# Technical Summary Report and Resource Estimate on the Basin Coal Project

**Location:** Similkameen Mining Division
Coalmont, British Columbia,
Canada
**Map Sheet: NTS 092H**

**Prepared for:** Compliance Energy Corporation
550-800 West Pender Street
Vancouver, BC V6C 2V6

and

Jameson Resources Ltd.
Level 2, 79 Hay Street,
Subiaco, WA 6008

**Prepared by:** Ron Parent, P. Geo.
President and Chief Geologist
ResourceEye Services Inc.
Mission, BC V2V 1G7

RESOURCEEYE SERVICES INC.
*Helping You Keep An Eye On Your Resources*

**Date:** September 4, 2009

# Table of Contents

## List of Tables

## List of Photos



## List of Figures

## List of Appendices

# 1 Summary

ResourceEye was retained to prepare an updated NI 43-101 compliant resource estimate and a NI 43-101 technical summary report on the Basin Coal Project, in British Columbia, Canada. This report is prepared for both Compliance Energy Corporation and Jameson Resources Ltd.

The report is entitled "*Technical Summary Report and Resource Estimate on the Basin Coal Project*" and is prepared in compliance with National Instrument 43-101 and Form 43-101F1.

The Basin Coal Project property consists of seven coal licenses and one coal lease covering 2,172 ha. In addition, the Property consists of two mineral claims which overlap a portion of the coal licenses. The property is located in south western British Columbia, 11 km from Coalmont, accessed by gravel road. Driving time to the property from Vancouver is approximately 3.5 hours.

The current owner of record of the coal licenses, the coal lease, and the mineral claims is Pacific West Coal Ltd. (PWC) (100%) These coal licences etc. are held in a holding company, Pacific West Coal (Holdings) Ltd., which is a holding company between CEC and PWC. Compliance Energy Corporation holds an exclusive Mining Agreement (CECMA) with PWC to develop the Basin Thermal Coal Mine Property. Jameson Resources Limited (JAL) has entered into an option agreement with CEC to acquire 100% of the development rights, title, and interests in the Basin Property.

Compliance Coal Corporation, which operates the mine for CEC, has been mining at the Basin Coal Mine since 2001, under Permit C-217, issued by the Ministry of Energy and Mines. The permit currently allows for the extraction of 250,000 tonnes of coal per year.

The Basin Coal Mine is currently under care and maintenance, with mining operations ceasing in 2007 after the government of British Columbia announced plans to discontinue all applications for coal fired electrical plants in the province.

Coal occurrences have been documented and mined in the Tulameen Coal Basin since the early 1900's. It is reported that in excess of 2,460,000 tonnes of coal have been extracted from the Basin area since the early 1900's. Historical resource estimates were prepared for a section of the property where the coal quality and quantity were well defined by closely spaced drilling. Of all the historical resource estimates reviewed for this property, only McKnight's (2002) was prepared in accordance for NI 43-101. All the historical estimates covered roughly the same area.

> ***The reader is cautioned that while the historical work appears to be of good quality, and the author has exercised reasonable diligence in attempting to check and confirm the information reported upon in historical reports, they were not prepared in compliance with NI 43-101 and therefore are not to be relied upon, but can only be accepted as useful information for establishing a background for this study***

The primary commodity that is the objective of this resource estimate is ***high volatile bituminous coal***. Commonly this is referred to as Thermal Coal.

Within the coal member on site there are two significant seams: the Main and the Lower. Additionally, numerous bentonite horizons are observed, primarily within the coal measures. The Main coal seam is exposed in the open pit at the Basin Coal Mine. The Main coal seam varies in thickness from 9-23.5 metres, averaging 17.7 metres. The Lower coal seam, located approximately 22 metres below the Main coal seam, ranges in thickness from 4.6-11.6 metres, and averages 7.4 metres in thickness.

Although the Lower Seam has not been the subject of mining or bulk sampling, it is recommended that it be re-evaluated, in light of current market conditions and its significant thickness and proximity to the Main Seam, which enhances the potential economics of recovery.

Based on the GSC System outlined in Paper 88-21, the Basin deposit geology-type is considered to be moderate to complex. That is, it exhibits characteristics of both geology types, but not all of any one type. As a result, the criteria utilized for the determination of assurance of existence (that is, distance to the nearest data point) was modified such that it represents a compromise between the two that accounts for the uniqueness in the geological setting of the deposit.

Ron Parent, P.Geo, of ResourceEye Services Inc. visited the Basin Coal Mine Project site on June 19-20, 2009, in order to conduct a small exploration program, and an overall site visit relating to the preparation of this report.

The exploration program included trench mapping, the confirmation of historical drillhole collar locations, and observations regarding regional geological and logistical parameters as they relate to exploring less developed areas of the property. Additionally, GPS surveying of geological features and potential access routes for future drilling were mapped. A total of five trenches were mapped during this program. The main purpose of the excavation program was to determine the continuity of the bentonite horizons exposed in the pit floor, with an eye to evaluating the extent to which the bentonite seams could be incorporated into the geological modeling.

The results of the field work and observations, data from 25 historical drillholes, and other available information were incorporated into a geological model using Minesight® 3D computer software. Using the geological model, a NI 43-101 compliant mineral resource estimate was prepared for the surface coal resources present on the Basin property. Detailed mapping and computerized modelling has established the areas underlain by coal and their projection underground and at surface.

This report presents a resource estimate for the portion of the Tulameen Basin that exists on PWC coal tenure. This resource estimate, which was prepared in accordance with NI 43-101, considers a larger area of surface resources than previously presented in historical resources, including the addition of a second seam, not previously considered in any resource estimates.

The work has resulted in the calculation of ***in place coal resources, contained in the Main and Lower coal seams, totalling 87,015,000 tonnes Measured/Indicated, and 36,685,000 tonnes Inferred.*** The ***surface coal resources*** were determined to be in the category of **"resources of immediate interest"**, and have been classified as ***measured, indicated*** and ***inferred***, with quantities provided for each category.

The author considers the Basin Coal Project to be a property of merit, and recommends further work be conducted. The Basin hosts a significant quantity of thermal coal resources. Further work will assist to define the Main seam coal structure in the northern portion of the property and to gather coal quality data on both the Main and Lower seams. This would include an expanded scope of study to ensure the Lower Seam resource is properly considered as a recoverable asset.

A two phase program is recommended. The Phase 1 program includes a preliminary engineering study, and a field exploration program of trenching and drilling. The recommended Phase 2 program, which is contingent upon the results of the Phase 1 work, is a detailed feasibility study.

The total cost estimate for the Phase 1 program is approximately $500,000.00. The cost of the Phase 2 program is estimated to be between $250,000 and $500,000.

# 2 Introduction and Terms of Reference

Ron Parent, P.Geo. of ResourceEye Services Inc., Mission, BC was retained by Jameson Resources Ltd. (JAL – ASX), an Australian listed Junior Mining Company based in Subiaco, Western Australia.

Compliance Energy Corporation (CEC) currently holds an exclusive mining agreement to develop the Basin Thermal Coal Mine Property. Jameson Resources Limited (JAL) has entered into an option agreement to acquire 100% of the development rights, title, and interests in the Basin Property under an option agreement from CEC. (Jameson: Feb 2009) Further details are provided in *Section 4.2 – Property Ownership and Rights*.

ResourceEye was retained to prepare an updated NI 43-101 compliant resource estimate and a NI 43-101 technical summary report on the Basin Coal Mine Project, in British Columbia, Canada. This report is prepared for both Compliance Energy Corporation and Jameson Resources Ltd.

The report is entitled *Technical Summary Report and Resource Estimate on the Basin Coal Project* and is prepared in compliance with National Instrument 43-101 and Form 43-101F1. This report has several purposes:

- summarize the information available on the Basin Property;
- derive conclusions about the exploration potential of the property; and,
- prepare and present the results of a NI 43-101 compliant resource estimate.

Ron Parent, P. Geo. has visited the site on three occasions, two of which were completed in the course of preparation for the resource estimate. The main purpose of these visits was to make geological observations in the existing open pit, and to examine the property for access and exploration potential.

This report is based upon the review of BC Government assessment reports, company data files, personal communications, and other unpublished reports prepared during JAL's due diligence activities prior to entering into the agreement with CEC for transfer of ownership of the property. ***These sources are not considered to be compliant with NI 43-101, and are to be relied upon for background information only.*** For this reason, this report extensively references McKnight, June 20, 2002 which was submitted to SEDAR. The McKnight (2002) report ***is considered to be prepared in compliance with NI 43-101.***

Information relevant to the project is compiled, summarized and referenced within the various sections of this report. For further details on the sources of information used in this report, refer to *Section 20 –References*.

# 3 Disclaimer / Reliance on Other Experts

When appropriate, the author has relied upon information previously reported upon in historical reports, including text excerpts and reproduction of figure information to illustrate discussions in the text. Several sets of data have been compiled about the Basin Property, beginning in 1974.

The author was able to verify a substantial proportion of the pertinent geological information contained in historical reports and has used this information to prepare the resource estimate.

Sources available to the author were compiled, summarized and referenced within the applicable sections of this report. The reader should refer to original sources for additional information.

> ***The reader is cautioned that while the historical work appears to be of good quality, and the author has exercised reasonable diligence in attempting to check and confirm the information reported upon in historical reports, they were not prepared in compliance with NI 43-101 and therefore are not to be relied upon, but can only be accepted as useful information for establishing a background for this study***

In addition to the use of reports and background information from sources which are not compliant with NI 43-101, this report extensively references McKnight, June 20, 2002 which was submitted to SEDAR. The McKnight (2002) report ***is considered to be prepared in compliance with NI 43-101.***

For further information regarding the reliance on historical data and reports prepared by other parties, refer to *Section 13 – Data Verification*. For further details on the source of information used in this report, refer to *Section 20 – References*.

# 4 Property Description, Location and Ownership

## 4.1 Property Description and Location

The Basin Coal Project property consists of 2,172 hectares located in southwestern British Columbia, The site is 11 km from Coalmont, accessed by gravel road.

> *"The Coalmont village is approximately 20 kilometres northwest of the town of Princeton via a good paved road. Travel time to the property from Vancouver by road is approximately 3.5 hours.*
>
> *Latitude and longitude of the coal licences are generally 49° 30' north and 120° 45' west, respectively, corresponding to NTS sheets 92-H-7 and 92-H-10." (McKnight, 2002)*

*Figure 1: Project Location* shows the regional location of the Basin Property. The Property is in the Similkameen Mining Division of British Columbia, Canada. The Property covers most of the Tulameen Coal Basin.

The Property currently consists of a contiguous grouping of seven coal licenses and one coal lease covering 2,172 ha. In addition, the Property consists of two mineral claims which overlap a portion of the coal licenses. *Figure 2 – Surface and subsurface rights* shows the coal licenses, coal lease, and mineral claims. See *Tables 1-3: Coal leases and mineral claims*, respectively. Data in Tables 1-3 is taken from the BC Mineral Titles Online Database (2009).

The coal licenses and leases ensure rights to the coal within the project area. The mineral claims assure rights to the mine products which are secondary to the coal. This is of interest at the Basin Property, as it would allow for the potential economic extraction of bentonite as a by-product of coal mining.

The coal licenses and lease are in good standing until May 2010, and the mineral claims are valid until August 2010.

**Table 1: Coal licenses on the Basin Property**

| Tenure Number | Owner | Map Number | Issue Date | Good To Date | Status | Area (ha) |
|---|---|---|---|---|---|---|
| 355394 | PACIFIC WEST COAL LTD. (100%) | 092H057 | 1997/may/01 | 2010/may/01 | GOOD | 261 |
| 355395 | PACIFIC WEST COAL LTD. (100%) | 092H057 | 1997/may/01 | 2010/may/01 | GOOD | 259 |
| 355396 | PACIFIC WEST COAL LTD. (100%) | 092H057 | 1997/may/01 | 2010/may/01 | GOOD | 259 |
| 355397 | PACIFIC WEST COAL LTD. (100%) | 092H047 | 1997/may/01 | 2010/may/01 | GOOD | 259 |
| 355398 | PACIFIC WEST COAL LTD. (100%) | 092H047 | 1997/may/01 | 2010/may/01 | GOOD | 259 |
| 355399 | PACIFIC WEST COAL LTD. (100%) | 092H047 | 1997/may/01 | 2010/may/01 | GOOD | 260 |
| 361234 | PACIFIC WEST COAL LTD. (100%) | 092H057 | 1998/jan/23 | 2010/may/01 | GOOD | 226 |
| | | | | | **Total** | **1783** |

**Table 2: Coal leases on the Basin Property**

| Tenure Number | Owner | Map Number | Issue Date | Good To Date | Status | Area (ha) |
|---|---|---|---|---|---|---|
| 399463 | PACIFIC WEST COAL LTD. (100%) | 092H047 | 2003/may/02 | 2010/may/01 | GOOD | 389 |
| | | | | | **Total** | **389** |

*399463 coal lease was previously coal licenses CL 355392 and CL 355393
(McKnight: 2002, BC Mineral Titles Online Database: 2009).

**Table 3: Mineral claims on the Basin Property**

| Tenure Number | Owner | Map Number | Issue Date | Good To Date | Status | Area (ha) |
|---|---|---|---|---|---|---|
| 515916 | PACIFIC WEST COAL LTD. (100%) | 092H | 2005/jul/04 | 2010/aug/08 | GOOD | 378 |
| 515918 | PACIFIC WEST COAL LTD. (100%) | 092H | 2005/jul/04 | 2010/aug/08 | GOOD | 462 |
| | | | | | **Total** | **839** |

*these Mineral Claims were previously the Roy 1-25 Claims
(McKnight: 2002, BC Mineral Titles Online Database: 2009).

Although McKnight, 2002 cites nine coal licenses and 25 mineral claims in the land holding, since the release of his report, tenure changes have taken place. (McKnight, 2002) Coal ***Licences*** CL 355392 and CL 355393 were replaced by Coal ***Lease*** 399463. In addition, the ROY 1 to ROY 25 mineral claims (25 claims totalling 625 ha) were replaced by the Mineral Claims 515916 and 515918 (2 claims totalling 839 ha). (BC Mineral Titles Online Database: 2009)

*Figure 3 – Historical Mineral Claims and Coal Licenses* shows the relative location of the Roy 1-25 mineral claims compared to the new mineral claim tenure numbers 515916 and 515918.

Mineral claim 515916 overlaps the majority of Coal Lease 399463 and a small portion of Coal License 355394. Mineral Claim 515918 overlaps a small portion of Coal Lease 399463 and a portion of Coal Licence 355397. See *Figure 2 – Surface and subsurface rights*. The remainder of the mineral claim land holdings overlap coal licenses held by other owners.

> *"There is evidence that some or all of the licences/leases were surveyed many years ago. This evidence includes old survey records dating from the early 1900's and hand drawn maps." (McKnight: 2002)*

Eric Beresford, P.Eng: (personal communication: 2009) clarified that the coal licenses are all on surveyed District Lots from the early 1900's and the Licenses correspond with the old Lot numbers. It is reported that some of the original survey corner pins were located by a BC Land Surveyor for Rackwood in 1998.

Since 2002, for purposes relating to coal extraction and mine planning, detailed site surveying of excavations and some flagging of property lines has been carried out under the direction of the mine operators. This includes a site survey that started the first day of the author's site visit and continued for several days. One of the purposes of the surveying was to provide an accurate topographic surface for the completion of the resource calculation. The related program is discussed further in *Section 9 – Exploration*. Further details regarding surveying data are in *Section 13 – Data Verification*.

## 4.2 Property Ownership and Rights

The current owner of record of the coal licenses, the coal lease, and the mineral claims is Pacific West Coal Ltd. (PWC) (100%) These coal licences etc. are held in a holding company, Pacific West Coal (Holdings) Ltd., which is a holding company between CEC and PWC.

Pacific West Coal Ltd. received a Mines Permit in 2000. Since then, PWC has entered into various agreements regarding the ongoing development of the property. The resulting agreements result in the involvement of Compliance Energy Corporation, which in turn results in the involvement of Jameson Resources Ltd. The permits and agreements are discussed below.

**2000**

A mine permit (Permit no. C-217) was issued to Pacific West Coal (UK) Ltd. on August 25th, 2000. This permit covered work located at the Tulameen Coal Mine. (Ministry of Energy and Mines: 2000) The Tulameen Coal Mine is now known as the Basin Coal Mine. (Ministry of Energy and Mines: 2002)

The details of the permit are documented in the 12 page document "Permit Approving Work System and Reclamation Program (Issued pursuant to Section 10 of the Mines Act R.S.B.C. 1996, c.293). See *Appendix 1 – Mine Permit C-217*.

The resulting Basin Coal Mine open pit (at 2009) is shown on *Figure 2 – Surface and subsurface rights*.

**2001**

An amendment to Permit C-217 was issued. The amendment provided for a change of ownership of the permit C-217 from Pacific West Coal (UK) Ltd. to Compliance Coal Corporation. See *Appendix 2 – Mine Permit C-217 Amendment – owner change*.

**2002**

Compliance Energy Corporation (CEC) obtained (and currently still holds) a Mining Agreement (CECMA) dated August 30, 2002 between Pacific West Coal (PWC) and CEC for the Basin Coal Mine Project ("Project"). At the time of the agreement, it was described as 9 coal licences (CL355392-CL355399 and CL361234) and 25 mineral claims (#358075-358088, and #371995-372005, known as the Roy 1-25 claims. The Roy claims have since been converted to two claims; #515916 and #515918. The licences and claims provided for:

I. The grant for PWC / CEC to mine the Basin Mine Property for a period of 25 years using CEC as operator. *(note: 18 years left at time of this report)*
II. A royalty payment to PWC from production equal to $1.50 per tonne of any coal products sold and a minimum royalty of $15,000 per quarter *(as at July 01, 2008, royalty was at $1.58 per tonne)*.
III. Establishment of a reclamation trust account equal to $0.50 per tonne of coal products sold for reclamation work, the trustees of which will be PWC, the Company, and CEC under a reclamation trust agreement
IV. Any assignment of a party's interest under the mining Agreement is subject to the prior written consent of the other.

**2004-2005**

Compliance Coal was issued License no. 340059 from the Ministry of Sustainable Resource Management on February 11, 2004, and a modification to the license on November 1, 2004. This license applies to the occupation of a portion of land adjacent to the coal lease. The license allows for the operation of surface facilities including a plant site to support mining operations.

Compliance Coal was issued another Modification Agreement on May 4th, 2005 by the Ministry of Sustainable Resource Management. This allowed for an expansion of the tenure footprint to 29.3 ha from 28.5 ha "more or less". (Ministry of Sustainable Resource Management: 2005) In CCC's Annual Reclamation Reports location map, the License of Occupation area is shown as 33 ha. (CCC: 2007, p.36). Although the numbers are not consistent, the exact extents are not deemed to be consequential. The approximate area of the License of Occupation is shown on *Figure 2 – Surface and subsurface rights*.

**2008**

NWPC Pty Ltd (NWPC) entered into a binding Memorandum of Understanding (MOU) on 31st July 2008 with CEC to acquire 100% of the CECMA over the Basin Coal Mine project ("Project").

In August 2008, CEC signed a memorandum of understanding (MOU) for the sale of the Basin Coal Mine to NWPC. The details of this MOU were specified in a CEC media release on 7 August 2008, reproduced below.

> *"MOU signed for the sale of the Basin Coal Mine*
>
> *Vancouver, BC., August 7, 2008 – Compliance Energy Corporation (the "Company") announces that it has recently signed a binding memorandum of understanding ("MOU") for the sale of 100% of the Company's interest in the Basin Coal Mine located near Princeton, BC for consideration of cash and shares totaling $8 million.*
>
> *Under the terms of the MOU, NWPC Pty Ltd. ("NWPC"), a private Australian company, has agreed to purchase the Company's interest in the mining agreement under which the Company has the right to mine coal at the Basin Coal Mine as well as all remaining assets of the Mine including the 400,000 tonne per year wash plant for $4 million in cash and $4 million in shares of a public Australian Company. On signing the MOU NWPC made a nonrefundable payment of $75,000 which entitles them to an exclusive period of six weeks to conduct due diligence. NWPC may extend this due diligence period for a further six weeks by making an additional nonrefundable payment of $75,000. Once the due diligence period is completed, NWPC are required to make a purchase price installment of $125,000 ("Purchase Installment"). This Purchase Installment is nonrefundable if the transaction contemplated by this MOU does not close by October 31, 2008. The closing of the transaction contemplated by this MOU may be extended to December 31, 2008 by NWPC making an additional delay payment of $200,000. On closing, NWPC will pay the balance of the $4 million purchase price less the Purchase Installment if applicable and the $4 million in shares of a public Australian Company. The shares of the public Australian Company, which may be subject to escrow, will be issued equally on the following milestone dates: 25% upon closing, 25% upon completion of a feasibility study; 25% upon commencement of production; and 25% upon production of 500,000 tonnes of saleable coal from the Basin Coal Mine."*

Jameson Resources Limited ("Jameson" or "The Company") entered into an option agreement on 15th December 2008 (under slightly amended terms from the original MOU) to acquire 100% of the CECMA over the Project through the acquisition of NWPC. Through its acquisition of NWPC, Jameson has assumed the right to acquire 100% of the Basin Coal Mine project from CEC as follows:

a. An option payment to acquire 100% of the Basin Coal Mine Project of C$150,000 in cash paid to CEC on 15th December 2008.
b. An option payment of C$1,000,000 in cash and 7,407,408 shares paid to CEC on 6th February 2009.
c. C$3,100,000 cash consideration and 7,407,408 shares to be issued upon the earlier of completion of a positive bankable feasibility study on the Basin Coal Mine project or 31 May 2010.
d. 7,407,408 shares to be issued upon the earlier of commencement of coal production or 31 May 2012.

In the event the bankable feasibility study is not completed by 31 May 2010 or the study indicates the Basin Coal Mine project is not economic, Jameson may withdraw from the agreement without paying the consideration noted in item c) in which case the Basin Coal Mine project will revert back to the ownership of CEC. Jameson will also be relinquished from its obligations to pay the outstanding consideration NWPC Pty Ltd. (John Holmes pers comm: 2009, CEC: 2008b)

**2009**

On February 12, 2009 Jameson issued a press release related to the ownership and rights to the Property.

> *"The Board of Jameson Resources Limited ("Jameson" or the "Company") is pleased to announce that it has completed its due diligence in relation to an option to acquire 100% of the development rights to the Basin Thermal Coal Mine ("Basin" or the "Project") in British Columbia, Canada, from Compliance Energy Corporation (CEC). CEC holds an exclusive mining agreement to develop the Project.*
>
> *Jameson has also executed a formal Share Sale Agreement to acquire 100% of the share capital of NWPC Pty. Ltd. (NWPC) and issued 5 million fully paid ordinary shares and 15 million performance shares to the shareholders of NWPC."*

The author has verified the ownership of the coal licenses and mineral claims to the extent possible with available resources. Information regarding property ownership and rights was compiled from government databases, reputable available reports and press releases, and representatives of the applicable companies.

> ***The reader is cautioned that while the data regarding ownership appears to be of good quality, and the author has exercised reasonable diligence in attempting to confirm the information, the information appears in reports which were not all prepared in compliance with NI 43-101. As such, the author finds the information to be generally reliable, however, disclaims responsibility for the accuracy of the information.***

Additional development on the property would be covered under a Notice of Work application to the BC Ministry of Energy and Mines, and existing and subsequent mine permits and amendments.

### Other Land Rights

Operators of the Basin Mine participate in other minor agreements relating to shared land use. These include a Licence to Cut, Road Use Agreement, and cooperation with holders of other rights, such as First Nations, logging (cutting) permit, grazing license, registered trapline and guide outfitter. Hunters and recreationists are also known to use the area including the Blakeburn Road and The Collins Gulch Recreation Trail. (Harrison: 2001a: 17-18, 35, Appendix).

Further to the terms of Permit C-217, special provisions are made for the protection wherever possible, of the archaeological feature known as the Hudson's Bay Company Brigade Trail, circa 1849. The HBC Brigade Trail includes a portion local to the Tulameen District known as Blackeye's Trail. See *Appendix 1 – Mine Permit C-217*. This trail is present in the southernmost portion of the land package. See *Figure 2 – Surface and subsurface rights.*

# 5 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The sections below are quoted directly from McKnight, 2002 and CCC Reclamation Report, March 2009)

## 5.1 Accessibility

*"Access to the property is via 10 kilometers of good gravel road from the village of Coalmont is located east of the property on the Tulameen River. Of this 10 kilometre section, 6 kilometres is Gazetted Class IV road maintained by the B.C. Ministry of Highways and transportation. The remainder is on a B.C. Forest Service access road. Coalmont is serviced by an all weather hard surface road from the town of Princeton, approximately 18 kilometers to the southeast." (McKnight, 2002)*

*"Access to the coal mine is via the Blakeburn Forest Service Road. The right of way along the road was partially logged in 2006 to kilometer 4 under a previously approved License to Cut. More work on the road right of way may be applied for in the future either by Tolko or by the mine. Collins Gulch Forest service road has been diverted around the active mine area. The upper part of the former Collins Gulch Forest service road will be included in the approved Mine Waste Dump area." (CCC Reclamation Report, March 2009)*

## 5.2 Climate

*"The climate in the area of the Basin Property is moderate. Winters are cold, although not extreme, with snowfalls common and heavy at times, while summers are warm and dry. The nearest weather station is at Princeton some 660 meters lower in elevation." (McKnight, 2002)*

*"Average temperature and precipitation data for the years 1988 – 1997 has been acquired from the Environment Canada weather station at the Princeton Airport. This weather station is approximately 25 km east of the proposed minesite and is approximately 600 meters lower in elevation. The actual precipitation and temperature data for the proposed mine site may vary slightly from these figures due to elevation changes and distance from the weather station. Average daily mean temperatures ranged from a high of 17.7o C in July to a low of –7.2o C for January. Monthly precipitation ranges from a low of 17.0 mm in March and April to a high of 47.2 mm in December." (CCC Reclamation Report, March 2009)*

## 5.3 Local Resources and Infrastructure

*"There are few services available at the village of Coalmont or nearby Tulameen village. The town of Princeton has all of the services that would be required of a mining operation, a paved runway suitable for light aircraft. Until a few years ago, Princeton supported the large open pit copper mine located south of the town on the Similkameen River.*

*Coalmont and Princeton are directly accessible by good hard surface roads from Vancouver in the west, Penticton in the east and Merritt and Kamloops to the north. The nearest daily air service from Vancouver is at Penticton, located approximately 108 road kilometers east of Princeton. The nearest rail access is at Hope (CN and CP), at Oroville in Washington State (Burlington/Sante Fe) and Huntington (near Abbotsford) east of Vancouver in the Fraser Valley.*

*The nearest barge terminal is at Mission on the Fraser River east of Vancouver, B.C." (McKnight, 2002)*

## 5.4 Physiography

*"The property is located in the Southern Plateau at an elevation of approximately 1,200 to 1,400 meters. The area is a rolling upland that has been deeply incised by tributaries of the Tulameen River, namely Granite, Marion and Blakeburn Creeks, and Collins and Fraser Gulches. The Tulameen River empties into the Similkameen River at Princeton and ultimately into the Columbia River in Washington State. The area is heavily forested with mixed conifers, including spruce, pine and some Douglas fir. There is active logging in the area. The area of probable mining activity has recently been logged by the timber licence owner. No permanent flowing creeks appear to cross CL 355293 and 355393, in the areas of most likely mining activity." (McKnight, 2002)*

### 5.4.1 Lakes and Streams

*"There are no major watercourses or springs identified within the mine development area. Blakeburn Creek is located approximately 1 km south of the development. An unnamed tributary of Blakeburn Creek flows approximately 100 meters south of the mine development area into Blakeburn Creek. Blakeburn Creek then flows into Granite Creek. Granite Creek essentially parallels the Blakeburn Forest Service Road and eventually flows into the Tulameen River. The headwaters of Collins Gulch are located approximately 400 meters north of the mine development area. It is anticipated that the upper reaches of this creek are ephemeral for all but the peak flow periods in the spring. Collins Gulch Creek also flow into the Tulameen River. There are no major fish-bearing streams or fish habitats identified in the vicinity of the mine site. There are no lakes in the vicinity of the mine development." (CCC: 2009)*

### 5.4.2 Surface Water

*"A seepage area through the north-central portion of the mine site was identified by Tolko Industries Ltd., in Silviculture Prescriptions for the site. This seepage flows in a northwest to southeast direction. A small tributary of Blakeburn Creek is located approximately 100 meters south of the development and the headwaters of Collins Gulch is located approximately 400 meters east of the developed area. It is anticipated that the upper reaches of this creek are ephemeral for all but the peak flow periods in the spring." (CCC: 2009)*

### 5.4.3 Drainage

*"The area surrounding the development provides a well-drained environment. Slopes east of the outcrop are gentle for a distance of nearly two kilometers. During mine operations, the drainage and surface water management program includes collector ditches, culverts, and settling ponds as required. Drainage from the Blakeburn Forest Service Road has not been a problem since this is a long established road system. Any upgrading of this road due to mining activities will be properly designed and immediately revegetated to control sedimentation. The current logging road system and associated drainages control surface runoff from the mine area." (CCC: 2009)*

### 5.4.4 Soils and Surficial Geology

*"The soils in the vicinity of the mine site have been identified as Humo-Ferric Podzols. The soils are well to moderately well drained, have low pH values (4.0- 5.0), and have moderate to course textures (B.C. Ministry of Environment, 1978). The geology of the area consists of folded and faulted volcanic and sedimentary rocks, which are mainly Mesozoic (B.C. Ministry of Environment, 1978). Soil moisture regimes in the area range from subxeric to subhydric. The south-most portion of the mine is submesic to*

*mesic. The middle portion is mesic to subhydric while the northern portion is submesic with scattered subhydric sections (Tolko, 1998). Soil textures south of the Blakeburn road are variable, ranging from sandy loams to sandy clays. Soil textures in the center of the mine range from silty loams to sandy loams on the mesic site, while the wetter, subhydric sites are clayey in texture. Soil textures in the northern portion of the mine area are silty loam to loamy in texture on the mesic site, while the subhydric sites are clayey in texture (Tolko Industries, 1998)". (CCC: 2009)*

### 5.4.5 Vegetation

*"The mine is located in the 02 variant of the MSdm (Dry Mild Montane Spruce) boigeoclimatic subzone. This subzone is characterized by climax zonal sites with stands of hybid spruce and subalpine fir with minor amounts of Douglas Fir. Several stands of Lodgepole pine are common. Black Huckleberry, Falsebox, Utah Honeysuckle and Buffaloberry are common shrubs. J Grouseberry and Pinegrass are common herbs. Site series in the vicinity of the mine site range from 04 (subxeric) to 05 (subhydric) with the dominant tree species, with Hybrid Spruce and Douglas Fir being secondary species." (CCC: 2009)*

*"These stands are 100 – 140 years old, are between 19.5 and 37.4 meters in height and have a crown closure of between 56 and 85%. No rare or endangered plants or plant communities have been identified within the mine area." (CCC: 2009)*

### 5.4.6 Fisheries

*"There are no identified fisheries values within or adjacent to the minesite. Due to the steep gradient of Blakeburn Creek the creek is too steep to support fish in all but the lowest reaches. The upper reaches of Collins Gulch are non-fish bearing." (CCC: 2009)*

### 5.4.7 Wildlife

*"The majority of the area surrounding the minesite is classified by the Canada Land Inventory as having moderate limitations to the production of ungulates. Excessive snow depths in this area reduce mobility and availability of food plants. A Red and Blue-Listed small mammals species inventory of Tolko Industries cutting Permit 130 was undertaken in 1997 by Okanagan Wildlife Consulting and information from the Conservation Data Centre in 1998 did not identify any red or blue-listed species within the mine area." (CCC: 2009)*

### 5.4.8 Agriculture

*"The land surrounding the mine development is only capable of producing forage for cattle grazing. This area is affected by adverse topography, with either steepness, or the pattern of slopes, limiting agricultural use. The mine development area is within an existing grazing License area. At present, grazing use within the area is summer only due to access and forest cover." (CCC: 2009)*

### 5.4.9 Forestry

*"The land surrounding the minesite has moderately severe to severe limitations to the growth of commercial forests. The production of these lands is usually between 0.8 and 4.9 cubic meters per hectare annually. Tree clearing for the 5 years of mine development has been completed by Tolko industries of Merit." (CCC: 2009)*

# 6 Project History

The history of the Basin Coal Project has been documented in several sources, including the NI 43-101 compliant report McKnight: 2002, and in Annual Reclamation Reports prepared by Compliance Coal Corporation, which operates the Basin Coal Mine for Compliance Energy Corporation. In addition, ARIS Reports, the BC Geological Survey MINFILES and BC Mineral Titles Online Database provide additional historical details.

> ***The information obtained from sources not compliant with NI 43-101 is assumed to be of generally good quality, and to be representative of the chronology of events on the Property. However, since some of the information was reproduced from sources not compliant with the Instrument, the author disclaims responsibility for such information. Where the information is not able to be independently verified, the information is useful only for establishing background information about the property.***

According to a summary production report from the MINFILE database, a total of 2,460,000 tonnes (2.46 MT) of coal were extracted from the Basin from 1912 to 2005. This appears not to take into consideration mining at the Basin Coal Open Pit. The 2.46 MT is comprised of 2.53 MT from the underground mine, and 0.13 MT from the Blakeburn mine. (BC Geological Survey (2009d)

The information below is quoted or summarized directly from available sources. The location of various points of interest, historical drillholes and trenches, are indicated on *Figure 4a – Exploration and Mining History*.

## 6.1 Pre-2001 *(after McKnight: 2002, p.11-12)*

> *"Coal occurrences in the Tulameen Coal Basin have been known from before 1900 (1981 WEL Study). These occurrences were not actively explored until 1910. In 1911, underground work on the northeastern margin of the basin in the* ***Collins Gulch*** *area on the northeast side of the Tulameen basin, revealed the presence of several steeply dipping coal seams. These were considered too badly crushed to be of commercial value.*
>
> *On the southwestern margin of the basin, underground coal mining was undertaken from 1916 to 1940 (PWC Study). Coalmont Colleries Ltd. produced a reported 2,314,970 tonnes of coal from* ***their #3, #4 and #5 mines*** *(BC MEMPR Chief Inspector Reports). Only one seam was mined, in the upper basin seam. This partial seam extraction led to problems in ground control and ventilation.*
>
> *A small strip mine, the* ***Blakeburn mine****, operated between 1954 and 1957 and produced an estimated 148,268 tonnes of coal from along the outcrop of the coal seam previously mined from underground, reportedly from the pillars of the old underground operation (WEL Study). This coal was used locally for smelting and power generation, and transported by the old Kettle Valley Railway (now abandoned) to Granby Mining and Smelting and Power Company in Princeton. When the Granby operation closed in 1957, the Blakeburn coal mining operations closed with it.*
>
> *Various operators explored the basin for additional coal reserves between 1960 and 1982 including Cyprus Anvil Mining Corporation for Imperial Metals and Power between 1976 and 1982. That company conducted topographic, geological and geophysical surveys, trenching, bulk sampling, pilot scale wash plant tests pilot scale combustion tests and 1,479 meters of diamond drilling in 12 holes. This work was focused on defining the northwestern extension of the underground mined coal measures (MINFILE Reports).*

*The Tulameen coal licences eventually became available and were taken up by Pacific West Coal Ltd. in May 1997. British-based Rackwood Mineral Holdings plc., through its wholly owned American subsidiary, Royal Scot Holdings plc. (Rackwood), acquired an option on a portion of the PWC holdings in September 1997 (CL 355392, 355393, 355394 and 355393). Rackwood carried out a nine hole infill drilling program in mid-1998. Subsequently, in September 1998, Rackwood withdrew from the option agreement with PWC for financial reasons related to corporate activities in Britain. PWC/Rackwood were focused on developing a surface mineable coal resource on the western flank of the Main Coal Seam outcrop on CL 355392 and CL 35393 north and along strike from the old underground mines."*

## 6.2 Basin Coal Mining Operations 2001-2008

Compliance Coal Corporation's Annual Reclamation Reports (CCC: 2002-2009), and Permit C-217 and related amendments, provide a chronology of activities at the site since 2000, including permitting, ownership, and mining.

