

Colonial Coal International Corp.
Management's Discussion and Analysis of Financial Position and Results of
Operations ("MD&A")
For the year ended July 31, 2023

The following information, prepared as of October 31, 2023, should be read in conjunction with the consolidated financial statements of Colonial Coal International Corp. (the "Company") for the year ended July 31, 2023 which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

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

Forward-Looking Statements

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

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

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of October 31, 2023.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, possible variations in mineral resources; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; and political, regulatory, environmental, and other risks of the mining industry.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward- looking statement, whether as a result of new information, future events or any other reason.

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

Cautionary Note Regarding Reserve and Resource Estimates

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

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

General

The Company owns two coal exploration properties located in British Columbia, the Huguenot Property and the Flatbed Property.

Huguenot Property

The Huguenot Property is a coking coal project currently comprised of seventeen coal licenses covering an area of 9,531 hectares located in the Liard Mining Division, northeastern British Columbia, approximately 620 kilometres north-northeast of Vancouver, close to the provincial boundary with Alberta. It is situated approximately 85 km south-southeast of the town of Tumbler Ridge and 115 km southwest of the city of Grande Prairie, Alberta.

As reported in the Company's November 26, 2019 news release, a Preliminary Economic Assessment ("PEA") for a stand-alone open pit option has been completed. The PEA was filed on www.sedarplus.ca on January 9, 2020.

This PEA for the stand-alone open pit mine on the Huguenot Project is preliminary in nature and there is

no certainty that the forecast results stated in the PEA will be realized. In addition, the PEA includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Furthermore, mineral resources that are not mineral reserves do not have demonstrated economic viability.

Details of earlier PEA studies have been presented in previous MD&As filed by the Company. The results of the 2020 Huguenot PEA show that the Huguenot Project continues to demonstrate positive economics, has viable development options and is worthy of advancement.

The 2020 Huguenot PEA report builds upon an original Huguenot PEA report prepared in 2013 by Norwest Corporation (“Norwest”) that was updated in 2018 by Norwest (“the 2018 Huguenot PEA”), now Stantec Consulting Services Inc. (“Stantec”), using then current scoping level cost estimates and economic analyses. The mining studies previously reported (September 24, 2013, and July 10, 2018 and by way of corresponding 43-101 Technical Report filings) were based upon exploiting the coking coal resources by a combination of open pit and underground mining methods. During the 2018 update, Stantec recognized an opportunity to significantly expand the open pit to higher stripping ratios, with correspondingly higher recoverable tonnages of surface mineable coal, thereby creating the opportunity to examine a surface stand-alone mining option in a new PEA (“the 2020 Huguenot PEA”).

The 2020 Huguenot PEA (completed in January 2020) does not include any further evaluation of the underground resources, nor any potentially mineable coal associated with these resources. For the current study, Stantec used previously reported surface mineable resources to develop a revised conceptual mine plan to exploit the coal resources utilizing a stand-alone open pit, in contrast to the previous approach of a combined open pit and underground mine. Stantec completed a more detailed analysis of the open pit design and equipment selection than was carried out previously, that yielded larger mineable open pit tonnage, longer mine life and a lower cost mining operation. In addition, alternative means of product coal transportation were considered which resulted in a revised plan to transport coal by conventional haul trucks from the mine to the existing rail line south of Tumbler Ridge, as opposed to the previous concept of direct rail transport from the mine. The trucking concept has the advantage of lower capital costs, lower risk, and a shorter construction schedule than the rail option.

Highlights of the most recent 2020 Huguenot PEA report are summarized below. All costs are in US dollars but, where Canadian dollar equivalents are provided, they have been converted using an exchange rate of US\$1.00 equals CAD\$1.316.

A summary of the financial analyses is presented in the following tables: the results show the after tax (including royalty) net present values (NPVs) at various discount rates and internal rates of return (IRRs) for a range of coal prices. For the benchmark coal price, Stantec has used US\$174 per tonne. They note that, while a discount may be applied to the benchmark price for Huguenot product coal, they consider the potential discount to be within the range of values presented in the tables below.

The capital expenditures are based on two scenarios. The first scenario assumes that all major mining equipment is purchased outright in the year in which it is required for the mining operation. This includes replacements as they are required over the life of the mine. The second scenario assumes that the major mining equipment will be leased in the year in which it is required for the mining operation and that replacements will also be leased when the equipment needs to be replaced.

