



TSX-V: CAD

COLONIAL COAL INTERNATIONAL CORP.

Suite 200, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5
Telephone: (604) 568-4962 and Facsimile: (604) 684-0642

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Take Notice that the annual general meeting of shareholders of Colonial Coal International Corp. (the “**Corporation**”) will be held at the offices of McMillan LLP, located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7, by In Person / Teleconference Call meeting, on Thursday, December 15, 2022, at 9:00 a.m. Pacific Time (the “**Meeting**”; and herein the “**Notice**”).

The Corporation is offering shareholders the option to listen and participate (but not vote) at the Meeting in real time by conference call at:

Within Canada (Toll Free): 1-855-244-8677

From the U.S. (Toll Free): 1-855-282-6330

Attendee Access Code: 2631 279 2937

The Meeting is to be held for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation for its financial year ended July 31, 2022, and the report of the Corporation’s auditor thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint an auditor of the Corporation for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
4. to consider and, if thought appropriate, to pass an ordinary resolution ratifying and approving the Corporation’s new Share Option Plan, with or without variation, as more particularly described in the Corporation’s Management Information Circular;
5. to consider any amendment to or variation of a matter identified in this Notice; and
6. to transact such other business as may properly come before the Meeting or adjournments thereof.

In order to be valid and acted upon at the Meeting, proxies must be received no later than 9:00 a.m., Pacific Time, on Tuesday, December 13, 2022, or not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time for holding the Meeting or any postponement(s) or adjournment(s) thereof. Failure to so deposit a form of proxy will result in

its invalidation. Notwithstanding the foregoing, the chair of the Meeting has the discretion to accept proxies received after such deadline.

A Management Information Circular accompanies this Notice. The Management Information Circular contains details of matters to be considered at the Meeting. No other matters are contemplated, however any permitted amendment to or variation of any matter identified in this Notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

The financial statements for the year ended July 31, 2022, the report of the auditor thereon and the related management discussion and analysis will be made available at the Meeting and are available on www.sedar.com.

Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of Proxy, or another suitable form of proxy, and deliver it by fax, by hand or by mail in accordance with the instructions set out in the form of Proxy and in the Management Proxy Circular.

Unregistered shareholders who plan to attend the Meeting must follow the instructions set out in the form of Proxy or voting instruction form and in the Management Information Circular to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered shareholder.

NOTE OF CAUTION Concerning COVID-19 Outbreak

At the date hereof the Corporation intends to hold the Meeting at the location stated in the Notice of Meeting. However, due to potential unforeseen changes in the ongoing coronavirus COVID-19 pandemic (“COVID-19”), we recommend all shareholders submit votes by sending in a properly completed and signed form of proxy (or voting instruction form) prior to the Meeting following instructions in the Management Information Circular. The Corporation reserves the right to take pre-cautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to changes in COVID-19, including a change of Meeting date, a change of Meeting venue or the way in which the Meeting is held, for example, by virtual meeting. Should any changes to the Meeting occur, the Corporation will announce any and all changes by way of news release filed under the Corporation’s profile on SEDAR at www.sedar.com. Please check the Corporation’s SEDAR profile prior to the Meeting for the most current information. In the event of changes to the Meeting format due to COVID-19, the Corporation will not prepare or mail amended Meeting Proxy Materials.

Dated at Vancouver, British Columbia, Canada, on this 12th day of November, 2022.

BY ORDER OF THE BOARD OF DIRECTORS OF THE CORPORATION

“David Austin”

David Austin

President, Chief Executive Officer and a director



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MANAGEMENT INFORMATION CIRCULAR

(as at November 9, 2022, except as otherwise indicated)

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Colonial Coal International Corp. (the “Corporation”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on December 15, 2022, at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

In this Circular, references to the “Corporation”, “we” and “our” refer to Colonial Coal International Corp. “Common Shares” means common shares without par value in the capital of the Corporation. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged for intermediaries to forward the Meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are officers or directors of or counsel to the Corporation. **If you are a shareholder entitled to vote at the Meeting you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by choosing one of the following methods:

- (a) complete, date and sign the enclosed form of Proxy and return it to the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1;
- (b) use a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the toll-free number, the holder's account number and the Proxy access number; or
- (c) log onto Computershare's website at www.investorvote.com. Registered shareholders must follow the instructions provided on the website and refer to the enclosed Proxy form for the holder's account number and the Proxy access number.

In either case you must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Corporation's board of directors (the "**Board**") at its discretion without notice. **Please note that in order to vote your Common Shares in person at the Meeting, you must attend the Meeting and register with the Scrutineer before the Meeting. If you have already submitted a proxy, but choose to change your method of voting and attend the Meeting to vote, then you should register with the Scrutineer before the Meeting**

and inform them that your previously submitted proxy is revoked and that you personally will vote your Common Shares at the Meeting.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (the "**intermediary**"). In the United States the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders - those who object to their name being made known to the issuers of securities which they own (called "**OBOs**", for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**", for Non-Objecting Beneficial Owners).

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a Voting Instruction Form ("**VIF**") in lieu of the Proxy provided by the Corporation. The VIF will name the same persons as the Corporation's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder's representative.

If you receive a VIF from Broadridge the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.

Notice to Shareholders in the United States

This solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the *Business Corporations Act* (Alberta), as amended (the “**Alberta Act**”), and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the Alberta Act, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the registered shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to either Computershare or to the Corporation’s office, located at Suite 200, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairperson of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder’s Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Board has fixed November 9, 2022 as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting, except to the extent that:

- (a) the shareholder has transferred the ownership of any such Common Shares after the Record Date; and
- (b) the transferee produces a properly endorsed share certificate for or otherwise establishes ownership of any of the transferred Common Shares and makes a demand to Computershare no later than 10 days before the Meeting that the transferee’s name be included in the list of shareholders in respect thereof.

The Common Shares of the Corporation are listed for trading on the TSX Venture Exchange (the “**TSXV**”). The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As of November 9, 2022, there were 175,738,051 Common Shares issued and outstanding, each carrying the right to vote. There are no preferred shares issued and outstanding. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares or the preferred shares.

To the knowledge of the directors and executive officers of the Corporation, only the following person beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation as at November 9, 2022:

Shareholder Name ^(*)	Number of Common Shares Held ^(*)	Percentage of Issued Common Shares
Rousseau Asset Management Ltd.	26,306,015	14.96%
David Austin	19,101,700	10.86%
David Emri	21,422,200	12.18%

Note:

(*) The above information has been furnished by the Corporation and from the insider reports available at www.sedi.ca.

