

Moose Mountain Technical Services

*Panorama Coal Corporation,
Panorama Coal Property
30 December 2009*

Anglo-Pacific
17 Hill Street
Mayfair
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United Kingdom
GB0006449366

30 December 2009

Dear Sir;

Please find attached one copy of the report entitled “Resource Estimate for the Discovery and Panorama Coal Properties”.

Should you have any questions, do not hesitate to contact us.

Sincerely,

R.J. Morris, M.Sc., P.Geo.
Principal Geologist

1.0

**RESOURCE ESTIMATE
FOR THE
DISCOVERY AND PANORAMA COAL PROPERTIES**

LIARD MINING DIVISION

NORTHWEST BRITISH COLUMBIA
Centred at 6,300,000 N and 536,000 E (NAD 83)

Submitted to:
Panorama Coal Corporation
30 December 2009

Moose Mountain Technical Services
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3.0 SUMMARY

In December 2008, Moose Mountain Technical Services (MMTS) was retained by Panorama Coal Corporation (a wholly owned subsidiary of Anglo-Pacific Corp.) to review the geology of the Discovery and Panorama coal project areas, build a computer model, generate a resource estimate, and recommend an infill drilling program.

Anglo-Pacific is a natural resources royalties company with its head offices in London, England. The company, through its subsidiary Panorama Coal Corporation, holds two groups of coal licenses in the Groundhog area, approximately 150km northeast of the town of Stewart and 490km northwest of the city of Prince George. The eastern group of licences is historically known as the Discovery property while the western group of licences is known historically as the Panorama property.

The properties comprise 20 coal licences covering 9,099ha. Eight of the licences, covering 3,927ha are on the Discovery property, while twelve licences, covering 5,172ha, are on the Panorama property. The properties are centered at UTM 6,300,000 N and 536,000 E (NAD 83).

The Currier Formation of the Bowser Lake Group hosts the coal-bearing strata on both properties. On the eastern licences (Discovery), there are seven coal seams that have been modeled within a stratigraphic section approximately 150m thick. The property is characterized by geology that is moderate, both with respect to stratigraphy and structure. The geology has been mapped over an eighteen year period by geologists from a joint venture of National Coal Corporation Ltd., Placer Development Ltd., Quintana Minerals Corporation, B.C. Hydro and Power Authority, Imperial Metals Corporation, Groundhog Coal Ltd. and Gulf Canada Resources. In 1970, the joint venture drilled six diamond drillholes on the property, totaling 1,029.3m, and collected 31 coal samples. In 1981, Gulf Canada drilled six diamond drillholes on the property, totaling 1,016.84m and collected 11 samples.

There has been very little work done on the Panorama group of licences (western area). Gulf Canada carried out exploration programs in 1980 and 1981 that involved reconnaissance mapping and trenching. They recognized nine coal seams on the property in a 240m thick stratigraphic section. The structural geology of the Panorama property appears to be more complex than that of the Discovery property. Because no drilling has been done on this group of licences, no model has been made of it, nor resources estimated.

Coal resources on the Discovery property are of anthracite to semi-anthracite rank as confirmed by Reflectance (Ro) measurements of trench samples ranging from 2.35 to 5.55. Surface oxidation of these trench samples has artificially increased the Volatile Matter Content of the coal and reduced the Calorific Value. As such, the value of these samples is restricted to trending inset Ash and Sulphur content. The ash content of individual seams is variable ranging from 15.3% to 62.5%, and averaging 38%. The Sulphur content is low, averaging 0.40%.

Records of un-oxidized coal samples are limited to three core hole completed on the Discovery Property in 1970. The results show that raw coal in the 38% ash range would have a Volatile Matter content of 5% and a Calorific Value of 5000 Kcal/kg on an Air Dry basis.

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Washability tests on two of these cores show it is possible to create a 10% ash clean coal product with a Calorific Value of 7500 Kcal/kg.

Significant new core hole drilling and analysis will be required to verify and confirm the quality characteristics shown in the historic data. At present, the existing data should be regarded as *indicative*; subject to further confirmation.

Table 3-1 shows the range and average drilled thickness of the main coal seams in the Discovery area.

Table 3-1 - Range of Seam Thickness, Discovery Property

Seam	Number of Intercepts	Min. Thickness (m)	Max. Thickness (m)	Average Thickness (m)
7	2	0.3	0.6	0.5
6	16	0.5	2.9	1.3
5	19	0.4	2.0	0.8
4	12	0.3	1.4	0.8
3	8	0.4	2.3	1.4
2	5	0.4	1.8	1.1
1U	11	0.3	2.5	1.1
1	24	0.3	2.0	0.8

MMTS has modeled the deposit on the Discovery property as geologically “moderate” using MineSight™ software and resources have been estimated. Only areas that could potentially be surface mined have been targeted for evaluation. Coal that potentially could be mined using underground methods has not been analyzed in this report. Tables 3-2 to 3-4 summarize the resources by class within a 20:1 incremental strip ratio pit. The overall strip ratio for this resource is 12.1:1 (bcm waste:tonnes coal).

**Table 3-2 Summary of Indicated Resources, Discovery Property
Geology Type: “Moderate”¹**

Resource Category	ROM (kTonnes)
Indicated	13,700

Table 3-3 Summary of Inferred Resources, Discovery Property

Resource Category	ROM (kTonnes)
Inferred	24,100

Table 3-4 Summary of Speculative Resources, Discovery Property

Resource Category	ROM (kTonnes)
Speculative	70,200

¹ *Moderate geology type refers to deposits characterized by homoclines or broad open folds with bedding inclinations of generally less than 30°. Faults may be present, but are relatively uncommon.*

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“Assurance-of-existence categories are intended to reflect the level of certainty with which resource quantities are known. Intuitively, one knows that the greater the distance over which seam thickness data are extrapolated, the greater the possible error; hence, several resource classification schemes have used distance from nearest data point or distance between data points as the primary criteria for assurance-of-existence categorization.

In moderate geology type deposits, it is proposed that assurance of existence be based on the availability of data points within the deposit.

Four categories are used to define assurance-of-existence. In order of increasing uncertainty, these categories are: measured, indicated, inferred, and speculative. Measured resources have a high degree, indicated a moderate degree, and inferred resources a relatively low degree of geological assurance. Speculative resources are those based on extrapolation of few data points over large distances, and are confined to regions where extensive coal exploration has not yet taken place. Although the precise levels of uncertainty of these categories have not been calculated, geological experience with Canadian coal deposits suggests that measured resource quantities are known within about 10%, indicated within about 20%, and inferred within about 50%.”

Adapted from: GSC Paper 88-21

The geological interpretation uses all strike and dip data from both drillhole intercepts and trench data, as well, the general structure across the property mimics earlier interpretations. Because of the wide-spaced drilling (and lack of detailed correlation) seam correlation assumes a coal-bearing sequence with similar stratigraphy such that the lowest seam is called seam 1 and the upper seam is seam 6 (rarely there is a seam 7).

Topography is from BC Government TRIM maps. The location of old exploration data was made to fit the new topography by adjusting the elevation only.

Both a GSM (gridded seam model) and a block model (3dbm) were developed for the Discovery property. The GSM was developed by completing a geological interpretation of the footwall of the bottom seam, Seam 1, on cross-section, and the footwalls from section were linked to develop a 3D surface. The GSM has grid points with elevations which can be the hanging wall or footwall of any seam. From the footwall elevation of seam 1, the thickness of the various layers going up section are added (i.e. the thickness of seam 1 is added to yield the top of the seam, the thickness between seams 1 and 2 is added to give the elevation of the bottom seam 2, etc).

Seam thickness interpolation used a very large search cell of 10km x 10km because of the sparse data. There has been no consideration of the thickness of overburden or oxidation with the present model. The bulk density of the coal was set at 1.60g/cc, while mineable coal thickness and removable parting thickness is set at 0.6m. Resource classification is based on distance to nearest composites, with measured being within 450m of a neighbor, indicated 451-900m, inferred 901-2,400m, and speculative at least 600m from a composite. Because of the lack of seam correlation, the resource classification has been reduced by one level such that there are no measured resources, indicated resources are within 450m of a neighbor, inferred resources are 451-900m, and speculative resources are the remainder from the model.

The GSM was converted to a block model so that LG pits could be completed. The model is 14,700m long (in the northwest direction, X), 11,700m wide (in the northeast direction, Y), and

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1,250m deep (elevation range from 750m to 2,000m, Z). The blocks are 25m x 25m x 10m (X, Y, Z) and the model has been rotated 24.75° to the west (so that cross-sections view the deposit approximately at right angles to the strike).

The resources by seam are listed in Table 3-5.

Table 3-5 Coal Resources by Seam

Seam	Total (K tonnes)	% of Total
6	14,700	13.7
5	11,000	10.2
4	8,400	7.8
3	22,100	20.5
2	4,500	4.2
1U	21,000	19.4
1	26,300	24.3
Total	108,000	100.0

It should be noted that the exploration data is widely spaced and there is no correlation of seams at this point. As well, the resource estimate does not include minor seams because they are very inconsistent in their occurrence (there is a lower seam interpreted for each of seam 1, 2, 3, 5, and 6 which range in thickness from 0.5m to 1.2m).

MMTS is of the opinion that the Discovery property hosts significant coal resources and is a property of merit, worthy of further exploration. It is recommended that the next phase of exploration consist of a follow-up drill program in several key areas along with additional coal quality testing. This phase of work includes up to four diamond drillholes for a total estimated cost of \$1,000,000.

4.0 INTRODUCTION

The coal tenures are comprised of two distinct groups of licences which are 15km apart. The eastern licences are called the Discovery Group while the western licences are called the Panorama Group.

In December 2008, Moose Mountain Technical Services (MMTS) was retained by Anglo-Pacific Group to create a geological model of the Discovery coal deposit, to estimate its coal resources and to recommend a follow-up drill program.

The purpose of the present work is to report on the current technical status of the two groups of licences, specifically addressing the current status of resource potential on the Discovery property.

The geology of the Discovery Group is defined by the previous work of geologists from a joint venture comprised of National Coal Corporation Ltd., Placer Development Ltd. and Quintana Minerals Corporation, B.C. Power and Hydro Authority, Groundhog Coal Ltd., Imperial Metals Corporation and Gulf Canada Resources Inc. The geology of the Panorama Group is defined by the previous work of geologists from Gulf Canada Resources Inc. This Technical Report includes a review of the previous geology and drillhole data to the end of December, 1988 for the Discovery group of licences and a review of the previous geology to the end of December, 1981 for the Panorama group of licences.

A site visit has not been completed, though one is planned for next year.

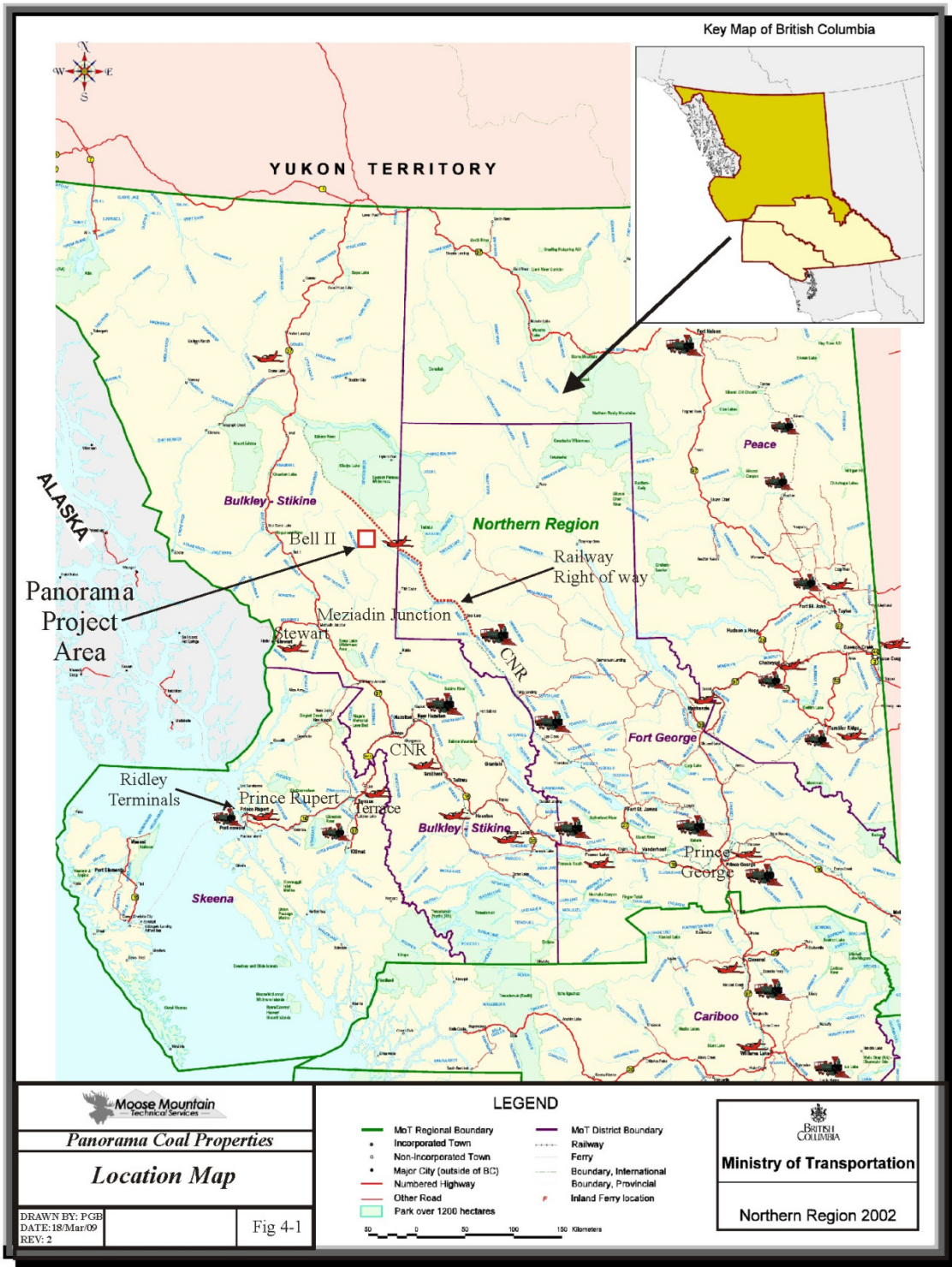


Figure 4-1– Location Map

5.0 RELIANCE ON OTHER EXPERTS

Portions of the material in this report were originally reported in Gulf Canada Resources 1988 geological report titled “Evans Creek Coal Project, Geological Report” which includes part of the Discovery Group of licences and in Gulf Canada Resources 1981 geological report titled “Panorama Coal Project, geological report, which includes part of the Panorama Group of licences.

Robert J. Morris is responsible for the entire report, while Robert F. Engler is responsible for the Mineral Processing and Metallurgical Testing portion of the report, Item 18.