PURCHASED EQUIPMENT SCENARIO (US\$)

Coal Price	NPV (US\$ millions) at Varying Discount Rates with IRR			
	5%	7.5%	10%	IRR (%)
US\$174/t	\$1,482	\$1,027	\$718	26.3%
US\$157/t	\$1,072	\$713	\$470	21.0%
US\$191/t	\$1,891	\$1,340	\$965	31.4%

PURCHASED EQUIPMENT SCENARIO (CDN\$)

Coal Price	NPV (CDN\$ millions) at Varying Discount Rates with IRR			
	5%	7.5%	10%	IRR (%)
CDN\$229/t	\$1,949	\$1,351	\$944	26.3%
CDN\$207/t	\$1,410	\$938	\$618	21.0%
CDN\$251/t	\$2,488	\$1,763	\$1,270	31.4%

LEASED EQUIPMENT SCENARIO (US\$)

Coal Price	NPV (US\$ millions) at Varying Discount Rates with IRR			
	5%	7.5%	10%	IRR (%)
US\$174/t	\$1,474	\$1,032	\$732	29.4%
US\$157/t	\$1,063	\$717	\$483	23.0%
US\$191/t	\$1,883	\$1,345	\$979	35.5%

LEASED EQUIPMENT SCENARIO (CDN\$)

Coal Price	NPV (CDN\$ millions) at Varying Discount Rates with IRR			
	5%	7.5%	10%	IRR (%)
CDN\$229/t	\$1,939	\$1,357	\$963	29.4%
CDN\$207/t	\$1,399	\$943	\$636	23.0%
CDN\$251/t	\$2,478	\$1,770	\$1,289	35.5%

- Based on the purchased equipment scenario the financial analysis suggests that the coal price required to achieve a zero NPV at discount rates of 5%, 7.5% and 10%, respectively, is about US\$113, US\$120, and US\$125 per tonne. A coal price of US\$137 per tonne is required for an IRR of 15%.
- Based on the leased equipment option the financial analysis suggests that the coal price required to achieve a zero NPV at discount rates of 5%, 7.5% and 10%, respectively, is about US\$114, US\$119, and US\$125 per tonne. A coal price of US\$137 per tonne is required for an IRR of 15%.
- Measured and Indicated surface mineable coal resources total 132.0 million tonnes, with an additional Inferred resource of 0.5 million tonnes. Not included in the current PEA are in-situ underground mineable resources totaling 145.7 million tonnes (Measured and Indicated) and 118.7 million tonnes classified as Inferred.
- The 2020 Huguenot PEA economic analysis is based on a conceptual open pit mine plan targeting 99 million run-of-mine (“ROM”) tonnes of resource at an overall stripping ratio of 10.5:1 (bank cubic

metres (bcm):ROM tonnes), yielding 72 million tonnes of product coal over a mine life of 27 years. The previous PEA identified a smaller open pit with ROM tonnage of 56 million tonnes at a stripping ratio of 8.6:1, that yielded 39 million tonnes of product coal over 13 years, plus a further 66 million tonnes of ROM coal from underground mining (for 28 years, from Year 3 to Year 31).

- Projected clean coal production from open pit mining operations ranges from 0.7 million tonnes per annum (“Mt/a”) to 3.0 Mt/a, averaging approximately 2.7 Mt/a.
- Potential coal production is identified as hard coking coal similar to coking coal currently exported from northeast British Columbia.
- The stand-alone open pit cash operating costs for the purchased equipment scenario are estimated at US\$55.08 per tonne of product coal at the mine gate. The cash operating costs for the leased equipment scenario are estimated at US\$61.47 per tonne.
- Estimated direct operating plus offsite costs for the purchased equipment scenario (i.e., FOB cost), total US\$91.90 per clean tonne (excluding production taxes and royalties). The FOB cost for the leased equipment scenario is estimated at US\$98.29 per clean tonne (excluding production taxes and royalties)
- Pre-production capital cost for the proposed mine in the purchased equipment scenario is estimated at US\$510 million, with additional sustaining capital of US\$215 million over the life-of-mine (LOM). Pre-production capital cost in the leased equipment scenario is estimated at US\$303 million, with additional sustaining capital of US\$42 million over the LOM.
- The Huguenot Project’s proposed payback of initial capital is estimated within four years from start-up of operations for both scenarios.

