

Colonial Coal International Corp.

Management's Discussion and Analysis of Financial Position and Results of Operations ("MD&A")

The following information, prepared as of March 29, 2018, should be read in conjunction with the unaudited interim consolidated financial statements of Colonial Coal International Corp. ("CCIC" or the "Company") for the three and six months ended January 31, 2018, as well as the audited consolidated financial statements for the year ended July 31, 2017 and the related management's discussion and analysis (the "Annual MD&A"). The unaudited condensed interim consolidated financial statements for the three and six months ended January 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains forward looking statements. For a description of assumptions made in developing the forward-looking statements and the material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see the "Forward-Looking Statements" and the "Risks and Uncertainties" sections below.

Forward-Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of drill results may also be considered as a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of March 29, 2018.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, possible variations in mineral resources; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; and political, regulatory, environmental and other risks of the mining industry.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

The material assumptions that were applied in making the forward-looking statements in this MD&A include, but are not limited to: statements regarding the Company's litigation to enforce its rights and its objective to redevelop Watson Island; statements regarding estimated mineral resources and annual clean coal production at the Huguenot Coal Project and the Flatbed Coal Project; and the interpretation of exploration programs and drill results and execution of the Company's existing plans or exploration programs at its coal projects, any of which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

Cautionary Note Regarding Reserve and Resource Estimates

The material in this MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource estimates included in this MD&A have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"), and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. The estimation of quantities of resources and reserves is complex, based on significant subjective assumptions and forward-looking information, including assumptions that arise from the evaluation of geological, geophysical, engineering and economic data for a given ore body. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions. Changes in data and/or assumptions could cause reserve estimates to substantially change from period to period. No assurance can be given that the indicated level of mineral will be produced. Actual production could differ from expected production and an adverse change in mineral prices could make a reserve uneconomic to mine. Variations could also occur in actual ore grades and recovery rates from estimates.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

General

The Company owns two coal exploration properties located in British Columbia. The Company is also pursuing the acquisition of Watson Island, located just outside of Prince Rupert, B.C., and has ongoing litigation against the City of Prince Rupert to enforce its rights in connection with the acquisition. If it is successful in acquiring Watson Island, the Company's objective is to redevelop Watson Island as a seaport terminal and supporting industrial park.

Huguenot Coal Project

The Huguenot Coal Project is a coking coal project currently comprised of seventeen coal licenses covering an area of 9,531 hectares located in the Liard Mining Division, northeastern British Columbia, approximately 690 kilometres north-northeast of Vancouver, close to the provincial boundary with Alberta. It is situated approximately 85 km south-southeast of the town of Tumbler Ridge and 115 km southwest of the city of Grande Prairie, Alberta.

As reported in the Company's September 24, 2013 news release, the Huguenot property underwent a successful Preliminary Economic Assessment ("PEA") in 2013. The PEA, prepared by Norwest Corporation ("Norwest") in accordance with NI 43-101 standards, has been filed on SEDAR.

In summary, Norwest updated previously reported (2012) in situ and potentially mineable resources, developed a conceptual mine plan to exploit the coal resources through a combination of open pit and underground mining, and prepared scoping-level cost estimates and economic analyses.

Measured and indicated in-situ coal resources total 277.7 million tonnes, with inferred resources adding a further 119.2 million tonnes, as tabulated below:

Deposit type	Measured (Mt)	Indicated (Mt)	Inferred (Mt)
Surface	96.20	35.75	0.53
Underground	18.85	126.88	118.66
TOTAL	115.05	162.63	119.19

Based upon coal price and cost assumptions at the time, the project was found to have positive economics and to be worthy of continued exploration and development. Clean coal production of 89 million tonnes was projected over a mine life of 31 years from combined surface and underground mining operations. Coal resources accounted for in both the open pit and underground mine plans were estimated as:

Mining Method	ROM (Mt)	Clean (Mt)
Open Pit	56	39
Underground	66	50
TOTAL	122	89

The PEA is preliminary in nature and includes inferred mineral resources that are considered to be too geologically speculative to be subject to economic considerations that would enable them to be categorized as mineral reserves. There is no certainty that the forecast results stated in the PEA will be realized. Further details are included in the Company's press release dated September 24, 2013, and in the actual PEA, both of which are filed on SEDAR.

