

Colonial Coal International Corp.

(An Exploration Stage Company)

**Condensed Interim Consolidated Financial Statements
Three Months Ended October 31, 2025**

(Unaudited - expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

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

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

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

Colonial Coal International Corp.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - expressed in Canadian Dollars)

	Note	October 31, 2025 \$	July 31, 2025 \$
Assets			
Current assets			
Cash and cash equivalents		4,263,056	4,639,785
Short term investments		88,266	88,266
Receivables and prepaids	3	52,252	68,728
Due from related parties	6	7,642	13,642
		4,411,216	4,810,421
Coal properties and deferred expenditures	4	15,380,638	15,405,728
Reclamation deposits	4	203,200	203,200
Right-of-use assets		33,147	43,092
Deferred acquisition costs		1	1
		15,616,986	15,652,021
		20,028,202	20,462,442
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		48,723	94,214
Due to related parties	6	20,761	20,681
Lease obligations – current portion		36,879	46,621
		106,363	161,516
Equity Attributable to Shareholders			
Share capital	5	56,371,349	56,244,749
Contributed surplus		22,044,775	22,101,375
Deficit		(58,494,285)	(58,045,198)
		19,921,839	20,300,926
		20,028,202	20,462,442

Basis of presentation (Note 2)

Approved by the Board of Directors

(signed) "Ian Downie"

(signed) "David Austin"

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

Colonial Coal International Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - expressed in Canadian Dollars)

	Note	Three months ended October 31, 2025 \$	Three months ended October 31, 2024 \$
Expenses			
Amortization		9,945	10,160
Consulting	6	42,602	32,864
Director's fees	6	4,500	6,000
Filing and listing fees		57,915	58,263
Management fees	6	140,501	148,001
Office and administration		84,840	109,306
Professional fees	6	63,771	46,831
Shareholder communications		36,355	48,841
Share-based payments	5(c)	-	5,098,259
Travel and promotion		37,985	19,364
		(478,414)	(5,577,889)
Other income (expense)			
Interest income		31,849	77,356
Lease finance charge		(2,522)	(1,483)
		29,327	75,873
Net loss and comprehensive loss for the period		(449,087)	(5,502,016)
Basic and diluted loss per common share		(0.00)	(0.03)
Weighted average number of shares outstanding			
- Basic and diluted		181,708,924	181,582,273

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

Colonial Coal International Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - expressed in Canadian Dollars)

	Issued Share Capital		Contributed Surplus \$	Deficit \$	Total \$
	Number of Shares #	Amount \$			
Balance, July 31, 2024	181,414,351	55,345,154	17,400,892	(51,176,096)	21,569,950
Shares issued pursuant to exercise of options	268,700	470,457	-	-	470,457
Transfer value on exercise of options	-	355,313	(355,313)	-	-
Share-based payments	-	-	5,098,259	-	5,098,259
Comprehensive loss for the period	-	-	-	(5,502,016)	(5,502,016)
Balance, October 31, 2024	181,683,051	56,170,924	22,143,838	(56,678,112)	21,636,650
Shares issued pursuant to exercise of options	25,000	41,750	-	-	41,750
Transfer value on exercise of options	-	32,075	(32,075)	-	-
Share-based payments	-	-	244,336	-	244,336
Expiry of stock options	-	-	(254,724)	254,724	-
Comprehensive loss for the period	-	-	-	(1,621,810)	(1,621,810)
Balance, July 31, 2025	181,708,051	56,244,749	22,101,375	(58,045,198)	20,300,926
Shares issued pursuant to exercise of options	200,000	70,000	-	-	70,000
Transfer value on exercise of options	-	56,600	(56,600)	-	-
Comprehensive loss for the period	-	-	-	(449,087)	(449,087)
Balance, October 31, 2025	181,908,051	56,371,349	22,044,775	(58,494,285)	19,921,839

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

Colonial Coal International Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - expressed in Canadian Dollars)

	Three months ended October 31, 2025	Three months ended October 31, 2024
	\$	\$
Cash flows (used in) provided by		
Operating activities		
Loss for the period	(449,087)	(5,502,016)
Items not affecting cash		
Amortization	9,945	10,160
Share-based payments	-	5,098,259
Interest income	(31,849)	(77,356)
Lease finance charge	2,522	1,483
	(468,469)	(469,470)
Interest received	31,849	77,356
Net change in non-cash working capital items:		
Receivables and prepaids	16,476	21,318
Accounts payable and accrued liabilities	(37,461)	(49,137)
Due to/from related parties	6,080	5,992
	(451,525)	(413,941)
Investing activities		
Deferred costs	(78,540)	(72,493)
License fee refund	95,600	-
	17,060	(72,493)
Financing activities		
Exercise of stock options	70,000	470,457
Lease payments	(12,264)	(12,265)
	57,736	458,192
Decrease in cash and cash equivalents	(376,729)	(28,242)
Cash and cash equivalents, beginning of the period	4,639,785	6,302,071
Cash and cash equivalents, end of the period	4,263,056	6,273,829

Supplemental cash flow information (Note 8)

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

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

1 Organization and nature of operations

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

The Company’s principal activities include the acquisition, exploration and development of coal properties located in Canada.

