COAL ASSESSMENT REPORT TITLE PAGE AND SUMMARY

TITLE OF REPORT: ***Saxon South Resource Estimate 13_Feb_2011***

TOTAL COST: $1,687,181 (2005)

AUTHOR(S): ***Robert J. Morris***

SIGNATURE(S): ***See report***

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S): ***CX-9-019, July 5, 2005***

YEAR OF WORK: ***2005***

PROPERTY NAME: ***Saxon South***

COAL LICENSE(S) AND/OR LEASES ON WHICH PHYSICAL WORK WAS DONE:
413871,413872 (2005)

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN:

MINING DIVISION: ***Liard***
NTS / BCGS: ***093I 030***
LATITUDE:
LONGITUDE: (at centre of work)
UTM Zone: ***10*** EASTING: ***694 000*** NORTHING: ***6 015 000***

OWNER(S): ***Belcourt Saxon Coal LP***

MAILING ADDRESS: ***Suite 800 – 700 West Pender Street, Vancouver, BC V6C 1G8***

OPERATOR(S) [who paid for the work]: ***Belcourt Saxon Coal LP***

MAILING ADDRESS: ***Suite 800 – 700 West Pender Street, Vancouver, BC V6C 1G8***

REPORT KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude. **Do not use abbreviations or codes**)
Coal, sandstone, siltstone, mudstone, shale, Gates Formation, folding, faulting

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS:

Denison Mines Limited, 1971: Saxon Project, Interim Report; Oct. 1971. B.C. Ministry of Energy and Mines, Coal Assessment Report 00-622.

Denison Mines Limited, 1974: Saxon Project, Summary Report. B.C. Ministry of Energy and Mines, Coal Assessment Report 00-625.

Pages 6-8, 36-46, and 53-54 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

Denison Mines Limited, 1977: 1977 Exploration Assessment Report for Saxon Coal Limited; Nov. 1977. B.C. Ministry of Energy and Mines, Coal Assessment Report 00-628.

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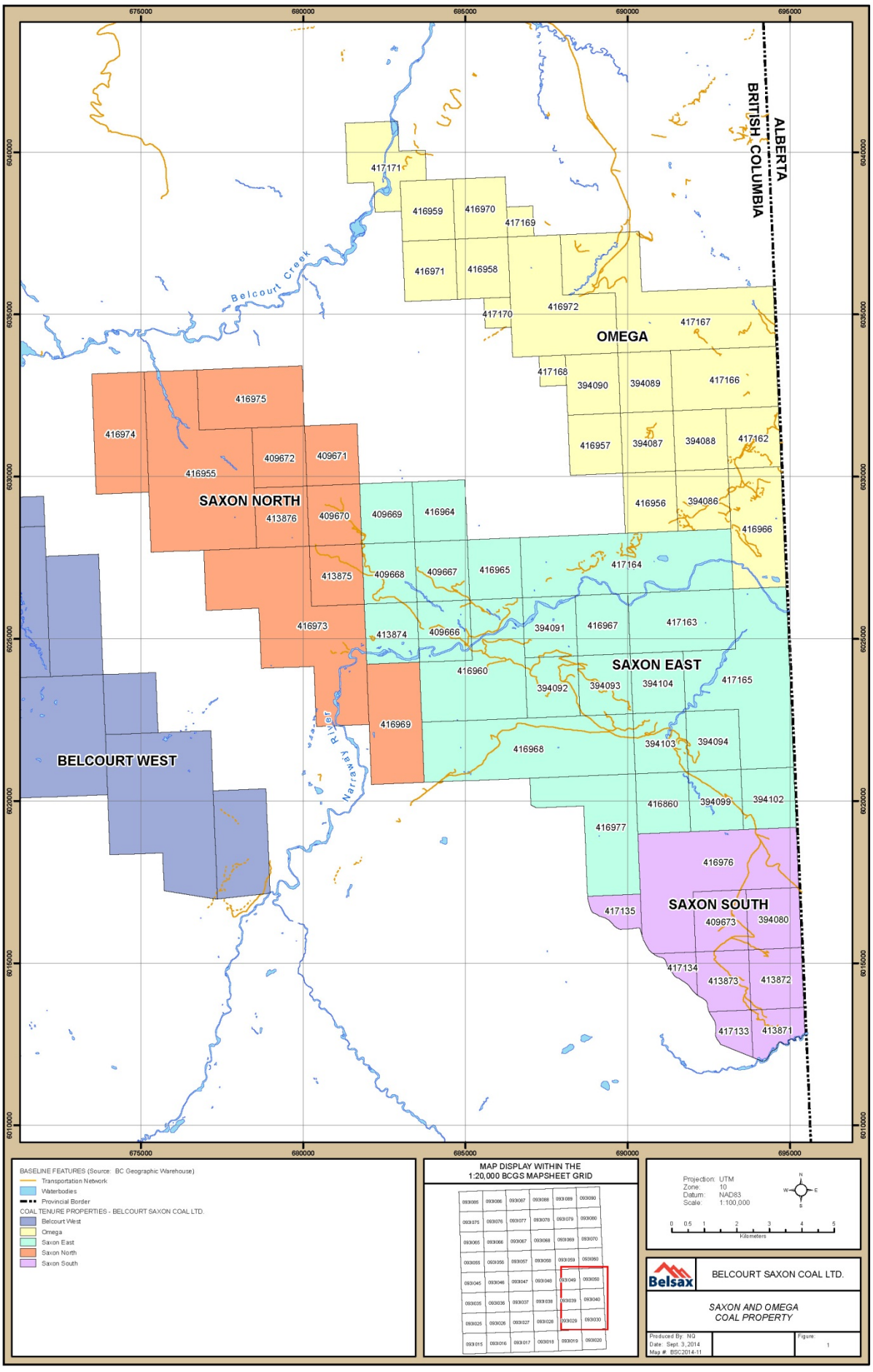
Jordan, J., 1977 (Denison Coal Limited): Saxon Coal Limited, 1976 Exploration Report: Coal Licences 2763 – 2812; Jan. 1977. B.C. Ministry of Energy and Mines, Coal Assessment Report 00-627.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Narraway River
OMEGA
SAXON NORTH
SAXON EAST
SAXON SOUTH
BELCOURT WEST
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BASELINE FEATURES (Source: BC Geographic Warehouse)
Transportation Network
Waterbodies
Provincial Border
COAL TENURE PROPERTIES - BELCOURT SAXON COAL LTD.
Belcourt West
Omega
Saxon East
Saxon North
Saxon South
MAP DISPLAY WITHIN THE
1:20,000 BCGS MAPSHEET GRID
Projection: UTM
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BELCOURT SAXON COAL LTD.
SAXON AND OMEGA
COAL PROPERTY
Produced By: NG
Date: Sept. 3, 2014
Map #: BSC2014-11
Figure:
1

1.0

RESOURCE ESTIMATE
FOR THE
SAXON SOUTH COAL PROJECT

LIARD MINING DIVISION

NORTHEAST BRITISH COLUMBIA

Centred at 6,014,450 N and 693,500 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

2.0 Table of Contents

2.1 List of Tables

2.2 List of Figures

3.0 Summary

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

The Saxon South coal property is located in north-eastern 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 2,493ha and consists of one contiguous block of eight 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 Saxon South 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 Saxon South was carried out in 2005.

Within the area now covered by the Saxon South property, a total of 44 drillholes totalling 8,732.1m 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 two air rotary holes (494.0m), nine diamond drillholes (1,584.3m), and four six-inch holes for bulk samples.

The Saxon property lies within a belt of Mesozoic strata that form part of the Rocky Mountain Foothills of north-eastern British Columbia. The stratigraphic succession broadly represents an alternating sequence of marine shales and marine and non-marine clastic lithology 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 Saxon, the Gates Formation contains six main coal seams along with three split seams for a total of nine, in ascending order, from Seam 1 to Seam 5 and a Seam10 (with Seam 2 having an occasional upper and lower ply, and Seam 4 having an occasional lower ply). The main coal seams are consistently developed

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 Saxon South 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.

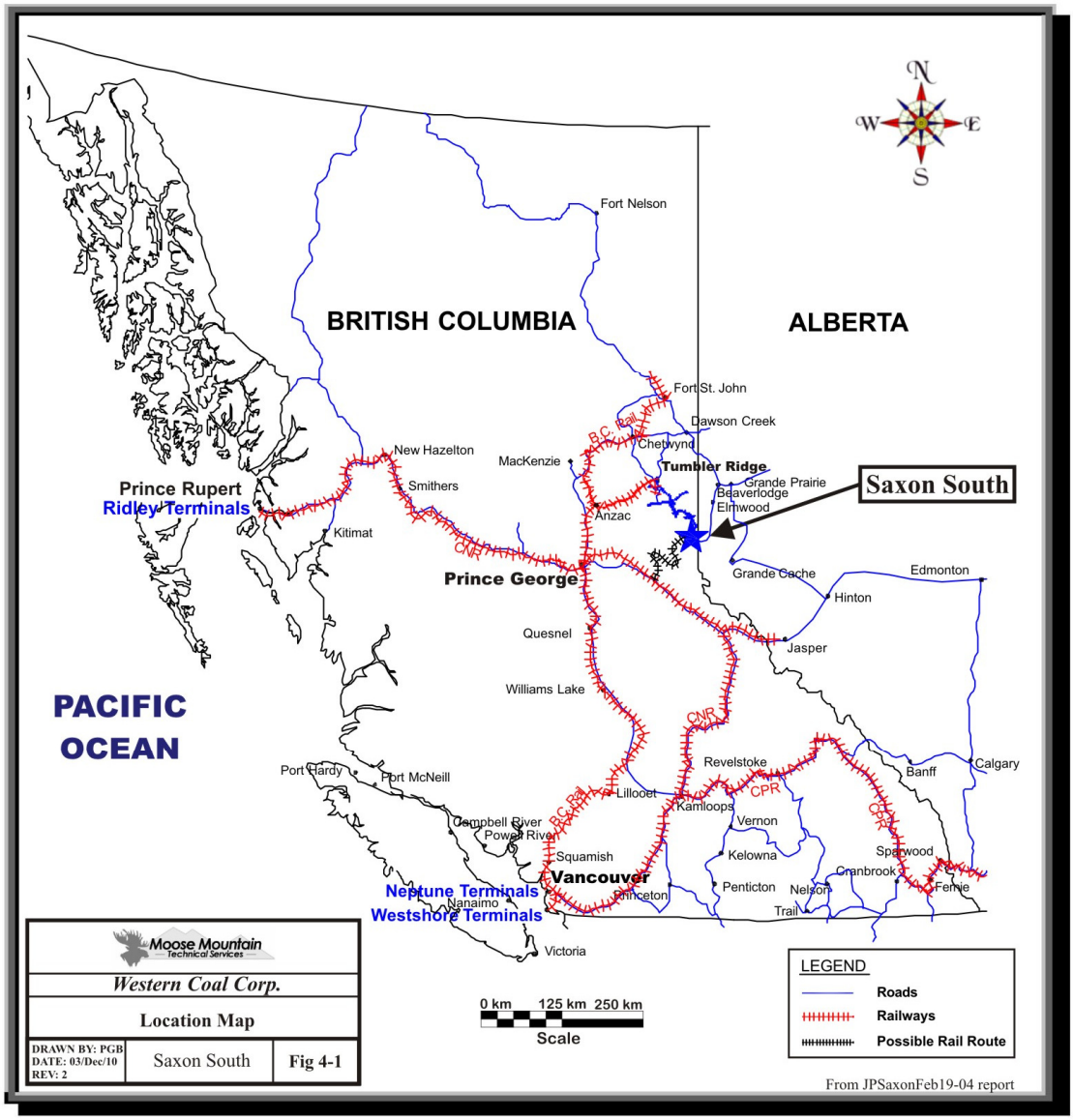


Figure 4-1 Location Map

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 Saxon South 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

Saxon South is located in north-eastern 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 Saxon South property lies within the Liard Mining Division and is located on NTS Map 93I/8.

Saxon South is the southern property of a group of coal properties once known collectively as the Saxon Coal Project. Two kilometres to the north are the eight tenures of Saxon East while twelve kilometres north-northwest of Saxon South are the five tenures of the Omega property.

The Saxon South property consists of eight coal licences with a total area of 2,493ha. 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 No.	Map No.	Issue Date	Good to Date	Area (ha)
394080	093I030	2002/jun/18	2007/jun/18	303.0
409673	093I030	2004/apr/20	2007/apr/20	303.0
413871	093I030	2004/sep/09	2007/sep/09	303.0
413872	093I030	2004/sep/09	2007/sep/09	303.0
413873	093I030	2004/sep/09	2007/sep/09	303.0
416976	093I030	2005/jun/30	2007/jun/30	755.0
417133	093I030	2005/dec/14	2006/dec/14	138.0
417134	093I030	2005/dec/14	2006/dec/14	85.0
			Total = 8 coal licences	**2,493ha**

Figures 6-1 and 6-2 below show the property tenure.

