

PROSPECTING REPORT
ON THE
MALIBU GOLD PROPERTY
JERVIS INLET, BC
NTS 92J 4 West
Lat. 50°8'N Long. 128°51'W

JULY 9, 2008

By:

James Laird, Laird Exploration Ltd.

For

Flex Fuels Energy Inc.

EVENT # 4188883
GEOLOGICAL SURVEY BRANCH
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EXECUTIVE SUMMARY

- 1.** The Malibu Gold Property is located near the head of Jervis Inlet, about 110 km northwest of Vancouver, BC. Access is by float plane from Vancouver or Sechelt, or by boat from Egmont or Pender Harbour on the Sechelt Peninsula. The Malibu Gold Property comprises one MTO mineral claim containing 8 cell claim units totaling 165.685 hectares.

- 2.** The Upper Jervis Inlet area is underlain by a variety of Jurassic to Tertiary granitic intrusives of the Coast Plutonic Complex. The granitic rocks intrude and metamorphose Jurassic to Lower Cretaceous argillaceous sediments and andesitic to felsic volcanics of the Gambier Group. The Gambier Group hosts the 60 MT Britannia copper, zinc, lead, silver, gold deposit on Howe Sound about 80 km to the southeast.

- 3.** The Malibu Gold Property hosts gold and base metal deposits within quartz veins and quartz-filled shear zones. Two short tunnels have been driven on the mineralized areas, exposing shear and vein-hosted gold, silver, copper, lead and zinc in the #1 adit, and a high-grade gold-quartz vein in the #2 adit. A small amount of visible gold was seen in the #2 adit vein, which can be followed for at least 50 metres along the shoreline.

- 4.** A proposed work program includes construction of a control grid, geological mapping and rock sampling, a soil and silt geochemical sampling program, EM and magnetometer geophysical surveys, and rock trenching. Based on a compilation of these results, a diamond drill program will be designed to explore and define the potential resources.

1.0 INTRODUCTION

1.1 Terms of Reference

This prospecting report is a summary of a field program initiated in May, 2007 on the Malibu Gold Property located near the head of Jervis Inlet, about 110 km northwest of Vancouver, BC. Historical information from Laird Exploration Ltd. files, the BC Department of Mines, the Geological Survey of Canada and other sources has been reviewed and used where pertinent.