Under the terms of the Permit C-217 and applicable amendments, CCC is required to submit Annual Reclamation Reports to the Ministry of Energy and Mines. Mining operations, reclamation plans and other activities are documented in these reports, and are the basis for the summaries of annual permitting and mining activities in this section.

**Photo 1:** ***Areal view of plant site. Stockpiled coal is loaded on trucks for shipment to customers from loading ramp at the bottom right of the picture. (CEC website: 2009)***

***2000***

A mine permit was issued to Pacific West Coal (UK) Ltd. (Permit no. C-217) on August 25th, 2000. This permit covers work located at the Tulameen Coal Mine (now known as "The Basin Thermal Coal Mine" or the "the Basin Coal Mine").

The details of the permit are documented in the 12 page document "Permit Approving Work System and Reclamation Program (Issued pursuant to Section 10 of the Mines Act R.S.B.C. 1996, c.293). See *Appendix 1 – Mine Permit C-217*.

The original permit allowed for a Phase 1 bulk sample of 10,000 tonnes and a Phase 2 project to produce up to 100,000 tonnes per year of saleable coal. (McKnight: 2002, Ministry of Energy and Mines: 2000) The permit also outlined obligations regarding ongoing monitoring programs, and reclamation requirements.

The resulting Basin Coal Mine open pit (at 2009) is shown on *Figure 2 – Surface and subsurface rights*.

***2001***

On August 10, 2001, an amendment to Permit C-217 was received which changed the owner of the permit from Pacific West Coal (UK) Ltd. to Compliance Coal Corporation. (Ministry of Energy and Mines: 2001). *See Appendix 2 – Mine Permit C-217 Amendment – owner change.*

CCC conducted a bulk sample and test mining program. A bulldozer was used to expose 130 m of coal along strike. This was accomplished by pushing 27,000 bcm of overburden material off the coal seam and into a stockpile. This resulted in 65 metres of the seam being selectively mined and processed. A screening plant was used to process the approximately 6,500 bcm of coal for analysis. (CCC: 2002, p.1)

***2002***

On April 25, 2002, an amendment to Permit C-217 was received which approved the construction of a wash plant. The permit was also amended to increase the allowable production of coal from 100,000 tonnes per year, to 250,000 tonnes per year. At this time, the name of the work location was officially changed from the Tulameen Coal Mine, to the Basin Coal Mine. (Ministry of Energy and Mines: 2002) *See Appendix 3 – Mine Permit C-217 Amendment – production increase and wash plant.*

CCC purchased a 13 acre parcel of land at the Similco Mine. This provided a location to install a 100 TPH heavy medium type coal wash plant.

140 m strike length of coal was exposed by bull dozer. This resulted in the selective mining of 16,600 tonnes of coal, of which 12,924 tonnes was hauled to the wash plant for processing. The balance of the coal was added to stockpiles. (CCC: 2003, p.2,4)

***2003***

6 ha of land development activities resulted in the removal of overburden and waste rock adjacent to the 2002 mining area. Coal was released for processing and sale. Total sales for the year were 12,077 MT of clean coal. The raw coal was processed at and sold from the plant site acquired in 2002. (CCC: 2004, p.2)

***2004***

Pit development of 4.1 ha was accomplished by removal of overburden and waste rock adjacent to the 2003 mining area. Coal was released for processing and sale. Total sales for the year were 40,000 MT of clean coal.

An application was made to amend permit C-217 to allow the relocation of the wash plant to an adjacent area, covered by the License of Occupation no. 340059. (CCC: 2005, p.2, 4)

***2005***

Pit development of 5.5 ha was completed by removal of overburden and waste rock adjacent to the 2003 mining area. It is known that coal was released for processing and sale, but actual numbers are unclear, since the 2005 Annual Report cites (in error) production and sales numbers for 2004. (CCC: 2006, p.2) CEC's 2005 Annual Report cites that approximately 108,000 tonnes of coal was mined to produce 55,000 tonnes of clean coal, of which 43,400 tonnes was sold. (CEC: 2005, p.4)

The 2004 application to amend the permit to move the wash plant was successful. During January-March 2005, the coal plant was relocated from the Similco Mine site to the Basin Mine site. It was commissioned at the new location in April. (CCC: 2006, p.5)

During 2005 a detailed waste dump and mining plan compiled by Golder and Associates was presented to and approved by the Ministry of Mines. (CCC: 2009, p.4)

***2006***

No new pit development was completed, but land development work occurred at the waste dump and plantsite. Mining activities included the removal of additional overburden and waste rock adjacent to the 2005 mining area and the release of coal for processing and sale". Total sales were 39,672 MT of clean coal. (CCC: 2007, p.2) The CEC Annual Report cites similar sales (approximately 43,300 tonnes), and further outlines that "during 2006 approximately 91,000t of coal was mined. A total of 79,000t was processed through the wash plant to produce 42,000t of clean coal." (CEC: 2006, p.4)

In January of 2006, placement of waste rock on the waste dump commenced. (CCC: 2009, p.4)

***2007***

Mining related operations ceased in September 2007 and the mine was put on care and maintenance. CEC cited the following reason in its 2006 Annual Report. (CEC cites, in error, 2006 as the government announcement and shut-down year.)

> *"As a result of the government's change in its new BC Energy Plan that now effectively excludes coal as a source of fuel for electricity production in BC for the foreseeable future, and due to rising transportation and mining costs driven by a lack of economies of scale, the Company has decided to place the mine on care and maintenance..." (CEC: 2006, p.4)*

Monitoring and reporting continued as per permit requirements. (CCC: 2008) See *Appendix 1 – Mine Permit C-217.*

Sales from the existing inventory were 4,798 MT of clean coal. The coal was sold to a cement producer and a greenhouse. The majority of the mobile mining equipment was sold in July to Copper Mountain Mining Corporation (a company related by common directorship). Water quality monitoring and other reporting programs continued as per the requirements of Permit C-217. (CCC: 2008, CEC: 2007, p.7)

*2008*

The mine remained primarily on care and maintenance. No new pit development occurred, but some mining activity occurred on site, including 18,171 tonnes being removed from the existing pit. In addition to the material removed from the pit, 14,000 tonnes was removed from the crusher feed pile. This resulted in 32,171 tonnes of raw coal being crushed and removed from the site. At the end of the year, 2000 tonnes of coal was reportedly remaining on site awaiting trucking. Monitoring and reporting programs continued. (CCC: 2008, p.2, 4)

In August 2008, CEC signed a memorandum of understanding (MOU) for the sale of the Basin Coal Mine to NWPC. (CEC: 2008b) For further details, *see Section 4.2 – Property Ownership and Rights.*

## 6.3 Historical Resource Estimates

There have been several resource and reserve estimate studies performed in the past.

> ***The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. Unless specifically noted, the reader is not to treat the historical estimate as current mineral resources or mineral reserves as defined in Sections 1.2 and 1.3 of NI 43-101.***

Only the historical resource estimate prepared by McKnight (2002) was done in accordance with NI 43-101. The results are presented here for comparison purposes only. For a tabulation of results, see *Table 4: Comparison of historical (not NI 43-101 compliant) resource estimates.* Refer to *Figure 4b - Historical Resource Estimates* for outlines of the various study estimates.

**Table 4: Comparison of historical (not NI 43-101 compliant) resource estimates**

| Year / author | Seam – estimate type | Tonnage |
|---|---|---|
| 1981 Cyprus Anvil (ARIS report 768) | Main seam - resource | 10.5 Mt in place |
| 1998 PWC (Royal Scot Minerals Inc. Tulameen Coal Project summary in Mine Permit Application) | Main seam – reserves | 7.4 Mt @ 2:1*<br>9.2 Mt @ 2.5:1*<br>11.2 Mt @ 3:1* |
| **2002 Beanstalk Capital (McKnight)** | **Main seam – resources** | **18.1 Mt measured****<br>**0.9 Mt indicated**** |
| 2005 ResourceEye Services Inc. | Main seam – resources | 12.2 Mt @ 5:1 overall |

* *it was not specified whether the strip ratio here is an incremental cutoff ratio or an overall - it is probably a cutoff ratio.*

** ***McKnight (2002) is the only historical estimate that is NI 43-101 compliant.***

The footprint area for each of the historical resource estimates is slightly different. See *Figure 4b - Historical Resource Estimates.* The 1981 pit design extends onto what is currently the Mullin's property. The 1998 PWC estimate is the lowest estimate and, as expected, covers the smallest footprint. The 2002 estimate covers the largest area and is the largest historical estimate. ***The 2002 estimate is the only one prepared in accordance with NI 43-101.*** The ResourceEye estimate contains only coal on the Basin Coal Project tenure area, despite the fact that the footprint of the proposed pit excavation extends off the property. (ResourceEye: 2005) See further details below:

**1981** – A resource estimate was prepared as part of a summary report on the project. This was essentially a scoping study, complete with preliminary pit designs and project plans for coal preparation, transportation, etc. At the time of the study, the rail through Coalmont was still operational. The resource estimate was not prepared in accordance with NI 43-101. (Adamson: 1982)

**1998** – The reserves presented in 1998 were included as part of the mine permit application, which contained scoping level study information and plans. The resource estimate was not prepared in accordance with NI 43-101. (Royal Scot Minerals: 1998, p.6)

**2002** – These resources, performed and reported on in compliance with NI 43-101, reported on resources where a portion was outside on the coal licenses, as can be observed in *Figure 4b – Historical Resource Estimates.* A plan plot of the resource outline was not included in the original report, so the outline is an interpretation of the information presented in the report. (McKnight: 2002)

**2005** – This resource estimate was prepared by ResourceEye, the author of this report. The resource estimate was not prepared in accordance with NI 43-101. It is important to note that the pit design criteria utilized during the preparation of these non-compliant "reserves" was essentially a geometric effort. The following assumptions were made regarding the estimate that set it apart from a true reserve estimate. (ResourceEye: 2005)

> *"As determined by CEC, no strict economic criteria were used to optimize the pit design. It was decided that the pit bottom elevation would be 1144 m. This was based on the previous exercise performed by GEMCOM.*
>
> *A series of slices, which serves as a pit optimization series, was generated from bench elevations of 7 m. At the 1144 m elevation, the cut was designed to go up to surface at an angle of -55 degrees from a point 25 m in the direction of dip of the seam from the top of the Hangingwall Seam. At every 7 m bench, the same pit "slice" was designed using the same criteria. The mine plan follows the bottom of the Footwall Seam where no benching has been planned." (ResourceEye, 2005)*

For a discussion of the NI 43-101 compliant resource estimate that was prepared as part of this 2009 report, see *Section 16 – Mineral Resource Estimate.*

# 7 Geological Setting

The sections below are taken primarily from McKnight: 2002:

> *"The Tulameen Basin consists of a northwest trending, generally oval-shaped, synclinally folded sequence of Tertiary sediments including coal seams and volcanics, resting unconformably on Upper Triassic Nicola Group metavolcanics and sediments. The basin is approximately 5.5 long by 4 kilometers wide." (McKnight: 2002, p.12)*

## 7.1 Regional Geologic Setting

> *"The regional geology of Basin Property is well described in various BC Ministry of Energy and Mines Reports and MINFILE Reports. The property lies within the Tulameen Basin, a structural basin comprised of a northwest-trending syncline that preserves a sequence of sedimentary rocks with lesser intercalated volcanics of the Eocene Allenby Formation (Princeton Group), up to 840 metres thick. The sequence rests unconformably on a basement of Upper Triassic Nicola Group metamorphosed volcanics and sediments. The syncline doubly plunges towards the centre of the basin. The basin is ovoid in plan approximately 5.5 kilometers in length (northwest–southeast) and 4 kilometers in width (northeast-southwest)." (McKnight: 2002, p.12)*

Refer to *Figure 5 – Regional Geology and Cross Sections*.

Copies of four MINFILE Detail Summary Reports on the four MINFILE coal occurrences in the area are contained in *Appendix 4 – MINFILE Reports*.

## 7.2 Property Geology

The main coal seam is exposed in the open pit, the current extents of which are shown in *Figure 5 – Regional Geology and Cross Sections*. Refer also to *Figure 6 – Local Geology and Coal Occurrences*.

> *"In the northwest, the Tulameen syncline is open with both limbs dipping approximately 45 degrees (MINFILE reports). In the southeast, the fold is asymmetric with the dips being approximately 45 degrees and 20 degrees on the northeast and southwest limbs, respectively. The basin is bounded by high-angle faults and is dissected by additional high-angle northwest- to northeast-striking faults. (McKnight: 2002, p.12)*
>
> *The Tulameen deposits are hosted in a coal-bearing shale member approximately 130 to 200 metres thick, underlain by up to 120 metres of sandstone, siltstone and andesitic volcanics, and overlain by 580 to 700 metres of sandstone and pebble conglomerate, with interbeds of shale, ash and coal in the lower sections. The member consists of up to 30 metres of coal interbedded with mudstone, bentonite (ash) shale, and sandstone. The coal occurs in the lower 80 metres of the member in a zone of mostly brown to grey to black fissile shale and mudstone with lesser coal and white to buff bentonite, that ranges from 11 to 23 metres in thickness and contains 3.7 to 17 metres of clean coal. (McKnight: 2002, p.12-13)*
>
> *The main coal seam in this area is exposed in trenches and by drilling for at least 1,500 meters from CL 355392 through 355392 to the south margin of CL 355394. On the eastern margin of the basin, coal seams are also exposed, probably the same horizon as seen on CL 355392. Coal in the* ***Collins Gulch*** *area is exposed in outcrop and various surface and underground workings for approximately 2 kilometres between Collins Gulch and Fraser Gulch. This is in the northeast quadrant of CL 355396." (McKnight: 2002, p.13)*

*At the **Bear's Den prospect,** 1000 metres east-southeast of Collins Gulch, three seams of coal have been reported, the upper, middle and lower seams are 9.1, 8.8 and 4.0 metres thick respectively (Geological Survey of Canada Paper 52-19). At the **Fraser Gulch prospect,** 1800 metres southeast of Collins Gulch, four coal seams, 1.2 to 7.3 metres thick, were intersected in one drill hole over 13.7 metres (Coal Assessment Report 197). The coal-bearing horizon generally strikes 110 to 130 degrees over most of its length and dips about 45 degrees southwest. Individual beds dip 35 to 80 degrees southwest. Coal bearing sections are exposed discontinuously over a strike length of 1850 metres. (McKnight: 2002, p.13)*

*Several coal seams have also been exposed in an adit and trenches located near the center of CL 355398. The coal seams here were thin with the thickest reported at 1.68 metres. (Minister of Mines Annual Report 1946). (McKnight: 2002, p.13)*

This occurrence is discussed as MINFILE *Number 092HSE228 Hayes and Vittoni* also quoted in McKnight: 2002.

*"The BC Ministry of Energy and Mines reports an in situ geological potential of over 200 million tonnes for the entire basin. This was a very rough estimate based on gross dimensions of the basin and assuming coal thickness of 7 to 8 meters for the lower seam and 15-21 for the upper seam (personal communication Dr Barry Ryan, B.C. MEMPR). No allowances were made for coal already extracted." (McKnight: 2002, p.13)*

***Although this estimate was reported on in McKnight (2002), which was in a NI 43-101 compliant report, the estimates provided by the BC Ministry of Energy and Mines was not prepared in accordance with the Instrument, and as such, are not to be relied upon.***

## 7.3 Stratigraphy

*"The Princeton Group sediments are divided into three units: the Lower Sandstone, the Coal Member and the Upper Sandstone (WEL Study). The Lower sandstone is about 120 meters thick, composed of fractured sandstones interbedded with minor mudstone and shale. The Coal Member is about 130 meters thick in the area, containing two major coal seams. Both seams include thinly bedded shale, mudstone and bentonite. The Upper Sandstone is about 580 meters thick composed of sandstone and granular conglomerate with minor mudstone and shale. Tertiary basalts known as the Upper Volcanics, lie unconformably over the Princeton Group as sheets of flat lying flows." (McKnight: 2002, p.13)*

*"Within the Coal Member there are two significant seams known as the Main Coal Seam and the Lower Coal Seam." (McKnight: 2002, p.14)*

The Main coal seam varies in thickness from 15-25 metres, and the lower coal seam, located 22 metres below the main coal seam, averages 7.5 metres in thickness. (McKnight: 2002, p.14)

For further details on the coal measures stratigraphy, see *Section 8 – Deposit Type and Coal Seam Development*.

*Table 5: Stratigraphic Sequence (after McKnight: 2002, p.14)* shows the stratigraphy discussed above, and in particular, outlines the sub-unit 3B7, the Main Coal Seam.

Table 5: Stratigraphic Sequence *(after McKnight: 2002, p.14)*

| *Unit* | *Stratigraphy* | *Sub-unit* | |
|---|---|---|---|
| 4 | **UPPER VOLCANICS Plateau Basalt (Tertiary)** | | |
| | Brown to black, fine grained basalt | | |
| | ~~~~~~~~~~~~~~~~***unconformity***~~~~~~~~~~~~~~~~~~~~~~~~~~~~ | | |
| 3 | **PRINCETON GROUP SEDIMENTS (Tertiary)** | | |
| | | 3C | Upper Sandstones |
| | | 3C2 | *Granite conglomerate, sandstone, minor shale* |
| | | 3C1 | *Transitional unit: sandstone, mudstone, minor thin coal* |
| | | 3B | Coal Member (130 meters) |
| | | 3B10 | *Blocky mudstones and shales* |
| | | 3B9 | *Finely laminated, fisile shales* |
| | | 3B8 | *Thin coal, including bentonite and sediment matrix* |
| | | 3B7 | *Main Coal Seam, incl.volcanic and sediment partings* |
| | | 3B6 | *Light gray blocky mudstone* |
| | | 3B5 | *Dark gray blocky mudstone* |
| | | 3B4 | *Light to dark gray shales, mudstones and muddy sandstone* |
| | | 3B3 | *Brownish to dark gray, massive to laminated mudstone* |
| | | 3B2 | *Lower coal seam* |
| | | 3B1 | *Bentonitic tuff, thin coal, coaly mudstone* |
| | | 3A | Lower Sandstones |
| 2 | **LOWER VOLCANICS (Tertiary)** | | |
| | Massive to porphyritic andesite and felsite | | |
| | ~~~~~~~~~~~~~~~~***unconformity***~~~~~~~~~~~~~~~~~~~~~~~~~~~~ | | |
| 1 | **NICOLA GROUP (Upper Triassic)** | | |
| | Highly metamorphosed volcanics and sediments | | |

## 7.4 Structure

*"The Tertiary sediments are folded into an asymmetric northwest-trending syncline. In the area of the old underground workings in the southwest margin of the basin, the beds dip between 20 and 25 degrees northeast. In the area of CL 355392 and CL 355393 (the area proposed by PWC for surface mining), the dips are 30 to 42 degrees. On the eastern margin of the basin, dips flatten to about 20 degrees. (PWC 2001 Report). A major northeast-trending fault exists between the abandoned No. 3 and No 4 underground mines. A similar northeast trending fault is thought to form the southeastern limit of the No. 3 mine. No significant faulting of the 3B Coal Member has been discovered in the area of the proposed surface mining operations on CL 355392 and CL 355393." (McKnight: 2002, p.14-15)*

## 7.5 Local Pit Geology

During the field trip June 19-20, 2009 to the Project site, R. Parent, P.Geo, of ResourceEye Services Inc. made observations about the local pit geology.

Observations from within the open pit indicate a moderately complex structure as the dips of the footwall of the main seam steepen to 60 degrees and higher. Numerous "Pop-out" faults (small scale faults with offsets up to 10 m) are readily observed. Dip readings from the hanging wall

sediments are generally shallower (<35 degrees), indicating that the coal seam must flatten out at depth.

The main seam exposure in the current pit shows a fairly constant thickness varying between 22 and 24 metres.

The photos on the following pages illustrate the various structural and stratigraphic features of the Main seam and the surrounding sediments, which were directly observed on site. (R. Parent, P.Geo, personal site observation, 2009)

*Photos 1-2* show examples of "pop-out" faulting. *Photo 3* shows hangingwall dip. *Photos 4-5* show the bentonite horizons. *Photo 6* shows the steeply dipping and faulted footwall.

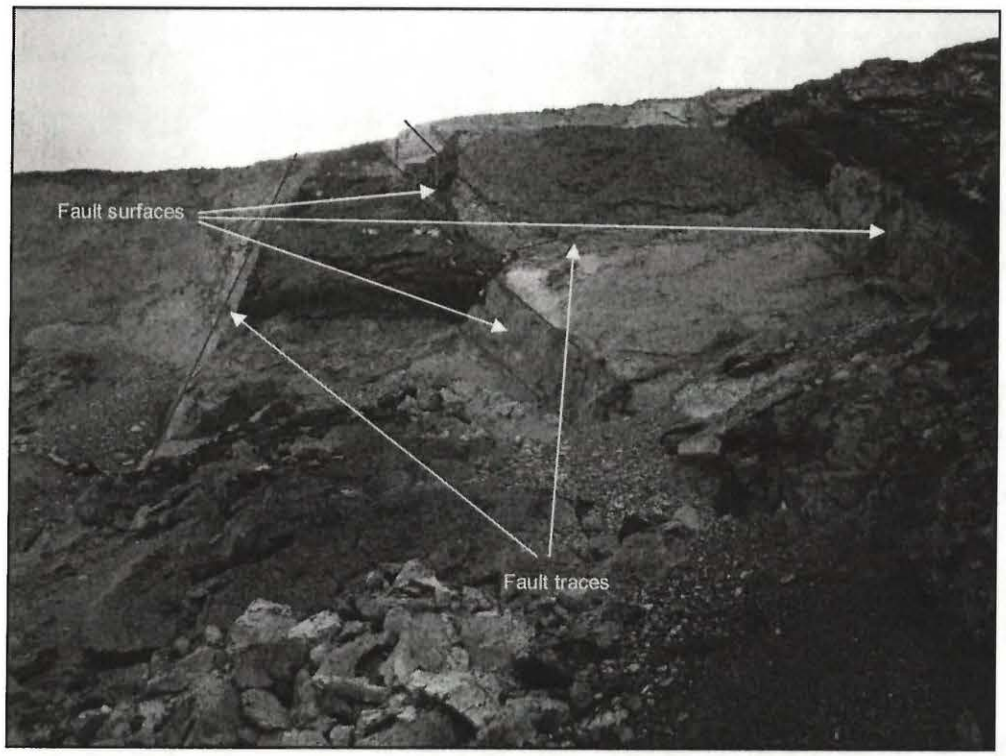



**Photo 2:** ***Faulted pit footwall offsetting coal seam and bentonite layers "Pop-out" faulting is commonly observed.***

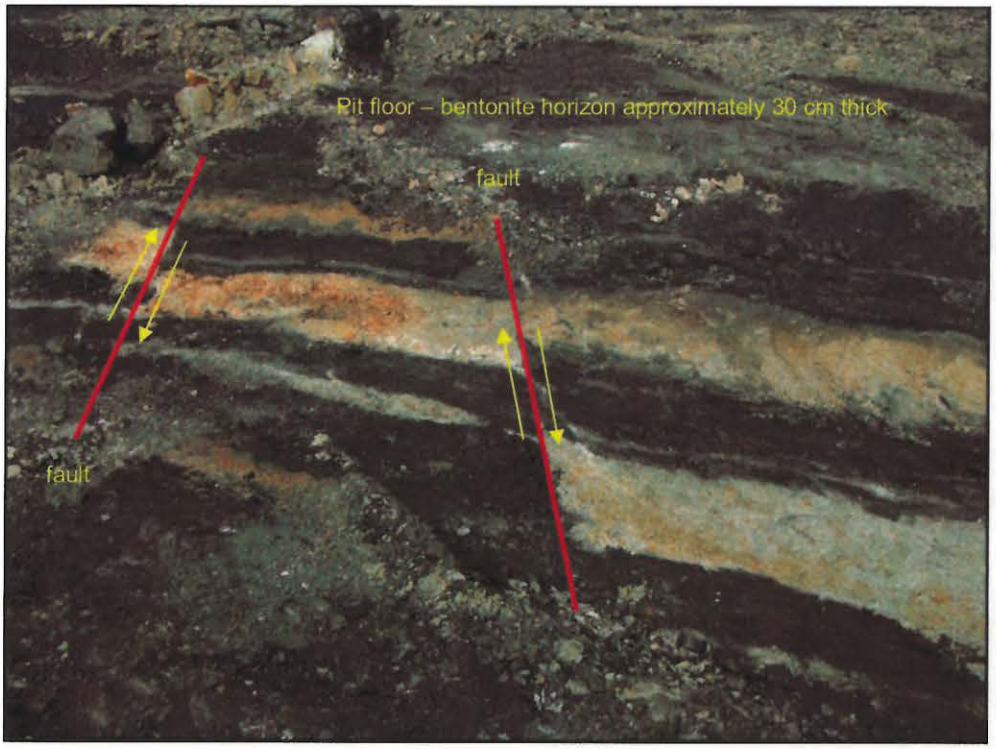



**Photo 3:** ***Freshly excavated pit floor illustrates the strike-slip component of "pop-out" fault geometry.***

**Photo 4:** ***Pit hangingwall where dips are 45 degrees or less, indicating that the seam dip must get shallower with depth.***

**Photo 5:** ***Bentonite extracted during 2009 trenching activity.***

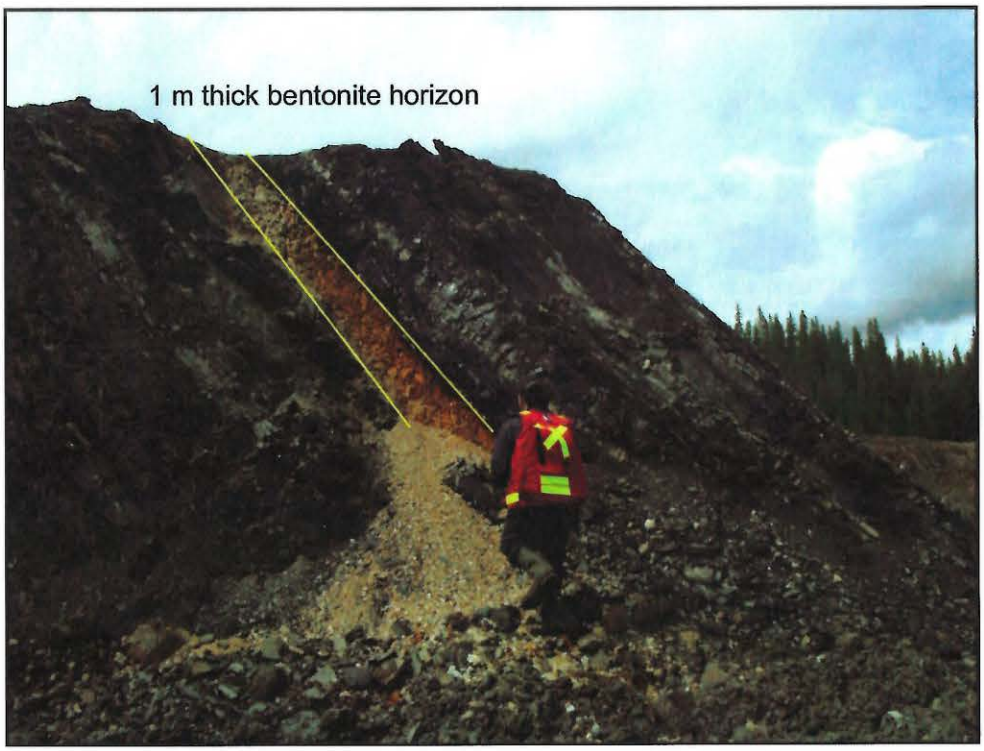



**Photo 6:** ***A 1 m thick bentonite seam is exposed at the north end of the pit.***

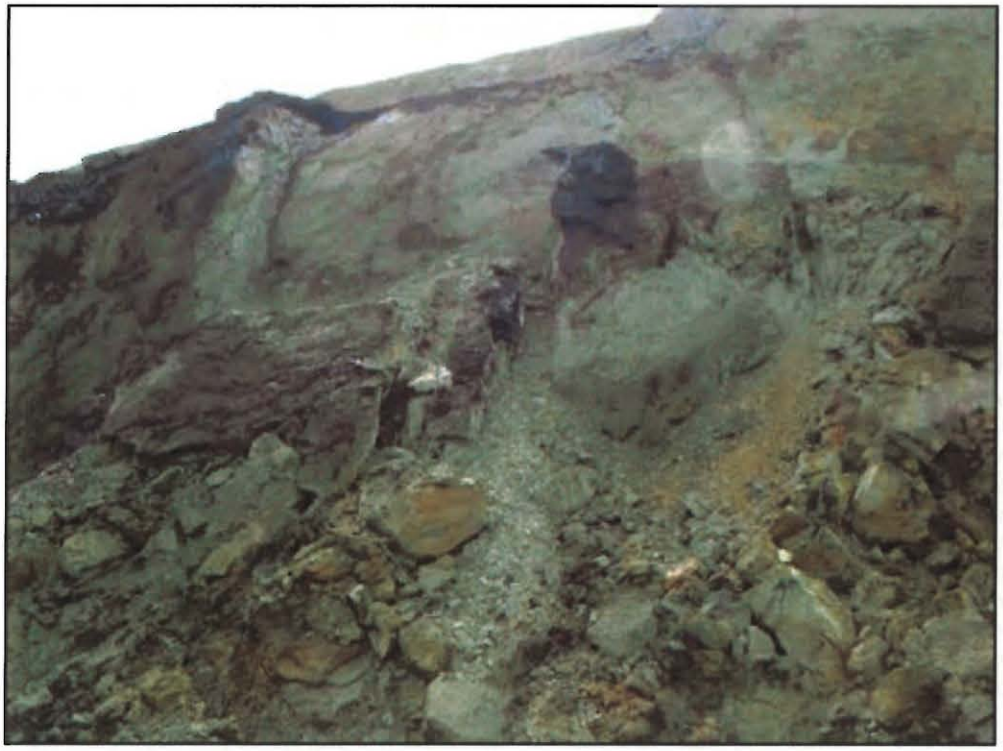


Photo 7: ***Steeply dipping and faulted footwall is shown.***

# 8 Deposit Types and Coal Seam Development

The deposit type(s) that is the objective of the resource estimate is ***high volatile bituminous coal***.

Additionally, numerous bentonite horizons are primarily observed within the coal measures. The bentonite horizons are of volcanic origin. The coal seams were deposited in back-arc swamps with abundant influx of volcanic ash and volcaniclastic sediments. McKnight further outlines the coal formation.

> *"The Tulameen basin coals are classified as high volatile subbituminous and bituminous coal of Tertiary age. These coals are therefore relatively young in age (less than 50 million years) and normally would be expected to be of lower grade lignite quality. It is theorized that, post coal deposition, a high geothermal gradient and a thick sandstone cover increases the coal bed temperature to 75°C, sufficient to convert the lignite to subbituminous coal. Subsequent orogenic events produced the folding and faulting, followed by erosion of the unconsolidated sand cover. Concurrent volcanic activity produced a basalt mantle over large portions of the underlying coal seam. The pressure of the basalt on the underlying coal, and the associated heating, caused by the basalt mantle further increased the rank of the coal from sub-bituminous to the bituminous level in certain areas. Erosion of the stratigraphic sequence during the ice age eroded much of the basalt mantle and exposed the limbs of the Tulameen syncline, including the coal stratigraphy." (McKnight: 2002, p.15)*
>
> *"Within the Coal Member there are two significant seams known as the Main Coal Seam and the Lower Coal Seam. The Main Coal Seam is the primary seam of economic interest on the property. It varies in thickness from 15 to 25 meters and, in the western margin of the basin, dips range from 28 degrees in the south to 45 degrees in the north. Waste partings within this seam increase from south to north due mainly to interbeds of volcanic origin (WEL Study). This seam contains beds of up to 3 meters in thickness with varying grades of coal, interbedded with numerous thin bentonite, sandstone and shale bands." (McKnight: 2002, p.14)*
>
> *"The Lower Coal Seam is located some 22 metres below the Main Coal Seam and has an average thickness of 7.5 meters with clean coal bands up to 1 meter thick, interbedded with bentonite and dirty coal bands. This lower seam is very high in ash." (McKnight: 2002, p.14)*

Recent mapping done by ResourceEye within the open pit indicates that the dip of the main seam is up to 60 degrees and shallows as the pit progresses to depth. For further details, see *Section 7.5 – Local Pit Geology*.

Historical drilling intersections indicate that the Main seam averages 19 m true thickness while the Lower seam averages 7.4 m true thickness. The two seams are separated by 10 – 30 m of rock. The thickness and distribution of coal seams encountered on the property is discussed in detail in *Section 7.2 – Property Geology*, *Section 7.3 – Stratigraphy*, and *Section 7.4 – Structure*.

Further work on the property aims to further delineate the location of the structure on the Property, and the depth of the seams of interest.

# 9 Exploration

Exploration and site work prior to 2009 is discussed in *Section 6 - Project History*.

In 2009, two small exploration programs were conducted:

- trenching and bulk sampling by Norwest, and
- trenching, mapping and GPS surveying by ResourceEye.

## 9.1 Trenching and Bulk Sampling by Norwest

In early June 2009, Norwest excavated 3 trenches and extracted a bulk sample for analysis. Trenching was done with a small-wheeled loader/backhoe. The results of the sample analysis have not been received at the time of this report. The program was part of ongoing engineering studies being carried out by Norwest aimed at eventually re-starting operations, should the project prove feasible. The results of the Norwest studies will be reported on separately. See Trenches 1, 3, and 4 on *Figure 7 – Site Layout and 2009 Trenching*.

## 9.2 Trenching, Mapping and GPS Surveying by ResourceEye

On June 19-20, 2009, Ron Parent, P.Geo, of ResourceEye Services Inc. attended the Basin Coal Project site in order to conduct a small exploration program, and an overall site visit relating to the preparation of this report.

The exploration program included trench mapping, the confirmation of historical drillhole collar locations, and observations regarding regional geological and logistical parameters as they relate to exploring less developed areas of the property. Additionally, GPS surveying of geological features and potential access routes for future drilling were mapped.

A total of five trenches were mapped during this program. This included the 3 trenches excavated by Norwest, which were cleaned up with the backhoe, prior to mapping. Two new trenches were excavated using the small wheeled loader/backhoe. Trenches were excavated and mapped along the pit bottom. The locations of these trenches are indicated on *Figure 7 – Site Layout and 2009 Trenching*. The access route mapping results are compiled on all maps in this report.