FINANCIAL STATEMENTS

The audited financial statements of the Corporation for the year ended July 31, 2022 and the report of the Corporation's auditor thereon, will be placed before the Meeting. Additional information may be obtained upon request from the Corporation, at Suite 200, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5; telephone: (604) 568-4962 or facsimile: (604) 684-0642. These documents and additional information are also available through the Internet on www.sedar.com.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Corporation's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the Alberta Act, each director elected will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's six nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at November 9, 2022.

Nominee Position with the Corporation and Residence	Period as a director of the Corporation	Common Shares Beneficially Owned or Controlled⁽¹⁾
David Austin⁽²⁾ President, Chief Executive Officer, Chairman and a director British Columbia, Canada	Since July 14, 2010	19,101,700 ⁽³⁾
Ian Downie⁽²⁾ Director British Columbia, Canada	Since July 14, 2010	Nil ⁽⁴⁾
Anthony Hammond⁽²⁾ Director Conway, United Kingdom	Since October 7, 2010	250,000 ⁽⁵⁾
John Perry Chief Operating Officer and a director British Columbia, Canada	Since October 7, 2010	7,750,000 ⁽⁶⁾

Nominee Position with the Corporation and Residence	Period as a director of the Corporation	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Partha S. Bhattacharyya Director Kolkata, India	Since November 18, 2019	Nil ⁽⁷⁾
Gregory Waller Director British Columbia, Canada	Since September 13, 2017	Nil ⁽⁸⁾

Notes:

- (1) The information as to Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees for director.
- (2) Member of the Corporation's Audit Committee.
- (3) David Austin holds a stock option to purchase up to 1,650,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028 and also holds a stock option to purchase up to 850,000 Common Shares at an exercise price of \$2.29 per Common Share expiring on February 7, 2032.
- (4) Ian Downie holds a stock option to purchase up to 250,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028.
- (5) Anthony Hammond holds a stock option to purchase up to 500,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028.
- (6) John Perry holds a stock option to purchase up to 1,400,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028 and also holds a stock option to purchase up to 600,000 Common Shares at an exercise price of \$2.29 per Common Share expiring on February 7, 2032.
- (7) Partha S. Bhattacharyya holds a stock option to purchase up to 1,100,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on November 20, 2029.
- (8) Gregory Waller holds a stock option to purchase up to 1,000,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028.

Occupation, Business or Employment of Nominees

David Austin – President, Chief Executive Officer, Chairman and a director

David Austin has served as Chief Executive Officer and Chairman of the Corporation since October 2010 and as a director of the Corporation since July 2010. Mr. Austin was President of Colonial Coal Corporation (pre-amalgamated company), from August 2005 to November 2008, and has been the Chief Executive Officer, Chairman and a director since November 2008. Previously, Mr. Austin acted as President, from March 2001 to August 2004, and as a director, of NEMI Northern Energy & Mining Inc. (TSX: NNE.A; "NEMI"), and as a terminal manager with the BC Ferry Corporation in West Vancouver, British Columbia. Mr. Austin has served as a director for numerous publicly listed companies, including Running Fox Resource Corp. (TSXV: RUN; OTC: RFXRF; Frankfurt: C8Q), and was a director of Western Canadian Coal Corp. (TSX: WTN, WTN.WT and WTN.DB; AIM: WTN).

Ian Downie – Director

Ian Downie (retired) formerly acted as a consultant specializing in mediation and dispute resolutions. Mr. Downie has served as a director of the Corporation since July 2010 and a director of Colonial Coal Corporation since November 2008. Mr. Downie is a former director of Terminal Operations for the BC Ferry Corporation from June 1999 to September 2007. Mr. Downie previously served as a director of Cranbrook Credit Union and the Credit Union Deposit Insurance Corp. Mr. Downie has also served as a Commissioner for the Financial Institution

Commission, which is the regulator of credit unions, trust companies and insurance companies licensed in the Province of British Columbia.

Anthony Hammond – Director

Anthony Hammond has served as a director of the Corporation since October 2010 and a director of Colonial Coal Corporation since November 2008. Mr. Hammond is a mining engineer and has acted as the Chairman and Managing Director of Great Orme Mines Ltd., in North Wales, United Kingdom, since March 1990. Formerly, from 1963 to 1981, Mr. Hammond worked for Anglo American Corporation in various positions, including as the Manager of Planning at the Vaal Reefs Mine in South Africa. Mr. Hammond was also previously the Chief Consulting Mining engineer of Robertson Research International from 1981 to 1984. Mr. Hammond has acted on the boards of directors of numerous public companies and was formerly a director for NEMI.

John Perry – Chief Operating Officer and a director

John Perry has served as a consultant to Colonial Coal Corporation from May 2008 to October 2010 and, since then, has held the positions of Chief Operating Officer and a director of the Corporation. Mr. Perry has over 45 years of experience as a geologist and is a Registered Professional Geologist with the Association of Professional Engineers and Geoscientists of British Columbia. Mr. Perry has worked on coal projects in northeastern British Columbia since 1976, and initially as an employee with Denison Mines Ltd. and then as a consultant; and he has acted as a geological consultant on domestic and international coal and mineral projects since 1979. From 2004 to 2005, Mr. Perry was Manager of Exploration for NEMI and, from 2005 to 2008, was Director of Exploration for the Belcourt Saxon Coal Limited Partnership. Mr. Perry has founded two geological consulting companies: JHP Coal-Ex Consulting Ltd. and Min-Ex Resources Consultants.

Partha S. Bhattacharyya – Director

Mr. Bhattacharyya is the former Chairman and Managing Director of Coal India Limited (“CIL”), a coal-producing company headquartered in Kolkata, West Bengal, India. Mr. Bhattacharyya holds a post-graduate degree in physics from Jadavpur University, Kolkata, and a diploma in finance from ICFAI University, Hyderabad. Mr. Bhattacharyya is also a Fellow of the Institute of Cost and Works Accountants of India and the World Academy of Productivity Science. Mr. Bhattacharyya joined CIL as a management trainee in 1977, rose to become its Chairman cum MD in October of 2006 and continued until his retirement in February of 2011. During this period he spearheaded the 10% stake sale of the company to mobilize US\$3.5 billion through a highly oversubscribed initial public offering rated the largest in the Indian capital markets so far. Prior to joining CIL, Mr. Bhattacharyya was the Chairman and Managing Director of BCCL, a wholly owned Subsidiary of CIL, where he played a crucial role in the turnaround of the company which had been reporting losses since its inception.

Gregory Waller – Director

Gregory Waller holds a Bachelor of Commerce from University of British Columbia and an MBA from University of Calgary. Mr. Waller is currently a member of the Canadian Investor

Relations Institute. Mr. Waller served as Senior Vice President, Investor Relations & Strategic Analysis, of Teck Resources Limited since December 2015 until his retirement in mid-2017.

