has repeated the coal-bearing section, thus providing enhanced targets for potential mine development. In the major thrust sheets, faulting preceded folding and, as a consequence, some thrusts are folded. The major faults tend to maintain a constant angle of about 30º to bedding. Variations to this often occur where smaller structures are involved and where thrusts die out. Minor thrusts frequently parallel or splay from the major faults.

9.1.3 Coal Seam Development and Correlation

Exploration conducted by Denison throughout the Saxon – Omega region concentrated upon defining potentially economic coal resources contained within the Gates Formation. Little attention has been paid to coal seams encountered within the Minnes Group and the Gething and Boulder Creek Formations. While their economic potential has not yet been fully evaluated, it appears very limited. In this report, only the Gates coal seams are discussed.

The coal seams of the Gates Formation are well established as the most prolific coal-bearing strata in northeastern British Columbia. In the northwest, mineable thicknesses of Gates coal first occur just south of Bullmoose Mountain and continue southeast (for a distance within B.C. of almost 140km) across the B.C. provincial boundary and beyond. Historically, coal seam nomenclature was established independently for each property due to differing ownership and/or the distance separating the various properties. While the general coal zones can often be correlated from one property to another, correlations between specific seams are not always definitive. Of particular value for seam correlation is the presence of the Torrens Member, which defines the floor of Seam 1.

9.2 Coal Seam Development and Correlation

Exploration conducted by Denison throughout the Saxon – Omega region concentrated upon defining potentially economic coal resources contained within the Gates Formation. Little attention has been paid to coal seams encountered within the Minnes Group and the Gething and Boulder Creek Formations. While their economic potential has not yet been fully evaluated, it appears very limited. In this report, only the Gates coal seams are discussed.

The coal seams of the Gates Formation are well established as the most prolific coal-bearing strata in northeastern British Columbia. In the northwest, mineable thicknesses of Gates coal first occur just south of Bullmoose Mountain and continue southeast (for a distance within B.C. of almost 140km) across the B.C. provincial boundary and beyond. Historically, coal seam nomenclature was established independently for each property due to differing ownership and/or the distance separating the various properties. While the general coal zones can often be correlated from one property to another, correlations between specific seams are not always definitive. Of particular value for seam correlation is the presence of the Torrens Member, which defines the floor of Seam 1.

At Omega and Saxon East, from oldest to youngest the main coal seams have been numbered 1, 2, 3, 4, 5, and 10; Omega coal seams and main coal zones are numbered 1, 2, 3, 5, and 6. At Omega the total coal thickness for the six main seams reaches 26m or more. Seams found within the upper Gates are not sufficiently well developed to provide any economic potential.

SERIES	GROUP	FORMATION		LITHOLOGY	UNIT THICKNESS (METERS)
LOWER CRETACEOUS	FORT ST JOHN	SHAFTESBURY		Dark grey marine shales, sideritic concretions, some sandstone grading to silty, dark grey marine shale, siltstone and sandstone in lower part, minor conglomerate.	450+
LOWER CRETACEOUS	FORT ST JOHN	COMMOTION	BOULDER CREEK	Fine-grained, well sorted, non-marine sandstone, mudstone and carbonaceous shale, conglomerate, few thin coal seams.	85
LOWER CRETACEOUS	FORT ST JOHN	COMMOTION	HULLCROSS	Dark grey marine shale in the north grading to extremely fossilliferous shaly beds interlayered with sandstone and thin coal seams in the south.	53
LOWER CRETACEOUS	FORT ST JOHN	COMMOTION	GATES	Fine-grained marine and non-marine sandstones; conglomerate, coal, shale and mudstone.	310
LOWER CRETACEOUS	FORT ST JOHN	MOOSEBAR		Dark grey marine shale with sideritic concretions, glauconitic sandstones and pebbles at base. Interbedded shale/siltstone and sandstone transitional sequence at top.	70
LOWER CRETACEOUS	BULLHEAD	GETHING		Fine to course brown calcareous sandstone, coal, carbonaceous shale, and conglomerate.	60-90
LOWER CRETACEOUS	BULLHEAD	CADOMIN		Massive conglomerate containing chert and quartzite pebbles.	10-40
LOWER CRETACEOUS	MINNES GROUP	NIKANASSIN		Thin-bedded grey and brown shales and brown sandstones, containing numerous thin coal seams.	

From JPSaxonFeb19-04 report

Moose Mountain Technical Services
Western Coal Corp.
Table of Formations
DRAWN BY: PGB
DATE: 15/Dec/10
REV: 1
Saxon East
Fig 9-1

Figure 9-1 Table of Formations

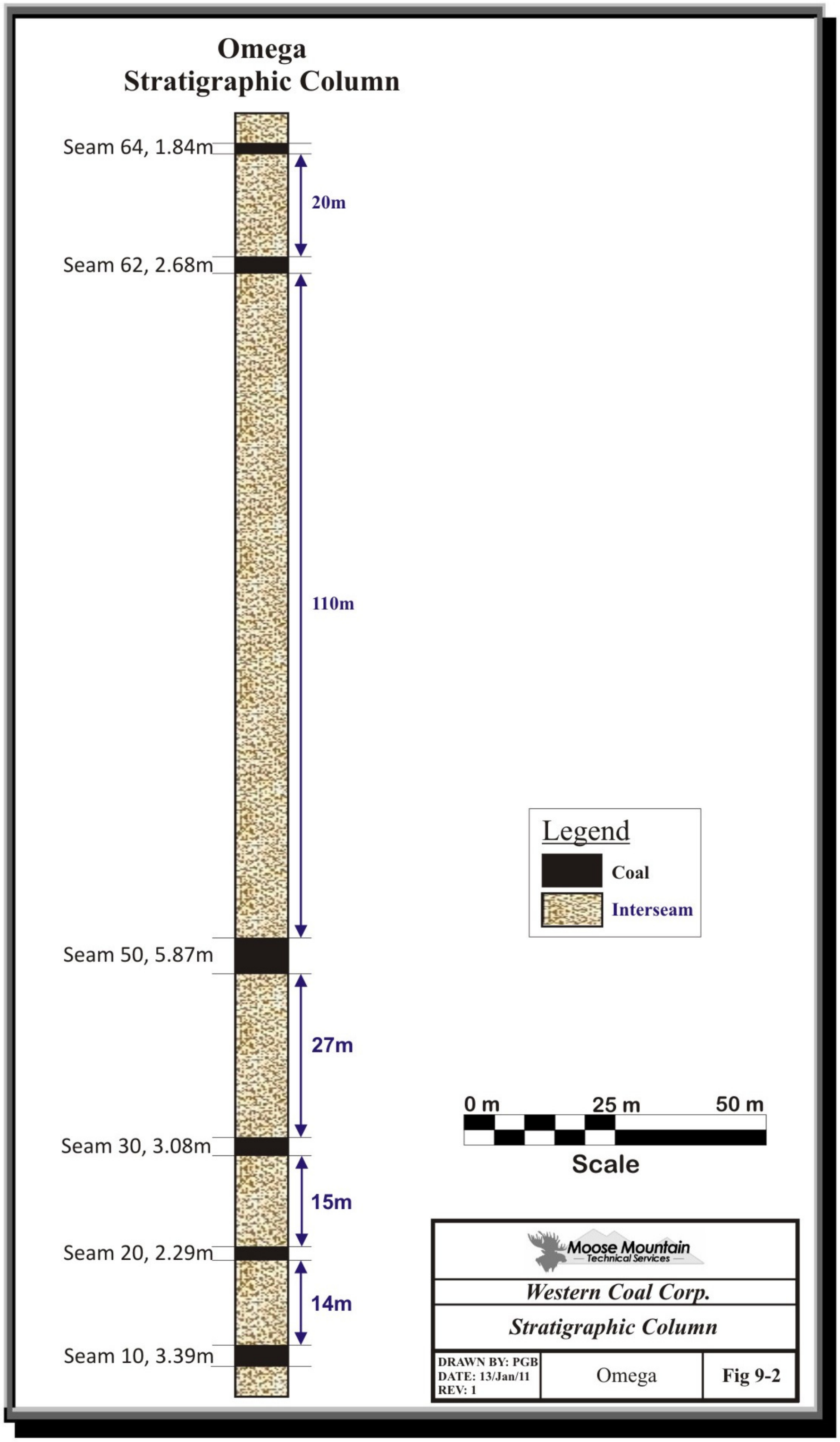

Figure 9-2 Stratigraphic Column, Omega

10.0 Deposit Types

The definition of “Deposit Type” for coal properties is different from that applied to other types of geologic deposits. For coal deposits this is an important concept because the classification of a coal deposit as a particular type determines the range of values that may be applied during the estimation of reserves and resources.

As specified in Geological Survey of Canada Paper 88-21, which is a reference for coal deposits as specified in NI 43-101, coal “Deposit Types” are either surface mineable, underground mineable, non-conventional or sterilized. All of the deposits of interest for the Central South property in this report refer to the surface mineable coals. In addition to “Deposit Types” the GSC Paper 88-21 also refers to “Geology Types”, which are a definition of the amount of geological complexity, usually imposed by the structural complexity of the area. The classification of a coal deposit by “Geology Type” determines the approach to be used for the resource estimation methodology and the limits to be applied to certain key estimation criteria.