Further details are included in the 2020 Huguenot PEA report which was filed on SEDAR on January 9, 2020.

Management continues to evaluate opportunities for financing further work at Huguenot, including the possibility of joint venturing the property. Elements of baseline environmental data collection are ongoing.

Gordon Creek Project (“Gordon Creek”) of the Flatbed Property

The Flatbed Property is a metallurgical coal project currently comprised of eight coal licenses covering an area of 9,607 hectares located in the Liard Mining Division, northeastern British Columbia, approximately 645 kilometres north-northeast of Vancouver. It is situated approximately 27 km south-southeast of the town of Tumbler Ridge and 131 km west-southwest of the city of Grande Prairie, Alberta. Underground mineable coal seams have been delineated in the Gordon Creek area, which is located within the northwestern coal licenses.

On November 12, 2018, the Company announced the results of a PEA on the Gordon Creek area (the “Gordon Creek Project”) that forms part of the Company’s 100% owned Flatbed property.

The Gordon Creek Project PEA report, prepared by Stantec in accordance with NI 43-101 standards, was completed and filed on SEDAR (the System for Electronic Document Analysis and Retrieval) on December 21, 2018 (amended and filed on January 17, 2019). The results of the PEA show that the Gordon Creek Project demonstrates positive economics, and that it is worthy of continued exploration and development.

In summary, Stantec used previously reported (January 16, 2018, by way of corresponding NI 43-101 technical report filings) in situ and potentially mineable resources, developed a conceptual mine plan to exploit the coal resources using underground mining methods and prepared scoping-level cost estimates and economic analyses.

Highlights of the PEA report respecting the Gordon Creek Project are summarized below. All costs are in US dollars, however, where Canadian dollar equivalents are provided, they have been converted using an exchange rate of US\$1.00 equals CAD\$1.30.

- The Gordon Creek Project has an indicative after-tax (and royalty) NPV of US\$690.5 million (CAD\$897.7 million), using a 7.5% discount rate and an IRR of 24.4%, based on a weighted average coking coal price of US\$164.8 per tonne and a premium pulverized coal injection (“PCI”) coal price of US\$140.5 per tonne.
- The financial analysis suggests that the “break-even” coal price (based upon an overall weighted average price for all coal types of US\$160.5 per tonne) is less than US\$91.1, US\$96.5 and US\$103.3 per tonne for discount rates of 5%, 7.5% and 10%, respectively. It also indicates that for a 15% IRR, a minimum coal price of US\$119.9 per tonne would be required.
- The PEA is based on a conceptual underground mine plan that targets 111.6 million run-of-mine tonnes of resource, with a yield of 51%, producing 57.4 million tonnes of clean coal over a mine life of 30 years.
- Geological modeling and resource estimation have identified an inferred, potentially underground mineable, coal resource at Gordon Creek of 298 million tonnes.
- The Gordon Creek Project’s potential coal production is identified as coking coal from Seams B to G and premium PCI coal for Seams J and K. Seams J and K, which would be mined last, are the two deepest seams and represent approximately 28.6% of the reported resources and approximately 31.5% of the reported saleable tonnes.
- Selling prices were determined for each product coking coal from Seams B, D, F (combined F1 and F2) and G. These prices ranged from US\$156.0 to US\$176.5 per tonne; the weighted average coking coal price of US\$164.8 per tonne represents a discount of US\$20.2 per tonne from a projected long-term benchmark price of US\$185.0 per tonne for premium low volatile hard coking coal. Seams J and K were priced as premium PCI coals with no discount to the projected long-term PCI benchmark price of US\$140.5 per tonne. The overall weighted average price for all coal types is US\$160.5 per tonne.
- In full mine operation, projected clean coal production ranges from 1.6 million tonnes per annum (“Mt/a”) to 2.6 Mt/a, and averages approximately 1.9 Mt/a.
- The pre-production capital cost for the underground mine is estimated at US\$300 million (CAD\$391 million), with additional sustaining capital of US\$406 million (CAD\$528 million) over the life-of-mine.
- The Gordon Creek Project’s proposed payback of initial capital is estimated to be within three years from the start of coal production.
- Total costs FOB port, including direct mine site costs, offsite costs and indirect costs, are estimated at US\$80.91 (CAD\$105.19) per tonne. This includes mine site costs of US\$41.16 per tonne, offsite costs of US\$25.42 per tonne for trucking, rail car loading, rail and port charges, and indirect costs of US\$14.33 per tonne for mineral taxes, royalties, and corporate overhead.