Cease Trade Orders or Bankruptcies

Within the last 10 years before the date of this Circular, other than as set out below, no proposed nominee for election as a director of the Corporation was a director or executive officer of any company (including the Corporation in respect of which this Circular is prepared) or acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under Alberta corporate law. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company.

APPOINTMENT OF AUDITOR

PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Suite 700, 250 Howe Street, Vancouver, British Columbia, Canada, V6C 3S7, will be nominated at the Meeting for reappointment as auditor of the Corporation to hold office until the next annual general meeting of shareholders, at a remuneration to be fixed by the directors. PricewaterhouseCoopers LLP was first appointed auditor of the Corporation effective on January 19, 2011.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 - “*Audit Committee*” of the Canadian Securities Administrators (“**NI 52-110**”) requires the Corporation, as a venture issuer, to disclose annually in its management proxy circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor all as set forth herein below.

The Audit Committee’s Charter

The Corporation’s Audit Committee (the “**Audit Committee**”) has a Charter. A copy of the Audit Committee Charter is attached as Schedule “A” to the Corporation’s management proxy circular dated December 17, 2010; a copy of which is filed on www.sedar.com.

Composition of the Audit Committee

The current members of the Corporation’s Audit Committee are Ian Downie (Chairman), Anthony Hammond and David Austin. Messrs Downie and Hammond are independent and Mr. Austin, the President and Chief Executive Officer of the Corporation, is a non-independent member of the Audit Committee. All the current and proposed members of the Audit Committee are considered to be financially literate as required by section 1.6 of NI 52-110.

Relevant Education and Experience

See the disclosure under the heading “Occupation, Business or Employment of Nominees” hereinabove pertaining to relevant education and experience of the Corporation’s Audit Committee members.

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than PricewaterhouseCoopers LLP.

Reliance on Certain Exemptions

The Corporation's auditor, PricewaterhouseCoopers LLP, has not provided any material non-audit services to the Corporation.

Pre-Approval Policies and Procedures

See the Corporation's Audit Committee Charter for policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee reviewed the nature and amount of the non-audit services provided by PricewaterhouseCoopers LLP to the Corporation to ensure auditor independence. Fees incurred with PricewaterhouseCoopers LLP for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

Nature of Services	Year Ended July 31, 2022	Year Ended July 31, 2021
Audit Fees ⁽¹⁾	\$52,965	\$43,329
Audit-Related Fees ⁽²⁾	\$Nil	\$Nil
Tax Fees ⁽³⁾	\$18,725	\$18,725
All Other Fees ⁽⁴⁾	\$Nil	\$Nil
Total	\$71,690	\$62,054

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in Audit Fees and Audit-Related Fees. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services, including fees related to quarterly reviews and the review of other filing documents.

Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

This is a “venture issuer” exemption from the requirement to have 100% of the members of its Audit Committee independent as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

Corporate governance refers to the policies and structure of the board of directors of a company whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Corporation’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment or which is deemed to be a material relationship under NI 52-110.

The Board facilitates its independent supervision over management by holding regular meetings at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

The independent directors of the Corporation are Ian Downie, Anthony Hammond and Partha S. Bhattacharyya. The non-independent directors are David Austin (President, Chief Executive Officer and Chairman), John Perry (Chief Operating Officer) and Gregory Waller (a consultant to the Corporation).

Directorships

The following director is currently serving on the board of directors of the following other reporting companies (or the equivalent) as set out below:

Name of Director	Reporting Issuer	Exchange Listed
Partha S. Bhattacharyya	Ramakrishna Forgings Ltd., Tide Water Oil Ltd., Deepak Fertilizers and Petrochemical Corporation Ltd.	Bombay Stock Exchange Bombay Stock Exchange Bombay Stock Exchange

Orientation and Continuing Education

When new directors are appointed they receive orientation commensurate with their previous experience on the Corporation’s properties and on the responsibilities of directors.

Board meetings may also include presentations by the Corporation’s management and employees to give the directors additional insight into the Corporation’s business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. Furthermore, the Corporation's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Corporation's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Corporation, this policy will be reviewed.

Compensation

The Board is responsible for determining compensation for the officers, employees and non-executive directors of the Corporation. The Board annually reviews all forms of compensation paid to officers, employees and non-executive directors both with regards to the expertise and experience of each individual and in relation to industry peers. Currently, non-executive directors of the Corporation are paid an annual retainer of \$6,000 and are entitled to receive periodic grants of stock options.

Other Board Committees

At the present time the Board has no other committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officer

In this section "Named Executive Officer" (an "NEO") means the Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation

was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year.

The NEOs of the Corporation for the purpose of the following disclosure are:

David Austin	President, CEO and Chairman of the Board;
Andrea Yuan	CFO and Corporate Secretary;
Matthew J. Anderson	Former CFO and Corporate Secretary; and
John Perry	Chief Operating Officer (“COO”).

The Corporation’s directors who are also not NEOs of the Corporation for the purpose of the following disclosure are:

Ian Downie	Director;
Anthony Hammond	Director;
Gregory Waller	Director; and
Partha S. Bhattacharyya	Director.

Director and Named Executive Officer Compensation

The following compensation table, excluding options and compensation securities, provides a summary of the compensation paid by the Corporation to NEOs and members of the Board for the most recently completed financial years ended July 31, 2022, July 31, 2021 and July 31, 2020.

Table of Compensation Excluding Compensation Securities							
Name and principal position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
David Austin ⁽¹⁾ President, CEO, Chairman of the Board and a director	2022	260,000	8,000	Nil	Nil	12,000	280,000
	2021	260,000	9,000	Nil	Nil	12,000	281,000
	2020	260,000	20,400	Nil	Nil	12,000	292,400

Andrea Yuan ⁽²⁾ CFO and Corporate Secretary	2022 2021 2020	60,000 Nil Nil	1,000 Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	61,000 Nil Nil
Matthew Anderson ⁽³⁾ Former CFO and Corporate Secretary	2022 2021 2020	22,500 45,000 46,250	Nil 2,000 4,500	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	22,500 47,000 50,750
John Perry ⁽⁴⁾ COO and a director	2022 2021 2020	230,000 230,000 230,000	8,000 9,000 18,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	238,000 239,000 248,000
Ian Downie ⁽⁵⁾ Director	2022 2021 2020	6,000 6,000 6,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	6,000 6,000 6,000
Anthony Hammond ⁽⁶⁾ Director	2022 2021 2020	6,000 6,000 6,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	30,000 30,000 30,000	36,000 36,000 36,000
Gregory Waller ⁽⁷⁾ Director	2022 2021 2020	6,000 6,000 6,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	42,000 42,000 42,000	48,000 48,000 48,000
Partha S. Bhattacharyya ⁽⁸⁾ Director	2022 2021 2020	6,000 6,000 3,667	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	30,000 30,000 18,333	36,000 36,000 22,000