The identification of a particular deposit type for a coal property defines the confidence that can be placed in the extrapolation of data values away from a particular point of reference. The classification scheme of the GSC is similar to many other international coal reserve classification systems but it has one significant difference. This system is designed to accommodate differences in the degree of tectonic deformation of different coal deposits in Canada. Four classes are provided for that range from the first, which is for deposits of the Plains type with low tectonic disturbance, to the fourth which is for Rocky Mountains type deposits such as that of Coal Mountain, which is classed as "severe". The third class is referred to as "complex"; the steeply dipping but only moderately faulted strata of the Omega property are typical of this class, which is consistent with other nearby coal deposits.

MMTS classifies the Omega Property as geologically complex.

11.0 Mineralization

This report deals with coal seams found in the Gates Formation. To date, nine coal seams have been modeled on the Omega property, Figure 9-2. They range in thickness from 11.2m to 1.0m. The seams are within a 200m portion of the mid to lower Gates Formation.

For each seam the following criteria for inclusion in resource applies: minimum mineable seam thickness is 1.0m; and rock partings 0.6m or greater are considered removable. A coal zone is considered mineable if it has a cumulative thickness of 1.0m or more (as an example, an upper ply of coal 0.4m thick, a rock parting 0.3m thick, and a lower coal ply 0.4m thick).

Item 19 "Mineral Resource and Mineral Reserve Estimates" has a more comprehensive description of the seam naming and modeling methodology.

Four major coal seams and five thinner seams are present at Omega. The coal seams of economic interest are identified, in ascending order as Nos. 1, 2 (occasionally with a 2 lower), 3, 4, 5 and 6 (which can be present as up to four plys).

No. 1 Seam: Is the lowest of the coal seams and rests upon coarse-grained sandstone of the Torrens Member. It ranges in thickness from 1.65m to 5.56m and averages 3.39m.

No. 2 Seam: This seam is about 14m above Seam 1. The seam ranges in thickness from 1.30m to 4.04m, with an average of 2.29m.

No. 3 Seam: This seam is approximately 15m above Seam 2. It ranges in thickness from 1.35m to 5.60m, with an average of 3.08m.

No. 4 Seam: This seam is approximately 12m above Seam 2 and is present in the northern part of the property only. It ranges in thickness from 1.02m to 1.86m, with an average of 1.37m.

No. 5 Seam: This seam is about 27m above Seam 3. It ranges in thickness from m to 8.55m, although seam thickness is more commonly in the range of 4.6m to 6.8m. Rock partings are frequent in the upper parts of the seam.

No. 6 Zone: This zone is approximately 110m above Seam 5. No. 6 Zone reaches over 40m thick and contains up to four coal plys, ranging in thickness from 0.5m to 4m. We have modelled a 6L Seam (Seam 61) which has only one intercept greater than 1m. As well we have a 6U Seam (Seam 62) which ranges in thickness from 1.33m to 4.02m, with an average of 2.68m. An upper 6U Seam (Seam 64) ranges in thickness from 1.12m to 4.34m, with an average of 1.84m.

12.0 Exploration

Exploration on Omega Block began in 1978, as part of a much larger program carried out on the Belcourt property. As with the Saxon property, exploration targeted coal seams contained within the Lower Cretaceous Gates Formation. Prior to 1978, Denison had conducted exploration on a much smaller Belcourt property that did not extend as far south as Omega Hill. This early work involved regional mapping, drilling two helicopter-supported holes, and minor hand trenching.

The exploration activities conducted by Denison/BCJV for the Omega Block are summarized in Table 12-1. These tables include data points that lie adjacent to the current model area that are considered to have been of importance in defining the geology. A total of 2,516m of core were obtained from 8 diamond drillholes. One adit (60m in length) was constructed and a bulk sample taken for washability testing, attrition, and coking tests. Approximately 40 hand trenches were excavated; some over considerable length. The locations of these drillholes, adits, and trenches are shown on the Geology Map of Omega (Figure in Section 6). The results of this work are incorporated into ensuing sections of this report.

Table 12-1 Summary of Exploration Activities – Omega Block, 1978 – 1979

Year	DH	Depth (m)	Hole Type (Size)	Trenches	Bulk Samples	Assess. Report
1978	2	731	D(HQ)	33(h)	-	462,463
1979	6	1785	D(HQ)	7(h)	1A(60m)	465
Total	**8**	**2,516**	**D(HQ)**	**40(h)**	**1A(60m)**	

Note: 1) D – Diamond Drillhole, (HQ) – Core Size, Trench: (m) mechanized, (h) hand, A – Adit (metres driven).
2) the table includes data from a much larger land area then the Omega property being reported on here.

The adit was driven on Seam 1; FSI's were monitored to determine the appropriate point for bulk sampling.

Detailed geological mapping was carried out as part of each exploration campaign. Prior to 1975, mapping was conducted at a scale of 1": 400', and at 1: 2500 from 1975 onwards. During the later programmes, data points were located using chain and compass traverses and from air photographs.

The drillholes were logged using slim-line borehole geophysical tools. In most instances, a suite consisting of density, gamma ray, neutron, caliper, resistivity and hole deviation logs were obtained.

Certain geotechnical aspects were addressed during the 1978 programme, these included bedding, joint and fracture measurements in core, sampling and testing for methane, and groundwater monitoring. Field components required for environmental baseline and related environmental evaluations were also undertaken.

MMTS has not been involved in any of the exploration work on the Omega property.

13.0 Drilling

Denison Mines Limited drilled three diamond drillholes on the Omega property, totaling 1,276.3m. In 2005 the Belcourt Saxon Coal Limited Partnership drilled a further 16 holes on the property totaling 2,538.4m.

Table 13-1 summarizes the drilling on the property between 1978 and 2005 that are within the model area.

Table 13-1 Summary of Omega Drilling

Company	Year	Rotary	(m)	Core	(m)
Denison Mines Ltd	1978			2	731.3
Denison Mines Ltd	1979			1	545.0
BSCLP	2005	3	218.63	13	2,538.38
Grand Total		**3**	**218.63**	**16**	**3,814.68**

A detailed summary of coal intercepts for the Omega coal property are listed in Appendix A.

14.0 Sampling Method and Approach

MMTS was not involved in any sampling or coal quality work on the property that was done by Denison Mines Limited or the Belcourt Saxon Coal Limited Partnership,

With respect to coal core handling, description and sampling, the following procedures were described by Perry, 2004:

- Core was placed in wooden core boxes that were covered prior to being transported to camp for description and sampling. In most instances, a plastic liner was used for coal core sections. Coal seam cores were logged in detail, and core recoveries were obtained by comparing the lithology logs to the detailed density geophysical logs. Sample increments were selected on a geological basis; geologists conducted all sampling. The entire core was removed from a sample interval and sent for analysis. Coal seams exposed in trenches and adits were described in the same manner as core and were channel sampled and, in the case of the adits, bulk sampled.

- Typically, samples were placed in thick plastic bags with each bag containing a sample tag that recorded drillhole number, seam, sampled interval, bag number and analyses required. All but the latter information was also written on the outside of the bag. Each sample was then double-bagged and placed in a plastic or burlap sack and securely tied for shipping. The samples were shipped by Greyhound bus from Grande Prairie (Saxon) or Dawson Creek (Belcourt), to Cyclone Engineering Sales Ltd. (Edmonton, Alberta) where they underwent analysis. Any concerns that pertained to sample security were directed towards proper bagging and labelling for shipping and proper handling procedures at the laboratory, to ensure no mix up occurred between samples and sample tags.

- A comprehensive series of tests on coal samples were undertaken including; proximate analysis, sulphur, free swelling index, specific gravity, size distribution, float/sink and froth flotation tests. The analyses were undertaken according to a flow chart that is shown in Figure 15-1. This procedure was used from at least 1976 onwards on all of Denison's coal projects and was applied to coal seams with an FSI of 4 or greater. Abbreviated procedures were used for oxidized coal samples, cored intervals determined to have low recoveries, internal rock bands, seam roof and floor lithology, chip samples from rotary drilling, and samples taken from trenches. Coal logging (as drillcore, or in adits and trenches) was carried out according to prescribed guidelines so that a consistent approach was followed from one year to the next and from one project to another. These guidelines were modified as required from experience gained in practice. The methods used for sample selection, met industry standards of the time and are essentially the same as would be used today (see above).

Denison describes core recovery as good for most holes.

15.0 Sample Preparation, Analysis, and Security

MMTS was not involved in any of the historic sampling on the properties. All of the previous exploration sampling completed by Denison is reported in Assessment Reports 627 (1976), 628 (1977), and 629 (1978).

