Colonial Coal International Corp.
(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
Second Quarter Ended January 31, 2017

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF

INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	January 31, 2017 $	July 31, 2016 $
Assets			
Current assets			
Cash		443,549	1,177,590
Short term investments		88,038	88,038
Receivables and prepaids	4	32,637	41,206
		564,224	1,306,834
Coal properties and deferred exploration	5	11,140,399	11,008,197
Reclamation deposits		222,300	222,300
Equipment		11,773	11,432
Deferred acquisition costs	6	1	1
Deferred financing costs		28,402	-
		11,402,875	11,241,930
		11,967,099	12,548,764
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		146,996	196,780
Due to related parties	8	23,847	21,836
		170,843	218,616
Equity Attributable to Shareholders			
Share capital	7	27,193,476	27,193,476
Contributed surplus		5,992,500	5,992,500
Deficit		(21,389,720)	(20,855,828)
		11,796,256	12,330,148
		11,967,099	12,548,764

Going concern (Note 1)
Commitments (Notes 5 and 9)
Subsequent events (Notes 9, 10 and 14)

On behalf of the Board

(signed) "Ian Downie" (signed) "David Austin"

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and six months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended January 31, 2017 $	Three months ended January 31, 2016 $	Six months ended January 31, 2017 $	Six months ended January 31, 2016 $
Expenses					
Amortization		801	1,232	1,703	1,942
Business investigation	6	3,017	918	3,492	12,171
Consulting	9	37,669	27,181	60,425	91,422
Directors' fees	9	4,500	4,500	9,000	9,000
Filing and listing fees		3,843	4,263	6,401	10,662
Financing costs	10	(22,040)	-	(9,045)	-
Foreign exchange loss		8	366	161	521
Management fees	9	121,500	121,500	243,000	245,000
Office and administration		56,504	50,179	111,864	100,097
Professional fees	9	51,551	67,599	83,991	123,316
Shareholder communications		-	802	-	1,509
Travel and promotion		24,383	13,258	36,908	26,066
Workers compensation fees		2,161	1,881	4,334	4,020
		(283,897)	(293,679)	(552,234)	(625,726)
Other income (expense)					
Interest and dividend income		1,180	4,263	3,202	12,124
Impairment of marketable securities		-	(75,766)	-	(136,924)
Relinquishment of coal license applications	5	-	-	15,140	-
Net loss for the period		(282,717)	(365,182)	(533,892)	(750,526)
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss:					
Unrealized loss on marketable securities		-	(75,766)	-	(136,924)
Impairment of marketable securities		-	75,766	-	136,924
Total other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		(282,717)	(365,182)	(533,892)	(750,526)
Basic and diluted net loss per common share		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of shares outstanding		96,808,396	96,808,396	96,808,396	96,808,396

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

	Issued Share Capital				
	Number of Shares #	**Amount** $	**Contributed Surplus** $	**Deficit** $	**Total** $
Balance at July 31, 2016	96,808,396	27,193,476	5,992,500	(20,855,828)	12,330,148
Total comprehensive loss for the period	-	-	-	(533,892)	(533,892)
Balance at January 31, 2017	96,808,396	27,193,476	5,992,500	(21,389,720)	11,796,256
Balance July 31, 2015	96,808,396	27,193,476	5,992,500	(19,834,473)	13,351,503
Total comprehensive loss for the period	-	-	-	(750,526)	(750,526)
Balance at January 31, 2016	96,808,396	27,193,476	5,992,500	(20,584,999)	12,600,977

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

	2017 $	2016 $
Cash flows (used in) from operating activities		
Net loss for the period	(533,892)	(750,526)
Adjustments for:		
Amortization	1,703	1,942
Impairment of marketable securities	-	136,924
Interest and dividend income	(3,202)	(12,124)
	(535,391)	(623,784)
Interest and dividends received	3,335	13,177
Changes in non-cash operating working capital		
Change in receivables and prepaids	8,436	(22,842)
Change in accounts payable and accrued liabilities	(76,486)	(56,865)
Change in due to related parties	2,011	(1,145)
	(598,095)	(691,459)
Cash flows (used in) from investing activities		
Deferred exploration costs	(133,152)	(150,089)
B.C. Mining Exploration Tax Credits	-	23,045
Purchase of equipment	(2,044)	(6,193)
	(135,196)	(133,237)
Cash flows used in financing activities		
Deferred financing costs	(750)	-
	(750)	-
Decrease in cash	(734,041)	(824,696)
Cash - Beginning of the period	1,177,590	2,090,437
Cash - End of the period	443,549	1,265,741