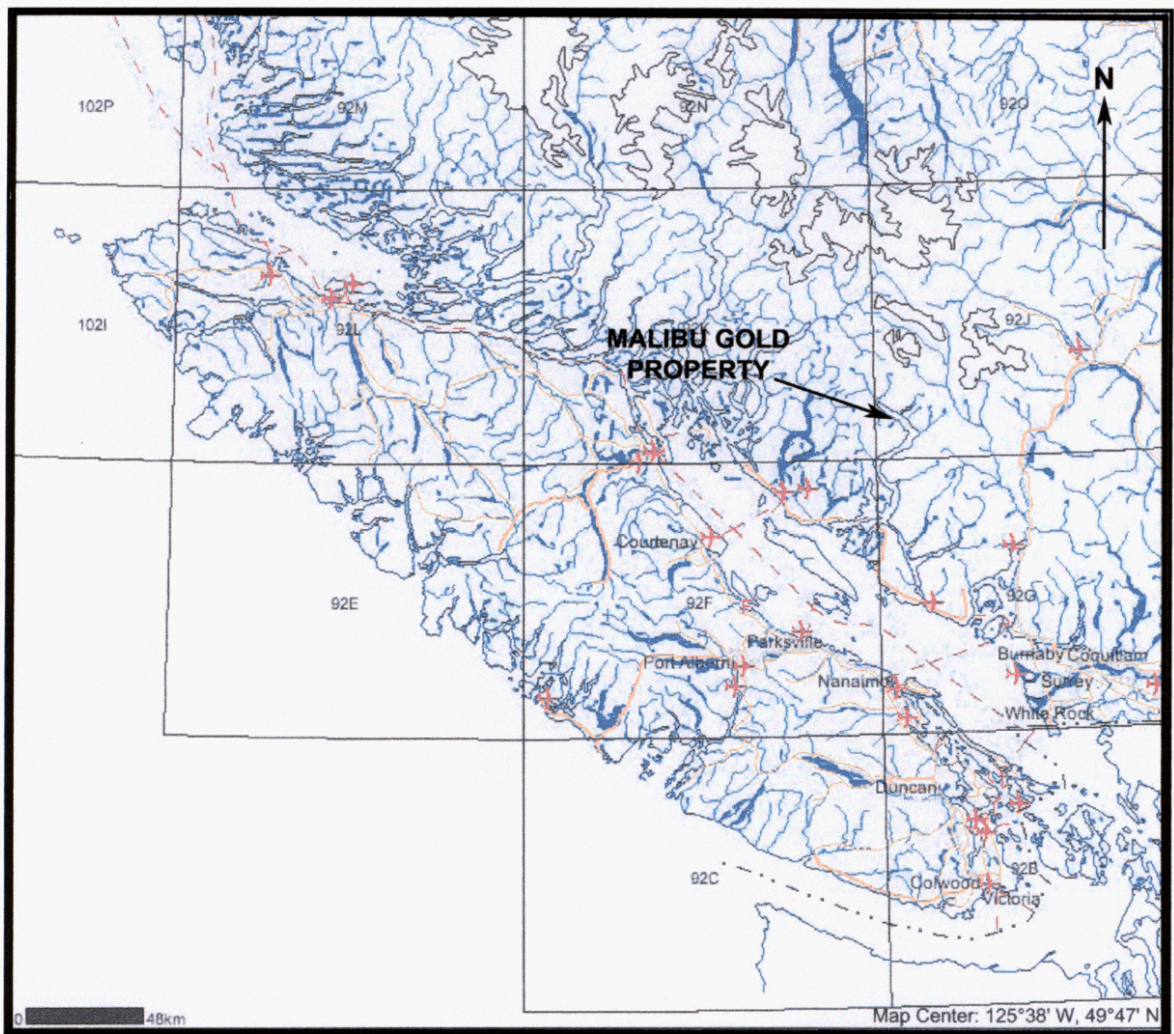


Fig. 1

MALIBU GOLD PROPERTY BC LOCATION MAP

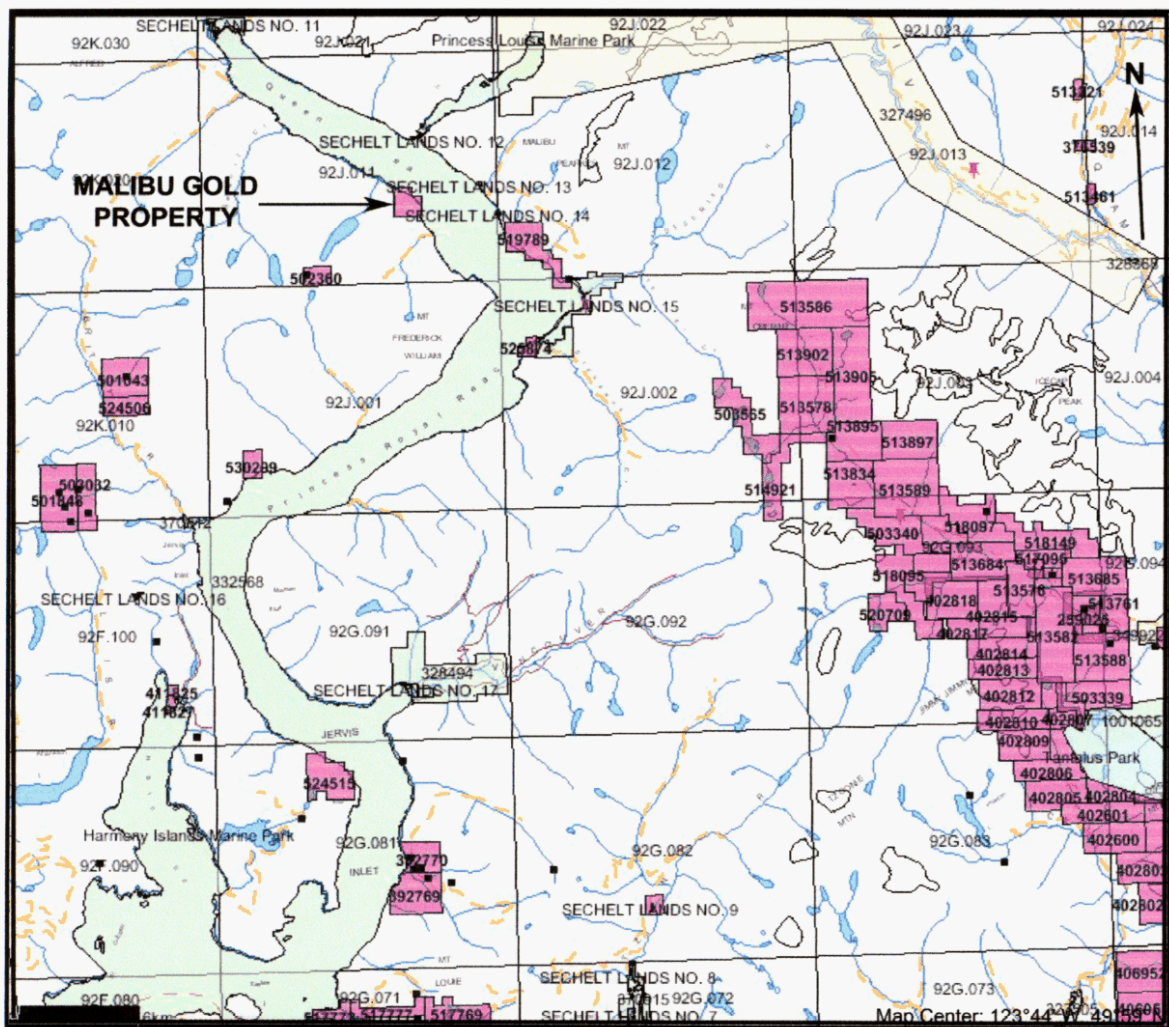


Fig. 2

MALIBU GOLD PROPERTY REGIONAL LOCATION MAP

1.2 Location and Access

The Malibu Gold Property is located approximately 110 km northwest of Vancouver, BC, and 75 km north of Sechelt, BC. The property is situated on the south side of Queen's Reach on upper Jervis Inlet, due south of Malibu at the entrance to Princess Louisa Inlet.

Access is by float plane from Vancouver or Sechelt, or by boat from Egmont or Pender Harbour on the Sechelt Peninsula. Several campsite locations with good water supplies can be found within a few kilometers of the property. Supplies and services are available in Egmont or Pender Harbour.

1.3 Topography, Climate, Vegetation

The topography along Jarvis Inlet extends from sea level to mountain tops in excess of 2000 metres elevation. In the vicinity of the old mining tunnels on the Malibu Gold Property, short, steep cliffs extend to tidewater, but elsewhere on the property slopes are more manageable.

The climate is typical of the West Coast of BC, mild and wet overall with some snowfall in the winter months. The summers are usually warm with less rainfall, and year-round work is possible on the property. Vegetation is a dense growth of coniferous forest, with cedar, fir, spruce, alder and maple trees. Ground vegetation is usually salal and various berry bushes.