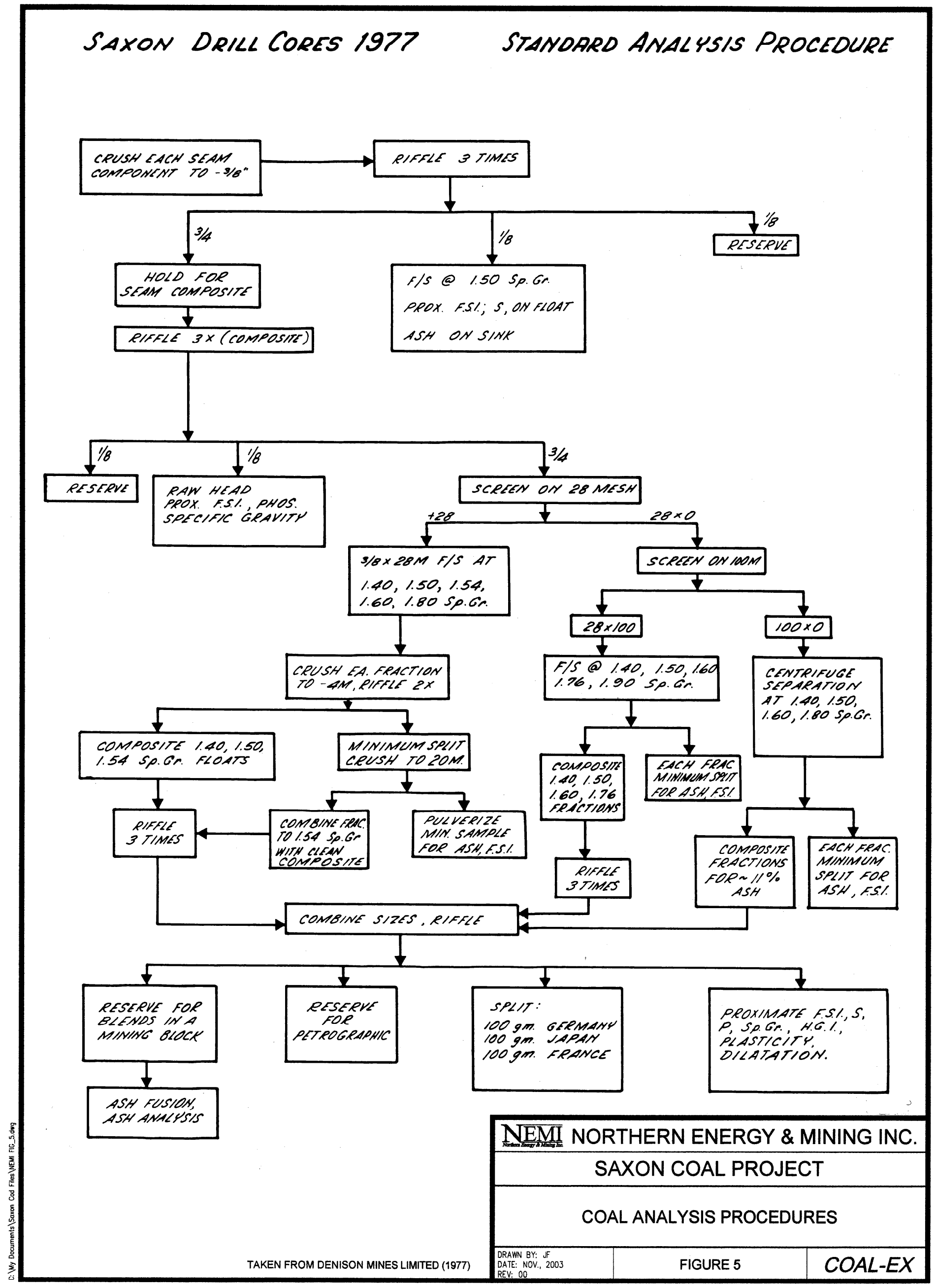

Figure 15-1 Coal Analysis Procedures

16.0 Data Verification

MMTS completed numerous levels of verification, including:

- Re-interpretation of the geological model
- Checking of all seam intercepts from 2005 drillhole logs
- Checking all drillhole collar elevations against topography
- Adjusting coal seams to drillhole intercepts
- Site visit 4 December 2005

MMTS believes that the database is acceptable and presents no major threats to the resource estimate.

17.0 Adjacent Properties

In northeast BC there are currently four coal mines in operation, including Trend, Perry Creek, Brule, and Willow Creek. The first three of the mines listed above are extracting coal from the Gates Formation, while the Willow Creek mine is mining coal in the Gething Formation.

18.0 Mineral Processing and Metallurgical Testing

An assessment of coal quality parameters in the Omega property was undertaken based on historic corehole information collected by Denison Mines Limited (Denison) during two exploration campaigns conducted on the property in 1978 and 1979 and the Belcourt Saxon Coal Limited Partnership (BSCLP) in 2005.

The coal bearing strata underlying the Omega property is identified as the Gates Formation which is early Cretaceous in age. The Gates Formation continuously underlies region from the town of Tumbler Ridge south eastward to Alberta Border. Active mine operations producing from the Gates Formation include the Wolverine and Trend operations.

Six individual seams (or seam zones) have been identified as potentially mineable on the property described in ascending order as Seam 1, Seam 2, Seam 3, Seam 4, Seam 5 and Seam 6. Of these, Seam 1, Seam 2, Seam 3, and Seam 5 are the most prominent in terms of thickness and lateral continuity.

Denison completed 4 diamond drillholes (HQ) on the property (1,685 m), all of which were geophysically logged. The drilling data has proved the continuity of individual mineable seams and the variability of coal/parting thickness intervals from the Ptarmigan Creek to the Alberta border.

The BSCLP 2005 program completed 13 diamond drillholes and three rotary holes (2,757m) which essentially unfilled between the old Denison locations.

Continuous core samples were extracted for each Seam/ Coal zone to characterize in situ coal quality on individual sub seam ply assays. The plies were recombined into composite samples that represented logical mining units. Float/sink analysis were conducted to determine expected clean coal characteristics.

The actual number of seam cores obtained from the Omega property is as follows:

Table 18-1 Seam Cores Obtained from Omega Properties

Drill Program	Seam 1	Seam 2	Seam 3	Seam 4	Seam 5	Seam 6
Denison 1978	2	2	1	1	2	1
Denison 1979	1	2	1	1	2	1
BSCLP 2005	8	10	11	10	12	5

In general, core recovery was very poor in all of these exploration programs so the majority of the samples obtained would not be representative of the full seam sections. Only one single seam sample of each of Seams 1, 2, 3, 5, and 6 with recoveries greater than 70% was obtained from the 2005 program. As such, the results should be considered indicative rather than definitive.

19.0 Mineral Resource and Mineral Reserve Estimates

Resources have been estimated for the Omega coal deposit for those areas that potentially could be mined by open pit methods. Resources that could be mined using underground methods have not been analyzed in this report.

The geological modeling portion of the project includes a review of the available data, formatting and treatment of data to support model development, an update of the geological interpretation, and the construction of the 3D resource model. Interpretation and modeling has focused on the Gates Formation.

Model Extent
The resources documented with this report are for the entire Omega property. The strike length of the modeled area is approximately 5.7km while the width is approximately 2.0km.

Model Geometry
The model geometry follows the anticline/syncline complex that trends to the northwest from the BC/Alberta provincial boundary. Block dimensions are 25m along strike, 25m in the dip direction, and 10m in elevation.

The model measures 228 blocks (5,700m) in length and 80 blocks (2,000m) across and examines resources between 1,100m and 2,020m in elevation (92 blocks). The model has a –45° rotation (west of north, an azimuth of 315°). The model area was extended 3,000m north and 4,000m south past the last drillholes.

Topography
A Lidar digital elevation model for the project area was obtained from Western. The drillhole, adit, and trench data was 'draped' to the digital data and the drillhole collar elevations were adjusted to fit the topography.

Overburden (till) Surface
The base of overburden surface defines the extent of glacial-fluvial cover over in situ materials. No coal seams are modeled above the base of overburden surface. The depth of overburden was reported in the drillhole logs. An interpolation, using inverse distance with a 2.0 power with a 5,000m search, and a maximum of 25 points, was completed. The overburden thickness was then subtracted from the topography surface to make the base of overburden surface.

Oxide Horizon
A 15m depth of oxidation was used to differentiate between oxide and metallurgical coal. The oxide depth is determined from the surface elevation, vertically.

Geological Data
The geological database for the model was developed from previous exploration records by MMTS and includes 19 drillholes with a total of 4,033.31m. Sixteen of the holes are diamond drillholes. Trench and outcrop data has been used to assist with the geological interpretation, though thickness data for these points was not used. The geologic structure considers the mapping data and previous geological interpretations.

Coal seam thicknesses from exploration drillholes are measured along the length of the hole (from geophysical logs) and because the angle of intersection between the hole and the seam is often less than perpendicular, these intersections represent an 'apparent' rather than 'true' thickness of the seam. Adjustment from apparent to true seam thickness is, therefore, a critical step in the modeling of in place coal resources. The resource model is based on true seam thickness, as defined mathematically through the relationship between drillhole geometry and interpreted bedding geometry. The true thickness interpolation used a 1,500m x 1,500m search and an inverse distance power of 3.0.

There are numerous old drillholes on the property, but Western was unable to obtain hard copy data for verification, so the holes were not used.

Mineable Thickness

On the basis of the current interpretation, the property is classified as a complex, potentially surface mineable deposit. Sample analyses indicate that the coal is medium volatile bituminous rank. Resource assumptions for mineable thicknesses conform to GSC Paper 88-21 guidelines at 1.0m. True seam thickness statistics are shown in Table 19-1.

