

**SUMMARY REPORT on THE
SUQUASH COAL
PROPERTY**

**Port Hardy/Port McNeill Area
Northern Vancouver Island British Columbia
Nanaimo Mining Division**

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50°37'59"N/127°15'06"W**

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3.0 SUMMARY

Electra Gold Ltd. is acquiring the rights to coal licenses including and surrounding the former Suquash Coal mine 25 km east of Port Hardy as shown in Figure 1. The Company has filed and fully paid for three Coal Licence Applications totalling 1,038 hectares which are pending with B.C. Energy, Mines and Petroleum Resources, Mineral Titles Branch. The applications have been made in accordance with all the regulations set forth by the government's Title Division. As with all other companies applying for coal licences in B.C., the applications and exploration permits are subject to B.C. government's approval process.

Figure 1 Map of Suquash Coal Mine, near Port Hardy, BC



The company intends to drive a decline to reach near the former mine workings about 50 meters below grade. The purpose of the decline is to mine a bulk sample for testing at a local cement plant. In order to locate the decline in the most cost effective way, three or four test diamond drill holes are proposed in the vicinity of the proposed decline and the former number 2 shaft of the Suquash mine.

The mine is of great historical interest because it was first operated by the Kwakiutl First Nation and is by far the first mine in British Columbia. To begin engaging with the Kwakiutl, Electra has met with the Chief and Council in Fort

Rupert. At this introductory meeting, the Chief and Council indicated that they will support an exploratory diamond drill program. Electra's goal in the consultation process is to ultimately achieve a Project agreement that provides, among other items, both economic and social benefits to the Kwakiutl First Nation by working together and following consultation protocols as we move through the exploration phase.

Subsequently a Notice of Work has been filed with the Ministry of Energy, Mines and Petroleum Resources to conduct an exploratory diamond drill program as described in this report. Upon completion of the drilling Electra would then apply for driving an exploration decline to extract a bulk sample for testing by the company and by potential customers.

Respectfully submitted,

J. T. Shearer, M.Sc., P.Geo.

4.0 INTRODUCTION AND TERMS OF REFERENCE

This report was prepared at the request of Lana Eagle, Chairman of the Board, of Electra Gold Ltd. ("Electra") to summarize historic data, document the proposed 2008 work by the company, and recommend an exploration program for other future work to further evaluate the property. The purpose of the report is to provide background information for raising funds on the Toronto Venture Exchange.

The author, Jo T. Shearer, M.Sc., P.Geo., was retained by Electra to write this Technical Report, visited the property in May, July and August 2008, and to make recommendations for an appropriate exploration program to be conducted in 2008.

4.1 Preamble

Electra Gold Ltd., Port Coquitlam, is a Toronto Venture Exchange listed company with the trading symbol ELT. Electra operates a chalky geyserte mine and a barge loading terminal near Port Hardy. Electra has formed a wholly owned subsidiary Suquash Coal Ltd. to restart the former coal mine. The Suquash Coal Property is known from historical exploration and mining since 1835. The Kwakiutl First Nation first produced coal for sale to the Hudson's Bay Company, US shipping companies and others. Later, the mine was operated by the Pacific Coast Coal Company between 1908 and 1922 on Seam #2 totaling 12,000 feet of development at the mine's 52 meter elevation. Subsequently has mine has been reentered on several occasions for sampling and mine planning purposes.

There have been 10 holes drilled on the property with a total length of 6,718 feet. In addition there were two holes drilled in the vicinity of number 2 shaft for which the data has been lost. There were also other holes drilled adjacent to the property between Port McNeil and Port Hardy and on Malcom Island. Our review only includes results directly pertaining to Electra's coal license applications.

4.2 This Study

4.2.1 Terms of Reference

Electra Gold Ltd. retained Jo T. Shearer, M.Sc., P.Geo. to review the project, draw conclusions, make recommendations, and propose an appropriate exploration program to evaluate the property in 2008. The company

commissioned a summary report to file with the TSX Exchange to document the merit of the property.

4.2.2 Purpose of the Report

Jo T. Shearer was advised by company officers that this report is intended to establish the property as one of merit for submission to the TSX Ventures Exchange. This report complies with the 43-101 format and may be used for disclosure in fundraising over \$250,000.

4.2.3 Sources of Information

A major source of information has been the numerous historical assessment reports on the area within the B.C. Government Ministry of Mines Minfile database. These reports are readily available from Ministry reports dating back to 1934 on work conducted for various companies up to 1986. Prior information is contained in the Annual Reports of the Minister of Mines 1909-1921. In addition, Electra has obtained past mining data from the BC Archives and records of Kwakiutl historical interests in the area. We also have an underground coal mine engineering feasibility report by Hope Engineering in 1953.

A further source of information was the report "Suquash Coal Mine Restart" by Helmut G. Burke, P.Eng.. Mr. Burke, a chemical engineer, has extensive experience in the coal industry in British Columbia. He has prepared a market evaluation and preliminary mine economic feasibility report.

4.2.4 Field Activity of the Qualified Person

Jo T. Shearer, M.Sc., P.Geo. visited the property in May, July and August 2008 to examine the surface mineralization, underground workings and general geological conditions.

5.0 RELIANCE ON OTHER EXPERTS

The author in writing this report used as sources of information those reports and files listed in the bibliography, sampling of surface Seam 1 on May 22, 2008 and July 11, 2008, the results of previous exploration and testing programs, and previous mine operating reports. Most of the reports were prepared by persons holding a university degree in Geological Sciences or Engineering. I also include some references to people that were involved in previous coal mining at the

site. Based on the author's assessment by field checks, the information in these reports is accurate.

The author relied most significantly on a 1984 report by Stephen Gardner, P. Geo., Campbell River, the Vice President, Exploration, for the Quinsam Coal Mine. Mr. Gardiner's report for Texaco Canada Resources Ltd., Calgary, includes his resource estimates that are quite close to the author's own general assessment. The author also reviewed three other independent estimates of the coal resource by geological and mining consultants and by the former coal mining company at the site. These estimates are all higher than those by Mr. Gardiner. However, all these estimates rely greatly on inferences as to the extent of the coal beds. They do not include sufficient information on underground and clean coal recovery. In particular, a 10 hole exploration program and extensive feasibility study for BC Hydro was based on using run of mine coal for an on-site power plant and thus the much higher resource estimates by this consultant are not directly useful for estimating saleable coal.

Exploration on properties containing coal and possibly natural gas can be a divisive political and environmental issue in British Columbia. Electra has begun an on-going process of educating and communicating with the general public and First Nations about exploration and mining issues. Electra's goal in a First Nations consultation process is to ultimately achieve a Project Agreement that provides, among other items, both economic and social benefits to the Kwakiutl First Nation by working together and following consultation protocols as Electra moves through the exploration phase.

6.0 PROPERTY DESCRIPTION AND LOCATION

6.1 Preamble

The mine is 25 km east of Port Hardy by the Island Highway 19 and 3.3 km of Suquash Main logging road. This road joins the highway immediately east of the Mount Waddington Regional District's 7-Mile Landfill. The property has been cleared as shown in Figure 2. Coal from the number 1 surface seam is scattered along the beach and is easily visible in the cliff and along the creek.

Figure 2 Suquash Coal Mine Site



The site is designated in the Vancouver Island Land Use Plan as an Enhanced Forestry Area. It is within Western Forest Products' Tree Farm License Number 6 and is included in the company's Wildlife Management Strategy as part of their Sustainable Forest Management Plan for the North Vancouver Island Region.

The company has applied for the coal licenses for 1,038 hectares of mine property as listed in Table 1. The BC Ministry of Energy, Mines and Petroleum Resources, Titles Division, Mineral Titles Branch description is: Number 92L064 Block G Units 58, 59, 69 and 70 and 92L11 Block G Units 38, 39, 40, 48, 49, 50, and 60 and 92L11 Block F Units 41, 51, 61 and 71. The property is in the Rupert Land District and Nanaimo Mining Division. The license applications were made in April and May 2008. The licenses are issued only after a public review process. Annual renewals are required once the licences are issued.

Table 1 List of Tenures

Name	Tenure #	Area (ha)	Date	Applicant
Suquash	417647	133	April 10, 2008	Hanam Canada Marketing Corp.
Suquash	417648	80	April 17, 2008	Hanam Canada Marketing Corp.
Suquash	417663	825	May 20, 2008	Hanam Canada Marketing Corp.

The core claims have been purchased from Hanam Canada Marketing Corporation, in an agreement dated May 16, 2008, to Electra Gold Ltd. under the following terms and conditions:

- \$3,000 Down Payment Paid
- 500,000 shares on issue of Mine Exploration Permit (for decline) and support of Fort Rupert Band Council
- 500,000 shares by April 30, 2009
- 1,000,000 shares on completion of a NI 43-101 Technical Report documenting reserves of at least 5 million tonnes of 11,000 BTU coal (as per CIMM best practises guidelines) acceptable to the TSX-V exchange and the BC Securities Commission;
- 1,000,000 shares on the extraction and sale of a 10,000 tonne bulk sample with 50,000 tonnes developed.

Electra has reimbursed Hanam for all of the licence application fees. Hanam Canada and Electra have each notified the Kwakiutl First Nation and BC Energy Mines and Petroleum Resources, Title Division, about the agreement and the name of the applicant will be changed from Hanam Canada to Electra at an appropriate time.

6.2 Heritage and Environmental Responsibilities

Coal mining at the site is historically significant and investments will be made to preserve these resources. The mouth and banks of Suquash Creek are historically significant and will not be disturbed. There is a trail to the old shafts and equipment in the second growth forest indicating this equipment is of recreational interest. Electra has met with Ministry of Tourism, Sport and the Arts, Archaeological Branch, representatives to obtain input and several reports relating to historical values on the site. Electra has obtained input and budget quotations for archaeological consulting work to address potential concerns.

6.3 Permits

The company and property will be subject to Mine Permit regulations of British Columbia Ministry of Energy, Mines and Petroleum Resources. A permit will be required for any proposed drilling and bulk sample.

The Suquash coal mine and license area is within the Kwakiutl First Nation Traditional Territory and area of interest. The company has acknowledged the legal requirements for consultation and accommodation of First Nation Rights, Title and Interest. The Kwakiutl First Nation has developed standard agreements for other projects in their traditional territory that can be used as a template for this project. Suquash Coal seeks long term agreements to ensure that Kwakiutl people benefit from the potential mine and are compensated for the negative impacts of the mine on their communities, land, and traditional way of life. Aboriginal management of mining revenues is intended to contribute to a sustainable community, direct community benefits, revenues for community projects, and support for traditional skills and lifestyles.

A preliminary project description will be delivered to key stakeholders including local government officials, provincial and federal agencies. We will meet with regulatory reviewers and support the mine and environmental permitting process. Since the mine will have a production capacity of less than 250,000 tonnes per year of raw coal the project may not be subject to review by BC’s Environmental Assessment Office.¹ Applications will be made for a Mine Permit and an Environmental Permit. Public meetings would be held to answer questions, identify areas of concern, and to address any issues.

Applications for a Mine Permit, Water License, Waste Management Permit, and other related permits for the mine, plant site and required infrastructure must be made to the BC government as summarized in Table 2. One of the key requirements is for a life of project design, sizing and reclamation of the waste rock dump.

Table 2 Regulatory Approvals Required For Suquash Mine Restart

Impact Benefit Agreement- Kwakiutl First Nation- Signifies Kwakiutl people will benefit and support the project. Required for land tenure approvals.
Exploration Permit (Minex) – for diamond drilling and bulk sampling
Mine and Reclamation Permit- Ministry of Energy & Mines (MEM)- Approves the mine plan (layout, geotechnical assessment and engineering design for underground workings, pits, dumps, plant, mine roads, other key facilities), mine operations, acid drainage prediction and management plans, and reclamation plan.
MEM and Waste Management Permit- Ministry of Environment (MOE)- Approves permitted solid waste disposal plans, liquid effluent quality, structural designs, and waste management and monitoring plans (pond effluents, tailings seepage, sewage, other). Approves air emission standards, equipment and dust control and other management and monitoring plans.