Supplemental cash flow information (Note 11)

(Unaudited - Expressed in Canadian dollars)

1 Organization, nature of operations and going concern

Colonial Coal International Corp. (the "Company") was incorporated pursuant to the Business Corporations Act of Alberta on August 1, 2007. The Company's corporate head office is located at Suite 200 – 595 Howe Street, Vancouver, British Columbia, Canada. The Company is listed for trading on the TSX Venture Exchange (the "Exchange") under the symbol "CAD".

The Company's principal activities include the acquisition, exploration and development of coal properties located in Canada. The Company is also pursuing the acquisition of Watson Island, located just outside of Prince Rupert, British Columbia, for the purpose of developing a seaport terminal and supporting industrial park.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

The Company has incurred losses since inception and expects to incur further losses in the development of its business and at January 31, 2017, the Company had working capital of $393,381. At that date, the Company also had an accumulated deficit of $21,389,720 which has been funded primarily by the issuance of equity. The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its coal properties. The recoverability of amounts shown as coal properties and deferred exploration is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its coal properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Subsequent to January 31, 2017, the Company completed a non-brokered private placement for net proceeds of $7.2 million and announced it would not proceed with its agreement for the sale of a 10% interest in the Flatbed Property and related unit private placement (Note 10). See Notes 14 a) and 14 b).

2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended July 31, 2016, which have been prepared in accordance with IFRS.

(Unaudited - Expressed in Canadian dollars)

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2016.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended July 31, 2016.

These financial statements were approved by the board of directors for use on March 24, 2017.

3 Accounting standards issued but not yet applied

The following new standards have been issued but not yet applied:

a) IFRS 9, *Financial Instruments*, was issued in July 2014 and replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 was developed in phases by the IASB. As a result there are a number of transition options and requirements in relation to earlier versions of IFRS 9 prior to the mandatory effective date of IFRS 9 in its entirety. IFRS 9 is mandatory for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made for use of fair value through other comprehensive income which results in changes in fair value not being recycled to the income statement. The Company has not adopted IFRS 9 and has not completed its assessment of the impact of this standard.

b) IFRS 15, *Revenue from Contracts with Customers*, was issued in May 2014 and establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The required adoption date for IFRS 15 is the annual period beginning on or after January 1, 2018, with early adoption permitted. The Company has not completed its assessment of the impact of this standard.

c) IFRS 16, *Leases*, was issued in January 2016 and eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset.

   The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019. The Company has not adopted IFRS 16 and has not completed its assessment of the impact of this standard.

(Unaudited - Expressed in Canadian dollars)

4 Receivables and prepaids

	January 31, 2017 $	July 31, 2016 $
GST recoverable	16,796	17,663
Prepaid expenses and other	15,841	23,543
	32,637	41,206

5 Coal properties and deferred exploration (Schedule 1)

	January 31, 2017 $	July 31, 2016 $
Huguenot property, B.C. a)	10,181,765	10,141,349
Flatbed property, B.C. b)	315,812	247,134
Tuya River property, B.C. c)	642,822	619,714
	11,140,399	11,008,197

a) The Company owns a 100% interest in seventeen coal licenses covering an area of 9,531 hectares and commonly referred to as the Huguenot property located in the Liard Mining Division, northeastern British Columbia. The Huguenot property is subject to a 1.5% production royalty, including 1.2% which is payable to certain directors of the Company.

b) The Company owns a 100% interest in eight coal licenses covering 9,607 hectares and commonly referred to as the Flatbed property located in the Liard Mining Division, northeastern British Columbia. During the six months ended January 31, 2017 the Company was granted one coal license and relinquished a further 2 coal license applications covering 435 hectares and was reimbursed $13,090 for the two relinquished applications plus a portion of the original applied-for area (of the granted coal license) that was eventually classified by Government as Coal Reserve. The Flatbed property is subject to a 1.5% production royalty, 1.35% of which is payable to certain directors of the Company. See Note 10.

c) The Company owns a 100% interest in four coal licenses covering an area of 998 hectares and commonly referred to the Tuya River property located in northwestern British Columbia. The Company has also made application for an additional ten coal licenses covering an area of 2,125 hectares in respect of this property. The Tuya River property is subject to a 1.5% production royalty, payable to a director of the Company.