6.0 PROPERTY DESCRIPTION AND LOCATION

The properties are located in the Groundhog Coal Basin part of the Bowser Basin in northwestern British Columbia, approximately 890km northwest of Vancouver, 150km northeast of Stewart, and 490km northwest of Prince George, Figure 6-1. Both properties are situated between the Skeena and Nass Rivers.

The Discovery property lies immediately west of the Skeena River except at its north end where it is transected by the Skeena. The property lies north of Currier Creek and is crossed at its north end by Beirnes Creek. The approximate centre of the Discovery property is UTM 6,306,000 North and 540,000 East (UTM NAD 83), Figure 6-2.

The Panorama property is 15km west of the Discovery property and is at the north end of the Groundhog Range of the Skeena Mountains. Panorama is also transected near its north end by Beirnes Creek and Leach Creek crosses the south part of the property. The approximate centre of the Panorama property is (UTM NAD 83) 6,297,000 North and 528,000 East, Figure 6-3.

The Discovery property consists of 8 tenures while the Panorama property has 12 tenures for a total of 20 tenures. The total area of the Discovery tenure is 3,927ha while the total area of the Panorama property is 5,172ha for a total of 9,099ha, Table 6.1. The coal licences are registered in the name of Panorama Coal Corp., of Vancouver, B.C. There are no underlying agreements or royalties on the property.

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Table 6-1 Panorama Coal, Owned Tenures

Number	Owner	Map	Work Recorded To	Status	Mining Division	Area
394847	147423100%	104A089	2010.07.12	Good Standing 2010.07.12	15 OMINECA	259 ha
394848	147423100%	104A089	2010.07.12	Good Standing 2010.07.12	15 OMINECA	259 ha
394849	147423100%	104A089	2010.07.12	Good Standing 2010.07.12	15 OMINECA	259 ha
416829	147423100%	104A15E		Good Standing	15 OMINECA	900 ha
416854	147423100%	104A16W		Good Standing	15 OMINECA	450 ha
416855	147423100%	104A09W		Good Standing	15 OMINECA	300 ha
416856	147423100%	104A15E		Good Standing	15 OMINECA	900 ha
416857	147423100%	104A15E		Good Standing	15 OMINECA	75 ha
416903	147423100%	104A16W		Good Standing	15 OMINECA	1186 ha
416904	147423100%	104A16W		Good Standing	15 OMINECA	2343 ha
416905	147423100%	104A15E		Good Standing	15 OMINECA	926 ha
416906	147423100%	104A15E		Good Standing	19 SKEENA	1484 ha
417100	147423100%	104A089	2010.11.07	Good Standing 2010.11.07	15 OMINECA	71 ha
417101	147423100%	104A089	2010.11.07	Good Standing 2010.11.07	15 OMINECA	960 ha
417177	147423100%	104A15E		Good Standing	15 OMINECA	1425 ha
417291	147423100%	104A088	2010.03.03	Good Standing 2010.03.03	19 SKEENA	73 ha
417292	147423100%	104A087	2010.03.03	Good Standing 2010.03.03	19 SKEENA	279 ha
417293	147423100%	104A078	2010.03.03	Good Standing 2010.03.03	19 SKEENA	426 ha
417294	147423100%	104A078	2010.03.03	Good Standing 2010.03.03	19 SKEENA	284 ha
417295	147423100%	104A078	2010.03.03	Good Standing 2010.03.03	19 SKEENA	851 ha
417296	147423100%	104A088	2010.03.03	Good Standing 2010.03.03	19 SKEENA	71 ha
417297	147423100%	104A089	2010.03.03	Good Standing 2010.03.03	15 OMINECA	918 ha
417298	147423100%	104A098	2010.03.03	Good Standing 2010.03.03	15 OMINECA	1059 ha
417299	147423100%	104A087	2010.03.03	Good Standing 2010.03.03	15 OMINECA	779 ha
417300	147423100%	104A078	2010.03.03	Good Standing 2010.03.03	15 OMINECA	355 ha
417301	147423100%	104A078	2010.03.03	Good Standing 2010.03.03	15 OMINECA	851 ha
417525	147423100%	104A088	2010.09.13	Good Standing 2010.09.13	15 OMINECA	425 ha
417526	147423100%	104A088	2010.09.13	Good Standing 2010.09.13	15 OMINECA	707 ha
417527	147423100%	104A087	2010.09.13	Good Standing 2010.09.13	15 OMINECA	71 ha
417528	147423100%	104A089	2010.09.13	Good Standing 2010.09.13	15 OMINECA	142 ha
417632	147423100%	104A078		Good Standing	19 SKEENA	1136 ha

Note: the eleven grey highlighted licences are in application only, though the eight yellow (east side, Discovery) and twelve green (west side, Panorama) highlighted licences are approved.

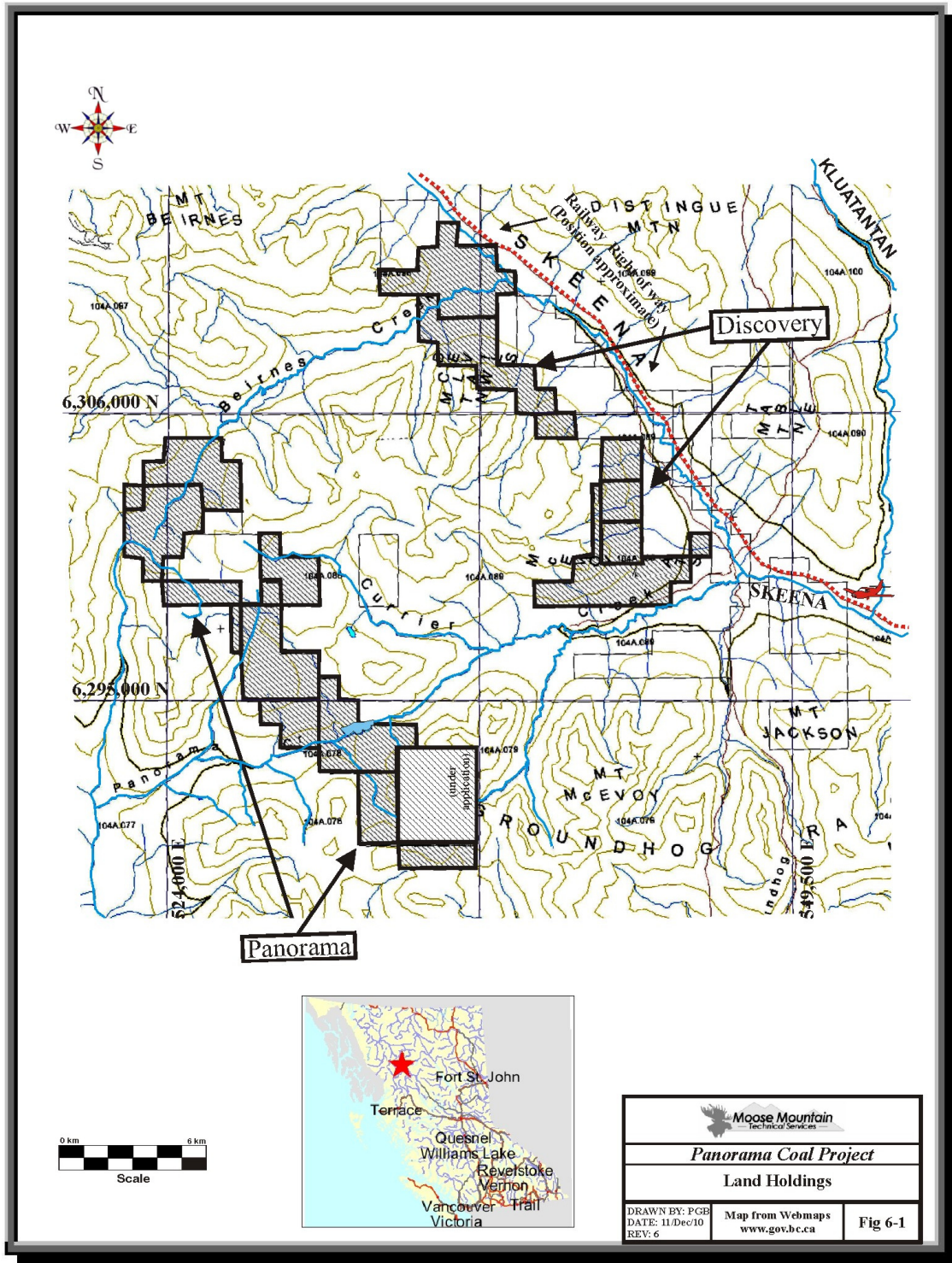


Figure 6-1 – Land Holdings

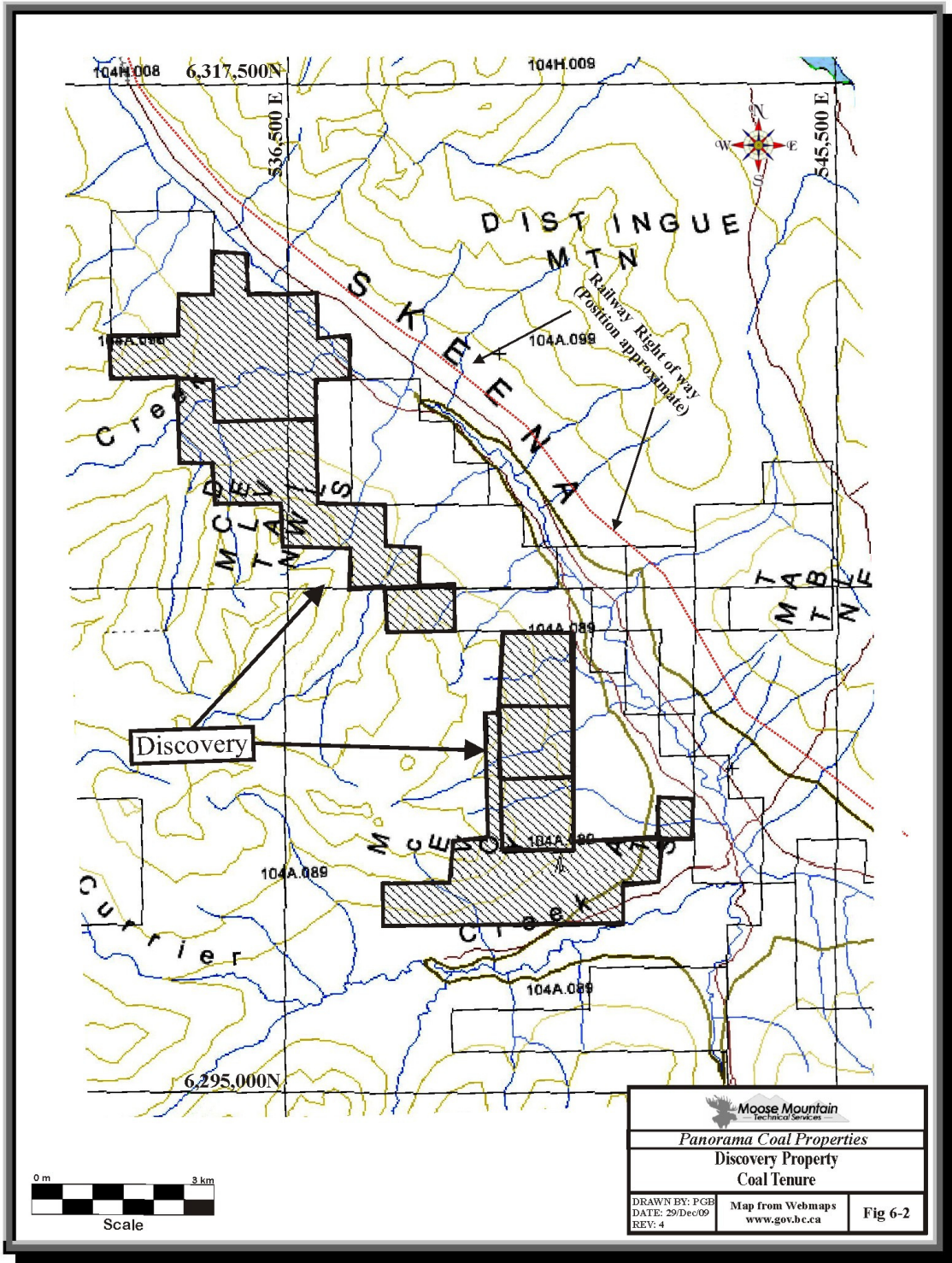


Figure 6-2– Discovery Property, Coal Tenure

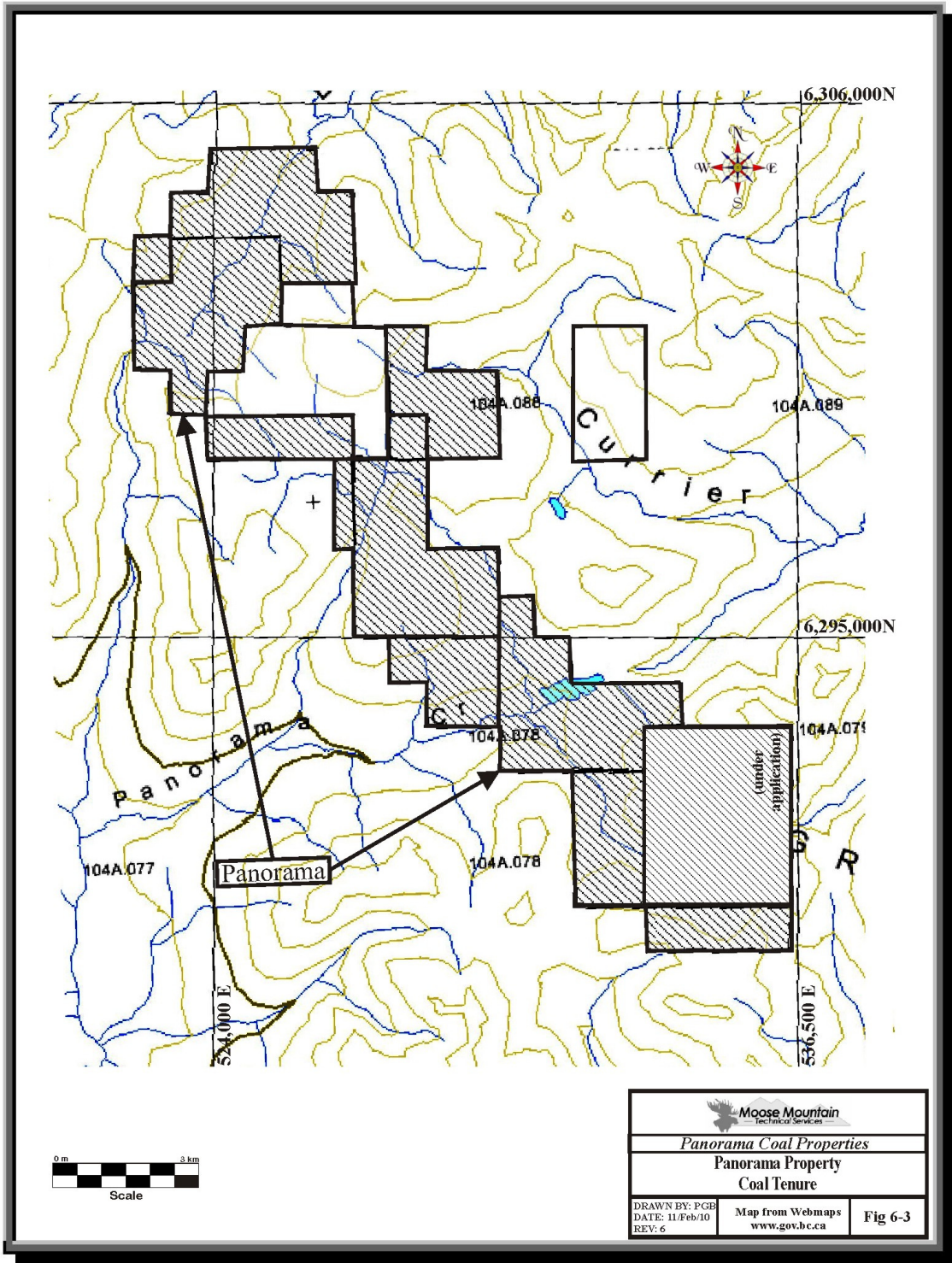


Figure 6-3 – Panorama Property, Coal Tenure

7.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The properties are located near the northern extremity of the Skeena Mountains within the Bowser Basin in northwest British Columbia. The Stewart-Cassiar Highway is located approximately 80km west of the Panorama property and 100km west of the Discovery property. Access to the properties is mainly limited to aircraft with airstrips at both the junction of the Skeena and Kluantantan Rivers and the Skeena and Chipmunk Rivers. The partially completed British Columbia Railway line between Prince George and Dease Lake lies on the east side of the Skeena River. Prior to cessation of work on the rail line in 1977, steel had been laid to the Chipmunk airstrip, within 30km of the south end of the property. North of the Chipmunk airstrip the remnants of the BCR subgrade and a construction road exist but are in poor condition. There is potential for vehicular access to the property from the north as at its north end, the Discovery property comes very close to the old railway subgrade. For the most part, however, the subgrade lies 0.5km to 4km east of the property.