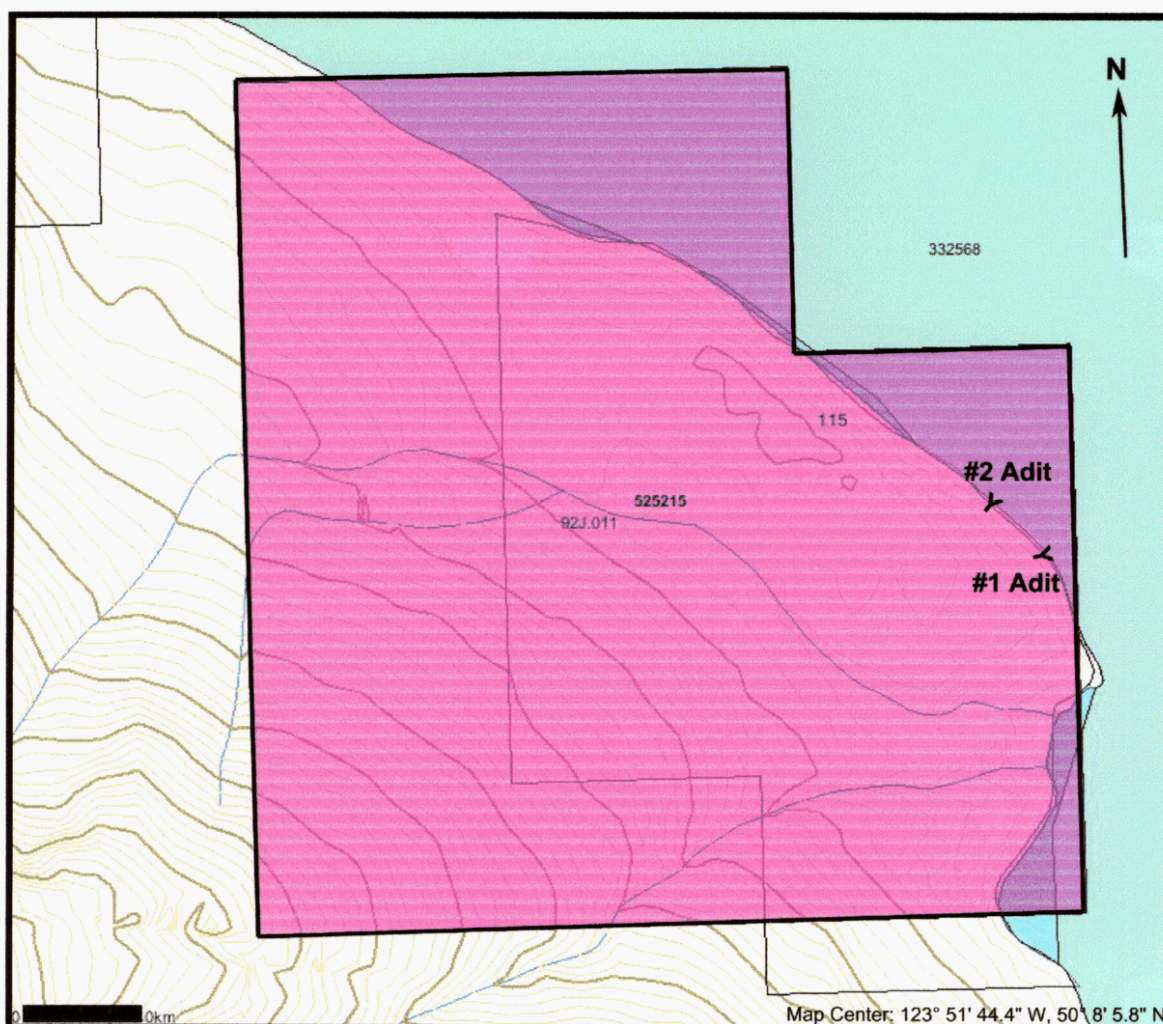


Fig. 3

MALIBU GOLD PROPERTY MAP

1.4 Property Status

The Malibu Gold Property comprises one MTO mineral claim containing 8 cell claim units totaling 165.685 hectares.

BC Tenure #	Staking Date	Total Area (Ha.)
525215	Jan. 12, 2006	165.685



Fig. 4

MALIBU GOLD PROPERTY

1.5 Previous Work

The Malibu Gold Property has at least one adit dating prior to 1907, when the first and only mention of the working was made in a Geological Survey Report dated 1908. GSC geologist O. E. LeRoy noted that pyrrhotite and chalcopryrite occurred along a diorite/slate contact and a 9 metre long adit had been driven on the zone. A second 2 metre long adit nearby was not mentioned, so it may post-date LeRoy's visit.

There are physical work records of additional development being done in the property area during the 1940's, but the prospector's hand-drawn maps attached do not show exactly where the development is in relation to recognizable land features. This work apparently consisted of at least

four shafts up to 6 metres deep and a 30 metre long trench. The claims were named the Churchill V, Four-Leaf Clover and Reynoldstown, owned by William Haddock of Pender Harbour.

Laird Exploration Ltd. first explored the property area in 1983 as part of the BC Prospector's Grant Program. Several assays were taken and the area was geologically mapped. Two assays from the #1 adit gave moderate values in gold, silver, copper, lead and zinc. The maximum gold assay was 0.08 oz/t Au. The #2 adit was driven 2 metres on a shallow-dipping 0.30 to 1.3 metre wide quartz vein with arsenopyrite, minor pyrite, chalcopyrite and native gold. The vein pinches and swells and can be followed for at least 50 metres along the shoreline cliffs. The #2 adit gave a gold assay 0.72 oz/t Au, with minor values in cobalt, copper and bismuth.

The location was sold by Laird Exploration Ltd. to Oriole Resources Ltd. in 1988. A work program consisting of geological mapping, rock sampling, and a soil geochemical survey was completed in 1988. The #2 adit gold values were confirmed by assay and additional gold-bearing areas were located at the #1 adit. The soil grid showed a 200 metre-long gold anomaly extending northwest uphill from the #1 adit, with values up to 3710 ppb (3.7 g/t Au or 0.11 oz/t Au) in soils. Additional work was recommended but no further work has been recorded on the property since 1988. Although poorly documented, there has clearly been in excess of \$100,000 spent on property development to date.