6 Deferred acquisition costs

	January 31, 2017 $	July 31, 2016 $
Watson Island	1	1

(Unaudited - Expressed in Canadian dollars)

The Company owns 100% of Watson Island Development Corporation ("WatCo"), a company formed to purchase or acquire Watson Island, located near Prince Rupert, British Columbia, for the purpose of the development of a deep sea port and industrial project. As consideration for 45% of the Company's interest in WatCo, the Company has agreed to pay a former shareholder of WatCo 10% of the proceeds of future financings by WatCo to a maximum of $800,000.

In July 2012, the City of Prince Rupert ("COPR") accepted an offer from WatCo to purchase Watson Island, subject to a number of conditions. Sale conditions included the development, approval and funding of a remediation plan for the land, which is contaminated as a result of decades of pulp mill operation. It was also a requirement of the purchase that WatCo would not be obligated for any historical environmental liabilities on Watson Island beyond a proposed lump sum financial contribution to an environmental remediation plan. At the time of entering into the offer to purchase, WatCo had been, and was to continue, funding the land expense costs of Watson Island and offered to fund the planning process and to make a significant contribution to the environmental remediation plan. Other conditions included notice requirements of the local governments, resolution of current court actions against the local governments by Sun Wave Forest Products Ltd. ("Sun Wave"), relating to the title to Watson Island, and historic licensing and regulatory issues.

The COPR settled with Sun Wave in August 2013 and WatCo and the COPR subsequently negotiated to settle the terms of a definitive agreement. In the course of negotiations with the COPR, WatCo eventually accepted all of the terms of the definitive agreement proposed by the COPR and the COPR then advised that it would not proceed with the sale of Watson Island to WatCo. WatCo commenced litigation in the British Columbia Supreme Court against the COPR to enforce WatCo's rights in connection with the acquisition of Watson Island. A Certificate of Pending litigation ("CPL") was immediately filed to prevent the land from being sold to others while the litigation is outstanding. The COPR subsequently asked the Court to remove the CPL so that it could sell the lands to a third party purchaser. The Court refused to remove the CPL, but required WatCo to post security of $3.2 million within 21 days to keep the CPL on title. WatCo had insufficient available capital and also the Company considered it ill-advised to post security. Consequently the CPL has now been removed from title. WatCo's claim against the COPR will now be for damages only unless Watson Island remains unsold at the time of a successful judgment.

Management reviewed the carrying value of deferred acquisition costs as at July 31, 2014 and, in view of uncertainties, wrote down the deferred costs to a nominal amount of $1. The Company is continuing with its litigation against the COPR to enforce WatCo's rights in connection with the acquisition.

During the six months ended January 31, 2017, the Company incurred $3,492 (2016 - $12,171) in costs associated with the proposed acquisition of Watson Island. These costs have been expensed as business investigation costs.

7 Share capital

a) Authorized

An unlimited number of common shares without par value.
An unlimited number of preferred shares issuable in series without par value.

(Unaudited - Expressed in Canadian dollars)

The holders of the common shares are entitled to one vote per share and are entitled to dividends, when and if declared by the directors of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. No dividends have ever been declared or paid as at January 31, 2017.

b) **Stock options**

The Company has established a stock option plan (the "Plan") for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates. The maximum number of shares available under the Plan is limited to 10% of the issued common shares. Options granted under the Plan have a maximum term of ten years and the vesting provisions of options granted are at the discretion of the Board.

The Company's stock options outstanding as at January 31, 2017 and July 31, 2016 are as follows:

	Number of options	Weighted Average Exercise price $	Weighted Average Remaining Contractual Life (Years)
Balance – July 31, 2016	4,845,000	0.77	4.19
Balance, outstanding and exercisable – January 31, 2017	4,845,000	0.77	3.68

Options to acquire common shares outstanding at January 31, 2017 are as follows:

Number Outstanding	Exercise Price $	Expiry Date
4,845,000	0.77	October 7, 2020

8 Related party transactions

Related party transactions during the three and six months ended January 31, 2017 and 2016 not disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

	Three months ended		Six months ended	
	Jan. 31, 2017 $	Jan. 31, 2016 $	Jan. 31, 2017 $	Jan. 31, 2016 $
Consulting fees	15,000	15,000	30,000	30,000
Directors' fees	4,500	4,500	9,000	9,000
Management fees	121,500	121,500	243,000	245,000
Professional fees	20,300	20,800	36,300	45,800
	161,300	161,800	318,300	329,800

(Unaudited - Expressed in Canadian dollars)

Amounts due to related parties at January 31, 2017 amounting to $23,847 (July 31, 2016 - $21,836) are non-interest bearing and have no specific terms of repayment.