Table 19-1 Average Seam True Thickness, Omega Property

Seam Name	Seam Number	Intercepts	Minimum	Maximum	Mean
6D	64	7	1.12	4.34	1.84
6B	62	8	1.33	4.02	2.68
6L	61	9	1.69	1.69	1.69
5	50	20	1.18	11.20	5.87
4	40	20	1.02	1.86	1.37
3	30	17	1.35	5.60	3.08
2	20	16	1.30	4.04	2.29
2L	21	3	1.32	2.35	1.68
1	10	15	1.65	5.56	3.39

Bulk Density

The SG values for the various seams, Table 19-2, were obtained from previous reports. The SG values are dependent on the ash content of the coal and are used to calculate the coal tonnage.

Table 19-2 SG by Seam for the Omega Property

Seam	Seam Number	SG
6D	64	1.4
6C	63	1.4
6B	62	1.4
5	50	1.47
4	40	1.515
3	30	1.525
2	20	1.525
2L	21	1.525
1	10	1.455

Resource Classification

During interpolation runs, MineSight® stores the distance from the model block to the nearest composite value in the zone that satisfies the search parameters. The distance values are then used to assign a resource classification codes. The current model requires three data points within a search cell of 100m (measured), 200m (indicated), and 400m (inferred) along section lines and 75m (measured), 150m (indicated), and 300m (inferred) along strike, as prescribed in GSC paper 88-21.

Assurance-of-existence categories are intended to reflect the level of certainty with which mineral resource quantities are known. Intuitively, one knows that the greater the distance over which seam thickness data are extrapolated, the greater the possible error; hence, several resource classification schemes have used distance from nearest data point or distance between data points as the primary criteria for assurance-of-existence categorization. In moderate geology type deposits, the assurance of existence is based on the distance from nearest data points for these deposits (GSC Paper 88-21).

Three mineral resource categories are used to define assurance-of-existence. In order of increasing uncertainty, these mineral resource categories are: measured, indicated, and inferred. Measured resources have a high degree, indicated a moderate degree, and inferred resources a relatively low degree of geological assurance. Although the precise levels of uncertainty of these categories have not been calculated, geological experience with Canadian coal deposits suggests that measured resource quantities are known within about 10%, indicated within about 20%, and inferred within about 50% (GSC Paper 88-21).

Tables 19-3 to 19-5 summarize the pit delineated resources for the Omega Property of immediate interest. The coal, as defined, is within a pit with 45° walls and a strip ratio of less than 20:1BCM/tonne (a pit delineated resource with an incremental strip ratio of 20 bank cubic metres of waste to one tonne of in place coal). With an incremental strip ratio, each block of coal within the pit must have twenty blocks of waste, or less, above it.

The overall strip ratio for the Omega Property is 8.92:1. The measured resources represent 1.5% of the total; indicated resources represent 28.8%, while inferred resources are 69.7% of the total coal.

Table 19-3 Summary of Measured Resources, Low Volatile Bituminous
Geology Type: "Complex"2

Resource Category	ROM (kTonnes)
Measured	**390**

Table 19-4 Summary of Indicated Resources, Low Volatile Bituminous

Resource Category	ROM (kTonnes)
Indicated	**7,490**

Table 19-5 Summary of Inferred Resources, Low Volatile Bituminous

Resource Category	ROM (kTonnes)
Inferred	**18,090**

**Note that Western is the owner of ½ of the resource.*

[2] *Complex geology type refers to highly deformed strata, steep bedding, folding, and faulting.*

Tables 19-6 to 19-8 summarize the resources from the model by assurance of existence. Coal quality data indicates a medium volatile bituminous rank.

Table 19-6 Measured Resources by Seam, Low Volatile Bituminous

Seam Name	Volume (Kbcm)	Total[1] (Kt)	Met Coal (Kt)	Oxidized Coal (Kt)
64	4.7	**10**	6.3	0.3
50	256.3	**380**	376.8	0
40	1.6	**0**	2.5	0
Total	**262.6**	**390**	**385.6**	**0.3**

Note: 1) rounded to the nearest 10,000t

Table 19-7 Indicated Resources by Seam, Low Volatile Bituminous

Seam Name	Volume (Kbcm)	Total[1] (Kt)	Met Coal (Kt)	Oxidized Coal (Kt)
64	240.7	**340**	291.7	45.2
63	14.1	**20**	19.8	0
62	77.5	**110**	94.6	14
50	2831.5	**4,160**	3965.4	196.9
40	207.4	**310**	307.3	7
30	755.4	**1,150**	1134.7	17.2
20	473.8	**720**	715.7	6.8
21	63.3	**100**	96.6	0
10	400.1	**580**	582.1	0
Total	**5063.8**	**7,490**	**7207.9**	**287.1**

Note: 1) rounded to the nearest 10,000t

Table 19-8 Inferred Resources by Seam, Low Volatile Bituminous

Seam Name	Volume (Kbcm)	Total[1] (Kt)	Met Coal (Kt)	Oxidized Coal (Kt)
64	213.3	**300**	274.7	23.9
63	2.6	**0**	3.7	0
62	17.5	**20**	17.8	6.7
50	3449.3	**5,070**	4696.4	374.1
40	255.5	**390**	360	27.1
30	2857.4	**4,360**	4124.6	233
20	2260.5	**3,450**	3226.2	221
21	346.6	**530**	497.8	30.7
10	2730.2	**3,970**	3666.1	306.4
Total	**12132.9**	**18,090**	**16867.3**	**1222.9**

Note: 1) rounded to the nearest 10,000t

**Note that Western is the owner of ½ of the resource.*

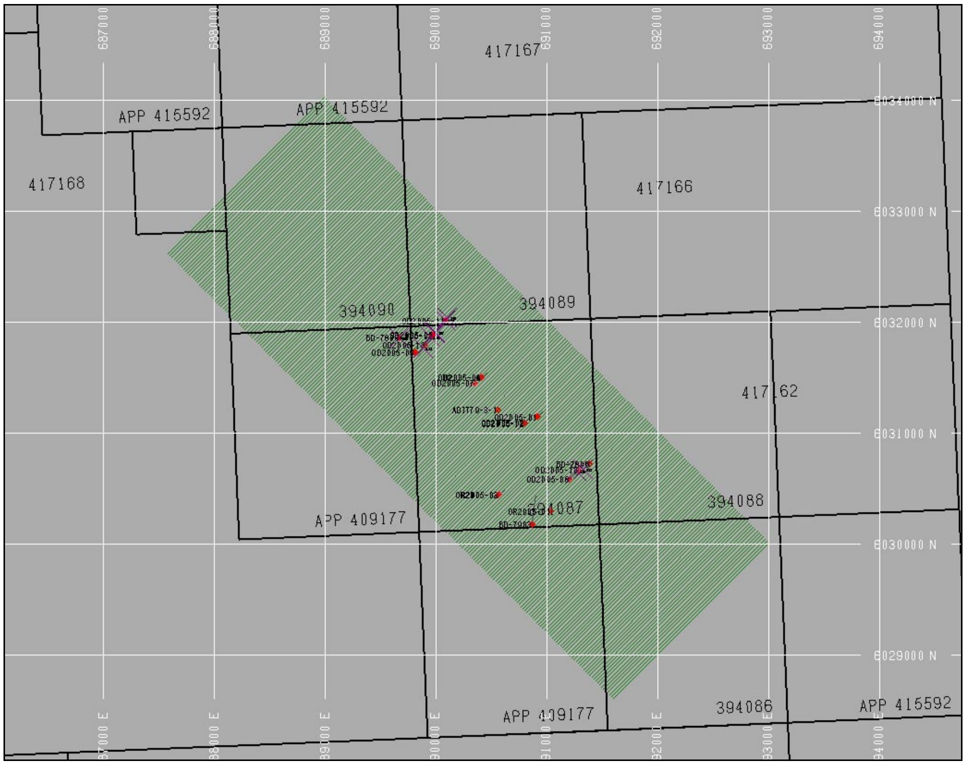

Figure 19-1 Drillhole Locations with Property Outline

In Figure 19-1 the grid is 1km x 1km, the property outline is in black, the drillholes are red dots with black labels, the green grid is the model area.

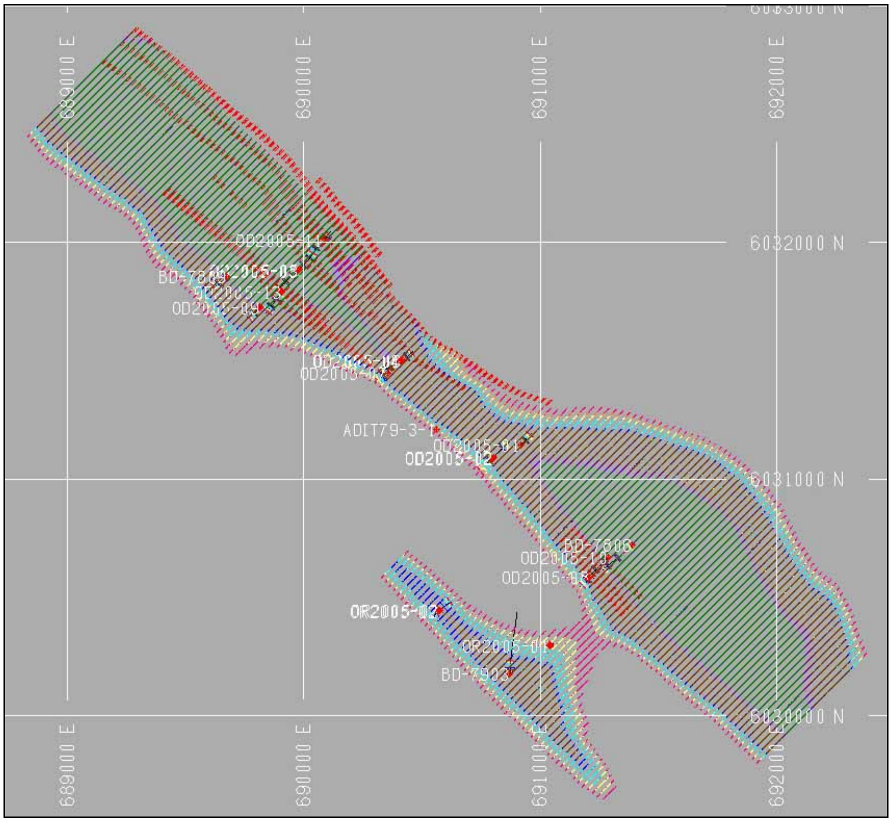

Figure 19-2 Showing the Coal Seam Distribution

In Figure 19-2, the red outline is Seam 1, blue is Seam 4, and green is Seam 10. The grid is 1km x 1km.