The main purpose of excavation program was to determine the continuity of the bentonite horizons exposed in the pit floor, with an eye to evaluating the extent to which the bentonite seams could be incorporated into the geological modeling. See *Photo 5: Bentonite extracted during 2009 trenching activity*. and *Photo 6: A 1 m thick bentonite seam is exposed at the north end of the pit.* Seam coal plies and top and bottom contacts were also mapped during the program.

Geological mapping and GPS surveying work carried out indicate that the bentonite horizons are fairly continuous, however, pinching out and abrupt thickness changes were noted. It is important to note that these abrupt changes are more than likely caused by faulting than by a discontinuity in the horizons.

*Figure 7 – Site Layout and 2009 Trenching* indicates the location and the interpretation resulting from this work. Two bentonite seams (lower and middle) were traced for 300 metres in the north end of the pit (see north inset detail). All three bentonite seams were mapped over 100 metres at the south end of the pit (see south inset detail). This mapping information was used to model

three bentonite horizons in the areas where drilling and mapping is detailed enough. Bentonite horizons where modeled, are shown on *Figures 13-23 – Sections 3400 N – 4800 N.*

Regarding the 3 bentonite horizons, it was observed on site that the upper bentonite layer is the only one that is not contained entirely within the main coal seam. There are areas where it lies just slightly above the seam, although this is not usually a very significant amount, generally less that a metre and not more than five.

The results of the field work and observations have been incorporated into the geological model created for the resource estimate presented in *Section 16 – Mineral Resource Estimate*, and also into related figures including *Figure 7 - Site Layout and 2009 Trenching*.

# 10 Drilling

Drilling has been completed on the Project site by various operators. Some of the activities are also discussed in *Section 6 – Project History*. A summary of drilling is provided below, which is taken from McKnight: 2002, p.15-16:

> *"Surface drilling has taken place in 1977-1978 and 1998. The earlier drill program consisted of 12 HQ-sized holes totalling 1,479 metres that tested the coal seam near its western outcrop edge. Tonto Drilling conducted the drill program. The Main Coal Seam was reached in all 12 holes while 9 holes penetrated the Lower Coal Seam. Core recoveries were good, averaging 94% in the main seam and 97% in the lower seam.*
>
> *An additional nine in-fill holes, comprising 964 metres of HQ-size, were drilled by PWC in 1998 in the vicinity of the 1997-78 drill holes as part of their due diligence. These holes confirmed the results of the previous 1997 work. Drill holes are typically logged with downhole electronic instrumentation that can accurately distinguish coal seams and other rock types. For the 1998 drill holes, hole collar location co-ordinates are not available, although a borehole survey map was produced and all of the nine drill logs are available."*

ARIS Report 196 from 1974 entitled *Tulameen Coalfield Evaluation* indicates that five drillholes were completed on or in the vicinity of the property prior to the date of the report. The report states that the positions of DH's 2 through 5 are unknown, implying that the location of hole number 1 (DDH-1) is known, although its location is not on any maps or tables in this report. (Associated Engineering Services Ltd: 1974) However, ARIS report 202 has DDH-1's location indicated on Map #1 from a 1982 trenching report. (Adamson: 1982)

In 2005 three coal bed methane wells were drilled on the property. The work was conducted by the operator Richards Oil and Gas Ltd, drilled by SDS Drilling, and reported on by Coal Gas Technology's geologist Van Den Bussche. Drillhole information listing the locations and the main and lower seam intercepts, and sample descriptions are available. The first two holes encountered the main and lower seam and were drilled to depth of 242.4 m, and 375 m. The third hole, drilled to a depth of 680 m, was abandoned due to drilling difficulties prior to encountering the main seam. (Van Den Bussche: 2005)

Information from a total of 25 historical drillholes was used in the resource estimate. The location of all of the drillholes is indicated on *Figure 8 – Coal Resources*. *Table 6: Location and details of 25 drillholes used in 2009 resource calculation* outlines details of the drillholes that were used in the resource estimate. See *Section 16 – Mineral Resource Estimate*.

**Table 6: Location and details of 25 drillholes used in 2009 resource calculation**

| HOLE | utm_east | utm_north | elev | az | incl | TD (m) | type | Owner | YEAR | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| DDH1 | 664,025 | 5,486,820 | 1160 | 45 | -60 | 104 | CORE | CHINOOK ENGINEERING | 1974 | LOCATION INDICATED ON 1981 BULLDOZER TRENCHING MAP from ARIS REPORT 202 |
| T77-1 | 662,021 | 5,485,313 | 1297 | 235 | -60 | 82.6 | CORE | CYPRUS-ANVIL | 1977 | hole geophysically logged |
| T77-2 | 661,801 | 5,485,596 | 1333 | 235 | -47 | 92.5 | CORE | CYPRUS-ANVIL | 1977 | hole geophysically logged |
| T77-3 | 661,634 | 5,485,862 | 1333 | 250 | -45 | 160 | CORE | CYPRUS-ANVIL | 1977 | hole geophysically logged |
| T77-4 | 661,514 | 5,486,088 | 1353 | 255 | -48 | 123.14 | CORE | CYPRUS-ANVIL | 1977 | hole geophysically logged |
| T77-5 | 661,413 | 5,486,385 | 1348 | 255 | -45 | 119.8 | CORE | CYPRUS-ANVIL | 1977 | hole geophysically logged |
| T77-6 | 661,267 | 5,486,648 | 1358 | 0 | -90 | 107.29 | CORE | CYPRUS-ANVIL | 1977 | hole geophysically logged |
| T77-7 | 661,360 | 5,487,133 | 1322 | 0 | -90 | 126.8 | CORE | CYPRUS-ANVIL | 1977 | hole geophysically logged |
| T77-8 | 661,407 | 5,487,398 | 1335 | 0 | -90 | 93.57 | CORE | CYPRUS-ANVIL | 1977 | hole not geophysically logged |
| T77-9 | 661,252 | 5,486,895 | 1343 | 0 | -90 | 111.9 | CORE | CYPRUS-ANVIL | 1977 | hole not geophysically logged |
| T77-10 | 661,901 | 5,487,880 | 1250 | 0 | -90 | 131.98 | CORE | CYPRUS-ANVIL | 1977 | hole not geophysically logged |
| T77-11 | 661,807 | 5,485,598 | 1332 | 0 | -90 | 163.68 | CORE | CYPRUS-ANVIL | 1977 | hole not geophysically logged |
| T77-12 | 661,514 | 5,486,088 | 1353 | 0 | -90 | 166.4 | CORE | CYPRUS-ANVIL | 1977 | hole not geophysically logged |
| RS98-1A | 661,787 | 5,485,621 | 1324 | 235 | -60 | 116.4 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| RS98-2 | 661,684 | 5,485,757 | 1324 | 250 | -60 | 106.7 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| RS98-3 | 661,624 | 5,485,762 | 1329 | 250 | -55 | 55.8 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |

| HOLE | utm_east | utm_north | elev | az | incl | TD (m) | type | Owner | YEAR | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| **RS98-4** | 661,597 | 5,485,961 | 1342 | 250 | -60 | 124.05 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| **RS98-5** | 661,549 | 5,485,969 | 1350 | 250 | -60 | 95.7 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| **RS98-6** | 661,470 | 5,486,248 | 1355 | 250 | -45 | 98.7 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| **RS98-7** | 661,376 | 5,486,560 | 1362 | 225 | -45 | 99.7 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| **RS98-8** | 661,329 | 5,486,549 | 1362 | 255 | -45 | 71.3 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| **RS98-10** | 661,791 | 5,485,794 | 1314 | 250 | -60 | 159.4 | CORE | PWC | 1998 | hole not geophysically logged; coal quality information not used in model |
| **TU-05-01** | 661,791 | 5,485,941 | 1319 | 0 | -90 | 241.4 | CORE | | 2005 | limited information available |
| **TU-05-02** | 662,210 | 5,486,411 | 1245 | 0 | -90 | 375 | CORE | | 2005 | limited information available |
| **TU-05-03** | 663,359 | 5,486,300 | 1252 | 0 | -90 | 680 | CORE | | 2005 | limited information available |

# 11 Sampling Method and Approach

Sampling programs have been conducted, both historically and recently on the Basin property. The methodologies are presented in the original reports, and are summarized by McKnight: 2002.

> *"The western margin of the exposed coal seams have been extensively sampled by previous operators. Coal samples were obtained from drill core, trenches and pits. Testing included washability, proximate analysis, ultimate analysis and combustion tests. These tests provide information on the heating value of the coal, the sulphur content, percentage ash (non-combustible contaminants), inherent moisture and generally determined the suitability of the Coalmont coal for use as an industrial fuel." (McKnight: 2002: p.16)*

## 11.1 Core Handling and Logging

> *"The core handling procedures during the 1977 is not known but the 1998 drilling conformed to usual good practice. The geologist logged the core after it has been placed in numbered and labeled boxes, and photographed. The geologist noted rock types, bedding planes and any other information considered relevant. Samples of coal from the seams of interest were bagged and shipped to testing labs." (E. Beresford, P.Eng. personal communication, referenced in McKnight: 2002).*

## 11.2 Core Sampling

Drilling by Cyprus Anvil in 1977 resulted in drill core samples that were obtained from Main Sean coal from drill holes T-77-1 through T-77-6 and on Lower Seam coal from drill holes T-77-3 through T-77-6. Because of the very-high raw ash content of the Main Seam coal intersected in DDH T-77-7 to DDH T-77-10, no detailed analyses of these intersections were performed. For each coal intersection, analytical samples of all core recovered, in 2-4 m components, were collected through the entire cored interval. (Anderson: 1978)

The 1998 samples of coal from the seams of interest were bagged and shipped to reputable testing labs. (E. Beresford, P.Eng. personal communication, referenced in McKnight: 2002).

## 11.3 Geophysical Logging

During the 1977 drilling program by Cyprus Anvil, geophysical logging was carried out on holes T-77-1 through 7 by BPB Instruments. This included gamma, neutron, and density logging on normal and detailed scales. (Anderson: 1978)

No geophysical logging was performed on the 1998 drillholes. (E. Beresford, P.Eng. personal communication, referenced in McKnight: 2002).

## 11.4 Bulk Sampling

During the 1977 program by Cyprus Anvil, bulk sampling and trenching was carried out using two bulldozers and a backhoe. (Anderson: 1978)

In addition, a trenching program was conducted by Norwest in June 2009. The sampling was accomplished via excavation by backhoe. At the time of this report, details on trenching methodology, and the lab results were unavailable. These details will be made available in subsequent reports. For further details refer to *Section 9 – Exploration*, and see *Figure 7 – Site Layout and 2009 Trenching.*

# 12 Sample Preparation, Analyses and Security

No new sampling was conducted relating to the resource estimate performed during this study. Samples collected by Norwest during the limited trenching program they conducted in June 2009 were unavailable at the time of this report. The following by McKnight: 2002 still applies:

> *"The author has not collected independent samples from the property and has no direct knowledge of the sampling procedures and/or sample security measures which may have employed by previous operators. Core from the 1998 drilling program is stored in mini – storage warehouse in Princeton and is available for inspection.*
>
> *The core handling procedures during the 1977 is not known but the 1998 drilling conformed to usual good practice (E. Beresford, P.Eng. personal communication). Normally, a geologist logs the core after it has been placed in numbered and labeled boxes, and photographs it in some cases. The geologist notes rock types, bedding planes and any other information considered relevant. The written logs can then be compared against electric logs for the hole. These logs are capable of determining a number of physical characteristics of rock lithology down the borehole and can be compared against the logged core records to determine areas of possible core loss. Samples of coal from the seams of interest are bagged and shipped to testing labs. Written drill logs are available for both the 1977 and 1998 drill programs." (McKnight: 2002, p.16)*

## 12.1 Laboratory Analysis of 1977 Samples

Following the acquisition of each sample, and transmittal to the laboratory, each seam component was air dried, weighed and subjected to a proximate and B.T.U. analysis. Each component was composited into a representative seam sample.

On each seam composite head sample, the following analysis was done: proximate, Sulphur, B.T.U., H.G.I. and Equilibrium Moisture.

> *"Density determinations, on an air dried basis, were made on a number of head samples. Head samples were screened into 3/4" x 1/4", 1/4" x 28 mesh, 28 x 100 mesh and 100 x 0 mesh fractions. A float-sink analysis was made on 3/4" x 1/4", 1/4" x 28 mesh, and 28 x 100 mesh fractions. On some samples, froth flotation tests were run on 28 x 0 mesh and 100 x 0 mesh fractions." (Anderson: 1978, p.15)*

## 12.2 Laboratory Analysis of 1998 Samples

Information about the sample preparation is not available. Upon review of the strip logs from the 1998, it is observed that only plys of coal within the main seam were sent for analysis. No parting material analyses were obtained.

# 13 Data Verification

The author has not collected independent samples from the project site. Information from previous operators was reviewed and used as appropriate for the work undertaken for this report.

During the data verification process, the reported locations of the 2005 coal-bed methane drillhole collars were found to be inconsistent. For this reason, the site visit included verification of the hole locations, and they were able to be used in the resource calculation.

Additionally, problems were discovered with the existing survey information, and several days of surveying were carried out by 3D Surveys of Merritt to resolve the issue. This enabled the creation of an adequate topographic surface to be used for resource calculations, and all future studies.

During the review of the Annual Reclamation Reports by Compliance Coal Corporation, some inconsistencies were found in the reporting of the tonnages mined and sold year to year. For this reason the data from those reports should be relied upon only as representative of the activities on site. The reports are not compliant with NI 43-101, but are submitted as a requirement of the Mines Permit C-217.

The drillhole data from the various programs was input into a Microsoft Access (MSAccess) database for compilation, verification and retrieval. This database has tables designed to store all relevant drillhole information such as collar, survey, lithological observations (and core logs), and coal quality data.

All of the drillholes with available information were used during the course of this report and the geological model and accompanying resource estimate.

For the coal quality modeling, only data from the 1977 drillholes was used in the interpolation routine for the block model. This is because the sampling done on the 1998 holes only included samples of the coal. No parting material was sent or is available for analysis. A reliable assumption on the ash content of the non-coal intervals from the drilling was not possible to extract from the logs. Therefore, the decision was made to omit this data for doing the interpolation. The data does, however, serve to illustrate that there are many layers of good coal intermixed in the seam with partings and bentonite.

Despite issues identified with some data, it was found to be a robust data set, which allowed for a good overall understanding of the surface and sub-surface features at the Project site. The data was of sufficient quality and quantity to prepare the resource calculation which was the object of this report.

# 14 Adjacent Properties

The configuration of the Basin Coal Project Area and the adjacent properties is shown on *Figure 2 – Surface and subsurface rights*.

The majority of the operations of the Basin are conducted on land which is under License or Lease by the Issuer. However, it is noted that portions of the Mineral Claims 515916 and 515918 overlie land which is not under Coal License or Lease by the Issuer.

The mineral claims noted above overlie an adjacent property. The adjacent Coal Licenses to the south are owned by Mullin's Stripmine Ltd. (BC Mineral Titles Online Database: 2009). It is possible that a substantial amount of additional near surface coal potentially still remains on the Mullin's property.

> *"Coal licenses 34249, 342250 and 342251 lie south of, and are contiguous with, the PWC coal licences. These adjacent licences encompass the area of the old underground mines, and the surface Blakeburn/Mullins strip mine that operated in the 1950's. These mines extracted coal on the southwest flanks of the Tulameen basin along strike from the same coal horizons that exist on the PWC licences." (McKnight: 2002, p.17)*

CCC's License of Occupation no 430059 allowed for the building of the mine's surface facilities on the Mullin's coal lease/license area. This area is partially overlapped by the PWC mineral claims. See *Figure 2 – Surface and subsurface rights*.

The author is unaware as to the Mullin's intent regarding future development of the coal resources on their property. Some of the areas on these licenses have historically been mined via underground and surface techniques, however, only a portion of the seam was mined. (Ministry of Sustainable Resource Management: 2005)

> ***The author has been unable to independently verify information related to adjacent properties and the relationship of them to the workings of the existing holdings of the Issuer. The author has relied on information provided by available reports. Information about adjacent properties is not necessarily indicative of the potential for economic coal on the Issuer's property.***

# 15 Coal Quality and Coal Processing Testwork

Over the years, coal samples from the Basin Coal Property have been subjected to routine testing for coal quality and washability by various operators. A number of reports have been written with varying levels of detail regarding the coal quality of the Tulameen Basin.

The typical suite of coal testing has usually been completed: Proximate Analysis including moisture, volatile matter, fixed carbon, ash, sulphur, and combustibility testing, including BTU/lb Coal testing was reported upon by both McKnight: 2002, p.17-18, and in Annual Reclamation Reports by Compliance Energy: CCC: 2001.

> ***The reader is cautioned that the author did not conduct independent coal quality testwork to verify historical results. The data was obtained from sources that are believed to be generally reliable, but which were not necessarily compliant with NI 43-101.***

The resource estimate prepared for this report was based on the coal quality results from the 1977-1978 drillholes since they were the only complete set of coal seam data available in the format appropriate for resource evaluation of the in-situ coal resource. This is discussed further in *Section 16 - Mineral Resource Estimate*.

The coal is classified as high volatile bituminous C, which is typically referred to as a thermal coal in the industry.

The results are summarized briefly below.

## 15.1 Cyprus Anvil 1977 Testwork

Coal quality, washability and sizing analyses were conducted on core samples from drilling in 1977-1978, and on the two 10 tonne bulk samples obtained from trenches. (McKnight: 2002, p.17) Following the acquisition of each sample, and transmittal to the laboratory, each sample was subjected to a proximate and B.T.U. analysis. Each component was composited into a representative seam sample.

> *"The raw ash (a.d.b.) of the Main Coal Seam intersected in holes T-77-1 through T-77-5 ranges from 36.54% to 41.17% for an average of 38.8%. Raw coal B.T.U. (a.d.b.) from the Main Seam intersected in holes T-77-I through T-77-5 ranges from 6,640 B.T.U./lb. to 7,540 B.T.U./lb. for an average of 7,149 B.T.U./lb.*
>
> *The raw coal ash percentage (a.d.b.) for the Lower Seam intersected in holes T-77-3 through T-77-6 ranges from 46.72% to 52.08% for an average of 50.2%."*

## 15.2 WEL 1981 Study

A study in 1981 by WEL subjected a 5 tonne sample of clean coal from the Main seam to proximate analysis and combustion testing. It was found to be suitable as a boiler fuel when used in pulverized form.

> *"Based on pilot wash plant tests, it is anticipated that clean quality (dry basis), will be 10,945 Btu/lb (25.5 MJ/Kg), ash of 19.1% and 31.1 % volatile matter...Individual coal seams within the Main Coal Seam vary significantly in ash content and heating values." (McKnight: 2002, p.17).*

## 15.3 2000 Pacific West Coal Bulk Sampling

In 2000, PWC submitted two composite coal seam samples for coal quality tests including proximate analysis and combustibility. (McKnight: 2002, p.17) The samples were taken by "selectively mining" a total of 20 m of the main seams 30 m width in three sections of 9, 8, and 3m. (PWC 2001a, section 4.0, clean coal analysis). It is unclear as to the distribution of the rock partings selectively excluded from the bulk sample. The results are what would be expected as a typical ROM (run-of-mine) product if a selective mining approach were used for extraction. (Harrison: 2001b, sec 4.0). The two bulk samples gave the following results:

**Table 7: Pacific West Coal bulk sampling results**

| Sample | Moisture | Ash | Volatiles | Fixed carbon | BTU/lb. |
|---|---|---|---|---|---|
| Comp. #1 | 5.1 | 11.8 | 34.1 | 48.98 | 11,165 |
| Comp. #2 | 4.97 | 13.29 | 33.37 | 48.37 | 10,820 |

*(Harrison: 2001b, sec 4.0)*

## 15.4 2001 Compliance Coal Test Mining Results

Trial mining in 2001 was conducted by Compliance Coal Corporation. The test mining involved excavating and processing the selective mining of coal, waste and bentonite product. The work was conducted on August 7-30, 2001. (CCC: 2001, p.3) The work was compiled and submitted in September 2001. A total of 22 coal samples were taken from the excavated zones and stockpiles of coal. The 10 kg (each) samples were seam composites. They were sent to Birtley Coal Lab in Calgary. The samples were analyzed for proximate analysis of ash, moisture, volatile matter, fixed carbon and BTU's per pound. Additional detailed sampling was carried out over various zones within the main seam. (CCC: 2001, p.17)

The study concluded that selective mining of the Main seam could result in producing a ROM coal product in the 20% ash range, which is suitable for processing to a saleable product with the 100 tph processing plant on site.

## 15.5 2009 Norwest Bulk Sample

The results from the recent bulk sampling performed by Norwest were not yet available at the time of this report.

For an overall interpretation of the coal quality as it relates to the property as a whole, refer to *Section 16 – Mineral Resource Estimate.*

# 16 Mineral Resource Estimate

A NI 43-101 compliant mineral resource estimate was prepared for surface coal resources present on the Basin Coal Property. The basis for resource estimation in this report is a modified system based upon the guidelines presented in the Geological Survey of Canada publication, Paper 88-21 (1989), entitled "A Standardized Coal Resource/Reserve Reporting System for Canada".

The resource estimate involved the evaluation of the areal extents of the Lower and Main coal seams, determining the thickness and coal quality of the deposit as it varies, and coming up with a reasonable estimate of the in-place volume and tonnage of the surface coal resource. The quantification parameters used by ResourceEye were more conservative than required by the guidelines. This conservative approach is appropriate when the deposit's characteristics and the data set are considered.

## 16.1 GSC Paper 88-21 System and Applicability to Basin Coal Property Deposit

The Reporting System proposed in the GSC Paper 88-21 considers a number of parameters relating to coal deposits of Canada, and sets forth proposed standards for the evaluation and calculation of volumes and tonnages of resources and reserves. The following criteria are taken into consideration during the preparation of a resource/reserve estimate:

1. A demonstrated presence of coal of a given rank
2. The Geology Type (degree of geological complexity)
3. The Deposit Type (probable extraction technique)
4. Definition of quantification parameters.
    a. Seam thickness
    b. Areal extent
    c. Bulk density
5. Resource / reserve classification
    a. Feasibility class
        i. Resources - immediate / future interest
        ii. reserves - active / not active mines
    b. Assurance class
        i. Resources - Measured, indicated, inferred, speculative
        ii. Reserves – Measured and indicated
    c. Technology class
        i. Resources – in place only
        ii. Reserves – in place, recoverable, saleable

*See Appendix 5: Excerpt of GSC Paper 88-21- Figure 1.* Each criteria and its applicability to the Basin Coal Property deposit is discussed below.

### *16.1.1 Demonstrated Coal Presence*

The Basin Coal Property has demonstrated coal of medium to high volatile bituminous **rank.** In the industry, this type of coal is commonly referred to as thermal coal. This has been confirmed by mining and exploration activities on site.

### *16.1.2 Geology Type (Degree of Geological Complexity)*

The **geological type** of the Basin deposit in the area of the Basin Coal Project is considered to be **moderate to complex.** That is, the deposit exhibits characteristics that are common to both moderate geology examples (Bullmoose, BC; Obed, Alberta) and some characteristics of deposits of the complex geology classification, such as Smoky River, Alberta and Gregg River, Alberta.

R. Parent, P. Geo. has worked on both the Smoky River and Gregg River deposits in the past, and visited the Bullmoose mine while it was previously in production. At that time, he was able to observe the various geological complexities of those significant Canadian coal deposits.

The level of complexity was previously classified as moderate by McKnight (2002), however, geological mapping activities carried out in the open pit revealed significantly steeper dips (commonly >45 and locally up to 65 degrees) than what is expected to be for a moderate classification (based on the requirement for a moderate classification that the structural dip of the seams generally be less than 30 degrees). Additionally, faulting is not uncommon as is the case in a moderate geology type, although displacements are often small, in the order of 1-10 m. Indications are that additional faulting may become evident as exploration work continues. Any faulting encountered to date has resulted in increased seam thicknesses. Complex faulting has not been observed on the property, but has been observed close by, in the vicinity of other historical workings.

### *16.1.3 Deposit Type*

The deposit type in the GSC system is related to the probable extraction method that would be used to recover the coal. Four categories are proposed: *surface, underground, non-conventional and sterilized.* Additionally, the GSC system calls for surface resources to be restricted to areas subject to a 20:1 bcm waste to raw coal cutoff strip ratio.

For the Basin Coal Project, only surface resources are being considered, as underground mining is not considered to be an option at the present time. Additionally, the estimate of surface resources prepared here has been restricted to a more conservative incremental cutoff strip ratio of 8:1 (BCM: raw tonne in-situ coal).

The property does have the potential to host underground resources, however, the evaluation of these resources is not being considered at this time.

### *16.1.4 Quantification Parameters*

#### 16.1.4.1 Seam Thickness

Seam thicknesses have been determined from drillhole information. The **Main and Lower seam both meet minimum thickness requirements** for inclusion in the resource. See *Section 6.2 – Computer Geological Modeling Methodology* for a detailed discussion and analysis of the seam thickness parameters as it relates to the resource model.

#### 16.1.4.2 Areal Extent

Detailed mapping and computerized modelling has established the areas underlain by coal and their projection underground and at surface. The surface projections of both seams are illustrated on *Figure 6 – Local Geology and Coal Occurrences* and on *Figures 12-26 – Sections 3100 N – 5300 N. Figure 9a – Structure Contour Map bottom of Main Seam* and *Figure 9b – Structure Contour Map bottom of Lower Seam* illustrate the subsurface geology of the Main and Lower seams.

#### 16.1.4.3 Bulk Density

Bulk density estimates are to be determined using the reference chart from the system that equate the bulk density (SG) = 0.0092 x ash (adb) + 1.2713. Ash contents have been interpolated from sampling and SG calculations from the above formula have been used to obtain tonnages. Coal seam densities are higher than for a typical coal deposit due to the high overall ash content of the coal seams. This is mainly due to the presence of rock partings and the thickness of the seams. Selective mining techniques have been successful in recovering good quality coal for processing.

### *16.1.5 Resource Classification*

#### 16.1.5.1 Feasibility class

The coal resources of the Basin deposit are classified as being of ***immediate interest.*** GSC Paper 88-21 cites "resources of immediate interest" to be those that have favourable conditions of thickness, depth, quality and location, thereby making them available for possible exploitation, despite the lack of a feasibility study. This classification is justifiable for the Basin deposit considering the current stage of the project and the proximity of infrastructure, personnel, permits and licenses. Mining could conceivably re-commence on the property in fairly short order after completion of a feasibility study and reserve estimates.

#### 16.1.5.2 Assurance class

The surface coal resources here have been classified as ***measured, indicated*** and ***inferred*** on the property based upon specified distances from data points. The specific criteria used is presented in *Table 8: Distances from nearest data point for resource classification*. The table includes the GSC system's recommended distances.

**Table 8: Distances from nearest data point for resource classification.**

| System | Measured | Indicated | Inferred |
|---|---|---|---|
| GSC 88-21 moderate geology | 450 m | 900 m | 2400 m |
| This study | 400 m | 850 m | 2350 m |

#### 16.1.5.3 Technology class

The estimates presented are for "in place coal resources" only. No recoveries or other factors have been applied to these resources.

## 16.2 Computer Geological Modelling Methodology

Resource calculations were performed using Minesight® 3D computer software. The software was used to construct wireframe surfaces and solids as well as a 3D block model.

100 m spaced cross sections were developed using information from mapped surface outcrops, trenches and historical drillholes. The cross sectional information was used to create 3D wireframe surfaces for the tops and bottoms of the various coal seam plys and bentonite horizons.

The location of the cross sections is illustrated on accompanying structure contour and isopach maps. See *Figure 9a – Structure Contour Map bottom of Main* Seam and *Figure 9b – Structure Contour Map bottom of Lower Seam.* Cross section locations are shown on *Figure 8 – Coal Resources.* Cross-sections are also shown on *Figures 12-26 – Sections 3100 N – 5300 N.*

Two (2) m fixed length composites were created for the length of each seam intersection from the six holes (T77-1 to 6) with coal quality sampling of the entire seam interval. The results of this compositing are presented in *Table 9: Main Seam composite data for coal quality interpolation* for the Main Seam and *Table 10: Lower Seam composite data for coal quality interpolation* for the Lower Seam.

**Table 9: Main Seam composite data for coal quality interpolation**

| Hole | composite length (m) | distance from top of seam intersection (m) | Ash (adb) | BTU / lb. (adb) |
|---|---|---|---|---|
| T77-1 | 2 | 0 | 44.4 | 6550 |
| | 1.2 | 2 | 44.4 | 6550 |
| | 2 | 3.2 | 43.2 | 6750 |
| | 2 | 5.2 | 43.5 | 6681 |
| | 2 | 7.2 | 47.2 | 5920 |
| | 2 | 9.2 | 44.4 | 6326 |
| | 2 | 11.2 | 22.4 | 9520 |
| | 2.3 | 13.2 | 29 | 8669 |
| T77-2 | 2 | 0 | 46.8 | 6050 |
| | 2 | 2 | 33.2 | 7810 |
| | 2 | 4 | 28.6 | 8420 |
| | 2 | 6 | 28.3 | 8462 |
| | 2 | 8 | 23.8 | 9240 |
| | 2 | 10 | 45 | 5862 |
| | 2 | 12 | 45.2 | 6070 |
| | 2 | 14 | 44.6 | 6280 |
| | 2 | 16 | 37.6 | 7110 |
| | 2.7 | 18 | 35.4 | 7231 |
| T77-3 | 2 | 0 | 42.9 | 6700 |
| | 2 | 2 | 35.9 | 7507 |

| Hole | composite length (m) | distance from top of seam intersection (m) | Ash (adb) | BTU / lb. (adb) |
|---|---|---|---|---|
| | 2 | 4 | 35.1 | 7600 |
| | 2 | 6 | 32.3 | 8075 |
| | 2 | 8 | 20.7 | 9988 |
| | 2 | 10 | 46.6 | 6040 |
| | 2 | 12 | 46.5 | 6040 |
| | 2 | 14 | 43 | 6694 |
| | 2 | 16 | 28.6 | 8730 |
| | 2.9 | 18 | 27.3 | 8920 |
| T77-4 | 2 | 0 | 43.7 | 6670 |
| | 2 | 2 | 32.8 | 8040 |
| | 2 | 4 | 32 | 8140 |
| | 2 | 6 | 38.1 | 7570 |
| | 2 | 8 | 41.1 | 6994 |
| | 2 | 10 | 46.7 | 5760 |
| | 2.6 | 12 | 33.9 | 8027 |
| T77-5 | 2 | 0 | 32.5 | 8010 |
| | 2 | 2 | 47.3 | 5942 |
| | 2 | 4 | 36.4 | 7358 |
| | 2 | 6 | 33.2 | 7773 |
| | 2 | 8 | 39.2 | 6890 |
| | 2 | 10 | 44.9 | 5955 |
| | 2 | 12 | 48.1 | 5454 |
| | 2 | 14 | 46 | 6110 |
| | 2 | 16 | 38.3 | 7208 |
| | 2.4 | 18 | 32.7 | 8020 |
| T77-6 | 2 | 0 | 53 | 4740 |
| | 2 | 2 | 51.8 | 4922 |
| | 2 | 4 | 64.2 | 2984 |
| | 2 | 6 | 66.9 | 2580 |
| | 2 | 8 | 65.7 | 2743 |
| | 2 | 10 | 42.7 | 6050 |
| | 2 | 12 | 42.3 | 6159 |
| | 2 | 14 | 38 | 7237 |
| | 2 | 16 | 32 | 8410 |
| | 1.2 | 18 | 32 | 8410 |

**Table 10: Lower Seam composite data for coal quality interpolation**

| Hole | composite length (m) | distance from top of seam intersection (m) | Ash (adb) | BTU / lb. (adb) |
|---|---|---|---|---|
| T77-3 | 2 | 0 | 42.9 | 6690 |
| | 2 | 2 | 47 | 6336 |
| | 2 | 4 | 47.9 | 6341 |
| | 1.3 | 5.3 | 47.4 | 6430 |
| T77-4 | 2 | 0 | 48.9 | 5720 |
| | 2 | 2 | 52.5 | 5222 |
| | 2 | 4 | 56.2 | 4749 |
| | 1.9 | 5.9 | 44.4 | 6540 |
| T77-5 | 2 | 0 | 52.1 | 5330 |
| | 2 | 2 | 52.9 | 5227 |
| | 2 | 4 | 49.7 | 5781 |
| | 1 | 5 | 47.9 | 6100 |
| T77-6 | 2 | 0 | 55.8 | 4770 |
| | 2.6 | 2.6 | 52.6 | 5292 |

These composites were then used in the block model for the interpolation of coal quality. Due to the thickness of the coal seam and the high variability in seam ash in the individual coal and parting/bentonite plies, it was felt that by using this method, the block model would be able to capture the variability of the seam quality from top to bottom.

This technique seems to have worked well, as evidenced by the fact that the average ash content (overall) for the modelled resources is actually higher than the average for the data set. A review of the modelling results shows that a substantial portion of the Main seam is very high in ash (i.e. where bentonite or rock partings predominate). See *Figure 11 – Main Seam Map of Ash and Parting %*. The information suggests that there is an increasing amount of parting within the main coal seam to the north and northeast. Geological mapping and lithological analysis of coal data supports this observation.

A 3D block model with blocks measuring 10 x 10 x 7 m was constructed to enable future pit optimization and for in-situ coal tonnage calculations. Coal quality parameters were also interpolated and extrapolated into the 3D block model using inverse distance to the power of 2 (ID2), projecting fixed length composites of 2 m or less.

Only drillholes where the entire seam was sampled were used in the coal quality evaluation (1977 Cyprus Anvil). Coal quality data from the 1998 program was not utilized for coal quality modelling because of incomplete sampling.

Seam thicknesses were determined and projected onto cross sections. Isopach data for the vertical seam thicknesses were corrected for dip to determine true seam thicknesses for correlation and calculations. True thickness isopach maps were then created from contoured data for each seam. *Table 11: Main seam intersection data* and *Table 12: Lower seam intersection data* below present the thicknesses intersected in the drillholes used to create the geological

model and calculate the resources. *Figure 10a – True Thickness Isopach Map of Main Seam* and *Figure 10b - True Thickness Isopach Map of Lower Seam* display the thickness distribution for the Main and Lower Seams.