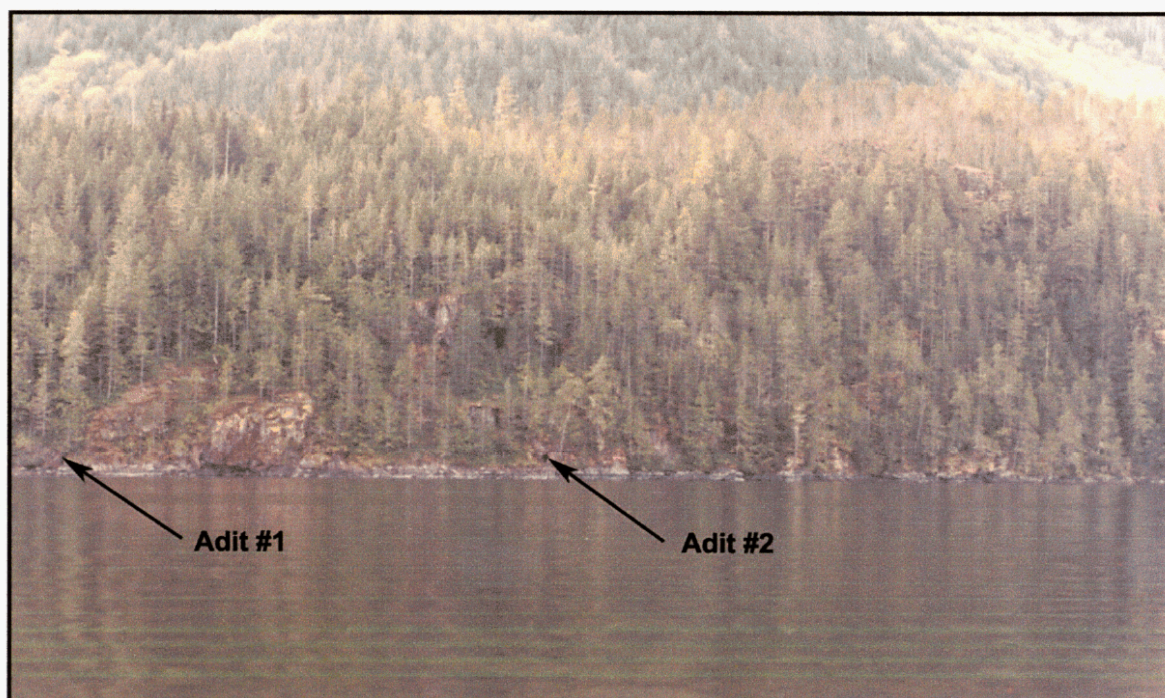


Fig. 5

MALIBU GOLD PROPERTY ADITS

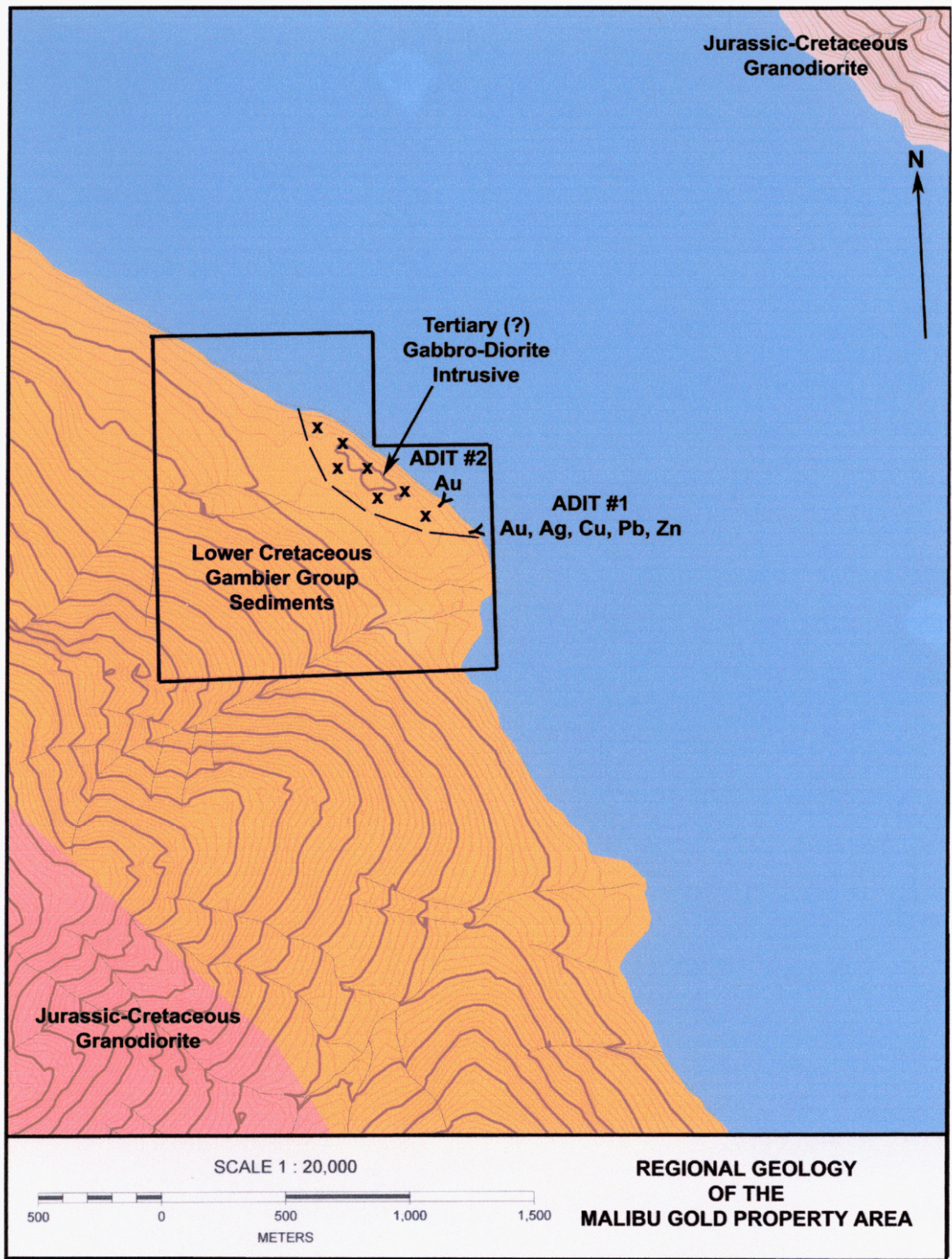


Fig. 6
REGIONAL GEOLOGY OF THE MALIBU GOLD PROPERTY

2.0 GEOLOGICAL OVERVIEW

The Malibu Gold Property hosts gold and base metal deposits within quartz veins and quartz-filled shear zones. Two short tunnels have been driven on the mineralized areas, exposing gold, silver, copper, lead and zinc mineralization in the 25 metre long #1 adit, and a high-grade gold vein in the #2 adit. The #2 adit was driven 2 metres on a shallow-dipping quartz vein with arsenopyrite, minor pyrite, chalcopyrite and native gold. The 0.3 to 1.3 metre wide vein pinches and swells and can be followed for at least 50 metres along the shoreline cliffs. The #2 adit gave a gold assay across 40 cm of 0.72 oz/t Au, with minor values in cobalt, copper and bismuth.

2.1 Regional Geology

The Upper Jervis Inlet area is underlain by a variety of Jurassic to Tertiary granitic intrusives of the Coast Plutonic Complex. The granitic rocks intrude and metamorphose Jurassic to Lower Cretaceous argillaceous sediments and andesitic to felsic volcanics of the Gambier Group. The Gambier Group hosts the 60 MT Britannia copper, zinc, lead, silver, gold deposit on Howe Sound about 80 km to the southeast.

2.2 Property Geology

The Malibu Gold Property is underlain by a relatively small stock of gabbro-diorite that has intruded dark grey, partly limey argillaceous shale and slate of the Gambier Group. Silicification and mineralization occurs on the contact and within the stock in a number of areas. The following assay values are historical and do not conform with NI 43-101 standards, as they were taken prior to its enactment.

The present work program concentrated on a detailed examination of the shoreline geology and a few traverses inland where topography permitted. Accurate chip or channel rock sampling was not possible due to the extreme recessive weathering near the shoreline, explosive trenching will be necessary.