The Groundhog Coalfield is within the Skeena Mountains Physiographic Region and is dominated by mountainous terrain and broad northwesterly to southeasterly trending valleys. It lies near the headwaters of three major drainage systems. The Stikine River drains the northern portion of the property, the Skeena River drains the southeastern portion, while the Nass River drains the southwestern portion.

The Discovery property lies for the most part on the western slopes of the Skeena River valley and the northeast flank of Devil's Claw Mountain. Currier Creek touches the southern end of the property while Beirnes Creek crosses the northern end. The drainages of Discovery, Davis, Evans and Anthracite Creek transect the property. Relief is low to moderate on the east side of the property but increases near the western margin. Elevations range from 910m near the Skeena River to 1860m at the western edge. Devil's Claw Mountain to the west of the property rises to 1981m.

The Panorama property lies west of Devil's Claw Mountain and Mount McEvoy and north of Panorama Mountain. It is approximately midway between the Skeena and Nass Rivers. The headwaters of Panorama Creek, which includes Panorama Lake, are in the southern part of the property. Panorama Creek flows west to the Nass River. Beirnes Creek, which flows east to the Skeena River, crosses the northern part of Panorama property. Kobes and Currier Creeks also cross the property. Relief on the property ranges from 1160m near Panorama Lake to 1830m in the south near Mount McEvoy and Panorama Mountain.

The most abundant trees in the area are the alpine species including spruce and fir as well as poplar. The tree line is approximately 1,350m with tree growth fairly dense below 1,100m.

The climate of the region may be classified as northern Cordillera. Daily temperatures range from a mean maximum of 4.2°C to a mean minimum of minus 6.5°C, with a mean daily temperature of minus 0.6°C. Extreme temperatures range from a maximum of 20°C to a minimum of minus 22°C. Average yearly precipitation at nearby Dease Lake is 420mm per year, which includes the rainfall equivalent of a mean annual snowfall of 229cm per year.

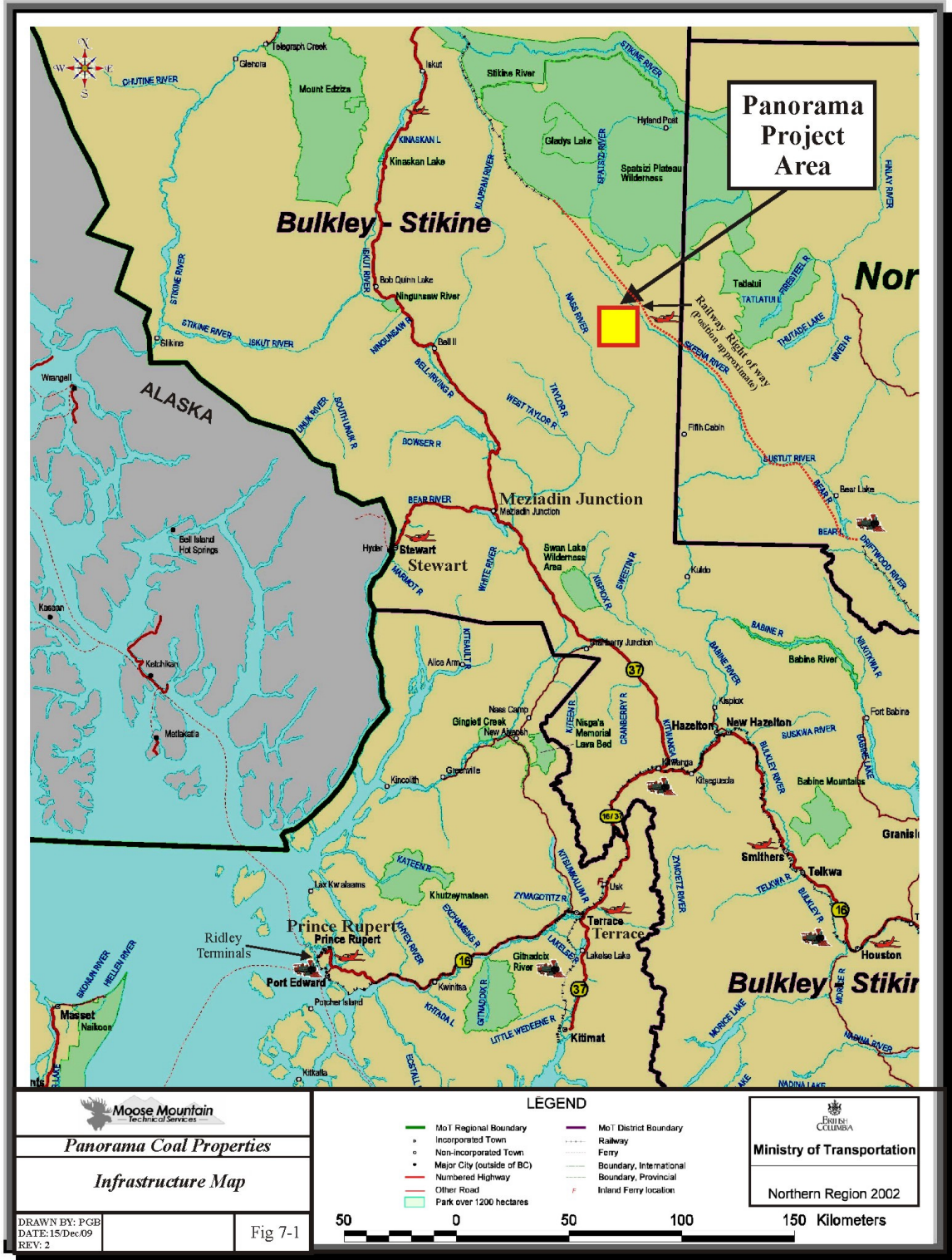


Figure 7-1 - Infrastructure Map

8.0 HISTORY

V. H. Dupont published the first description of coal in the Groundhog Coalfield in 1900 for the Canadian Department of Railways and Canals. In his report he describes an occurrence of coal near the confluence of the Spatsizi River and Didene Creek, approximately 50km northwest of the Panorama properties.

James McEvoy and W.W. Leach staked the first claims in the Groundhog Coalfield in 1903 and had holdings on the Skeena River and Discovery, Davis and Currier Creeks.

Exploration was intense between the years 1910 and 1912 during which time both companies and individuals acquired large tracts of land. Small adits and drifts were driven into many of the thicker exposed seams. G.S. Malloch did a geological evaluation of the southern Groundhog coalfield in 1911. The surge in exploration at this time was fuelled by the expectation that the Canadian Northeastern Railway would extend through the Groundhog Coalfield. However, with the advent of World War I, all efforts to build this railway were halted.

Exploration all but stopped in the area until 1948 when Buckhan and Letour of the Geological Survey of Canada summarized all work to date on the coalfield. They also added some new information on coal occurrences that they had gathered from reconnaissance geological work that they conducted in the area (Buckhan and Letour, 1950).

In 1966, John Boyd and Associates, and in 1968, J.M. Black, conducted exploration programs for Coastal Coal Ltd. on licences it held in the Discovery property area. Their work is filed with the B.C. Ministry of Energy, Mines and Petroleum Resources as coal assessment reports 096a and 097a.

In 1969 and 1970, a joint venture of National Coal Corp. Ltd., Placer Development Ltd. and Quintana Minerals Corp., led by W. Tompson, conducted an exploration program that consisted of mapping and drilling 6 diamond drillholes in the area of the Discovery property. This exploration is filed with the B.C. government as coal assessment report 098 parts a, b, and c.

In 1977, W. Tompson reviewed all the work in the Discovery area for B.C. Hydro, who were considering using the coal to operate a thermal power generating plant. This review is filed with the government as coal assessment reports 836a and 100a to k.

Groundhog Coal Ltd. did some exploration in the Discovery area in 1978 and 1979 to confirm the work done by Tompson in 1970 and 1977. Their coal assessment report is 101a and b.

In 1980, L.G. Scott acquired 6 licences in the Discovery region and had John Kerr set up some grids for geological mapping and take some samples for analysis.

Imperial Metals Corporation completed 6 diamond drillholes on and near the Discovery property in 1981. No formal report or coal analyses were done, but descriptive logs, strip logs and geophysical logs were filed with the B.C. government as coal assessment report 114a.

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In 1984, Gulf Canada Resources Inc. acquired licences in the Discovery property area and conducted helicopter supported geological mapping and hand trenching. The report on their Evans Creek property is filed as coal assessment report 095a.

Groundhog Coal Ltd. also undertook an exploration program in 1984 on their licences in the Discovery property area that were immediately west of the Gulf Canada Resources Inc. licences. The program consisted of geological mapping and trenching and its report is filed as coal assessment report 105.

In 1988, Gulf conducted an exploration program consisting of mapping, trenching and sampling on their Evans Creek property, which they had expanded by 18 licences south of its 1984 limit. The only work done that year on the present Discovery part of the property was the digging and sampling of a trench on Discovery Creek. Work from the 1988 program is filed with the government as coal assessment report 749a.

In 1980 and 1981, Gulf Canada Resources Inc. explored the area in and around the Panorama property. Work consisted of helicopter supported geological mapping and hand trenching. This work is filed with the government as coal assessment reports 112 and 113.

Work in 1985 by Gulf Canada Resources Inc. show a speculative resource of 504Mt for their Evans Creek Property. By 1988 Gulf had upgraded this resource estimate to 1,538Mt in the speculative category. These resource estimates are considered historical in nature and refer to a larger land package than the Discovery Property.

9.0 GEOLOGICAL SETTING

The Groundhog coalfield lies in the northern Bowser Basin. This basin, which is bounded to the north by the Stikine Arch and to the south by the Skeena Arch, was open to the west during the Middle Jurassic. Uplift of the Coast Mountains during the Upper Jurassic created an inland basin from which the sea regressed leaving behind a sequence of coarsening upwards clastic sediments. This regressive sequence of Upper Jurassic to Lower Cretaceous age is some 4,000m thick and is called the Bowser Lake Group. Northeast of the Panorama properties area the Bowser Lake Group unconformably overlies the Triassic/Jurassic Takla-Hazelton assemblage. In turn, the Bowser Lake Group is unconformably overlain by the Late Cretaceous Tango Creek Member of the Sustut Group. Neither the Takla-Hazelton assemblage nor the Sustut Group is present on the Panorama properties.

Both properties are underlain by rocks of the Bowser Lake Group. Nomenclature for the formations within this group has gone through several changes since first being named by Malloch in 1914. This report uses the 1991 nomenclature of Cookenboo and Bustin. Table 9-1 shows a comparison of the terminology of Cookenboo and Bustin compared to the Gulf Canada terminology of the 1980's. The strata comprise an overall coarsening upwards sequence from marine (Ashman Formation), through deltaic (Currier Formation), lacustrine and fluvial (McEvoy Formation) and alluvial fan/alluvial plain (Devil's Claw Formation) deposits.

The Ashman Formation is the oldest formation in the Bowser Lake Group. It is a fully marine, clastic unit composed mostly of dark bluish grey to black shale that coarsens upwards repetitively to shallow-marine sandy mudstone and sandstone. Tan-weathered sandstones towards the top of the formation sometimes contain bivalves. The thickness of the Ashman is in the order of 1800m and its contact with the overlying Currier Formation is gradational.

The Currier Formation overlies the Ashman Formation and is the main coal-bearing unit in the Groundhog coalfield. It is deltaic in origin and records a change from the underlying, fully marine Ashman Formation to alternating marine and non-marine deposition. The base of the Currier is taken as the first occurrence of coal or identifiable non-marine strata. The formation consists of up to 1000m of alternating beds of shale and sandstone with lesser amounts of siltstone, conglomerate and coal. The sequence is generally recessive which limits its outcrop exposure to the major drainages. The contact with the overlying McEvoy Formation is gradational and characterized by a dominance of siltstone in the fine-grained strata, a lack of thick coals and an increase in conglomerate.

The McEvoy Formation consists of between 600 and 1000m of siltstone, shale, sandstone, conglomerate and minor, thin, sub-anthracitic to anthracitic coal. Coarsening-upward, silty mudstones are the dominant facies. Plant remains are common in the McEvoy while no marine microfossils are known to be present. The strata are interpreted as paralic marine or brackish water deposits of a fluvially dominated delta system. The upper contact with the overlying Devil's Claw Formation is gradational and recognized by a major increase in conglomerate.

The youngest formation on the properties is the Devil's Claw Formation. It is a succession of 300-500m of conglomerates, sandstones, siltstones and shale. The abundant and thick conglomerate beds suggest a high energy environment characteristic of alluvial fan deposits.

9.1 Currier Formation

Adapted from Groundhog Coal Ltd., 1984 and Gulf Canada, 1980 and 1988:

“The coal-bearing Currier Formation, between the underlying Ashman Formation and the overlying McEvoy Formation, consists of up to 1000m of alternating beds of shale and sandstone, with lesser amounts of siltstone, conglomerate and coal in the Groundhog coalfield. Strata are arranged in generally coarsening-upward units ranging from 30m to 60m thick in the lower part of the formation. The coarsening-upward units thin to 6m to 10m toward the top of the section. Thicker seams of anthracite coal are notable in the lower part of the formation, although coal is only a minor component (comprising <3%) of the total stratigraphic thickness.