Management continues to pursue opportunities for financing further work at Huguenot, including the possibility of joint venturing the property.

Flatbed Coal Project

The Flatbed Coal Project, located in the Liard Mining Division in northeastern B.C., is a metallurgical coal project currently comprised of eight coal licenses covering a total area of 9,607 hectares.

In September 2014, the B.C. Ministry of Energy and Mines issued a Work Permit to the Company to conduct Phase 1 of its Notice of Work ("NoW") application on its Flatbed property. This phase allows for the drilling of 48 drill holes and 12.2 kms of access trail. The permit is valid until October 30, 2018.

The Flatbed property borders portions of the Quintette (Teck), Trend (Peace River Coal) and Duke Mountain (Teck) properties. The Company previously announced (January 29, 2013) that, based upon a review of various data from in and around the Flatbed property, the Company's geological consultant identified three targets worthy of future exploration aimed at the location of underground mineable metallurgical coal deposits for seams targeted at depths between 200 metres and 600 metres.

During the summer and fall of 2017, the Company conducted a drill program at the Flatbed property. The primary objectives of the exploration work were to identify potentially underground mineable coal resources within the Gates Formation (which hosts established surface and underground mineable coking coal reserves and resources on a number of projects to the south, west and northwest of the Flatbed property) and to establish initial coal quality parameters. Activities focused on the Gordon Creek area, located in the north-western portion of the property, which hosts one of the main target areas identified by the Company's independent consultant (previously announced in January 2013).

Work focused upon the drilling of five HQ-size diamond drill holes on four separate, widely-spaced, drill sites for a total of approximately 2,830 m of drilling. Associated activities included: down-hole geophysical logging; geological core description; coal (plus seam roof and floor) core sampling; geotechnical logging, sampling, and on-site testing; plus limited geological mapping. Core samples were submitted to Birtley Coal and Minerals Testing (Calgary, Alberta) for coal quality analysis and to Golder Associates Ltd. (Burnaby, B.C.) for geotechnical testing.

Colonial retained Norwest Corporation (of Salt Lake City, Utah) to undertake a report compliant with the requirements of National Instrument 43-101 Standards of Disclosure for Mineral Properties, which incorporated all the data acquired during the 2017 Flatbed exploration program plus additional data from certain historical oil/gas exploration wells (the “Technical Report”).

The Technical Report was authored by Derek Loveday, P.Geo, of Norwest Corporation (“Norwest”), who is the Independent Qualified Person for the Technical Report. Geological modeling and resource estimation identified an Inferred underground mineable coal resource of 298 million tonnes. Norwest’s review of the coal quality results from drill core samples indicates these coal resources have good coking properties after beneficiation. The coal resources estimated by Norwest are in accordance with the requirements of NI 43-101.

The Inferred coal resource estimates were determined using a minimum seam thickness of one metre, limited to a maximum depth below surface of 900 metres. Eight coal seams are present with true thicknesses from the exploration data ranging from 1.2 metres to 5.3 metres, combining for an average total true thickness of 20.9 metres. The average seam dip is 11 degrees towards the southwest. The resources estimated for each coal seam and the initial coal quality data derived from raw coal samples, together with the results from float-sink analyses, can be seen in the Company’s news release of November 27, 2017.

On a dry, mineral matter free (dmmf) basis, volatile contents indicate that the coal seams range in rank from low volatile bituminous to medium volatile bituminous, according to the ASTM coal rank classification system. Analytical results indicate that the Gates coal seams within the Gordon Creek area are metallurgical coals that would yield a coking coal product after beneficiation in a wash plant. Float-sink analysis indicates that coal beneficiation could produce a theoretical product ranging, on an air dried basis (adb), from 8% to 9% ash with yields ranging from 58.3% to 83.2% after adjustment for core loss in the test samples.

Recent tests performed on clean coal composites derived from the flotation and froth testing are tabulated below.