Related party transactions are comprised of services rendered by directors and/or officers of the Company and companies controlled by them or persons associated with them. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

The compensation paid or payable to key management, including the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and directors for services rendered during the three and six months ended January 31, 2017 and 2016 is as follows:

	Three months ended		**Six months ended**	
	Jan. 31, 2017 $	**Jan. 31, 2016 $**	**Jan. 31, 2017 $**	**Jan. 31, 2016 $**
Directors' fees	4,500	4,500	9,000	9,000
Management fees	121,500	121,500	243,000	245,000
Professional fees	20,300	20,800	36,300	45,800
	146,300	146,800	288,300	299,800

9 Commitments

The Company is committed under the terms of royalty agreements in respect of its interests in coal properties (Note 5). Subsequent to January 31, 2017, the Company entered into an office lease agreement. See Note 14 c).

10 Proposed private placement and disposal of property interest

In October 2015, the Company entered into a letter agreement ("Letter Agreement") with a certain investor group (the "Investor") which provides for the terms and conditions of each of a proposed private placement of units together with the corresponding agreement by the Investor to acquire a 10% registered and beneficial ownership interest in the Company's Flatbed property which will become available to the Investor upon the successful completion of the private placement.

The Letter Agreement was amended in April 2016 such that for the proposed private placement, the Company has agreed to sell 24,000,000 units at a price of $0.10 per unit for gross proceeds of $2,400,000. Each unit is comprised of one common share and one share purchase warrant, with each such warrant entitling the Investor to purchase an additional common share of the Company at an exercise price of $0.20 per share for a period of two years from closing of the private placement.

Closing of the private placement is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals, inclusive of that of the Exchange.

(Unaudited - Expressed in Canadian dollars)

Upon the successful completion of the entire private placement closing, the Investor has agreed to acquire a 10% registered and beneficial ownership interest both carried and then working in those certain coal licenses that together comprise the Company's Flatbed property for cash consideration of $5,000,000.

Subsequent to the acquisition closing, such initial carried 10% interest will be subject to straight line dilution upon the Company first funding and incurring, directly or indirectly, an aggregate of $5,000,000 in exploration and development expenditures on the Flatbed property, at which time the parties will form a joint venture for the purpose of carrying out further development work and production on the Flatbed property. The participating interests of the parties in the joint venture shall be subject to dilution for non-contribution to costs in proportion to their respective interests on a straight line basis and with an initial deemed cost basis of $5,000,000 (that being as to $4,500,000 for the Company and as to $500,000 for the Investor); provided that should the Investor's participating interest, at any time, equal to or fall below 2%, then the Investor's then participating interest shall be deemed to be converted into a 2% net profits interest royalty (the "NPI Royalty"). The Company may elect at any time to purchase all or a portion of the NPI Royalty from the Investor for the sum of $12,500,000 per each 1% of the NPI Royalty.

Upon the successful completion of the acquisition of the 10% interest in the Flatbed property, however, subject to any prior suitability and filing requirements of the Exchange and all applicable securities laws and regulators, the Investor will be entitled to the immediate appointment of two members to the Company's Board of Directors, with one member of the Company's then Board of Directors resigning. In connection with these appointments, the Company has agreed to grant to each of the appointees a stock option to acquire up to 2,000,000 common shares at an exercise price of $0.10 per share for a period of five years from the date of grant, with such option to vest equally over a period of twelve months. In accordance with current Exchange policy and the provisions of the Company's stock option plan, the option price may be subject to adjustment upwards at the time of the grant so as to ensure that the option price represents the Company's current market trading price at the time.

During the six months ended January 31, 2017, the Company recorded a recovery of previously expensed financing costs in respect of the Letter Agreement of $9,045 (January 31, 2016 - $nil). Subsequent to January 31, 2017 the Company announced it had closed a non-brokered private placement and would not proceed with the sale of a 10% interest in the Flatbed Property and related unit private placement. See Notes 14 a) and 14 b).