The PEA assumed that the Gordon Creek Project would be connected by road to the existing rail line south of Tumbler Ridge. The rail line would be accessed via a loadout located in the area of an existing coal loadout operated by Peace River Coal. Costs for trucking product coal to the proposed loadout are included in the Project’s operating cost projections.

A summary of the financial analyses is shown in the following table:

Coal Price	NPV (millions) at Varying Discount Rates			
	5%	7.5%	10%	IRR (%)
US\$160.5/t	\$1,081	\$691	\$446	24.4%
CAD\$208.7/t	\$1,405	\$898	\$579	24.4%

The Gordon Creek Project PEA is preliminary in nature and includes inferred mineral resources that are considered to be too geologically speculative to be subject to economic considerations that would enable them to be categorized as mineral reserves. There is no certainty that the forecast results stated in the PEA will be realized. Further details are included in the Company’s press release dated November 12, 2018, and in the actual PEA, both of which are filed on SEDAR.

Further exploration recommended by Stantec includes additional drilling within the Gordon Creek Project area and 2D seismic surveys. The additional drilling would be to further advance the definition of the geology, resource, and coal quality potential, to acquire additional geotechnical data and to obtain methane desorption data. The 2D seismic surveys would be designed to identify coal seams and geological structures both within the Gordon Creek Project area and over a second target area referred to as the eastern anticline area. It is expected this work will total approximately \$2.6 million.

Management continues to pursue opportunities for financing further work at Flatbed, including the possibility of joint venturing the property. The Company received a Mines Act (“*Work*”) Permit Amendment on December 21, 2021, to conduct a seismic survey over the property. This permit expires on December 31, 2023.

Outlook

At Flatbed, the Company completed its drill program (at Gordon Creek) in mid-October 2017 and a Technical Report completed by Norwest was filed on SEDAR on January 10, 2018. In the Technical Report, Norwest recommended further exploration to advance the Gordon Creek Coal Project as well as an internal, high-level mining study to determine whether to proceed with a Preliminary Economic Assessment based upon then-current data. The Company commissioned Stantec to undertake the PEA, the results of which were announced on November 12, 2018, with a final report issued on December 21, 2018. The results of the PEA show that the Gordon Creek Project demonstrates positive economics, and that it is worthy of continued exploration and development.

On November 26, 2019, the Company released the results of a new engineering study at Huguenot for a larger open pit with the use of truck haulage. On January 9, 2020, the Technical Report was filed on SEDAR. The results of the 2020 Huguenot PEA show that the Huguenot Project continues to demonstrate positive economics, has viable development options and is worthy of advancement. Management is pursuing opportunities for financing further work at Huguenot, including the possibility of joint venturing the property. Elements of baseline environmental data collection are ongoing.

The current investor presentation is available on the Company’s website at:

ccoal.ca/investors/presentations

Selected Annual Information

The table below provides selected financial information for the Company on a consolidated basis for each of the past three years ended July 31, 2023, 2022 and 2021.

	2023	2022	2021
	\$	\$	\$
Total revenues	-	-	-
Loss	(8,342,711)	(9,607,076)	(1,569,054)
Loss per share (basic and diluted)	(0.05)	(0.05)	(0.01)
Total assets	18,691,495	17,658,488	18,933,634
Deferred exploration expenditures for the year	372,648	460,582	461,540
B.C. Mining and exploration tax credits for the year	(102,513)	-	(68,340)

Results of Operations

During the year ended July 31, 2023, the Company reported a loss and comprehensive loss of \$8,342,711 (\$0.05 per share), compared to a loss and comprehensive loss of \$9,607,076 (\$0.05 per share) for the year ended July 31, 2022. The significant expenses contributing to the losses were mainly due to the recognition of share-based compensation of \$6,440,516 (2022 - \$7,914,659) which is the fair value of 6,680,000 (2022 - 4,670,000) stock options granted during the year. Otherwise, the Company's operation and administration are consistent. The major components of current loss were as follows:

