Canada Coal Inc.
Application for Water Licence
Executive Summary

Canada Coal Inc. ("Canada Coal" or "the Company") is dedicated to exploring for economic coal deposits in Nunavut. As such, Canada Coal is interested in the continued evaluation of its various coal exploration licences situated north of Grise Fiord and within the vicinity of the Eureka Weather Station.

The Company intends to focus exploration within the Fosheim Peninsula region of Ellesmere Island. Various exploration methodologies may be employed, including geological mapping and sampling, diamond drilling, geophysical studies, heritage studies, environmental studies, and logistical studies. Field work will either be based out of: 1) a temporary exploration camp, 2) the Eureka Weather Station, or 3) some combination thereof. A water licence will be required for Canada Coal to conduct core drilling activities and also to operate a temporary exploration camp.

If Canada Coal constructs a temporary exploration camp, the primary water source will be Romulus Lake and Romulus' associated drainage creeks. Romulus Lake is a large freshwater lake located at the eastern extent of Slidre Fiord (Fosheim Peninsula region). The lake's approximate size is 3.5 km by 1.5 km. If no camp is constructed, water will be sourced from the Eureka Weather Station facilities.

Drilling targets are located across a large area within the Fosheim Peninsula (100 km x 50 km, refer to attached maps). Each drilling location will require a small, temporary water source. An assortment of creeks, local lakes, and permafrost melt ponds will serve as temporary water sources for drilling (refer to drill targets map).

Combining camp and drilling water usage, the overall estimated quantity of water to be used is 200 m^3/day. For the exploration camp alone, the quantity of water to be used will be a maximum of 50 m^3/day, drawn from Romulus Lake and drainage creeks. For each drilling rig on the property, the estimated quantity of water to be used will be 50 m^3/day. There will be a maximum of 3 rigs working at any time on the project.

Water will be obtained from the sources using a well pump. The pump siphon is covered by a screen to prevent the entrapment of fish.

Canada Coal estimates that the quantity of water returned to the original water sources could be up to 160 m^3/day if there are 3 rigs operating. Any camp water returned to original source will be non-contaminated drinking water only, and will be of same quality as it was when it was drawn. Any drilling water returned to original sources will be free of hazardous materials but may contain trace amounts of salt (CaCI2) used in drilling. No muds are used due to permafrost ground conditions. Drilling water will be filtered first using temporary settling ponds to remove drill cuttings and then returned to original source. Any sewage or greywater produced by the temporary exploration camp will be incinerated using two stage incineration.

To the best of Canada Coal Inc.'s knowledge, no other water users are known within the project area and no other property will be affected. No substantial changes are anticipated to the quality, quantity, or flow of waters through IOL.

The target schedule for the exploration program is June-July 2013, pending project approvals. Some work may be done May/August/September 2013 including camp construction and camp removal. Follow-up work may be conducted summer 2014, pending project findings and results.

Canada Coal recognizes the importance of our role in discovering mineral deposits for all stakeholders and that our exploration programs must be conducted in the most safe, socially and environmentally responsible manner possible. Canada Coal is committed to working within the rules and obligations under the required permits and licenses including respect for water quality, wildlife, and archaeological and paleontological sensitive areas.