Gordon Creek Clean Coal Composite Quality (adb)

Seam	Clean Coal								Mean Maximum Reflectance (RoMax)	Gieseler Fluidity Max DDPM	Dilatation % S.D. 2.5	Base Acid Ratio
	Cut-Point		Clean Coal Composite Analysis (adb)									
	S.G.	Froth (sec)	Moist%	Ash%	VM%	S%	FSI	%P in Coal				
B*	1.50-1.55	30-60	0.51	8.85	25.04	0.92	8.5	0.081	1.19	1140	117	0.22
D	1.45	NSS	0.53	8.37	25.08	0.82	6.0	0.050	1.17	1120	78	0.10
E	1.5	NSS	0.56	8.16	22.58	1.32	8.0	0.041	1.29	286	64	0.11
F1	1.5	60	0.50	8.58	21.92	0.58	8.0	0.058	1.32	35	28	0.13
F2	1.6	60	0.43	8.27	21.27	0.39	7.0	0.046	1.32	4.4	-13	0.22
G	1.5	60	0.46	7.93	20.64	0.53	8.0	0.089	1.39	26	17	0.08
J	1.55	60	0.44	8.45	18.40	0.37	3.5	0.020	1.43	1.0	-	0.10
K	1.5	60	0.52	6.01	18.14	0.41	3.5	0.002	1.43	1.7	-	0.10

*Weighted Average of FD17-01 and FD17-03A; FSI rounded to the nearest half-unit., NSS = not sufficient sample

Clean coal composite (“CCC”) samples using both floats and froths from each seam, targeting ash contents in the 8% to 9% (adb) range, typically clean to a low sulphur product; seven of the eight seams report less than 1% sulphur, with the exception being Seam E at 1.32%. The phosphorus-in-coal contents for all CCC’s range from 0.002% to 0.089%. FSI values range from 3.5 to 8.5, although most seams report FSI’s of six or higher. Maximum fluidity values range between one to 1,140 dial divisions per minute (ddpm), while dilatation values range from minus 13 to plus 117. Base/acid ratios range from 0.08 to 0.22, with the majority below 0.13. Mean maximum vitrinite reflectance (RoMax) values (from 1.17 to 1.43) fall within the range for coking coals traded on the seaborne market.

From the results of the initial coal quality testing program on Gates Formation coal seams in the Gordon Creek area, it is reasonable to anticipate that product coals from Seams B to G could be marketed as hard coking coals, while coals from Seams J and K (the deepest seams, representing approximately 28.6% of the reported resources, and the seams that would likely be mined last), would meet the requirements of the semi-soft coking coal market. Based on the above findings, Norwest has recommended further exploration to advance the Flatbed project as well as an internal, high-level mining study to determine whether or not to proceed with a Preliminary Economic Assessment based upon current data. Further exploration recommended by Norwest includes additional drilling within the Gordon Creek area and 2D seismic surveys. The additional drilling would be to further advance the definition of the geology, resource and coal quality potential. The 2D seismic surveys would be designed to identify coal seams and geological structures both within the Gordon Creek area and over a second target area referred to as the eastern anticline area. It is expected this work will total approximately \$2.6 million.

Watson Island

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 the court actions against the COPR 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 B.C. 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.

If it is successful in acquiring Watson Island, WatCo’s objective is to redevelop Watson Island as a multi-product bulk commodity shipping terminal with a supporting industrial park. Watson Island is an ideal site

for a bulk terminal, as its existing marine and rail infrastructure can readily accommodate smaller bulk vessels, including Handymax-sized ships. The terminal could accommodate a range of bulk commodities, including coal, potash, pellets and liquids. Watson Island is also one of the closest points in North America to Asia, allowing for a shorter shipping route than other major ports.

Results of Operations

During the six months ended January 31, 2018 the Company reported a loss of \$617,489, compared to a loss of \$533,892 for the six months ended January 31, 2017. The increase in loss was primarily the result of the following:

- Consulting fees of \$96,076 (2017 - \$60,425) rose as the Company increased its corporate development efforts.
- The Company had financing costs of \$(9,045) during the six months ended January 31, 2017 related to the previously proposed financing and disposal of a 10% interest in the Flatbed property. The Company did not proceed with this proposed financing.
- Management fees of \$271,000 (2017 - \$243,000) were in respect to services rendered by certain officers of the Company.
- Shareholder communications of \$29,663 (2017 - \$nil) increased as the Company increased its promotional efforts.
- The Company recorded share-based payments expense of \$6,697 (2017 - \$nil) related to the vesting of stock options granted to consultants of the Company.
- Travel and promotion expense of \$38,093 (2017 - \$36,908) are comprised of fees to travel to and from the properties as well as executive travel to conferences and other promotional expenses.
- Interest and dividend income of \$37,813 (2017 - \$3,202) rose due to management's efforts to realize value upon its cash reserves through short-term investments.
- During the six months ended January 31, 2018 the Company recorded a gain of \$24,150 (2017 - \$15,140) on relinquishment of coal license applications.