- Amortization expense of \$48,883 (2022 - \$81,406) are mainly related to the leased office and office computers.
- Consulting fees of \$178,868 (2022 - \$180,949) are consistent.
- Management fees of \$602,004 (2022 - \$608,004) were in respect to services rendered by certain directors and officers of the Company.
- Office and administration of \$442,343 (2022 - \$282,989) increased due to one employee starting in December 31, 2021 (7 months in fiscal year 2022) and more staff costs being allocated to administration instead of properties due to new coal project investigation and license application.
- Professional fees of \$272,552 (2022 - \$233,831) include legal, tax and accounting fees. The increase in the current period is due to increased legal fees and audit fees.
- Shareholder communications of \$207,153 (2022 - \$144,847) increased due to engagement of two new consulting firms.
- Share-based payments expense of \$6,440,516 (2022 - \$7,914,659) is the fair value of the 6,680,000 (2022 - 4,670,000) options granted during the period to directors, officers, employees, and consultants at an exercise price varying from \$1.11 to \$2.00 (2022- \$2.29) per share.
- Travel and promotion expense of \$120,636 (2022 - \$76,753) consists of costs for travel and other promotional expenses. The increase is due to trips to China and India after COVID.

Three Months Ended July 31, 2023

During the three months ended July 31, 2023 and 2022, the Company had a loss and comprehensive loss of \$429,100, comparable to a loss and comprehensive loss of \$446,988 in the same period in the prior year. The significant expenses during the three-month periods ended July 31, 2023 and 2022 were:

- Consulting of \$24,180 (2022 - \$57,892);
- Management fee of \$148,001 (2022 - \$148,001);
- Office and administration of \$130,517 (2022 - \$84,171);
- Professional fees of \$94,284 (2022 - \$75,246);
- Shareholder communications of \$67,466 (2022 - \$33,000);
- Share-based compensation of \$(63,364) (2022 - \$Nil) due to adjustment of fair value of stock options granted in February and March 2023; and
- Travel and promotion expenses of \$66,918 (2022 - \$11,777).

Capital Expenditures

Expenditures during the year ended July 31, 2023 relating to Huguenot Property totaled \$234,652 (July 31, 2022 - \$316,321), including \$136,710 (July 31, 2022 - \$101,529) in respect of coal license renewals, \$25,035 (2022 - \$Nil) of government refund, and \$68,982 (July 31, 2022 - \$Nil) of B.C Mining Exploration Tax Credit.

The Company also incurred deferred expenditures of \$137,996 (July 31, 2022 - \$144,261) at Flatbed property, including \$96,070 (July 31, 2022 - \$112,610) in respect of coal license renewals and \$33,531 (July 31, 2022 - \$Nil) of B.C Mining Exploration Tax Credit.

Summary of Quarterly Results

	Three Months Ended (\$)			
	July 31, 2023	April 30, 2023***	January 31, 2023	October 31, 2022**
Total revenue	Nil	Nil	Nil	Nil
Loss	(429,100)	(6,401,876)	(522,389)	(989,346)
Basic and diluted loss per share	(0.00)	(0.04)	(0.00)	(0.01)
Deferred exploration costs (refund)	222,700	(19,482)	(27,213)	69,025

	Three Months Ended (\$)			
	July 31, 2022	April 30, 2022*	January 31, 2022	October 31, 2021
Total revenue	Nil	Nil	Nil	Nil
Loss	(446,988)	(8,314,327)	(480,373)	(365,388)
Basic and diluted loss per share	(0.00)	(0.05)	(0.00)	(0.00)
Deferred exploration costs	250,130	47,265	85,216	77,970

* During the three months ended April 30, 2022, the Company recorded share-based compensation of \$7,914,659 on 4,670,000 stock options granted on February 7, 2022.

** During the three months ended October 31, 2022, the Company recorded share-based compensation of \$559,352 on 500,000 stock options granted on September 26, 2022.

*** During the three months ended April 30, 2023, the Company recorded share-based compensation of \$5,944,528 on 6,180,000 stock options granted during the three-month period.

Liquidity and Capital Resources

As of July 31, 2023, the Company had working capital (current assets less current liabilities) of \$3,704,366 (July 31, 2022 - \$3,000,461), including cash and cash equivalents of \$3,662,609 (July 31, 2022 - \$2,882,134).