On the Discovery property, the thickness of the coal-bearing unit, which Gulf geologists called the Groundhog Unit, is approximately 600m thick. On the Panorama property, Gulf geologists could not, with confidence, give a thickness for the coal-bearing unit because of tectonic thickening. However, they estimated 440m for a complete section of one structurally un-thickened section of the coal-bearing unit.

The bottom of the Groundhog Unit was recognized by Gulf geologists on both the Discovery and Panorama properties by the occurrence of a one metre thick, orange band of oyster bearing mudstone on top of thick, orange, cliff forming sandstones that mark the top of the Panorama unit (Ashman Formation). However, because the oyster bed is not consistently present, the only reliable way to recognize the Groundhog Unit (Currier Formation) is by the presence of coal. Generally, the coal-bearing unit has an orangey cast that helps distinguish it from the underlying Ashman and overlying McEvoy Formations.

There is good coal development in the Currier Formation across a broad area in the northern Bowser Basin. At least 25 individual coal seams have been documented in the northern Bowser Basin with the thickest seams found to the north in the Mount Klappan area. The coals seams are anthracite and meta-anthracite in rank.

On the Discovery property, seams that were trenched in the early part of the twentieth century were given names such as the Upper Discovery, Lower Discovery, Pond, Ross, Beirnes, Garneau, Abraham and Elevation 3990 Seams. The maximum coal seam intersection in one drillhole was 2.9m. This seam is known as the Upper Discovery seam, taking its name from the trenched seam beside which the drillhole was collared. Due to the paucity of drillhole information, however, correlation of seams has proven to be difficult.

In this report, the seams on the Discovery property have been numbered from the bottom, oldest, Seam 1 to the youngest, upper, Seam 7. Seam 1 has an upper split called Seam 1U. The average thickness of seams on the Discovery property ranges from 0.8m to 1.4m. Table 9-1 shows the range of minimum and

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maximum seam thicknesses and the average seam thicknesses in trenches and drillholes for the Discovery Property.”

Table 9-1 Minimum, maximum and average seam thicknesses, Discovery property

Seam	Min. Thickness (m)	Max. Thickness (m)	Average Thickness (m)
7	0.3	0.6	0.5
6	0.5	2.9	1.3
5	0.4	2.0	0.8
4	0.3	1.4	0.8
3	0.4	2.3	1.4
2	0.4	1.8	1.1
1U	0.3	2.5	1.1
1	0.3	2.0	0.8

On the Panorama property, 9 coal seams with a combined thickness of 9.1m are present in one almost complete section of the Currier Formation. Seven of the seams are over 0.5m thick. They range from 0.7m to 2.9m thick.

9.2 Structural Geology

Adapted from Groundhog Coal Ltd., 1984 and Gulf Canada, 1980 and 1988:

“The sediments of the Groundhog coalfield have undergone two phases of non-coaxial stresses of differing intensities with the first phase being the most significant.

The dominant structural feature in the coalfield is the northwest-southeast trending Biernes Synclinorium. It resulted from northeast-southwest compression during the first phase of deformation (F1). Thrusting related to the F1 deformation is more intense in the southern part of the Groundhog coalfield than in the northern part. Cleavage related to the F1 deformation is well developed in the fine grained lithologies near the fold axes.

The second, less intense phase of deformation (F2) resulted from northwest-southeast compression. The F2 deformation is displayed in a broad, open type of folding whose imprint is visible in a series of plunge changes in the F1 folds in the order of up to 5°.

F2 thrusts are generally flat lying and related to the hanging wall of drag folds. Displacement tends to be along bedding surfaces.

The general structure of the Discovery property is a broad, northwest-southeast trending, gently plunging synclinal structure associated with the Biernes

Synclinatorium. The limbs of the syncline are themselves gently folded. The affects of F2 deformation are seen in the slight changes of plunge of the syncline. The fold structures of F2 which are superimposed on the major folds vary in wave length from 100m to 700m and vary in amplitude from 100m to 200m.

The F1 folds the southwest limb of the syncline dip gently for the most part and the shallow fold structure brings the coal seams relatively close to the surface. There is little evidence of shearing in the coal seams on the southwest limb. East of the property, however, folding associated with the northeast limb of the syncline is overturned and is associated with extensive cleavage and shearing in the coal seams as the limb approaches the Skeena River.

The general structure of the Panorama property is dominated by several broad, open synclines with steep southwestern limbs, and tighter anticlines. Superimposed on the larger structures are numerous, very tight isoclinal folds and associated minor faults.

Structures in the northern half of the Panorama property are generally broader than those in the southern half where deformation is more intense. Competency of rock type may be partially controlling the folding style in the area south of Panorama Creek. In the northern part of the Panorama property there is a greater amount of competent conglomerates that prevents the tight folding that dominates the southern part of the property. The regional strike on the Panorama property forms an arc trending 135° in the north to 110° in the south.”

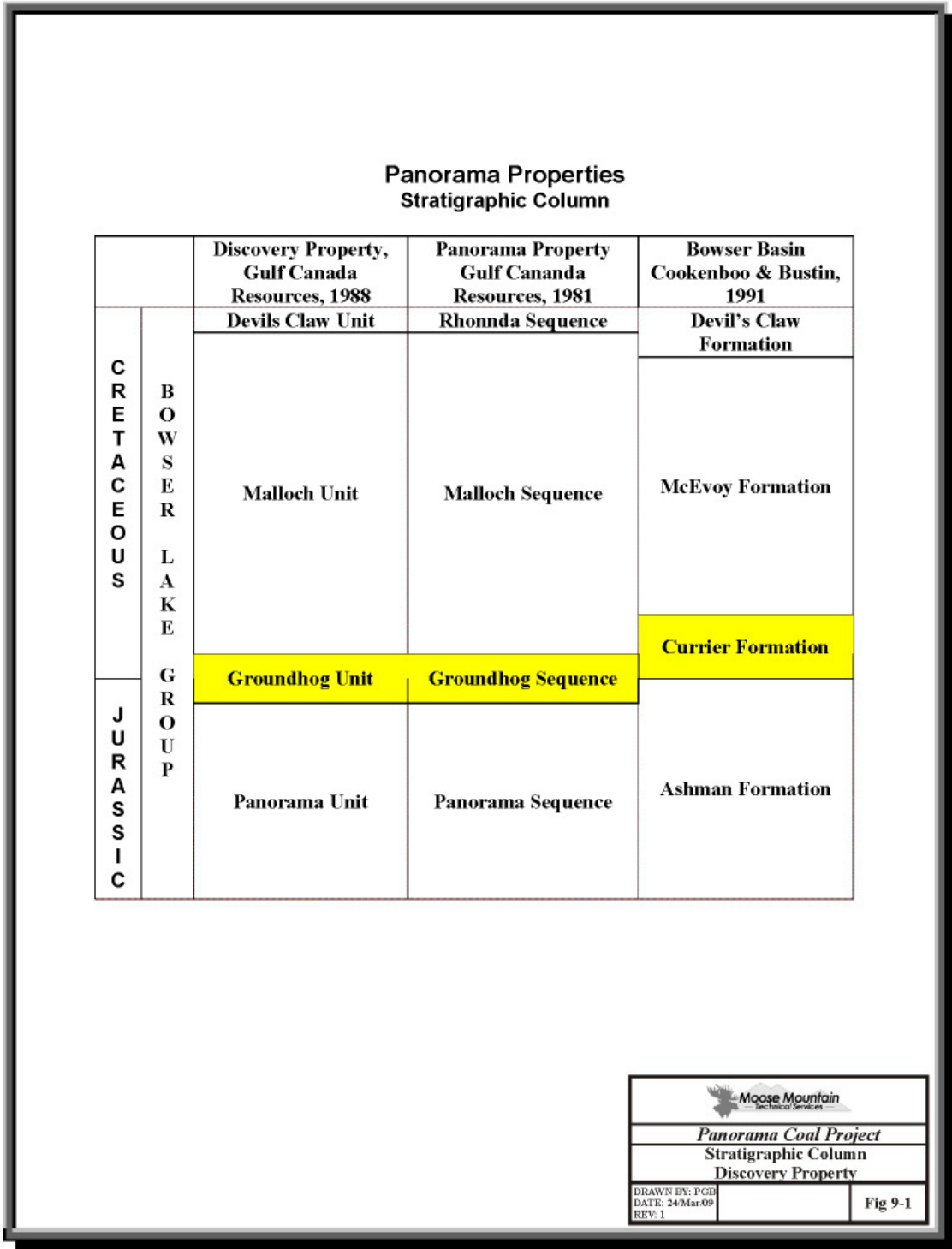


Figure 9-1 Stratigraphic Column relates the older Gulf Canada nomenclature to more recent nomenclature.

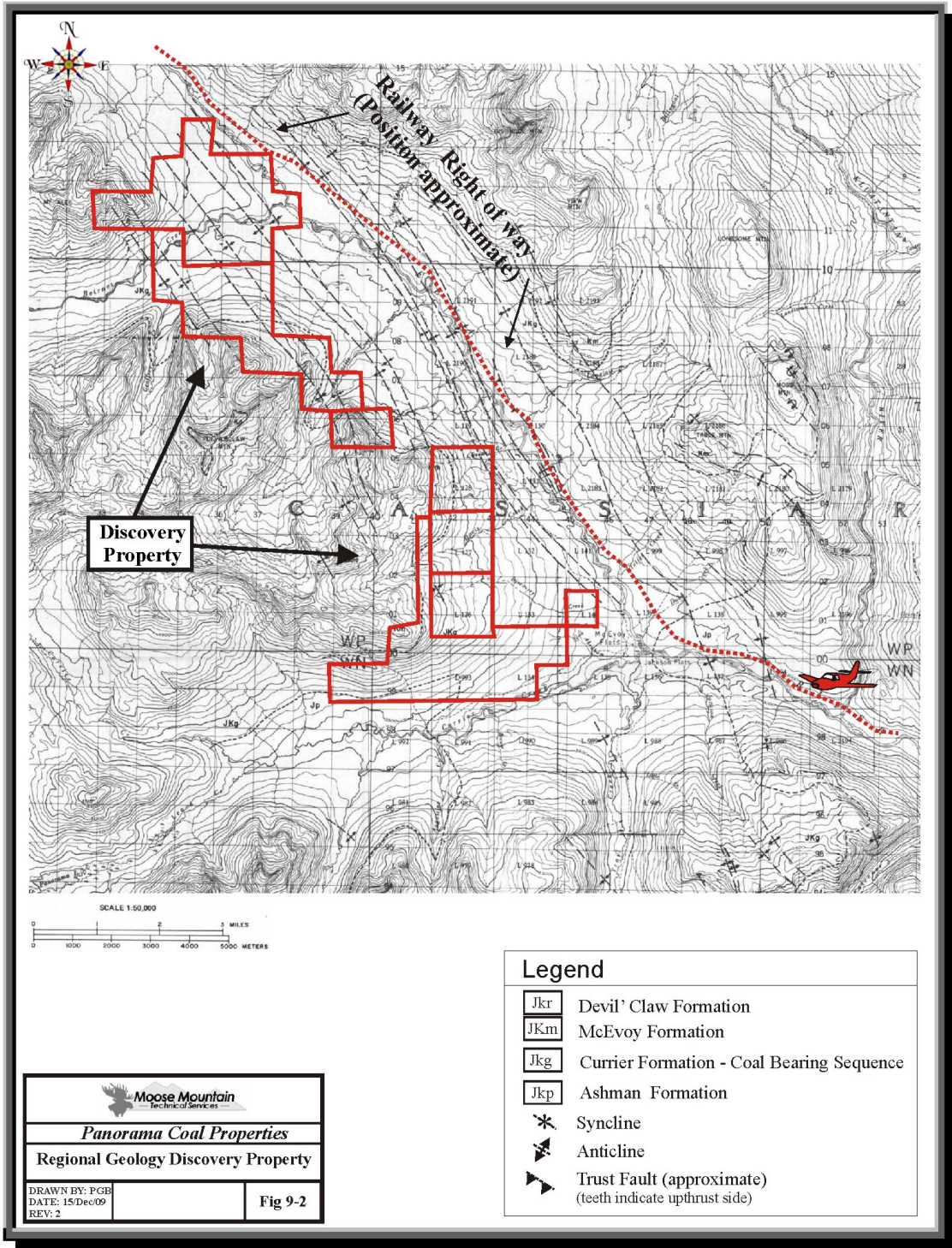
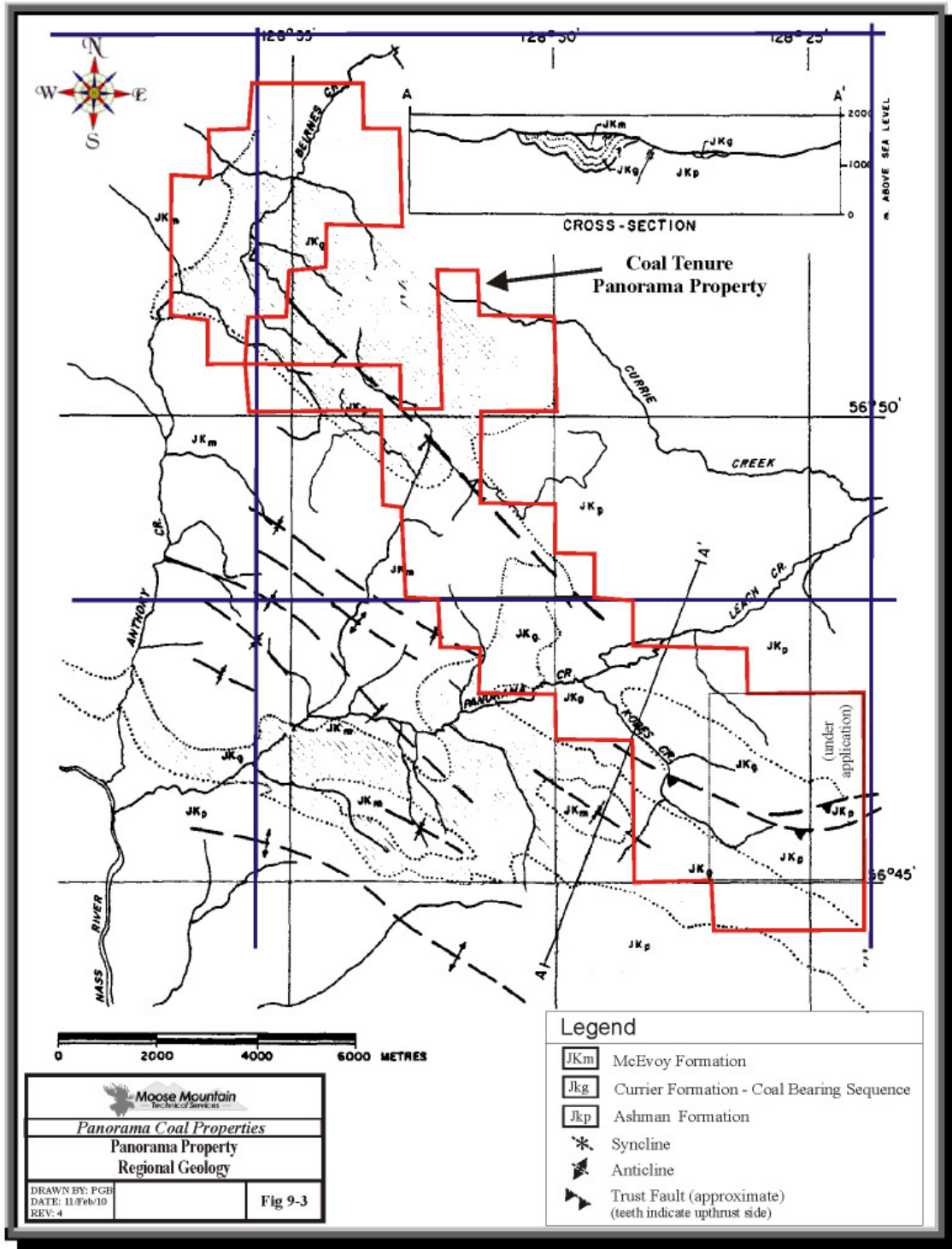


Figure 9-2 Discovery Property, Regional Geology



10.0 DEPOSIT TYPES

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

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

The identification of a particular deposit type for a coal property defines the confidence that can be placed in the extrapolation of data values away from a particular point of reference. The classification scheme of the GSC is similar to many other international coal reserve classification systems but it has one significant difference. This system is designed to accommodate differences in the degree of tectonic deformation of different coal deposits in Canada. Four classes are provided for that range from the first, which is for deposits of the Plains type with low tectonic disturbance, to the fourth which is for Rocky Mountains type deposits such as that of Byron Creek, which is classed as "severe". The second class is referred to as "moderate"; the gently to moderately dipping but only moderately faulted strata of the Panorama properties are typical of this class. The Mount Klappan Anthracite deposit to the north is classified as “complex” due to the tight folds, steep and overturned limbs and common faults. However, portions of that property that are not so deformed are also considered “moderate”.