Capital Expenditures

During the six months ended January 31, 2018 total exploration spending at Flatbed was \$1,308,715 associated with the 2017 drill program, post-field data compilation, coal quality testing, data compilation and reporting as well as the preparation of an amendment to the existing Work Permit to allow for surface geophysical (seismic) surveys over parts of the property. Explorations expenditures at Flatbed during the comparative six month period ended January 31, 2017 were \$68,678, consisting primarily of project administration costs.

The Company also incurred deferred exploration expenditures of \$42,512 (2017 - \$40,416) at Huguenot, including \$27,135 in respect of coal license renewals.

Financing Activities

There were no financing activities during the six months ended January 31, 2018. During the six months ended January 31, 2017, \$750 of financing costs were recorded due to the previously proposed financing and disposal of a 10% interest in the Flatbed property. The Company did not proceed with this proposed financing.

Summary of Quarterly Results (unaudited)

	Three Months Ended (\$)			
	January 31, 2018	October 31, 2017	July 31, 2017	April 30, 2017
Total revenue	Nil	Nil	Nil	Nil
Loss	(324,242)	(293,247)	(1,010,298)	(369,329)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)
Deferred exploration costs	251,628	1,099,599	426,231	54,269

	Three Months Ended (\$)			
	January 31, 2017	October 31, 2016	July 31, 2016	April 30, 2016
Total revenue	Nil	Nil	Nil	Nil
Loss	(282,717)	(251,175)	(34,732)	(236,097)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Deferred exploration costs (recovery)	75,690	56,512	206,546	(24,119)

The loss for the quarter ended July 31, 2017 is greater than other periods as the Company recorded a write down of mineral property of \$641,569 related to the Tuya River Project. Deferred exploration expenditures increased during the quarters ended July 31, 2017 and October 31, 2017 as the Company conducted a field program at the Flatbed project.

The loss for the quarter ended July 31, 2016 was after recording a gain on sale of marketable securities amounting to \$373,784. Deferred exploration costs for the quarter ended July 31, 2017 were offset by a BCMETC recoveries amounting to \$53,641 (April 30, 2016 - \$73,640).

Liquidity and Capital Resources

As at January 31, 2018, the Company had working capital of \$4,330,317, including cash and cash equivalents of \$4,211,543.

The Company is in the business of exploring for coal which by its nature involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has not, as yet, put any of its coal properties into commercial production and therefore has no operating revenues. The Company has completed a PEA on its 100%-owned Huguenot Coal Project. Based upon coal price and cost assumptions at the time, the results of the PEA suggested that the Huguenot project had positive economics and that it is worthy of continued exploration and development. The Company is dependent on raising additional financing to fund further exploration and development requirements on existing properties, to fund property acquisitions and for general corporate costs. The only sources of future funds presently available to the Company are the sale of additional equity capital, selling or leasing the Company's interest in a property or entering into joint venture arrangements or other strategic alliances in which the funding sources could become entitled to an interest in the properties or the projects. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The recoverability of the carrying value of the coal properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, demonstration of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to obtain financing or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

If it is successful in acquiring Watson Island, WatCo's intent is to redevelop Watson Island as a bulk shipping terminal, with a supporting industrial park. These WatCo expenditures would require significant financial

resources. The Company is dependent upon share issuances or debt financings, or the disposal of other assets to provide the funding necessary to meet these expenditures, or alternatively, the Company's interest in WatCo could be diluted.

Transactions with Related Parties

Related party transactions not disclosed elsewhere in the consolidated financial statements are as follows:

- During the six months ended January 31, 2018 the Company incurred \$44,000 (2017 - \$30,000) in consulting fees paid to Shane Austin, the son of David Austin, President and CEO of the Company. The fees paid were for corporate development of the Company.

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.