The Company is in the business of exploring for coal which by its nature involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has not yet put any of its coal properties into commercial production and therefore has no operating revenues. The Company has completed PEAs on its 100%-owned Huguenot Coal Project and the Gordon Creek Coal Project of its 100%-owned Flatbed Property. Based upon coal price and cost assumptions included in the 2020 Huguenot PEA for a larger, stand-alone open pit, the results suggest that the Huguenot project continues to demonstrate positive economics, has viable development options and is worthy of advancement. Stantec's Technical Report on the Gordon Creek Coal Project recommends additional exploratory drilling plus surface seismic data acquisition. The Company is dependent on raising additional financing to fund further exploration and development requirements on existing properties and property acquisitions. The only sources of future funds presently available to the Company are the sale of additional equity capital, selling or leasing the Company's interest in a property or entering into joint venture arrangements or other strategic alliances in which the funding sources could become entitled to an interest in the properties or the projects. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

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

Transactions with Related Parties

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured.

As at July 31, 2023, \$23,803 (July 31, 2022 - \$3,000) was due to, and \$8,272 (July 31, 2022 - \$12,089) was due from related parties of the Company:

	July 31, 2023	July 31, 2022
Due to related parties		
COO	\$ 20,803	\$ -
Director	3,000	3,000
	\$ 23,803	\$ 3,000
Due from related parties		
CEO	\$ 3,194	\$ 3,194
Consultant, son of CEO	5,078	8,895
	\$ 8,272	\$ 12,089

During the years ended July 31, 2023 and 2022, the Company entered into the following transactions with related parties:

	Year ended July 31, 2023	Year ended July 31, 2022
Management fee – CEO	\$ 265,000	\$ 268,000
Management fee – COO	235,004	238,000
Management fee – Directors	102,000	102,000
Consulting fee – Son of CEO	77,000	80,000
Professional fee – former CFO	-	22,500
Professional fee – CFO	102,000	61,000
Directors' fees	24,000	24,000
Share-based compensation - Nil (2022 – 1,700,000) options were granted to directors and officers	-	2,881,500
Share-based compensation - 1,000,000 (2022 – 500,000) options were granted to son of CEO*	1,048,000	847,500
Share-based compensation - 500,000 (2022 – 500,000) options were granted to son and daughter of COO*	406,500	847,500
	\$ 2,259,5004	\$ 5,372,000

* Those options granted in the fiscal year ended July 31, 2022 were cancelled in the fiscal year ended July 31, 2023.

Off-Balance Sheet Arrangements

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

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments,

receivables, reclamation deposits, accounts payable and accrued liabilities, and due to/from related parties.

The Company's cash and cash equivalents, short term investments and receivables are measured at amortized cost. Accounts payable and accrued liabilities and due to/from related parties are measured at amortized cost.

a) Fair value of financial instruments

The Company classifies fair values of financial instruments within a three-level hierarchy that prioritizes the inputs to fair value measurement and reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Company has no financial instruments measured at fair value.

b) Currency risk

As of July 31, 2023, all of the Company's cash and cash equivalents were held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada and as such has no currency risk associated with its operations.

c) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of short term investments carried at amortized cost, as well as credit exposures to outstanding receivables from third parties and related parties.

Credit risk is monitored by management. All cash and cash equivalents are held with major Canadian financial institutions. The group's investments in short term investments are considered to be low risk investments. The Company manages credit risk by purchasing highly liquid, short-term investment-grade securities held at major financial institutions.

For outstanding receivables, the Company assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors. The compliance with credit limits by third parties and related parties is regulatory monitored by management.

The Company's concentration of credit risk arises from its cash and cash equivalents and short-term investments. The maximum exposure as at July 31, 2023 was \$3,750,875 (July 31, 2022 - \$2,970,198).

d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its cash according to its operational needs and to optimize revenues from interest.

d) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date.

Subsequent Events

- a) Subsequent to the year ended July 31, 2023, the Company issued 268,520 shares for total proceeds of \$298,057 pursuant to exercise of options at \$1.11 per share.

- b) On September 15, 2023, the Company granted 1,700,000 stock options to consultants and employees. The options are exercisable for a period of four years at a price of \$1.58 per share. The stock options vested at the grant date.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amount of assets and liabilities, and the reported amount of expenses during the period. Actual results may differ from these estimates. Estimates, assumptions, and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on a prospective basis beginning from the period in which they are revised. Critical accounting estimates are used in the accounting for share-based payments and significant judgments are used when determining if there are any indicators of impairment on the coal properties.