The 2009 model covers a portion of the gently to moderately dipping, southwest limb of a syncline that is part of the Biernes Synclinorium.

MMTS classifies the Discovery Property as moderate.

11.0 MINERALIZATION

This report deals with coal seams found in the Currier Formation of the Bowser Lake Group. To date, seven coal seams have been modeled on the Discovery portion of the Panorama properties, including an upper seam for the lowest seam (Seam 1). The seams, including the Seam 1 upper seam, range in thickness from 0.3m to 2.9m. Five of the seams also have a lower seam associated with them, ranging in thickness from 0.5m to 1.2m. However, the presence of these lower seams is inconsistent and they have not been used in the model. The seams are within a 150m section of the Currier Formation. Figure 11-1 shows a detailed stratigraphic column of the coal-bearing section of the Currier Formation on the Discovery property.

Nine coal seams have been identified on the Panorama property. The seams range from 0.4m to 2.9m in thickness. The seams are within a 240metre section of the Currier Formation. Figure 11-2 shows a detailed stratigraphic column of the coal-bearing section.

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

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

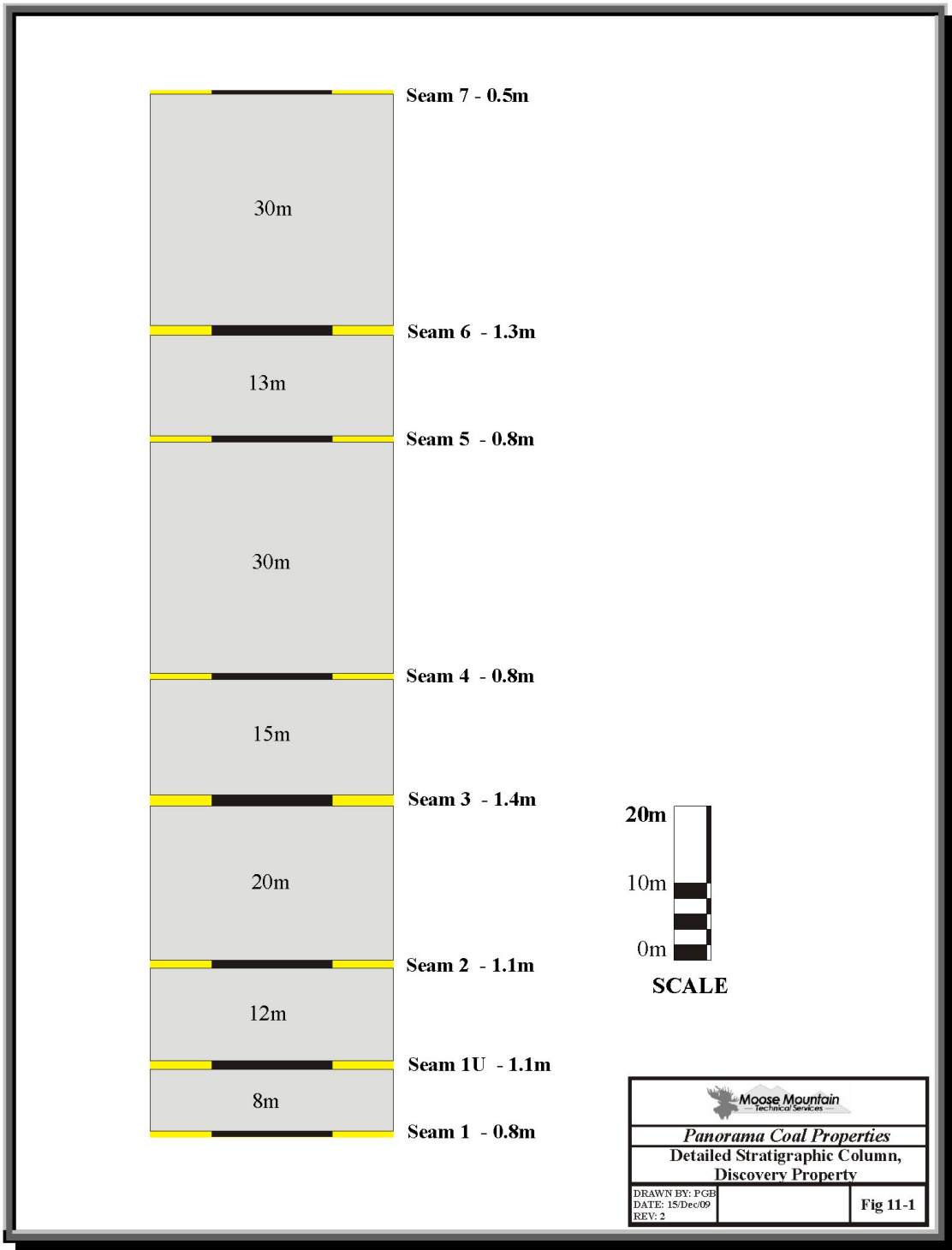


Figure 11-1 Detailed Stratigraphic Column, Discovery property

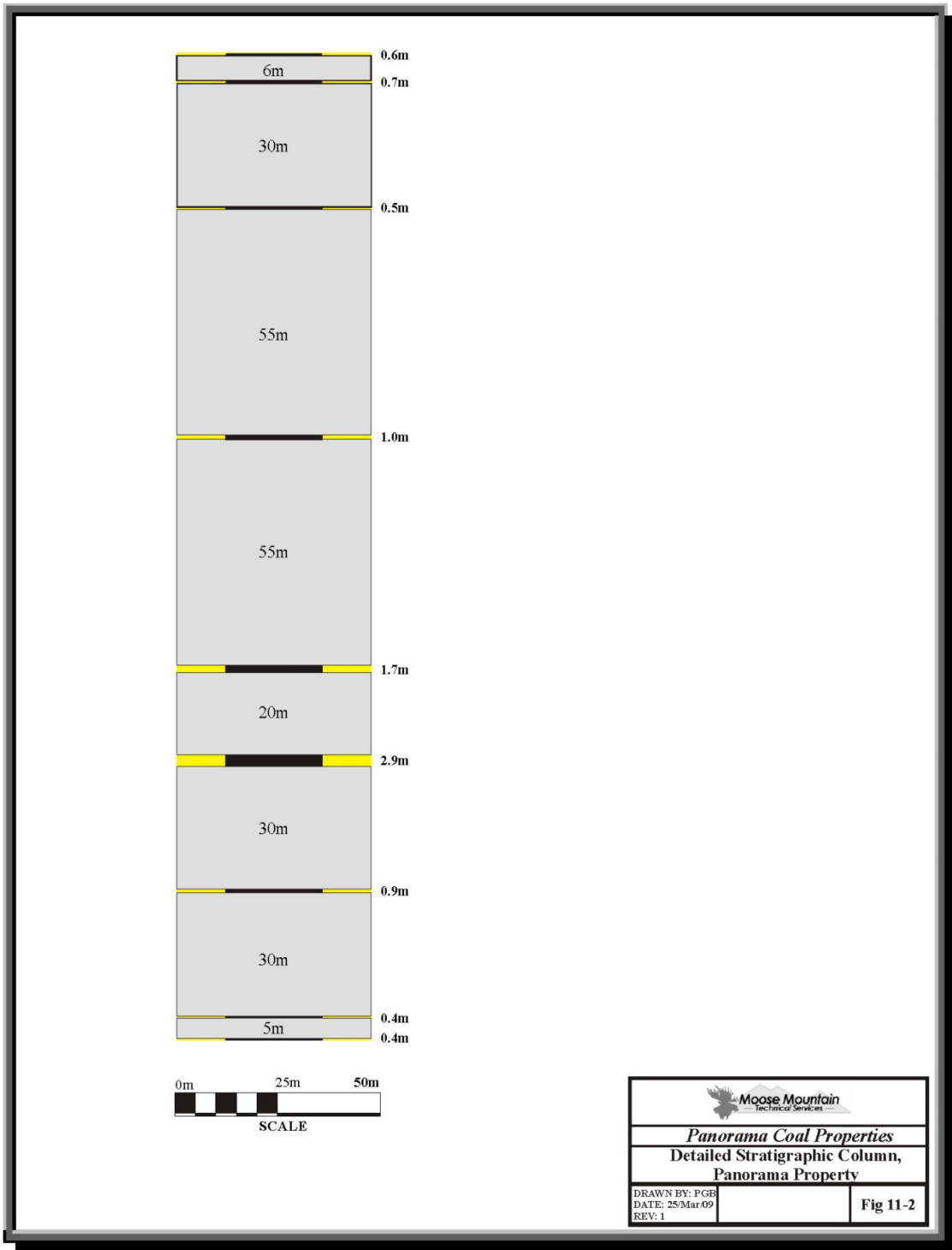


Figure 11-2 Detailed Stratigraphic Column, Panorama property

12.0 EXPLORATION

Exploration on the original Discovery portion of the Panorama properties was carried out between 1903 and 1988. The bulk of the work was completed between 1970 and 1988 with Groundhog Coal, Imperial Metals and Gulf Canada performing most of the work. There has been no coal exploration on the property since that time. The work consisted of geologic mapping, trenching, diamond drilling, downhole geophysical logging, sampling and subsequent analytical work. Samples were subjected to both coal quality analyses and one sample was tested for Vitrinite reflectance.

In total there were 4 diamond holes drilled on the present day licences of the Discovery portion of the Panorama properties. There were 28 drill core samples taken. Twelve trenches were dug on the property and 21 samples taken for analysis from trench samples.

The licences owned by Gulf Canada, Imperial Metals and Groundhog Coal Ltd. in the Discovery property region covered a more extensive area than the present property. The total number of diamond drillholes in the broader Discovery property region was 12 with a total of 49 samples taken. The total number of trenches was 30 with 33 samples taken in all.

The 2009 model was built with 12 diamond drillholes totaling 6,332.1m and 30 hand trenches totaling 92.7m.

Exploration on the Panorama portion of the Panorama properties was limited to reconnaissance geological mapping and hand trenching.

13.0 DRILLING

Between 1970 and 1981, Groundhog Coal and Imperial Metals Corporation completed 12 diamond drillholes in the general vicinity of Panorama's Discovery property, Table 13-1. Holes were drilled into the Bowser Lake Group targeting the coal seams of the Carrier Formation and ranged in depth from 133.19m to 216.4m.

Table 13-1 Total Drillholes in Project Area

Year	Diamond Drillholes	
	Number	Length (m)
1970	6	1,029.3
1981	6	1,016.84
Totals	12	2,046.14

Only four of the holes were located on the present Discovery property, Table 13-2.

Table 13-2 Drillholes on Discovery Property

Year	Hole Number	Length (m)
1970	DDH-70-01	178.31
	DDH-70-02	172.82
	DDH-70-04	153.92
	DDH-70-06	168.25
Total		673.3

Figure 13-1 shows drillhole locations on the Discovery portion of the Panorama properties.

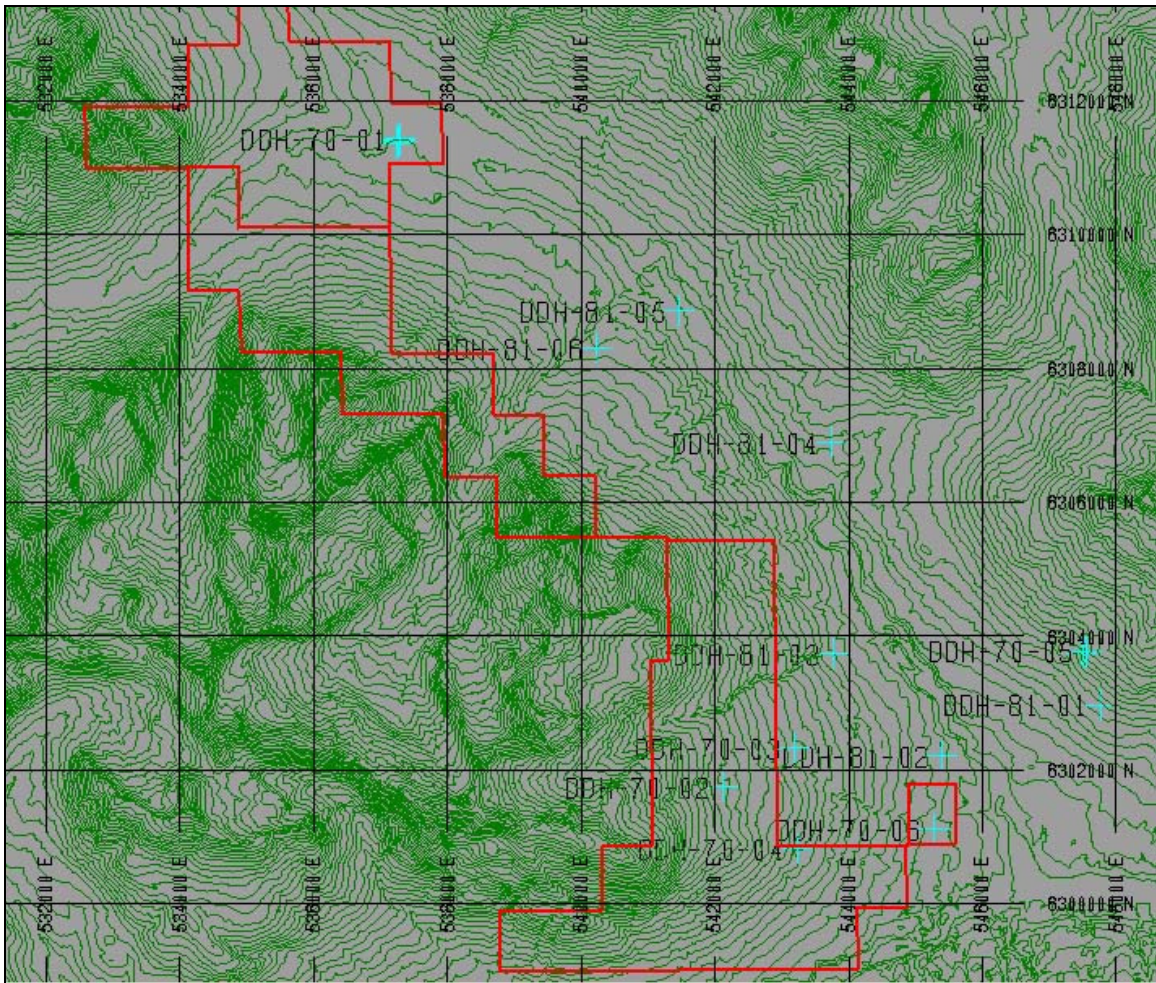


Figure 13-1 Map showing the distribution of drillholes, the coal licences (Discovery only) are outlined in red.