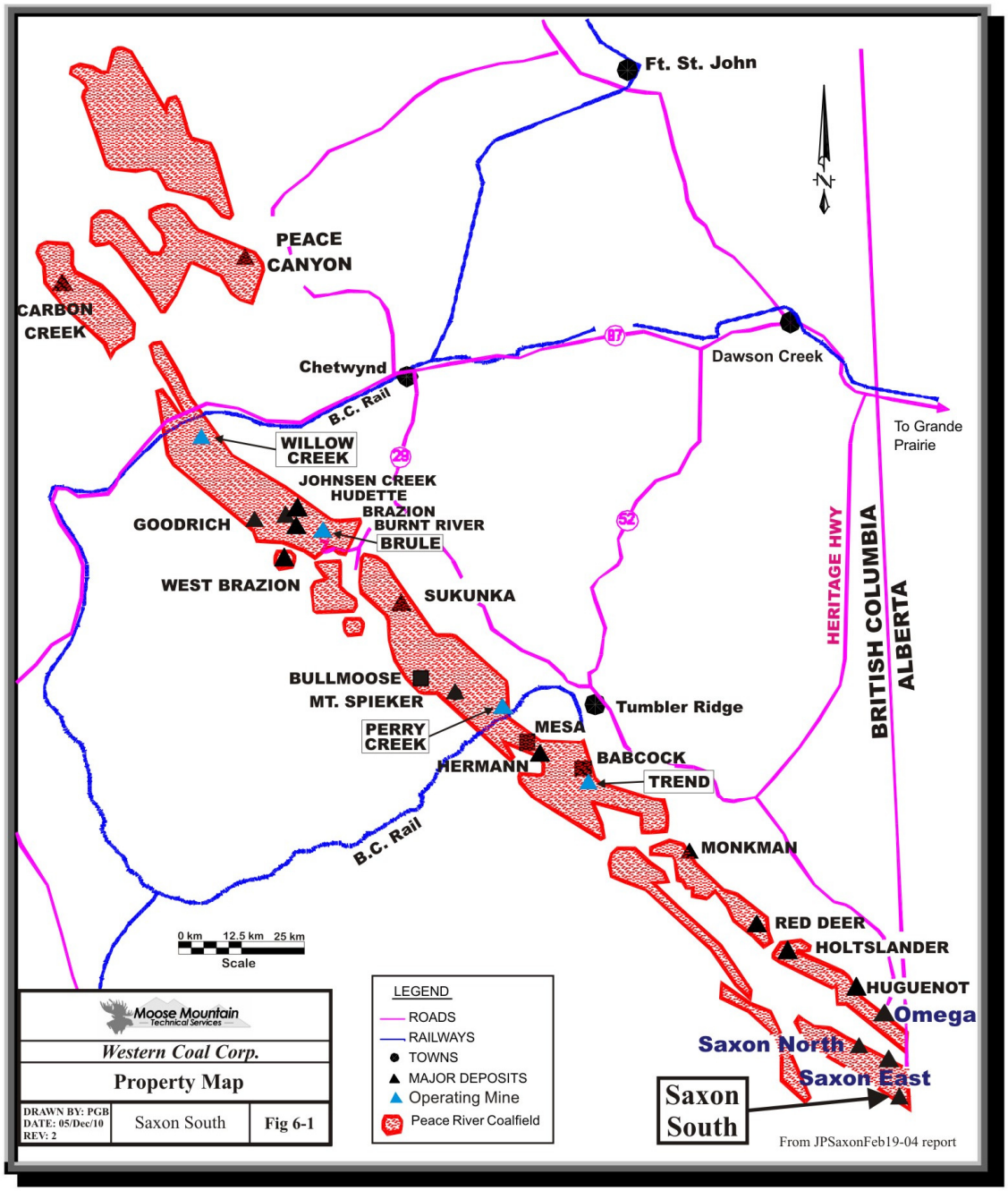


Figure 6-1 Land Holdings

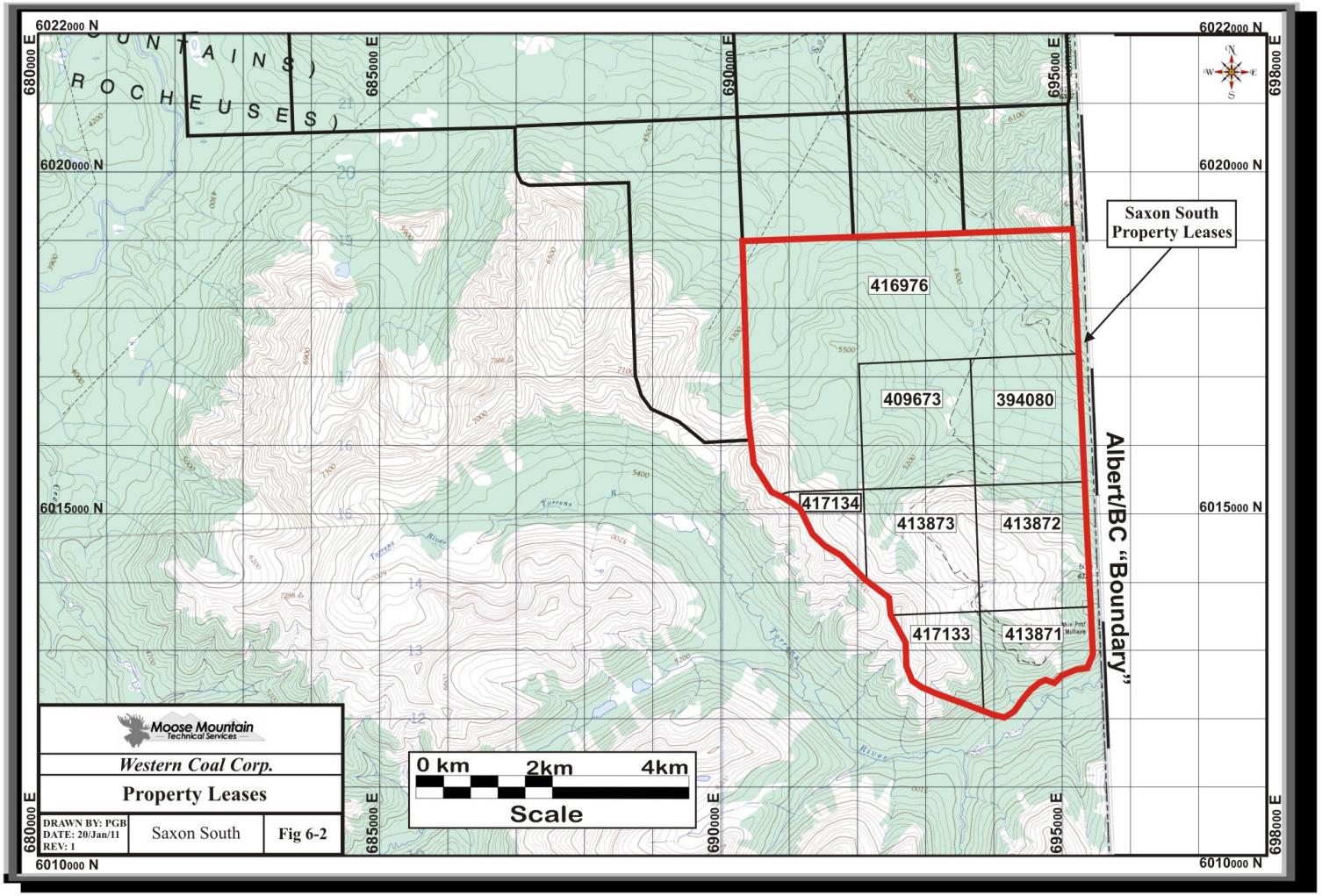


Figure 6-2 Saxon South Coal Tenure

7.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Saxon South 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 Saxon South. 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 Saxon South 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 Saxon South property is situated immediately north and east of the Kakwa Provincial Park and Protected Area of B.C. Its boundary truncates two of Saxon South's coal licences (licences 417133 and 417134). The coal seams that have been the focus of past work and for which resources are presented in this report lie outside the protected area.

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. Glaciations appear 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 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 lodgepole 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 South Saxon 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 Northeast Side of Saxon South

Photo 7-2 West Side of Saxon South

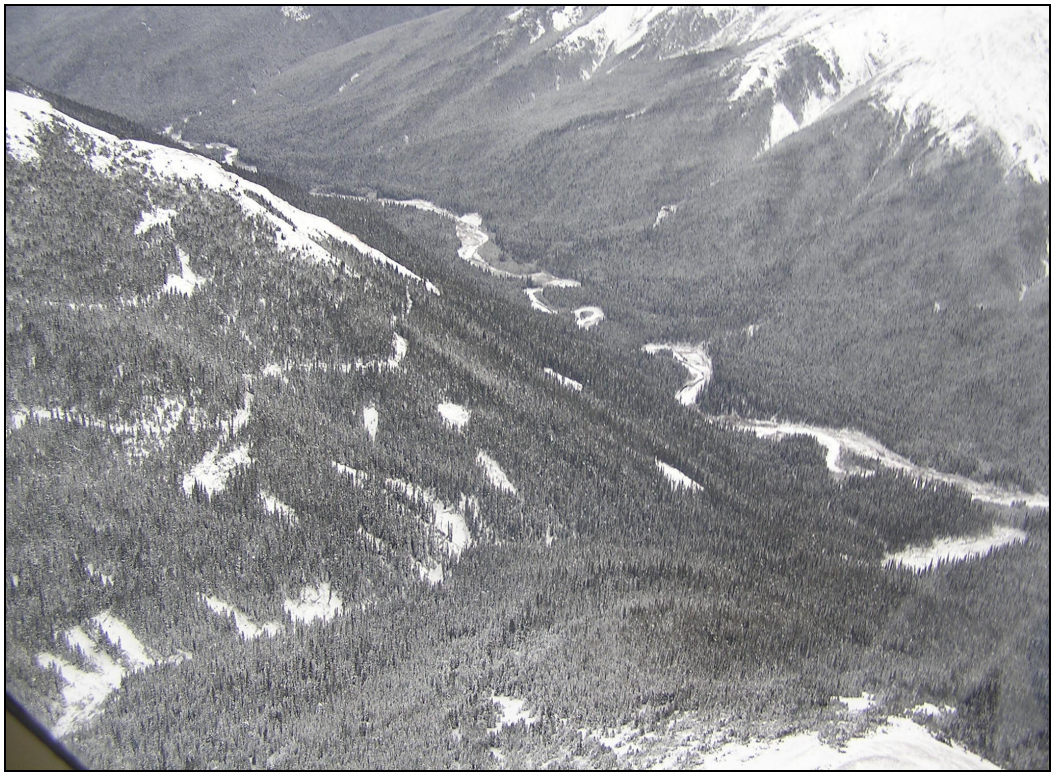


Photo 7-3 Southwest Side of Saxon South

8.0 History

Reports prepared by, or on behalf of, previous operators present estimates of coal resources/reserves that include areas now covered by Saxon Project 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 Saxon Project were undertaken mainly between 1976 and 1980.

Previous Reserve Estimates
The most recent reports on resources for Saxon South are by Denison and Monenco who conducted separate estimations in 1977. Reserve estimations focused on providing mineable reserves and geological reserves. The former conformed to plans prepared by Monenco for open pit mining while the latter were taken to a depth of 500 m below surface. Reserves were estimated using the cross-section method. Denison's reserve estimations were based upon a cross-section interval of 100m, while Monenco used a 200m separation. Monenco also applied a dip correction factor (of +2.5%) to allow for correction of true thickness of the mining section from the apparent dip.

The minimum mining section true thickness was 1.0 m 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 1.5m was used.

The representations of the coal seams on the cross-sections were assigned a mining section thickness taken from isopach maps. Seam lengths were also sub-divided into mining periods, reflecting different stage of pit development and, beyond the final pit limits, were taken to an overall depth from surface of 500m. Coal within 15m of the surface was considered oxidized and these tonnages were reported separately.

Clean coal yields were assigned to cross-sections by interpolation between data points. Typically, two or three lines of interpolation were established for each seam, across the length of the various structural "zones" covered by the reserve area. Interpolated yields for each seam were averaged along each cross-section so that each seam was finally assigned one yield per cross-section. SG's were determined using the relationships between ash.

In-place reserves reported by Denison for three proposed pit areas (South Pit, North Pit and North Pit Extension) totalled 72.3Mt and yielded 40.5Mt of un-oxidized clean coal and 2.80Mt of oxidized clean coal. An addition 106.4Mt of un-oxidized coal in-place was estimated to a depth of 500m. Reserves contained within the three pit areas are presented in Table 8-1; the tonnages reflect the combined totals of un-oxidized plus oxidized coal. Tonnages listed for "net clean coal" were obtained by the application of factors to account for geological uncertainty, dilution, mining losses, and wash plant yield.