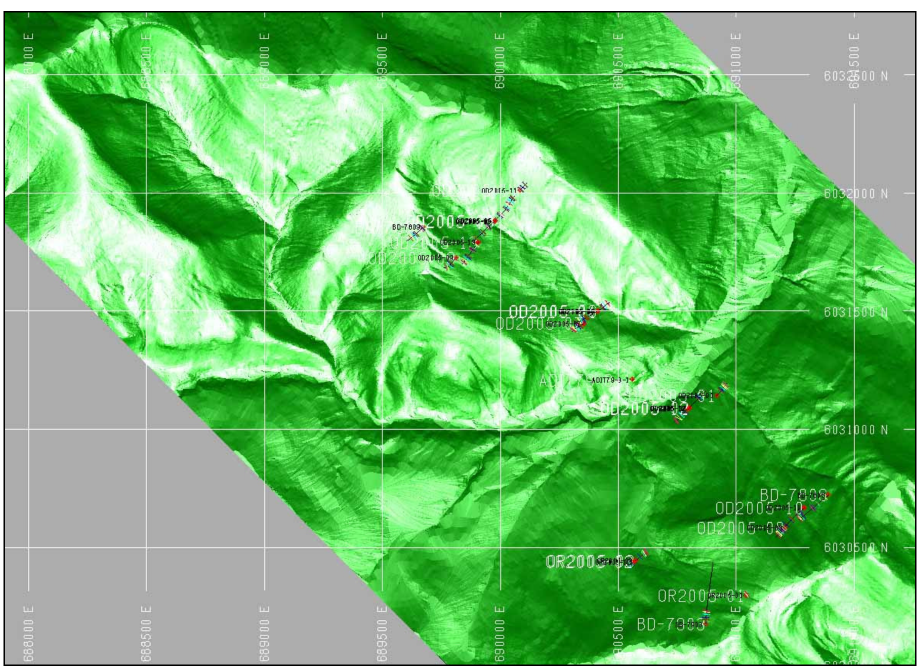

Figure 19-3 Showing the Topography with the Drillholes

In Figure 19-3 Saxon Creek cuts through the property centre while the Narraway River is at the north end. The grid in Figures 19-3 to 19-6 is 500m x 500m.

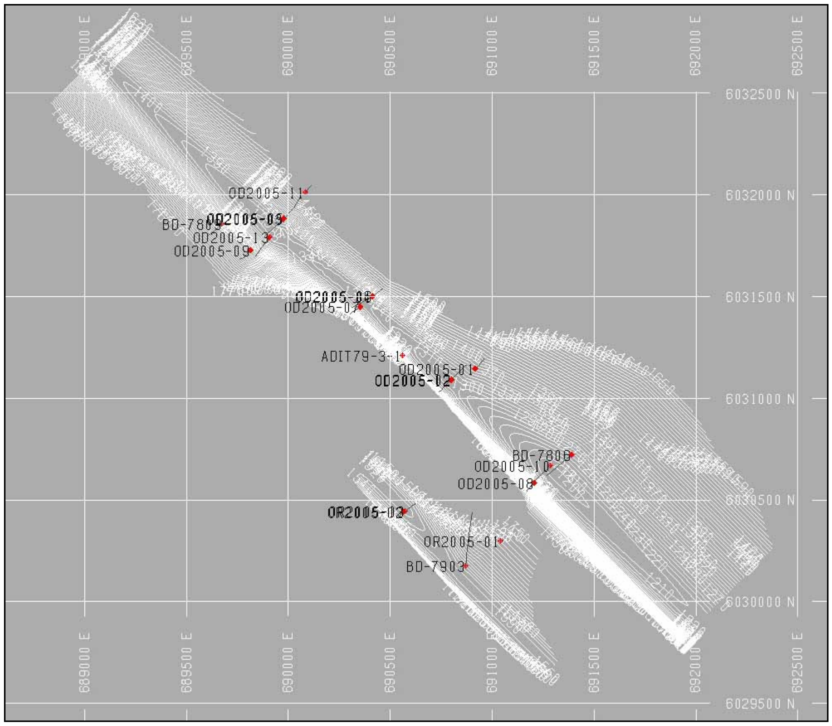

Figure 19-4 Structure Contours, FW Seam 1

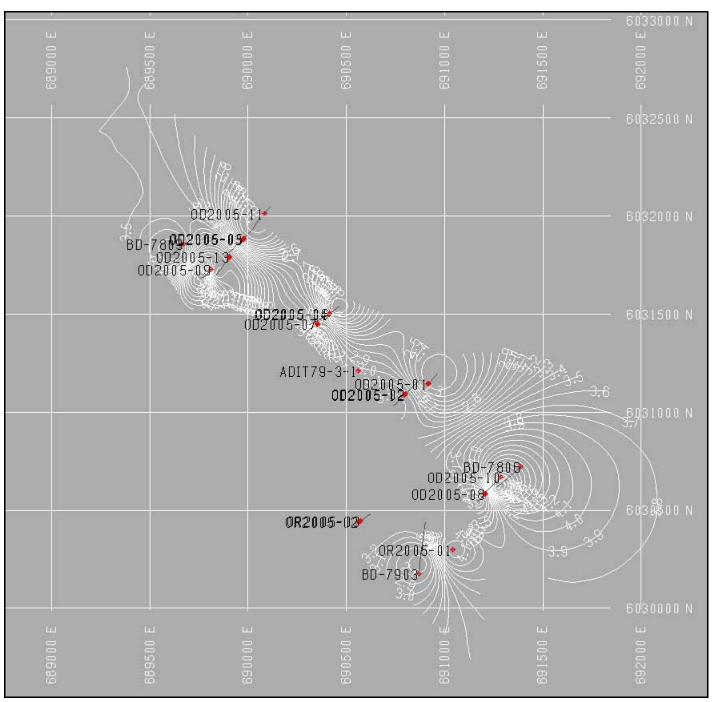

Figure 19-5 True Thickness Isopach, Seam 1

In Figure 19-11, the section in the southeast is #83, while the section in the northwest is #475.

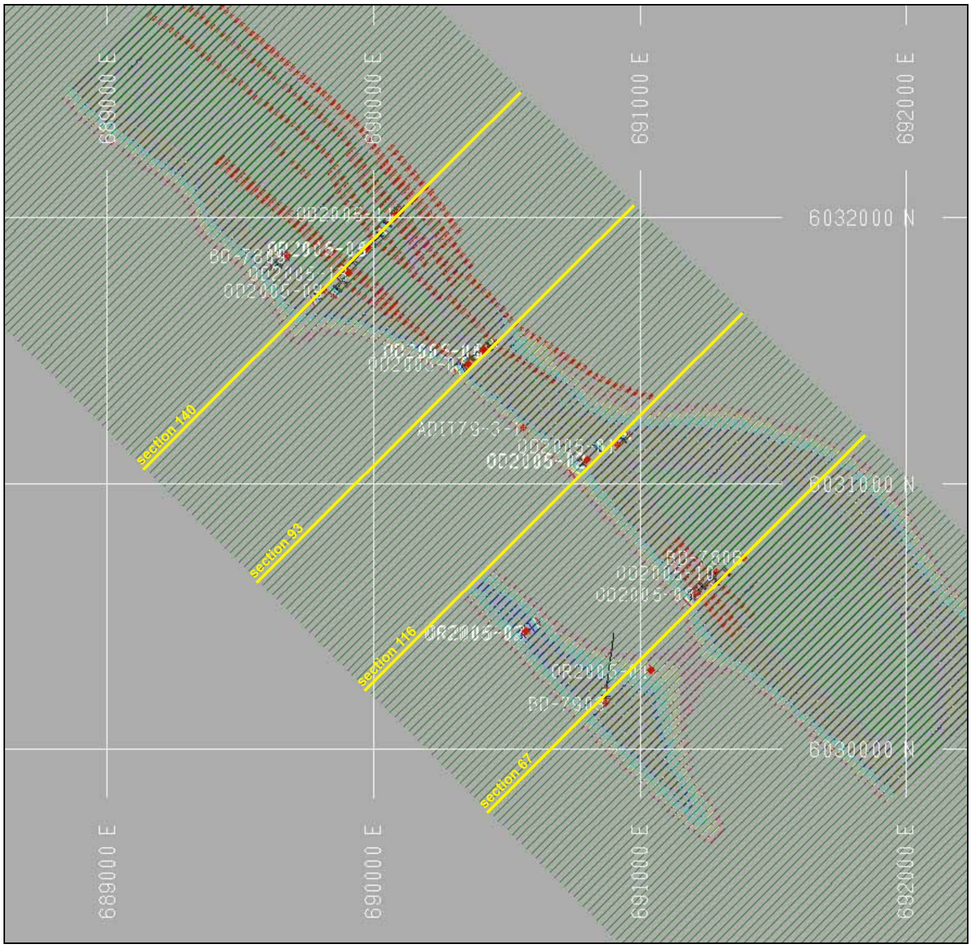

Figure 19-11 Grid Area, Showing Cross-Section Location

The cross-sections, Figures 19-12 to 19-15 show the outlines of two pits, the 20:1 pit with only the measured, indicated and inferred resources included (solid red line). The dashed red pit outline encloses the speculative resource (which is not reported). The elevation grid is 100m.