¹ Environmental Assessment Act, Reviewable Projects Regulation, Part 3, Mine projects
http://www.qp.gov.bc.ca/statreg/reg/E/EnvAssess/370_202.htm

MEM and Water License- Ministry of Environment (MOE)- Grants approvals to withdraw, divert and use water (i.e. domestic and process water supply, drainage management plans, site water balance).

Land Tenure Approvals- Various- Grants rights to occupy land, including Coal Lease for underground workings and pits, plant site (**MEM**); License of Occupation for road and power line (**Land and Water BC**); others as required.

Road Use Permits- Ministry of Forests- Authorizes use of Ministry of Forests' roads and Western Forest Products road use agreement.

Other Permits, Licenses- Various- Approves potable water supply if required (Ministry of Health)

7.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

7.1 Access

The mine site is easily accessible by paved highway from Port Hardy, Fort Rupert, Port McNeil and Port Alice. Access to the mine is by 3.3 km of Suquash Main logging road. This road joins the highway immediately east of the Mount Waddington Regional District's 7-Mile Landfill 22 km south of Port Hardy.

Previous coal transport was exclusively by barge. There was a pier at the mine site and coal was delivered to customers initially by canoe and later by barge. A short small gage rail track operated between the mine portal and the barges. Since Electra has an existing barge ramp nearby it is proposed that coal be transported by truck to the existing loading facility in the initial stages.

There is a deep water private port nearby for loading gravel and there is deep water directly off the project site. However, transport to and from the site is more convenient and lower cost using existing facilities.

Port Hardy has an airport with regular scheduled service to Vancouver.

7.2 Climate

The average temperature and rainfall based on data compiled for a major nearby mining project is summarized in Table 3. The average temperature is 8.5 degrees C. The average daily minimum temperature in January is 1.0 degrees C and in December 1.3 degrees C. The average monthly rainfall is 131 mm. The wettest month is November with an average of 284 mm of rain. The average evaporation at the project site is expected to be 463 mm per year. The average wind speed in the project area is 4.5 m/s with a maximum of 22.4 m/s. The mean wind direction is predominantly from the north-northeast from November to February and from the west from March through April. The air quality is high throughout the area.

Table 3 Climate Data (Mean)

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Avg
Temperature	°C	3.5	4.2	5.5	7.6	9.9	12.0	14.0	14.2	12.4	9.1	5.5	3.7	8.5
Precipitation	mm	188	178	99	72	76	71	43	80	82	192	284	207	131

7.3 Physiography

The Project Area is located within the Coast Mountains and Islands physiographic region of British Columbia. The region, which includes Vancouver Island, consists largely of glacial landforms and remnant erosion surfaces.

Northern Vancouver Island consists of two major physiographic units: the Nahwitti Lowland and the Vancouver Island Mountains. The Project Area lies in the Suquash Basin subunit of the Nahwitti Lowland. This subunit is a triangular shaped area located along the eastern margin of the Nahwitti Lowland. The lowlands are underlain by gently dipping Cretaceous sedimentary rocks whereas the hills are made up of Karmutsen Volcanics. Erosion of the soft Cretaceous sediments within the basin has caused the lowland topography to be in contact with the harder, more resistant volcanic bedrock of the uplands. Within the lowlands, the Quaternary deposits tend to be relatively thick, and dominated by fluvial, glacial-fluvial, and marine sediments. These sediments are distributed along the eastern margin of the basin and range up to 30 meters in thickness.

Elevations in the licence area range from 10 to 50 meters above sea level with small undulating mounds present from the decomposition of wind thrown trees. The project area consists primarily of a gently sloping hillside of glacial drift which lies between the foreshore and Suquash Road. Suquash Creek flows through the northwest corner of the property. There are many minor seasonal streams that flow across the property and the beach directly to Queen Charlotte Sound. Misty Lake is near the south boundary of the property.

East of the road across the property in the cleared area there is 2 to 4 meters of gravel on the surface followed by shale and sandstone. West of the road, there is a marsh with deep mud.

7.4 Infrastructure and Local Resources

All parts of the property are accessible from the Suquash Logging Road and several branches. BC Hydro's main power line is 3 km away at Highway 19. It is possible that a hydro line could be extended to the waterfront properties along Suquash Road independently of the coal project. The Mount Waddington Regional District Landfill is 3 km away and could possibly be used for disposal of non-organic fill.

Cell network coverage on the property. Services from Port Hardy and Port McNeill are equally convenient. There is an extensive history of underground coal mining in nearby Campbell River and a variety of contractors and suppliers are available to service the mine.

Electra Gold has an office in Port Hardy and at the PEM100 Quarry and operates a barge loading terminal nearby at Jensen Cove as shown in Figure 3. The existing rock conveyors would be covered to minimize dusting. All coal deliveries to customers would be barge.

Figure 3 Coal Loading at Jensen Cove, Port Hardy



- From right to left:
- (a) dump pocket grizzly for trucks
 - (b) white shore conveyor
 - (c) transfer point
 - (d) blue radiating stacking conveyor
 - (e) small control booth (blue)

Up to 15,000 tonne barges can be loaded at a rate between 700 to 800 tonnes per hour.

8.0 PROPERTY HISTORY

From 1836 to 1852 the Kwakiutl people mined and transported coal to customers including the British Navy, the Hudson's Bay Company, European and US shipping companies.^{2,3} Payment was for coal delivered not just for labor. Although miners were brought from Scotland, there were labor disputes and all the coal mining, transport and loading was by the Kwakiutl people. During the three years from 1849 to 1852 they mined and sold about 9,000 tonnes of coal. After 1852 new more competitive mines started up in Nanaimo and Seattle.

In 1908, Pacific Coast Coal Company drilled 4 holes on the property that intersected a lower coal seam about 48 meters below sea level. The company acquired coal licenses for 6 by 11 kilometers of foreshore.⁴ They sunk the 2X3 meter shaft near the mouth of Suquash Creek and began mining the number 2 seam. About 3,600 meters of lateral development work was done. A longwall face 240 meters long was opened up to the south of the shaft. The company built a small town with 20 houses, bunkhouse, store, electricity generator, and buildings for mining equipment. The pit-head and screening system was capable of handling 180 tonnes per day. Between 1909 and 1914 13,274 tonnes were mined but all work was suspended with the outbreak of World War 1 in 1914.

In 1914 the company started work on a larger 3X7 meter shaft 460 meters east of the first one and 60 meters from the shoreline. The shaft had a concrete collar, automated hinged cover, guides for two cages, and a lifting head frame. The shaft was not completed and is only 4 meters deep. It is designed with an access compartment, 1.8 by 1.2 meters, fitted with ladders, and a pumping and hoisting compartment, 1.8 meters square. A lot of machinery was delivered to the site but much of it was not. Photos of the two shafts and some of the machinery still on the mine site are shown in Figure 4.

Two winding engines, 600 x 900 mm diameter, and a 2.7 meter diameter drum were installed on a concrete base but were never used.⁵ A tipper for coal rail cars, two Vulcan hoist engines, a 100 HP and two 150 HP high pressure Goldie McCulloch boilers were delivered to the site. Ventilation was to be with a steam driven Sheldon fan, 1,200 by 760 mm turning at 125 revolutions per minute with a

² Marki Sellers, Simon Fraser University, *Negotiations for Control and Unlikely Partnerships: Fort Rupert, 1849-1851*, BC Historical News, Winter 2002/2003.

³ David Lewis, *Yesterday's Promises: A History of the District of Port Hardy*, Victoria, BC, Robinson Press, 1978.

⁴ BC Ministry of Energy & Mines Annual Report, 1908.

⁵ BC Energy & Mines, Annual Report 1921

capacity of 400 cubic meters per minute. There were two duplex water pumps with a capacity of 230 liters per minute each.

Figure 4 **Photos of Pacific Coast Coal remnants**



Shaft 1



Shaft 1 Hoist



Shaft 1 Pulley



Shaft 2



Shaft 2 Hoist



Shaft 2 Boiler

After the war, from 1920 to 1922 two more holes were drilled, the mine was pumped out and more work was done on the surface and underground from shaft number 1. In 1920, 6 people were employed and 113 tonnes of coal were produced. However, in 1922 the entire operations of the company including coal mines in Nanaimo and Princeton ceased and the company went out of business. A reasonable average production for non-mechanized underground coal production is about 3 tonnes per person per day.

In 1952 Suquash Collieries acquired the licenses, erected a 4X5 meter office on site, dewatered the longwall, and commissioned a feasibility report.⁶ Six men were employed during the summer. Access to the property was by boat and barge. The company installed a 5 meter head frame and hoist at the old shaft collar and pumped out the mine using a 230 liters per minute Knowles duplex piston pump. Initially power was supplied by a portable air compressor, but this was replaced by a 1.5 by 3.0 meter vertical steam boiler. About 240 meters of old levels were reopened to provide access to the longwall face and to take samples. A small steam-driven geared hoist and a 10 millimeter diameter rope and system of pull bell signals was used at the shaft. The shaft was lined by 300 by 300 millimeter timbers. Ventilation was with a 910 millimeter diameter Sirocco exhaust fan. As the reopening of the workings progressed a considerable amount of methane was given off necessitating careful ventilation including a circuit along the south level and temporary walls in the crosscuts off this level. No explosives were used underground.

The old workings have a very hard sandstone roof above the seam. In 1952, the BC Mines inspector examined a section on the side of the south level 110 meters from the shaft and measured a total thickness of 2.3 meters. This included seven rock bands with a total thickness of 1.0 meter. The thickest continuous section of clean coal was 0.43 meters. The seam section is believed, however, to improve on the longwall face and toward the south. Conditions were found to be generally satisfactory in the course of inspections. While work was in progress a stretcher and first-aid equipment were kept at the camp and communications were by radio-telephone.