**Table 11: Main seam intersection data**

| Hole-id | intersected thickness | true thickness | seam dip | parting M | Parting pct | Ash |
|---|---|---|---|---|---|---|
| DDH1 | 13.70 | 13.30 | 43 | 0.90 | 6.57 | |
| T77-1 | 15.54 | 15.45 | 26 | 3.20 | 18.08 | 38.5 |
| T77-2 | 20.12 | 19.60 | 32 | 4.80 | 20.78 | 37.60 |
| T77-3 | 20.27 | 19.06 | 32 | 3.90 | 16.60 | 35.80 |
| T77-4 | 14.63 | 13.68 | 44 | 3.90 | 23.08 | 38.20 |
| T77-5 | 20.42 | 18.70 | 29 | 2.50 | 10.00 | 40.00 |
| T77-6 | 19.20 | 16.59 | 30 | 3.90 | 20.42 | 47.80 |
| T77-7 | 39.16 | faulted | | 6.90 | 17.49 | |
| T77-8 | 10.37 | 10.17 | 11 | 6.70 | 26.27 | |
| T77-9 | 20.88 | 20.09 | 15 | 8.60 | 40.57 | |
| T77-10 | 8.99 | 8.99 | 1 | 3.70 | 41.11 | |
| T77-11 | 22.09 | 19.17 | 30 | 0.60 | 2.64 | |
| T77-12 | 24.54 | 23.34 | 18 | 2.20 | 8.98 | |
| RS98-1A | 20.50 | 20.40 | 29 | 4.10 | 20.00 | |
| RS98-2 | 22.30 | 21.80 | 30 | 6.40 | 28.70 | |
| RS98-3 | 21.40 | 20.80 | 33 | 5.70 | 26.64 | |
| RS98-4 | 24.30 | 23.50 | 36 | 7.30 | 30.04 | |
| RS98-5 | 21.80 | 21.10 | 35 | 7.20 | 33.03 | |
| RS98-6 | 22.00 | 20.90 | 35 | 9.60 | 43.64 | |
| RS98-7 | 18.20 | 16.20 | 18 | 7.20 | 39.56 | |
| RS98-8 | 14.10 | 12.70 | 25 | 4.10 | 29.08 | |
| RS98-10 | 22.00 | 21.50 | 25 | 7.40 | 33.64 | |
| TU-05-01 | 19.50 | 18.30 | 21 | 0.00 | 0.00 | |
| TU-05-02 | 11.40 | 11.00 | 15 | 0.00 | 0.00 | |
| min | 8.99 | 8.99 | 0.60 | 0.00 | 0.00 | 35.80 |
| max | 39.16 | 23.50 | 43.60 | 9.60 | 43.64 | 47.80 |
| **average** | **19.48** | **17.67** | **26.60** | **4.62** | **22.37** | **39.65** |
| standard deviation | 6.04 | 4.25 | 10.23 | 2.72 | 13.04 | 4.22 |

**Table 12: Lower seam intersection data**

| Hole-id | intersected thickness | true thickness | seam dip | parting M | Parting pct | Ash |
|---|---|---|---|---|---|---|
| T77-3 | 7.00 | 6.60 | 32 | 1.00 | 14.3 | 46.10 |
| T77-4 | 7.90 | 7.40 | 45 | 0.80 | 10.1 | 50.60 |
| T77-5 | 6.90 | 6.20 | 25 | 2.10 | 30.4 | 51.20 |
| T77-6 | 6.80 | 5.80 | 31 | 0.90 | 13.2 | 54.20 |
| T77-7 | 7.50 | 7.40 | 10 | | | |
| T77-9 | 8.80 | 8.40 | 17 | | | |
| T77-10 | 11.60 | 11.60 | 5 | | | |
| T77-11 | 10.50 | 9.60 | 24 | | | |
| T77-12 | 8.40 | 7.80 | 21 | | | |
| RS98-1A | 6.80 | 6.80 | 29 | | | |
| RS98-4 | 7.20 | 7.00 | 35 | | | |
| RS98-6 | 5.10 | 4.60 | 23 | | | |
| TU-05-01 | 7.90 | 7.30 | 23 | | | |
| TU-05-02 | 7.50 | 7.20 | 15 | | | |
| min | 5.10 | 4.60 | 5 | 0.80 | 10.13 | 46.10 |
| max | 11.60 | 11.60 | 45 | 2.10 | 30.43 | 54.20 |
| **average** | **7.85** | **7.41** | **24** | **1.20** | **17.02** | **50.53** |
| standard deviation | 1.63 | 1.68 | 10 | 0.61 | 9.12 | 3.34 |

Information used in the modelling of the coal resource and the preparation of the resource calculation has been based on:

- A base data set consisting of information from 25 drillholes totalling 3808 metres. Complete drillhole information is provided in *Appendix 6: Drillhole Information Sheets.*
- Extensive geological investigations in the existing open pit coupled with a complete evaluation of the geology and all available historical information including maps and cross sections from previous exploration programs of the entire Basin geological structure;
- 8:1 strip ratio cutoff (BCM waste: tonne raw coal);
- Surface resources in two coal seams – Main Seam and Lower Seam;
- Due to the nature of plies within the thick seam, parting thicknesses were not modelled separately, with the exception of three bentonite horizons in the area of highest drilling density. The continuity and thickness (10 cm – 1.8 m) of these horizons enabled modelling of the bentonite beyond the limits of the current pit area; and,
- In the model, which extends beyond the limits of the pit area, the Main Seam is comprised, on average, of 22% parting material. This material may or may not be separable. Further mining studies will evaluate the issue of separable partings as it applies to a mining scenario.

## 16.3 Results of Resource Calculations

Using Minesight® to prepare a geological model, and application of the criteria required by NI 43-101, a resource calculation has been prepared for the Basin Coal Property.

The work has resulted in the calculation of ***in place coal resources contained in the Main and Lower coal seams, totalling 87,015,000 tonnes Measured/Indicated, and 36,685,000 tonnes Inferred.***

The ***surface coal resources*** were determined to be in the category of **"resources of immediate interest"**, and have been classified as ***measured, indicated*** and ***inferred***, with resource calculations provided for each category.

These resources are broken down by seam and category in *Table 13: Surface Coal Resources (using an incremental strip ratio cutoff* of 8:1 BCM: tonne in-situ).

**Table 13: Surface Coal Resources (using an incremental strip ratio cutoff of 8:1 BCM: tonne in-situ)**

| Category | Seam | BCM | SG | Ash | Tonnes |
|---|---|---|---|---|---|
| **Measured** | Main | 25,656,400 | 1.72 | 48.2 | 44,005,000 |
| | Lower | 18,109,000 | 1.72 | 49.1 | 31,147,000 |
| | | | | | |
| **Indicated** | Main | 4,664,100 | 1.72 | 48.8 | 8,022,000 |
| | Lower | 2,160,800 | 1.72 | 49.1 | 3,717,000 |
| | | | | | |
| ***Sub-Total Measured / Indicated*** | ***Main*** | ***30,320,500*** | ***1.72*** | ***48.3*** | ***52,151,000*** |
| | ***Lower*** | ***20,269,800*** | ***1.72*** | ***48.9*** | ***34,864,000*** |
| | | | | | |
| **TOTAL Measured / Indicated** | | | | | ***87,015,000*** |
| | | | | | |
| **Inferred** | Main | 11,370,500 | 1.72 | 48.8 | 19,557,000 |
| | Lower | 9,958,300 | 1.72 | 49.1 | 17,128,000 |
| | | | | | |
| **TOTAL Inferred** | | | | | **36,685,000** |

Resource category distributions are illustrated on *Figure 8 – Coal Resources,* which shows that a large portion of the Main and Lower seams fall into the ***measured category***. The measured resources follow the projected coal subcrops from 500 m on the west limb to 900 m in the synclinal closure area to the north. Surface resources along the eastern limb follow a narrower band due to the steeper projected dip and thinner seams modeled. See also *Figures 12-26 – Sections 3100 N – 5300 N.*

# 17 Other Relevant Data and Information

## 17.1 Environmental Considerations

The Basin Coal Mine is currently on care and maintenance. No new mine development is expected to occur during 2009. The Ministry will be advised of any changes to the existing Mine Plan. (CCC: 2009, p.23)

The Basin Coal Mine is subject to a variety of environmental obligations regarding the previous, ongoing, and planned operations of the mine. These considerations are managed under Permit C-217, and applicable amendments. As required by the terms of the permit, Compliance Coal Corporation has submitted Annual Reclamation Reports to the Ministry of Energy and Mines, which outline conditions at, and activities on the site.

Environmental obligations include ongoing monitoring programs, and end of mine obligations. These include, but are not exclusive to water quality monitoring, water management and control works, the design and monitoring and a waste rock cover and field test pad, and ARD waste rock monitoring, and the completion of a reclamation program.

## 17.2 Water Quality Monitoring

*(after CCC: 2009, p.11)*

*"A water quality monitoring program continued during 2008. Watercourses that surround the mine area were monitored as required by Permit C-217.*

*During 2006 a Water Quality review program was completed by EBA Consultants and a proposed Mitigation Plan was submitted to the Ministry of Energy and Mines as part of the mine Water Management Plan. Compliance Coal Corporation is continuing to monitor water quality with the purpose of enhancing the overall Water Management Plan. Based on results of the water monitoring program construction of essential works will be initiated as required by the plan.*

*Water quality background information will continue to be gathered and will form part of the environmental baseline work. Water quality will be monitored throughout the mine life and after the reclamation process has been completed.*

*In addition to...water sampling points there are additional samples collected from the fresh water pond and the Acid Test Leach Pad.*

*Previous to 2008 logging debris from the bulk sample site was gathered and piled. Approximately 9,000m3 of topsoil was also removed from the bulk sample area by bulldozer and windrowed up slope of the coal seam. This soil will be stockpiled as mining progresses to a separate area for use on the final waste dump revegetation soil cover.*

*No reclamation of the pit area has been carried out as it is encompassed in future mine development.*

*Weather monitoring was completed during the working days of the operating season. This monitoring continues to show that the site has a net loss of water due to evaporation and transpiration. During the summer of 2008 there was a net evaporation loss of 398 mm. of water."*

## 17.3 Water Management Control Works

*"As required in the May 27, 2004 amendment to the Reclamation Permit C-217 an updated construction schedule for the civil works used to collect, control and divert all surface water flows in and around the immediate vicinity of the mine is (in place) (CCC: 2009, p.5).*

*Surface drainage ditches will be monitored to ensure compliance with the proposed water management plan. Water quality sampling and the weather station monitoring program will continue to be monitored through 2009. The test pad water will be sampled if sufficient water is available for sampling." (CCC: 2009, p.23)*

## 17.4 Waste Rock Cover & Field Test Design and Monitoring

*"The Waste Rock Cover design under field conditions will be tested at the earliest available opportunity when a section of the waste rock dump has reached final design limits. The objectives of the testing will be to:*

*1. Confirm the viability of the cover as a water shedding cover, and measure infiltration of precipitation*
*2. Test the long-term performance and stability, and*
*3. Test its suitability as a growth medium for a vegetation cover.*
*4. Long Term Performance and Stability. The reclaimed dump surface will be monitored for erosion, and stability by visual observations of the areas as the areas become available.*
*5. Vegetation The vegetation will be monitored as to the viability and per cent cover as areas become re-vegetated. (after CCC: 2009, p.19)*

*A waste rock pad was prepared to test weathering waste rock under field conditions: Waste rock of an estimated 3.73 tonnes was extracted from the waste rock just above the coal seam. It was hauled and dumped on top of bentonite clay. The surface area of the pad is calculated to be 21.3 square meters. The test pad was monitored throughout the summer of 2008. Water samples were available for ph testing from the test pad. No significant changes were noted in the test pad water quality." (CCC: 2009, p.16)*

## 17.5 ARD Waste Rock Pad

*"Monitoring of the ARD Waste Rock Pad water will continue during the summer of 2009. Recording of the leachate quantity, the corresponding weather data and results of the water analysis sampling program will continue when conditions allow water samples to be collected." (after CCC: 2009, p.19)*

## 17.6 Reclamation Program

The Basin Coal Mine, via Permit C-217 and applicable amendments, is responsible for the completion of a reclamation program following the completion of mining. The obligations of the program are outlined in the Annual Reclamation Reports submitted to the Ministry of Energy and Mines, which are quoted directly below. CCC: 2009, p.1-2, states:

*"The primary focus of the reclamation plan is to reclaim any land disturbed as a result of mining activities. The planned end use for this land will be forestry and grazing which is the current status of the property. It is Compliance Coal Corporation's intention to return the land to a natural state by scarifying the haul roads, respreading soil material and revegetating all disturbed areas as required. The main goal of the reclamation process is to minimize soil erosion and stimulate natural growth of native vegetation.*

*Little topsoil has been found on the site however; where it exists it will be collected and used for future revegetation of the disturbed areas... Bentonite for covering the waste dump is also being stockpiled on the surface of waste dump while mining activities are in progress. This bentonite will be used to create an impermeable cover on the rock dump after the dump is finished. The bentonite cover on the dump will minimize surface erosion and minimize seepage of runoff water through the dump core.*

*Following soil replacement to the disturbed areas, the soil will be seeded with a mixture of grasses, legumes, shrubs and native seedlings to assist in returning the land use to forestry. The majority of seeding will be done late in the fall and as soon as possible to ensure the most receptive seeding. Seeding will be at the rate of 65 kg/h...*

*An aggressive fertilization program will be implemented for the first several years to promote and sustain the revegetation process. The relatively small size of the disturbed area and the close proximity of native trees and shrubs will also assist in the revegetation of the reclaimed sites. Logging debris will also be used as well as natural rock and brush piles to ensure small mammals and birds recolonize the area.*

*The reclamation program continues to follow the conditions set out in Permit C-217 regarding waste dumps, watercourses, pit walls and roads.*

*A detailed mitigation plan of the potential ARD aspects of the waste rock was developed and submitted to the Ministry of Mines in 2003. Following a Ministry of Energy and Mines review of the plan a new Water Management Plan was subsequently complied by EBA Engineering and the plan was re-submitted to the Ministry in 2006. The new Water Management Plan includes strategies to mitigate and eliminate potential future water quality problems. Ongoing water quality monitoring will continue to provide information necessary to further update details of the plan and will also, provide the basis for updating any future reclamation management plans.*

*A surface ditch was made operational along the east side of the main pit and above the footwall in 2005. This ditch diverts surface runoff water away from the main pit area and into Blakeburn Creek... A second ditch was also constructed above the north end of the mine. This ditch intercepts surface runoff water from a large area and diverts the water into Collins Gulch as before. This further reduces the volume of surface runoff water which will pass through the mine waste dump area.*

*In 2005 the Ministry of Energy and Mines Geotechnical Branch approved construction plans for a water impoundment pond for the wash plant. The pond was constructed and operational by August 2005 and has a capacity of around 1.0 million gallons. In August 2006 an Emergency Preparedness plan, First Annual Inspection, As Built Report – Design and Construction and also Operations, Maintenance and Surveillance Manual were submitted to the Ministry.*

*A water well was drilled adjacent to the plant site for a back-up ground water supply and flows at between 8 – 15 gallons per minute when being pumped. This water is also used as a water source for the mine dry when the mine is operating. (CCC: 2009, p.1-2)*

*Minor water drainage control ditches will be constructed near the toe of the waste dump to direct all runoff water from the dump to a central collection pond. This was a requirement of the Water Quality Management Plan submitted in 2006. (CCC: 2009, p.22)*

*The utilization of reclamation component research and design criteria will be conducted as completed mine development areas become available. When mine construction is completed, any peripheral areas will be contoured and revegetated. The mine development is composed of a single active pit along coal seam strike with a single rock dump. This mine design only allows minimal reclamation of disturbed mining areas to be conducted*

*until completion of mining. Areas of the permanent rock waste dump will be graded and reclaimed as the dump is extended and completed to final design. Disturbed ditches and berms will be revegetated and maintained to prevent erosion. Environmental monitoring will be conducted throughout the life of the mine." (CCC: 2009, p.22)*

### *17.6.1 Reclamation Facilities and Staff*

*"Due to the small size of the coal mine any reclamation activities on disturbed areas will be conducted when the disturbed areas are no longer subject to further disturbance. These areas will be identified in future annual reclamation reports. The topsoil will be placed in practical and strategic stockpile areas. These topsoil stockpiles will be contoured and seeded to prevent erosion. The pit area, haul road and rock dump will all remain active during mining activities and only adjacent peripheral areas disturbed by the pit, roads or the waste dump will be reclaimed until larger areas where mining has been completed become available. All reclamation activities will be carried out using Compliance Coal Corporation mine personnel and equipment supplemented with reclamation guidance from appropriate consulting sources". (CCC: 2009, p.11)*

## 17.7 Reclamation Liability Cost Estimate Over the Life of the Mine

*"Cost projections regarding scarification and soil replacement are $1000 per hectare. Revegetation and fertilization costs are estimated at $500 per hectare. Removal of structures and equipment costs will be minimal due to the mobility of administration offices and wash plant configuration. Long-term maintenance and monitoring programs will be developed. Reclamation cost estimates will be adjusted to reflect the total disturbance and liabilities as mine development continues" (after CCC: 2009, p.22)*

For an estimate of areas disturbed by previous operations at the Basin Coal Mine, see *Table 14: Disturbed areas by year*. This information has been compiled and summarized from Annual Reclamation Reports submitted by CCC to the Ministry. The information has not been independently confirmed.

**Table 14: Disturbed areas by year**

| DISTURBANCE | 2001 ha | 2002 ha | 2003 ha | 2004 ha | 2005 ha | 2006 ha | 2007 ha | 2008 ha | Totals ha |
|---|---|---|---|---|---|---|---|---|---|
| Waste dumps | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 3 |
| Tailings Ponds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| plant site | 0 | 0 | 0.55 | 0.45 | 0 | 1 | 0 | 0 | 2 |
| roads | 0 | 0 | 0 | 0 | 0.5 | 0 | 0 | 0 | 0.5 |
| administration | 0 | 0 | 1.5 | 0 | 0 | 0 | 0 | 0 | 1.5 |
| pit areas | 0.7 | 0 | 2.15 | 7.4 | 5.5 | 0 | 0 | 0 | 15.75 |
| stockpiles | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| fresh water pond | 0 | 0 | 0 | 2.52 | 0 | 0 | 0 | 0 | 2.52 |
| linear | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| other | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| TOTAL | 0.7 | 0 | 9.2 | 11.37 | 6 | 4 | 0 | 0 | 31.27 |

*(compiled from CCC reports 2002-2009)*

Based on CCC's estimated cost of reclamation of $1500 per disturbed hectare, and a reported disturbed area of approximately 31.27 ha, a total extra reclamation cost of approximately $47,000 was estimated. Updated cost estimates, when obtained, should reflect the current market value for reclamation services, the costs of ongoing monitoring and reporting programs that are a condition of Permit C-217, and the reclamation bonds currently in place with the government. For example, the current Reclamation Security Bonding in place with the Ministry of Energy and Mines is estimated at $70,000. Also, under the mining agreement, $0.50 per tonne has been placed into a Reclamation Trust Fund, which is now estimated at approximately $75,000. (E. Beresford, personal communication: 2009). Although these numbers are estimated at this time, they serve to demonstrate that sufficient financial resources are in place, via combined bonding arrangements, to cover any reclamation liabilities.

## 17.8 Other Relevant Economic and Market Information

Jameson Resources Ltd. has engaged Norwest Corporation to undertake a re-commissioning study which will detail the economic analysis of mine operations, including: market information, contract requirements, taxation, capital and operating cost estimates, economic analysis, payback and minelife.

Both domestic and overseas markets are being assessed as part of the re-commissioning study.

The study was incomplete at the release date of this report, but is expected to be available late 2009/early 2010.

# 18 Interpretation and Conclusions

Historically, drilling, exploration, and mining activities in the Tulameen Basin have resulted in the extraction of 2.3 million tonnes of coal from the underground mines of Coalmont Collieries, and 150,000 tonnes of coal from the Blakeburn Strip Mine, both of which are located on the adjacent Mullin's property. Work on the current land package to date has resulted in the production of approximately 500,000 tonnes of coal from the Basin Coal Mine.

All coal production to date from the Basin Coal Mine has been from the Main Seam coal horizon on the western sub-crop of the easterly dipping syncline limb. The mine is a classic dip slope situation, where the coal seam and the hillside dip in the same direction. The seam dips are up to 65 degrees near the top of the pit. Drilling and mapping information indicate that the seam dip is shallower as we progress deeper.

The coal is classified as high volatile bituminous coal (commonly referred to as thermal coal). It is comprised of interlayers of coal of varying brightness and thickness, rock partings of sedimentary or volcanic origin and laterally continuous bentonite layers up to 1.5 metres thick. In the open pit, the Main seam ranges from 22 to 25 metres in thickness.

Analysis of the coal quality from the 1977 drilling program indicate that the Main seam ranges from 35.8 – 47.8 % ash, averaging 39.65 %. There is an increasing amount of partings and bentonite, and therefore overall ash content, in the Main seam as it progresses to the North and Northeast. Layers within the seam have ash values ranging from 10% for a clean coal to 100% for a bentonite layer. The most effective method of extracting the saleable coal from the coal seam is through the use of selective mining techniques. This method has proven effective in test mining and actual mining conditions on the property to the extent that the resulting ROM coal material can be processed in the wash plant with acceptable results.

The Lower seam has not been sampled much, with the exception of the 1977 holes, where results indicated that it is fairly high in ash content: 46.1 - 54.20 %, averaging 50.53 %. Additional sampling of this seam is recommended.

Despite issues identified with some data, it was found to be a robust data set, which allowed for a good overall understanding of the surface and sub-surface features at the Project site. The data was of sufficient quality and quantity to prepare the NI 43-101 resource calculation which was the object of this report. Data density in the area of the pit was adequate. However, additional drilling is required prior to commencing further mining activities. More information is needed to assess the distribution of the coal plies with the main seam and to evaluate the lower seam coal quality. The eastern, westerly dipping limb of the syncline requires additional drilling as well to test the continuity of the coal and its thickness.

The trenching program completed during the course of the site visit was successful in aiding the mapping and modeling of the bentonite horizons at the pit scale. Modeling these layers throughout the area was not practical with the sparse information and large spacing. Drilling density will have to be tightened up if the bentonite seam seams are to be mapped in further detail.

The Basin Coal Project is a property of merit, with a recent history of mining and numerous studies of a pre-feasibility nature having been carried out. The key benefit of this property is the large seam thickness, combined with the favourable dip slope situation. See *Section 19 – Recommendations.*

The Basin Coal Project hosts a significant quantity of thermal coal resources. A NI 43-101 compliant resource calculation was prepared. The work has resulted in the calculation of ***in place coal resources contained in the Main and Lower coal seams, totalling 87,015,000 tonnes Measured/Indicated, and 36,685,000 tonnes Inferred.*** See *Section 16.3 – Results of Resource Calculation* for details.

The ***surface coal resources*** were determined to be in the category of **"resources of immediate interest"**, and have been classified as ***measured, indicated*** and ***inferred***, with resource calculations provided for each category.

Historical estimates of coal present within the Tulameen Basin indicate similar findings of coal tonnages. ***The reader is cautioned that historical estimates presented in this report are not compliant with NI 43-101.*** Only the current resource calculation reported upon in *Section 16 - Mineral Resource Estimate* was prepared in accordance with NI 43-101.

Of this current reported resource, 52.15 million in the Main seam and 34.89 million tonnes in the Lower seam (measured plus indicated) are suitable for consideration in a feasibility study. The feasibility study is part of the recommendations of this report.

# 19 Recommendations

The information on the Basin Coal Project has been reviewed, and a resource estimate completed for the property. The author considers the Basin Coal Project to be a property of merit, and recommends further work be conducted on the property.

Further work will serve to better define the coal structure in the northern portion of the property and to gather coal quality data on both the Main and Lower seams. Particular attention will be focussed on ascertaining the continuity and quality of the coal along the north and north eastern portions of the deposit.

A two phase program is recommended. The Phase 1 program includes a preliminary engineering study, and a field exploration program of trenching and drilling. The recommended Phase 2 program, which is contingent upon the results of the Phase 1 work, is a detailed feasibility study.

## 19.1 Phase 1 Program

### *19.1.1 Preliminary Engineering Study*

A preliminary engineering and evaluation study should be carried out.

Such a study would provide initial scoping of production scenarios and cost recovery. It would also assist in determining the final scale/size of the mining operation. The study should also provide a preliminary economic analysis of mine operations, including: market information, contract requirements, taxation, capital and operating cost estimates, economic analysis, payback and minelife.

### *19.1.2 Trenching Program*

In order to expedite the acquisition of data about the Project site, an initial trenching program is recommended.

The program would consist of eleven trenches, to be dug at the projected outcrop of both the Main and Lower Seams.

This trenching program could be carried out within the boundaries of the existing Basin Coal Mine Permit C-217. This program could begin following verbal approval from the Mines Branch. The trenching program could commence in early Fall of 2009 assuming mobilization of personnel and equipment could be carried out within that time.

Large samples may not be required from all trenches, so it may be acceptable to take smaller samples for use in coal quality testing from selected trenches. The minimum sample size for a single coal ply would be approximately 20 kg. Characterization of the coal seam will require representative samples from the full width of the respective seams including dilution material from the hangingwall and footwall contacts.

Estimated locations for the trenches are show in *Figure 27 – Proposed Exploration*. These locations are based on the 2009 ResourceEye geological model's projection of the Main and Lower Seam outcrops. Adjustment in the field may be required if the actual outcrop location varies from the modeled position.

### *19.1.3 Drilling Program*

It is recommended that in conjunction with trenching, a program of drilling be conducted to further delineate the resource.

The program should consist of six drillholes, which would be targeted to intersect both the Main and Lower Seams within a depth of approximately 100-130 m.

The drillholes will be located near existing roads where possible. However, several holes will require the cutting of new roads and drill pads. Estimated locations for the drillholes are shown in *Figure 27 – Proposed Exploration*. These locations are based on the current geological model's projection of the seam depths and dips. Field adjustments of the locations may be required if the initial drillholes show a variation in structure from the current geological model.

The drillholes will be completed using a combination of rotary and diamond drill coring. The rotary drilling will be used to drill to within 15-20 cm of the project seam locations. Core drilling should then be carried out to intersect the coal seams so that samples of the coal and parting can be recovered.

One hole in the northern area of the property should be cored for its full depth in order to collect a full stratigraphic core profile for geotechnical logging and classification.

#### 19.1.3.1 Geophysical/geotechnical logging and GPS surveying

Geophysical logging of all holes should be carried out immediately after the drilling of the hole is completed. The logging should include gamma, neutron, resistivity and calliper measurements. The final test suite will be determined by the site geologist in consultation with Jameson Resources personnel.

Geotechnical logging of all core should be carried out to determine the rock mass quality of the hangingwall and footwall materials. Selected samples of the core will be taken for laboratory testing with a focus on the weaker materials (mudstone, clay seams). Core should be logged as soon as possible after drilling to limit the deterioration of the samples.

The drillhole locations should be surveyed following completion of the program. Coordinates should be provided in UTM format (NAD 83). Details of the survey tie-in are to be documented.

#### 19.1.3.2 Coal quality testing

In order to provide coal for quality testing and characterization, sampling and analysis of the coal seams from exposed outcrop is required. At minimum, samples should be analyzed for: Ash content, moisture content, volatile matter, fixed carbon content, sulphur content. Additional parameters and testing requirements may be added in consultation with Jameson Resources personnel.

## 19.2 Phase 1 Proposed Budget

For an outline of estimated expenditures for the proposed program, see

*Table 15: Proposed exploration budget for recommended trenching and drilling program*. The total cost estimate for the Phase 1 program is approximately $500,000.00.

**Table 15: Proposed exploration budget for recommended trenching and drilling program**

| Expenditure Category | Detail | Estimated Cost (C$) | Total Costs (C$) |
|---|---|---|---|
| ***Preliminary Engineering Study*** | Preliminary engineering and evaluation | 100,000 | |
| **subtotal** | | | **$100,000.00** |
| ***Trenching & Drilling Programs*** | | | |
| | Site Preparation and Reclamation | 25,000.00 | |
| | Trenching equipment/contractor | 7,500.00 | |
| | Drilling equipment/contractor | 119,700.00 | |
| | Labour + Consultancy Costs | 46,540.00 | |
| | Survey | 4,750.00 | |
| | Consumables and Sample Freight | 4,198.00 | |
| | Coal Quality Analysis | 116,400.00 | |
| | Geophysical Surveys - Wireline Logging | 29,250.00 | |
| | Travel & Accommodation | 8,250.00 | |
| | Vehicles | 3,060.00 | |
| | Communications | 200.00 | |
| | Other / Contingency | 35,150.80 | |
| **subtotal** | | | $400,000.00 |
| **TOTAL** | | | **$500,000.00** |

## 19.3 Phase 2 Program and Proposed Budget

Contingent upon successful completion of Phase 1 activities, a Phase 2 program should be carried out.

The Phase 2 program would involve a detailed feasibility study. This study would provide expanded engineering and evaluation of the Project incorporating the results of the Phase 1 program. The study would allow reserve estimates to be made. The study would also expand upon production scenarios, and provide a comprehensive economic analysis of mine operations.

The cost of the study will be dependent on the final scope of the report, and the proposed study area. A cost estimate for the Phase 2 program is estimated to be between $250,000 and $500,000.

# 20 References

Associated Engineering Services Ltd. (1974) *Tulameen Coalfield Evaluation,* ARIS Report 196, September 5, 1974.

Adamson, T.J. (1981) *Bulldozer Trenching Report – Coal License No. 153*, prepared for Cyprus Anvil Mining Corporation, ARIS Report 201 submitted July 1981.

Adamson, T.J. (1982) *Bulldozer Trenching Report – Coal License No. 153*, prepared for Cyprus Anvil Mining Corporation, ARIS Report 202 submitted June 1982.

Adamson, T.J. (1978) *Tulameen Coal Project – Report on 1977 Field Work,* Cyprus Anvil Mining Corporation, ARIS Report 200 received March 31, 1978.

Adamson, T.J. (1981) *Tulameen Thermal Coal Project British Columbia Canada – Project Information and Coal Quality Report,* Cyprus Anvil Mining Corporation, ARIS Report 768 dated May 1982

Beresford, Eric P.Eng (2009) *personal communication regarding historical and current operations at the Basin Coal* Mine, CEC mining consultant.

BC Geological Survey (2009a) *MINFILE Number 092HNE094 Collins Gulch*, MINFILE Detail Report Ministry of Energy, Mines and Petroleum Resources.

BC Geological Survey (2009b) *MINFILE Number 092HNE195 Collins Gulch Placer*, MINFILE Detail Report Ministry of Energy, Mines and Petroleum Resources.

BC Geological Survey (2009c) *MINFILE Number 092HSE157 Basin Coal.* MINFILE Detail Report Ministry of Energy, Mines and Petroleum Resources.

BC Geological Survey (2009d) MINFILE *Number 092HSE228 Hayes and Vittoni Delpatro and Hayes*, MINFILE Detail Report Ministry of Energy, Mines and Petroleum Resources.

BC Mineral Titles Online Database (2009) Pacific West Coal Ltd. coal license, lease and other related information. www.mtonline.gov.bc.ca.

Belik, L and Beresford, E.W., P.Eng. (2001): *Basin Coal Project Test Mining Program with the overlying Roy Group Mineral Claims*. Compliance Coal Corporation. September 2001. Submitted to the Geological Survey Branch – assigned Assessment Report no. 26,953.

Chinook Construction & Engineering Ltd. (1974) Summary of Drill Results on Tulameen Coal Field, for Netherlands Acceptance Corp. ARIS Report 198 received June 25, 1976.

Cholach, M.S. P.Geol, P.Eng. (1976) *Preliminary Report on Tulameen, British Columbia Coal Deposit*, Dominion Foundaries and Steel Ltd., ARIS Report 199 May 11, 1976.

Compliance Coal Corporation (2009): *Annual Reclamation Report 2008 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 March 2009*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Coal Corporation (2008): *Annual Reclamation Report 2007 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 March 2008*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Coal Corporation (2007): *Annual Reclamation Report 2006 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 March 2007*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Coal Corporation (2006): *Annual Reclamation Report 2005 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 February 2006*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Coal Corporation (2005): *Annual Reclamation Report 2004 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 February 2005*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Coal Corporation (2004): *Annual Reclamation Report 2003 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 March 2004*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Coal Corporation (2003): *Annual Reclamation Report 2002 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 March 2003*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Coal Corporation (2002): *Annual Reclamation Report 2001 – Compliance Coal Corporation – Basin Coal Mine – Permit C-217 March 2002*, submitted to Ministry of Energy and Mines, Victoria.

Compliance Energy Corporation (2005) *2005 Annual Report,* available for download on CEC website www.complianceenergy.com

Compliance Energy Corporation (2006) *2006 Annual Report,* available for download on CEC website www.complianceenergy.com

Compliance Energy Corporation (2007) *2007 Annual Report,* available for download on CEC website www.complianceenergy.com

Compliance Energy Corporation (2008a) *2008 Annual Report,* available for download on CEC website www.complianceenergy.com

Compliance Energy Corporation (2008b) *MOU signed for the sale of the Basin Coal Mine*, press release August 7, 2008, www.complianceenergy.com

Harrison, Mike (1998) *Tulameen Coal Project – Application for a Permit under the Mines Act*, submitted to The South Central Mine Development Review Committee, April 1998.

Harrison, Mike (2001a) *A summary of thermal coal reserves at Tulameen near Princeton British Columbia Canada as at April 2001 & Appendix*, Pacific West Coal Ltd. Vancouver B.C., April 2001.

Harrison, Mike (2001b) *Summary of Coal Project at Tulameen near Princeton, British Columbia Canada as at January 2001 & Appendix*, Pacific West Coal Ltd., Vancouver, B.C. January 2001

Horton, J. P.Eng (2009) *Basin Coal Survey Control,* email communication Norwest to Jameson and ResourceEye, July 02, 2009.

Huges, J.D., Klatzel-Mudry, L., and Nikols D.J. (1989) *Geological Survey of Canada Paper 88-21: A Standardized Coal Resource/Reserve Reporting System for Canada*, Energy, Mines and Resources Canada. Ottawa, Vancouver.

Jameson Resources Ltd. (2009a) "*Jameson to acquire Basin Thermal Coal Mine*", press release 12 February 2009, www.jamesonresources.com.au.

Jameson Resources Ltd. (2009b) "*Jameson Upgrades Basin Thermal Coal Resource to 117 Million Tonnes*", press release 22 July 2009, www.jamesonresources.com.au.

Martonhegyl, Frank (1983) *Tulameen Coalfield, Property and Project – Information Summaries and Review*, Imperial Metals Corporation, ARIS Report 767 November 1983

McKnight, Robert, P.Eng, MBA (2002) *Technical Report on the Basin Coal Property*, prepared for Beanstalk Capital Corporation, Submitted to SEDAR, revised June 20, 2002.

Ministry of Energy and Mines (2000) *Mine Permit No. C-217: Permit Approving Work System and Reclamation Program*, issued to Pacific West Coal UK, August 25, 2000.

Ministry of Energy and Mines (2001) *Mine Permit No. C-217: Amendment to Permit Approving Work System and Reclamation Program*, issued to Compliance Coal Corporation, August 10, 2001.

Ministry of Energy and Mines (2002) *Mine Permit No. C-217: (Amendment to) Permit Approving Work System and Reclamation Program*, issued to Compliance Coal Corporation, April 25, 2002.

Ministry of Sustainable Resource Management (2005) *Modification Agreement to Licence No. 340059*, issued May 4, 2005 to Compliance Coal Corp.

ResourceEye Services Inc. (2005) *Basin Mine pit remodeling and* reserves, memo ResourceEye to Compliance Energy Corp, September 25, 2005.

Royal Scot Minerals Inc. (1998) *Tulameen Coal Project Application for a Permit under the Mines Act*, submitted to BC Ministry of Energy and Mines. ARIS Report 874 April 21, 1998

Van Den Bussche, Brad (2005) *Richards Tulameen Basin Project Field Summary,* CBM well drilling results and internal communication, Coal Gas Technology Ltd. August 24, 2005.

Williams, V. Eileen (1978) *Coal Petrology of the Tulameen Coalfield, South Central British Columbia, M.Sc. thesis*, Western Washington University, August 1978.