2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended July 31, 2025, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2025.

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended July 31, 2025.

These financial statements were approved by the board of directors for use on November 26, 2025

3 Receivables and prepaids

	October 31, 2025	July 31, 2025
	\$	\$
GST recoverable	9,717	6,557
Prepaid expenses and other	42,535	62,171
	<u>52,252</u>	<u>68,728</u>

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

*(Unaudited – expressed in Canadian Dollars)***4 Coal properties and deferred expenditures**

	Huguenot	Flatbed	Total
	\$	\$	\$
Balance, July 31, 2024	12,170,616	2,830,632	15,001,248
Field programs	642	3,852	4,494
Consultants and contractors	16,654	16,952	33,606
Licenses and fees	188,835	141,455	330,290
Community relations	2,385	2,385	4,770
Project administration	30,106	31,766	61,872
B.C. mining exploration tax credits	(18,331)	(12,221)	(30,552)
	220,291	184,189	404,480
Balance, July 31, 2025	12,390,907	3,014,821	15,405,728
Field programs	2,155	2,947	5,102
Consultants and contractors	11,132	9,615	20,747
Licenses and fees	31,640	5,300	36,940
Project administration	4,160	3,561	7,721
License fee refund	(95,600)	-	(95,600)
	(46,513)	21,423	(25,090)
Balance, October 31, 2025	12,344,394	3,036,244	15,380,638

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

The Company owns a 100% interest in eight coal licenses commonly referred to as the Flatbed property located in the Liard Mining Division, northeastern British Columbia. The Flatbed property is subject to a 1.5% production royalty, 1.35% of which is payable to certain directors of the Company.

As of October 31, 2025, the Company had \$203,200 (July 31, 2025 - \$203,200) of reclamation bonds held by the British Columbia Ministry of Energy, Mines and Low Carbon Innovation.

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

5 Share Capital

a) Authorized

An unlimited number of common shares without par value.

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

The holders of the common shares are entitled to one vote per share and are entitled to dividends, when and if declared by the directors of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

b) Share issuance

During the three months ended October 31, 2025, the Company issued 200,000 shares for total proceeds of \$70,000 pursuant to exercise of 200,000 stock options. The Company transferred \$56,600, the fair value of the stock options exercised, from contributed surplus to share capital.

During the year ended July 31, 2025, the Company issued 293,700 shares for total proceeds of \$512,207 pursuant to exercise of 293,700 stock options. The Company transferred \$387,388, the fair value of the stock options exercised, from contributed surplus to share capital.

c) Stock options

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

The Company's stock options outstanding as of October 31, 2025 and July 31, 2025 and the changes for the years then ended are as follows:

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

	Number of options	Weighted Average Exercise Price \$
Balance, July 31, 2024	13,783,700	1.07
Granted	3,800,000	2.07
Exercised	(293,700)	1.75
Expired	(300,000)	2.00
Cancelled	(475,000)	1.88
Balance, July 31, 2025	16,515,000	1.25
Exercised	(200,000)	0.35
Cancelled	(275,000)	0.64
Balance, October 31, 2025	16,040,000	1.25
Exercisable, October 31, 2025	16,040,000	1.25

The weighted average share price at the date of exercise of options exercised during the three months ended October 31, 2025 was \$1.43 (year ended July 31, 2025 - \$2.82).

Options to acquire common shares outstanding on October 31, 2025 and July 31, 2025 are as follows:

Grant Date	Expiry Date	Exercise Price \$	Options Outstanding October 31, 2025	Options Outstanding July 31, 2025
April 5, 2018	April 5, 2028	0.31	5,005,000	5,230,000
November 29, 2019	November 29, 2029	0.35	1,900,000	2,100,000
February 7, 2022	February 7, 2032	2.29	2,300,000	2,300,000
September 26, 2022	September 26, 2032	1.50	300,000	300,000
February 13, 2023	February 13, 2028	1.18	150,000	150,000
February 14, 2023	February 14, 2033	1.11	515,000	515,000
March 3, 2023	March 3, 2033	1.57	500,000	500,000
April 4, 2023	April 4, 2033	1.67	455,000	455,000
September 15, 2023	September 15, 2027	1.58	500,000	500,000
March 4, 2024	March 4, 2034	2.35	740,000	740,000
June 25, 2024	June 25, 2029	2.30	250,000	250,000
October 30, 2024	October 30, 2029	2.11	3,175,000	3,225,000
April 29, 2025	April 29, 2030	1.44	250,000	250,000
			16,040,000	16,515,000
Weighted average remaining contractual life of options outstanding at end of year			4.12 years	4.55 years

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

On April 29, 2025, the Company granted 250,000 stock options to a consultant. The options are exercisable for a period of five years at a price of \$1.44 per share. The stock options vested at the grant date. The fair value of the stock options granted was \$244,336 (\$0.98 per option) and is recorded in the consolidated statements of loss and comprehensive loss.