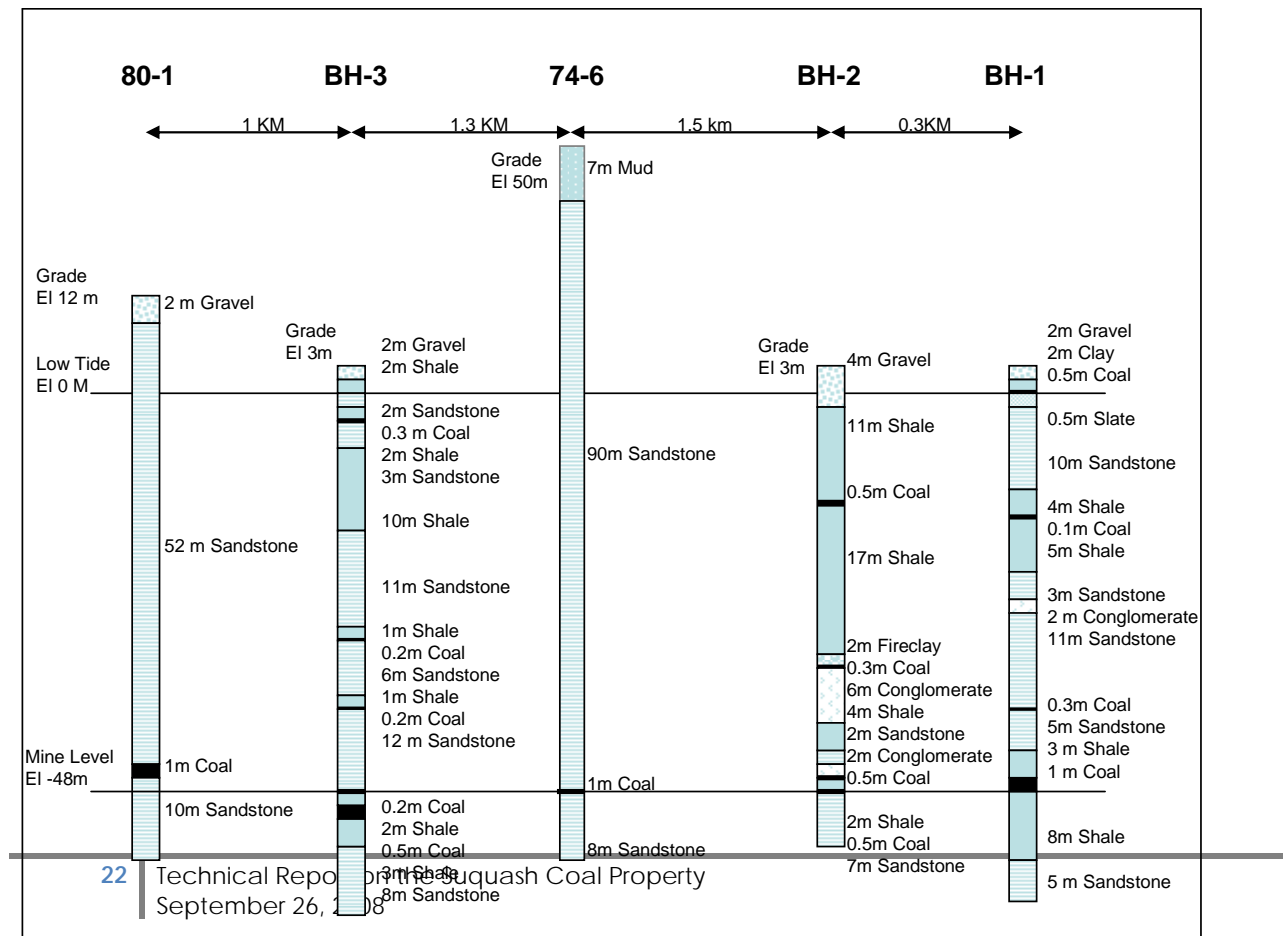
This test work was followed by a report by Harry Hope Engineering in April 1953 for a 450,000 tonne per year mine with a short rail line and ship loading system approximately where the gravel ship loader is now. For Hope Engineering to recommend this major project, the results of the underground investigations in 1952 must have been considered satisfactory but the detail sample results are not available to the current author.

⁶ BC Ministry of Energy & Mines, Report of the Minister of Mines, 1952

There are many reports posted on the BC Energy & Mines website describing past mining operations. http://webmap.em.gov.bc.ca/mapplace/coal/coal_reports.asp?area=sq Since Suquash Collieries dewatered the mine and carried out its engineering studies the licenses have been held by Cobre Exploration Ltd. and BC Hydro who studied a large thermal power station, Ramm Ventures who were proposing to supply a Bellingham cement plant, and Priority Ventures who planned a coal bed methane project. BC Hydro spent more than \$300,000 on exploration work in the early 70s.

The results of five test holes on the property that intersect the coal mining zone are shown in Figure 9. The mining zone coal seam is quite level from the mine to borehole 74-6 1.5 km to the south and to borehole 80-1 2.8 kilometers to the southeast. There are several minor coal seams above the main seam. The number two coal seam is overlain with a massive sandstone structure that provided a reliable roof for mining operations. The main workings south of the shaft did not use support timbers although Hope Engineering set timbers in place during dewatering of the mine in 1952. The floor of the coal seam is sandstone or shale.

Figure 5 Drill core correlations



In 1852, the Hudson's Bay Company drilled three holes: one at Keogh River, one on the peninsula at Port McNeil, and a third two miles inland.⁷ In 1890 there was some drilling by Lyman Banks near Fort Rupert but the results are not currently available. An English company struck a 5 foot seam between Port McNeill and Alert Bay in 1898. Pacific Coast Coal also drilled close to Port McNeill and a deep hole on Malcom Island without discovering a significant coal seam. In 1921, the company held 1,500 hectares of crown grants and foreshore leases near Port McNeill.

Pacific Coast Coal drilled at least 6 holes on the property between 1908 and 1922 but we have access to only four of the results, BH-1 to 4. These holes were drilled along the beach at an elevation of 3 meters. Drill holes 5 and 6 were in the vicinity of shaft number 2 and the author does not have the results. However, the company purchased a great deal of mining equipment and planned to mine from a new shaft near these bore holes.

In 1974 BC Hydro completed 10 holes in the vicinity and commissioned a feasibility study by Dolmage Campbell & Associates, Vancouver, for a coal mine and electricity generating station. A test hole 1 km west of the mine, 74-1, intersected coal at minus 44 meters elevation. South of the mine, the zone 2 seam is thinner. Test hole 74-3, 1.0 km southwest of the mine intersected coal at minus 26m and minus 62 meters elevation. Test hole, 74-5, 1.7 km southwest of the mine intersected coal at minus 107 meters. One zone designated zone 3 is at elevation minus 100 meters. Previous drilling also found a thicker coal seam in hole 74-05 at a depth of 190 meters and in hole 74-6 at 220 meters. However, the study concluded a coal fired electricity generating station was uneconomic at that time.

In 1977, Imperial Oil Ltd., Calgary, reviewed past studies and operations. The company concluded the higher cost of underground mining and coal cleaning did not make the coal basin economically attractive at that time.

In 1980 Ramm Ventures Corp. and Filtrol Minerals Ltd., Vancouver, commissioned further feasibility studies by Abcon Engineering, Calgary. Five exploration holes were drilled. The intent was to supply coal to the cement plant in Bellingham, WA. This drilling program encountered seam 2 in hole 80-1 at 42 meters below sea level but it was only 0.9 meters thick. The same hole had 3.3 meter thick coal seam at a depth of 290 meters.

⁷ BC Archives MSS 436 Box 48 File 1 Pacific Coast Coal

In 1984, Gardner Exploration Consultants, prepared a report on the coal deposit for Texaco Canada Resources Ltd. This study was optimistic about the potential for restarting the mine. Mr. Gardiner, other geologists and mining engineers have concluded that the most promising direction for future mining is southeast of the former mine. Although coal was found in all directions, there is a fault to the west along Squash Creek.

Based on past drill holes and measurements at the number 2 coal seam face of past mining operations. Previous coal reserves are shown in Table 6.

Table 4 Coal Resource Estimate Using Historic Data (Not a current resource)

Parameter	Unit	Seam 2	Seam 3	Total
Total drill holes	Number	10	2	
Total intersections	Number	6	1	
Depth below sea level	Meters	50	282	
Average thickness	Meters	2.0	3.3	
Lease area	Hectares	1,038	1,038	
Coal area	Hectares	400	400	
	Million square meters	4.0	4.0	
Volume	Cubic meters	8.0	13.2	
Bulk Density	Tonnes per cubic meter	1.4	1.4	
In-situ coal reserves	Tonnes	11.2	18.5	29.7
Underground recovery	% (may be much higher)	55	55	
Raw coal mined	Tonnes	6.2	10.2	16.4
Wash plant recovery	%	60	60	
Saleable coal		3.7	6.1	9.8

Mr. Gardner, P.Geol., estimated the coal reserves under the land portion of the deposit at 9.1 million tonnes.⁸ He estimated an additional 9.0 million tonnes in-situ reserve under the sea adjacent to borehole SU-80-1 bringing the total to 18.1 million tonnes. Mr. Garner noted there are some indications that the thickness

⁸ Stephen Gardner, P.Geol., Campbell River, BC, for Texaco Resources Ltd., *Geological Reconnaissance of Vancouver Island Coal Areas- Squash Coal Basin and Outliers*, Northern Vancouver Island, BC, May, 1984, p.35.

and number of individual coal bands is increasing in a southeasterly direction towards the sea.

In 1975, C.R. Saunders, P. Eng., and Dr. R.K. Germundson, of Dolmage Campbell & Associates Ltd., Consulting Geological & Mining Engineers, Vancouver, estimated in-situ reserves at 45 million tonnes over 3,800 kilocalories per kilogram and under 50% ash. At 55% underground recovery and 60% wash plant yield this is equivalent to about 15 million tones of saleable coal. Pacific Coast Coal estimated the reserves in 1912 at 47 million tonnes. James McEvoy, who wrote a report for Coniagas Mines, Toronto, in 1921 estimated the reserves at 21 million tonnes.

The conclusion of Ignacije Borovic, P.Eng., following Ram Ventures' drill program in 1980 was: "Because of the increase in the number and thickness of coal bands from holes 74-6 to 80-1, it would appear that the basinal environment for the generation of coal is enhanced to the south and east of the abandoned Suquash Mine. Most of this area is covered by the sea except for a 960 acre area (to the south and east). If future exploitation is contemplated, it is recommended that it be concentrated in this area."

Electra has not undertaken any independent investigation of the resource estimate nor has it independently analyzed the results of the previous exploration work in order to verify the classification of the resources, and therefore the historical estimates should not be relied upon. However, the author believes that the historical estimates, particularly those of Mr. Gardiner, provide a conceptual indication of the potential of the property and are relevant to ongoing exploration.

The calculation for the seam 3 resource is based on results from the Ram Ventures Corp. exploration program in 1980. The author believes that without further drilling the resource estimate for seam 3 is highly speculative since it is based on results for only one drill hole. Although this hole indicated a total coal zone of 3.3 meters with clean coal of 1.6 meters, there are no other nearby holes drilled to this depth. Furthermore since this seam was intersected at 282 meters below sea level it would be more difficult to access.

The current conclusions are shown in Table 6 does not include any coal under the sea. About half the coal mined in the past was from areas under the sea. The undersea land adjacent to the coal licenses drops off gradually into Queen Charlotte Sound. Past mine workings extended 330 meters out beyond the shore as shown in the mine plan. Based on hydrographic surveys, coal from seam 2 should outcrop about 3 kilometers offshore. However, the author does not

include undersea reserves because further study would be required to evaluate safety and regulatory issues.

Mr. Gardner did not indicate an estimate for underground recovery or wash plant recovery. The author estimates that the underground recovery will be at least 55% by the proposed room and pillar mining method and perhaps up to 75%. This estimate is based on consultation with former underground mine managers at the Quinsam Coal Mine in Campbell River and the former Wolf Mountain Coal Mine in Nanaimo. Electra's proposed mining method is similar to these mines and the characteristics of the coal are similar.

The Suquash mine has a massive sandstone roof indicating that underground recoveries could be higher, up to 75%. With a massive sandstone roof less coal may need to be left behind to support the roof. The original mine used a long wall mining method for about half of the production and past mining engineers have recommended both room and pillar and longwall methods. The most comprehensive modern mining plan, by Hope Engineering, was for a room and pillar system very similar to that used by Quinsam Coal in Campbell River. However others have proposed that it may be possible to increase underground recovery by using a retreating longwall. Set-up costs for such a system would be higher. One of the purposes of driving a decline to seam number 2 is to gain first hand experience with the seam and to then evaluate competitive mining methods and equipment.

The wash plant recovery estimate of 60% for seam 2 is based on the coal face intersections measured in the former mine. This clean coal recovery estimate is uncertain and could be as low as 45%. We did not find any record of coal washing tests. Previously only run of mine coal was produced and sold. The possible higher underground recovery may offset the potentially lower wash plant recovery rate. Mr. Borovic examined drill cuttings for seam 3 and found the coal to be dull and bright banded with abundant shale bands throughout. He concluded that a complex wash plant would be required to recover clean coal from this material and estimated the overall coal recovery rate from seam 3 (the lowest seam known) would be only 50%.

The largest uncertainty in the author's resource calculation is the area that the coal extends on the property license. Although Electra has applied for licenses on 1,038 hectares the author anticipates that the coal will extend to only a portion of this property. Although there have been 10 previous holes drilled on the property only six holes provided data for seam two and only one hole for seam 3.