Compensation paid or payable to key management, including the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Office and directors for services provided during the six months ended January 31, 2018 and 2017 was as follows:

	2018	2017
	\$	\$
Director's fees ¹	11,000	9,000
Management fees ²	271,000	243,000
Professional fees ³	-	36,300
	282,000	288,300

(1) Fees paid to Ian Downie, Wayne Waters, Anthony Hammond and Greg Waller.

(2) Fees paid to David Austin, John Perry, Anthony Hammond and Greg Waller, or to companies controlled by them.

(3) Fees paid to a company controlled by William Filtness, former CFO of the Company.

Amounts due to related parties at January 31, 2018 amounting to \$30,190 (July 31, 2017 - \$28,601) are non-interest bearing and have no specific terms of repayment.

Accounting Standards Issued But Not Yet Applied

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

- 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 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.
- 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.

Off-Balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements.

Financial Instruments

The Company's financial instruments consist of cash, short term investments, receivables, reclamation deposits, accounts payable and accrued liabilities, and amounts payable to related parties. As at January 31, 2018, the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

Outstanding Share Data

Authorized Capital:

An unlimited number of common shares, without par value, and an unlimited number of preferred shares, issuable in series

Issued and outstanding as at March 29, 2018:

148,914,046 common shares

Outstanding options and warrants as at March 29, 2018:

Type of Security	Number	Exercise Price	Expiry date
Stock options	4,845,000	\$0.77	October 7, 2020
Stock options	250,000	\$0.25	May 1, 2022
Warrants	26,052,825	\$0.30	February 3, 2020
Warrants (1)	3,472,147	\$0.15	February 3, 2020

(1) Each finder's warrant is exercisable into units at a price of \$0.15 per unit. Each unit comprises one common share and one-half of a share purchase warrant. Each full warrant is exercisable to acquire one additional common share at a price of \$0.30 per share until February 3, 2020.

Risks and Uncertainties

The Company's coal projects are in the exploration stage only and commercial coal reserves have yet to be demonstrated. Development of these projects would follow only if favourable exploration results are obtained. There is no guarantee that the Company will ever reach the production stage. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

The Company currently has no revenues from operations. If the Company's exploration programs are successful, additional funds will be required in order to complete the development of its properties.

Additionally, the WatCo planned expenditures will require significant financial resources. The only sources of future funds presently available to the Company are the sale of additional equity capital and the sale or lease of the Company's interest in a property or entering into joint venture arrangements or other strategic alliances in which the funding sources could become entitled to an interest in the properties or the projects.

The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There is no assurance that the Company will be successful in raising additional funds in the future. If the Company does not have the necessary capital to meet its obligations under its contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts. In addition, if the Company does not have sufficient funds to pursue its exploration programs, the viability of the Company could be jeopardized.

Beyond exploration and funding risk, the Company is faced with a number of other risk factors as detailed in the Annual MD&A.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the six months ended January 31, 2018 and this accompanying MD&A (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at www.sedar.com.

Outlook

As at January 31, 2018, the Company had cash and cash equivalents of \$4.2 million.

At Flatbed, the Company completed its drill program in mid-October 2017 and a Technical Report completed by Norwest was filed on SEDAR on January 10, 2018. In the Technical Report, Norwest recommended further exploration to advance the Flatbed project as well as an internal, high-level mining study to determine whether or not to proceed with a Preliminary Economic Assessment based upon current data. Management is considering the next course of action based on the recommendations in the Technical Report.

Management is also pursuing opportunities for financing further work at Huguenot, including the possibility of joint venturing the property, taking into account current market uncertainties. Elements of baseline environmental data collection are ongoing.

WatCo is continuing to pursue the acquisition of Watson Island through its litigation in the British Columbia Supreme Court against the City of Prince Rupert. WatCo is also in discussions with potential investment partners to develop the property into a multi-product bulk facility. The intent is that WatCo will fund and facilitate the development of this plan in consultation with the community, development experts and governments. The goal is to develop the island to highest and best purposes and to maximize the reuse and repurposing of land, buildings and infrastructure and employ the lowest-impact approach to the operation of the terminal.

Other Information

Mr. John Perry, a director of the Company, is the "qualified person" who reviewed and approved the disclosure of the technical information herein regarding the Company's coal properties.

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.ccoal.ca.