14.0 SAMPLING METHOD AND APPROACH

MMTS has not been involved in any sampling or coal quality work on the property. All of the previous sampling was completed under the direct supervision of an experienced geologist. Item 16 summarizes the verification work completed by MMTS.

Sampling methodology for drillholes for the Groundhog Coal and Gulf Canada programs is not documented.

15.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

MMTS has not been involved in any sampling on the property. All of the previous exploration sampling completed on the property has been under the direct supervision of an experienced geologist. Item 16 summarizes the verification work completed by MMTS.

16.0 DATA VERIFICATION

MMTS completed numerous levels of verification, including:

- Checking of 12 drillhole logs (coal seam intercept depths)
- Checking all drillhole collar elevations against topography
- Adjusting coal seams to drillhole intercepts
- Robert Morris of MMTS has not completed a site visit as of the time of writing this report.

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

17.0 ADJACENT PROPERTIES

West Hawk Development Corporation holds coal licences immediately to the east of the Discovery property and in the northern part of the Panorama property. In the past, areas from both companies' properties were often part of the same property. Thus, historical information that applied to the West Hawk property area was relevant in the preparation of this report. There has been no current exploration on West Hawk's licences to the author's knowledge.

Sixty kilometers to the northwest of the West Hawk and Panorama Coal properties is the Mount Klappan coal property held by Fortune Minerals.

18.0 MINERAL PROCESSING AND METALLURGICAL TESTING

18.1 Overview

The Discovery and Panorama Coal properties occur in the southeastern part of the Bowser Basin Coalfield, approximately 50 km south east of Fortune Minerals Mt Klappan Project. The coal rank is typically anthracite throughout this Coalfield. The major quality variable is in situ ash content, with the higher values associated with thinner seams. In general, the seams are much thinner and higher in ash content in the southern part of the Coalfield.

The coal seams on the Discovery and Panorama Properties are anthracite to semi-anthracite rank by ASTM classification and petrographic Reflectance. All of the available quality data is historic; collected by Gulf Canada Resources (1980 through 1988) from surface trench samples and two core holes completed on the Discovery Property by Quintana Minerals in 1970.

The trench samples were all considered oxidized and as such the Volatile and Moisture values were not representative of the in situ coal. The value of these samples is limited to Ash and Sulphur content determination.

The three core holes on and near the property are un-oxidized and considered more representative of the true nature of the coal. Preliminary washability was also conducted on these cores to give some sense of potential clean coal expectations.

Due to the compromised nature of the trench samples and the limited and historic nature of the core samples; the results presented here should be considered *indicative* rather than *definitive* characterizations of the coal quality on the properties.

18.2 Trench Samples

18.2.1 Panorama Property

Gulf conducted two seam trenching campaigns, initially in 1980 when 42 trenches were sampled and composited into five representative samples; and in 1981 when an additional 54 trenches were sampled, primarily to confirm coal rank.

The 1980 proximate analysis results showed a higher than expected volatile matter content and lower heating value than would otherwise be expected for Anthracite rank coal. It was later determined that near surface oxidation had caused this deterioration and rank could only be accurately determined by petrographic Reflectance. The 1981 trenching program was undertaken to verify this.

The Average Proximate Analysis results for the five major seam composite samples collected in 1980 are shown on the following Table 18-1.

Table 18-1 Panorama 1980 Trench Quality Summary

	Average In situ Quality	Washed Coal Quality
Washability Yield 1.80 S.G.		84.46%
Residual Moisture	6.17%	4.48%
Ash Content	22.58%	14.00%
Volatile Matter Content	14.40%	15.90%
Fixed Carbon	55.88%	65.62%
Calorific Value	9369 Btu/lb	10871 Btu/lb
Sulphur	0.47%	0.56%
H.G.I.	102	109
Specific Gravity	1.63	1.57

The results clearly show the higher than expected Volatile content and low heating values and as such; these analyses are not considered representative of the unoxidized in situ coal. The follow up petrographic analysis of these samples in 1981 showed Ro values ranging from 2.43 to 5.22, definitely placing all samples in the Anthracite rank.

The HGI values above 100 suggest the coal is extremely friable. Again this is more likely due to the oxidized nature of the samples than the real coal nature.

18.2.2 Discovery Property

Gulf conducted three trench sampling campaigns in 1983, 1984 and 1988 on the Discovery property. The initial program completed twelve trenches, followed by nine in 1984 and a further twenty two were completed in 1988. The results are summarized in Tables 18-2 and 18-3.

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Table 18-2 1983/84 Coal Trench Sample Analysis

Trench #	Seam Thickness meters	Proximate Analysis Air Dried Basis						Ro
		Residual Moisture %	Ash %	V.M. %	F.C. %	S %	Calorific Value Kcal/kg	
83013	4.60	9.24	20.52	6.53	83.71	0.47	5501	5.52
83032	1.65	9.53	39.94	6.84	43.89	0.34	3752	4.88
83035	1.10	10.49	31.57	5.02	52.92	0.32	4359	4.91
83045	1.10	8.69	47.58	9.82	33.93	1.06	2796	4.87
83049	1.15	10.34	16.51	4.21	68.94	1.25	5869	5.49
83064 a	0.65	3.59	9.61	9.15	77.45	0.63	7124	2.88
83064 b	0.55	12.24	35.13	6.56	46.07	0.75	4232	
83064 c	1.00	7.59	36.28	6.45	47.65	0.95	4381	
83064 d	0.45	11.34	21.83	7.10	59.71	0.46	54.82	
83087	3.05	6.50	42.48	7.44	41.58	0.29	3405	4.56
83097	1.21	12.34	20.52	11.93	54.91	0.32	4990	3.89
83102	0.82	8.44	32.63	6.72	52.01	0.38	44.24	5.36
84001	0.70	10.29	26.03	18.10	45.56	0.40	4271	
84002	1.03	1.64	42.07	12.43	43.95	0.48	4309	
84003	2.64	8.54	26.16	18.37	48.96	0.34	4495	
84004	0.79	1.83	39.57	4.98	53.74	0.38	4409	
84005	1.20	9.70	28.69	24.20	37.21	0.35	3735	
84006	0.71	0.93	59.28	4.89	34.90	0.33	2564	
84007	1.50	2.12	37.80	4.99	55.09	1.06	4598	

Table 18-3 1988 Coal Trench Sample Analysis

Trench #	Seam Thickness meters	Proximate Analysis Air Dried Basis						Ro
		Residual Moisture %	Ash %	V.M. %	F.C. %	S %	Calorific Value	
88401	0.17	2.32	46.63	21.88	29.17	0.29	2677	
88402	0.51	2.69	56.92	16.09	24.30	0.16	2273	4.21
88403	0.77	2.23	41.62	7.20	48.95	0.41	4152	5.12
88404	0.48	3.33	34.11	13.87	48.69	0.28	4304	
88406	1.48	2.25	62.82	15.76	19.17	0.27	1728	
88407	0.44	2.63	51.03	18.55	27.79	0.15	2476	
88408	0.85	2.86	30.27	20.69	46.18	0.23	3870	
88409	0.30	1.38	37.12	6.74	54.76	0.40	3967	
88410	0.67	2.25	15.23	9.29	73.23	0.35	6341	5.31
88412	0.43	2.03	33.80	23.62	40.55	0.27	3444	4.43
88413	0.81	2.17	17.93	15.33	64.57	0.31	5406	4.07
88414	0.84	2.57	34.94	12.59	49.90	0.41	4398	5.26
88416	1.62	2.84	22.60	6.88	67.68	0.34	5856	4.98
88417	0.34	2.42	59.17	16.20	22.21	0.14	1946	6.07
88418	1.40	2.89	40.60	9.45	47.06	0.31	4011	6.37
88419	0.56	2.42	46.67	20.31	30.60	0.20	2459	5.28
88420		2.25	42.66	11.26	43.83	0.29	3587	
Otc88005		2.10	47.70	7.39	42.81	0.23	3740	
Average		2.42	40.19	14.06	43.41	0.28	3702	5.11

From the foregoing, it is obvious that there is a considerable amount of variation in ash content in the coal seams and it will be necessary to wash the coal to produce a marketable product. The raw Ash Content ranges from 15.33% to 62.82 and averages 38%.

The sulphur content is low, generally below 0.40% The Volatile/Fixed Carbon results are distorted (high vol /low fixed carbon) by oxidation as is the Calorific Value. The data is therefore only useful to map in situ ash and sulphur content.

18.3 Core Samples

Raw Coal Quality analyses and Washability data are available from three core holes drilled by Quintana Minerals Corp in 1970 in the southern part of the Discovery Property. (see Figure 13.1) Raw coal analyses of selected seam intervals are recorded in core hole 7002. Clean coal washability results are recorded for core holes 7003 and 7004. The results are summarized in Tables 18-4 and 18-5.

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Table 18-4 Raw Coal Analysis Core Hole 7002

Sample Interval meters			Air Dry Moisture %	Proximate Analysis Dry Basis				
From	To	Seam Thick. (m)		Ash %	Volatile Matter %	Fixed Carbon %	S %	Calorific Value Kcal/kg
59.31	61.2	1.89	0.49	37.06	4.23	58.71	0.43	5009
74.07	74.65	0.58	0.39	35.47	6.35	58.18	2.36	5592
74.86	75.74	0.88	0.73	65.23	4.05	30.72	0.24	2210
80.31	80.95	0.64	0.23	26.53	5.62	67.95	1.07	6058
102.47	103.85	1.37	0.63	75.31	4.77	19.92	0.34	14
119.42	120.49	1.07	0.55	57.96	4.92	40.11	2.46	3018
159.93	160.72	0.79	0.29	24.59	3.70	71.71	2.25	6359
167.95	168.86	0.91	0.22	37.92	6.26	55.82	2.17	5023

The results show most of the mineable coal sections (below 50% ash) are in the 35% ash range, similar to the trench samples. The Volatile Matter values are in the 4% to 6% range which is expected for non oxidized Anthracite.

Table 18-5 Clean Coal Analysis Core Hole 7003 & 7004

Sample Interval meters			Air Dry Moisture %	1.65 SG Yield %	1.65 SG Clean Coal Float Analysis Dry Basis				
From	To	Seam Thick. (m)			Ash %	Volatile Matter %	Fixed Carbon %	Sulphur %	Calorific Value Kcal/kg
Core Hole 7003									
16.31	18.29	1.98	0.61	17.6	13.28	5.46	81.26	1.05	7267
21.70	23.17	1.46	0.61	41.9	13.39	4.92	81.69	0.84	7503
90.07	90.62	0.55	0.81	17.4	18.10	6.52	75.30	0.63	6777
105.77	107.14	1.37	0.48	34.2	14.49	5.09	80.42	1.24	7133
116.83	118.20	1.37	0.41	25.7	10.95	4.37	84.68	0.79	7482
145.69	146.49	0.79	0.77	68.1	10.86	5.10	84.04	1.82	7769
147.58	148.13	0.55	0.50	38.6	13.52	4.92	81.56	2.33	7198
150.97	152.07	1.10	0.57	52.1	13.65	4.99	81.36	0.93	7188
Core Hole 7004									
29.93	30.54	0.61	0.71	60.6	10.32	5.88	83.90	0.39	7480
72.33	72.94	0.60	0.63	80.6	5.34	5.53	89.13	0.79	8056
79.16	80.41	1.21	0.50	69.4	6.67	6.67	87.67	1.32	7915
136.61	137.16	0.55	0.81	47.7	9.00	5.63	85.37	0.35	8024

The results show it is possible to clean the raw coal to a 10% ash product with a calorific value in the 7500 Kcal/kg range. Core hole 7003 shows higher sulphur levels while hole 7004 shows lower values more consistent with the trench samples.

These old drilling results serve to *indicate* what may be possible on the Discovery Lease block. New core hole drilling will be required to verify and confirm these expectations and quantify what actual washability yield expectations will be.

19.0 RESOURCE AND RESERVE ESTIMATES

19.1 Background

Resources have been estimated for the Discovery property portion of the Panorama Coal deposit. Only areas that could be potentially surface mined have been targeted for evaluation. Coal that could be mined using underground methods has not been analyzed in this report.

The geological modeling portion of the project includes a review of the available data, formatting and treatment of data to support model development, an update of the geological interpretation, and the construction of both a GSM (gridded seam model) and a 3D block model.

Model Geometry

The GSM was developed by completing a geological interpretation of the footwall of the bottom seam, Seam 1, on cross-section, and the footwalls from section were linked to develop a 3D surface. The GSM has grid points with elevations which can be the hanging wall or footwall of any seam. From the footwall elevation of seam 1, the thickness of the various layers going up section are added (i.e. the thickness of seam 1 is added to yield the top of the seam, the thickness between seams 1 and 2 is added to give the elevation of the bottom seam 2, etc).

Seam thickness interpolation used a very large search cell of 10km x 10km because of the sparse data.

Model Extent

The GSM was converted to a block model so that LG pits could be completed. The model is 14,700m long (in the northwest direction, X), 11,700m wide (in the northeast direction, Y), and 1,250m deep (elevation range from 750m to 2,000m, Z). The blocks are 25m x 25m x 10m (X, Y, Z) and the model has been rotated 24.75° to the west (so that cross-sections view the deposit approximately at right angles to the strike).

Topography

Topography is from BC Government TRIM maps. The location of old exploration data was made to fit the new topography by adjusting the elevation only.