9.0 GEOLOGICAL SETTING

9.1 Regional Geology

The mine is located within the Coast Mountains and islands region of British Columbia that consists largely of glacial landforms and remnants of surface erosion. It is in the Suquash Basin subunit of the Nahwitti Lowlands which are underlain by gently dipping Cretaceous sedimentary rocks. The soft Cretaceous sediments within the lowland basin are in contact with the harder, more resistant volcanic bedrock of the uplands. The lowland Quaternary deposits tend to be relatively thick, and are dominated by fluvial, glacial-fluvial and marine sediments along the eastern margin of the basin up to 30 meters thick.

A table of geological formations on Vancouver Island and are depicted in Figure 5 and their relationships are depicted in Figure 6. Because of its location at the margin of the continent, the geological history of Vancouver Island is chiefly related to massive crust movements on the Pacific margin of North America. Vancouver Island represents submarine and later terrestrial volcanism associated with rifting along an ocean floor subduction zone, formed from the Pacific Ocean plate colliding with the western edge of the North American continent and being pushed beneath the continental margin. These crustal movements began in Paleozoic time and have continued to the present. Most of the volcanism associated with rifting, however, took place in early Mesozoic time.

During the Jurassic and Triassic periods massive outpourings of pillow and flow lavas, and aquagene tufts formed volcanic island arcs which eventually formed the Insular Mountain Belt which covers Vancouver Island, the Queen Charlotte Islands, the Alaska panhandle and the Wrangell and St. Elias ranges of Alaska. These volcanic buildups are represented on northern Vancouver Island by the thick basalts of the Triassic Karmutsen Formation, Quatsino Limestone, the Bonanza Volcanics and the acidic Island Intrusions of Lower to Middle Jurassic. These volcanic complexes form the basement rock upon which later clastic sedimentary wedges of Lower and Upper Cretaceous Age were deposited.

Post-Cretaceous structural deformation in the northern Vancouver Island area is responsible for the preservation of the late Cretaceous sediments of the Suquash area on the northeast coast. This structural deformation manifests itself in the form of major normal (gravity) faults which in many cases are bounding features of sedimentary areas. The sediments of the Cretaceous are preserved on the down-dropped structural blocks. In many cases, this faulting occurs as a number of related step faults. This is best exemplified along the southwest edge

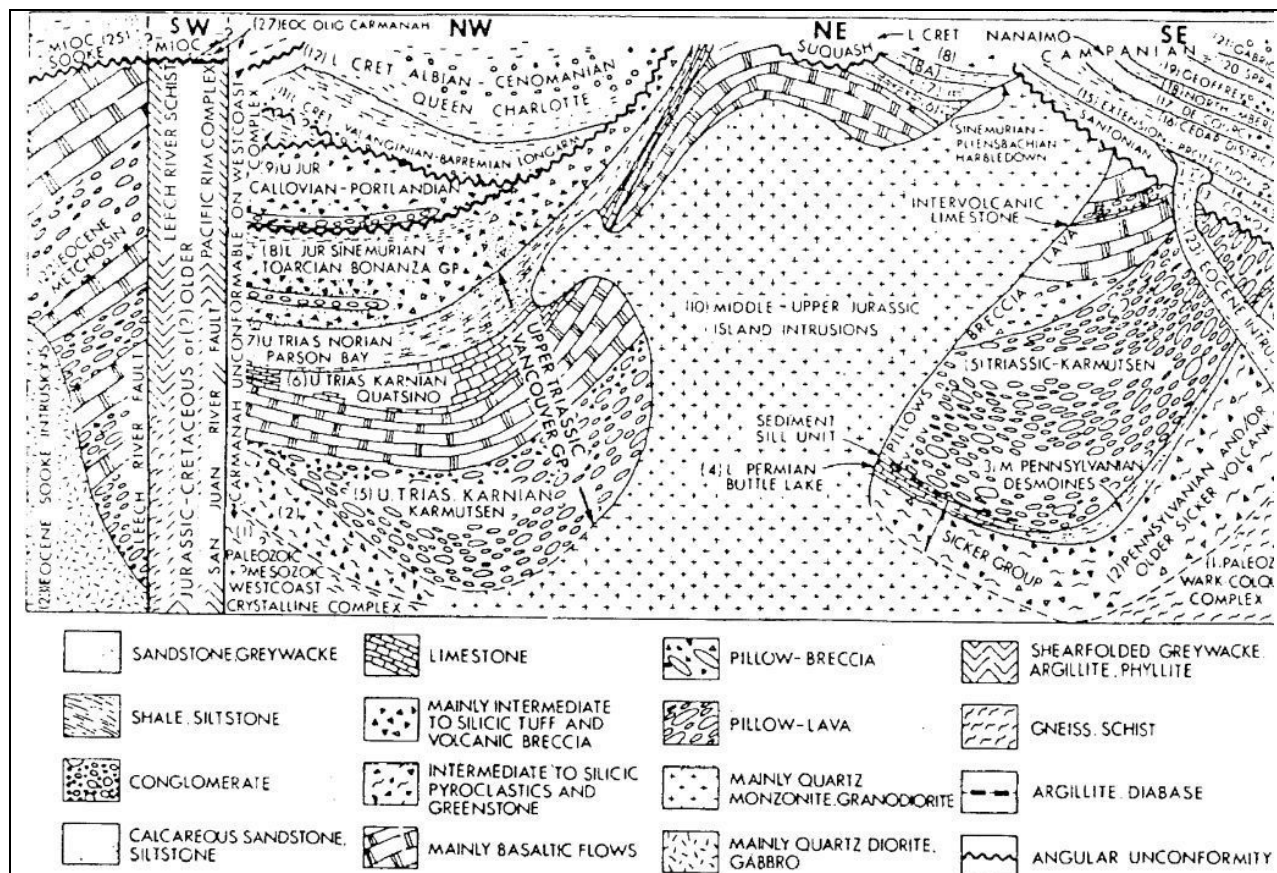
of the Suquash area, where two or possibly more sub-parallel normal faults, trending in a northwesterly direction, form the edge of the basin.

Figure 6 Table of Formations of Vancouver Island

	PERIOD	STAGE	GROUP	FORMATION	SYM-BOL	AVERAGE THICKNESS IN m. ±	LITHOLOGY			
	CENOZOIC	EOCENE to OLIGOCENE	early EOCENE		late Tert. volc's of Port McNeill	Tvs				
SOOKE BAY					mpTsb		conglomerate, sandstone, shale			
CARMANAH					eoTc	1,200	sandstone, siltstone, coglomerate			
ESCALANTE					eTE	300	conglomerate, sandstone			
METCHOSIN					eTm	3,000	basaltic lava, pillow lava, breccia, tuff			
MESOZOIC		LATE	CAMPANIAN	NANAIMO	GABRIOLA	uKGA	350	sandstone, conglomerate		
					SPRAY	uKs	200	shale, siltstone		
					GEOFFREY	uKG	150	conglomerate, sandstone		
					NORTHUMBERLAND	uKN	250	siltstone, shale, sandstone		
					DE COURCY	uKDC	350	conglomerate, sandstone		
	CEDAR DISTRICT				uKCD	300	shale, siltstone, sandstone			
	EXTENSION - PROTECTION				uKEP	300	conglomerate, sandstone, shale, coal			
	HASLAM				uKH	200	shale, siltstone, sandstone			
	COMOX				uKc	350	sandstone, conglomerate, shale, coal			
	EARLY				CENOMANIAN ALBIAN APTIAN?	QUEEN CHARLOTTE	conglomerate unit	IKac	900	conglomerate, greywacke
		siltstone shale unit	IKap	50			siltstone, shale			
		LONGARM	IKL	250			greywacke, conglomerate, siltstone			
		Upper Jurassic sediment unit	uJs	500			siltstone, argillite, conglomerate			
		volcanics	IJB	1,500			basaltic to rhyolitic lava, tuff, breccia, minor argillite, greywacke			
	JURASSIC	EARLY	TOARCIAN? PLIENSCHACHIAN SINEMURIAN	BONANZA	HARBLEDOWN	IJH	-	argillite, greywacke, tuff		
PARSON BAY					uR PB	450	calcareous siltstone, greywacke, silty-limestone, minor conglomerate, breccia			
QUATSINO					uRQ	400	limestone			
MID		LATE	KARNIAN	VANCOUVER	KARMUTSEN	muRK	4,500	basaltic lava, pillow lava, breccia, tuff		
					sediment - sill unit	Rds	750	metasiltstone, diabase, limestone		
					LADINIAN	SICKER	BUTTLE LAKE	CPBL	300	limestone, chert
							sediments	CPSS	600	metagreywacke, argillite, schist, marble
volcanics	CPsv	2,000	basaltic to rhyolitic metavolcanic flows, tuff, agglomerate							
PALEOZOIC	DEV. or PENN. and EARLIER ? PERM.									

Source: Muller, G.E. Geology of Vancouver Island, Geological Survey of Canada no. O.F. 463, 1977.

Figure 7 Relationship of Formations of Vancouver Island



Source: Muller, G.E. Geology of Vancouver Island, Geological Survey of Canada no. O.F. 463, 1977.

In addition to the predominant faulting, Post-Cretaceous movements have resulted in minor folding. This folding is not clearly evident in surface exposures because the folds are generally gentle and broad with shallow dips. However, drilling in the Suquash area has confirmed their presence. The Post-Cretaceous structural deformation evident in the area is chiefly the result of Tertiary Volcanic activity and uplift. However fault movements in Tertiary time also occur along pre-existing fault and fracture planes that originated during major rifting that occurred during the Triassic. Late Tertiary volcanic rocks are exposed in small areas south of Port McNeill. They are basalt, almost unconsolidated tuff and breccias, volcanic boulder conglomerate and light-colored dacite tuff.

These rocks are also evident 5.6 km southwest and 6.4 km west of Port McNeill as two peaks including Cluxewe Mountain and an unnamed smaller hill approximately 2.4 km to the northwest. These tertiary volcanics have affected the sediments as a vertical volcanic dyke was observed on the beach south of

the Suquash mine striking at 30 degrees east of north or directly in line with the smaller peak. This dyke intruded the sediments probably through a joint or fracture plane resulting from stress placed on the sediments as a result of Tertiary uplift. Frequent parallel joint sets in adjacent sandstones also exhibited similar orientation. It is probable that additional dykes not exposed occur in a radial fashion from the centers of the Tertiary volcanic occurrences.

The northern part of Vancouver Island has been subject to glaciation during the Pleistocene and also some earlier period, when Georgia Strait, Queen Charlotte Strait and the entire island were covered with a continuous ice sheet originating on the mainland and flowing southwest. Also, during the Pleistocene a number of glacial sequences originated from centres on Vancouver Island and ice flowed in all directions from these centres especially down the major valleys such as the Nimkish Valley south of Port McNeill.

Glacial erosion and scour occurred on the higher elevations while varying thickness of glacial debris and outwash material were deposited on the lowland areas, in particular the relatively flat-lying basins. This glacial deposition has masked the underlying sediments very effectively on northern Vancouver Island, especially in the Suquash area, where unconsolidated overburden is known to be up to 30 meters thick. There are a few surface exposures of Cretaceous sediments along the tide line where erosive action of the sea has uncovered the bedrock and along major fault contacts where scarp lines occur.