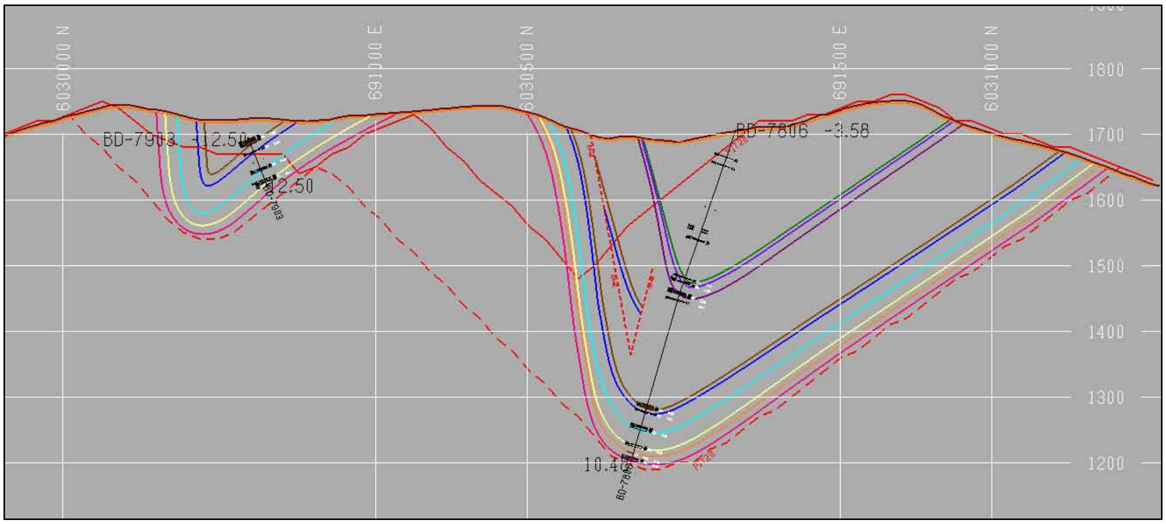

Figure 19-12 Cross-section, Row 67

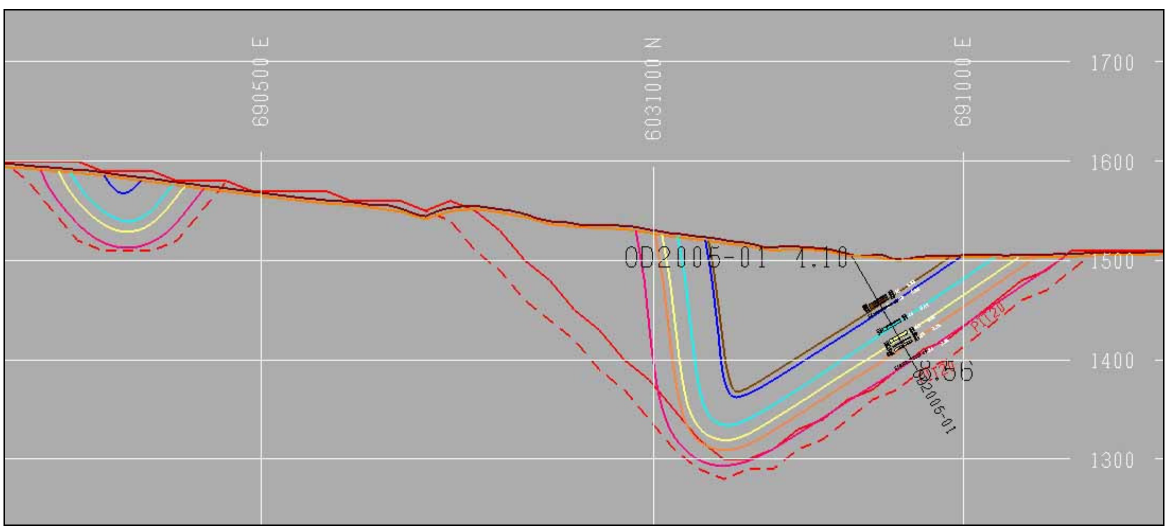

Figure 19-13 Cross-section, Row 93

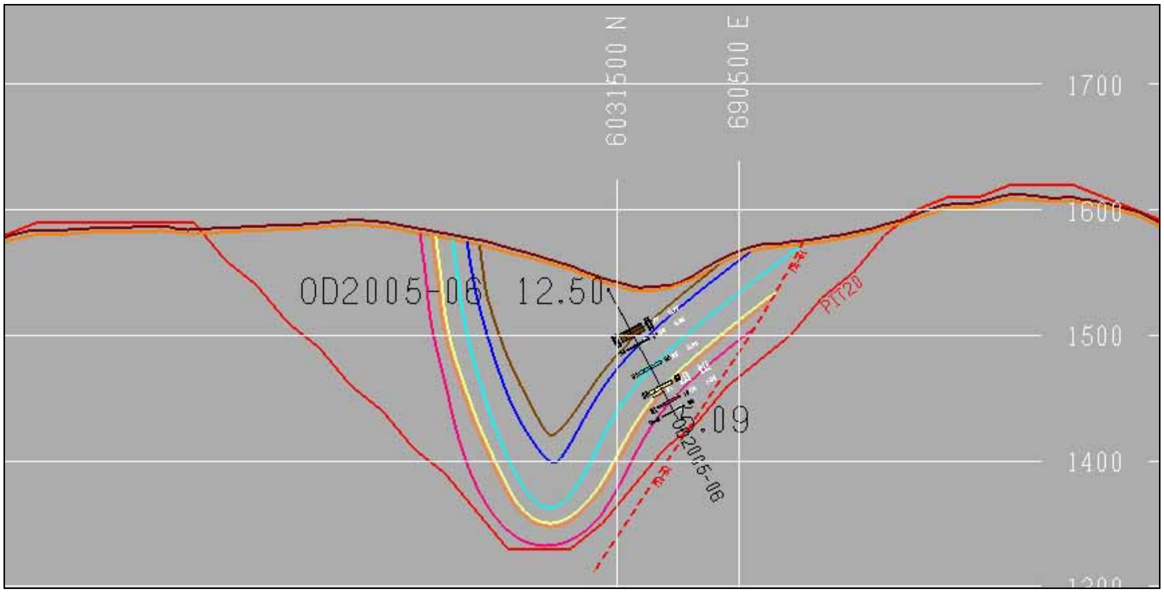

Figure 19-14 Cross-section, Row 116

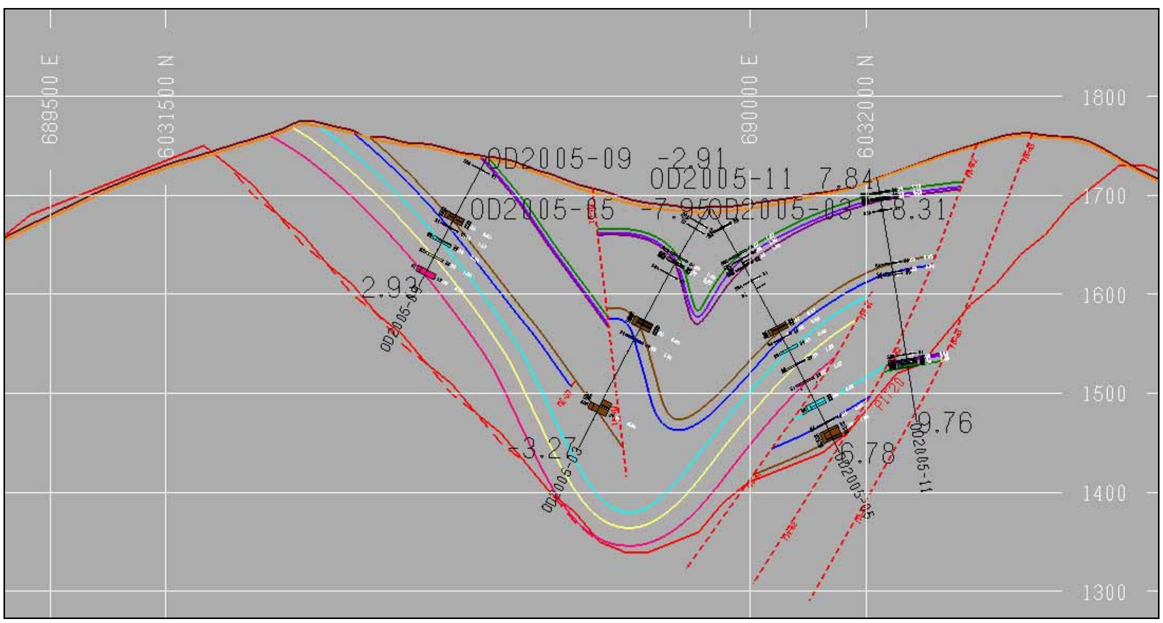

Figure 19-15 Cross-section, Row 140

20.0 Other Relevant Data and Information

MMTS does not believe there is additional technical data available for this project.