Geological Data

The geological interpretation uses all strike and dip data from both drillhole intercepts (12 in total) and trench data (30 in total). The general structure across the property mimics earlier interpretations. Because of the wide-spaced drilling (and lack of detailed correlation) seam correlation assumes a coal-bearing sequence with similar stratigraphy such that the lowest seam is called seam 1 and the upper seam is seam 6 (rarely there is a seam 7).

Mineable thickness tagging

The Discovery deposit is classified as a moderate, potentially surface mineable deposit. Resource assumptions for in situ bulk density and mineable thicknesses conform to the Paper 88-21 guidelines at 1.60 g/cc and 0.5 metres respectively.

Resource Classification

During interpolation runs, MineSight® stores the distance from the model block to the nearest composite value in the zone that satisfies the search parameters. The distance values are then used to assign a resource classification codes based on the sectional spacing prescription in GSC paper 88-21. A resource code of one, measured, indicates the thickness values include the influence of composite values within 450m of the model block. A value of two, indicated, indicates the nearest composite in the zone is between 450m and 900 metres from the block, a value of three, inferred, indicates a composite value between 900m and 2400 metres away. Any model blocks with no composites of the same zone within 2400 metres of the block are assigned a resource classification code of 4 and are considered speculative resources.

Tables 19-1 to 19-3 summarize the resources from the model by class.

Table 19-1 Summary of Indicated Resources
Geology Type: “Moderate”²

Resource Category	ROM (kTonnes)
Indicated	13,700

Table 19-2 Summary of Inferred Resources

Resource Category	ROM (kTonnes)
Inferred	24,100

Table 19-3 Summary of Speculative Resources

Resource Category	ROM (kTonnes)
Speculative	70,200

“Assurance-of-existence categories are intended to reflect the level of certainty with which resource quantities are known. Intuitively, one knows that the greater the distance over which seam thickness data are extrapolated, the greater the possible error; hence, several resource classification schemes have used distance from nearest data point or distance between data points as the primary criteria for assurance-of-existence categorization.

In moderate geology type deposits, it is proposed that assurance of existence be based on the availability of data points within the deposit.

Four categories are used to define assurance-of-existence. In order of increasing uncertainty, these categories are: measured, indicated, inferred, and speculative. Measured resources have a high degree, indicated a moderate degree, and inferred resources a relatively low degree of geological assurance. Speculative resources are those based on extrapolation of few data points over large distances, and are confined to regions where extensive coal exploration has not yet taken place. Although the precise levels of uncertainty of these categories have not been calculated, geological experience with Canadian coal deposits suggests that measured resource quantities are known within about 10%, indicated within about 20%, and inferred within about 50%.”

Adapted from: GSC Paper 88-21

² *Moderate geology type refers to deposits characterized by homoclines or broad open folds with bedding inclinations of generally less than 30°. Faults may be present, but are relatively uncommon.*

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Because of the lack of seam correlation, the resource classification has been reduced by one level such that there are no measured resources, indicated resources are within 450m of a neighbor, inferred resources are 451-900m, and speculative resources are the remainder from the model.

The resources by seam are listed in Table 19.4 (for the more significant seams).

Table 19-4 Coal Resources by Seam

Seam	Total (K tonnes)	% of Total
6	14,700	13.7
5	11,000	10.2
4	8,400	7.8
3	22,100	20.5
2	4,500	4.2
1U	21,000	19.4
1	26,300	24.3
Total	108,000	100.0

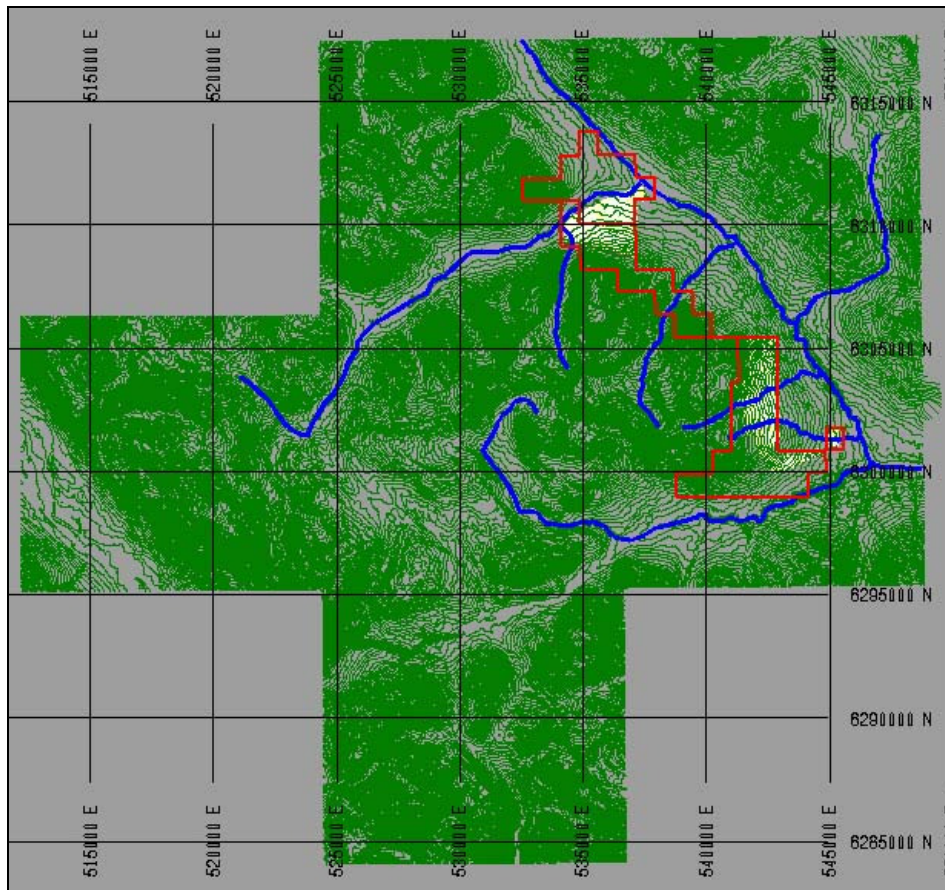


Figure 19-1 Model Area, Regional (Discovery licences in red)

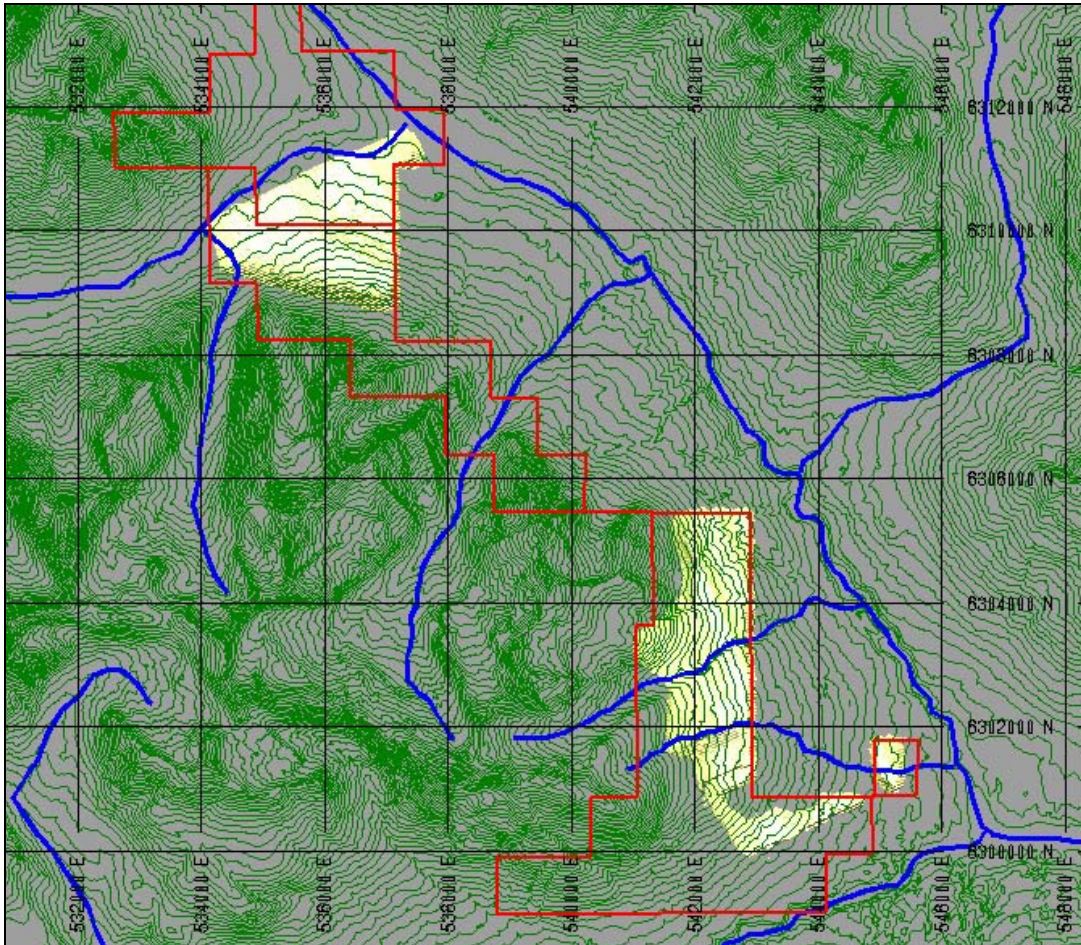


Figure 19-2 Model Area, Detail (Discovery area only), the 20:1 pits are shaded white.

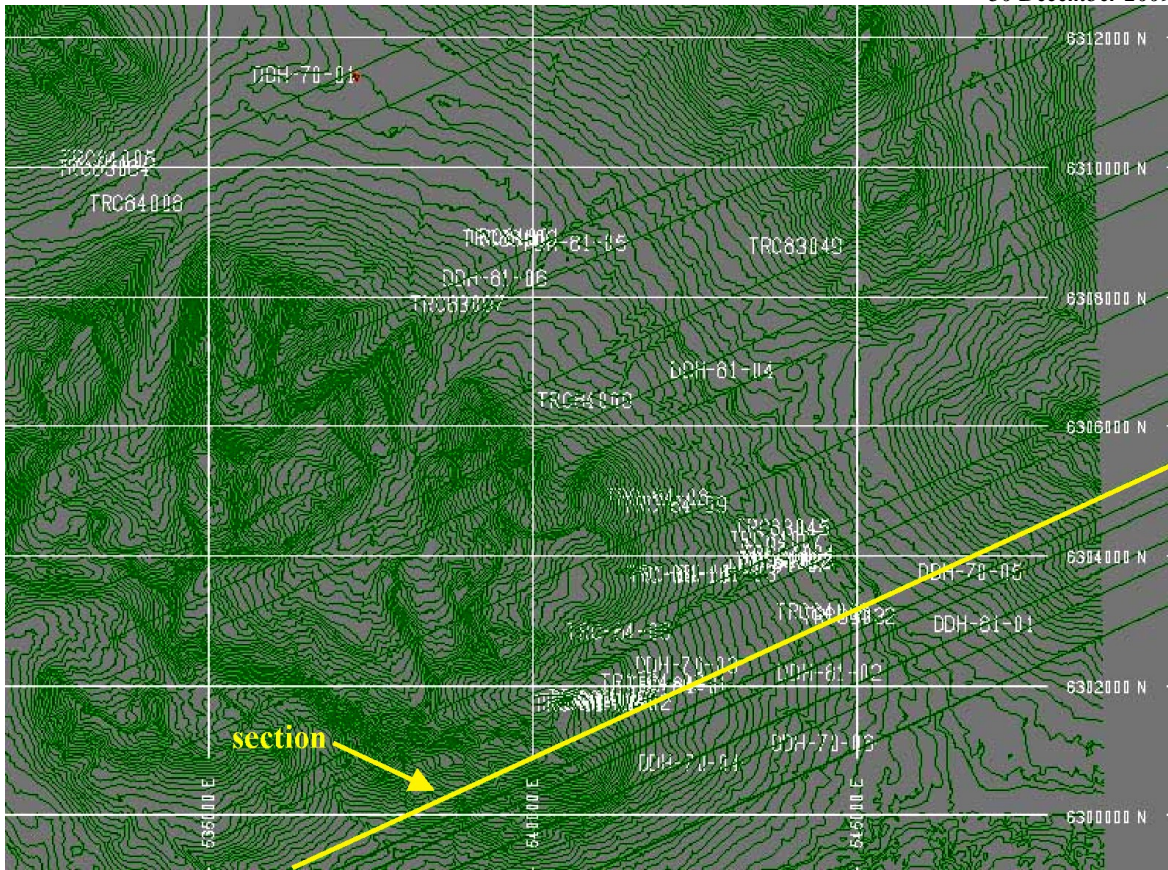


Figure 19-3 Data Distribution for Model Development, Section, row 93 is outlined

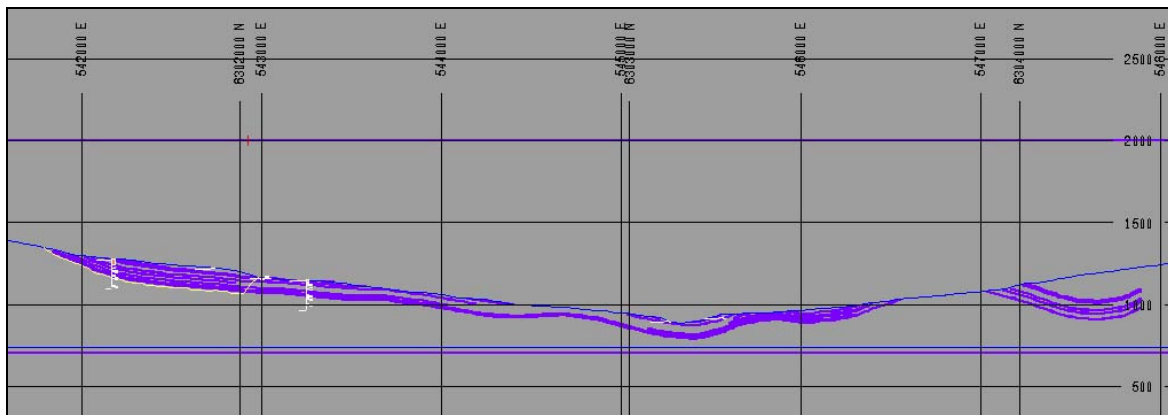


Figure 19-4 Row 93 from model, regional

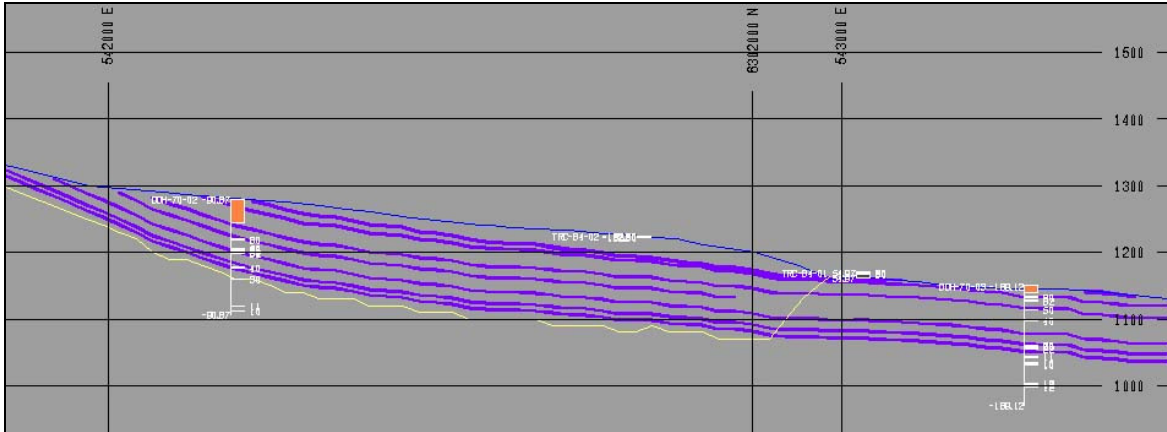


Figure 19-5 Row 93 from model, detail of the southwest side (the 20:1 pit is in yellow)