Wilson, E.M. P.Eng. (1974) *The Tulameen Coal Field British Columbia*, ARIS Report 197 Jun 25, 1976.

# 21 Certificate of Qualified Person

I, Ron Parent, P.Geo do hereby certify that:

1. I am currently the Chief Geologist and President of ResourceEye Services, Inc, with a registered business address at 33237 First Ave, Mission, BC, V2V 1G7.

2. I am the author of this report entitled "*Technical Summary Report and Resource Estimate on the Basin Coal Project*", September 4, 2009, to which this certificate applies.

3. I graduated with a Bachelor of Science with Honours in Geology in 1990 from the University of Alberta, preceded by graduation from the Northern Alberta Institute of Technology in Mineral Resources Engineering Technology (1986).

4. I am registered with the Association of Professional Engineers and Geoscientists of British Columbia since 2000. Prior to professional practice in BC, I was registered in Alberta with the Association of Professional Engineers, Geologists and Geophysicists of Alberta, from the time period 1990 - 2000, where I worked as a Mine Geologist, Government Geologist, Project Geologist, and in private practice as a Consulting Geologist.

5. I have worked in mining and mineral exploration as a Professional Geologist in Canada for 18 years. During this period I have worked in an operating mine environment for 6 years, and in coal, gold, silver, copper, molybdenum, lead, zinc, uranium, phosphate and PGE exploration projects, with accompanying field work in many locations, primarily in Canada.

6. I have read National Instrument 43-101 and certify that because of my experience, professional affiliation, and work experience, I fulfill the requirements to be a "Qualified Person" as defined in NI 43-101.

7. I personally examined the Basin Coal Project on June 19-20, 2009.

8. I have prepared all the sections of this report, and have checked all illustrations. Sources of information used in this report and related illustrations have been cited in the References.

9. Some of the historical information regarding prior activities on the property was derived from the reports of previous exploration. The information provided by others is correct to the best of my knowledge. **However, because the information provided in historical reports does not comply with NI 43-101 standards, it is not to be relied upon, and I hereby disclaim responsibility for all such information.**

10. As of the date of the certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific information that is required to be disclosed to make the report not misleading. I am not aware of any material fact or material change related to material contained in this report that has been omitted.

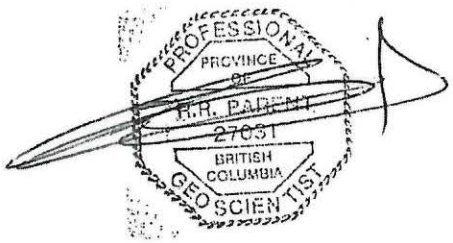
11. In the disclosure of information related to the rights and title to the claim blocks, I have relied on information provided to me by Compliance Energy Corporation and Jameson Resources Ltd. A degree of independent verification of the titles was conducted, but I disclaim responsibility for any such information.

12. I am independent of the Companies, Compliance Energy Corporation and/or Jameson Resources Ltd. and independent of companies owned or anticipated to be owned by

Compliance Energy Corporation and/or Jameson Resources Ltd., in accordance with the application of Section 1.4 of National Instrument 43-101.

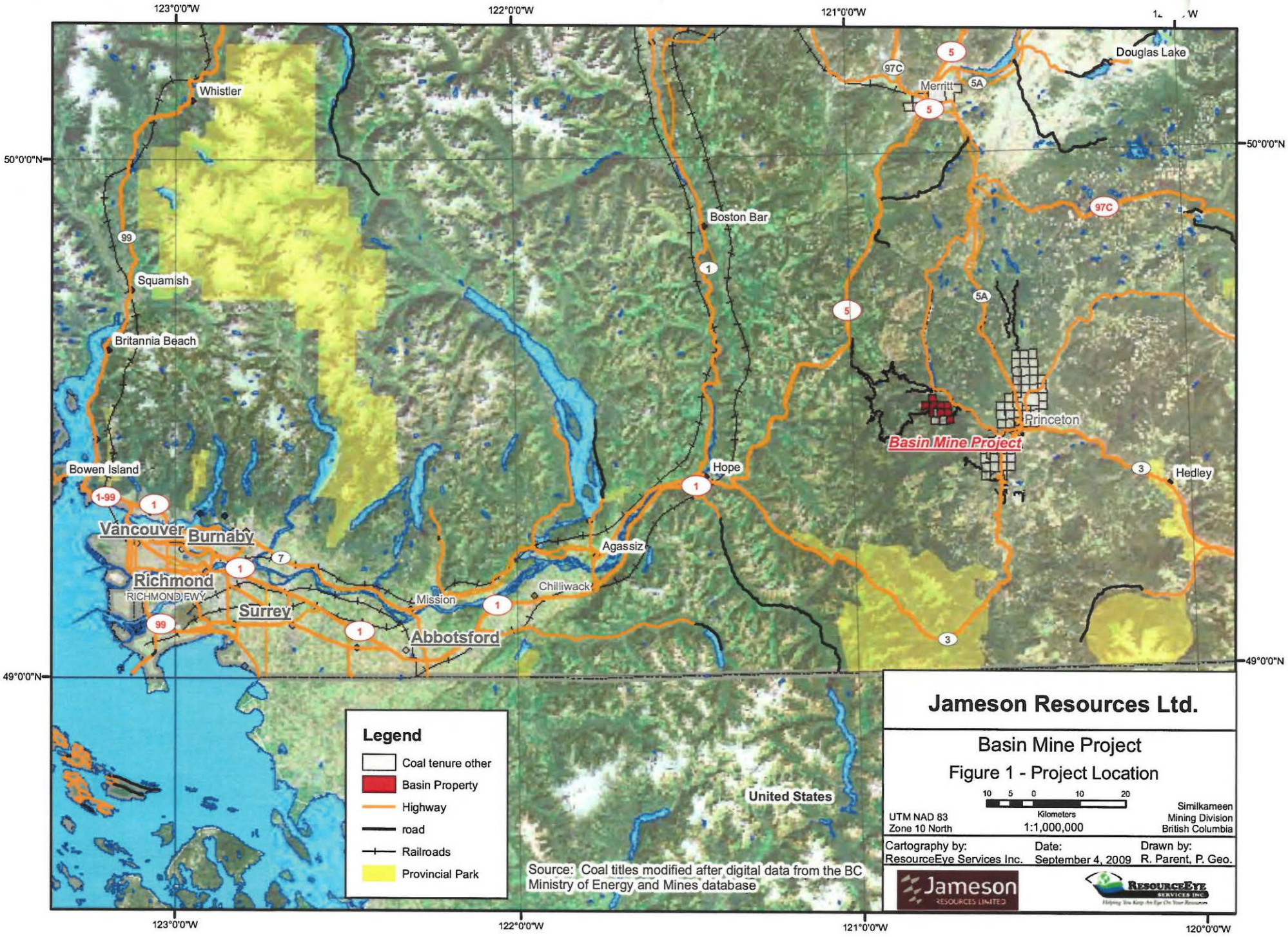
13. I have read National Instrument 43-101, Form 43-101 F1, and the Companion Policy and this report has been prepared in compliance with that Instrument, Form, and Policy.

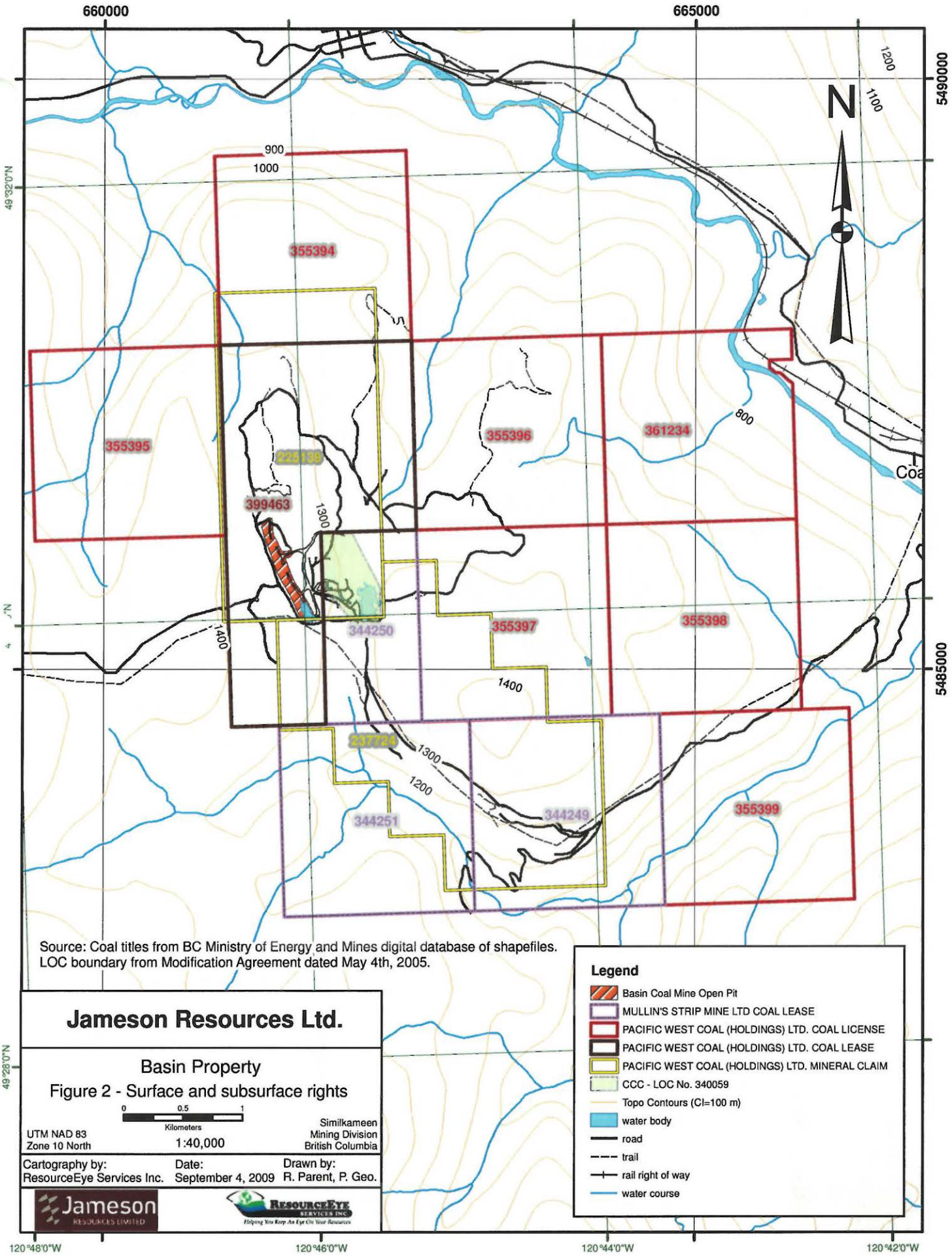
Dated this 4th day of September, 2009.

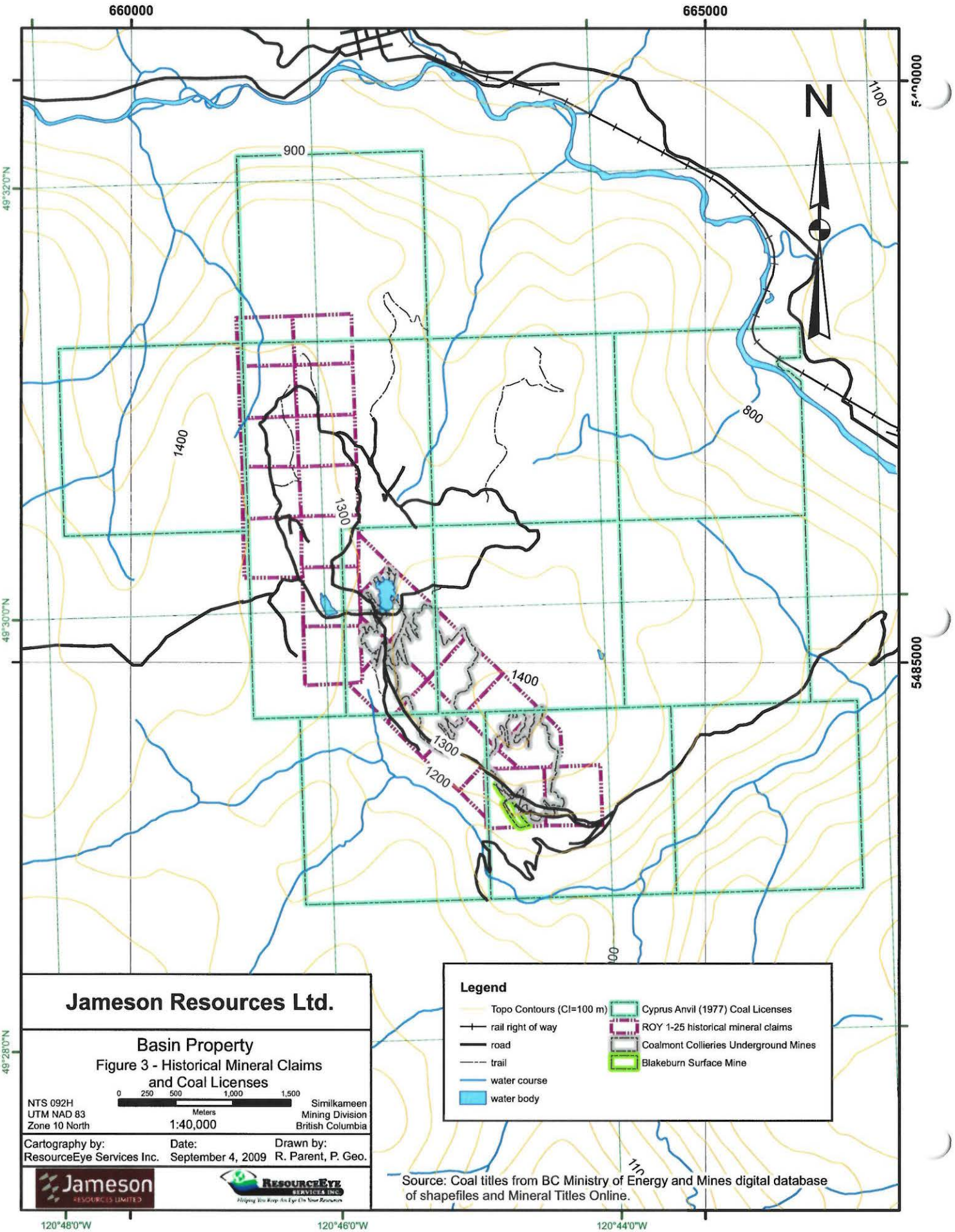


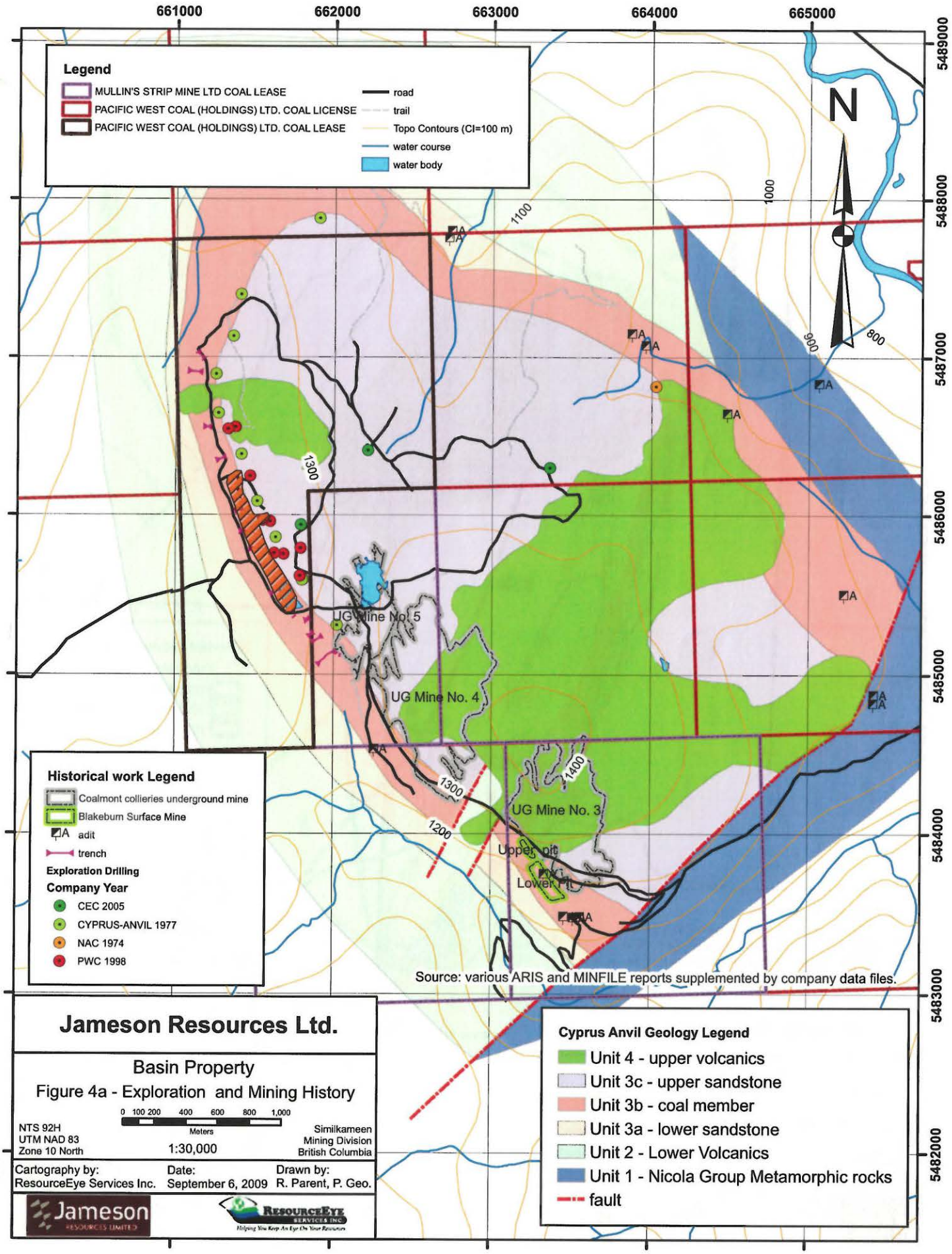

Ron Parent, P. Geo. PROFESSIONAL SEAL

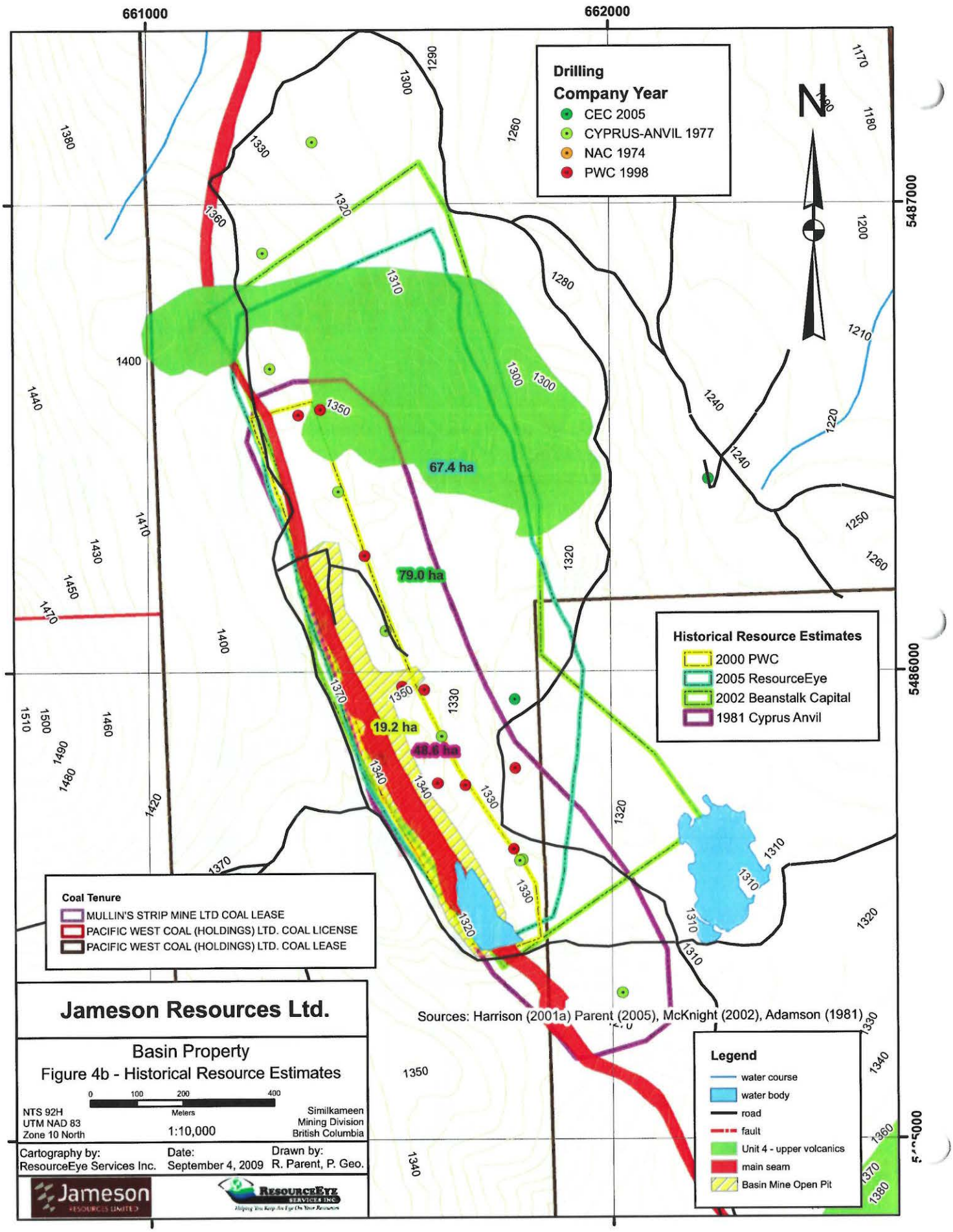
# Figures

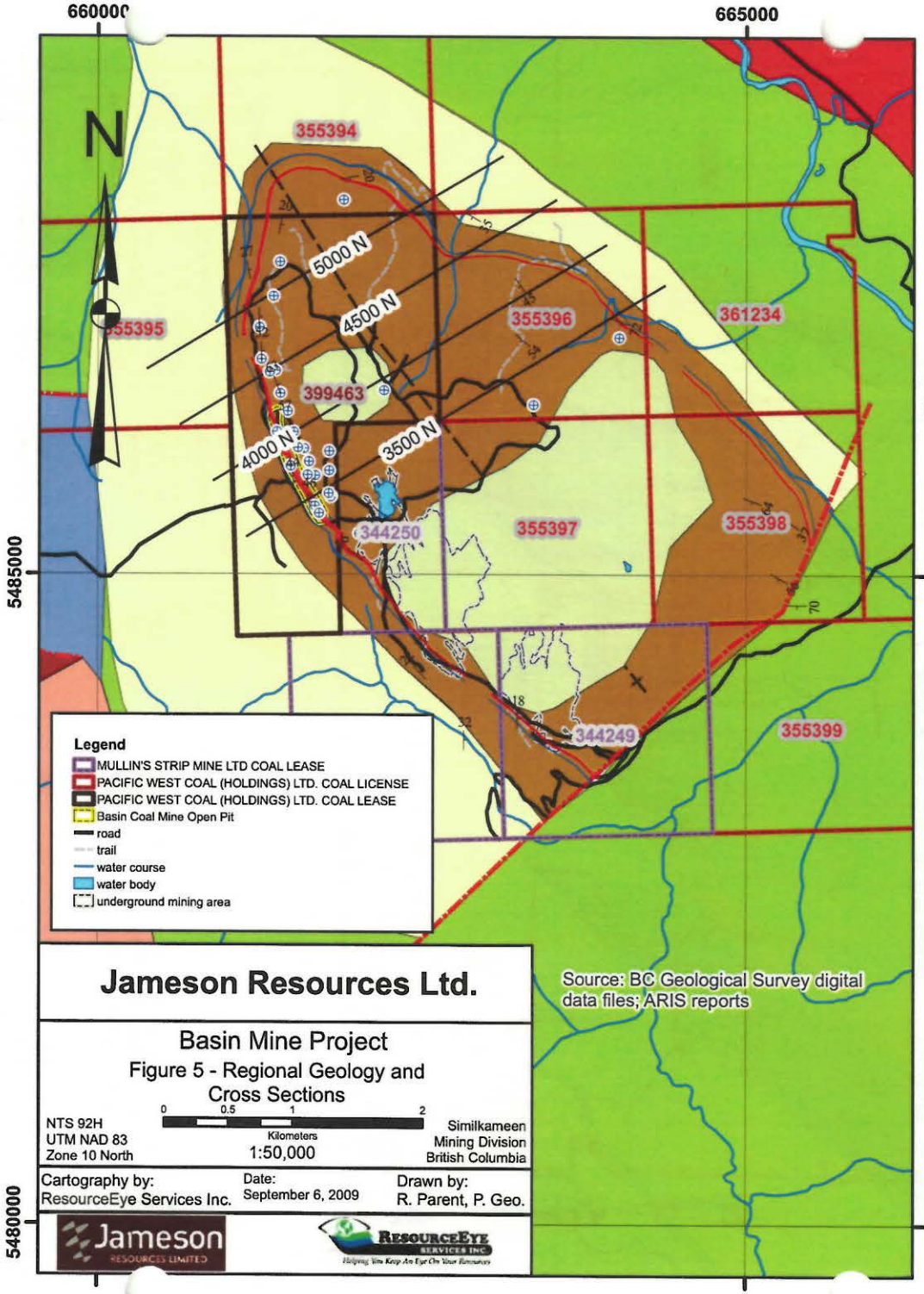

123°0'0"W
122°0'0"W
121°0'0"W
50°0'0"N
49°0'0"N
Whistler
Squamish
Britannia Beach
Bowen Island
Vancouver
Burnaby
Richmond
RICHMOND FWY
Surrey
Mission
Abbotsford
Chilliwack
Agassiz
Hope
Boston Bar
Merritt
Douglas Lake
Princeton
Basin Mine Project
Hedley
United States
99
1-99
1
5
5A
97C
3
7
Legend
Coal tenure other
Basin Property
Highway
road
Railroads
Provincial Park
Source: Coal titles modified after digital data from the BC Ministry of Energy and Mines database
Jameson Resources Ltd.
Basin Mine Project
Figure 1 - Project Location
10 5 0 10 20
Kilometers
1:1,000,000
UTM NAD 83
Zone 10 North
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 4, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
ResourceEye
SERVICES INC


660000
665000
5490000
5485000
49°32'0"N
49°28'0"N
120°48'0"W
120°46'0"W
120°44'0"W
120°42'0"W
N
355394
355395
355396
361234
355397
355398
355399
399463
225138
237724
344250
344251
344249
900
1000
1100
1200
1300
1400
800
Source: Coal titles from BC Ministry of Energy and Mines digital database of shapefiles.
LOC boundary from Modification Agreement dated May 4th, 2005.
Legend
Basin Coal Mine Open Pit
MULLIN'S STRIP MINE LTD COAL LEASE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LICENSE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LEASE
PACIFIC WEST COAL (HOLDINGS) LTD. MINERAL CLAIM
CCC - LOC No. 340059
Topo Contours (CI=100 m)
water body
road
trail
rail right of way
water course
Jameson Resources Ltd.
Basin Property
Figure 2 - Surface and subsurface rights
0 0.5 1
Kilometers
UTM NAD 83
Zone 10 North
1:40,000
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 4, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
ResourceEye
SERVICES INC
Helping You Keep An Eye On Your Resources


660000
665000
5485000
49°32'0"N
49°30'0"N
49°28'0"N
120°48'0"W
120°46'0"W
120°44'0"W
N
900
1100
800
1400
1300
1200
Jameson Resources Ltd.
Basin Property
Figure 3 - Historical Mineral Claims and Coal Licenses
0 250 500 1,000 1,500
Meters
1:40,000
NTS 092H
UTM NAD 83
Zone 10 North
Similkameen Mining Division
British Columbia
Cartography by: ResourceEye Services Inc.
Date: September 4, 2009
Drawn by: R. Parent, P. Geo.
Legend
Topo Contours (CI=100 m)
rail right of way
road
trail
water course
water body
Cyprus Anvil (1977) Coal Licenses
ROY 1-25 historical mineral claims
Coalmont Collieries Underground Mines
Blakeburn Surface Mine
Source: Coal titles from BC Ministry of Energy and Mines digital database of shapefiles and Mineral Titles Online.


661000
662000
663000
664000
665000
5489000
5488000
5487000
5486000
5485000
5484000
5483000
5482000
Legend
MULLIN'S STRIP MINE LTD COAL LEASE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LICENSE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LEASE
road
trail
Topo Contours (CI=100 m)
water course
water body
N
1100
1000
900
800
1300
1400
1200
UG Mine No. 5
UG Mine No. 4
UG Mine No. 3
Upper pit
Lower Pit
Historical work Legend
Coalmont collieries underground mine
Blakeburn Surface Mine
adit
trench
Exploration Drilling
Company Year
CEC 2005
CYPRUS-ANVIL 1977
NAC 1974
PWC 1998
Source: various ARIS and MINFILE reports supplemented by company data files.
Cyprus Anvil Geology Legend
Unit 4 - upper volcanics
Unit 3c - upper sandstone
Unit 3b - coal member
Unit 3a - lower sandstone
Unit 2 - Lower Volcanics
Unit 1 - Nicola Group Metamorphic rocks
fault
Jameson Resources Ltd.
Basin Property
Figure 4a - Exploration and Mining History
0 100 200 400 600 800 1,000
Meters
1:30,000
NTS 92H
UTM NAD 83
Zone 10 North
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 6, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
RESOURCEEYE
SERVICES INC
Helping You Keep An Eye On Your Resources


661000
662000
5487000
5486000
Drilling
Company Year
CEC 2005
CYPRUS-ANVIL 1977
NAC 1974
PWC 1998
N
67.4 ha
79.0 ha
19.2 ha
48.6 ha
Historical Resource Estimates
2000 PWC
2005 ResourceEye
2002 Beanstalk Capital
1981 Cyprus Anvil
Coal Tenure
MULLIN'S STRIP MINE LTD COAL LEASE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LICENSE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LEASE
Jameson Resources Ltd.
Basin Property
Figure 4b - Historical Resource Estimates
0 100 200 400
Meters
NTS 92H
UTM NAD 83
Zone 10 North
1:10,000
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 4, 2009
Drawn by:
R. Parent, P. Geo.
Sources: Harrison (2001a) Parent (2005), McKnight (2002), Adamson (1981)
Legend
water course
water body
road
fault
Unit 4 - upper volcanics
main seam
Basin Mine Open Pit




**Jameson Resources Ltd.**

## Basin Mine Project

Figure 5 - Regional Geology and Cross Sections

0 0.5 1 2
Kilometers
1:50,000

NTS 92H
UTM NAD 83
Zone 10 North

Similkameen Mining Division
British Columbia

Cartography by: ResourceEye Services Inc.
Date: September 6, 2009
Drawn by: R. Parent, P. Geo.