On October 30, 2024, the Company granted 3,550,000 stock options to consultants and employees. The options are exercisable for a period of five years at a price of \$2.11 per share. The stock options vested at the grant date. The fair value of the stock options granted was \$5,098,259 (\$1.44 per option) and is recorded in the consolidated statements of loss and comprehensive loss.

The fair value of the stock options granted was determined using the Black-Scholes option price modelling with the following assumptions:

	Year ended July 31, 2025
Average stock price (\$)	2.07
Average exercise price (\$)	2.07
Average risk-free interest rate (%)	2.98
Expected life (years)	5.00
Expected volatility (%)	84.16
Expected dividends (\$)	Nil

6 Related party transactions

Key management consists of personnel having the authority and responsibility for planning, directing and controlling the activities of the Company, which are the directors and executive officers of the Company.

As at October 31, 2025, \$20,761 (July 31, 2025 - \$20,681) was due to, and \$7,642 (July 31, 2025 - \$13,642) was due from related parties of the Company:

	October 31, 2025	July 31, 2025
Due to related parties		
COO	\$ 20,761	\$ 20,681
Director	-	-
	<u>\$ 20,761</u>	<u>\$ 20,681</u>
Due from related parties		
CEO	\$ 3,194	\$ 3,194
Consultant, son of CEO	2,875	10,448
	<u>\$ 7,642</u>	<u>\$ 13,642</u>

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

During the three months ended October 31, 2025 and 2024, the Company entered into the following transactions with related parties:

	Three months ended October 31, 2025	Three months ended October 31, 2024
Management fee – CEO	\$ 65,000	\$ 65,000
Management fee – COO	57,501	57,501
Management fee – Directors	18,000	25,500
Consulting fee – Son of CEO	21,750	21,750
Professional fee – CFO	27,000	31,000
Directors’ fees	4,500	6,000
Share-based compensation (Note 5c)		
- Nil (2024 – 700,000) options were granted to son of CEO	-	1,005,200
Share-based compensation (Note 5c)		
- Nil (2024 – 300,000) options were granted to son and daughter of COO	-	430,800
	\$ 193,751	\$ 1,642,751

7 Commitments

The Company is committed under the terms of royalty agreements in respect of its interests in coal properties (Note 4).

8 Non-cash transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the three months ended October 31, 2025, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- Deferred expenditures of \$8,675 included in accounts payable and accrued liabilities on October 31, 2025, less expenditures included in accounts payable and accrued liabilities on July 31, 2025 of \$9,691 (net inclusion of 1,016).

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the three months ended October 31, 2024, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- Deferred expenditures of \$3,675 included in accounts payable and accrued liabilities on October 31, 2024, less expenditures included in accounts payable and accrued liabilities on July 31, 2024 of \$4,350 (net inclusion of \$675).

9 Segment information

The Company operates in one segment – the acquisition, exploration and development of coal properties. As at October 31, 2025 and July 31, 2025, all of the Company’s operations and assets were in Canada.

10 Management of Capital

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimizes the costs of capital as an acceptable risk. In the management of capital, the Company includes the components of shareholders’ equity, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, option its coal properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of coal properties or other assets.

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 investor support of its projects.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the Exchange. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and intends to raise additional amounts externally as needed.

The Company’s investment policy is to invest its cash and cash equivalents in interest-bearing bank accounts.

During the three months ended October 31, 2025, there were no changes to the Company’s policies on managing capital.

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

11 Financial Instruments

a) Classification of 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 equivalent, 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.

b) 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.

c) Currency risk

As at October 31, 2025, 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.

d) 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. The Company maintains substantially all of its cash with one major financial institution. The majority of cash held with these institutions exceed the amount of insurance provided on such deposits.

The Company's concentration of credit risk arises from its cash and cash equivalents and short-term investments. The maximum exposure as at October 31, 2025 was \$4,351,322 (July 31, 2025 - \$4,728,051).

Colonial Coal International Corp.

Notes to the Condensed Interim Consolidated Statements

For the three months ended October 31, 2025

(Unaudited – expressed in Canadian Dollars)

e) **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.

f) **Liquidity risk**

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

12 Subsequent Events

- a) On November 3, 2025, the Company granted 2,500,000 stock options to a consultant. The options are exercisable for a period of five years at a price of \$1.48 per share. The stock options vested at the grant date.
- b) On November 13, 2025, the Company issued 300,000 shares for total proceeds of \$105,000 pursuant to exercise of 300,000 stock options.