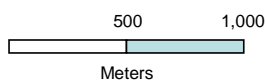
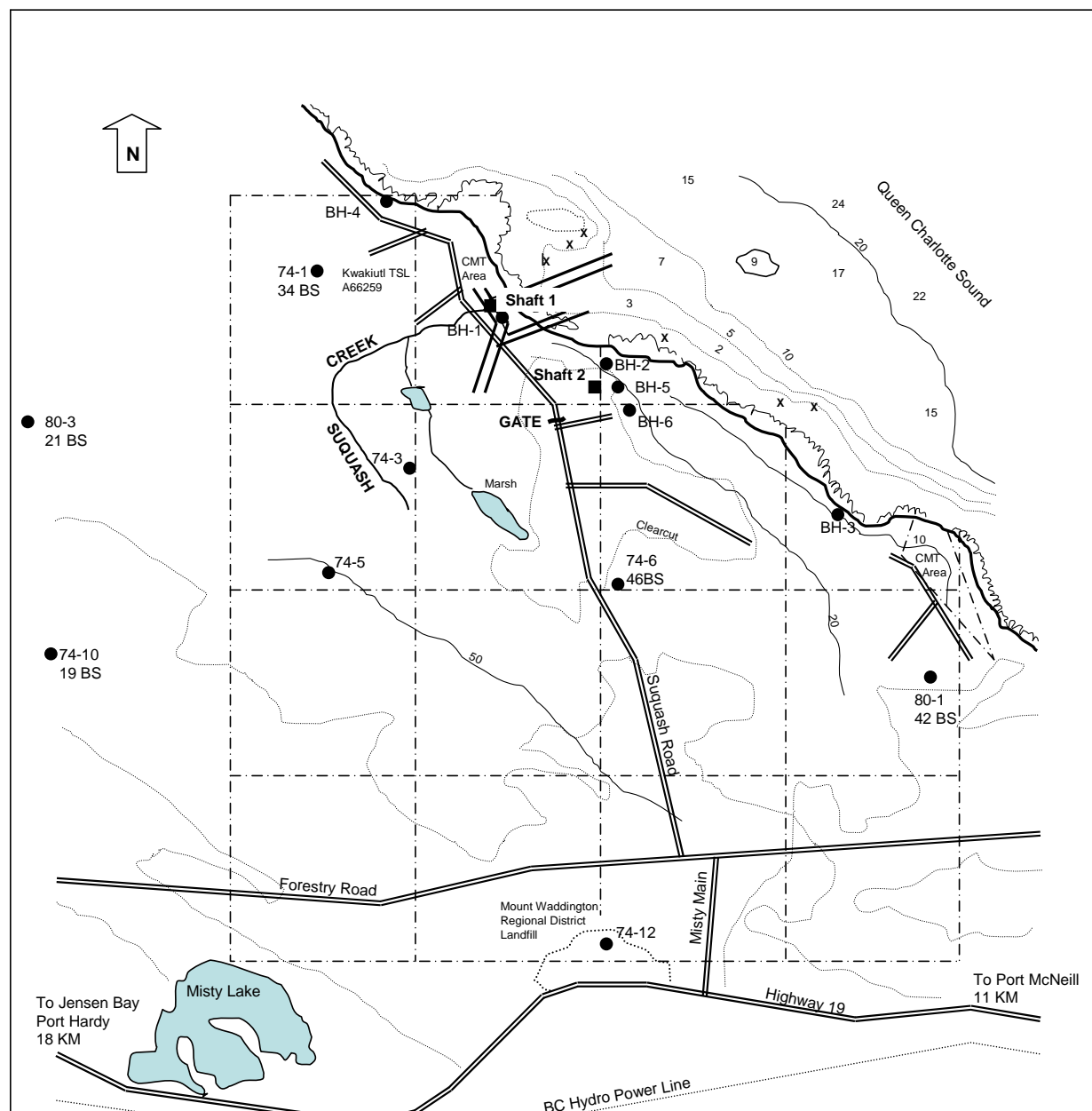
9.2 Property Geology

The Suquash property is central to an area of Upper Cretaceous beds situated on the northeast coast of Vancouver Island, between the towns of Port McNeill and Port Hardy. The Suquash Basin includes an area roughly 4 km wide by 32 km long. In addition, a large portion of the basin lies beneath the waters of Queen Charlotte Strait, Broughton Strait and the western part of Malcolm Island. The Suquash coal area is confined to the southwest by a major normal fault which has its down throw side to the northeast. The displacement of this fault is about 300 meters. Smaller northeast trending cross faults occur at both ends of the sedimentary area. Lone Tree Point and the point directly south of Suquash Creek are in a line of fault planes. The barrier reef to the east of Suquash Creek seems to be a north-south break and fault.

Most of the basin is bounded by faults but the amount of internal faulting is essentially unknown due to the paucity of rock exposures and marker horizons. However, general basin configuration and the results of past drilling suggest that faulting within the basin is not severe.

The site plan including the location of drill holes on the property are shown in Figure 7. The coal measures of the Suquash field are relatively flat. The coal seam mined dips slightly, about 4 degrees toward the north east. The roof and floor of the mine were practically level. The mine was relatively dry and required very little pumping. Water in the mine drained towards the bottom of the shaft. Ditches were cut along the underground haulage ways and cross cuts to keep the mine dry. Some dripping through the sides of the shaft was pumped out. When Suquash Collieries pumped water out of the mine in 1952, there was little water seepage into the mine.

Figure 8 Site Plan



BC Ministry of Energy & Mines geologists calculated that the Suquash mine area has the potential to generate significant quantities of coal bed methane. However the author's review of records of past operations and ventilation fan capacities indicates there were relatively small amounts of methane gas generated and the mine was easily ventilated.

The most recent past owner of the Suquash coal licenses tried to raise financing for gas exploration on the property. The Suquash Sub-basin is on the southern end of the Queen Charlotte Basin and is the only part of the basin that is partly on land. This basin has previously been identified as having a high potential for oil and gas.⁹ The basin has been compared to the Cook Inlet, Alaska, and southern California continental borderland based on similarities in tectonic history and structural characteristics. Oil bearing Neogene strike-slip basins occur in the California borderland region. However, differences in types of petroleum source rocks in the California and Queen Charlotte basins preclude making direct petroleum endowment comparisons between the two regions.

Electra has reviewed the drill core logs of deep wells drilled offshore in the Queen Charlotte Basin. All of these wells encountered multiple layers of coal down to a depth of 4,800 meters. An offshore well drilled by Shell in 1966, Sockeye B-10, found many coal seams and natural gas containing 78% methane, 12% ethane, 5% propane with no sulfur at a depth of 910 meters. This well also penetrated 40 meters of live-oil-stained Miocene sandstone. Oil staining was also found in Tertiary volcanic rocks and Neogene sandstones in wells drilled on the Queen Charlotte Islands. Indications of possible deep gas accumulations in Neogene strata have been identified on conventional seismic profiler in several offshore locations at a stratigraphic level similar to the Sockeye B-10 well show. The deepest hole so far drilled on the property was only 384 meters.

⁹ Hannigan, P.K., Dietrich, J.R., Lee, P.J., and Osadetz, K.G., Petroleum Resource Potential of Sedimentary Basins on the Pacific Margin of Canada, Geological Survey of Canada, Bulletin 564, July 12, 2001.

10.0 COAL DEPOSIT MODEL CONSIDERATION

The sediments in the Suquash area are from the Upper Cretaceous Nanaimo Group and belong to the Northumberland and DeCourcy Formations of Campanian age.¹⁰ These two formational divisions belong to the third depositional cycle in the Nanaimo Group sequence, occurring above the Extension-Protection and Comox Formations, which are well known and highly coal-bearing formations of the Nanaimo and Comox areas of east-central Vancouver Island. In the field the drab coloured sandstones and buff-weathering pebble conglomerates of the Nanaimo Group are not easily relegated to their respective formational units.

Earlier workers have correlated the coal-bearing sequence in this area to the Extension-Protection Formation. Steve Gardiner assumed that Muller relied on fossil dating to place the age of the Suquash coal-bearing sediments as slightly younger than the Extension Protection Formation. The quality of the coal at Suquash as documented by D.B. Dowling and others is that of slightly lower rank than Comox and Extension-Protection Formations which would tend to support Muller's conclusions¹¹ but definitive fossil evidence is lacking.

The drill records and the underground seam sections from the old mine workings indicate the coal was formed in a constantly changing depositional environment that caused numerous shale and dirt bands to appear throughout the seam section. The drilling shows that characteristic was not a localized feature that was coincidental with the original mine location. Based on drill core results it would appear that coal quality is enhanced to the south and east of the former mine.

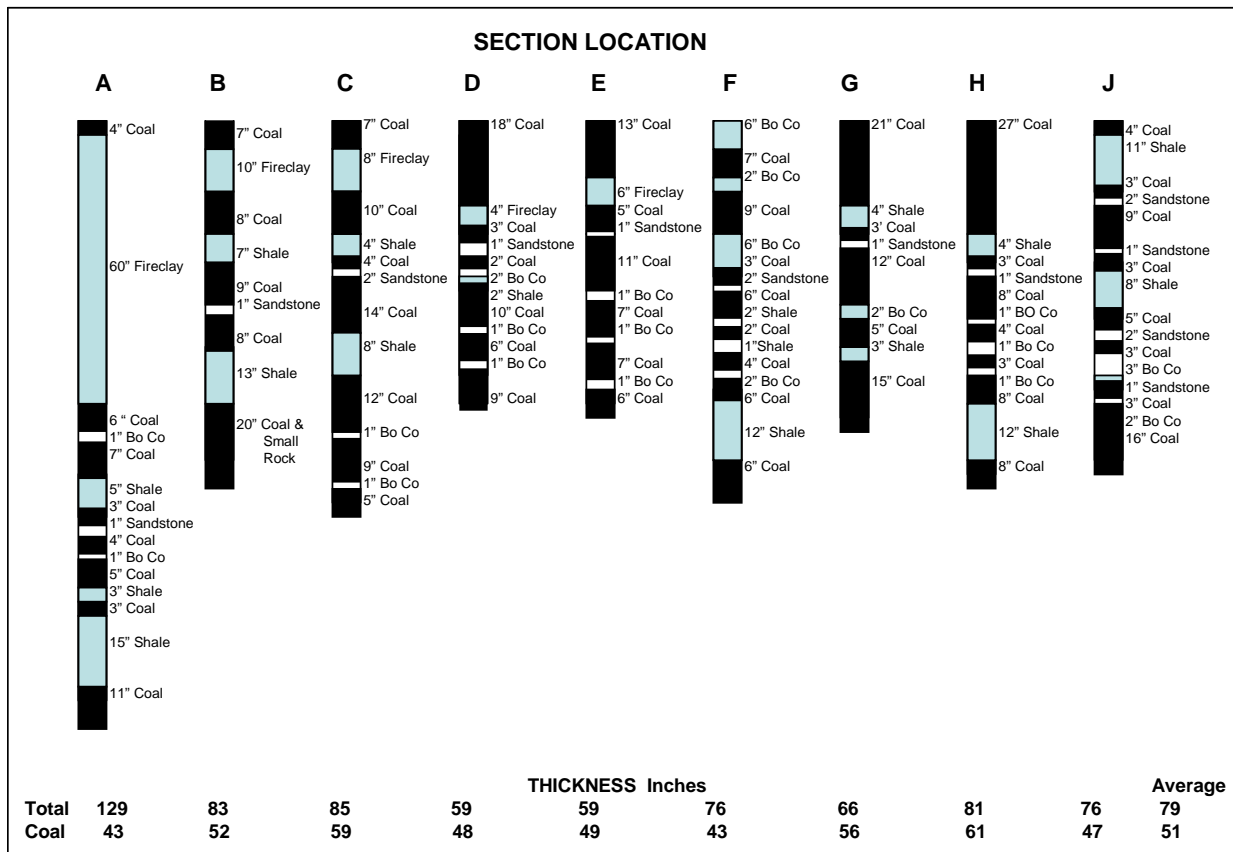
11.0 COAL MINE FACE SECTIONS

The coal face cross sections along the existing long wall and in two of the tunnels towards the sea are shown in Figure 8. The average coal thickness in these sections is 1.3 meters in a total seam of 2.0 meters. The seams are interspersed with beds of fireclay, shale, sandstone, and bone coal. Processing is required to produce coal that meets market specifications.

¹⁰ Muller, J.E., *The Geology of Vancouver Island*, 1977.

¹¹ Dowling, D.B., *Coalfields of British Columbia*, Geological Survey of Canada Memoir 69, 1915, p. 123.