Jameson Resources Limited

ResourceEye Services Inc. — Helping You Keep An Eye On Your Resources

**Map Legend**

Bedrock Geology
Formation - rock type

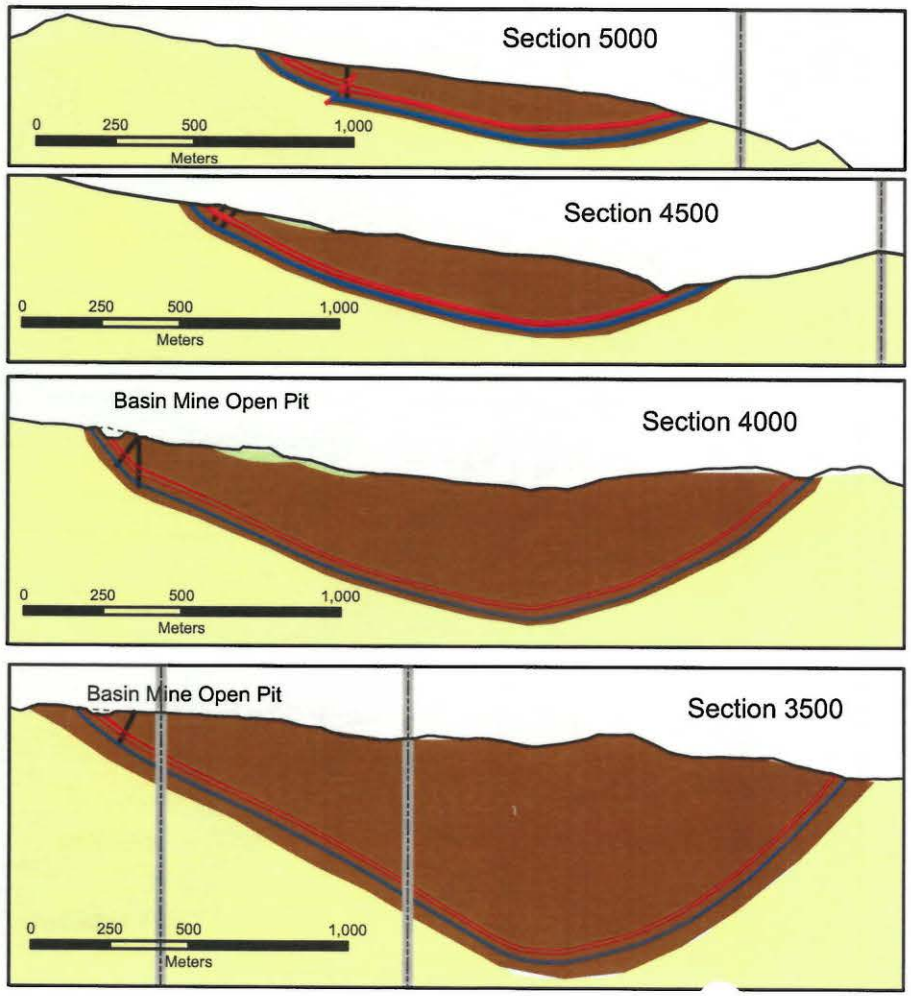
- bedding dip
- lower seam
- main seam
- sycline_axis
- faults
- Chilcotin Group - basalt
- Princeton Group - sedimentary rocks
- Princeton Group - andesite
- calc-alkaline volcanic rocks
- undivided volcanic rocks
- dioritic intrusive rocks
- granodioritic intrusive rocks
- ultramafic rocks
- Nicola Group - metamorphic rocks

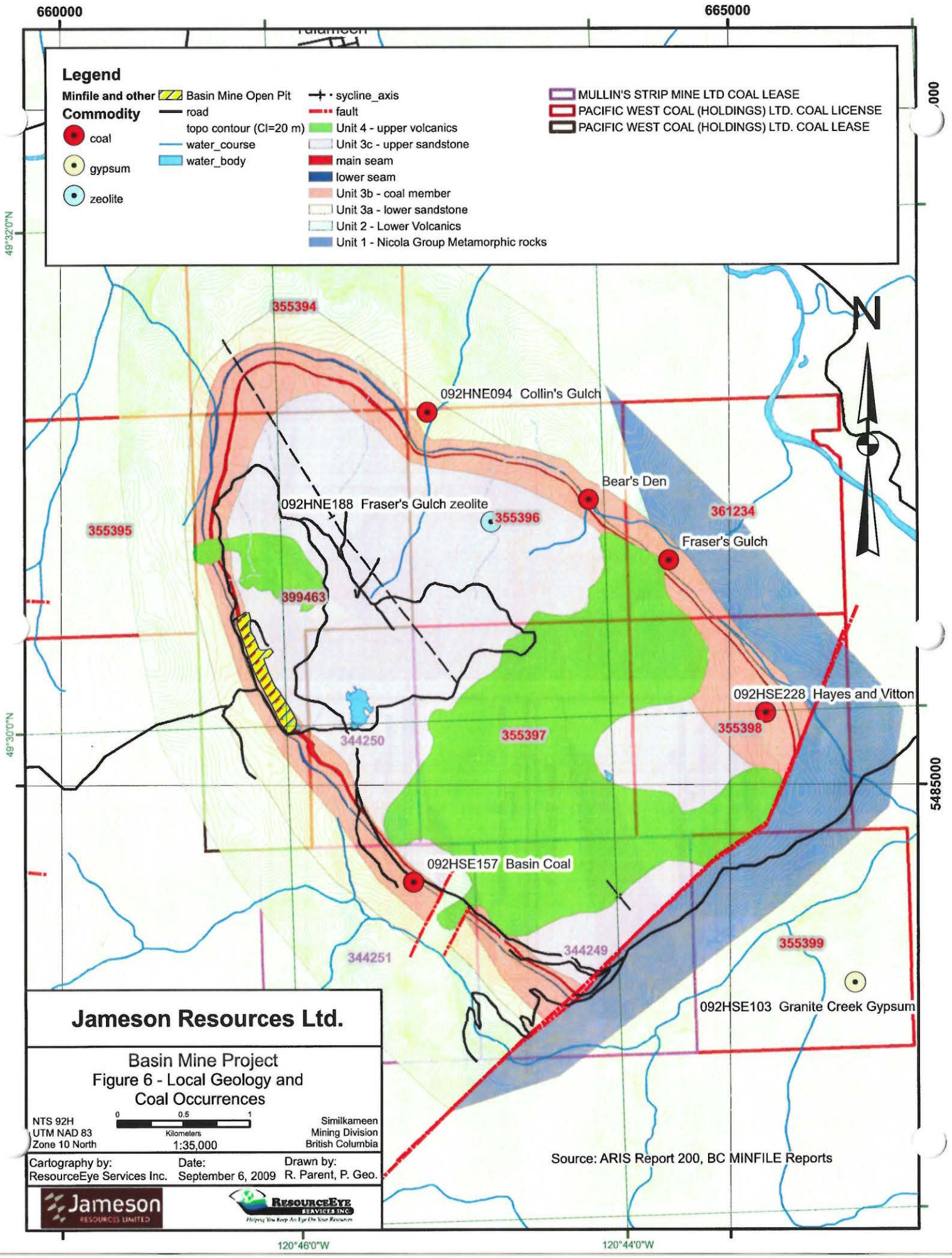
**Regional Cross Section**

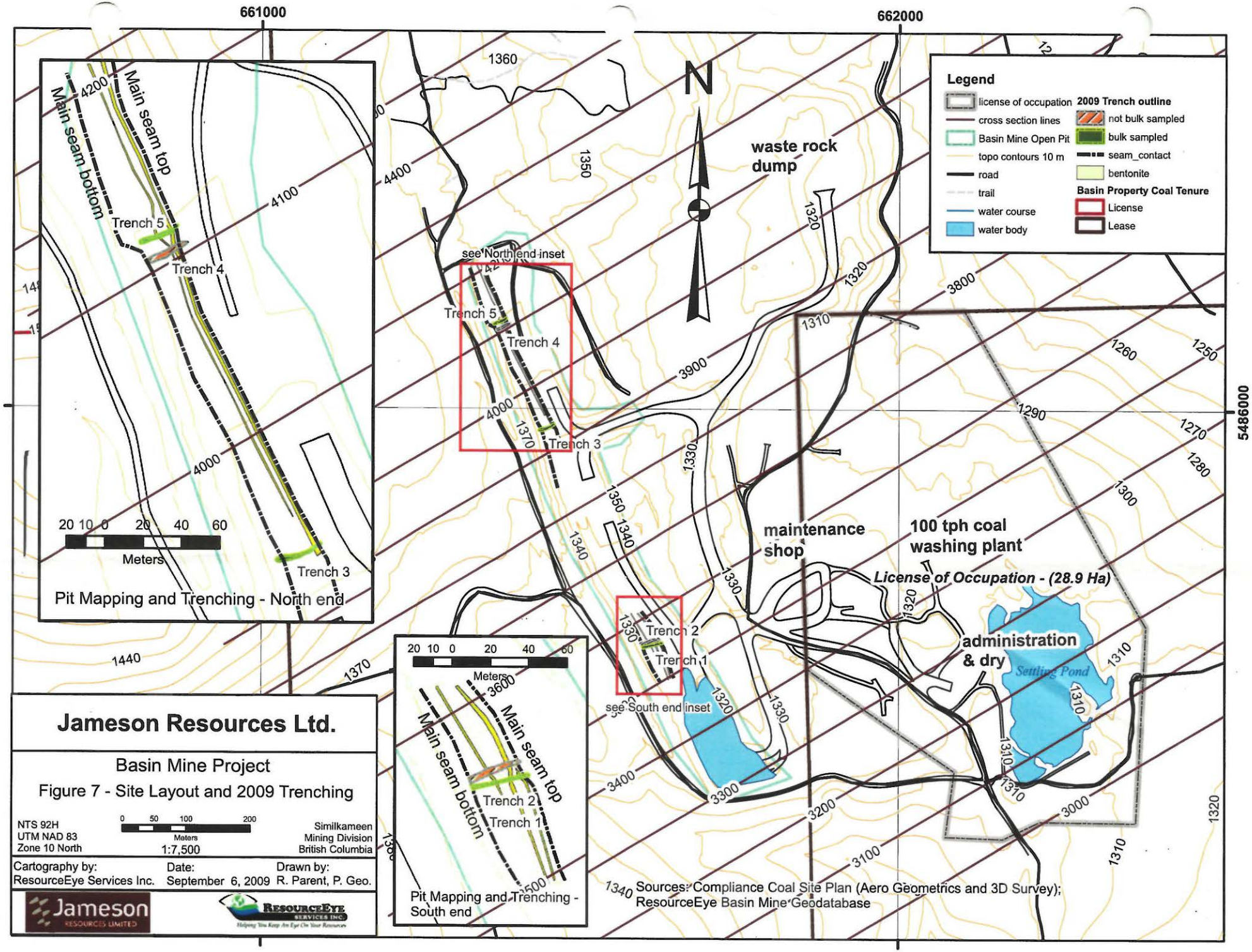
Stratigraphic unit

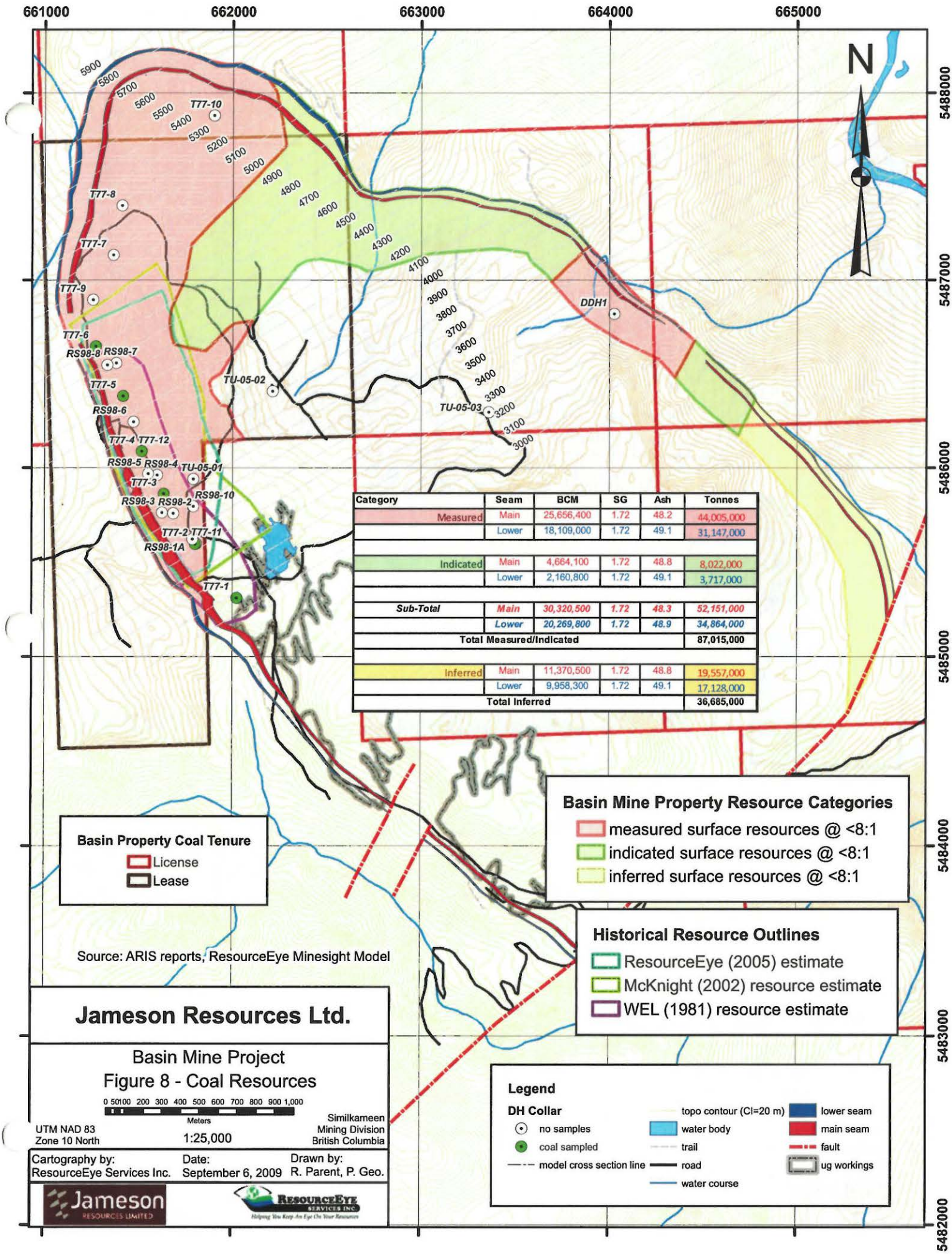
- UPPER VOLCANICS Plateau Basalt
- PRINCETON GROUP SEDIMENTS
- LOWER VOLCANICS
- current topo
- original surface
- Drillhole trace
- Main seam
- Lower Seam
- Property Boundary

SW NE




660000
665000
5485000
49°32'0"N
49°30'0"N
120°46'0"W
120°44'0"W
Legend
Minfile and other
Commodity
coal
gypsum
zeolite
Basin Mine Open Pit
road
topo contour (CI=20 m)
water_course
water_body
sycline_axis
fault
Unit 4 - upper volcanics
Unit 3c - upper sandstone
main seam
lower seam
Unit 3b - coal member
Unit 3a - lower sandstone
Unit 2 - Lower Volcanics
Unit 1 - Nicola Group Metamorphic rocks
MULLIN'S STRIP MINE LTD COAL LEASE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LICENSE
PACIFIC WEST COAL (HOLDINGS) LTD. COAL LEASE
N
355394
355395
355396
355397
355398
355399
399463
361234
344250
344251
344249
092HNE094 Collin's Gulch
092HNE188 Fraser's Gulch zeolite
Bear's Den
Fraser's Gulch
092HSE228 Hayes and Vitton
092HSE157 Basin Coal
092HSE103 Granite Creek Gypsum
Source: ARIS Report 200, BC MINFILE Reports
Jameson Resources Ltd.
Basin Mine Project
Figure 6 - Local Geology and Coal Occurrences
NTS 92H
UTM NAD 83
Zone 10 North
0
0.5
1
Kilometers
1:35,000
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 6, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
ResourceEye
SERVICES INC.


661000
662000
5486000
N
Legend
license of occupation
cross section lines
Basin Mine Open Pit
topo contours 10 m
road
trail
water course
water body
2009 Trench outline
not bulk sampled
bulk sampled
seam_contact
bentonite
Basin Property Coal Tenure
License
Lease
waste rock dump
maintenance shop
100 tph coal washing plant
License of Occupation - (28.9 Ha)
administration & dry
Settling Pond
see North end inset
see South end inset
Trench 5
Trench 4
Trench 3
Trench 2
Trench 1
Main seam top
Main seam bottom
Pit Mapping and Trenching - North end
Pit Mapping and Trenching - South end
20 10 0 20 40 60
Meters
Jameson Resources Ltd.
Basin Mine Project
Figure 7 - Site Layout and 2009 Trenching
NTS 92H
UTM NAD 83
Zone 10 North
0 50 100 200
Meters
1:7,500
Similkameen
Mining Division
British Columbia
Cartography by: ResourceEye Services Inc.
Date: September 6, 2009
Drawn by: R. Parent, P. Geo.
Jameson RESOURCES LIMITED
ResourceEye SERVICES INC
Sources: Compliance Coal Site Plan (Aero Geometrics and 3D Survey); ResourceEye Basin Mine Geodatabase




| Category | Seam | BCM | SG | Ash | Tonnes |
|---|---|---|---|---|---|
| Measured | Main | 25,656,400 | 1.72 | 48.2 | 44,005,000 |
| | Lower | 18,109,000 | 1.72 | 49.1 | 31,147,000 |
| | | | | | |
| Indicated | Main | 4,664,100 | 1.72 | 48.8 | 8,022,000 |
| | Lower | 2,160,800 | 1.72 | 49.1 | 3,717,000 |
| | | | | | |
| ***Sub-Total*** | ***Main*** | ***30,320,500*** | ***1.72*** | ***48.3*** | ***52,151,000*** |
| | ***Lower*** | ***20,269,800*** | ***1.72*** | ***48.9*** | ***34,864,000*** |
| **Total Measured/Indicated** | | | | | **87,015,000** |
| | | | | | |
| Inferred | Main | 11,370,500 | 1.72 | 48.8 | 19,557,000 |
| | Lower | 9,958,300 | 1.72 | 49.1 | 17,128,000 |
| **Total Inferred** | | | | | **36,685,000** |

**Basin Property Coal Tenure**
- License
- Lease

**Basin Mine Property Resource Categories**
- measured surface resources @ <8:1
- indicated surface resources @ <8:1
- inferred surface resources @ <8:1

**Historical Resource Outlines**
- ResourceEye (2005) estimate
- McKnight (2002) resource estimate
- WEL (1981) resource estimate

Source: ARIS reports, ResourceEye Minesight Model

**Legend**

DH Collar
- no samples
- coal sampled
- model cross section line

topo contour (CI=20 m)
water body
trail
road
water course

lower seam
main seam
fault
ug workings

# Jameson Resources Ltd.

## Basin Mine Project
## Figure 8 - Coal Resources

0 50 100 200 300 400 500 600 700 800 900 1,000
Meters

UTM NAD 83
Zone 10 North

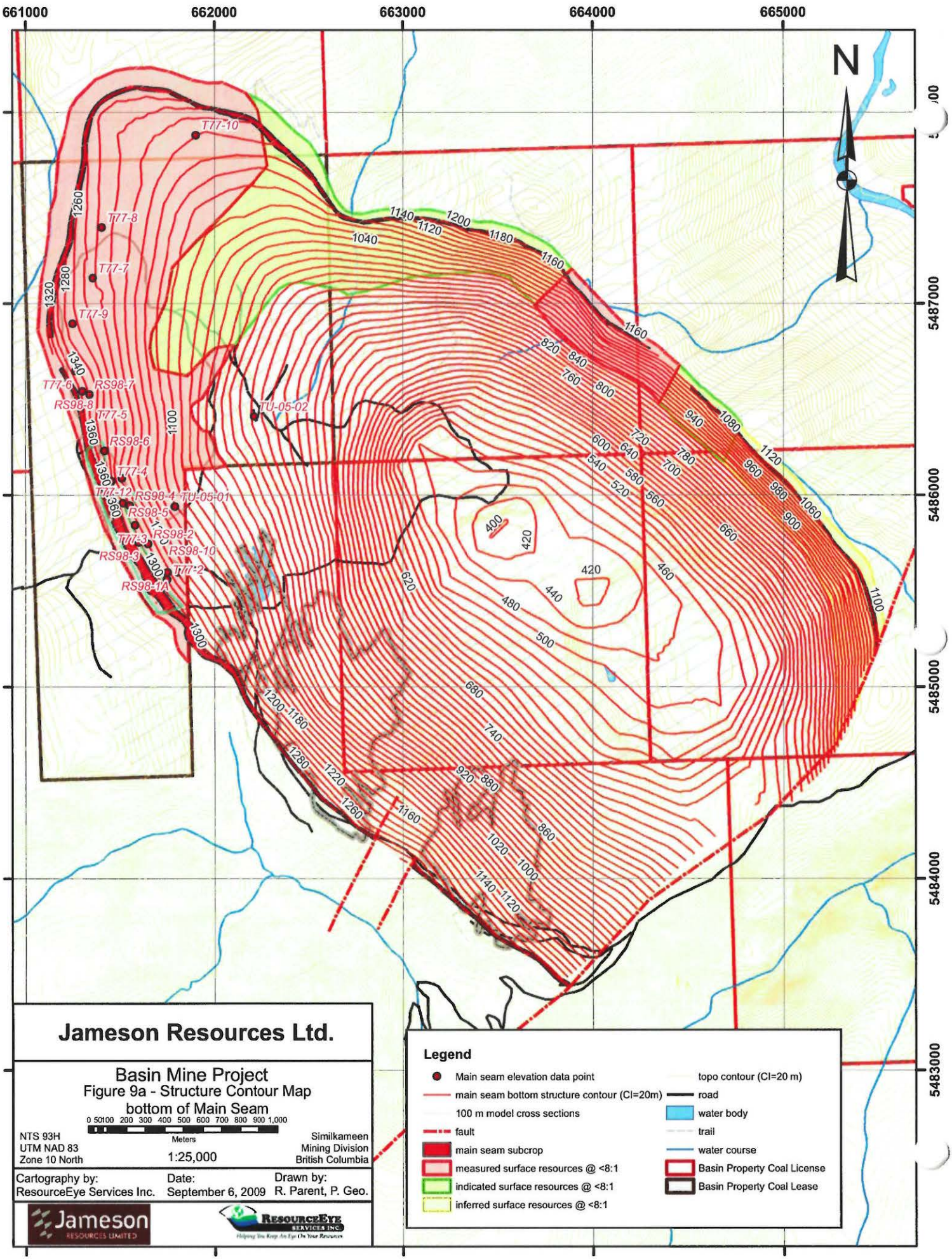
1:25,000

Similkameen
Mining Division
British Columbia

Cartography by: ResourceEye Services Inc.
Date: September 6, 2009
Drawn by: R. Parent, P. Geo.

Jameson RESOURCES LIMITED

RESOURCEEYE SERVICES INC.
Helping You Keep An Eye On Your Resources




# Jameson Resources Ltd.

## Basin Mine Project

Figure 9a - Structure Contour Map

bottom of Main Seam

0 50100 200 300 400 500 600 700 800 900 1,000

Meters

NTS 93H
UTM NAD 83
Zone 10 North

1:25,000

Similkameen
Mining Division
British Columbia

Cartography by: ResourceEye Services Inc.

Date: September 6, 2009

Drawn by: R. Parent, P. Geo.

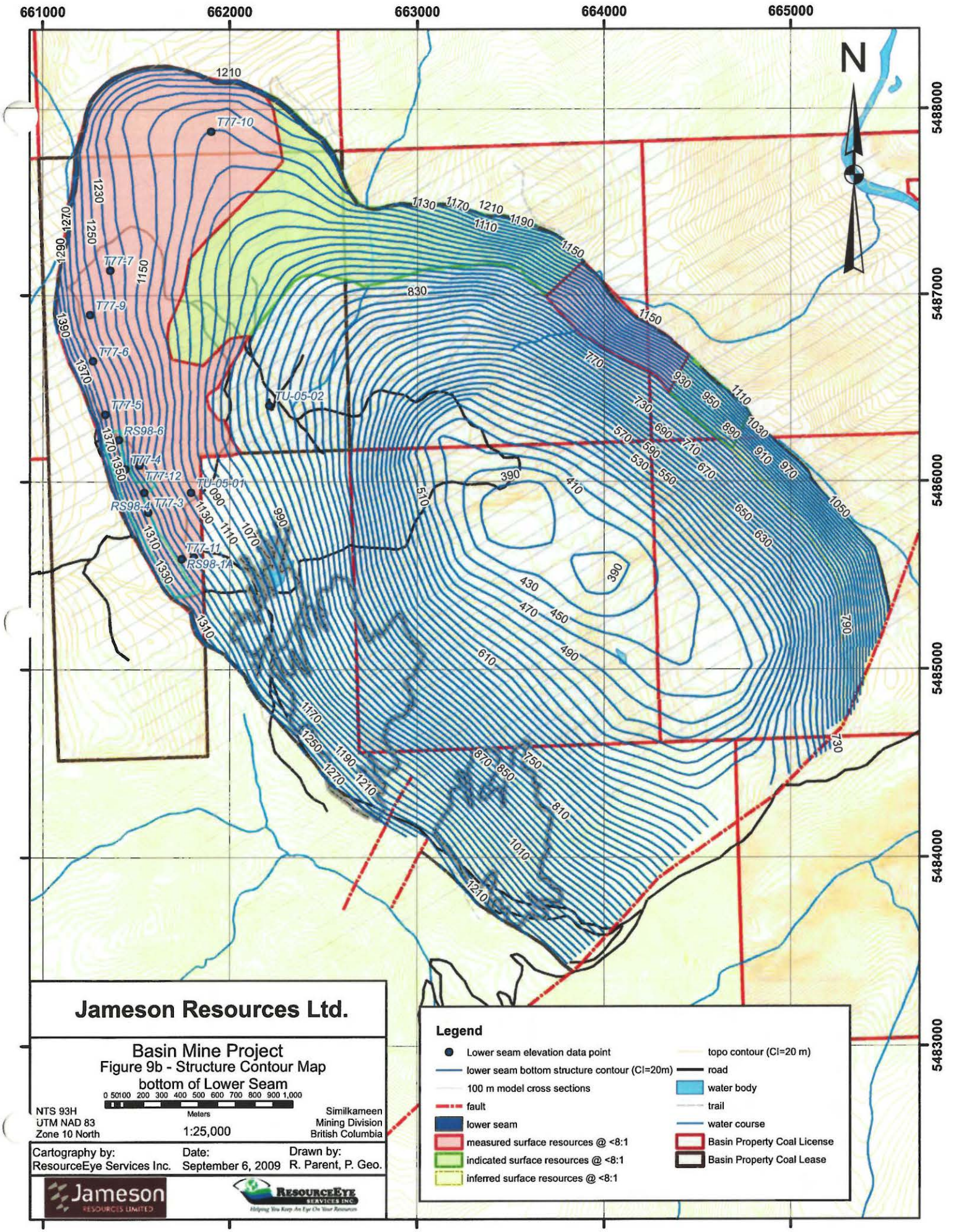
Jameson RESOURCES LIMITED

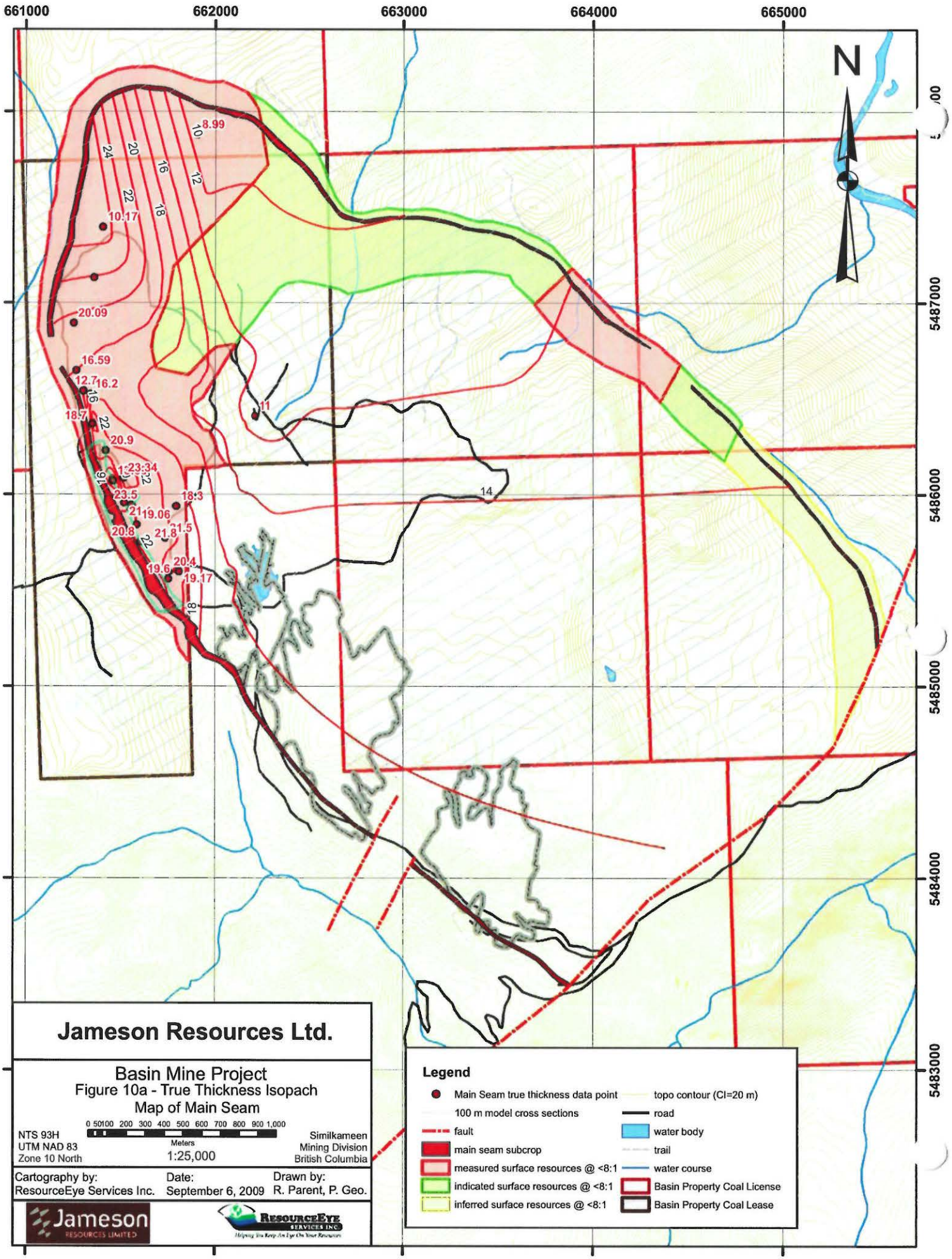
ResourceEye SERVICES INC

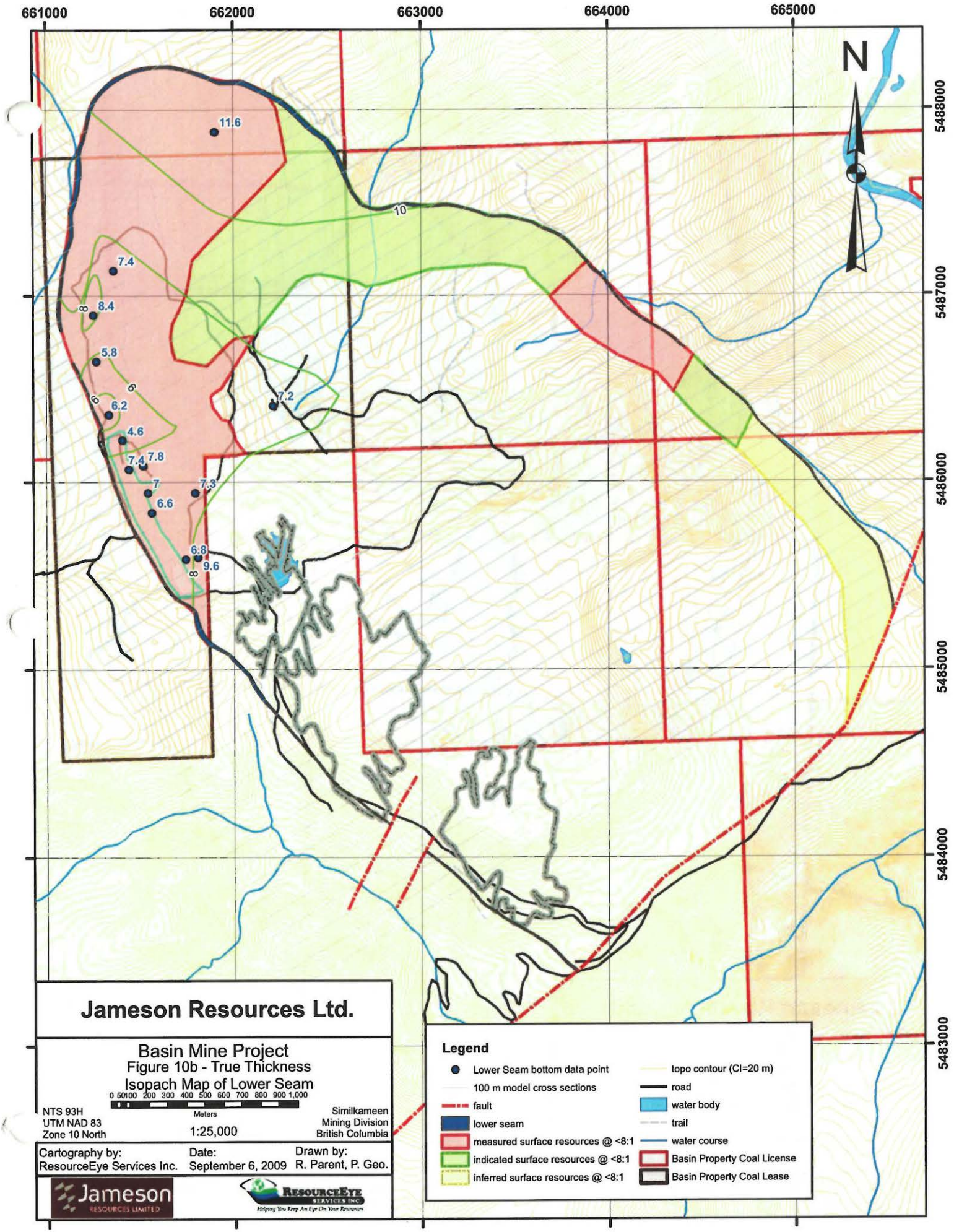
Helping You Keep An Eye On Your Resources

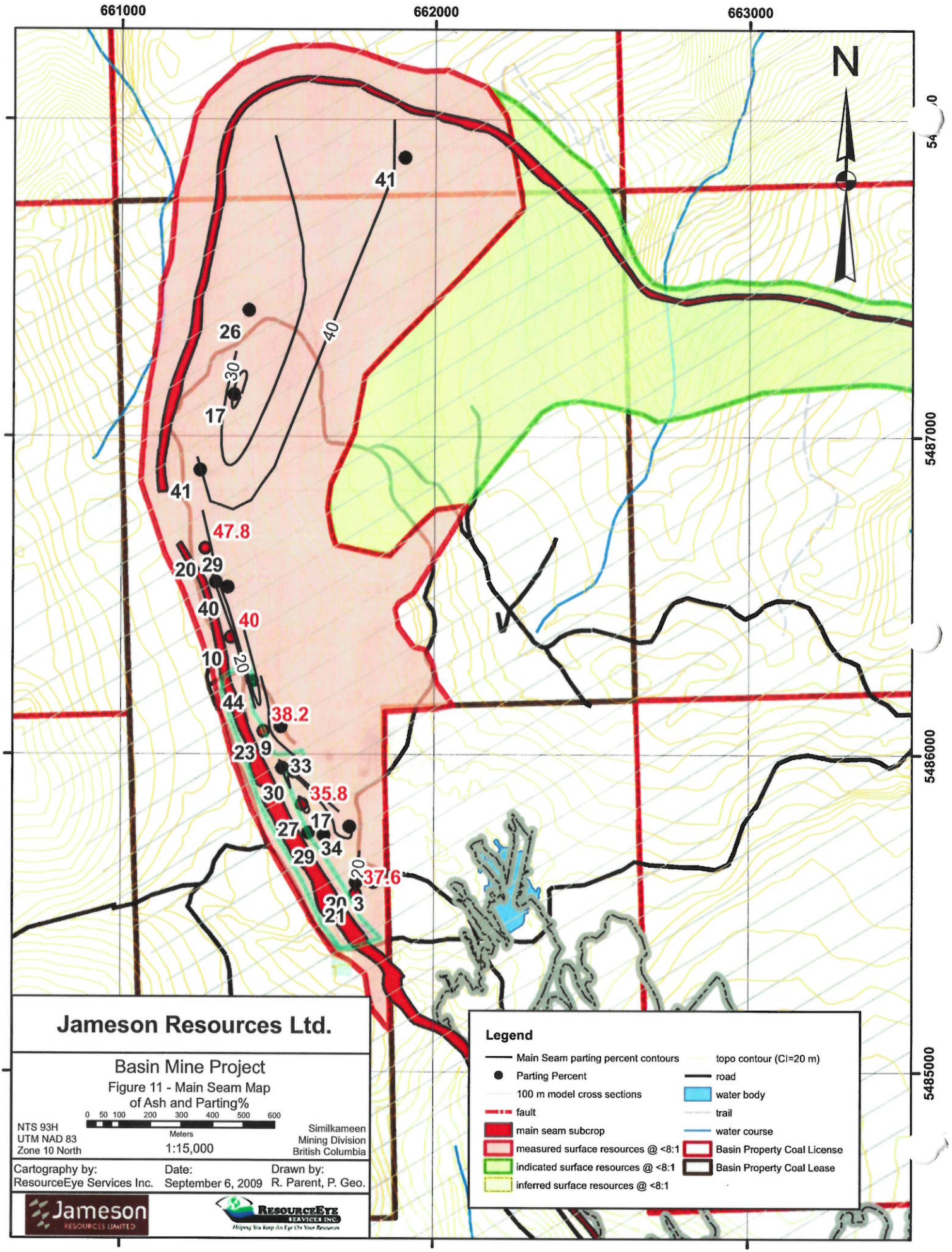
**Legend**

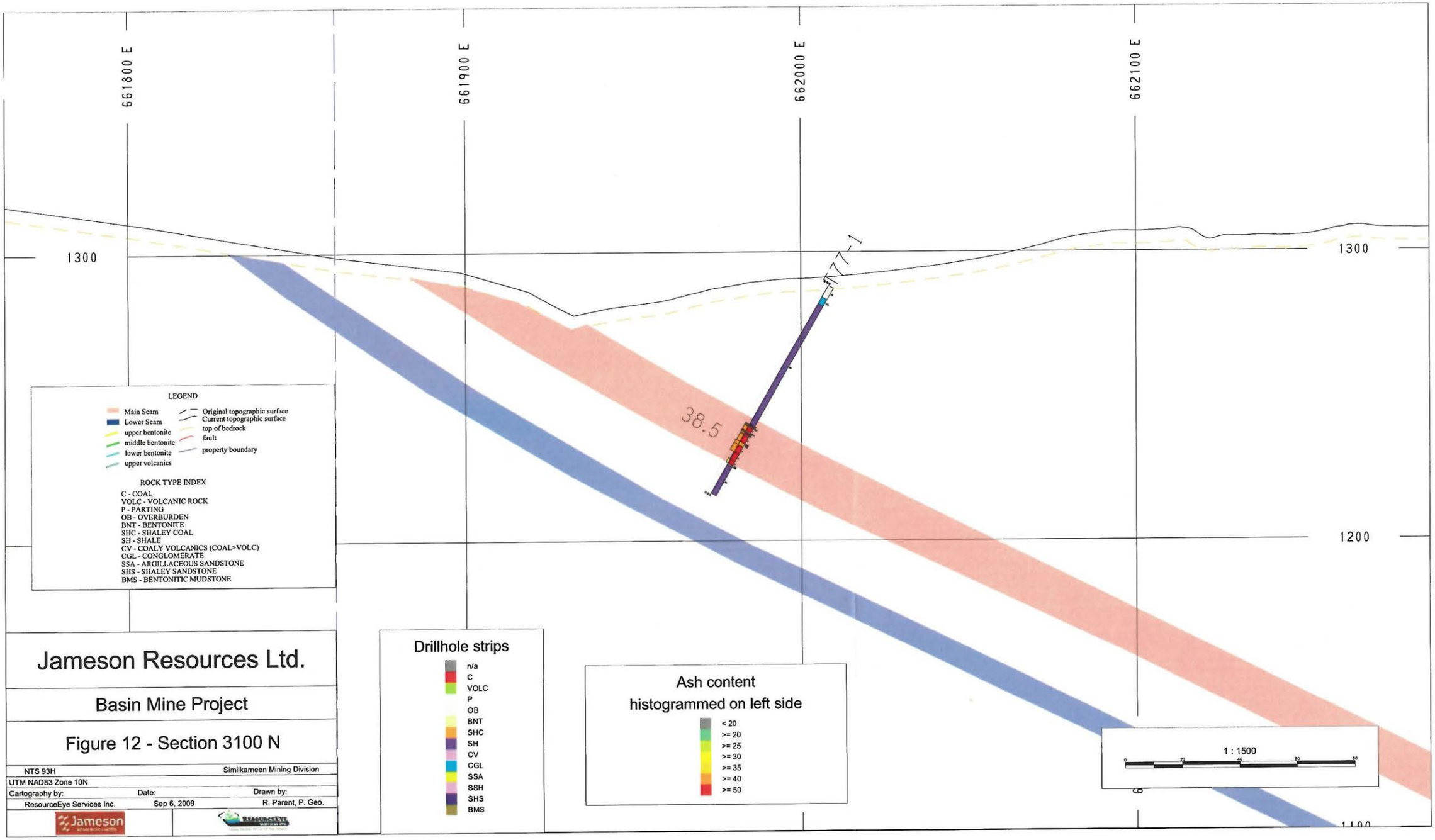
- Main seam elevation data point
- main seam bottom structure contour (CI=20m)
- 100 m model cross sections
- fault
- main seam subcrop
- measured surface resources @ <8:1
- indicated surface resources @ <8:1
- inferred surface resources @ <8:1
- topo contour (CI=20 m)
- road
- water body
- trail
- water course
- Basin Property Coal License
- Basin Property Coal Lease