On the southern contact of the gabbroic stock with argillite at the #1 adit, chalcopyrite, pyrrhotite, pyrite, arsenopyrite, sphalerite and galena occur, with silver and gold values. These minerals are found disseminated and as streaks within quartz-carbonate veins, shear zones and fractured gabbro-diorite. There are several sub-parallel or coalescing shear zones containing mineralization over an aggregate width of at least five metres. The structure trends approximately 260° and dips about 75° to the south.

The #1 adit is approximately 25 metres in length; a rockfall and minor flooding prevent access to the face, although it is clearly visible. About 5 metres into the adit, a small stope has been opened up above the drift. The stope measures approximately 10 metres long by 10 metres high and averages just over a metre in width. An estimate of the tonnage mined would be about 300 tonnes. There are no Ministry records of production from this adit.

In 1988, Oriole Resources outlined a pronounced gold in soil anomaly following the gabbro/slate contact for more than 200 metres uphill from the #1 adit. Gold values in soils reached ore-grade, 3710 ppb or 3.71 g/t gold. Recessive weathering due to shearing and oxidization has made accurate visual tracing of the mineralized zone(s) is problematic. Additional soil and rock sampling are clearly justified, with the use of explosives to open up the anomalous areas.



Fig. 7

MALIBU #1 ADIT



Fig. 8

MALIBU #2 ADIT

The #2 adit was driven 2 metres on a shallow-dipping 0.3 to 1.3 metre wide quartz vein with arsenopyrite, minor pyrite, chalcopyrite and rare native gold. The mineralization is hosted entirely within the intrusive gabbro-diorite stock, and is typical of Tertiary-aged arsenical gold veins found on Vancouver Island and near Harrison Lake on the mainland. The vein can be followed for at least 50 metres along the shoreline cliffs. The #2 adit gave a gold assay 0.72 oz/t Au across 40 cm, with minor values in cobalt, copper and bismuth. Additional sampling by Oriole Resources in 1988 confirmed the high-grade gold values, giving results of 0.41 oz/t Au across 36 cm.