Notes:

- (1) David Austin was appointed as a director of the Corporation on July 14, 2010 and as President, CEO and Chairman on October 7, 2010. He was President, CEO, Chairman and a director of Colonial Coal Corporation. Mr. Austin entered into an Executive Services Agreement with Colonial Coal Corporation effective January 1, 2008 (the “**ES Agreement**”), which the Corporation has assumed the obligations of in connection with the completion of its then qualifying transaction on the TSXV. Pursuant to the terms of the ES Agreement, Mr. Austin presently receives a monthly salary of \$21,667 subject to adjustment. “All other compensation” paid to Mr. Austin consisted of a car allowance.
- (2) Andrea Yan was appointed CFO and Corporate Secretary on December 8, 2021.
- (3) Matthew Anderson was appointed CFO and Corporate Secretary on July 13, 2017 and resigned on December 8, 2021. Mr. Anderson charged for his services through Malaspina Consultants Inc., a company where he is a managing director.
- (4) John Perry was appointed COO and as a director of the Corporation on October 7, 2010. Mr. Perry charges for his services through his consulting firm, JHP Coal-Ex Consulting Ltd.
- (5) Ian Downie was appointed as a director on July 14, 2010.
- (6) Anthony Hammond was appointed as a director on October 7, 2010. During the year Mr. Hammond received \$30,000 as a payment for management services provided to the Corporation.
- (7) Gregory Waller was elected as a director on September 13, 2017. During the year Mr. Waller received \$42,000 as a payment for management services provided to the Corporation.
- (8) Partha S. Bhattacharyya was appointed to the board of directors on November 18, 2019. During the year Mr. Bhattacharyya received \$30,000 as a payment for management services provided to the Corporation.

Stock Options and Other Compensation Securities

The Corporation’s authorized share structure is an unlimited number of Common Shares and as at November 9, 2022 there were 175,738,051 Common Shares of the Corporation issued and outstanding. The Corporation has a 10% rolling share option plan allowing it to grant options to a maximum of 10% of the issued and outstanding shares of the Corporation, from time to time.

The following table discloses all compensation securities granted or issued to each director and NEO by the Corporation, or a subsidiary of the Corporation, in the financial year ended July 31,

2022 for services provided or to be provided, directly or indirectly, to the Corporation, or a subsidiary of the Corporation.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, underlying securities and percentage of class (#) ⁽¹⁾	Date of Grant or Issue (mm/dd/yy)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$) ⁽²⁾	Closing price of security or underlying security at July 31, 2021 (\$)	Expiry Date (mm/dd/yy)
David Austin ⁽³⁾ President, CEO, Chairman of the Board and a director	Options	850,000	02/07/22	\$2.29	\$2.29	\$2.20	02/07/32
Andrea Yuan ⁽⁴⁾ CFO and Corporate Secretary	Options	250,000	02/07/22	\$2.29	\$2.29	\$2.20	02/07/32
Matthew Anderson ⁽⁵⁾ Former CFO and Corporate Secretary	N/A	Nil	N/A	N/A	N/A	N/A	N/A
John Perry ⁽⁶⁾ COO and a director	Options	600,000	02/07/22	\$2.29	\$2.29	\$2.20	02/07/32
Ian Downie ⁽⁷⁾ Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Anthony Hammond ⁽⁸⁾ Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Gregory Waller ⁽⁹⁾ Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Partha S. Bhattacharyya ⁽¹⁰⁾ Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Percentage of class represents the % of compensation securities granted over the total number of compensation securities of the Corporation outstanding as of July 31, 2021.
- (2) Closing price of the Corporation's Common Shares on the TSXV.
- (3) As of July 31, 2022 Mr. Austin held a stock option to purchase up to 1,650,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028. As of July 31, 2022 Mr. Austin holds a stock option to purchase up to 850,000 Common Shares at an exercise price of \$2.29 per Common Share expiring February 7, 2032.
- (4) As of July 31, 2022, Ms. Yuan held 250,000 options to purchase up to 250,000 Common shares at an exercise price of \$2.29 per Common Share expiring February 7, 2032.
- (5) As of July 31, 2022 Mr. Anderson held no outstanding stock options and to the Corporation. Mr. Anderson was appointed CFO and Corporate Secretary on July 13, 2017 and resigned on December 8, 2021.
- (6) As of July 31, 2022 Mr. Perry held a stock option to purchase up to 1,400,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028. As of July 31, 2022 Mr. Perry holds a stock option to purchase up to 600,000 Common Shares at an exercise price of \$2.29 per Common Share expiring on February 7, 2032.
- (7) As of July 31, 2022 Mr. Downie held a stock option to purchase up to 250,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028.
- (8) As of July 31, 2022 Mr. Hammond held a stock option to purchase up to 500,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028.
- (9) As of July 31, 2022 Mr. Waller held a stock option to purchase up to 1,000,000 Common Shares at an exercise price of \$0.31 per Common Share expiring on April 5, 2028.

- (10) As of July 31, 2022 Mr. Bhattacharyya held a stock option to purchase up to 1,100,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on November 20, 2029.

Exercise of Compensation Securities by NEOs and directors

There were no compensation securities exercised by any of the NEOs or directors of the Corporation during the financial year ended July 31, 2022.

Stock Options and Other Incentive Plans

The Corporation has a Share Option Plan (the “**Plan**”) in place which was established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. Management proposes share option grants to the Board based on such criteria as performance, previous grants and hiring incentives. All grants require approval of the Board. The Plan is administered by the directors of the Corporation and provides that stock options will be issued to directors, officers, employees or consultants of the Corporation or a subsidiary of the Corporation.

As at July 31, 2022, there were 12,000,000 stock options outstanding pursuant to the Plan. Please see “Particulars for Matters to be Acted Upon – Share Option Plan” for a summary of the Plan.

Employment, consulting and management agreements

Except as described below, as of July 31, 2022 and to date, the Corporation has no agreements of compensatory plans or arrangements with any of its NEOs and/or directors under which compensation was provided during the most recently completed financial year ended July 31, 2022.

The Corporation entered into the ES Agreement with David Austin, effective on January 1, 2007, pursuant to which the Corporation has assumed the obligations in connection with the completion of the Corporation’s then qualifying transaction on the TSXV. Pursuant to the terms of the ES Agreement, Mr. Austin currently receives a monthly salary of \$21,667 subject to adjustment. If the Corporation terminates the ES Agreement without cause it is required to provide 60 days’ notice and Mr. Austin is entitled to the equivalent of 48 months’ severance of the then payable monthly fee under the ES Agreement. In the event of a change of control (as defined in the ES Agreement), Mr. Austin is entitled to terminate the ES Agreement and will receive a severance equivalent to 24 months of the then payable monthly fee.