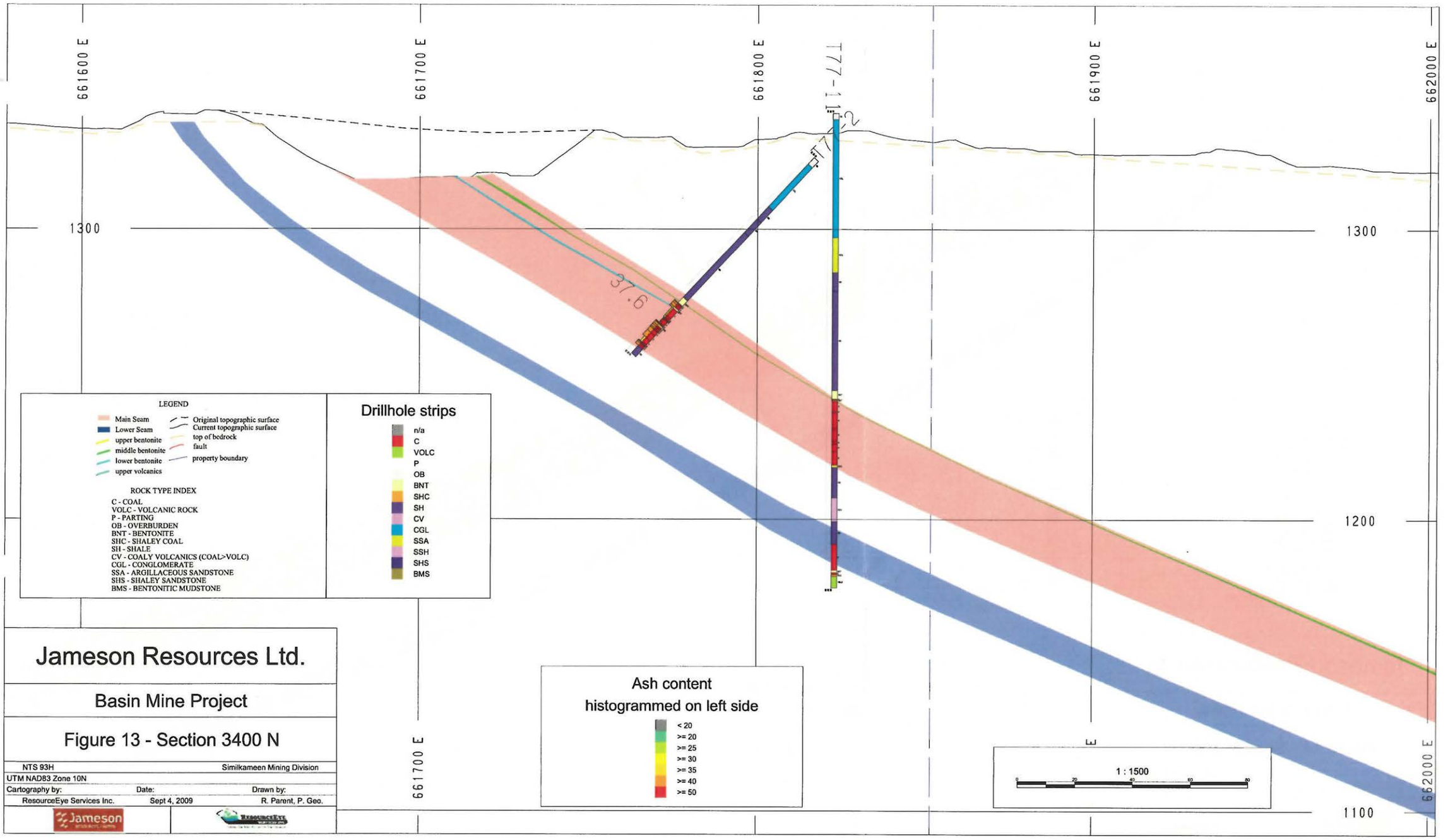

661000
662000
663000
664000
665000
5488000
5487000
5486000
5485000
5484000
5483000
N
T77-10
T77-7
T77-9
T77-6
T77-5
RS98-6
T77-4
T77-12
T77-3
RS98-4
T77-11
RS98-1A
TU-05-01
TU-05-02
1210
1230
1250
1270
1290
1150
1390
1370
1350
1130
1110
1090
1070
990
1310
1330
1170
1190
830
770
730
690
710
670
650
630
570
590
550
530
510
390
410
430
470
450
490
610
930
950
890
910
970
1030
1050
790
730
870
850
750
810
1010
1210
Jameson Resources Ltd.
Basin Mine Project
Figure 9b - Structure Contour Map
bottom of Lower Seam
0 50100 200 300 400 500 600 700 800 900 1,000
Meters
NTS 93H
UTM NAD 83
Zone 10 North
1:25,000
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 6, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
RESOURCEEYE
SERVICES INC
Helping You Keep An Eye On Your Resources
Legend
Lower seam elevation data point
lower seam bottom structure contour (CI=20m)
100 m model cross sections
fault
lower seam
measured surface resources @ <8:1
indicated surface resources @ <8:1
inferred surface resources @ <8:1
topo contour (CI=20 m)
road
water body
trail
water course
Basin Property Coal License
Basin Property Coal Lease

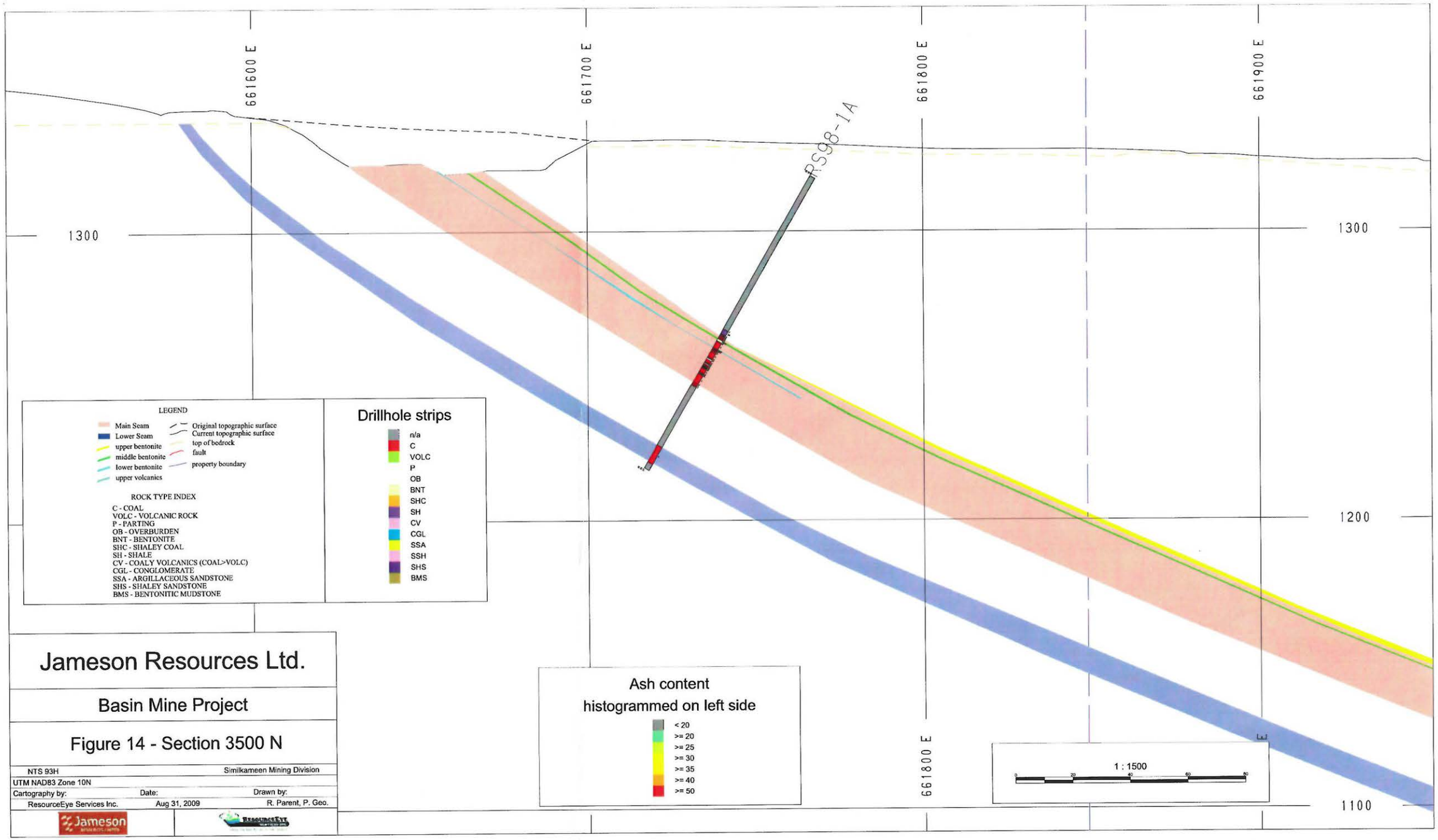

661000
662000
663000
664000
665000
N
5487000
5486000
5485000
5484000
5483000
8.99
10.17
20.09
16.59
12.7
16.2
18.7
20.9
23.34
23.5
18.3
19.06
21.5
20.8
21.8
20.4
19.6
19.17
10
12
16
18
20
22
24
11
14
Jameson Resources Ltd.
Basin Mine Project
Figure 10a - True Thickness Isopach Map of Main Seam
0 50100 200 300 400 500 600 700 800 900 1,000
Meters
1:25,000
NTS 93H
UTM NAD 83
Zone 10 North
Similkameen Mining Division
British Columbia
Cartography by: ResourceEye Services Inc.
Date: September 6, 2009
Drawn by: R. Parent, P. Geo.
Jameson RESOURCES LIMITED
RESOURCEEYE SERVICES INC.
Legend
Main Seam true thickness data point
100 m model cross sections
fault
main seam subcrop
measured surface resources @ <8:1
indicated surface resources @ <8:1
inferred surface resources @ <8:1
topo contour (CI=20 m)
road
water body
trail
water course
Basin Property Coal License
Basin Property Coal Lease

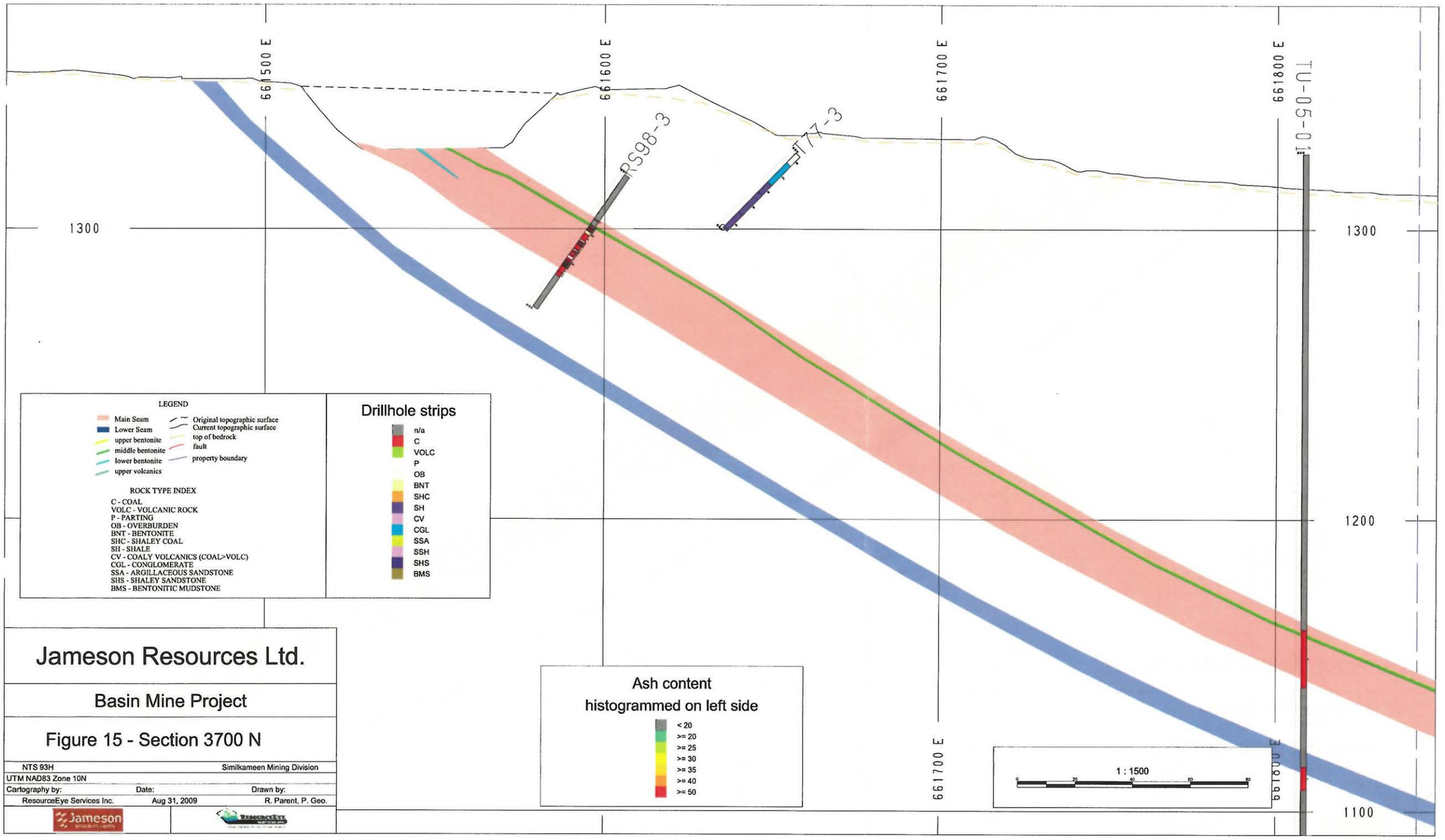

661000
662000
663000
664000
665000
5488000
5487000
5486000
5485000
5484000
5483000
N
11.6
10
7.4
8.4
8
5.8
6
6
6.2
4.6
7.4
7.8
7
6.6
7.3
7.2
6.8
9.6
8
Jameson Resources Ltd.
Basin Mine Project
Figure 10b - True Thickness
Isopach Map of Lower Seam
0 50100 200 300 400 500 600 700 800 900 1,000
Meters
NTS 93H
UTM NAD 83
Zone 10 North
1:25,000
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 6, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
RESOURCEEYE
SERVICES INC.
Helping You Keep An Eye On Your Resources
Legend
Lower Seam bottom data point
100 m model cross sections
fault
lower seam
measured surface resources @ <8:1
indicated surface resources @ <8:1
inferred surface resources @ <8:1
topo contour (CI=20 m)
road
water body
trail
water course
Basin Property Coal License
Basin Property Coal Lease

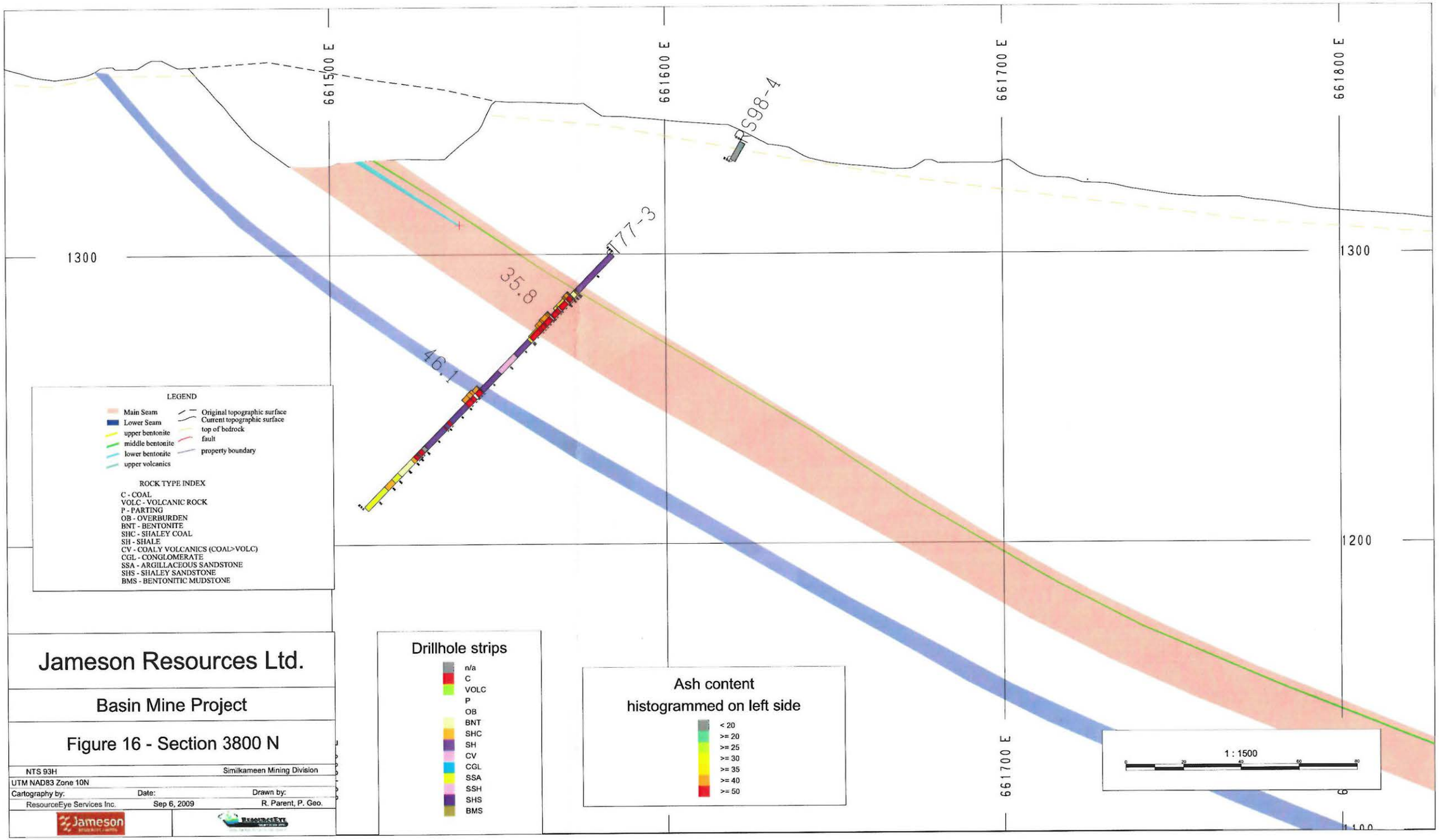

661000
662000
663000
N
5487000
5486000
5485000
41
26
30
40
17
41
47.8
20
29
40
40
10
20
44
38.2
23
9
33
30
35.8
27
17
34
29
20
37.6
20
21
3
Jameson Resources Ltd.
Basin Mine Project
Figure 11 - Main Seam Map
of Ash and Parting%
0 50 100 200 300 400 500 600
Meters
1:15,000
NTS 93H
UTM NAD 83
Zone 10 North
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 6, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
ResourceEye
SERVICES INC.
Legend
Main Seam parting percent contours
Parting Percent
100 m model cross sections
fault
main seam subcrop
measured surface resources @ <8:1
indicated surface resources @ <8:1
inferred surface resources @ <8:1
topo contour (CI=20 m)
road
water body
trail
water course
Basin Property Coal License
Basin Property Coal Lease

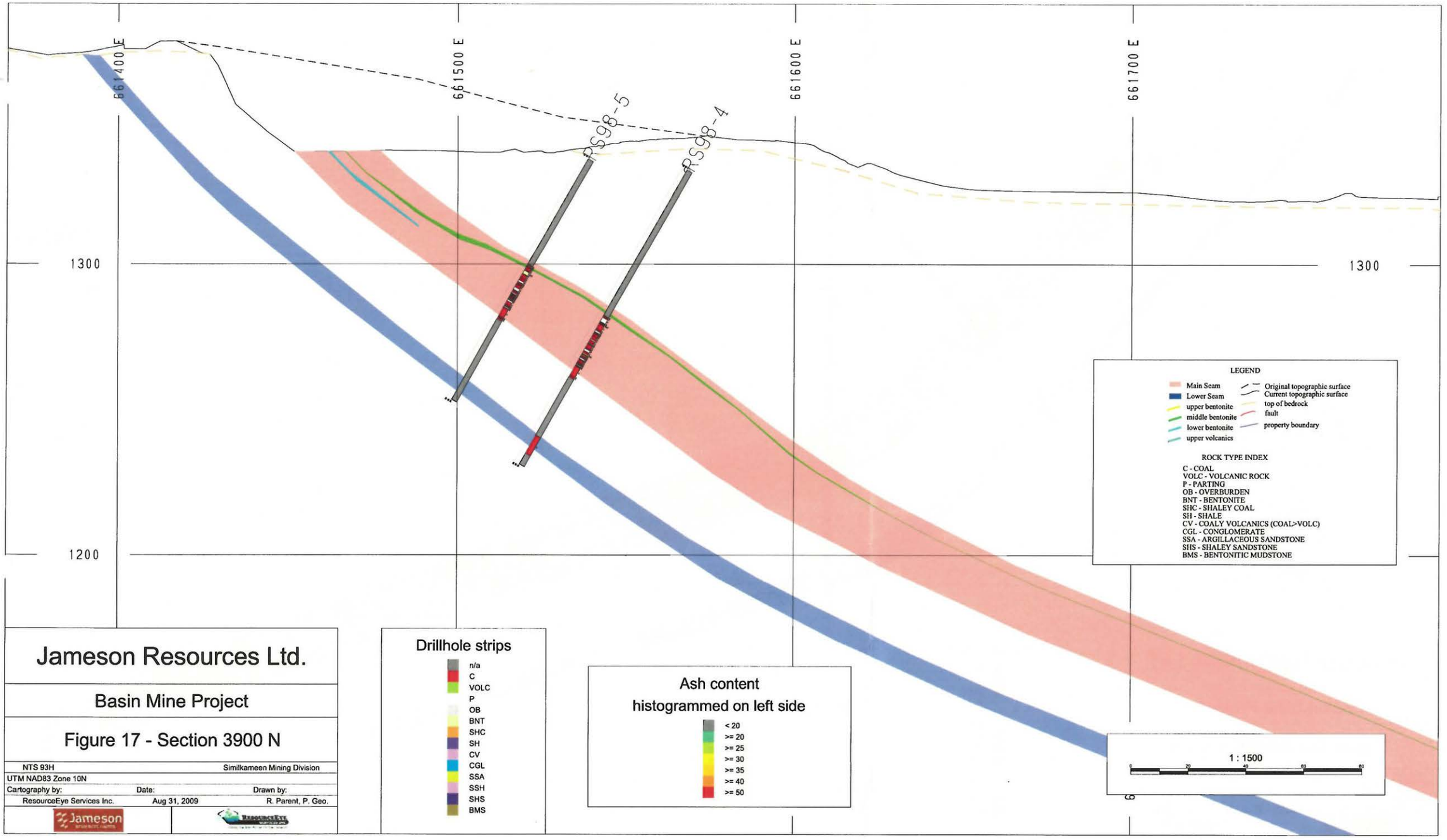

661800 E
661900 E
662000 E
662100 E
1300
1300
1200
1100
77-1
38.5
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Jameson Resources Ltd.
Basin Mine Project
Figure 12 - Section 3100 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
Date:
Drawn by:
ResourceEye Services Inc.
Sep 6, 2009
R. Parent, P. Geo.
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
0
20
40
60
80


661600 E
661700 E
661800 E
661900 E
662000 E
1300
1200
1100
T77-112
37.6
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
Jameson Resources Ltd.
Basin Mine Project
Figure 13 - Section 3400 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Sept 4, 2009
Drawn by:
R. Parent, P. Geo.


661600 E
661700 E
661800 E
661900 E
RS98-1A
1300
1200
1100
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
Jameson Resources Ltd.
Basin Mine Project
Figure 14 - Section 3500 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Aug 31, 2009
Drawn by:
R. Parent, P. Geo.


661500 E
661600 E
661700 E
661800 E
RS98-3
T77-3
TU-05-01
1300
1200
1100
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
Jameson Resources Ltd.
Basin Mine Project
Figure 15 - Section 3700 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Aug 31, 2009
Drawn by:
R. Parent, P. Geo.


661500 E
661600 E
661700 E
661800 E
1300
1200
1100
BS98-4
77-3
35.8
46.1
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
0
20
40
60
80
Jameson Resources Ltd.
Basin Mine Project
Figure 16 - Section 3800 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Sep 6, 2009
Drawn by:
R. Parent, P. Geo.
Jameson