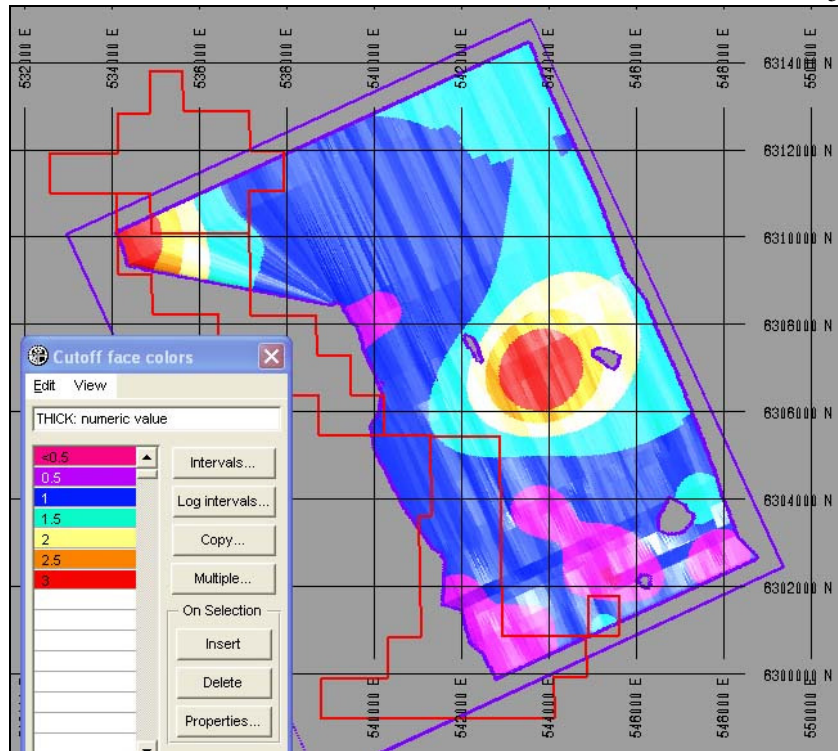


Figure 19-6 Seam 1 thickness

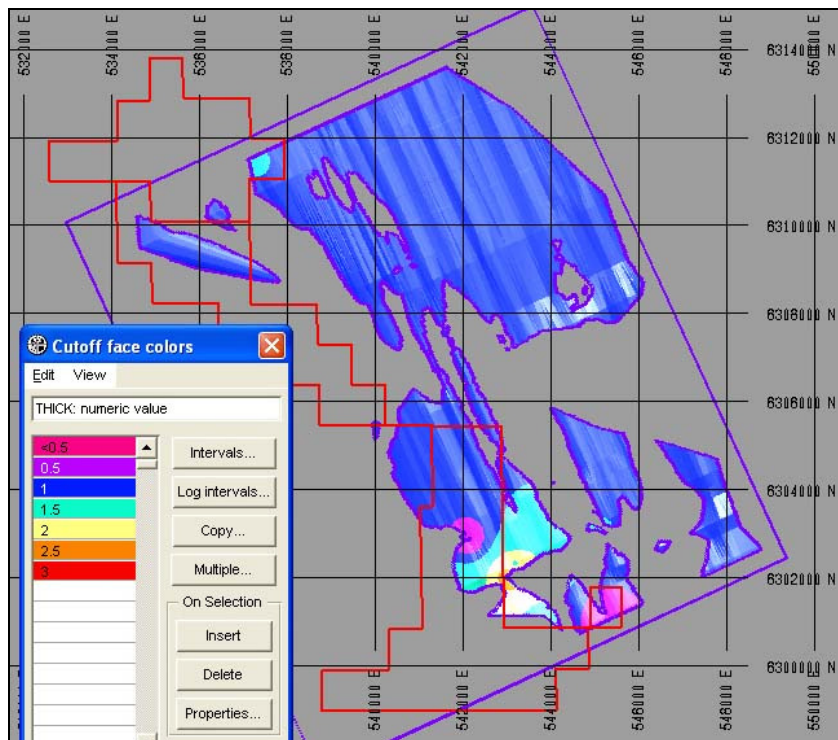


Figure 19-7 Seam 6 thickness

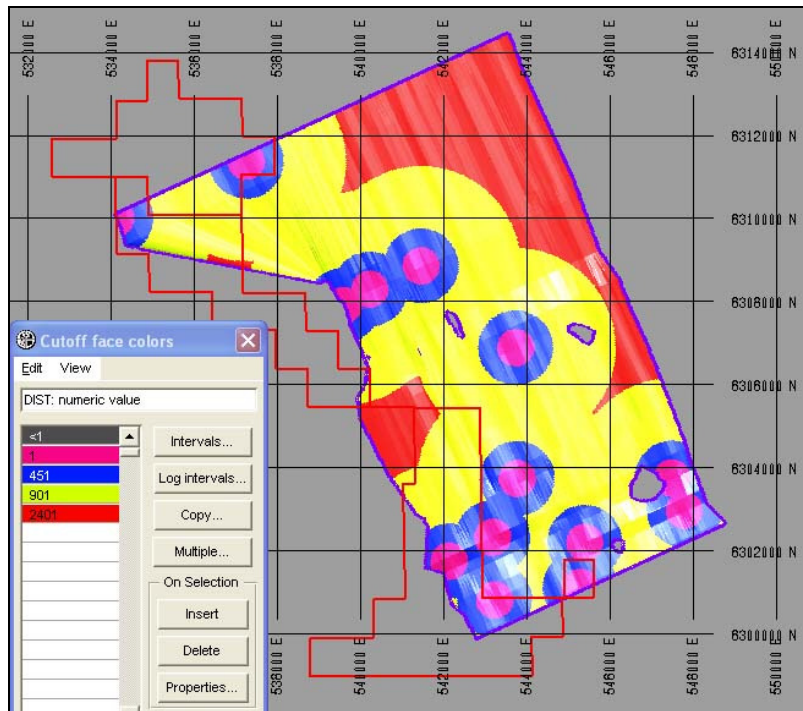


Figure 19-8 Seam 1 resource classification

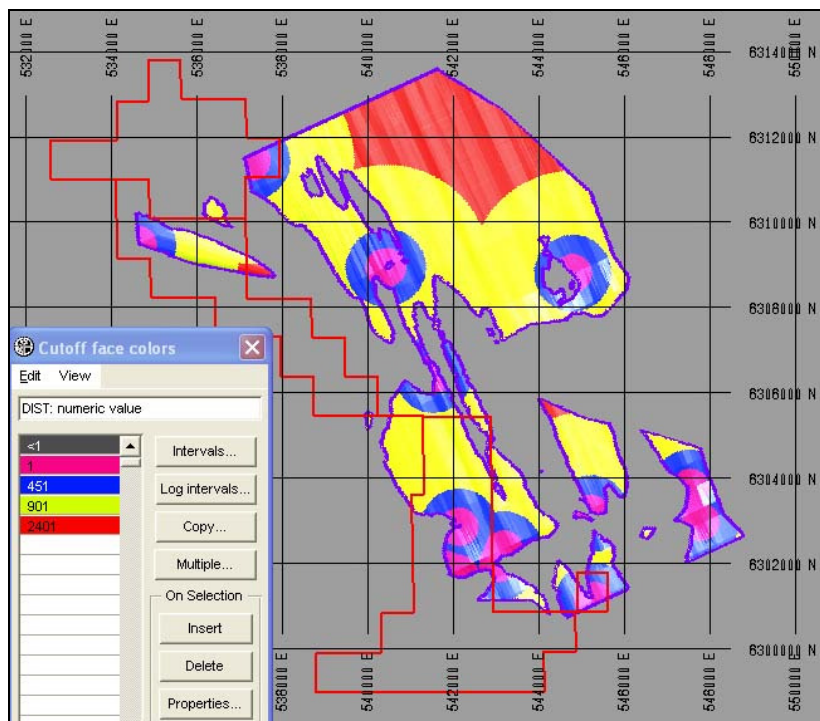


Figure 19-9 Seam 6 resource classification

20.0 OTHER RELEVANT DATA AND INFORMATION

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

21.0 INTERPRETATION AND CONCLUSIONS

The Panorama deposit is considered a property of merit, which warrants further exploration.

A property wide resource of more than 37 million tonnes in the indicated and inferred category, with a further 70 million tonnes in the speculative class has been estimated.

Coal resources on the Discovery property are of anthracite to semi-anthracite rank as confirmed by Reflectance (Ro) measurements of trench samples ranging from 2.35 to 5.55. Surface oxidation of these trench samples has artificially increased the Volatile Matter Content of the coal and reduced the Calorific Value. As such, the value of these samples is restricted to trending inset Ash and Sulphur content. The ash content of individual seams is variable ranging from 15.3% to 62.5%, and averaging 38%. The Sulphur content is low, averaging 0.40%.

Records of un-oxidized coal samples are limited to three core hole completed on the Discovery Property in 1970. The results show that raw coal in the 38% ash range would have a Volatile Matter content of 5% and a Calorific Value of 5000 Kcal/kg on an Air Dry basis.

Washability tests on two of these cores show it is possible to create a 10% ash clean coal product with a Calorific Value of 7500 Kcal/kg.

Significant new core hole drilling and analysis will be required to verify and confirm the quality characteristics shown in the historic data. At present, the existing data should be regarded as *indicative*; subject to further confirmation.

22.0 RECOMMENDATIONS

The Panorama property is considered a significant coal resource, which warrants further exploration. Further work is required to optimize the resource, including:

1. A preliminary four diamond drillholes program should be considered to test the coal quality and resource estimate. The proposed exploration budget is estimated to be approximately \$1,000,000.
2. Along with the drilling and trenching, a program of coal quality testing is required.
3. After a successful initial preliminary program, it is recommended that more infill drilling be undertaken. A step out drilling program for future pit limit evaluation should also be developed.

23.0 REFERENCES

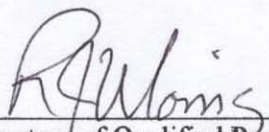
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- West Hawk Development Corp., *Technical Report, Groundhog Coal Property*. NI 43-101 Report, 2007.

24.0 DATE AND SIGNATURE PAGE

I, Robert J. Morris, M.Sc., P.Geo., do hereby certify that:

1. I am a Principal of Moose Mountain Technical Services, 6243 Kubinec Road, Fernie BC V0B 1M1
2. I graduated with a B.Sc. from the University of British Columbia in 1973.
3. I graduated with a M.Sc. from Queen's University in 1978.
4. I am a member of the Association of Professional Engineers and Geoscientists of B.C. (#18301).
5. I have worked as a geologist for a total of thirty-five years since my graduation from university.
6. My past experience with coal exploration and mining includes work with all of the coal mines in southeast B.C., as well as mining projects in Northern and Central B.C., Indonesia, Thailand, Colombia, England, Mongolia, China, and Iran.
7. I have read the definition of "qualified person" set out in NI 43-101 and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements to be a "qualified person".
8. I am responsible for the geology and resource review and verification and preparation of the technical report titled "Resource Estimate for the Discovery and Panorama Coal Properties", dated 30 December 2009.
9. I have not completed a site visit of the property though one is planned for early summer next year. I have had no prior involvement with the Panorama property though I worked on the nearby Mount Klappan Property in 1985.
10. I am independent of Panorama Coal Corporation, and work as a geological consultant to the mining industry.
11. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose, which makes the Technical Report misleading.
12. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
13. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public.

Date this 30th day of December 2009


Signature of Qualified Person



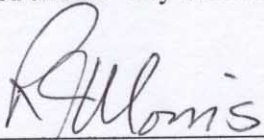
Robert J. Morris, M.Sc., P.Geo.
Print Name of Qualified Person

Consent of Author

To: Commission des Valeurs Mobilières du Québec
Ontario Securities Commission
Manitoba Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Alberta Securities Commission
British Columbia Securities Commission

I, Robert J. Morris, consent to the public filing of the technical report titled “Resource Estimate for the Discovery and Panorama Coal Properties”, dated 30 December 2009, and to extracts from, or a summary of, the technical report in the written disclosure being filed, and confirm that I have read the written disclosure being filed and that it fairly and accurately represents the information in the technical report that supports the disclosure.

Dated this 30th day of December 2009



Signature of Qualified Person



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


Moose Mountain Technical Services

*Panorama Coal Corporation
Panorama Coal Property
30 December 2009*

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

1. I am a Principal of Robert F Engler Consulting Ltd., 28 Hummingbird Road, Sherwood Park AB T8A 0A2
2. I graduated with a B.Sc. from the University of Alberta in 1974.
3. I am a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. (#M24009).
4. I have worked as a geologist for a total of thirty-four years since my graduation from university.
5. My past experience includes work with all of the coal mines in Alberta, Saskatchewan and British Columbia as well as exploration projects in western Canada, and western US, Mexico, Mongolia, and China. I also held senior marketing positions for fifteen years with Luscar Ltd, a major Canadian coal producer.
6. I have read the definition of "qualified person" set out in NI 43-101 and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements to be a "qualified person".
7. I am responsible for Section 18 of the technical report titled "Resource Estimate for the Discovery and Panorama Coal Properties", dated 30 December 2009.
8. I have not visited the properties, and work as a geological consultant to the mining industry.
9. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose, which makes the Technical Report misleading.
10. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public.

Date this 30th day of December 2009,


Signature of Qualified Person

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

Moose Mountain Technical Services


*Panorama Coal Corporation
Panorama Coal Property
30 December 2009*

Consent of Author

To: Commission des Valeurs Mobilières du Québec
Ontario Securities Commission
Manitoba Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Alberta Securities Commission
British Columbia Securities Commission

I, Robert F. Engler, consent to the public filing of the technical report titled “Resource Estimate for the Discovery and Panorama Coal Properties”, dated 30 December 2009, and to extracts from, or a summary of, the technical report in the written disclosure being filed, and confirm that I have read the written disclosure being filed and that it fairly and accurately represents the information in the technical report that supports the disclosure.

Dated this 30th day of December 2009.



Signature of Qualified Person

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

25.0 ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

The property is not in production.

26.0 ILLUSTRATIONS

All drawings and figures are included with their discussion item.