Figure 9 Suquash Coal Mine Face Sections



12.0 EXPLORATION

Electra has not conducted any exploration since acquiring the project.

13.0 PREVIOUS DRILLING

Electra has not undertaken any drilling to date. Previous drilling is documented under History.

14.0 SAMPLING METHOD AND APPROACH

14.1 Schedule

Electra's initial emphasis has been on obtaining input and support from the Kwakiutl First Nation. The exploration schedule depends greatly on on-going and continued timely support from the Kwakiutl First Nation. Early engagement with the Kwakiutl First Nation has begun. In this regard Electra has met with the Chief and Council in Fort Rupert. At this introductory meeting, the Chief and Council indicated that they will support an exploratory diamond drill program. Electra's goal in the consultation process is to ultimately achieve a Project agreement that provides both economic and social benefits to the Kwakiutl First Nation by working together and following consultation protocols as we move through the exploration phase.

Electra's next step will be obtaining approval from government departments for the coal license applications. The three year project schedule is shown in Figure 10. The target is to complete a test slope and to take out a test shipment in August 2009. There is significant environmental data for the mine area but more data will be collected. An extended public input process is proposed. Electra's office in Port Hardy would be relocated for easier access to for people to review project information and provide input.

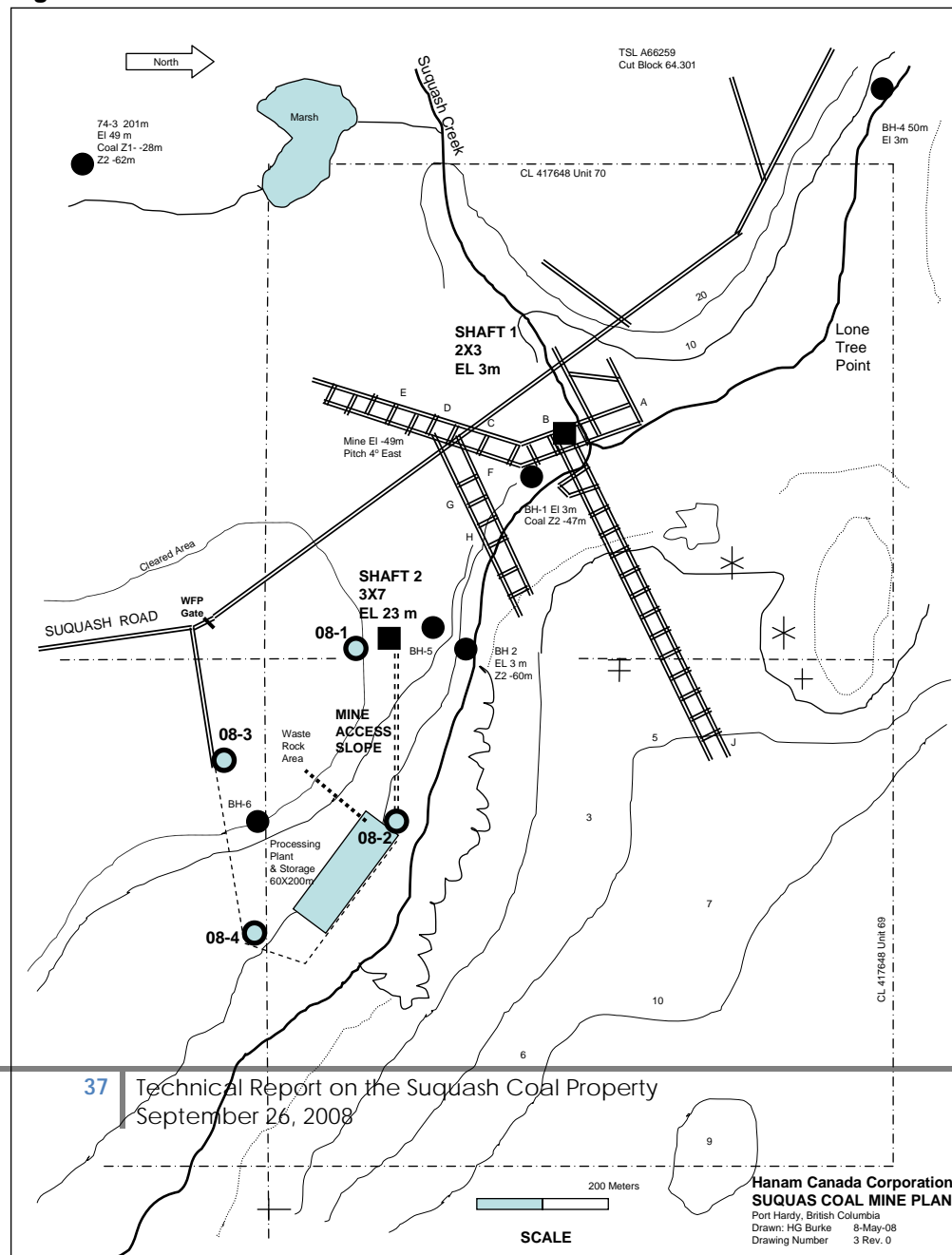
Figure 10 Project schedule

Task	2008				2009				2010			
	1	2	3	4	1	2	3	4	1	2	3	4
Kwakiutl support			X	X	X	X						
Customer support		x		X					x			x
Coal tenure approval				X								
Mapping, surveys				X								
Exploration drilling				X								
Pump out mine & inspect					X							
Construct access slope							X					
Mine planning		X	x	X	X	X	X	X				
Gather environmental data				X	X	X	X	X				
Draft environmental application.						X						
Public input				X								
Environmental application					x							
Public input			x	X	x	X						
Decision								X				
Detailed engineering								X	X			
Economic review									X			
Quality Tests				X			X	X				
Contracts									X			
Financing									X			
Equipment purchasing									X	X		
Construction									x	x	x	x

14.2 Site Plan

The recommended proposal to collect a bulk sample from the same coal seam previously mined that is about 52 meters underground as shown in the Mine Plan, Figure 9. Three to four new exploration drill holes, 08-1, 08-2, 08-3 and 08-4 are proposed in the vicinity of the former mine's partially completed number 2 shaft as shown. The results for boreholes BH 5 and BH6 near this shaft have been lost and the proposed drilling would provide new design information for a slope to access this part of the previous mine.

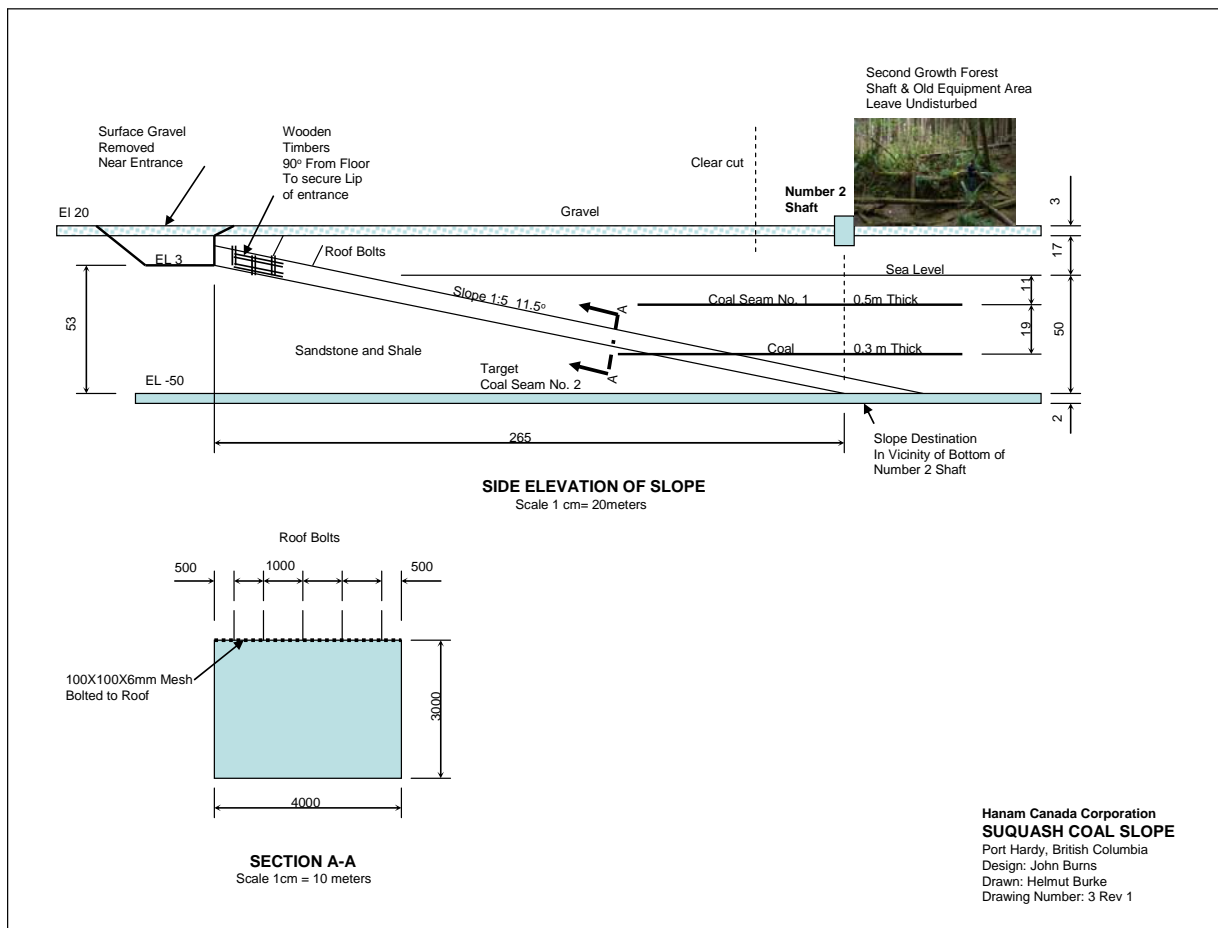
Figure 11 Mine Plan



The seam mined is about 2 meters thick overall with 1.3 meters of coal. The coal layers are interspersed with layers of shale, fireclay, bone coal, sandstone. These extraneous materials will be removed from the coal in a processing system.

Hope Engineering and H.N. Freeman proposed two parallel access tunnels as shown in figure 12.¹² The tunnels would each be about 3x3 meters in cross section and 25 meters apart. One tunnel would serve as the exit for the coal conveyor. The other would be the entry for personnel and equipment. Ventilation shafts would be from the surface. The length of the slopes would be 220 meters with the entrances located 3 meters above sea level and the coal seam 50 meters below sea level.

Figure 12 Mine Section



¹² Hope Engineering, Report for Suquash Collieries, Vancouver, April, 1953.

14.3 Drill core sampling and analysis

It is proposed that a total of 20 samples be taken from the three or four drill holes and sent to a recognized Laboratory for proximate analyses. Samples should be collected on the basis of coal content and physical characteristics wherever possible. Short sections of waste shale within a zone should be omitted from a sample (as might occur in a cleaning plant). For two samples an analysis of the coal ash should be made.

Wash tests for a representative sample from seam two should be conducted. These tests would include estimates of coal recovery as a function of ash content. The washability tests include data for coal characteristics at gradually increasing flotation medium specific gravity from 1.3 to 1.8. The fraction of coal recovered at each density of flotation medium is measured and an optimum medium density and coal recovery can be calculated for a particular sample. The ash quantity and composition is also affected by washing. Such tests can involve hundreds of proximate analyses including each coal fraction recovered but at this stage Electra is proposing to gather only some initial data.

The ash composition may determine the washing requirements for the coal. Some of the ash constituents are beneficial for cement making provided that the ash content is consistent and reliable. Sulfur in the coal often relates to strata immediately above and below the coal seams and can possibly be reduced by coal washing. Other chemically significant constituents: sodium/potassium, chlorine, phosphorus, magnesium and mercury will also be measured. Coking properties are not expected for this coal and therefore only a single Free Swelling Index test is required and other coking parameters will not be measured. Petrographic analyses are also not required at this stage.