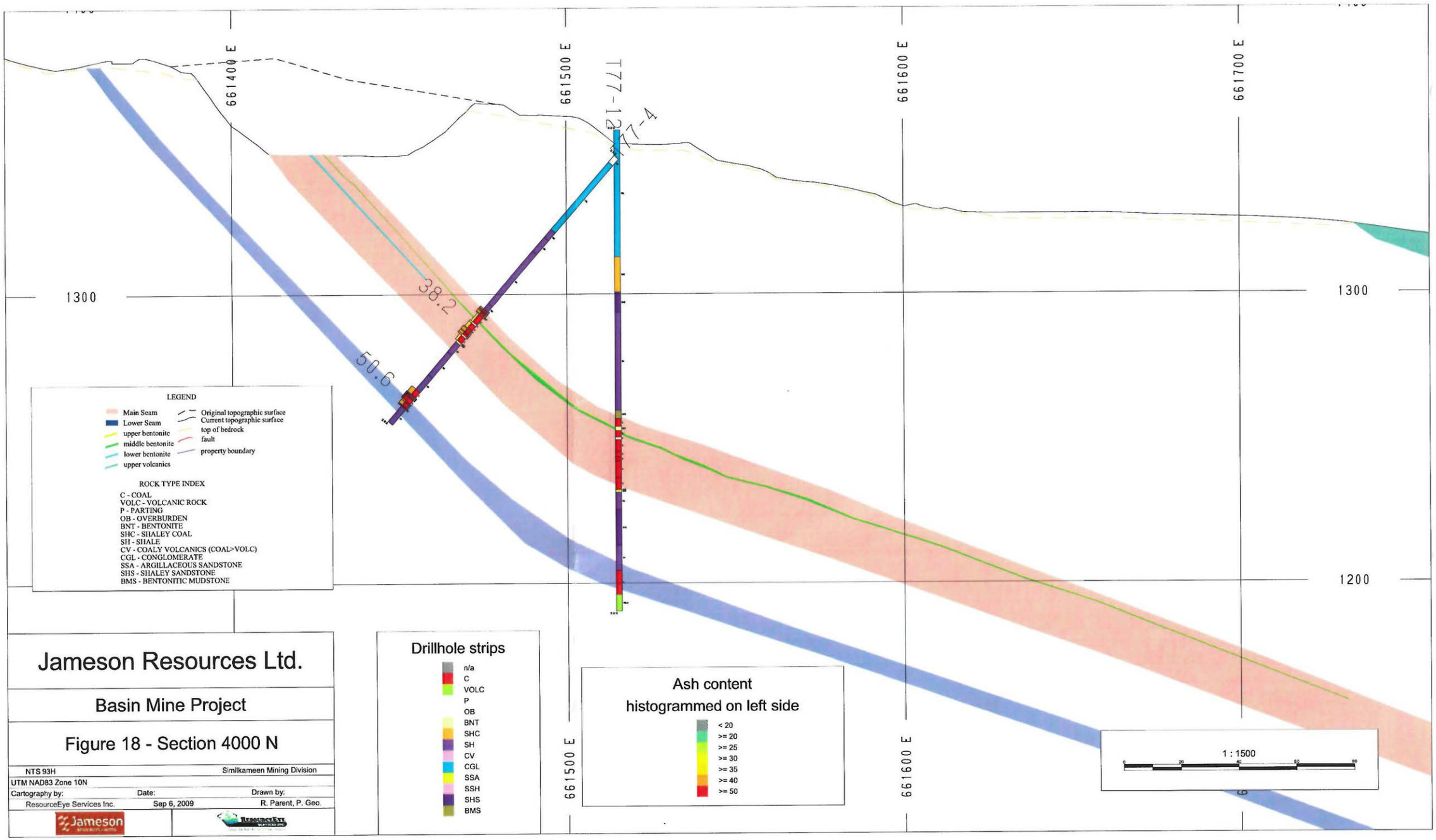


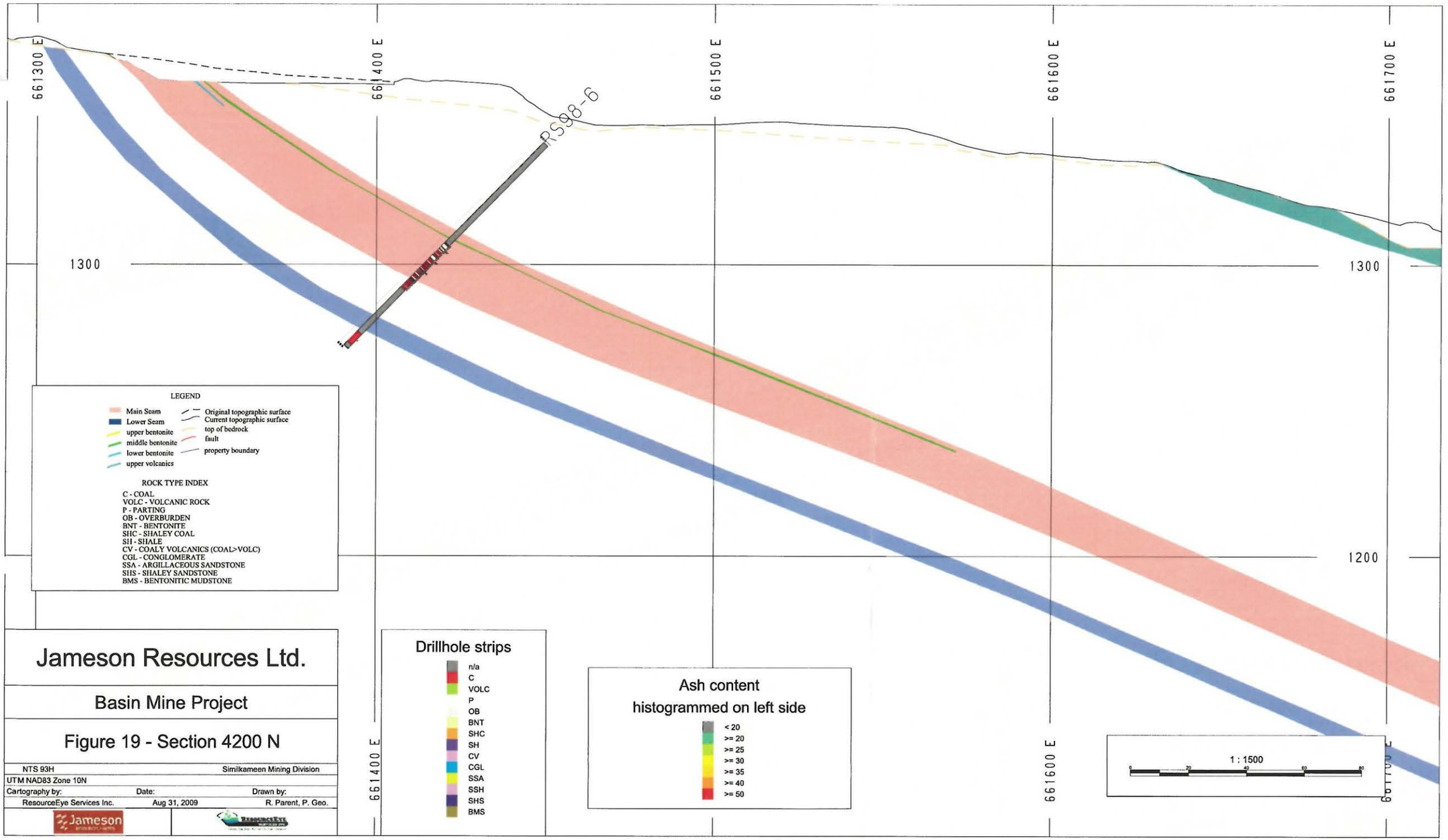

# Jameson Resources Ltd.

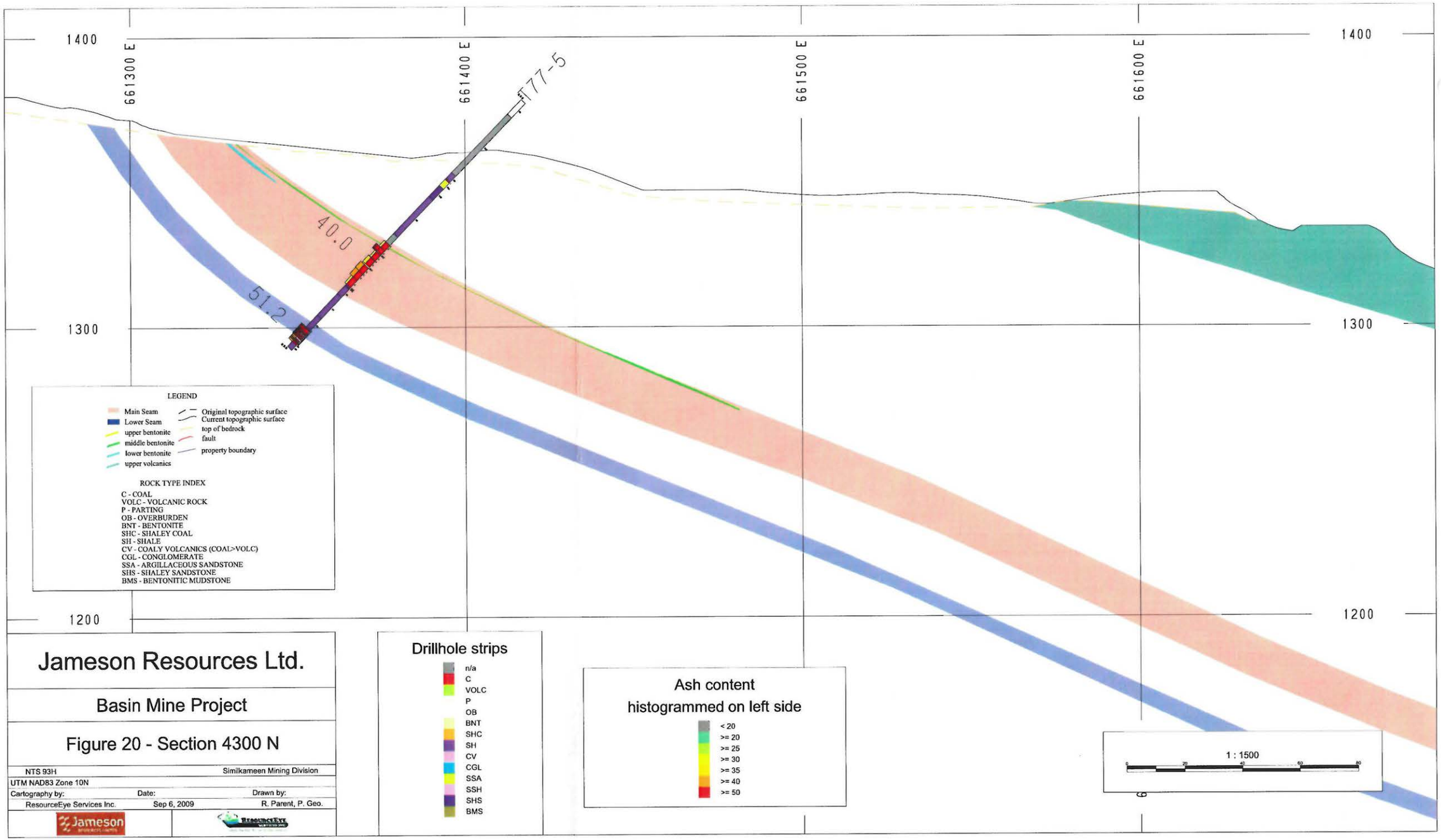
## Basin Mine Project

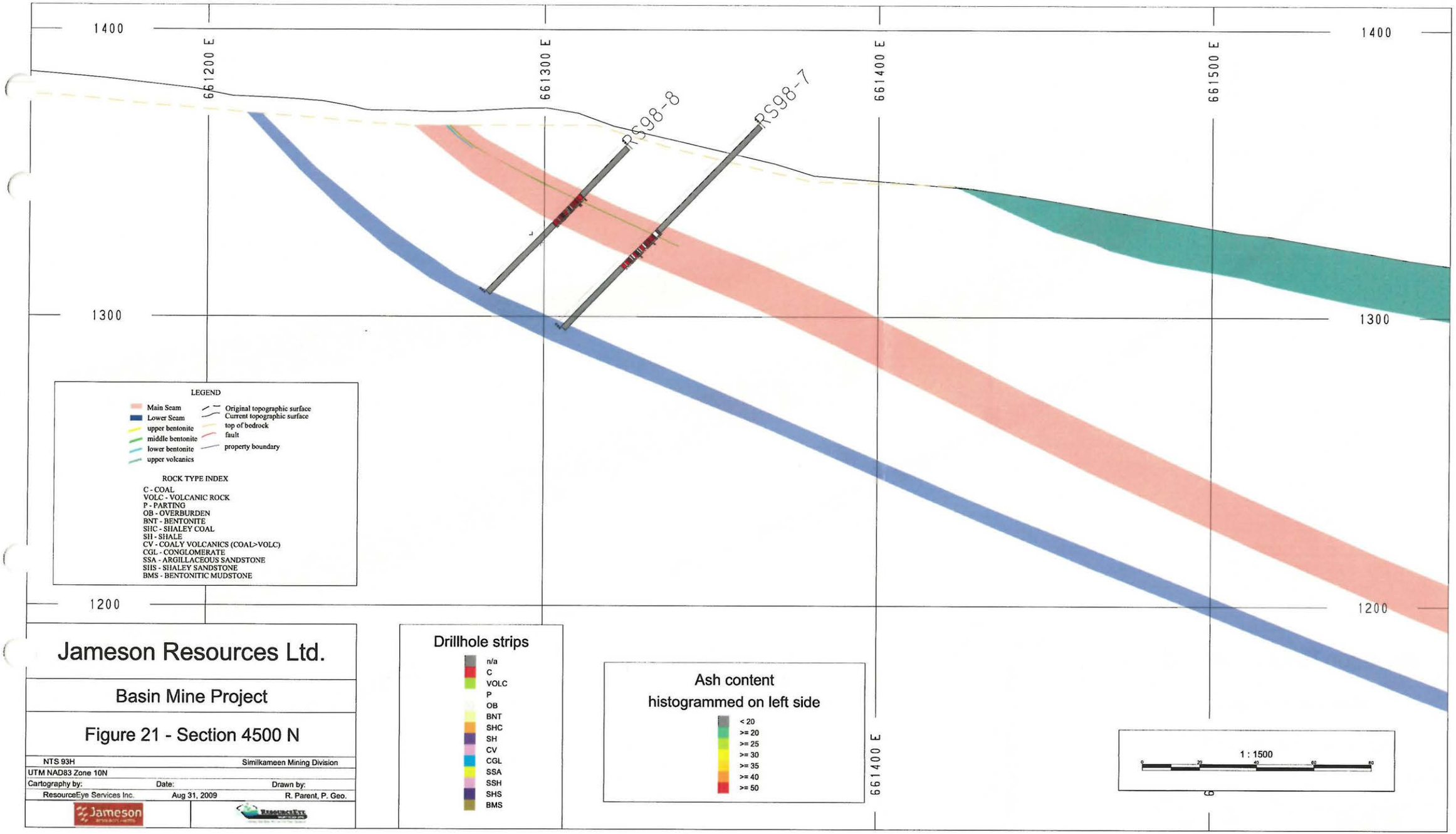
## Figure 17 - Section 3900 N

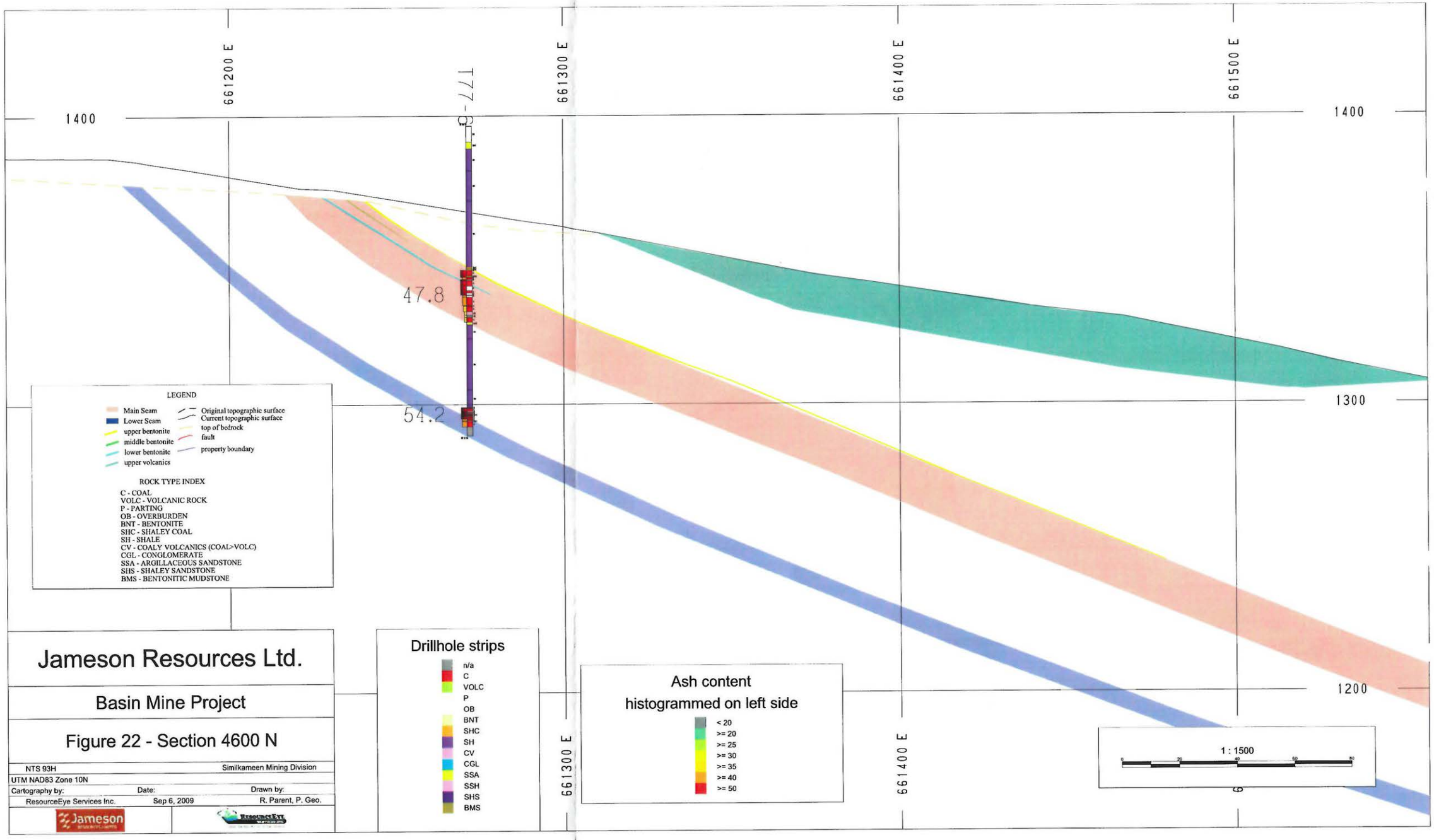
| | | |
|---|---|---|
| NTS 93H | | Similkameen Mining Division |
| UTM NAD83 Zone 10N | | |
| Cartography by: | Date: | Drawn by: |
| ResourceEye Services Inc. | Aug 31, 2009 | R. Parent, P. Geo. |

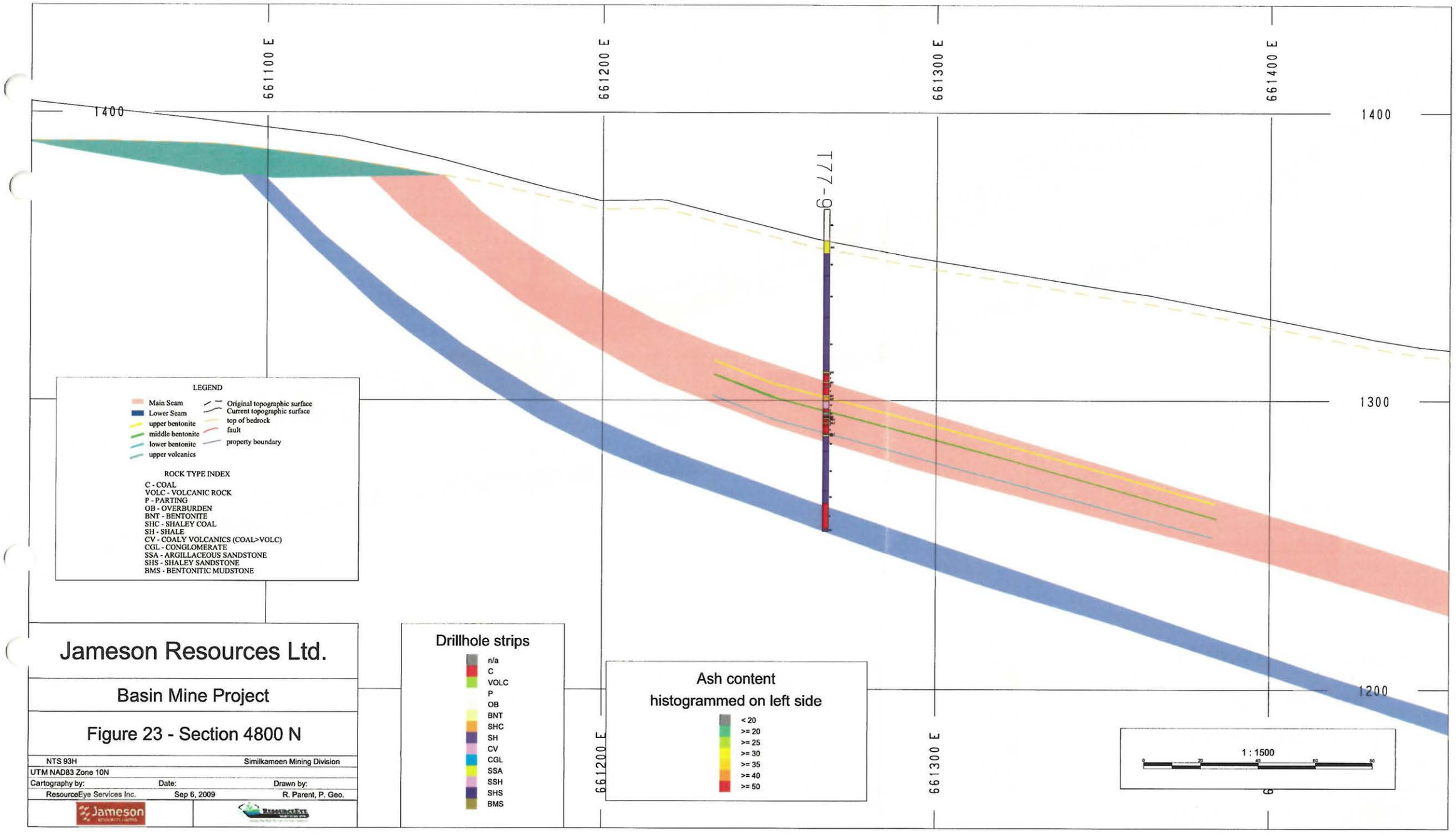

661400 E
661500 E
661600 E
661700 E
1300
1200
77-12
77-4
38.2
50.6
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Jameson Resources Ltd.
Basin Mine Project
Figure 18 - Section 4000 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Sep 6, 2009
Drawn by:
R. Parent, P. Geo.
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500


661300 E
661400 E
661500 E
661600 E
661700 E
RS98-6
1300
1200
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
Jameson Resources Ltd.
Basin Mine Project
Figure 19 - Section 4200 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Aug 31, 2009
Drawn by:
R. Parent, P. Geo.


1400
661300 E
661400 E
661500 E
661600 E
77-5
40.0
51.2
1300
1200
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Jameson Resources Ltd.
Basin Mine Project
Figure 20 - Section 4300 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Sep 6, 2009
Drawn by:
R. Parent, P. Geo.
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500


1400
1300
1200
661200 E
661300 E
661400 E
661500 E
RS98-8
RS98-7
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Jameson Resources Ltd.
Basin Mine Project
Figure 21 - Section 4500 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
Date:
Drawn by:
ResourceEye Services Inc.
Aug 31, 2009
R. Parent, P. Geo.
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500


661200 E
661300 E
661400 E
661500 E
1400
1300
1200
T77-5
47.8
54.2
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Jameson Resources Ltd.
Basin Mine Project
Figure 22 - Section 4600 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Sep 6, 2009
Drawn by:
R. Parent, P. Geo.
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500

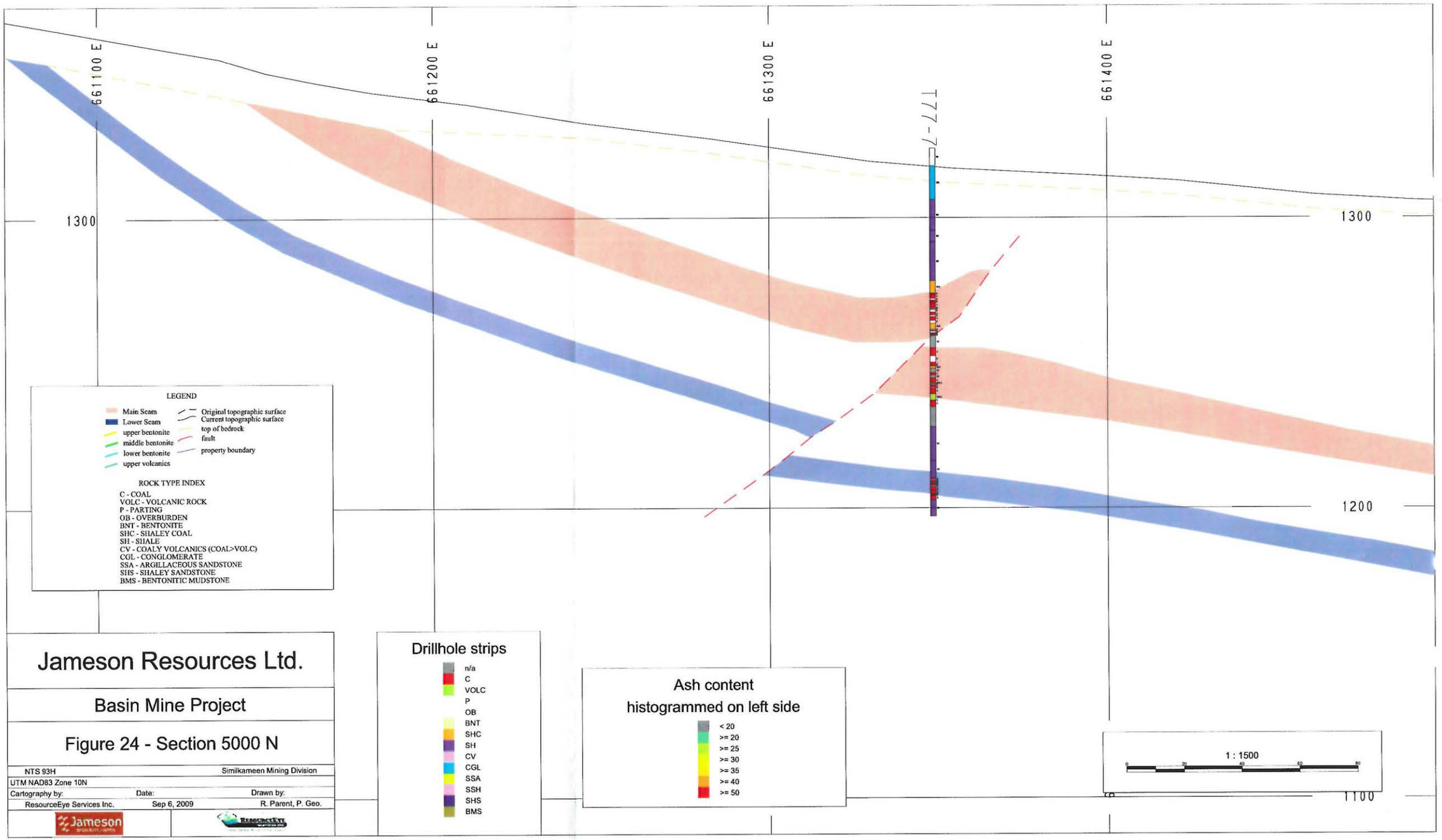


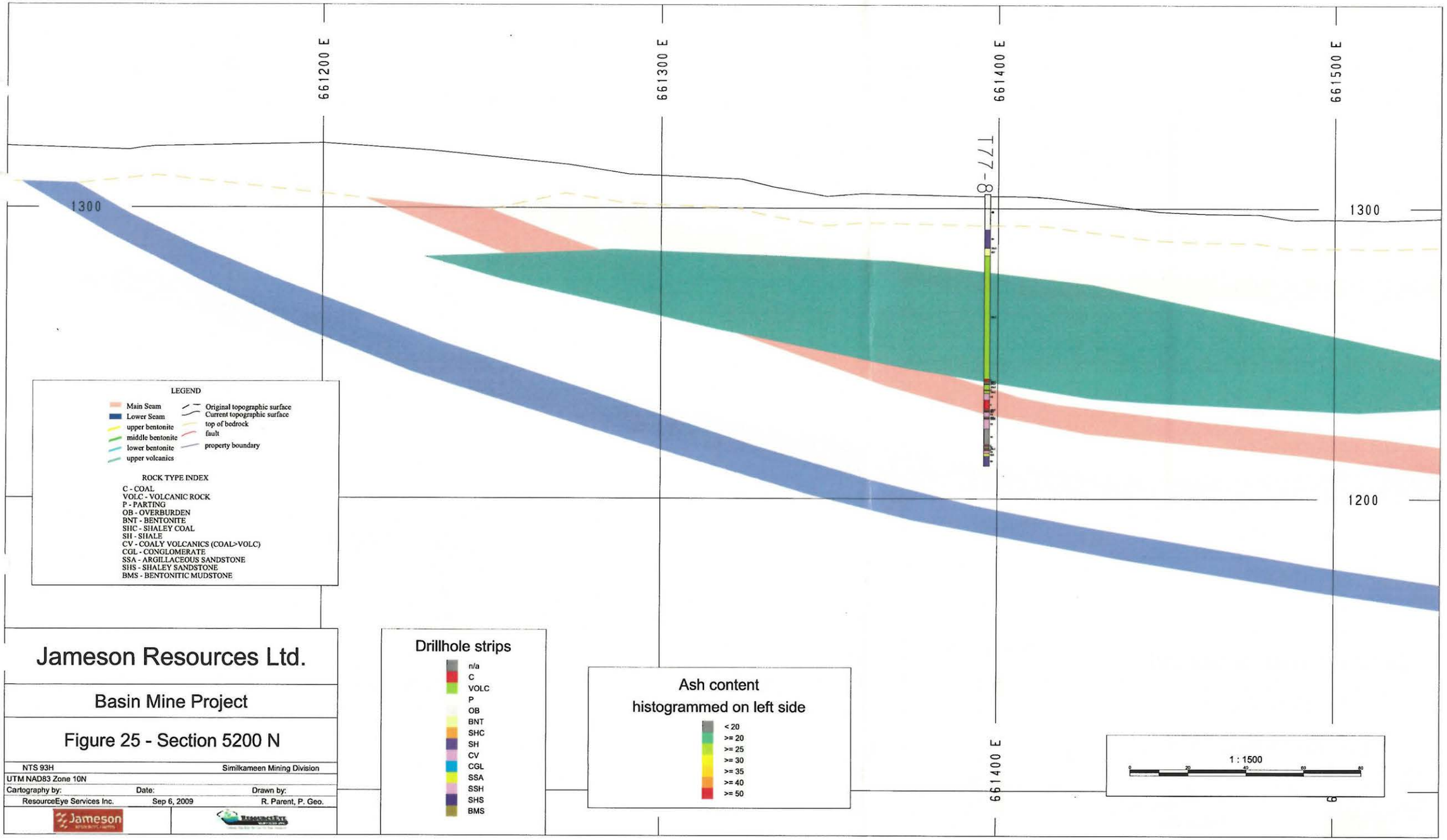

# Jameson Resources Ltd.

## Basin Mine Project

## Figure 23 - Section 4800 N

| | | |
|---|---|---|
| NTS 93H | | Similkameen Mining Division |
| UTM NAD83 Zone 10N | | |
| Cartography by: | Date: | Drawn by: |
| ResourceEye Services Inc. | Sep 6, 2009 | R. Parent, P. Geo. |


661100 E
661200 E
661300 E
661400 E
T77-7
1300
1300
1200
1100
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Jameson Resources Ltd.
Basin Mine Project
Figure 24 - Section 5000 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
ResourceEye Services Inc.
Date:
Sep 6, 2009
Drawn by:
R. Parent, P. Geo.
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
0
20
40
60
80

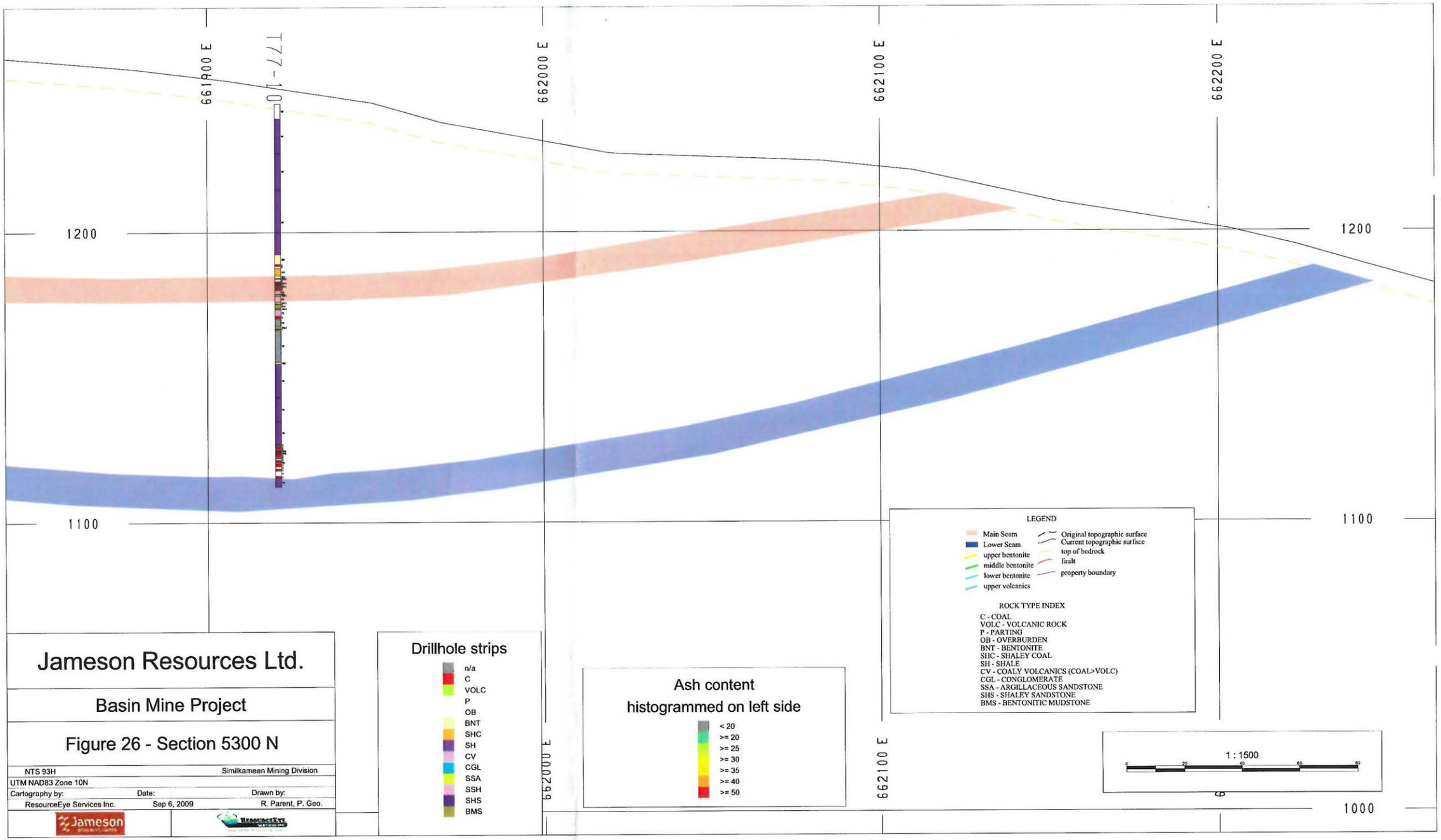


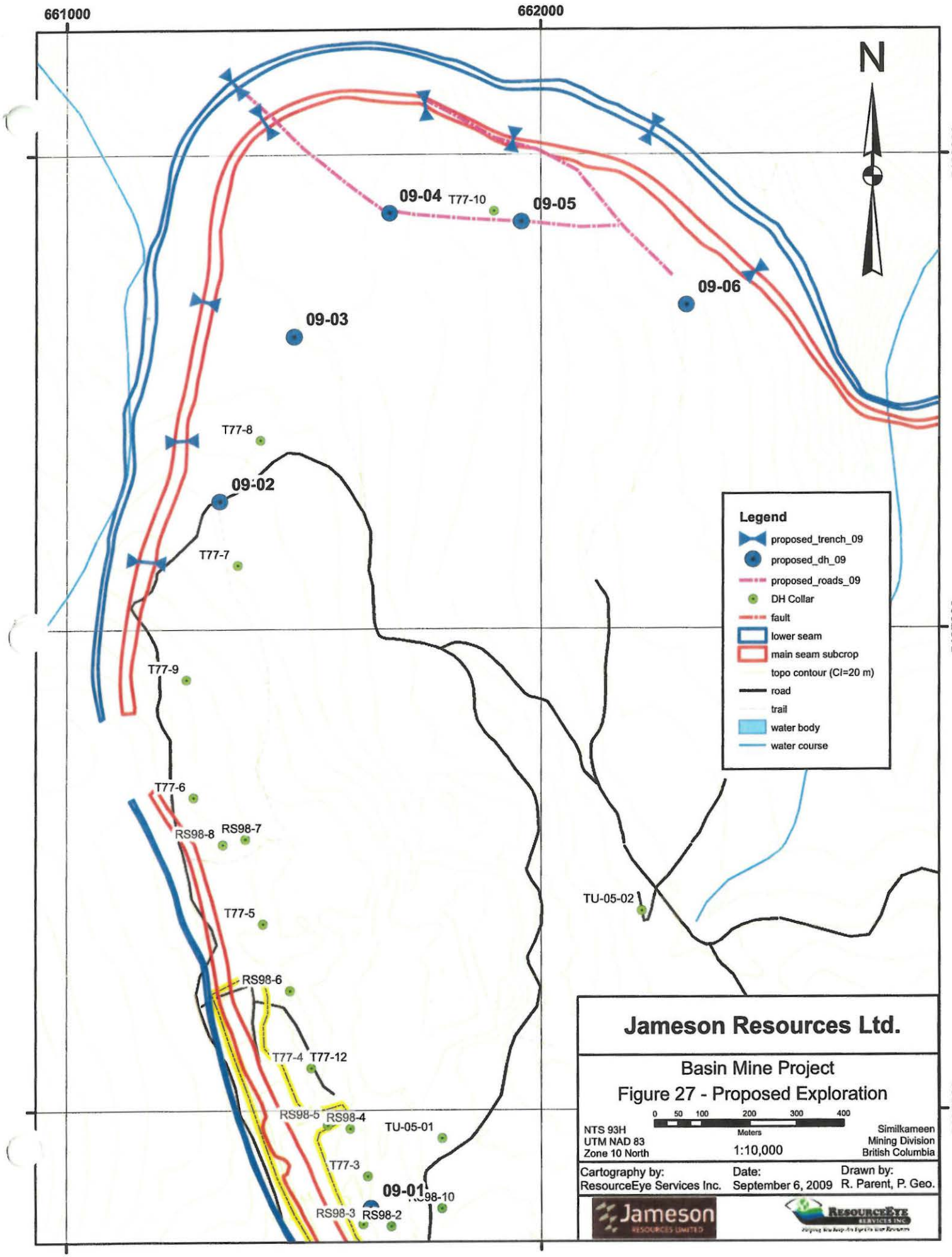

# Jameson Resources Ltd.

## Basin Mine Project

## Figure 25 - Section 5200 N

| | | |
|---|---|---|
| NTS 93H | | Similkameen Mining Division |
| UTM NAD83 Zone 10N | | |
| Cartography by: | Date: | Drawn by: |
| ResourceEye Services Inc. | Sep 6, 2009 | R. Parent, P. Geo. |


661900 E
662000 E
662100 E
662200 E
77-10
1200
1100
1000
LEGEND
Main Seam
Lower Seam
upper bentonite
middle bentonite
lower bentonite
upper volcanics
Original topographic surface
Current topographic surface
top of bedrock
fault
property boundary
ROCK TYPE INDEX
C - COAL
VOLC - VOLCANIC ROCK
P - PARTING
OB - OVERBURDEN
BNT - BENTONITE
SHC - SHALEY COAL
SH - SHALE
CV - COALY VOLCANICS (COAL>VOLC)
CGL - CONGLOMERATE
SSA - ARGILLACEOUS SANDSTONE
SHS - SHALEY SANDSTONE
BMS - BENTONITIC MUDSTONE
Drillhole strips
n/a
C
VOLC
P
OB
BNT
SHC
SH
CV
CGL
SSA
SSH
SHS
BMS
Ash content
histogrammed on left side
< 20
>= 20
>= 25
>= 30
>= 35
>= 40
>= 50
1 : 1500
0
20
40
60
80
Jameson Resources Ltd.
Basin Mine Project
Figure 26 - Section 5300 N
NTS 93H
Similkameen Mining Division
UTM NAD83 Zone 10N
Cartography by:
Date:
Drawn by:
ResourceEye Services Inc.
Sep 6, 2009
R. Parent, P. Geo.
Jameson


661000
662000
5488000
5487000
5486000
N
09-04
T77-10
09-05
09-06
09-03
09-02
T77-8
T77-7
T77-9
T77-6
RS98-8
RS98-7
T77-5
RS98-6
T77-4
T77-12
RS98-5
RS98-4
TU-05-01
T77-3
09-01
RS98-10
RS98-3
RS98-2
TU-05-02
Legend
proposed_trench_09
proposed_dh_09
proposed_roads_09
DH Collar
fault
lower seam
main seam subcrop
topo contour (CI=20 m)
road
trail
water body
water course
Jameson Resources Ltd.
Basin Mine Project
Figure 27 - Proposed Exploration
0 50 100 200 300 400
Meters
NTS 93H
UTM NAD 83
Zone 10 North
1:10,000
Similkameen
Mining Division
British Columbia
Cartography by:
ResourceEye Services Inc.
Date:
September 6, 2009
Drawn by:
R. Parent, P. Geo.
Jameson
RESOURCES LIMITED
ResourceEye
SERVICES INC