Outstanding Share Data

Authorized Capital:

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

Issued and outstanding as at the date of this MD&A:

178,477,751 common shares

Outstanding options and warrants as at the date of this MD&A:

Type of Security	Number	Exercise Price	Expiry date
Stock options	5,230,000	\$0.31	April 5, 2028
Stock options	2,100,000	\$0.35	November 20, 2029
Stock options	2,550,000	\$2.29	February 7, 2032
Stock options	500,000	\$1.50	September 26, 2032
Stock options	250,000	\$1.18	February 13, 2028
Stock options	1,080,300	\$1.11	February 14, 2033
Stock options	500,000	\$1.57	March 3, 2033
Stock options	300,000	\$2.00	March 22, 2025
Stock options	1,310,000	\$1.67	April 4, 2033
Stock options	1,700,000	\$1.58	September 15, 2027
Total	15,520,300		

Risks and Uncertainties

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

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

Exploration Stage Operations:

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company will rely upon consultants and others for exploration, development, construction, and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the coal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, including but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; mineral prices; and government regulations, including but not limited to regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Volatility of Coal Prices:

The market price of coal is volatile and is affected by numerous factors that are beyond the control of the Company. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events, as well as a range of other market forces. Sustained downward movements in coal market prices could render less economic, or uneconomic, some or all of the coal extraction and/or exploration activities to be undertaken by the Company.

Marketability:

The marketability of coal owned by the Company, or which may be acquired or discovered by the Company, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of coal markets and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting coal and environmental protection. A combination of one or more of these factors may result in the Company not receiving an adequate return on invested capital.

Aboriginal Title Claims:

Recent jurisprudence puts in doubt the ability of mining companies to acquire, within a reasonable timeframe, effective mineral titles in some parts of North America in which aboriginal title is claimed. The risk of unforeseen aboriginal title claims and disputes could affect existing operations as well as development projects and future acquisitions. The need for governments to consult with aboriginal peoples and in some instances, accommodate their interests with respect to grants of mineral rights in the issuance or amendment of project authorizations may affect the Company's ability to expand or transfer existing operations or to develop new projects.

Reserve and Resource Estimates:

The Company's coal projects are in the exploration stage only and commercial coal reserves have yet to be

demonstrated. The coal resources stated for the Company's coal projects are estimates. No assurance can be given that coal resources will be converted to reserves that might potentially be recovered by mining, or at what rate any such reserves might be recovered. Coal resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Coal resource estimates may require revision (either up or down) based on additional exploration and coal quality data. The potential for developing future coal reserves will be based upon a number of factors including (but not limited to) estimates of mining costs, mine and plant recovery rates, production experience elsewhere, and market fluctuations in the price of coal. Such factors may negatively impact potential reserve development such that any subsequent development of the coal deposit may focus on coal seams other than those initially targeted, resulting in reduced expectations for reserve potential with different coal quality. This may adversely affect the Company's profitability in any particular accounting period.

Future Capital Requirements:

The Company will require additional financing in order to grow and expand its operations. The Company, if it deems the results of continued exploration to warrant moving toward the production phase, will require additional financing in order to bring its coal projects into production. It is possible that required future financing will not be available or, if available, will not be available on favourable terms. If the Company issues treasury shares to finance its operations or expansion plans, control of the Company may change and shareholders may suffer dilution of their investment. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Government Regulations:

The Company may be subject to various laws, regulations, regulatory actions and court decisions that may have negative effects on the Company. Changes in the regulatory environment imposed upon the Company could adversely affect the ability of the Company to attain its corporate objectives.

Environmental Risk:

All the Company's operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to minimize potential risks and liabilities associated with pollution of the environment and the disposal of waste products by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards. There is also a risk that the environmental laws and regulations may become more onerous, making the Company's operations more expensive.

Cybersecurity:

Companies in all industries, including the mining industry, are susceptible to cyber risk. The Company's primary operational exposure to cyber risk is with respect to proprietary geological, geochemical and exploration data and related models. The Company, similar to companies in all industries, is exposed to common place cyber risks such as, but not necessarily limited to, phishing, spam, fraudulent attacks, denial of service attacks, data loss, data theft, data corruption. The Company outsources its IT management to IT professionals who implement, among other controls and mitigation strategies, system access and authentication controls, transactional authentication, system activity logging, audit trails, "exception" handling, on-prem and off-prem backup and storage of the Company's data.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended July 31, 2023 and this accompanying MD&A (together the "Annual Filings").

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

Other Information

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

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