Table 8-1 Saxon South: Surface Mineable Reserves (Denison, 1977)

Pit Area	Seam	Av. Thick (m)	Av S.G.	In-Place Coal (Mt)	Net Clean Coal (Mt)
South	10	1.20	1.36	0.25	0.18
	5	1.42	1.47	0.91	0.58
	4	9.37	1.52	9.19	5.06
	3	2.01	1.54	2.15	1.28
	2	4.76	1.44	4.75	3.39
	1	3.99	1.51	3.63	2.05
				20.88	**12.54**
North	10	1.22	1.36	0.06	0.04
	5	1.46	1.47	0.63	0.40
	4	8.21	1.52	14.32	8.31
	3	1.87	1.54	4.80	2.57
	2	5.85	1.44	15.46	9.68
	1	3.94	1.51	10.55	6.22
				45.82	**27.22**
North	10	n.a	-	-	-
Ext'n	5	n.a.	-	-	-
	4	8.78	1.52	2.73	1.71
	3	2.05	1.54	0.74	0.39
	2	4.64	1.44	1.46	0.98
	1	3.44	1.51	0.72	0.44
				5.65	**3.52**
Total				**72.35**	**43.28**

The 43.28Mt of net clean coal includes 37.3Mt of un-oxidized coal, which is available at an overall stripping ratio 7.64 bank cubic metres of waste to one tonne of plant feed coal (this includes factors for geological uncertainty, mining losses, out-of-seam dilution, but not plant yield). Strip ratios for the individual pits ranged from 7.56:1 to 7.68:1.

9.0 Geological Setting

9.1 Regional Setting

9.1.1 Stratigraphy

The Saxon 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 Saxon South 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 South and 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.

At Saxon South and Saxon East, from oldest to youngest the main coal seams have been numbered 1, 2, 3, 4, 5, and 10. At Saxon South the total coal thickness for the six main seams reaches 22m or more.

9.2 Property Geology

9.2.1 Structure and Stratigraphy

The Saxon Coal Project lies within a broad, northwesterly-plunging anticlinorium (the Belcourt Anticlinorium). This regional-scale structure is bounded to the west by a major, westerly-dipping thrust fault that emplaced Palaeozoic rocks upon Lower Cretaceous strata. The Saxon South and Saxon East Blocks are located in the central, southeastern parts of this structure, where the axial zone is complicated by the presence of several significant westerly-dipping thrust faults and associated splays.

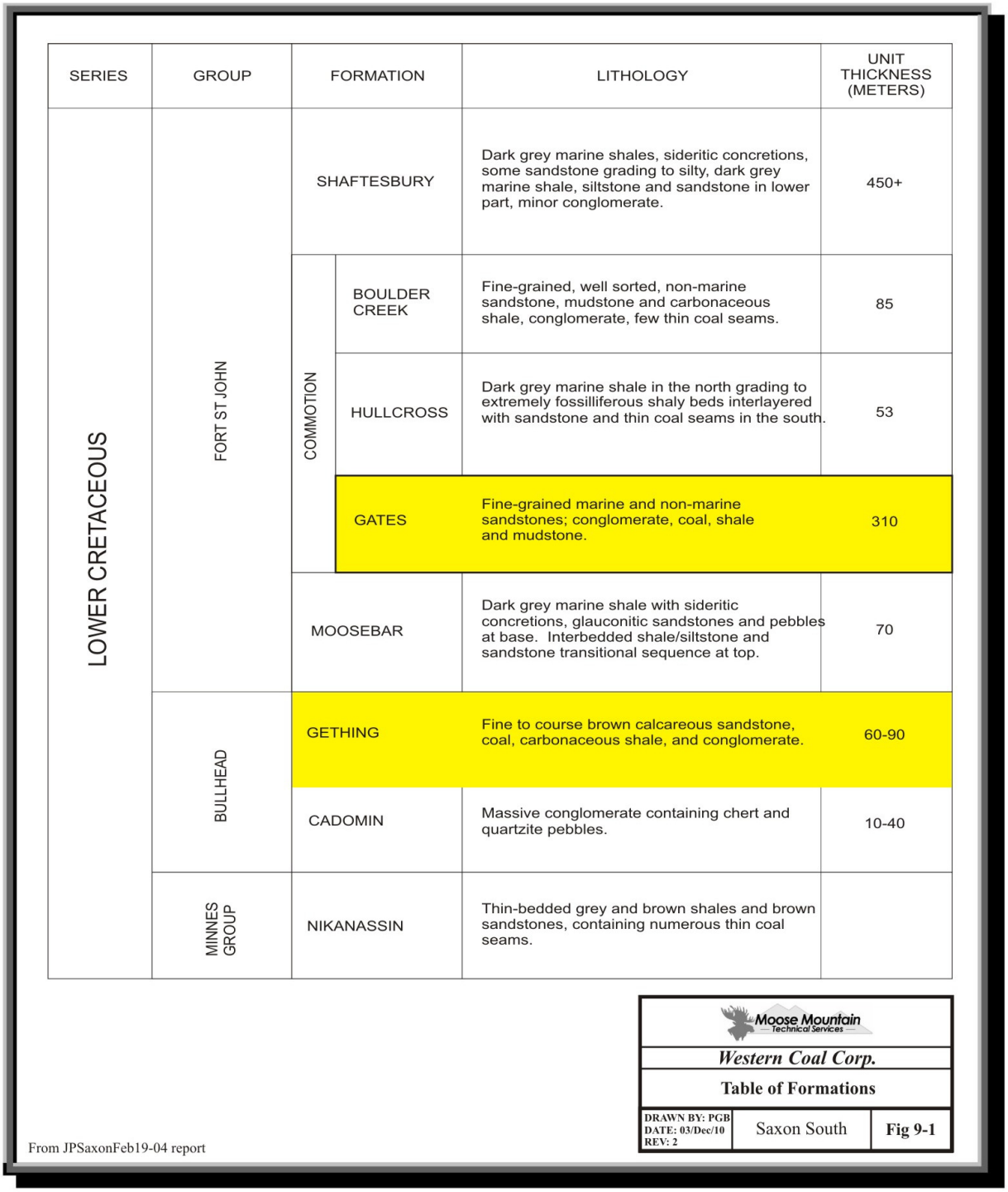
9.2.2 Saxon South Block

This block is located within the western limb of the anticlinorium. The structural geology comprises a series of large, fault-bounded, and open to tight folds. The folding is dominated by three northwesterly-plunging anticlines, referred to as the Western, Central and Eastern Anticlines. Historical mine plans for Saxon South primarily cover the near surface portions of the Western and Central Anticlines.

The Western Anticline is bounded to the west by a westerly-dipping thrust fault and to the east by a high-angle, easterly-dipping reverse fault. In the vicinity of the surface resources previously identified by Denison, this anticline plunges northerly at approximately 10º. It is reported that examination of extensive surface exposures and drill cores, shows minimal tectonic disturbance to the coal seams and adjacent strata.

The Central Anticline is bounded on both sides by high-angle reverse faults. Several smaller synclines and anticlines are present along the flanks of the main structure, particularly in the southern half of the area. The trends of fold axes are quite variable along strike; in places, significant folds die out over very short distances. The main anticline becomes more compressed to the north, resulting in steeper dips to the fold limbs; in places these dips exceed 80º. In this northern area, the seams exhibit more intense shearing and small-scale faulting. Coal seams occurring within the southern half of this structure are reported to show very little disturbance.

The Eastern Anticline is also bounded on both sides by high-angle reverse faults. Coal resources contained within the southern portions of the steeply dipping, western limb were included in historical estimates of surface mineable reserves. The steep, east limb of the Eastern Anticline also forms the western limb of a large syncline, referred to as the Saxon Syncline, the axis of which underlies the valley of Saxon Creek.



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+
		COMMOTION	BOULDER CREEK	Fine-grained, well sorted, non-marine sandstone, mudstone and carbonaceous shale, conglomerate, few thin coal seams.	85
			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
			GATES	Fine-grained marine and non-marine sandstones; conglomerate, coal, shale and mudstone.	310
		MOOSEBAR		Dark grey marine shale with sideritic concretions, glauconitic sandstones and pebbles at base. Interbedded shale/siltstone and sandstone transitional sequence at top.	70
	BULLHEAD	GETHING		Fine to course brown calcareous sandstone, coal, carbonaceous shale, and conglomerate.	60-90
		CADOMIN		Massive conglomerate containing chert and quartzite pebbles.	10-40
	MINNES GROUP	NIKANASSIN		Thin-bedded grey and brown shales and brown sandstones, containing numerous thin coal seams.	

Figure 9-1 Table of Formations

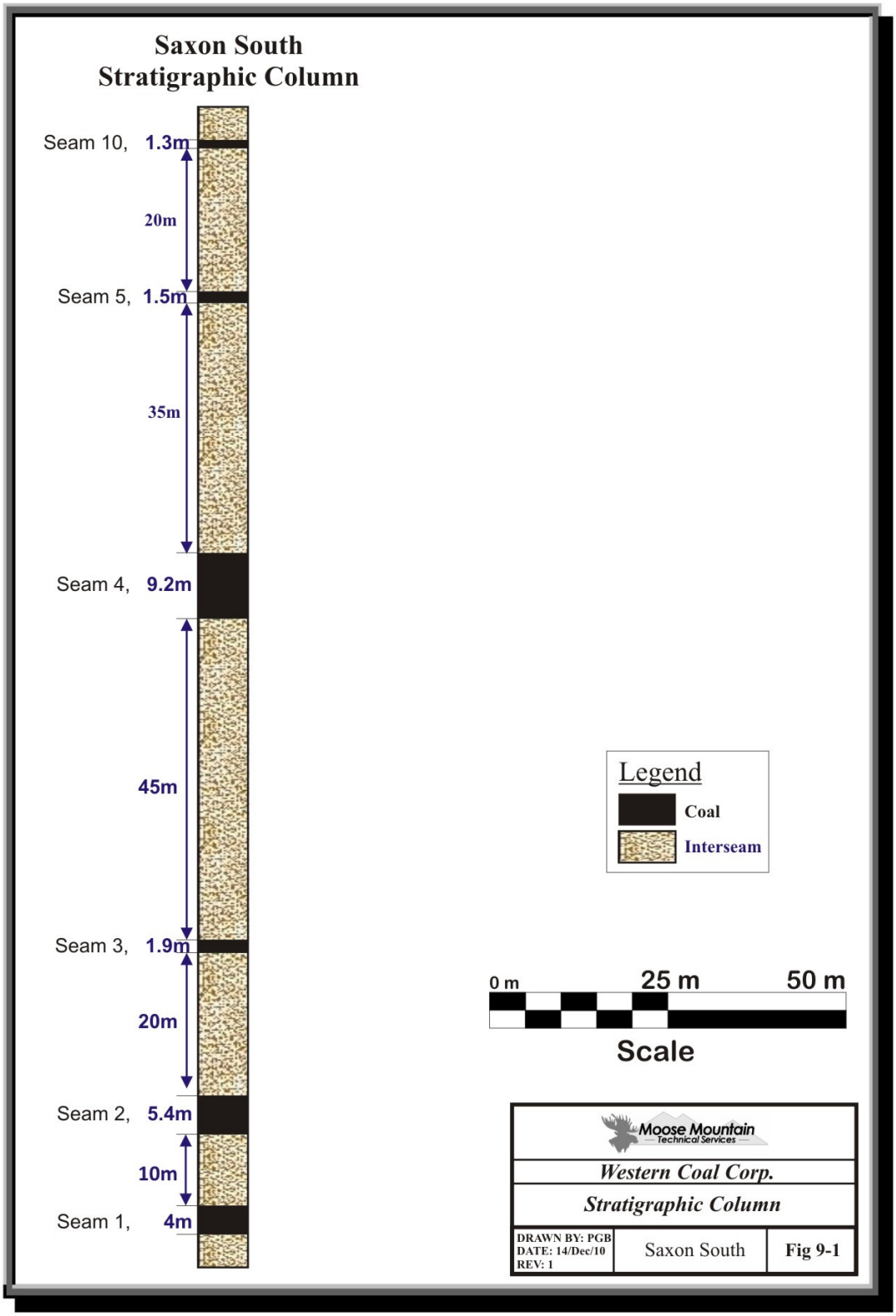


Figure 9-2 Stratigraphic Column

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. The Saxon South property is considered potentially surface mineable. 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 Saxon South property are typical of this class, which is consistent with other nearby coal deposits.

MMTS classifies the Saxon South Property as geologically complex.

11.0 Mineralization

This report deals with coal seams found in the Gates Formation. To date, six coal seams have been modeled on the Saxon South property. They range in thickness from 9.2m to 1.3m. The seams are within a 160m 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.

Three major coal seams and three thinner seams are present at Saxon South. The coal seams of economic interest are identified, in ascending order as Seams 1, 2, 3, 4, 5 and 10.

Seam No. 1: This the lowest of the coal seams found at Saxon South. The floor consists of coarse-grained sandstone of the Torrens Member. The seam ranges in thickness from 0.7m to 4.8m and, within the pit area (as defined by Monenco 1977), has an average thickness of 4.0m. The seam contains a rock parting which ranges in thickness from 0.03m to 0.45m.

Seam No. 2: This seam is found about 10m above Seam 1. It ranges in thickness from 2.2m to 8.0m, and has an average thickness of 5.4m. The upper parts of this seam are characterized by a rock band that varies significantly in thickness, from 0.09 m to 1.27m. In several parts of the deposit we have modelled Seam 2 as an upper and lower ply.