The vein system appears to strike about 260° and dip about 15° to the south. This may be following a joint structure or a low-angle fault. Quartz crystal pockets are occasionally found within the vein. The vein system is extremely hard, with the significant mineralization weathering recessively. This makes accurate sampling very difficult, and rock trenching with explosives will be needed to get fresh rock exposures.

Along the northern border of the gabbro stock, vuggy quartz masses up to 40 cm in width with limonite stain are visible from the waterline but could not be examined in detail.

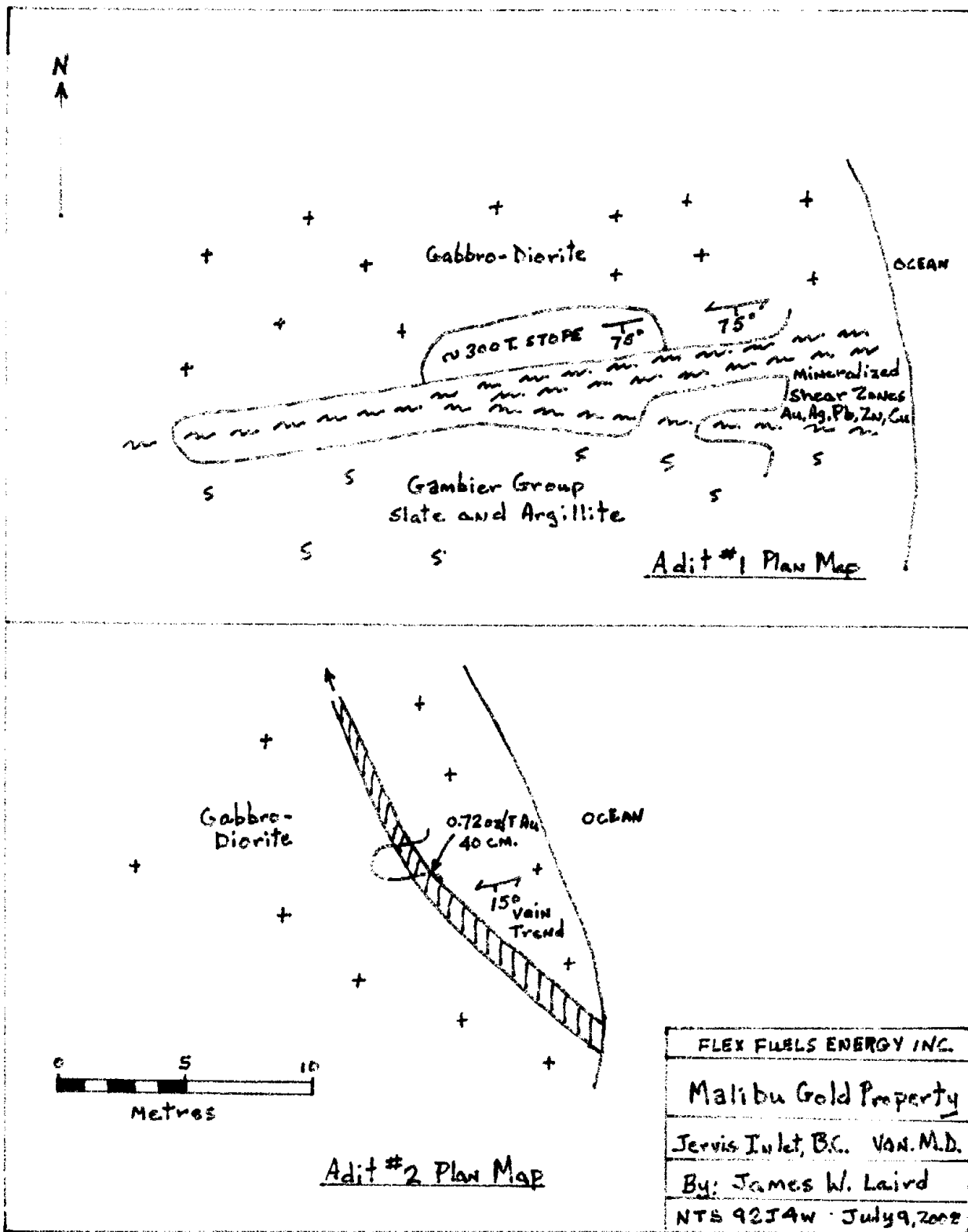


Fig. 9

PLAN MAPS OF THE MALIBU #1 AND #2 ADITS

3.0 CONCLUSIONS AND RECOMMENDATIONS

A proposed work program includes geological mapping and rock sampling of surface showings and underground workings, construction of a control grid, a soil and silt geochemical sampling program, EM and magnetometer geophysical surveys, and rock trenching. Based on a compilation of these results, a diamond drill program will be designed to explore and define the potential resources. The anticipated costs of this development are presented in three results-contingent stages.