11 Non-cash transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the six months ended January 31, 2017, the following transactions were excluded from the consolidated statement of cash flows:

- Deferred exploration expenditures of $1,208 included in accounts payable and accrued liabilities at January 31, 2017, less expenditures included in accounts payable and accrued liabilities at July 31, 2016 of $2,158 (net exclusion of $950).
- Deferred financing costs of $27,652 included in accounts payable and accrued liabilities at January 31, 2017, less financing costs included in accounts payable and accrued liabilities at July 31, 2016 of $nil (net inclusion of $27,652).

(Unaudited - Expressed in Canadian dollars)

During the six months ended January 31, 2016, the following transactions were excluded from the consolidated statement of cash flows:

- Deferred exploration expenditures of $5,644 included in accounts payable and accrued liabilities at January 31, 2016, less expenditures included in accounts payable and accrued liabilities at July 31, 2015 of $17,248 (net inclusion of $11,604); and

- Deferred financing expenditures of $75,580 included in accounts payable and accrued liabilities at January 31, 2016, less expenditures included in accounts payable and accrued liabilities at July 31, 2015 of $nil (net exclusion of $75,580).

12 Segment information

The Company operates in one segment – the acquisition, exploration and development of coal properties. As at January 31, 2017 and July 31, 2016, all the operations and assets were in Canada.

13 Financial instruments

The Company's financial instruments consist of cash, short term investments, receivables, reclamation deposits, accounts payable and accrued liabilities, and due to related parties. The Company has designated its cash, short term investments and receivables as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and due to related parties are designated as other financial liabilities, which are measured at amortized cost.

The Company's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its coal properties. The recoverability of amounts shown as coal properties and deferred exploration is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. The Company is therefore seeking for additional sources of financing to meet its general operating expenses and to continue to explore its coal properties (see Note 1 - Organization, nature of operations and going concern).

There have been no changes in any risk management policies since July 31, 2016.

(Unaudited - Expressed in Canadian dollars)

14 Subsequent events

Subsequent to January 31, 2017:

a) The Company closed a non-brokered private placement financing through the issuance of 51,952,661 units (each a “Unit”) at a price of $0.15 per Unit for gross proceeds of $7,792,900. Each Unit consists of one common share of the Company and one-half of a transferable common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of $0.30 per common share for a period of three years from the date of issue. The Company also issued 3,625,136 Unit purchase warrants (each, a “Finder’s Warrant”) entitling the holder thereof to purchase one Unit at an exercise price of $0.15 per Unit for a period of three years from the date of issue. The Company paid aggregate cash advisory and finder’s fees of $543,770. As at January 31, 2017, the Company had incurred $28,402 of deferred financing costs in respect of this private placement.

b) Upon completing the non-brokered private placement described in Note 14 a), the Company announced it would not proceed with the Letter Agreement for the sale of a 10% interest in the Flatbed Property and related unit private placement described in Note 10.

c) The Company entered into an office lease agreement that expires on March 31, 2020. Rent and estimated operating costs are approximately $75,000 per annum.

Colonial Coal International Corp.

Schedule 1

(An Exploration Stage Company)

Consolidated Schedule of Deferred Exploration Costs

For the six months ended January 31, 2017 and the year ended July 31, 2016

(Unaudited - Expressed in Canadian dollars)

	Huguenot property	Flatbed property	Tuya River property	Rocky Creek property	Total
	$	$	$	$	$
Balance at July 31, 2015	9,967,435	132,848	610,047	9,643	10,719,973
Field programs	14,273	-	-	-	14,273
Consultants and contractors	72,454	34,879	14,956	-	122,289
Licenses and fees	105,338	63,689	14,970	-	183,997
Laboratory	1,050	-	-	-	1,050
Project administration	40,488	28,688	3,767	-	72,943
B.C. Mining Exploration Tax Credits	(59,689)	(12,970)	(24,026)	-	(96,685)
Write-down of mineral property	-	-	-	(9,643)	(9,643)
	173,914	114,286	9,667	(9,643)	288,224
Balance at July 31, 2016	10,141,349	247,134	619,714	-	11,008,197
Field programs	13,404	-	-	-	13,404
Consultants and contractors	5,023	33,575	4,083	-	42,681
Licenses and fees	13,515	-	19,025	-	32,540
Project administration	8,474	35,103	-	-	43,577
	40,416	68,678	23,108	-	132,202
Balance at January 31, 2017	10,181,765	315,812	642,822	-	11,140,399