Seam No. 3: This seam is found about 20m above Seam 2. It ranges in thickness from 1.1m to 2.7m, and has an average thickness of 1.9m.

Seam No. 4: This is the thickest seam found on the licence block. It is located about 45m above Seam 3 and ranges in thickness from 6.8m to 11.4m. The average thickness is 9.2m. This seam contains several rock bands, which can reach up to 2.5m thick.

Seam No. 5: This seam is found about 35m above Seam 4. It ranges in thickness from 0.4m to 3.1m, and has an average thickness of 1.5m. This seam contains discontinuous carbonaceous rock bands of up to 0.35m in thickness.

Seam No. 10: This seam lies about 20m above Seam 5, although the interseam thickness is variable. It ranges in thickness from 0.3m to 1.5m, and has a weighted average thickness of 1.3m. This seam contains discontinuous carbonaceous rock bands of up to 0.35m in thickness.

12.0 Exploration

Exploration on the Saxon South coal property consisted of three separate campaigns conducted by Denison Mines Limited and the Belcourt Saxon Coal Limited Partnership.

Initial exploration on Denison's Saxon property was carried out late in 1971 and targeted coal seams contained within the Lower Cretaceous Gates Formation (see Section 6). Early work involved regional mapping and drilling at locations many kilometres apart, in order to test for the presence of coal in prospective strata and to ascertain seam thickness and coal quality data. This work focussed on the trend of Saxon East, both north and south of the Narraway River. The potential offered by Saxon South was first recognised in 1975, when detailed geological mapping of this area was initiated.

Exploration programs conducted on the primary deposit areas consisted of detailed geological mapping, road construction, hand and mechanized trenching, diamond and rotary drilling, geophysical logging, coal core sampling and testing, adit excavation, bulk sampling and washability testing. Aerial photography was carried out and topographic maps were prepared at various scales for general and detailed coverage. Ground control survey stations were established throughout the property. All drillholes, adit portals, trenches and many points along exposed coal seams were surveyed and topographic maps up-dated to incorporate these data. Reclamation was carried out on areas of surface disturbance.

The exploration activities conducted by Denison on the Saxon South property are summarized in Table 12-1.

The adits were driven on the three main coal seams; Seams 1, 2, and 4. The Free Swelling Indices (FSI's) of the coal seams were monitored as the adits were being driven, in order to determine the extent of oxidation. The bulk samples were obtained once FSI values of 6 or greater had been established over a designated distance. Adit 76-2-3 failed to locate un-oxidized coal and was not bulk sampled.

The drillholes were logged using slim-line borehole geophysical tools. In most instances, a suite consisting of density, gamma ray, neutron, calliper were obtained. Several holes exhibited poor wall conditions. For these holes, logging was carried out through the drill rods; this limited the types of geophysical logs that could be obtained. In later years, focussed electric (resistivity) and, in 1978, sonic logs were also obtained. Borehole orientations were measured by use of a Sperry Sun photographic system, recorded at intervals along the length of each drillhole.

Table 12-1 Summary of Exploration Activities – Saxon South Property

Year	DH's	Depth (m)	Hole Type (Size)	Geophys Logs	Trenches	Bulk Samples	Assess. Report
1975	-	-	-	-	mapping	-	626
1976	14	3,251	D(HQ)	d,g,n,c,r	60 (h)	3A(185m)	627
1977	15	3,192	D(HQ)	d,g,n,c,r	-	3A(205m)	628
2005	18	2,498	D (HQ) RC	d,g,n,c,r		4 D(232.21m)	
Total	**47**	**6,443**	**D(HQ)**	**d,g,n,c,r**	**60 (h)**	**6A(390m)**	

Note: D – Diamond Drill Hole, (HQ) – Core Size, Trench: (m) mechanized, (h) hand, A – Adit (metres driven), D-6" bulk sample holes, d,g,n,c,r. – density, gamma ray, neutron, caliper, resistivity geophysical logs.

13.0 Drilling

In 1976 through 1977, Denison Mines Limited drilled 29 diamond drillholes on the Saxon South property, totalling 6,443m. In 2005 the Belcourt Saxon Coal Limited Partnership drilled a further 18 holes on the property totalling 2,498m.

Table 13-1 summarizes the drilling on the property between 1976 and 2005.

Table 13-1 Summary of Saxon South Drilling

Company	Year	Rotary	(m)	Core	(m)	6" Core	(m)
Denison Mines Ltd	1976	0	0	14	3,251		
Denison Mines Ltd	1977	0	0	15	3,192		
BSCLP	2005	2	494	9	1,584	4	232.21
Grand Total		**2**	**494**		**8,027**		

A detailed summary of Coal Intercepts for the Saxon South 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 drill core, 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, Analyses 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).

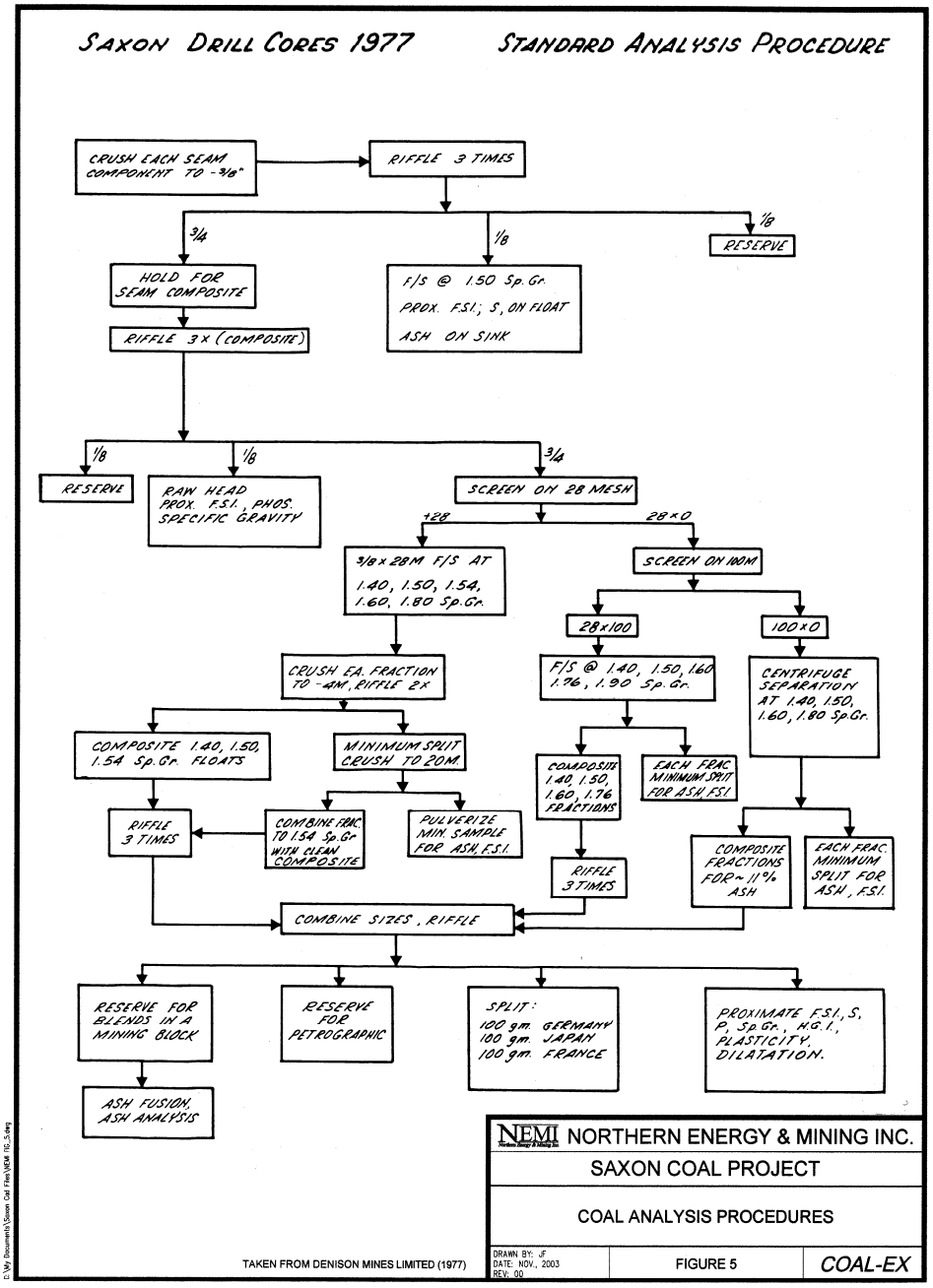


Figure 15-1 Coal Analysis Procedures

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 Saxon South was undertaken based on historic core hole information collected by Denison Mines Limited (Denison) during three exploration campaigns conducted on the property in 1976, 1977 and 1978. Addition coring and analysis was completed by the Belcourt Saxon Coal Limited Partnership (BSCLP) in 2005 and represents the most current work on the property.

The coal bearing strata underlying the Saxon South 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 10. Of these, Seam 1, Seam 2, and Seam 4 are the most prominent in terms of thickness and lateral continuity.

Denison completed 29 diamond drill HQ holes on the property (6,234m), 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 Narraway River to the Alberta border.

The BSCLP 2005 coring program provided infill drilling between the Denison locations. In total, 9 diamond drill HQ holes were completed (1,584m) and five rotary drillholes (682m). Four large diameter (152mm) rotary coreholes were also completed to provide bulk sample volumes for washability testing purposes.

Continuous core samples were extracted for each Seam/ Coal zone to characterize insitu 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 Saxon South Block is as follows:

Table 18-1 Number of Seam Cores

Drill Program	Seam 1	Seam 2	Seam 3	Seam 4	Seam 5	Seam 10
Denison 1976	6	7	4	8	2	2
Denison 1977	9	11	9	11	3	2
Denison Adits	1	2	2	3		
BSCLP 2005 HQ	2	2	2	1	1	
BSCLP 2005 Bulk	1	1		1		

While the actual number of full seam/zone cores is insufficient to generate meaningful statistics for production planning, they are adequate for a general characterization of the indicative expected quality from the property.

18.1 In Situ Coal Quality

The assessment of in situ coal quality is based on the data available from the Denison 1976/77 Drilling Programs and the 2005 Joint Venture Program. The integrity of the Quality data depends on the actual core recovery achieved in the field, sampling and sample identification and subsequent laboratory procedures Denison states that core recovery was generally good and only samples greater than 70% recovery were sent for analysis.

The BSCLP 2005 program shows core recoveries ranging from 85% to 94% which are considered acceptable as representative of the individual coal zones.

The Denison core samples were processed at Cyclone Engineering Labs in Edmonton and Warnock-Hersey Professional services in Calgary. The larger adit samples were processed by Birtley Engineering and Testing Limited in their Calgary pilot wash plant.

The BSCLP 2005 program HQ core and large diameter 152mm bulk sample cores were processed at Birtley Coal and Minerals Testing in Calgary.

In all cases, the individual inter-seam ply samples were crushed to minus 3/8 inch and Proximate Analysis (Moisture, Ash, Volatile Matter, and Fixed Carbon), Sulphur and FSI were performed on each sample. The raw coal sub seam plies were then composited into representative full seam samples for float sink testing.

Each mining horizon can include multiple inseam thin partings composed of carbonaceous shale, siltstone and sandstone. Typically these rock bands are included in the composite seam sample where there thickness is 0.30m or less.

It was not possible to reconstruct the historic raw coal analysis for the Dennison drillhole data. The analysis presented in the following Table 18-2 was created from the BSCLP 2005 data.