22.0 Recommendations

A Phase 1 exploration program is proposed to upgrade some of the inferred resources to the measured and indicated categories. The work includes access road construction, trenching, and diamond drilling. Six holes are proposed with Phase 1 as shown in Figure 22-1.

Table 22-1 Proposed Exploration Program, Phase 1

Program	Number	Estimated Cost
Road building	6,500m	$500,000
Trenching	500m	$25,000
Diamond Drilling	1,400m	$500,000
	Total =	**$1,025,000**

Depending on the outcome of the Phase 1 work, a second round of drilling is proposed. Ten holes are proposed with Phase 2 along with a further 6.5km of road building for a total of $1,400,000.

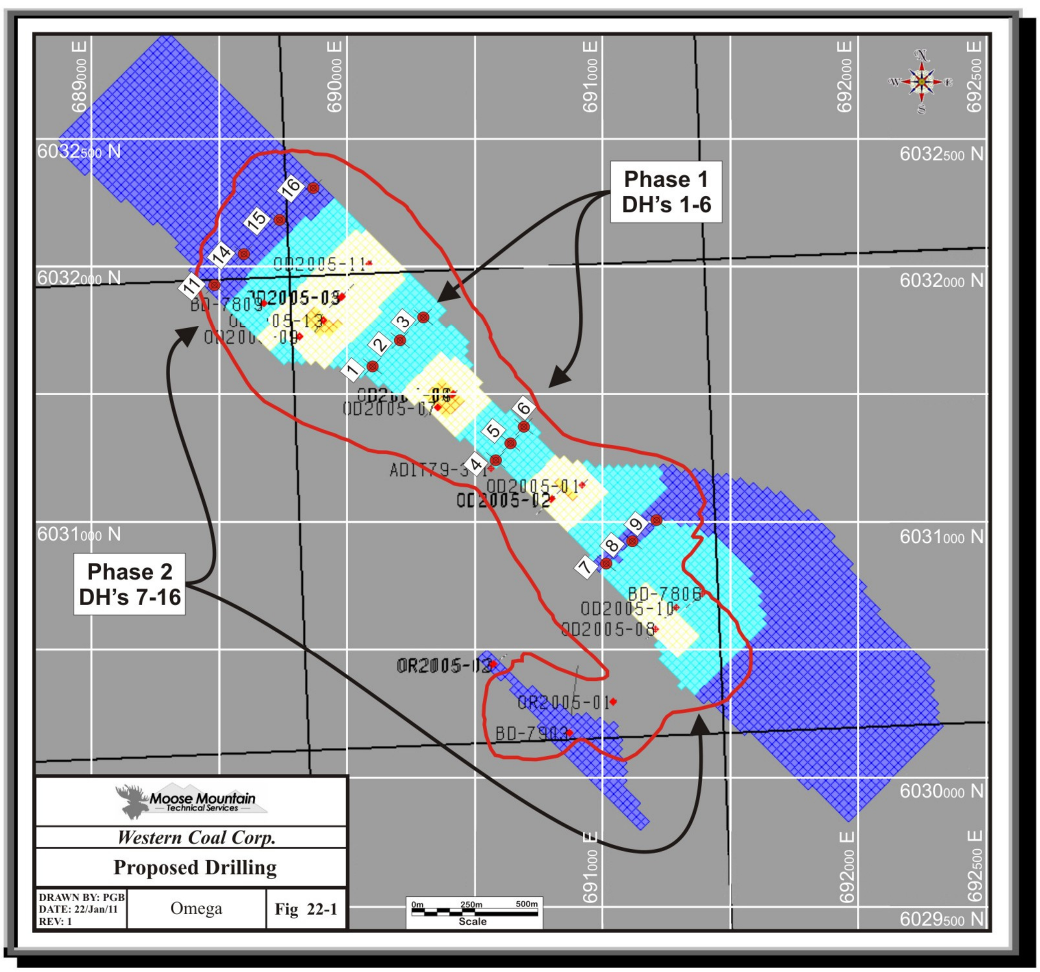

Figure 22-1 Proposed Drilling

23.0 References

Hughes, J.D., L. Klatzel-Mudry, and D.J. Nikols. *A Standardized Coal Resource/Reserve Reporting System for Canada.* Paper 88-21 Geological Survey of Canada. 1989.

MineSight® is a registered trademark of MINTEC, Inc.

Perry, John H. of JHP Coal-Ex Consulting Ltd. *Summary Report on the Saxon Coal Project.* Paper dated February 19, 2004.

24.0 Date and Signature Pages

Herewith, our report entitled 'Resource Estimate for the Omega Coal Project" dated 15 February 2011.

Signature of Robert F. Engler	Dated the 15th day of February 2011

B.Sc, P.Geol.

Moose Mountain Technical Services
Principal Geologist

Signature of Robert J. Morris	Dated the 15th day of February 2011

M.Sc., P.Geo.

Moose Mountain Technical Services
Principal Geologist

CERTIFICATE & DATE – ROBERT F. ENGLER

I, Robert F. Engler, BSc, P.Geol., do hereby certify that:

1. I am a Principal of Moose Mountain Technical Services., 28 Hummingbird Road, Sherwood Park AB T8A 0A2
2. I graduated with a B.Sc. from the University of Alberta in 1974.
3. I am a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. (#M24009).
4. I have worked as a geologist for a total of thirty-six years since my graduation from university.
5. My past experience includes work with all of the coal mines in Alberta, Saskatchewan and British Columbia as well as exploration projects in western Canada, and western US, Mexico, Mongolia, and China. I also held senior marketing positions for fifteen years with Luscar Ltd, a major Canadian coal producer.
6. I have read the definition of "qualified person" set out in NI 43-101 and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements to be a "qualified person". I am independent of Western Coal Corp. in accordance with section 1.4 of NI 43-101.
7. I am responsible for Item 19 of the Technical Report titled "Resource Estimate for the Omega Coal Project", dated 15 February 2011.
8. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
9. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
10. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public.

Dated this 15th day of February 2011

"signed"

____
Signature of Qualified Person

Robert F. Engler, B.Sc., P.Geol.
Print Name of Qualified Person

CERTIFICATE & DATE – ROBERT J. MORRIS

I, Robert J. Morris, M.Sc., P.Geo., of Fernie B.C. do hereby certify that:

1. I am a Principal Geologist with Moose Mountain Technical Services.
2. I graduated with a Bachelor of Science degree in geology from the University of B.C. in 1973 and a Master of Science degree in geology from Queen's University in 1978.
3. I am a member of the Association of Professional Engineers and Geoscientists of British Columbia (#18301).
4. I have worked as a Geologist for 35 years since my graduation from university. My experience in coal mining, exploration, and feasibility studies includes extensive work in the coalfields of southeast and northeast B.C., Iran, England, Colombia, Indonesia, Mongolia, and Thailand.
5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional associations (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am responsible for the entire Technical Report titled "Resource Estimate for the Omega Coal Project" dated 15 February 2011, other than Item 19.
7. I visited the Omega property 4 December 2005.
8. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
9. I am independent of Western Coal Corp. applying all of the tests in Section 1.4 of NI 43-101.
10. I have read NI 43-101, and the Technical Report has been prepared in compliance with that instrument.

Dated this 15th day of February 2011

"signed"

____
Signature of Qualified Person

Robert J. Morris, M.Sc., P.Geo.
Print Name of Qualified Person

25.0 Additional Requirements for Technical Reports on Development Properties and Production Properties

The property is not in production.

26.0 Illustrations

Drawings are included in their appropriate sections.