Oversight and description of director and named executive officer compensation

The Board is responsible for determining compensation for the officers and non-executive directors of the Corporation. The Board annually reviews all forms of compensation paid to officers and non-executive directors both with regards to the expertise and experience of each individual and in relation to industry peers. In each case, the Board takes into consideration the prior experience of the officer and/or non-executive director, industry standards, competitive salary information on comparable companies of similar size and stage of development, the degree of responsibility and participation of the executive in the day-to-day affairs of the Corporation, and the Corporation’s available cash resources.

Executive Compensation

Except as disclosed herein, there are no arrangements under which NEOs were compensated by the Corporation during the two most recently completed financial years for their services in their capacity as NEOs, directors or consultants:

Pursuant to the ES Agreement, David Austin currently receives a monthly salary of \$21,667 subject to adjustment. John Perry, COO of the Corporation, charges for his services through his consulting firm, JHP Coal-Ex Consulting Ltd. Andrea Yuan, CFO and Corporate Secretary of the Corporation, charges for her services through Black Dragon Financial Consulting Services Inc.

Director Compensation

Non-executive directors of the Corporation are paid an annual retainer of \$6,000. During the most recently completed financial year ended July 31, 2022, Mr. Hammond received \$30,000 (2021 - \$30,000) as a payment for management services provided to the Corporation. During the financial year ended July 31, 2022, Mr. Waller received \$42,000 (2021 - \$42,000) as a payment for management services provided to the Corporation. During the financial year ended July 31, 2022, Mr. Bhattacharyya received \$30,000 (2021 - \$30,000) as a payment for management services provided to the Corporation. During the financial year directors are also entitled to receive stock options in accordance with the terms of the Plan and TSXV requirements. Directors of the Corporation are reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Board, committees of the Board or meetings of the shareholders of the Corporation. The Corporation has also obtained customary insurance for the benefit of its directors.

Actions, Decisions or Policies Made After July 31, 2022

Given the evolving nature of the Corporation's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Except as stated herein, no actions, decisions or policies have been made since July 31, 2022 that would affect a reader's understanding of the Corporation's NEO compensation.

Pension disclosure

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for the NEOs or directors of the Corporation.

See the disclosure under the heading "Securities Authorized under Equity Compensation Plans" herein for further information on the Corporation's proposed new share option plan which is proposed for approval at the Meeting.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation's current Plan provides that the Board may, from time to time in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and

technical consultants to the Corporation non-transferable stock options to purchase Common Shares; provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Options may be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance to any individual director or officer may not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants may not exceed 2% of the issued and outstanding Common Shares.

The following table sets out equity compensation Plan information as at the end of the financial year ended July 31, 2022:

Equity Compensation Plan Information

Plan	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders - the existing Plan	12,000,000	\$1.09	5,573,805
Equity Compensation plans not approved by securityholders.	Nil	N/A	Nil
Total:	12,000,000	\$1.09	5,573,805

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates or other management of the Corporation were indebted to the Corporation as of the end most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An informed person is one who, generally speaking, is a director or executive officer or a 10% shareholder of the Corporation. To the knowledge of management of the Corporation, no informed person or nominee for election as a director of the Corporation, or any associate or affiliate of any informed person or proposed director, had any interest in any transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries during the year ended July 31, 2022, or has any interest in any material transaction in the current year other than as set out herein and in a document previously disclosed to the public.

MANAGEMENT CONTRACTS

The business of the Corporation is managed by its directors and officers and the Corporation has no management agreement with persons who are not officers or directors of the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of the New Option Plan

The Board of Directors of the Corporation implemented a share option Plan effective December 17, 2010 which was subsequently amended and restated on November 19, 2019. The number of common shares which may be issued pursuant to options granted under the Plan is a maximum of 10% of the issued and outstanding common shares, on a non-diluted basis, at the time of the grant

On November 24, 2021, the TSX Venture Exchange (“TSXV”) adopted a new Policy 4.4 – *Security Based Compensation* (“**Policy 4.4**”), which governs security based compensation. The changes to Policy 4.4 generally relate to the expansion of the policy to cover a number of types of security based compensation in addition to stock options. The Corporation has adopted a new form of 10% rolling share option plan in order to conform with the new Policy 4.4, with an effective date of December 15, 2022 (the “**New Plan**”).

The New Plan has been conditionally approved by the TSXV, subject to receipt of shareholder approval at the Meeting.

The New Plan provides that the aggregate number of securities reserved for issuance will be 10% of the number of Common Shares of the Corporation issued and outstanding from time to time. The New Plan is administered by the Board, which has full and final authority with respect to the granting of all options and awards thereunder.

Options and other stock awards may be granted under the New Plan to service providers (each, a “**Service Provider**”) of the Corporation and its affiliates, including directors, officers, employees, consultants and employees of companies providing management services to the Corporation, as the Board may from time to time determine.

The purpose of the New Plan is to attract and motivate directors, senior officers, employees, management company employees and consultants (collectively, the “**Optionees**”) and to give such persons, as additional compensation, the opportunity to participate in the success of the Corporation.

As at November 9, 2022 there were 175,738,051 Common Shares outstanding. Accordingly, a maximum aggregate of 17,573,805 Common Shares are available for reserve for exercise of options and awards under the New Plan. There are currently 12,500,000 options outstanding to purchase 12,500,000 Common Shares. Accordingly, 5,073,805 Common Shares remain available for reserve for exercise of options under the New Plan.

Material Terms of the New Plan

The following is a summary of the material terms of the New Plan:

- (a) persons who are Service Providers to the Corporation or its affiliates, or who are providing services to the Corporation or its affiliates, are eligible to receive grants of options and awards under the New Plan;

- (b) options and awards granted under the New Plan are non-assignable and non-transferable;
- (c) for options and awards granted to Service Providers, the Corporation must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) an option granted to any Service Provider will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Corporation, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Corporation;
- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the New Plan);
- (h) all options granted under the New Plan will expire not later than the date that is ten years from the date that such options are granted;
- (i) no one participant may be granted options to purchase more than 5% of the number of the issued and outstanding Common Shares and no more than 2% of the issued and outstanding Common Shares may be granted to any one consultant in any 12 month period. No more than an aggregate of 2% of the issued and outstanding Common Shares may be granted to all investor relations service providers in any 12 month period. No more than 10% of the issued and outstanding Common Shares may be granted to insiders within any 12 month period or at any point in time;
- (j) vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Corporation or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Corporation or its affiliates during the vesting period; or (ii) the Service Provider remaining as a director of the Corporation or its affiliates during the vesting period. Options

granted to investor relations providers must vest in stages over twelve months with no more than 25% vesting in any three month period.; and

- (k) the Board reserves the right in its discretion to amend, suspend, terminate or discontinue the New Plan, subject to any required shareholder or TSXV approvals.