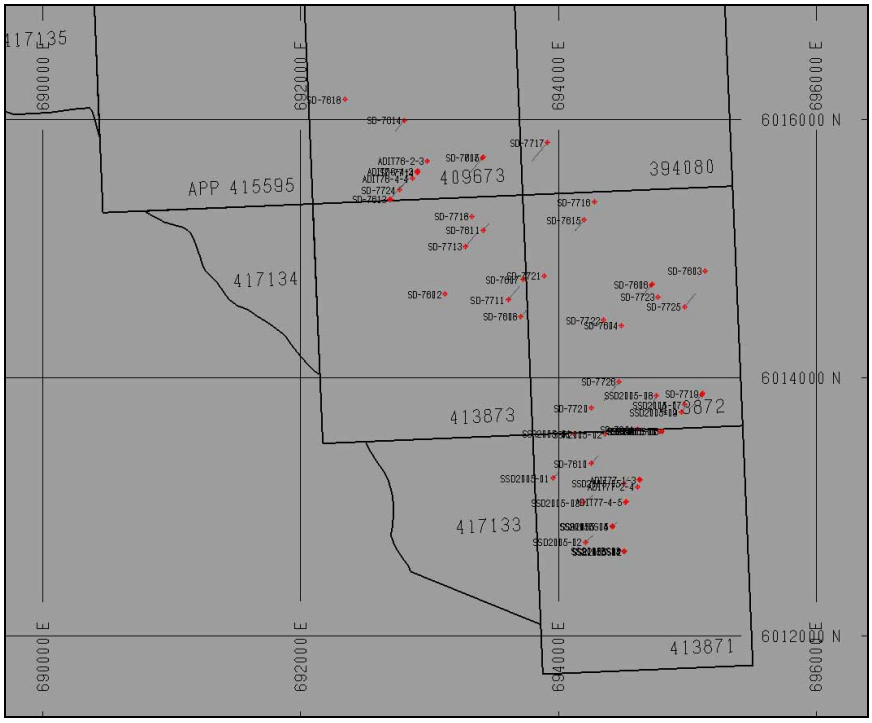


Figure 19-1 Drillhole Locations with Property Outline

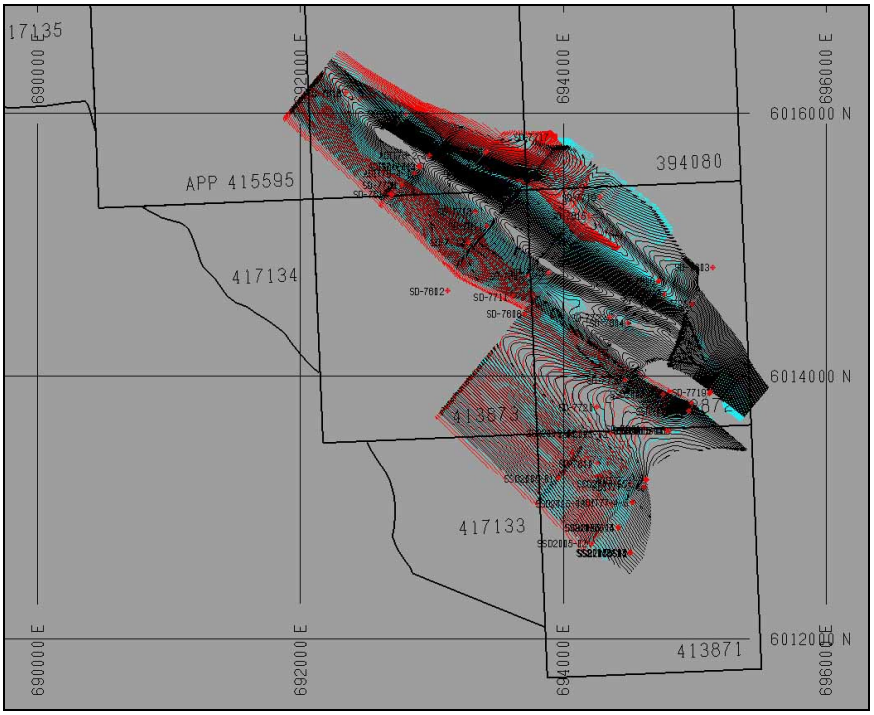


Figure 19-2 Showing the Coal Seam Distribution and Property Outline

In Figure 19-2 above, the black outline is Seam 1, blue is Seam 4, and red is Seam 10.

