

Canada Coal Inc.

Non-Technical Project Proposal Description

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.

Canada Coal currently holds 75 coal exploration licences on both Crown Land and Inuit Owned Land ("IOL") totaling 2,442,627 acres. The Company has recently applied for an additional 11 coal exploration licences which will add 281,667 acres to the land holdings. Although Canada Coal currently holds licence blocks located in proximity to Ellesmere Island's Stenkul Fiord, Strathcona Fiord, and Bache Peninsula areas as well as on Axel Heiberg Island, exploration activities are only being considered within the Fosheim Peninsula area at this time. No exploration is planned for Axel Heiberg Island.

The Company conducted field exploration during the 2012 summer season, comprising primarily geological mapping and sampling. Several high quality thermal coal zones were identified which merit further exploration. Applications for Land Use Permits for the Fosheim Peninsula Coal Project are now being applied for in order to conduct future exploration activities. The area is considered prospective for sizeable thermal coal deposits and may yield higher rank coal at depth.

In order to further assess its licences, Canada Coal wishes to employ future exploration methodologies including Core drilling as well as additional geological mapping and sampling. In conjunction with its main exploration activities, Canada Coal may also conduct geophysical studies, heritage studies, environmental studies, and logistical studies.

The target dates for the proposed exploration program are May through July 2013; however the Company may conduct activities such as site reclamation outside of these dates. Variable personnel will be required throughout the duration of the project. At the height of exploration, as many as 20-30 people may be on site. Local employees will be sourced wherever possible. Transportation will be via helicopter and fixed wing.

The exploration program will either be based out of: 1) a temporary exploration camp, 2) the Eureka Weather Station, or 3) some combination thereof. If the Company elects to establish a temporary exploration camp, it may also rehabilitate a historic airstrip for interim use. Any temporary camp structures will be removed upon completion of the permit period and the area rehabilitated.

Core exploration drilling for the project may include up to 60 drill holes distributed across several main coal zones within Fosheim Peninsula as well as up to 20 additional wildcat (explain) holes.

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 wildlife and archaeological and paleontological sensitive areas.

Community consultation for the project is ongoing. Canada Coal intends to provide opportunities for modest local employment and as well as business opportunities where possible.