The New Plan adopts certain changes to conform with the new TSXV Policy 4.4, including the addition of certain definitions in the New Plan and clarification of TSXV requirements for security based compensation plans. The New Plan also allows for option holders to exercise options on a “Cashless Exercise” or “Net Exercise” basis, as now expressly permitted by Policy 4.4. “Cashless Exercise” is a method of exercising options in which a securities dealer loans funds to the option holder or sells the same shares as those underlying the option, prior to or in conjunction with the exercise of options, to allow the option holder to fund the exercise of some or all of their options. “Net Exercise” is a method of option exercise under which the option holder does not make any payment to the Corporation for the exercise of their options and receives on exercise a number of shares equal to the intrinsic value (current market price less the exercise price) of the option valued at the current market price. Under Policy 4.4, the current market price must be the five day volume weighted average trading price prior to option exercise. “Net Exercise” may not be utilized by persons performing investor relations services.

A copy of the New Plan is attached hereto as Schedule “A”.

Shareholder Approval

At the Meeting shareholders will be asked to consider and vote on the ordinary resolution to adopt the New Plan, and with or without variation, as follows:

RESOLVED as an ordinary resolution that:

1. the ratification and approval of the New Plan dated for reference December 15, 2022, be ratified, confirmed and approved until the next annual general meeting of the Corporation;
2. the number of Common Shares of the Corporation reserved for issuance under the New Plan shall not exceed 10% of the Company’s issued and outstanding share capital as set out in the New Plan;
3. to the extent permitted by law, the Company be authorized to abandon all or any part of the New Plan if the Board deems it appropriate and in the best interest of the Company to do so; and
4. any one or more directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to this resolution.

The Board recommends shareholders vote in favour of ratification and approval of the New Plan.

In the absence of a contrary instruction, the persons named in the enclosed form of Proxy intend to vote in favour of the above ordinary resolution. An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is included in the audited financial statements of the Corporation for the year ended July 31, 2022 a copy of which have been filed on www.sedar.com.

Additional information is also available upon request from the Corporation's CEO at the office of the Corporation. The Corporation's telephone number is (604) 568-4962.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Circular.

SHAREHOLDER PROPOSALS

Pursuant to Canadian law, shareholder proposals to be considered for inclusion in the management proxy circular for the 2023 annual meeting of the Corporation (expected to be held in December 2023) must be received by the Secretary of the Corporation on or before the close of business on September 14, 2023.

DIRECTORS' APPROVAL

The contents of this Circular and its distribution to shareholders have been approved by the Board.

Dated at Vancouver, British Columbia, Canada, on this 12th day of November, 2022.

BY ORDER OF THE BOARD OF DIRECTORS OF THE CORPORATION

“David Austin”

David Austin

President, Chief Executive Officer and a director

Schedule "A"

New Plan

Refer to the form of New Plan attached hereto.



TSX-V: CAD

COLONIAL COAL INTERNATIONAL INC.

(the “Company”)

SHARE OPTION PLAN

(the “Plan”)

Dated for Reference December 15, 2022

ARTICLE 1

PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies and any inconsistencies between this Plan and TSX Venture Policies will be resolved in favour of the latter.

Definitions

1.2 In this Plan:

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Black-out Period** means a period during which a restriction has been formally imposed by the Company, pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information, on all or any of its Participants whereby such Participants are prohibited from exercising, redeeming or settling their Options, provided that any Black-out Period must expire following the general disclosure of the undisclosed material information;
- (c) **Board** means the Board of Directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (d) **Cause** means “Just Cause” as defined in the Participant’s employment agreement or agreement for services with the Company or one of its subsidiaries, or if such term is not defined or if the Participant has not entered into an employment agreement or agreement for services with the Company or one of its subsidiaries, then any circumstance that would permit the Company or one of its subsidiaries to terminate a Participant’s employment or agreement for services without notice of

termination, or payment in lieu of notice of termination, severance pay or benefits continuation under the applicable law;

- (e) **Change of Control** means the occurrence of any of:
 - (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the Company or any of its Affiliates) thereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act* (British Columbia)) of, or acquires the right to exercise control or direction over, securities of the Company representing 50% or more of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an issuance or exchange of securities, an amalgamation of the Company with any other person, an arrangement, a capital reorganization or any other business combination or reorganization;
 - (ii) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company);
 - (iii) the occurrence of a transaction requiring approval of the Company’s security holders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Company);
 - (iv) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or
 - (v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred;
- (f) **Common Shares** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture;
- (g) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its successors according to law;
- (h) **Consultant** means, in relation to the Company, an individual (other than a Director, Officer or Employee of the Company or any of its subsidiaries) or company that:
 - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution;

- (ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;
- (i) **Date of Termination** means, for a Participant, the last day that the Participant actively provides services to the Company or a subsidiary of the Company without regard to any notice of termination or pay in lieu of notice thereof, deemed or notional notice period, or period during which the Participant receives pay in lieu of notice, termination pay, severance payments or salary continuance, whether pursuant to statute, agreement, common law or otherwise;
- (j) **Director** means a director (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (k) **Discounted Market Price** has the meaning assigned to it by Policy 1.1 of the TSX Venture Policies;
- (l) **Disinterested Shareholder Approval** has the meaning assigned to it by Policy 4.4 Sections 5.3(b) and (c) of the TSX Venture Policies;
- (m) **Distribution** has the meaning assigned to it by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (n) **Effective Date** for an Option means the date of grant thereof by the Board;
- (o) **Employee** means:
- (i) an individual who is considered an employee of the Company or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as

the case may be, but for whom income tax deductions are not made at source;

- (p) **Exchange Hold Period** has the meaning assigned to it by Policy 1.1 of the TSX Venture Policies;
- (q) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (r) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (s) **Insider** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (t) **Investor Relations Service Provider** means any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;
- (u) **Investor Relations Activities** has the meaning assigned to it by Policy 1.1 of the TSX Venture Policies;
- (v) **Management Company Employee** means an individual employed by a company providing management services to the Company which services are required for the ongoing successful operation of the business enterprise of the Company;
- (w) **Market Price** has the meaning assigned to it by Policy 1.1 of the TSX Venture Policies;
- (x) **Officer** means an officer (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (y) **Option** means the right to purchase Common Shares granted hereunder to a Participant under this Security Based Compensation Plan;
- (z) **Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Participant and substantially in the form of Schedule "A" which is attached hereto;
- (aa) **Optioned Shares** means Common Shares that may be issued in the future to a Participant upon the exercise of an Option;
- (bb) **Optionee** means the recipient of an Option hereunder;
- (cc) **Outstanding Shares** means, at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;