APPENDIX A – Coal Intercepts

HOLE#	EAST	NORTH	ELEV.	From	To	SEAM	TTHK
SD-7601	694616	6013601	1713	220.07	215.90	10	4.17
	694616	6013601	1733	199.84	195.71	21	4.13
	694616	6013601	1737	191.76	190.50	22	1.26
	694616	6013601	1771	158.15	156.50	30	1.65
	694616	6013601	1825	115.39	106.04	40	9.35
SD-7604	694493	6014405	1771	240.19	234.94	10	5.25
	694493	6014405	1808	203.79	197.98	21	5.81
	694493	6014405	1813	192.18	190.75	22	1.43
	694493	6014405	1859	147.13	145.26	30	1.87
	694493	6014405	1966	50.64	41.29	40	9.35
	694493	6014405	1961	44.21	42.75	41	1.46
SD-7605	693416	6015709	1495	233.76	232.68	100	1.08
SD-7606	694650	6014633	1695	246.99	242.32	10	4.67
	694659	6014643	1719	218.43	214.22	21	4.21
	694660	6014645	1723	210.04	208.18	22	1.86
	694672	6014659	1756	174.56	171.65	30	2.91
	694701	6014694	1835	88.30	82.30	40	6.00
	694700	6014692	1830	86.21	85.12	41	1.09
	694717	6014713	1877	34.34	31.72	50	2.62
SD-7607	693763	6014806	1908	173.49	170.01	10	3.48
	693757	6014799	1931	152.14	146.96	20	5.18
	693750	6014790	1963	112.85	110.76	30	2.09
	693734	6014772	2029	50.38	43.77	40	6.61
	693736	6014774	2021	49.53	48.24	41	1.29
SD-7608	693738	6014507	1846	130.69	129.50	50	1.19
SD-7610	694305	6013396	1579	233.93	229.92	10	4.01
	694300	6013390	1602	209.95	205.75	21	4.20
	694299	6013389	1605	201.92	200.56	22	1.36
	694290	6013378	1645	160.18	158.22	30	1.96
	694276	6013361	1706	105.78	97.04	40	8.74
	694262	6013345	1762	35.36	33.80	50	1.56
SD-7611	693454	6015187	1846	173.01	169.80	10	3.21
	693450	6015182	1865	155.00	149.84	20	5.16
	693443	6015174	1893	119.48	117.93	30	1.55
	693429	6015158	1952	68.06	59.56	40	8.50
	693432	6015160	1942	67.43	65.80	41	1.63
SD-7611	693420	6015146	1994	12.23	10.82	50	1.41
SD-7614	692742	6015919	1384	208.72	205.52	10	3.20
	692748	6015927	1402	188.30	184.88	20	3.42
	692759	6015939	1431	153.02	150.66	30	2.36
	692783	6015967	1494	88.09	80.84	40	7.25
	692775	6015959	1475	100.56	99.24	41	1.32
	692802	6015990	1546	19.29	18.00	50	1.29
SD-7615	694136	6015146	1638	208.59	205.03	40	3.56
	694135	6015144	1634	210.51	208.70	41	1.81
	694152	6015165	1680	156.66	155.20	50	1.46
	694197	6015219	1802	16.41	15.09	100	1.32
SD-7618	692342	6016155	1594	182.51	171.07	40	11.44
	692342	6016155	1667	94.34	92.76	50	1.58
SD-7707	693304	6015576	1427	351.92	348.20	10	3.72

HOLE#	EAST	NORTH	ELEV.	From	To	SEAM	TTHK
	693312	6015586	1448	329.68	324.29	20	5.39
	693324	6015599	1478	290.78	288.14	30	2.64
	693345	6015624	1536	229.46	223.88	40	5.58
	693341	6015620	1527	233.63	231.91	41	1.72
SD-7711	693693	6014703	1761	263.47	259.92	10	3.55
	693687	6014694	1780	245.81	239.84	20	5.97
	693676	6014682	1809	205.96	204.36	30	1.60
	693657	6014659	1861	159.64	149.04	40	10.60
	693641	6014640	1902	97.17	96.05	50	1.12
	693638	6014636	1912	86.87	85.17	100	1.70
SD-7713	693358	6015110	1758	252.30	247.14	20	5.16
	693350	6015100	1780	221.65	219.95	30	1.70
	693335	6015082	1820	181.18	175.50	40	5.68
SD-7714	692923	6015610	1675	61.88	54.44	20	7.44
SD-7716	694280	6015362	1540	194.57	188.70	10	5.87
	694280	6015362	1575	162.63	154.90	20	7.73
	694280	6015362	1623	104.94	103.60	30	1.34
	694280	6015362	1689	50.42	41.43	40	8.99
	694280	6015362	1682	46.31	44.65	41	1.66
SD-7717	693821	6015709	1349	300.85	299.25	50	1.60
SD-7718	693331	6015251	1939	55.21	45.54	40	9.67
	693331	6015251	1927	53.34	52.20	41	1.14
SD-7720	694257	6013766	1680	283.43	281.96	22	1.47
	694257	6013766	1716	247.27	245.84	30	1.43
	694257	6013766	1770	206.92	196.65	40	10.27
SD-7721	693894	6014790	1982	119.17	116.30	10	2.87
SD-7721	693894	6014790	2012	93.37	87.74	20	5.63
	693894	6014790	2058	41.51	39.37	30	2.14
SD-7722	694351	6014446	1995	38.60	30.57	40	8.03
	694351	6014446	1987	35.81	34.42	41	1.39
SD-7723	694775	6014625	1864	62.51	58.96	40	3.55
	694775	6014625	1859	64.14	62.68	41	1.46
SD-7724	692832	6015537	1562	212.57	209.74	10	2.83
	692827	6015532	1575	198.65	195.74	20	2.91
	692813	6015514	1614	151.52	149.87	30	1.65
	692808	6015508	1628	143.76	136.88	40	6.88
	692782	6015478	1697	54.95	53.84	100	1.11
SD-7725	695011	6014589	1788	106.34	101.72	10	4.62
	695003	6014580	1808	81.93	77.68	21	4.25
	695002	6014578	1812	72.88	71.62	22	1.26
	694991	6014565	1842	40.42	37.70	30	2.72
SD-7726	694356	6013831	1675	365.78	362.16	10	3.62
	694363	6013839	1694	344.03	340.28	21	3.75
	694364	6013841	1697	336.09	335.00	22	1.09
	694376	6013854	1729	300.05	298.94	30	1.11
	694394	6013876	1778	257.48	246.60	40	10.88
	694408	6013893	1816	200.20	198.30	50	1.90
SS2005BS01	694788	6013586	1832	56.17	42.80	40	13.37
SS2005BS02	694518	6012655	1445	53.73	49.80	10	3.93
	694516	6012654	1468	30.50	26.66	21	3.84
SS2005BS03	694512	6012656	1445	53.64	50.09	10	3.55
SS2005BS04	694418	6012851	1573	47.24	36.40	40	10.84
SSD2005-01	693998	6013263	1528	186.13	175.44	40	10.69

HOLE#	EAST	NORTH	ELEV.	From	To	SEAM	TTHK
	693988	6013252	1571	126.32	125.26	50	1.06
SSD2005-02	694261	6012774	1369	208.54	204.70	10	3.84
	694255	6012769	1391	184.74	181.19	21	3.55
	694254	6012768	1394	177.74	176.66	22	1.08
	694247	6012761	1421	150.08	148.50	30	1.58
	694233	6012749	1473	105.23	96.61	40	8.62
	694223	6012739	1512	52.26	51.18	50	1.08
SSD2005-03	694262	6013085	1443	245.90	242.12	10	3.78
	694256	6013080	1463	224.89	220.69	21	4.20
SSD2005-03	694255	6013080	1466	217.16	216.00	22	1.16
	694247	6013073	1494	187.64	186.27	30	1.37
	694232	6013060	1547	145.20	134.32	40	10.88
SSD2005-04	694449	6012876	1493	122.09	118.16	21	3.93
SSD2005-04	694449	6012875	1496	115.05	113.52	22	1.53
	694441	6012868	1523	86.19	84.71	30	1.48
	694427	6012855	1577	41.83	31.92	40	9.91
SSD2005-05	694541	6013227	1646	165.24	160.28	10	4.96
	694536	6013220	1670	138.97	135.18	21	3.79
	694536	6013219	1673	131.15	130.02	22	1.13
	694530	6013209	1704	100.08	97.75	30	2.33
	694519	6013191	1759	54.59	43.46	40	11.13
SSD2005-06	694807	6013570	1712	158.82	154.50	10	4.32
	694807	6013572	1732	137.99	133.61	21	4.38
	694807	6013573	1736	129.52	128.29	22	1.23
	694807	6013577	1773	93.27	91.71	30	1.56
	694807	6013583	1828	54.31	41.66	40	12.65
SSD2005-08	694708	6013746	1609	268.49	264.20	10	4.29
	694713	6013758	1631	243.38	238.82	21	4.56
	694714	6013760	1635	233.99	232.37	22	1.62
	694723	6013780	1671	193.23	191.07	30	2.16
	694736	6013808	1727	149.35	133.96	40	15.39
	694744	6013826	1762	86.58	85.54	50	1.04
SSD2005-09	694978	6013769	1707	99.79	94.39	40	5.40
SSR2005-01	694172	6013584	1631	212.19	207.65	21	4.54
	694171	6013583	1635	203.74	202.31	22	1.43
	694162	6013580	1677	161.05	159.45	30	1.60
	694150	6013576	1734	115.66	105.29	40	10.37
SSR2005-02	694408	6013579	1674	243.93	239.88	10	4.05
	694404	6013579	1694	223.32	219.50	21	3.82
	694404	6013579	1697	216.01	214.80	22	1.21
	694398	6013579	1731	181.72	180.22	30	1.50
	694389	6013578	1786	139.35	129.14	40	10.21
SSR2005-03	694787	6013584	1832	56.34	42.86	40	13.48
SSR2005-04	694517	6012656	1445	53.71	49.79	10	3.92
	694515	6012656	1468	30.41	26.62	21	3.79
	694515	6012656	1472	22.23	21.21	22	1.02
SSR2005-05	694419	6012849	1572	46.35	36.37	40	9.98