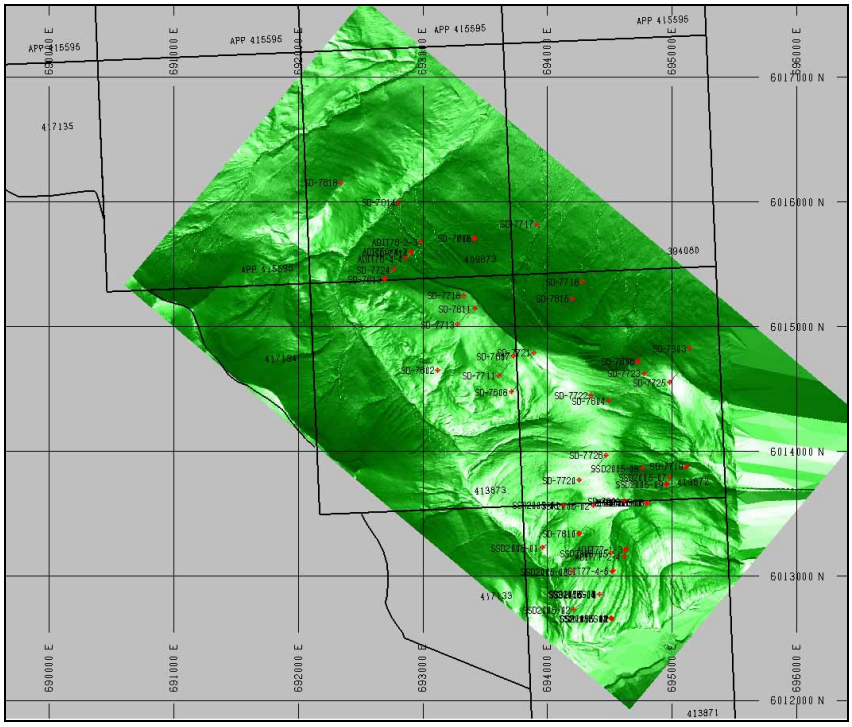


Figure 19-3 Showing the Topography and Property Outline

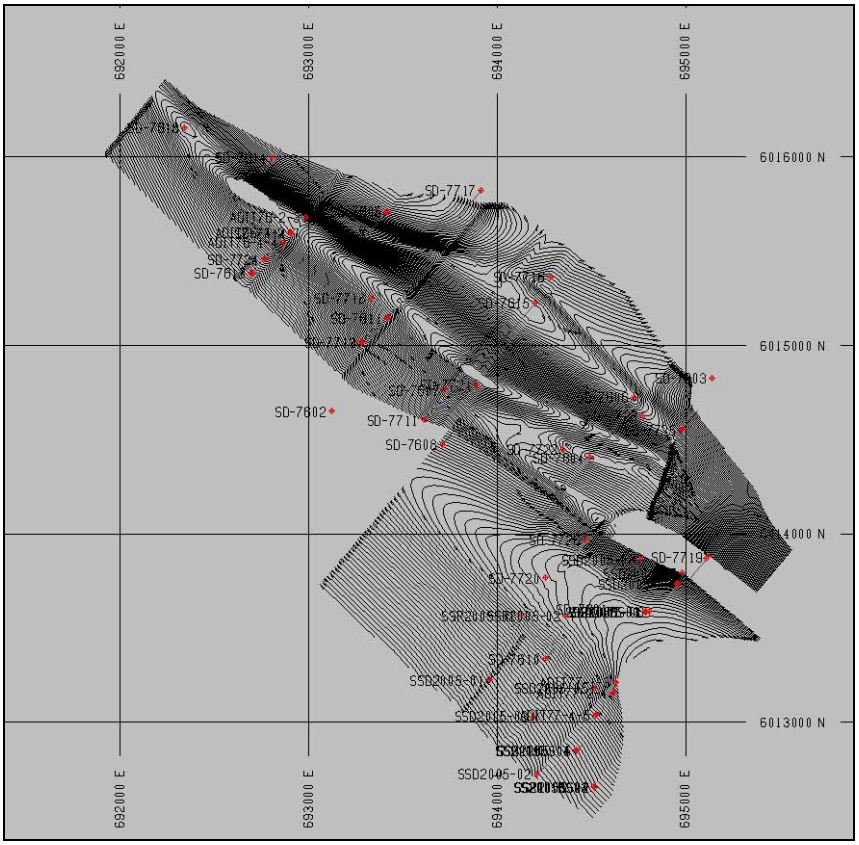


Figure 19-4 Structure Contours, FW Seam 1

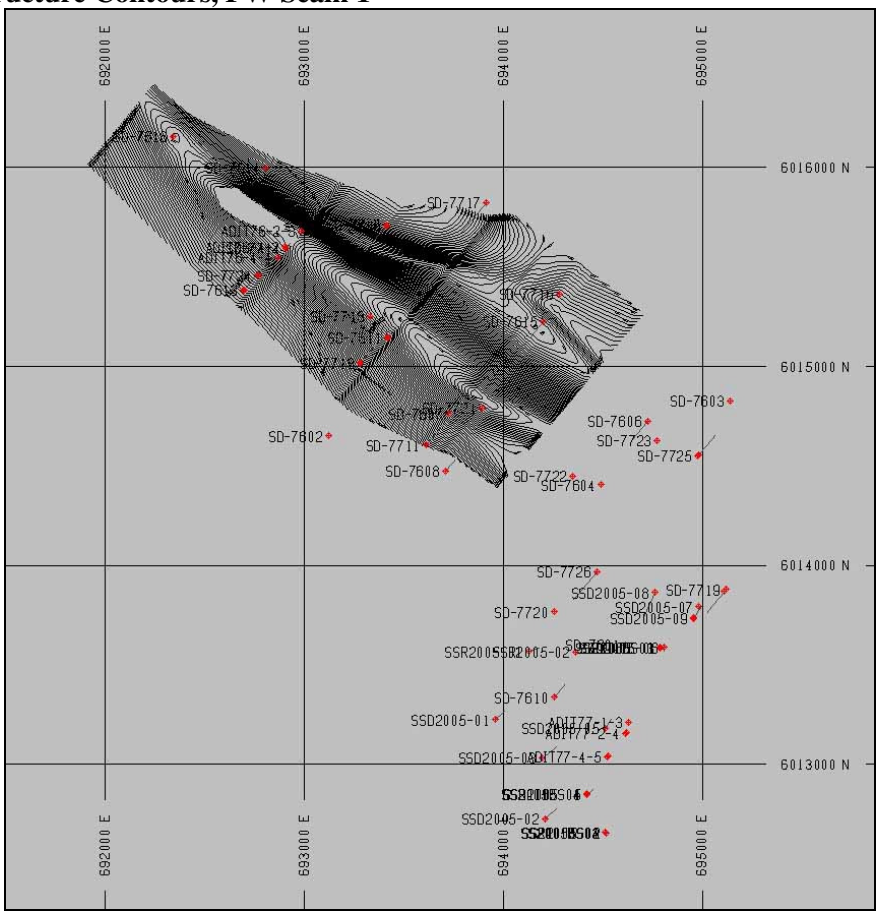


Figure 19-5 Structure Contours, FW Seam 2

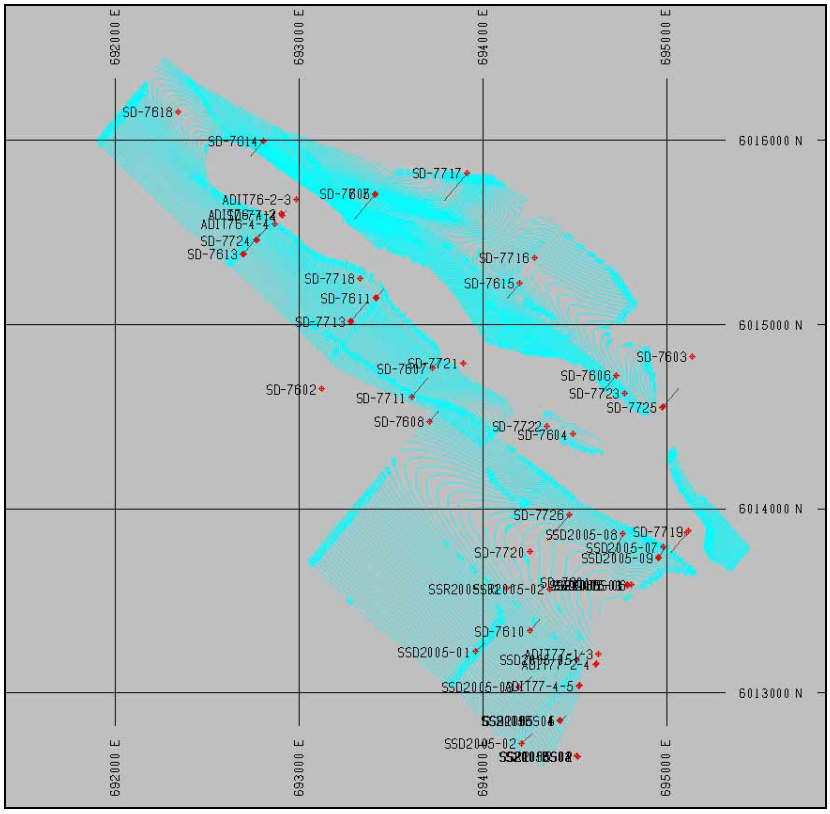


Figure 19-6 Structure Contours, FW Seam 4

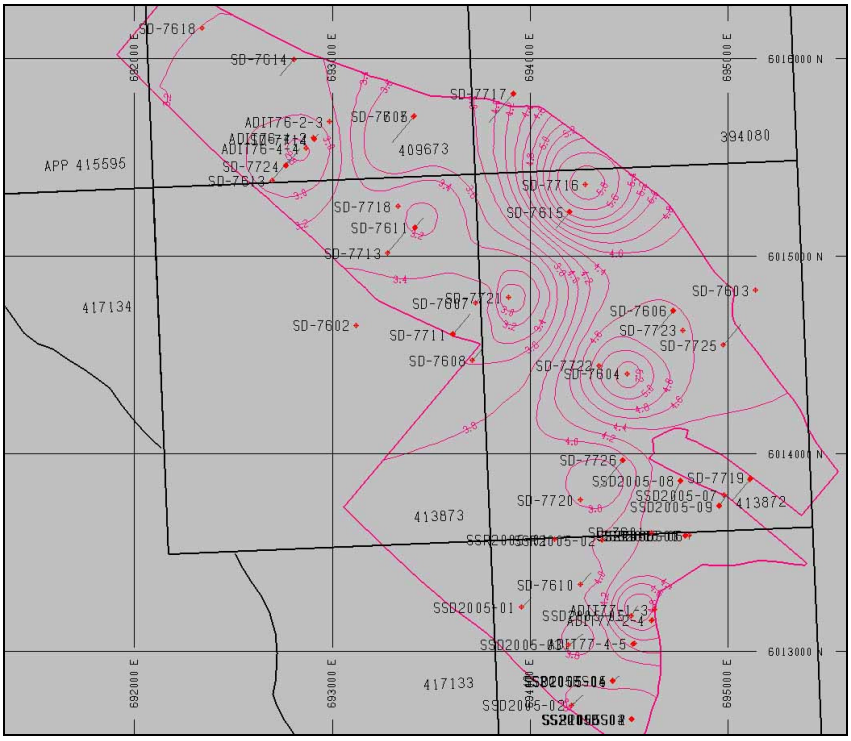


Figure 19-7 True Thickness Isopach, Seam 1

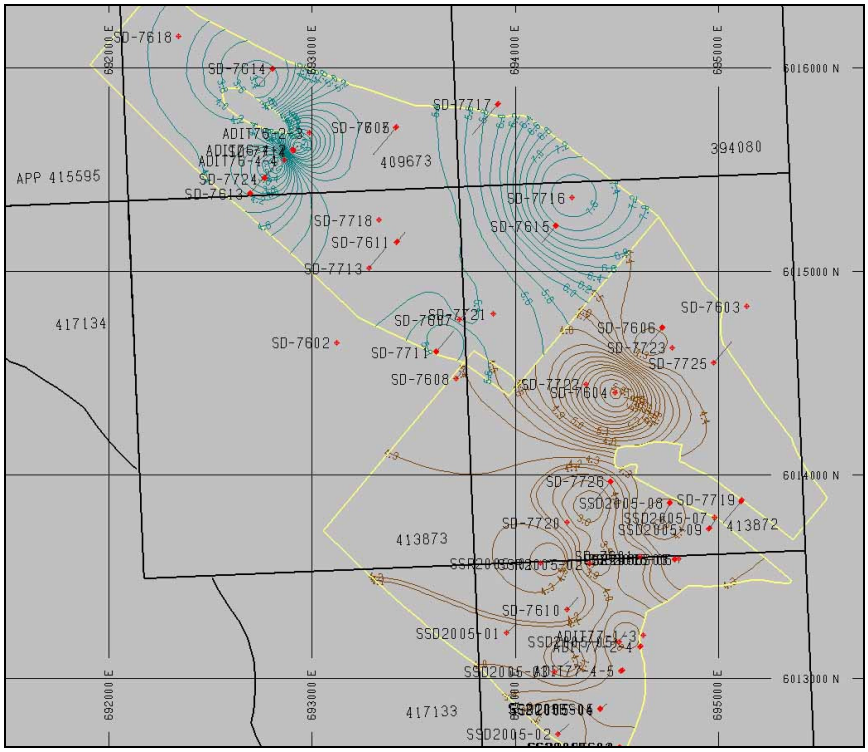


Figure 19-8 True Thickness Isopach, Seam 2

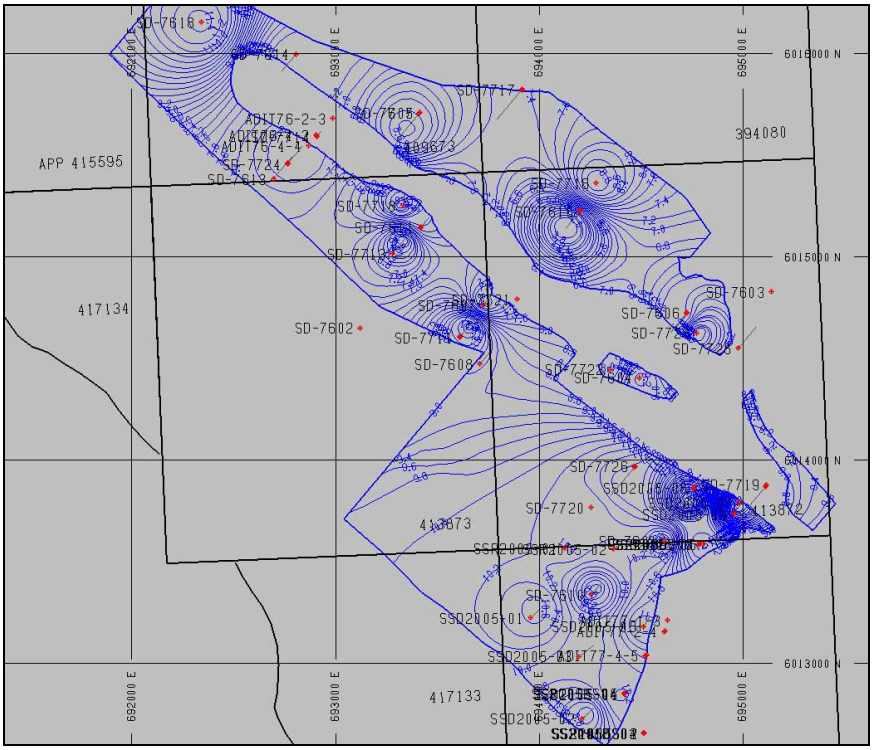


Figure 19-9 True Thickness Isopach, Seam 4

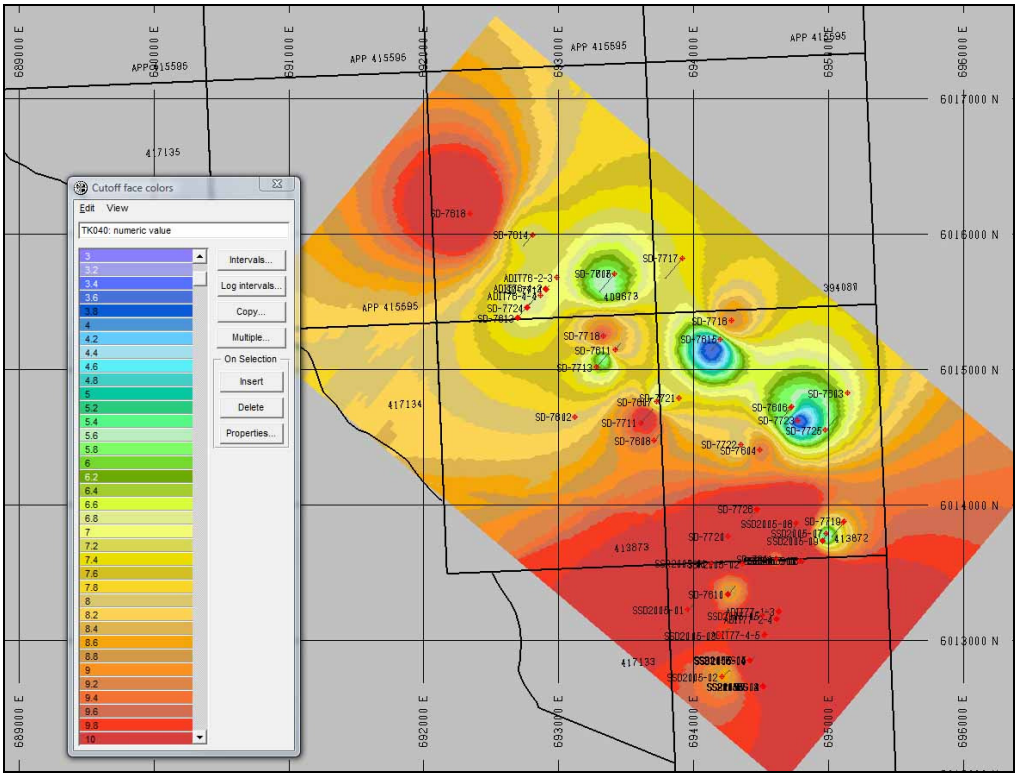


Figure 19-10 True Thickness, Seam 4

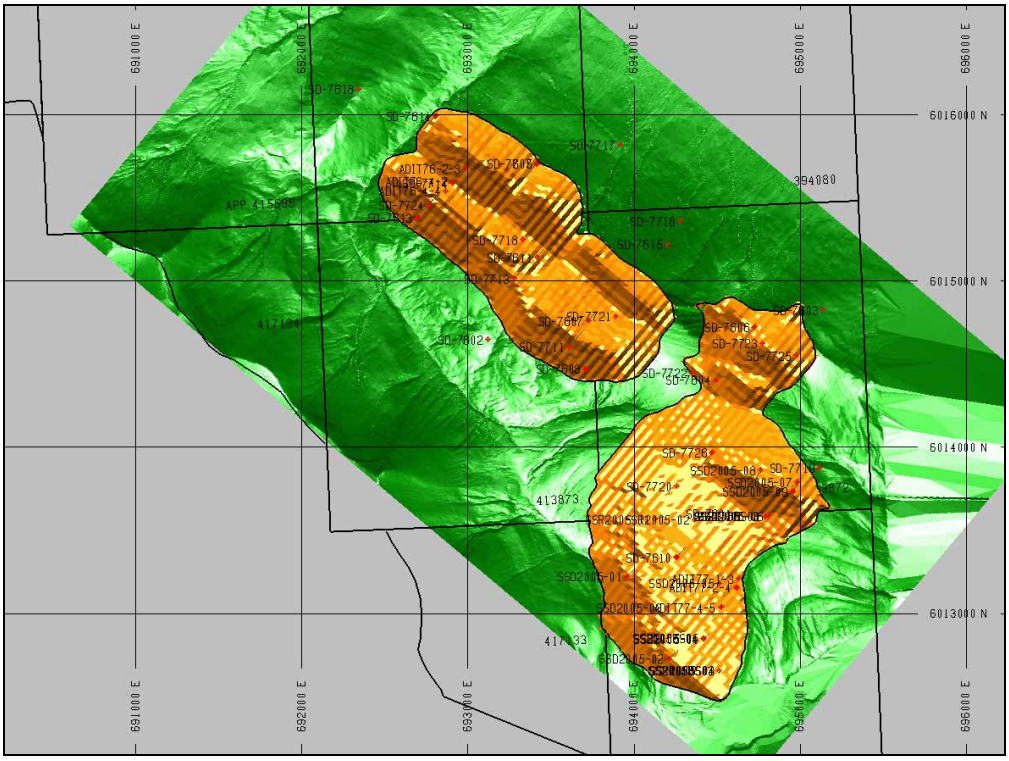


Figure 19-11 20:1 Strip Ratio Pit

The cross-sections 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).