- (dd) **Participant** means a Service Provider that is the recipient of Security Based Compensation granted or issued by the Company;
- (ee) **Person** includes a company, any unincorporated entity, or an individual;
- (ff) **Plan** means this security based share option plan, the terms of which are set out herein or as may be amended;
- (gg) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under this Plan as provided in §2.2;
- (hh) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over this Plan and any Options issued hereunder;
- (ii) **Securities Act** means the British Columbia *Securities Act*, R.S.B.C. 1996, c. 418, or any successor legislation;
- (jj) **Security Based Compensation** has the meaning assigned to it in TSX Venture Policy 4.4 – *Security Based Compensation*;
- (kk) **Security Based Compensation Plan** has the meaning assigned to it TSX Venture Policy 4.4 – *Security Based Compensation*;
- (ll) **Service Provider** means a Person who is a Director, Officer, Employee, Management Company Employee, or Consultant, and also includes a company 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (mm) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (nn) **Take Over Bid** means a take over bid as defined in National Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;
- (oo) **TSX Venture** means the TSX Venture Exchange and any successor thereto;
- (pp) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time; and
- (qq) **VWAP** means the volume-weighted average trading price of the Common Shares on the TSX Venture calculated by dividing the total value by the total volume of the Common Shares traded for the five trading days immediately preceding the exercise of the subject Option, provided that the TSX Venture may exclude internal crosses and certain other special terms trades from the calculation.

Other Words and Phrases

1.3 Words and phrases used in this Plan but which are not defined in this Plan, but are defined in the TSX Venture Policies, will have the meaning assigned to them in the TSX Venture Policies.

Gender

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2
SHARE OPTION PLAN

Establishment of Share Option Plan

2.1 This Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

Maximum Plan Shares

2.2 The maximum aggregate number of Common Shares that may be reserved for issuance under this Plan, together with all other Security Based Compensation Plans, at any point in time is up to 10% of the Outstanding Shares as at the date of grant or issuance of any Security Based Compensation under any of such Security Based Compensation Plans.

Eligibility

2.3 Options to purchase Common Shares may be granted hereunder to Participants from time to time by the Board. Participants that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

Options Granted Under this Plan

2.4 All Options granted under this Plan will be evidenced by an Option Commitment substantially in the form attached hereto as Schedule "A" (or in such other form as determined by the Company) showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

Limitations on Participation

2.6 This Plan provides for the following limits on grants unless otherwise permitted pursuant to the policies of the TSX Venture:

- (a) unless Disinterested Shareholder Approval is obtained, the maximum aggregate number of Common Shares that may be issuable to any one Participant (and where permitted pursuant to the policies of the TSX Venture, any company that is wholly-owned by the Participant) pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 5% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation;
- (b) unless Disinterested Shareholder Approval is obtained, the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 10% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation;
- (c) unless Disinterested Shareholder Approval is obtained, the maximum aggregate number of Common Shares that may be issuable to Insiders of the Company (as a group) pursuant to all Security Based Compensation of the Company may not exceed 10% of the Outstanding Shares at any point in time;
- (d) the maximum aggregate number of Common Shares that may be issuable to any Consultant of the Company pursuant to all Security Based Compensation of the Company granted or issued within any twelve (12) month period may not exceed 2% of the Outstanding Shares calculated on the date of grant of any Security Based Compensation; and
- (e) the maximum aggregate number of Common Shares that may be issuable to all Investor Relations Services Providers pursuant to Options granted or issued within any twelve (12) month period may not exceed 2% of the Outstanding Shares calculated on the date of grant of any Options and Investor Relations Services Providers may not received any Security Based Compensation other than Options.

Exercised and Unexercised Options

2.7 In the event an Option granted under this Plan is exercised, expires unexercised or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to this Plan and will be eligible for re-issuance.

Administration of this Plan

2.8 The Board will be responsible for the general administration of this Plan and the proper execution of its provisions, the interpretation of this Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue this Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of this Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under this Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of this Plan so delegated to the same extent as the Board is hereby authorized so to do.

Amendment of this Plan by the Board of Directors

2.9 Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify this Plan or any Option granted as follows:

- (a) amendments which are of a typographical, grammatical, clerical nature only;
- (b) amendments of a housekeeping nature;
- (c) amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the TSX Venture; and
- (d) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, amendments as may be required by the policies of such senior stock exchange or stock market.

Amendments Requiring Disinterested Shareholder Approval

2.10 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) this Plan, together with any other Security Based Compensation Plans, or any particular grant or issue of Security Based Compensation, could result in:
 - (i) the aggregate number of Common Shares issuable pursuant to Security Based Compensation to Insiders (as a group) exceeding 10% of the Outstanding Shares at any time;
 - (ii) the aggregate number of Common Shares issuable pursuant to Security Based Compensation granted or issued within any 12 month period to

Insiders (as a group) exceeding 10% of the Outstanding Shares calculated at the date of grant or issue; or

(iii) the aggregate number of Common Shares issuable pursuant to Security Based Compensation granted or issued within any 12 month period to any one Participant exceeding 5% of the Outstanding Shares calculated at the date of grant or issue; or

(b) any reduction in the Exercise Price or the extension of the term of an Option held by an Insider or any other amendment to an Option that results in a benefit to an Insider.

Options Granted Under the Company's Previous Share Option Plans

2.11 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3

TERMS AND CONDITIONS OF OPTIONS

Exercise Price

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under this Plan, and cannot be less than the Discounted Market Price.

Term of Option

3.2 The term of an Option will be set by the Board at the time such Option is allocated under this Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.

Option Amendment

3.3 Subject to §2.10(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture or the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

3.5 In respect of any proposed amendment to the terms of an Option, and except as otherwise provided under TSX Venture Policies:

(a) any amendment must be approved by the TSX Venture, and be subject to shareholder approval, where applicable, prior to the exercise of such Option; and

- (b) the Company must issue a news release outlining the terms of the amendment.

Vesting of Options

3.6 Subject to §3.7, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under this Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Participant remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Participant remaining as a Director of the Company or any of its Affiliates during the vesting period.

Vesting of Options Granted to Investor Relations Service Providers

3.7 Notwithstanding §3.6, Options granted to Investor Relations Service Providers will vest such that:

- (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;
- (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;
- (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
- (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.

Effect of Take-Over Bid

3.8 If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding §3.6 or any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture for vesting requirements imposed by the TSX Venture Policies.