Phase 1

Geological mapping, prospecting, rock trenching and sampling - five days on site, two days travel.

Geologist – 7 days @ \$500/day	\$3500.00
Consultant/Project Manager – 7 days @ \$500/day	\$3500.00
Blaster/sampler – 7 days @ \$400.00/day	\$2800.00
Boat rental (including fuel, etc) – 7 days @ \$160.00/day	\$1120.00
Truck rental – 1000 km @ 0.75/km inclusive	\$750.00
Rock samples – 30 @ \$50.00 per sample	\$1500.00
BC Ferries	\$200.00
Per Diem (with camp rental) – 21 man-days @ \$100.00/day	\$2100.00
Rock drill rental, explosives, sampling and field supplies	\$2000.00
Report and reproduction costs	\$1500.00
Subtotal	\$18,970.00
Management Fee @ 15%	\$2845.55
Contingency @ 10%	\$2181.56
Total	\$23,997.11
GST@ 5%	\$1199.86
NET TOTAL	\$25,196.97

Phase 2

Detailed surface and underground geological mapping and rock sampling, cutline grid construction, soil and silt geochemical survey, EM and Mag surveys, establish drill and trenching targets, four-man crew with camp and supplies, transportation, report. **\$85,000.00**

Phase 3

1000 metres of diamond drilling @ 100.00 per metre, plus geological supervision, camp and supplies, transportation, assays, report and other ancillary costs. **\$200,000.00**

TOTAL **\$310,196.97**

4.0 REFERENCES

Laird, J.W., 1983-1988; BC Prospector's Grant notes and assays on the Malibu Gold Prospect, Laird Exploration Ltd. files.

Leroy, O E., 1908; Preliminary Report on a Portion of the Main Coast of British Columbia and Adjacent Islands, Geological Survey of Canada Report #996.

Price, B.J., 1988; Geological Report on the Malibu Gold Prospect, private report for Oriole Resources Ltd.

5.0 STATEMENT OF QUALIFICATIONS

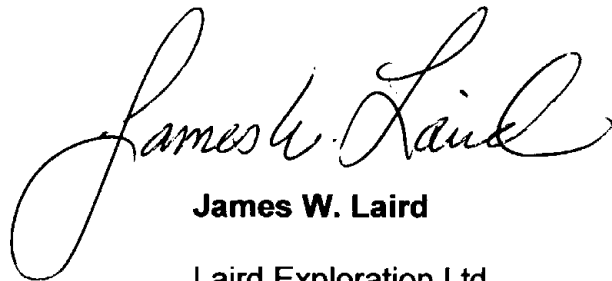
I, **James W. Laird** do state that:

My address is PO Box 672, Lions Bay, BC V0N 2E0

I am a prospector and mining exploration contractor and have been for more than 30 years.

I have completed the BC EMPR course "Advanced Mineral Exploration for Prospectors, 1980".

I am very familiar with the geology of the Malibu Gold Property area and have personally worked on the property several times since 1981.

A handwritten signature in black ink that reads "James W. Laird". The signature is written in a cursive style with a large, looping initial "J".

James W. Laird

Laird Exploration Ltd.

July 9, 2008

6.0

STATEMENT OF EXPLORATION EXPENSES**Malibu Gold Property Fieldwork Program**
May 23 to May 27, 2007

Consultant/Project Manager James Laird – 5 days @ \$450/day	\$2250.00
Geological Assistant Derek Setchfield – 5 days @ \$250/day	\$1250.00
Boat rental (including fuel, etc) – 5 days @ \$160.00/day	\$800.00
Truck rental – 450 km @ 0.75/km inclusive	\$337.50
BC Ferries	\$85.95
Per Diem (with camp rental) – 10 man-days @ \$100.00/day	\$1000.00
Misc. sampling and field supplies	\$75.00
Report and reproduction costs	<u>\$500.00</u>
Subtotal	\$6298.45
Management Fee @ 15%	<u>\$944.77</u>
Total	\$7243.22
GST (# 890030133) @ 6%	<u>\$434.59</u>
NET TOTAL	\$7677.81