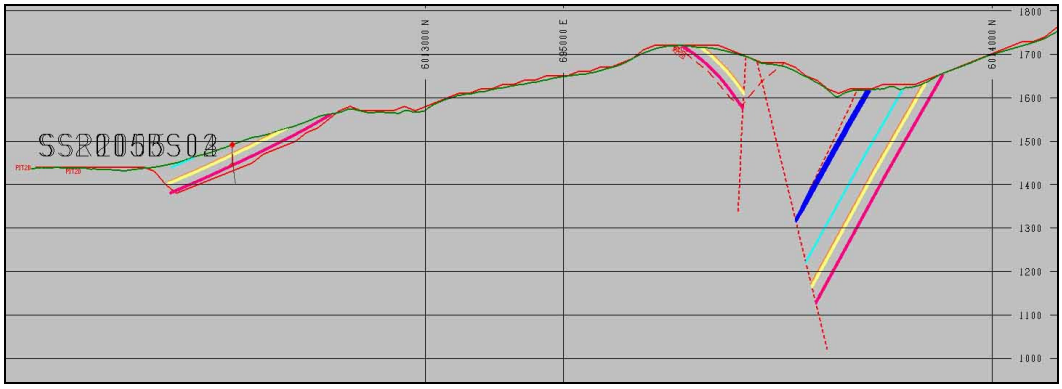


Figure 19-16 Cross-section, Row 24

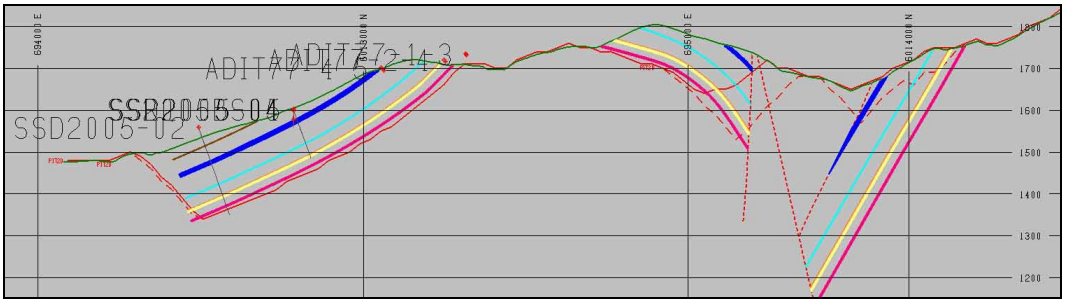


Figure 19-17 Cross-section, Row 33

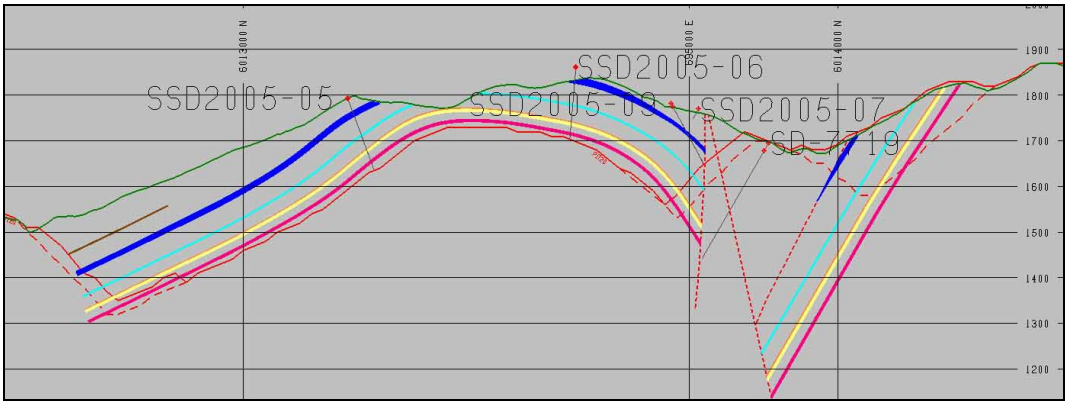


Figure 19-18 Cross-section, Row 37

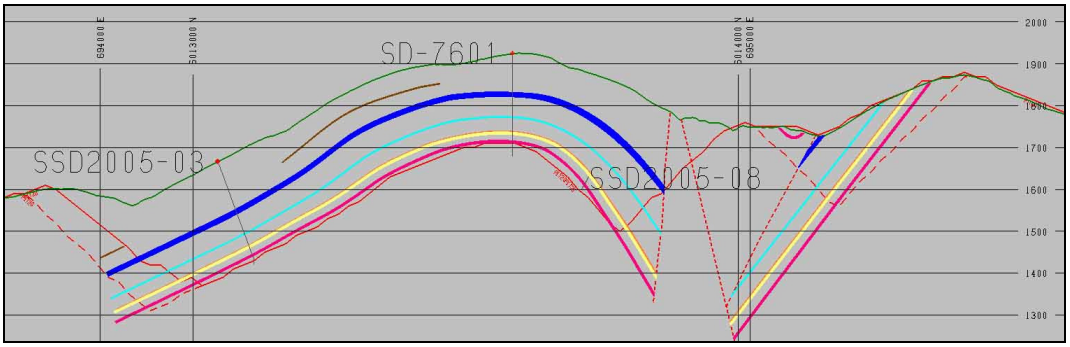


Figure 19-19 Cross-section, Row 44

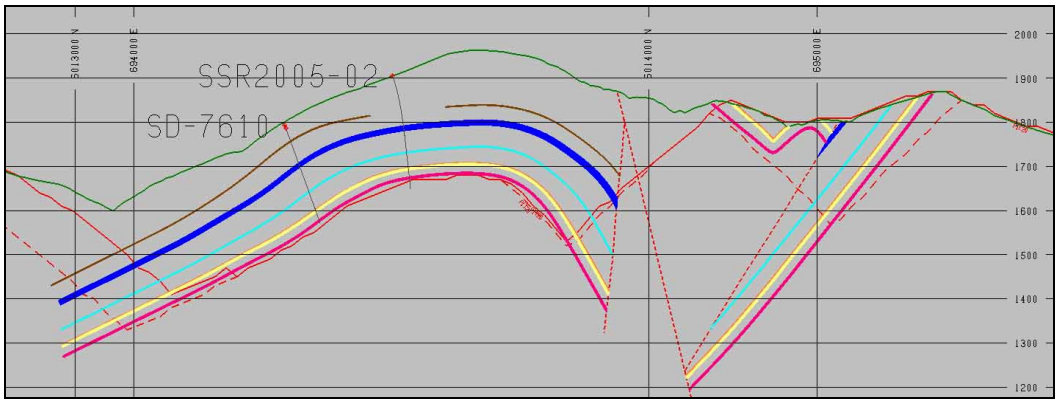


Figure 19-20 Cross-section, Row 51

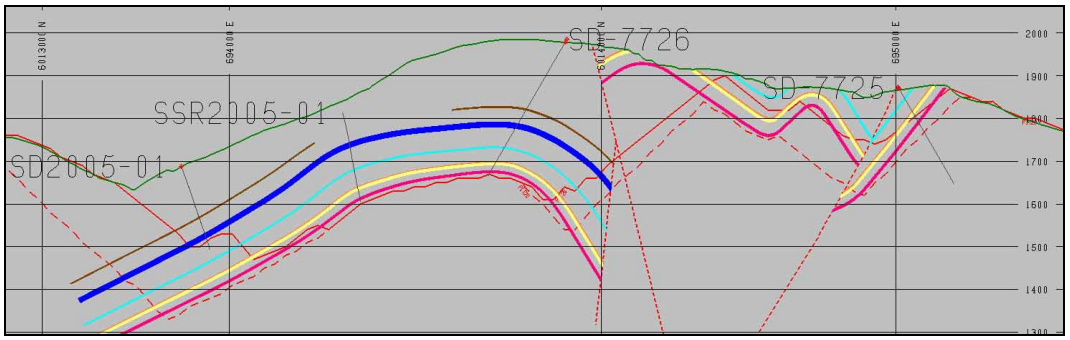


Figure 19-21 Cross-section, Row 57

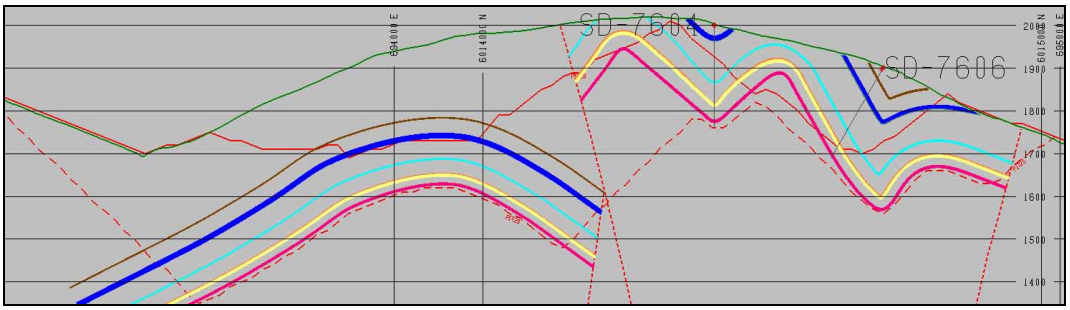


Figure 19-22 Cross-section, Row 70

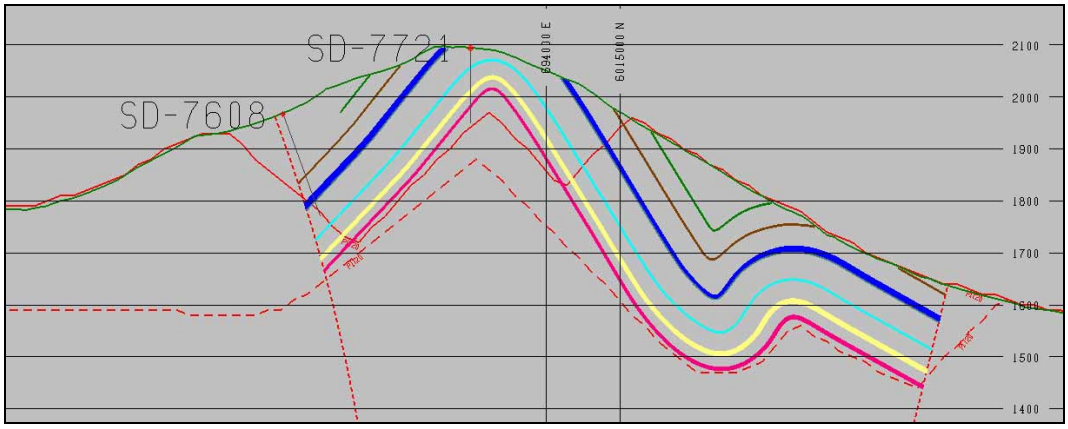


Figure 19-23 Cross-section, Row 97

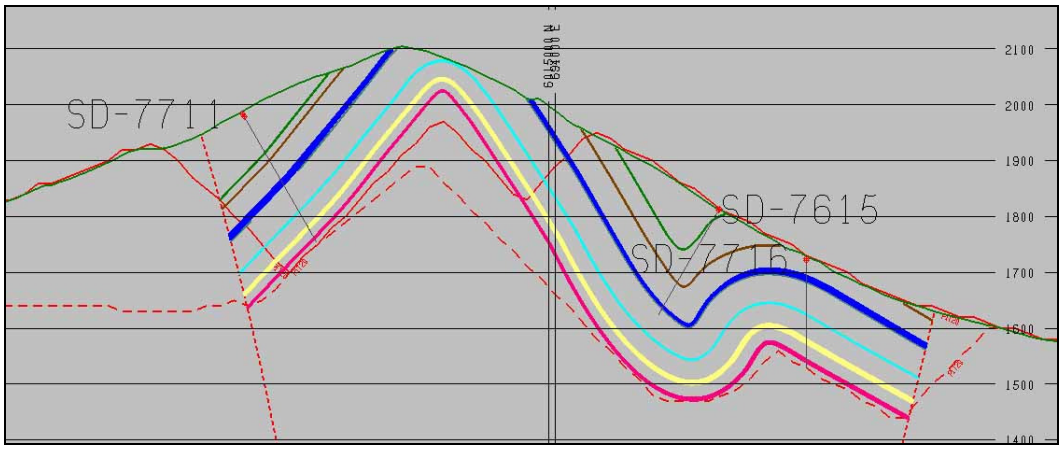


Figure 19-24 Cross-section, Row 100

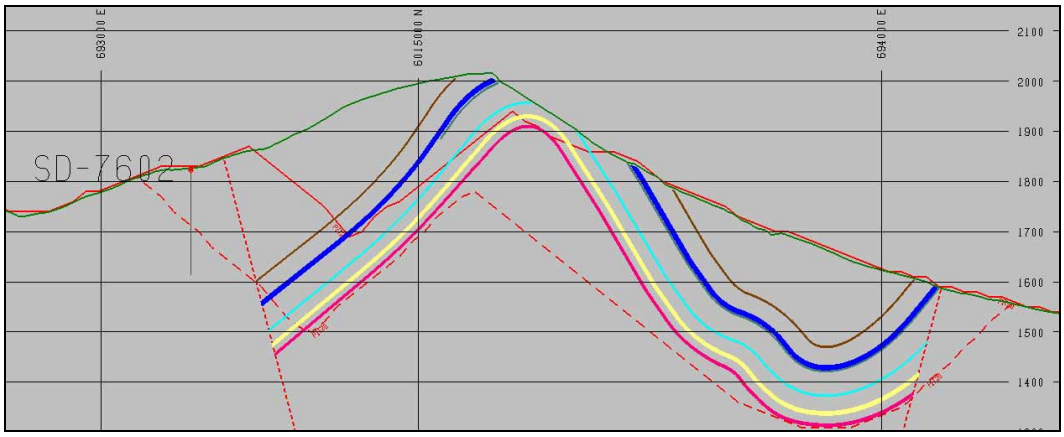


Figure 19-25 Cross-section, Row 118

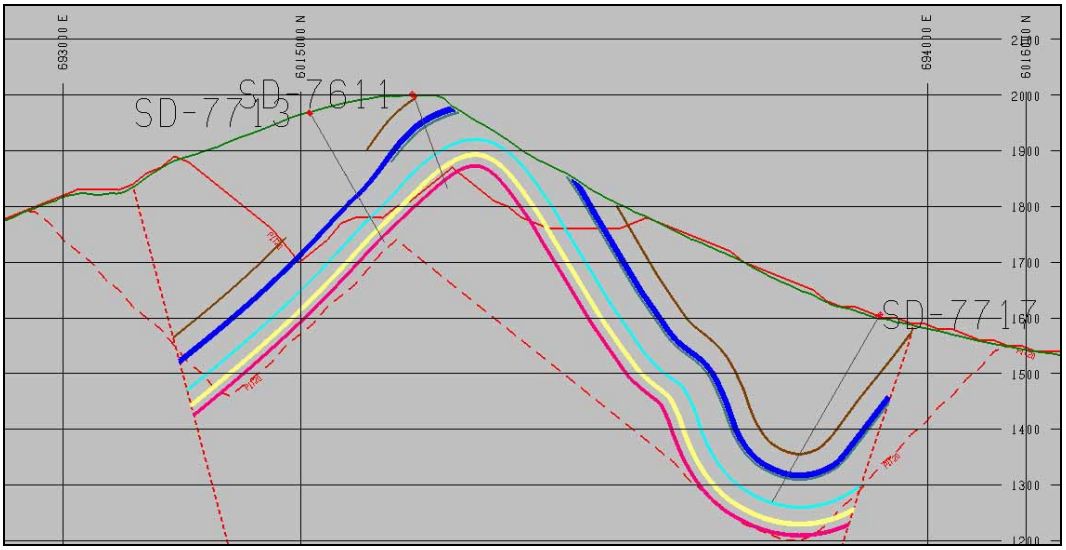


Figure 19-26 Cross-section, Row 122

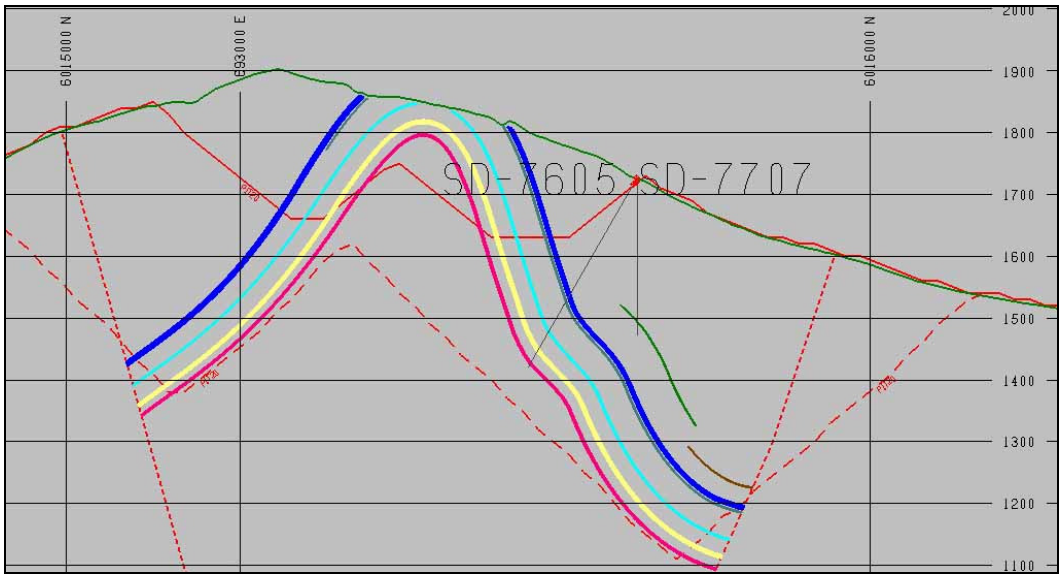


Figure 19-27 Cross-section, Row 136

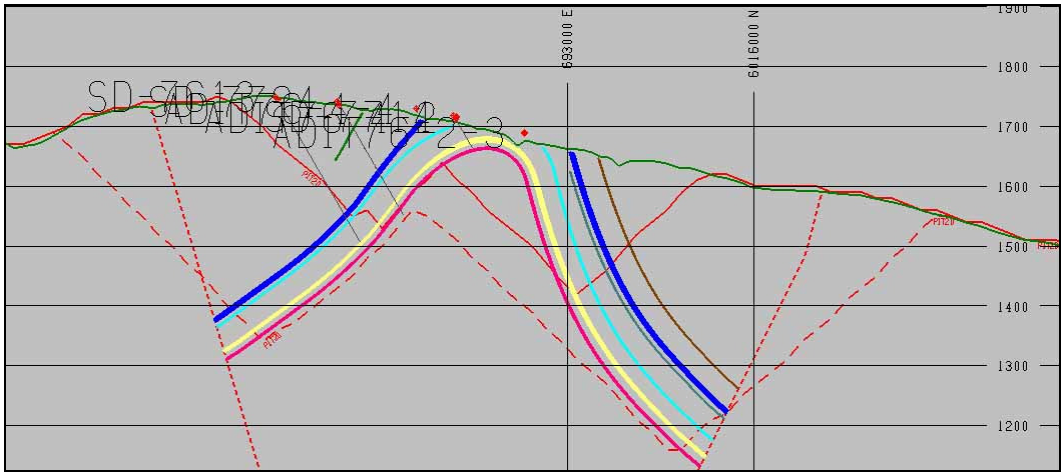


Figure 19-28 Cross-section, Row 150

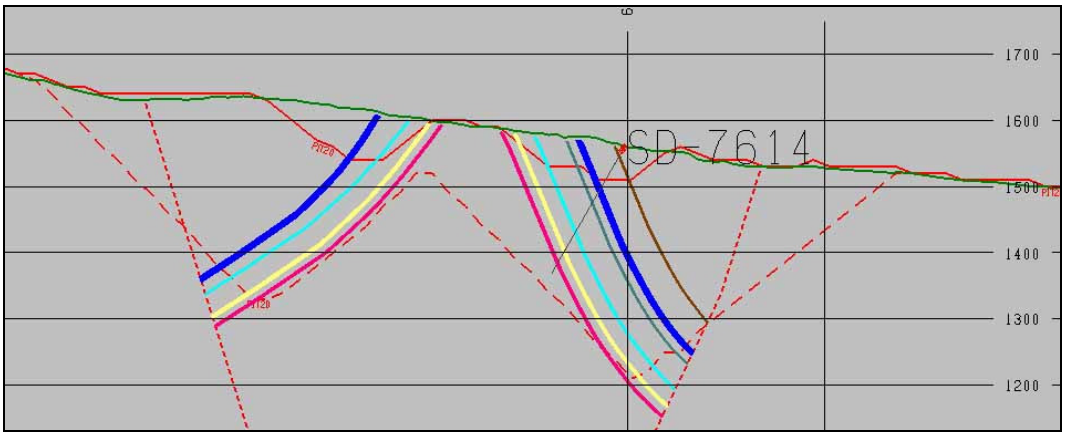


Figure 19-29 Cross-section, Row 162

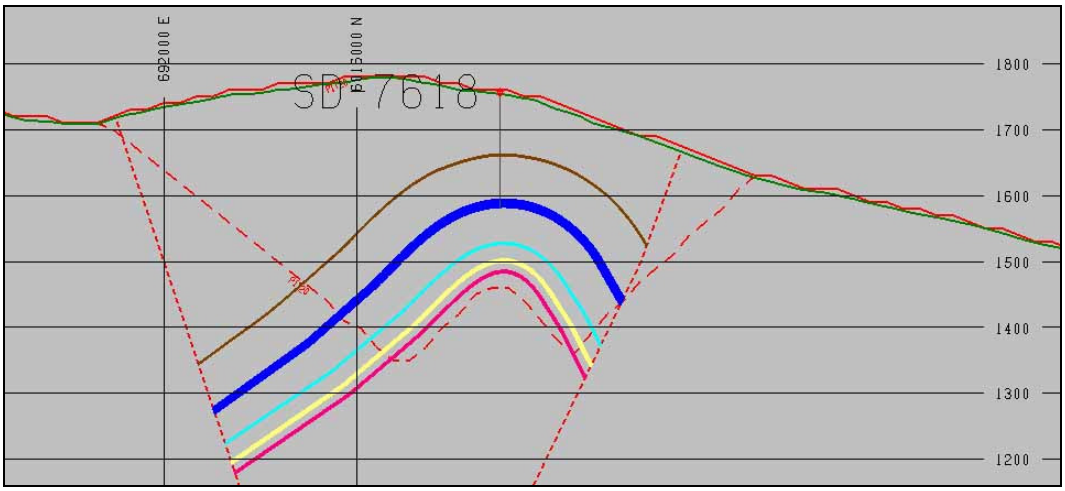


Figure 19-30 Cross-section, Row 181

20.0 Other Relevant Data and Information

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

21.0 Interpretations and Conclusions

The Saxon South property is remote with poor to no access at this time. Other than access roads and trails, there are no infrastructure elements within or around the project area that can be used in mine development.

The large amount of data available for the two main deposit areas supports a reasonable level of confidence in the geological interpretation, the resource estimates and in the reported coal quality.

Drilling, trenching and detailed mapping has outlined areas in each licence block where coal resources have surface mining potential.