14.4 Bulk Sample Mining Equipment

In driving the decline and mining the sample the same equipment would be used as required for subsequent coal mining operations. Hope Engineering proposed electrically driven all rubber tired equipment: a loader, two shuttle cars, a mining machine, drill, and car puller. Four operating units of this combination of equipment were proposed with each unit capable of producing 110,000 tonnes per year operating two shifts and 250 days per year. It was planned to remove heavy partings underground and to use them for roof support. A 900 mm belt conveyor was proposed to carry coal up the inclined tunnel to the mine portal.

A modern low clearance radio controlled continuous Joy mining machine is shown in Figure 13. It is equipped with a methane sensor, an explosion proof electrical motor and an integral roof bolting system. The machine requires up to 560 kw total power including two 150 kw cutting heads. There would be two 19 tonne capacity battery powered electric shuttle cars supplied by Phillips Machine Services Inc., Beckley, W.V. Each car operates a full shift without recharging.

For the sampling operation coal would be driven to the service. Later coal would be conveyed from the mine to storage piles on the surface. A suitable brake would be used to hold the belt in place during a power failure or other upset.

Figure 13 Mining equipment



Continuous Miner Joy 14CM
Source: <http://www.phillipsmachine.com/>



Mine entrance



Coal miner cutting drum



Coal car



Freeman calculated that the mine could be kept free of water by pumping four hours per day with a 200x100x200 millimeter (230 liter per minute) duplex pump and small auxiliary pumps in dip workings.¹³ The mine would have a dual air supply system with a capacity of 600 cubic meters per minute each. The air would be supplied by a forced draft fan and exhausted through a shaft to the surface with an induced draft fan. The air flow velocity would be reduced to less than 0.25 meters per second in the underground belt road. Safety interlocks would shut down mining if the fans fail.

¹³ H.N. Freeman, Report to Squash Collieries, Vancouver, Nov. 7, 1952.

Water will be used in various processes, dust suppression, and possibly domestic uses of mine personnel. Rain water from the process building roof, drainage from underground workings, and well water will be stored in a reservoir. Clean water overflowing from the reservoir would be released at a controlled rate to an existing intermittent creek.

For the proposed exploration and sampling program electricity would be generated on site. For subsequent mining, electricity would be purchased from BC Hydro's transmission line located 3.3 km from the mine. BC Hydro's line in this area has ample excess capacity for up to 70 MW of electricity load that was formerly used by the copper mine in Port Hardy. The main transformer for the underground equipment would be 5 MVA. The voltage of underground equipment is usually 1000 volts. All underground wiring, transformers, safety circuit center equipment, motors, lighting fixtures, air regulating devices will be of permissible design and installation as required by BC Department of Mines' regulations.

The underground equipment including the continuous miner, roof bolter, shuttle cars, and conveyors, would operate at 600 volts. The electrical equipment at the face and the coal returns is explosion proof, Class I, Division 1. The other electrical equipment is Class I Zone 2. A gas monitoring system is used at the mining machine and throughout the mine. The continuous miners automatically shut down if the methane concentration exceeds 1%. Modern starters including soft start systems and multi frequency motors would be used to reduce the peak power demand. The mine ventilation fans, crushers, screens, cleaning plant, offices and shop would operate at 600 volts.

14.5 Waste management

An environmental management system, waste management plan, water management plan, and reclamation plan will be prepared. The main waste will be sandstone and shale partings in the coal seam separated from the coal. A plan will be developed for suitable disposal of this material. Previous mining plans proposed that a significant proportion of this material can be left underground. At the Quinsam Coal mine in Campbell River, this waste material is stored under water in shallow lagoons. One possibility being considered is to dispose of this waste material in a separate cell or inorganic filler within the Mount Waddington Regional District's landfill 3 kilometers away.

Sprinklers will be used to minimize dust from the waste rock area. Contained conveyors and chutes will minimize dust for similar barge loading. The BC dust fall guideline is a maximum of 1.75 mg/dm²/day.

Hazardous materials such as used oil, antifreeze, hydraulic fluid, solvents and other special wastes will be contained in appropriate holding tanks prior to disposal according to regulatory requirements. An outside recycler will be contracted to collect and recycle as many of these fluids as possible. A disposal plan that meets the requirements and regulations of the Province will be developed for the fluids that are not recycled.

Domestic waste accumulated from the mine operations will be taken to the Regional District's landfill. Recyclable material including scrap metal, batteries, and tires will be recycled by outside contractors. Liquid waste sewage from the offices, shops the wash plant, and camp site will be collected and treated in a sewage treatment plant. The design of the sewage treatment system will conform to the requirements and regulations governing sewage disposal systems in the Province of BC.

15.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

Coal processing and storage would be in a building near the mine portal. The building would include offices, a wash house, repair shops, and first aid station. Coal will be conveyed to a feed hopper and crusher. In addition to sizing the coal, the crusher simultaneously removes any material that resists breakage such as rock, slate, tramp iron or timber. A grizzly screen with an aperture of less than 200 mm would be installed above the hopper to stop large rocks and for safety. Coal from the crusher would be conveyed to a raw coal pile. Water sprays would be used to minimize dust.

Coal cleaning will be simulated in the laboratory using lab air separation and flotation apparatus. In Phase 2 the coal sample would be cleaned in on-site leased equipment. Raw coal for the cleaning plant will be screened into three sizes. Coal would be reclaimed from the pile, screened and cleaned in a test model of an air cleaning system shown in Figure 14 developed in by Tangshan Shenzou Machinery Co. Ltd., Tangshan, Hebei, China. Coal fines would be cleaned by column flotation.

The fine coal would be cleaned by flotation and then added to the other fractions. All coal would be combined and sent to two storage piles. Clean coal would be loaded onto trucks and delivered to the barge loading site. Rejects from the crusher, air cleaners and flotation cells would be conveyed to outside piles and trucked to a waste rock disposal site. A zero discharge water storage,

treatment and recirculation system will be designed for closed loop water recirculation.

Figure 14 Coal screening and cleaning equipment



Coal Screen
Source: <http://www.tsganxuan.com>



Air cleaning system
Source: <http://www.tsganxuan.com>



Coal Fines Wash column
<http://www.cpti.bc.ca/files/coalpro.html>

16.0 DATA VERIFICATION

The author's work on the property and research for this report included:

1. Three site visits in May, July, August and September, 2008.
2. Reviewed all past Assessment Reports, which are available from the BC government website
3. Reviewed the results from the ten past drill holes which are given in a previous section of this report.
4. Reviewed the geological mapping done in the past and verified the location of the coal showings.
5. Compared some of the coal samples taken in 2008 with past assay results.
6. Examined outcrops of seam 1 on the beach , in Suquash Creek, and in the cliff along the beach.

None of the core from past drilling is presently available but some reports of Suquash core being stored in the Charlie Lake facility will be investigated.

As a result of this review, the author has no concerns about the reliability or of the samples taken or the assays completed. Future sample programs should include wash tests for the coal and ash analyses.

17.0 ADJACENT PROPERTIES

The property immediately to the north of Electra's tenures is held by Offshore Oil & Gas Corp. Ltd. of Vancouver. This company appears defunct. The property is 8.6 by 8.3 km and has been issued Oil and Gas Title number 21557 by BC Energy & Mines Oil Titles Division. The title was issued in 1966 and has not been required to be kept current because there is a provincial and federal government moratorium on offshore oil and gas exploration. About 10% of the property is on land adjoining the Suquash Licenses and the remainder is in Queen Charlotte Strait.

Mineral rights for most of the coal license area are held by Electra. However, a 75 hectare block in the northwest corner of the licence area including the part of Suquash Creek that is west of Suquash Road is held by Amar, Worldwide Graphite Producers Ltd., Toronto. The mineral title number for the Suquash Creek property is. The Amar tenure includes a marshy area that is drained by Suquash Creek. No surface operations are planned in the vicinity of this tenure and it should have no impact on coal exploration or mining.

18.0 MINERAL PROCESSING AND METALLURGICAL TESTING

18.1 Historical Coal Quality Laboratory Testing

Available coal quality data are summarized in Table 5. The grab sample was taken at the foot of the coal shaft. The channel sample of coal represented 119 cm in the total seam thickness of 198 cm. All heavy partings were discarded. The coal has a high volatile content, medium ash content, and less than 1% sulfur. It is jet black with a bright luster. The sandstone and clay partings do not adhere too hard to the coal and can be separated physically or by crushing and washing. Based on past physical and chemical analysis the Suquash coal is very similar to coal mined near Campbell River. The author did not find any coal ash analyses and the ash analysis shown in Table 4 is for coal mined at Campbell River not Suquash Coal. Coal ash composition is an important quality criterion for cement plant customers.

There are 69 coal test reports from Commercial Testing, North Vancouver, done for Dolmage Campbell and Associates Ltd., for BC Hydro, in 1974. These results were for blends of drill cores on or near the property. Most of the drill cores were taken some distance away and at lower elevations than the previous mine. Since there are many partings in the coal, the results for a combined core give much higher ash and sulfur contents.

Table 5 Average Coal Quality Seam 2

	Units	Pacific Coast Coal 1912	BC Mines Report ¹⁴ 1915	Coniagas Mines 1921	Coniagas Mines 1921	Suquash Collieries Channel Sample ¹⁵ 1952	Suquash Collieries Sample Shaft 1952
Depth	m		52			52	52
Thickness	m					1.2	-
Bulk Density	t/m ³	1.2					
Moisture (as received)	%	3.5	5.0	5.0	5.7	8.7	5.7
Volatile Matter	%	47.4	41.5	37.6	36.7	36.0	36.2
Fixed Carbon	%	31.9	46.5	46.3	43.1	46.3	47.1
Heating Value	BTU/lb					11,200	11,580
	Kcal/kg					6,220	6,430
Ash	%	16.0	6.9	10.7	14.5	9.0	11.0
Sulfur	%	1.2		1.0	1.3	0.4	0.98
Chlorine (dry ash free basis)	%					<0.02	
Phosphorus (dry ash free)	%					<0.04	
FSI	-					1.5	-
Hargrove index	-					42.9	
Yield	-					-	74.9
Ash Fusion	°C						1354
Ash Analysis							
SiO ₂	%					35.0	
Al ₂ O ₃						25.3	
Fe ₂ O ₃						15.7	
CaO						16.6	
MgO						0.3	
Na ₂ O						0.2	
K ₂ O						0.1	
TiO ₂						1.6	
P ₂ O ₅						0.6	
SO ₃						4.1	
Undetermined							100.0

18.2 Proposed Coal Quality Lab testing

Drill core sample analyses at an independent coal testing laboratory are recommended for both the coal characteristics and ash characteristics.

Tests are required to determine the washing characteristics of the coal. The BC Hydro studies seem not to have considered washing the coal and no wash test results were found. Pacific Coast Coal reported the coal can be easily washed

¹⁴ Dowling, D.B., *Coalfields of British Columbia*, Geographical Society of Canada Memoir 69, 1915, Suquash Coal, p. 123

¹⁵ Hope Engineering Ltd., *Report on Vancouver Island Coal Holdings of Suquash Collieries Ltd.*, 1953 p. 26.

although they did not need to use a wash plant. They manually separated the coal from the waste. The wash tests are important in predicting the marketable coal recovery from the coal brought to the surface.

For planning purposes the author estimates an underground recovery of 55% to 75% and a wash plant recovery of 60%. This results in an overall recovery of 33% of the number 2 coal seam. Although these forecast recovery rates seem reasonable they should be confirmed by testing.

18.3 Coal Testing by Customers

Historical reports from past customers indicate the coal burns into a light flowery ash of grayish color. It burns with a light longish hot flame with very little smoke. People who burned run-of-mine samples taken from the mine in 1952 in their boilers, such as H.N. Freeman, of Vancouver, found the coal to very satisfactory. It produced relatively little ash and clinker. The coal is firm and hard in structure and was suitable for producing the more valuable stoker and lump coal. A ready market was found for mine-run coal. Tests were run on tow boats and other boats and satisfactory performance was achieved.