Acceleration of Vesting on Change of Control

3.9 In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the

occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities. Notwithstanding the foregoing, no acceleration to the vesting schedule of one or more Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the TSX Venture.

Extension of Options Expiring during Black-out Period

3.10 Should the Expiry Date for an Option fall within a Black-out Period, such Expiry Date shall be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Black-out Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan, provided that such automatic extension of the Expiry Date for an Option will not apply where the Participant or the Company is subject to a cease trade order (or similar order under securities laws) in respect of the Company's securities.

Optionee Ceasing to be Director, Employee or Service Provider

3.11 Options may be exercised after the Participant has left his/her employ/office or has been advised by the Company or its subsidiary, as applicable, that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Participant will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date; and
- (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.

Non-assignable

3.12 Subject to §3.11(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

Adjustment of the Number of Optioned Shares

3.13 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.13;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.13, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;

- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.13, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and
- (h) any adjustment, other than in connection with a security consolidation or security split, to Options granted or issued under this Plan is subject to the prior acceptance of the TSX Venture, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 4

COMMITMENT AND EXERCISE PROCEDURES

Option Commitment

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to this Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

Manner of Exercise

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering:
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
 - (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to §4.5.

Cashless Exercise

4.3 Subject to the provisions of this Plan (including, without limitation, § 4.5 and, upon prior approval of the Board, once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) excluding Options held by any Investor Relations Service Provider, a "net exercise" procedure in which the Company issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying

Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares; or

- (b) a broker assisted “cashless exercise” in which the Company delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations a determined by the Company against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this §4.3 from time to time by delivery to the Company, at its head office or such other place as may be specified by the Company of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option, the method of cashless exercise, and the number of Options to be exercised and (ii) the payment of an amount for any tax withholding or remittance obligations of the Optionee or the Company arising under applicable law and verified by the Company to its satisfaction (or by entering into some other arrangement acceptable to the Company in its discretion, if any). The Participant shall comply with Section 4.5 of this Plan with regard to any applicable required withholding obligations and with such other procedures and policies as the Company may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board in connection with such exercise.

4.4 In the event of a net exercise pursuant to §4.3(a) or a cashless exercise pursuant to §4.3(b), the number of Options exercised, surrendered or converted, and not the number of Common Shares actually issued by the Company, must be included in calculating the limits set forth in §2.2, §2.6 and §2.10 of this Plan.

Tax Withholding and Procedures

4.5 Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in §4.5 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

Delivery of Optioned Shares and Hold Periods

4.6 As soon as practicable after receipt of the notice of exercise described in §4.2 or §4.3, as applicable, and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. An Exchange Hold Period will be applied from the date of grant for all Options granted to:

- (a) Insiders; or
- (b) where Options are granted to any Participants, including Insiders, where the Exercise Price is at a discount to the Market Price.

4.7 Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the Effective Date of the grant of the Options.

ARTICLE 5 GENERAL

Employment and Services

5.1 Nothing contained in this Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company or a subsidiary of the Company, or interfere in any way with the right of the Company or a subsidiary of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in this Plan by an Optionee is voluntary.

No Representation or Warranty

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of this Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Participant. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

Interpretation

5.3 This Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

Continuation of Plan

5.4 This Plan will become effective from and after December 15, 2022, and will remain effective provided that this Plan, or any amended version thereof, receives Shareholder Approval

at each annual general meeting of the holders of Common Shares of the Company subsequent to such effective date.

Amendment of this Plan

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate this Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of this Plan will be subject to any necessary Regulatory Approvals and Shareholder Approval.

SCHEDULE A

SHARE OPTION PLAN

OPTION COMMITMENT

Notice is hereby given that, effective this _____ day of _____, 20___, pursuant to the provisions of the Share Option Plan (the “**Plan**”) of Colonial Coal International Inc. (the “**Company**”), the Company has granted to _____ (the “**Optionee**”), an Option to acquire _____ common shares (the “**Optioned Shares**”) up to 5:00 p.m. (Vancouver Time) on the _____ day of _____, 20___ (the “**Expiry Date**”), or such earlier date as determined in accordance with the terms of this Plan, at an Exercise Price of \$ _____ per Optioned Share.

[Optioned Shares are to vest immediately.]

OR

[Optioned Shares will vest (*INSERT VESTING SCHEDULE AND TERMS*)]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof. This Option Commitment and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Commitment is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise the Option: (1) deliver a written notice in the form attached as Schedule B to the Plan (or in such other form as established by the Company) specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate exercise price; or (2) if the Optionee wishes to exercise the Option on a “net exercise” basis or “cashless exercise” basis in accordance Section 4.3(a) or Section 4.3(b) of the Plan and the Company’s Board of Directors approves the exercise on a “net exercise” basis or “cashless exercise” basis, deliver a written notice and comply with such other conditions as established by the Company for a “net exercise” or “cashless exercise”. A certificate, or a written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the Company or its transfer agent, if applicable, as soon as practicable thereafter and may bear a restrictive legend if required under applicable securities laws or the policies of the TSX Venture Exchange.

[Note: If a four month hold period is applicable under the policies of the TSX Venture Exchange, the following legend must be placed on the certificate or the written notice in the case of uncertificated shares.]

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE
EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES
LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE

MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL *[insert date 4 months from the date of grant of the Options].*”]

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the TSX Venture Policies) by both the Company and the TSX Venture Exchange as more particularly set out in the Acknowledgement - Personal Information form in use by the TSX Venture Exchange on the date of this Option Commitment.

COLONIAL COAL INTERNATIONAL CORP.

Per:

Authorized Signatory

[Insert name and title of authorized signatory]

The Optionee acknowledges receipt of a copy of the Plan and represents to the Company that the Optionee is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Optionee agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by applicable regulatory authorities.

OPTIONEE:

Signature of Optionee

Date signed:

Print Name of Optionee

Address of Optionee

SCHEDULE A

SHARE OPTION PLAN

NOTICE OF EXERCISE OF OPTION

To:

Colonial Coal International Inc.

Suite 200, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2Y5

Attention: Share Option Plan Administrator

Re: Employee Share Option Exercise under the Share Option Plan of Colonial Coal International Inc. (the "Company")

This letter is to inform the Administrator of the Company's Share Option Plan that I, _____, wish to exercise _____ Options, at an exercise price of \$ _____ per Optioned Share, on this _____ day of _____, 20____.

Payment issued in favour of Colonial Coal International Inc. for the amount of \$ _____ will be forwarded, including withholding tax amounts.

Please register the Option Share certificate in the name of:

Name of Optionee: _____

Address: _____

Please send Option Share certificate to:

Name: _____

Address: _____

Sincerely,

Signature of Optionee

Date

SIN Number (for T4)

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