The Saxon South Property hosts a total of 7.8Mt measured and indicated, and 46.25Mt inferred at a strip ratio of 9.38:1. The coal is of medium volatile bituminous rank. Note that Western is the owner of ½ of the resource.

It is concluded that the Saxon South Project is one of merit and that further work is justified.

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. Seven holes are proposed with Phase 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 for the northern part of the property.

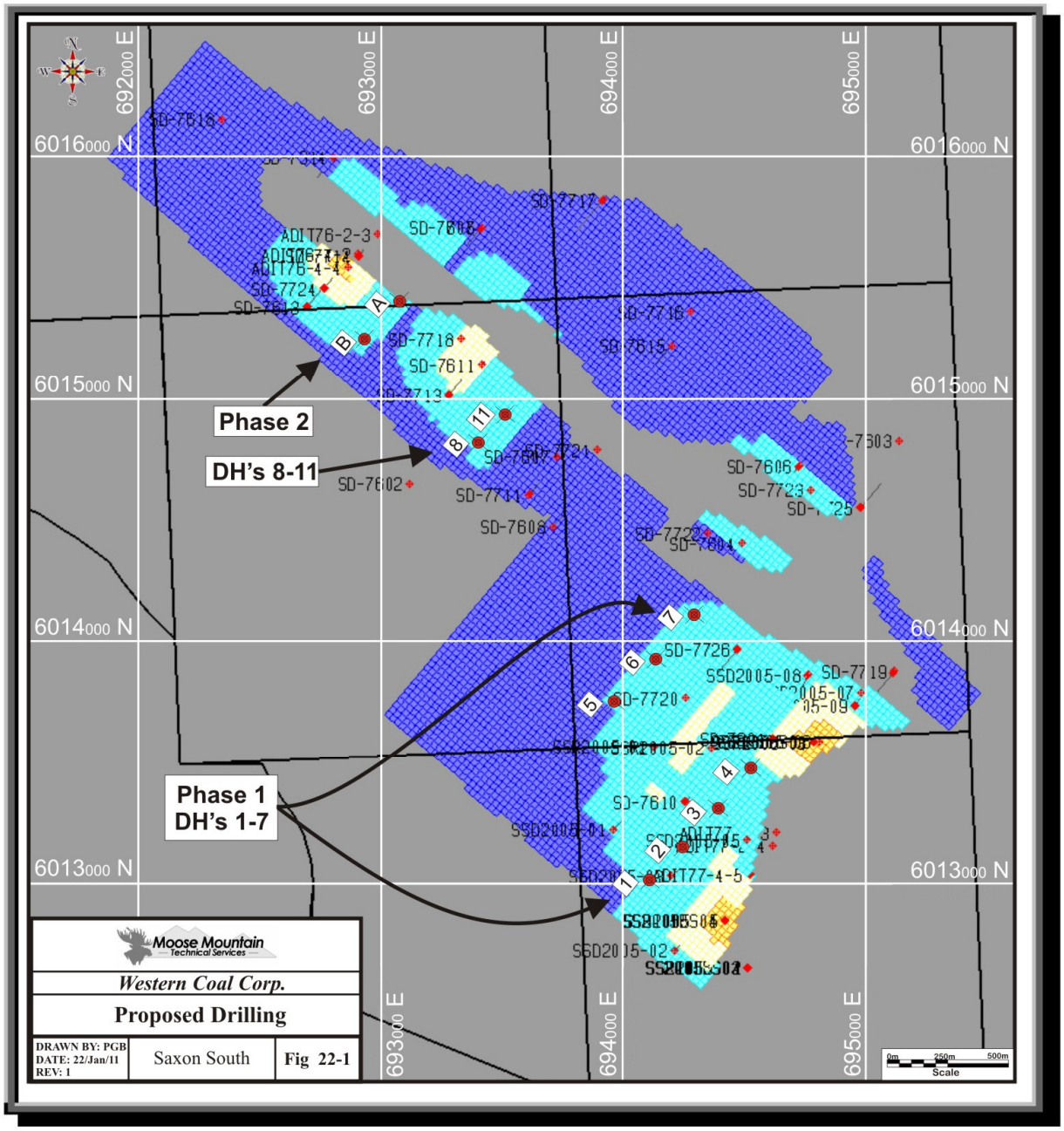


Figure 22-1 Proposed Drilling

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.

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 Saxon South 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 Colombia 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 18 "Mineral Processing and Metallurgical Testing" of the Technical Report titled "Resource Estimate for the Saxon South 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., 6243 Kubinec Road, 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 37 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, Kazakhstan, 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 the entire Technical Report titled "Resource Estimate for the Saxon South Coal Project" dated 15 February 2011, except Item 18.
7. I visited the 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 for each section are included within that section.

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

HOLE#	EAST	NORTH	ELEV.	From	To	SEAM	TTHK
SD-7707	693304	6015576	1427	351.92	348.20	10	3.72
	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

HOLE#	EAST	NORTH	ELEV.	From	To	SEAM	TTHK
SSD2005-01	693998	6013263	1528	186.13	175.44	40	10.69
	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