Electra is proposing to obtain a 5% share of the 4.4 million tonnes, \$216 million per year coal purchases by customers in the Pacific Northwest. Potential customers, competitors, quantities and prices are summarized in Table 5. The most dominant buyer is Transalta Utilities' large power station at Centralia, WA, 85 km south of the Port of Tacoma. The three cement companies, LaFarge, Lehigh, and Ashgrove, receive part of their coal by barge. Electra is trying to win the support of one of these companies for testing coal samples. The company already supplies raw materials to two cement companies.

Table 6 Potential customers for samples 2008

Customer	Current supplier	Amount 1000 t/y	Price \$US/t	\$US Million/y
<u>Barge deliveries</u>				
Transalta Utilities, Centralia	Peabody, Rio Tinto	4,000	47	188
LaFarge, Seattle, Richmond, Kamloops	Hillsborough, Peabody	150	65	10
Lehigh Cement, Delta	Hillsborough	120	65	8
Ashgrove Cement, Seattle	Hillsborough	80	65	5
Graymont Lime, Clinton, Tacoma	Elk Valley, Peabody	20	70	2
Catalyst, Campbell River	Hillsborough	10	45	1
Other	Hillsborough, Compliance, Elk	<u>30</u>	70	<u>2</u>

Subtotal	Valley	4,410	216
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19.0 COAL RESOURCE ESTIMATES

Electra has not undertaken any independent investigation of the resource estimate nor has it independently analyzed the results of the previous exploration work in order to verify the classification of the resources, and therefore the historical estimates should not be relied upon. However, the author believes that the historical estimates, particularly those of Mr. Gardiner, provide a conceptual indication of the potential of the property and are relevant to ongoing exploration.

20.0 OTHER RELEVANT DATA AND INFORMATION

20.1 Soils and leaching potential

The Podzollic soils in the area are formed under cold and temperate coniferous forests from the degradation of needles. The acidic needles results in acidic soils best suited to the growth of similar species of trees. The organic horizons consist of a thin litter comprised of needles and discolored mosses, a thin non-compacted matter layer with some mycelia and a horizon of variable thickness comprised of fine substances and numerous pieces of decomposing wood or logs. Roots are frequently present ranging in size from 1mm to 30 mm in diameter. Roots are usually limited to depths of 2 to 20 cm as fine materials restricted deeper root penetration. Past mine operations have not generated acids or significant metal leaching. Site drainage will be planned so that sediment ponds control seepage and waste dump drainage. At nearby underground coal mines, metal concentrations are below Canadian guidelines for the protection of aquatic life.

20.2 Vegetation and forest cover

Part of the project area is covered by second growth western hemlock and Amabilis fir forest. Shrubs, flowering plants, ferns, sedges, grasses, lichens and mosses comprise the understory plants. Salal occupies a high percentage of the ground cover. Early vegetation stages (.e.g. shrubs, sedges) produce deer forage in early spring and later summer. Preliminary inquiries indicate there are no known occurrences of rare, threatened and endangered species in the project study area. One blue-listed community Western red cedar, Sitka spruce skunk cabbage, occurs on the south side of the property in the vicinity of small ponds.

20.3 Wildlife and birds

Suquash Creek and its estuary provide wildlife and bird habitat and would not be disturbed. Existing trees and vegetation would be left as is providing a buffer separating the creek from above ground mining activities. The marshes between the road and Suquash Creek may provide habitat for amphibians and other species. To protect this habitat, there would be no construction west of the road. Part of the project area consists of young forest habitat which offers black-tailed deer shelter from predators, precipitation and wind. Bears may forage when salmon enter the creek and in the intertidal zone.

The most common breeding bird species in the area are: Winter Wren, Golden Crowned Kinglet, Chestnut-backed Chickadee, Swainson's Thrush, American Robin, Townsend's Warbler, Pacific-slope Flycatcher, Hermit Thrush, Orange-crowned Warbler, and the Fox Sparrow. Additional breeding bird species observed included Bald Eagle, Canada Goose, Common Loon, Common Raven, Common Yellowthroat, Glaucous-winged Gull, Great Horned Owl, Northern Flicker, Northwestern Crow and red-breasted Nuthatch. Harlequin Ducks are present in nearby bays and river estuaries. It is possible they may also use areas near the former mine. This species may soon be listed as being of Special Concern.

20.4 Aquatic setting, surface and ground water

There are two small marshes located about 1 kilometer south of the mine that drain westward to the Creek. Most of the property is about 20 meters above sea level. There is gentle drop from 10 meters elevation to the ocean over about 200 meters. The surface water south of the -sandstone below.

21.0 INTERPRETATION AND CONCLUSIONS

The author's interpretation of past exploration data is that there may be an in-situ coal resource of 11.2 million tonnes that should provide 3.7 million tonnes of saleable coal. This resource is sufficient to supply two cement plant customers for about 15 years. Whether such a small scale mining operation would be economic depends on a variety of factors beyond the scope of this report.

There are a number of environmental issues that require further investigation most notably the location and method of disposal of waste rock and tailings from coal cleaning.

The author concludes:

- 1) Further drilling is warranted in order to provide more data to design and construct an exploration decline for bulk sampling the former Suquash Coal mine 25 km east of Port Hardy. This conclusion depends on the company obtaining a letter of support from the Kwakiutl First Nation subject to a number of social, economic, and environmental conditions.
- 2) A bulk sample from the former coal workings at 50 meters below sea level should be extracted in order that customers can test the coal and measure its performance relative to competitive supplies. The sample would also provide a basis for estimating saleable coal recovery rates.
- 3) Baseline environmental information is needed in order to plan for waste rock and tailings disposal.

22.0 RECOMMENDATIONS

22.1 Mapping

An initial mapping project should be undertaken for the lease area as far south as Highway 19 and the parallel BC Hydro Power line approximately as shown in Figure 7. A larger scale map should be made for the area near the existing two shafts and underground workings including data from the historical mine survey maps approximately as shown in Figure 11. The maps should include:

- Coal licence grid and boundaries
- Portion of adjacent oil and gas license boundary
- Surface mineral titles boundaries on the coal property
- Undersea outcrop about 3 kilometers from shore
- Former access shafts, mining equipment still in place, and trails
- The underground tunnel locations based on historical maps confirmed by surface tests
- Land and hydrographic contours
- Seasonal marshes and small unnamed creeks
- The extent of past logging operations and logging roads
- Archaeological information
- Past drill hole locations

- Suquash Road, Misty Main, and the Western Forest Products' Road

22.2 Drilling program

An initial diamond drill program of two or three holes each 100 meters and one hole totalling 300 metres should be undertaken in the vicinity of the number 2 shaft. Data from these holes would be used to assist in determining the optimum location for the decline to the number 2 coal seam. The specific locations of the proposed holes would be determined following the mapping program.

If Electra can acquire the subsurface oil and gas rights to the coal license area, then an industry partner should be recruited to extend the depth of one well to 1,000 meters in order to penetrate potential gas bearing strata. This deeper well should be a separately funded venture.

22.3 Seismic Program

Although the Ministry of Energy & Mines normally issues oil and gas subsurface titles by a public auction process Electra has submitted an Expression of Interest to acquire the subsurface rights in exchange for conducting a seismic exploration program. This program would supplement coal drilling results and is recommended in order to secure the subsurface oil and gas rights to the property.

The seismic testing would consist of setting off dynamite charges on the surface or using vibrating head at the surface and recording seismic waves at detectors placed at bottom of the coal exploration drill holes. Results on underground formations would be obtained for a distance around the wells equal to about half their depth.

22.4 Budget

An exploration program including: geological compilation, mapping of all previous work to common scales, grid, and diamond drilling. Some preliminary archaeological and environmental baseline studies are also proposed.

For the nearby Orca Sand & Gravel project seismic surveys were carried out by Frontier Geosciences Inc. Drilling and sampling was by Lane Christensen Co., drilling contractor. Past coal testing was by Commercial Testing & Engineering Co., North Vancouver. We have obtained unit prices site preparation, road

work, drilling and blasting from Rockpro, Port Hardy. This company is a contractor for other Electra projects in the area.

Table 7 Exploration Budget

STAGE 1		
Geological mapping	10,000	
Base map detail	8,000	
Planning, selection and site confirmation	7,500	
Compilation, digitization	4,000	
Characterization and analysis of coal	3,500	
Consulting, supervision and reports	<u>8,000</u>	45,000
Surface diamond drilling	54,000	
600 meters @\$90/meter, Includes drill moves & Mob & demob, consumables, grease, boxes	6,000	
Characterization, coal analyses and washability tests	10,000	
Consulting, supervision and reports	24,000	
Access road improvements and excavator standby	20,000	
Trenching	5,000	
Report Preparation, Program Supervision	<u>25,000</u>	
		<u>125,000</u>
Stage 1 Total		195,000
(Seismic Testing if required - \$50,000)		
STAGE 2 Contingent on results of Stage 1		
Access to slope	20,000	
Drive decline 250 meters X \$2,000/meter (probably high)	435,000	
Coal sample extraction	240,000	
Coal crushing and washing	90,000	
Coal transport	20,000	
Coal quality testing	10,000	
First Nations consultation and studies	35,000	
Archaeological and environmental studies	20,000	
Consulting, Supervision, Reports, Permitting	<u>30,000</u>	
Stage 2 Total		<u>900,000</u>
Stage 1 & 2 Total		\$ 1,095,000

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24.0 DATE AND SIGNATURE

This report is respectfully submitted this 15nd day of September 2008.

J. T. Shearer, M.Sc., P. Geo.

25.0 STATEMENT OF QUALIFICATIONS

I, J. T. (Jo) Shearer, M.Sc., P.Geo., of Unit 5 – 2330 Tyner St., Port Coquitlam, B.C. V3C 2Z1 do hereby certify that:

I am an independent consulting geologist and principal of Homegold Resources Ltd.

This Certificate applies to the Technical Report titled: TECHNICAL REPORT ON THE SUQUASH COAL PROJECT, NANAIMO MINING DIVISION, Prepared for Electra Gold Ltd., Port coquitlam, B.C., Prepared by myself, J. T. SHEARER, M.Sc., P.Geo., Consulting Geologist, #5-2330 Tyner St., Port Coquitlam, B.C., V3C 2Z1 dated September 15, 2008 (the Technical Report).

My academic qualifications are as follows: Bachelor of Science, (B.Sc.) in Honours Geology from the University of British Columbia, 1973, Associate of the Royal School of Mines (ARSM) from the Imperial College of Science and Technology in London, England in 1977 in Mineral Exploration, and Master of Science (M.Sc.) in Geology from the University of London, UK, 1977

I am a Member in good standing of the Association of Professional Engineers and Geoscientists in the Province of British Columbia (APEGBC) Canada, Member No.19279 and a Fellow of the Geological Association of Canada, (Fellow No. F439)

I have been professionally active in the mining industry continuously for over 30 years since initial graduation from university and have worked on several nearby mineral properties.,

I inspected the Suquash Coal Property most recently on September 25, 2008.

I have read the definition of "Qualified Person" set out in National Instrument 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" for the purposes of NI 43-101.

I am responsible for the preparation of all sections of the technical report entitled "Technical Report for the Suquash Coal Property" dated September 26, 2008.

I am independent of the Issuer in all respects with reference to NI 43-101, Section 1.4

I have not had prior involvement with the property, which is the subject of the technical report.

I have read the NI 43-101 and this technical report has been prepared in compliance with this Instrument

That as of the date of the certificate, to the best of the my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

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, of the Technical Report.

Signed and dated in Vancouver B.C.

Date

J.T. (Jo) Shearer, M.Sc., P.Geol.