Thelon Capital Ltd.

(formerly Thelon Ventures Ltd.)

Unaudited Interim Financial Statements

For the Six Months Ended March 31, 2011

(Unaudited – Prepared by Management)

Thelon Capital Ltd.
(formerly Thelon Ventures Ltd.)

Balance Sheets
(Unaudited – Prepared by Management)

As at	March 31 2011 (Unaudited)	September 30 2010 (Audited)
Assets		
Current		
Cash	**$ 658,083**	$ 668
Amounts receivable	**67,312**	-
HST receivable	**22,248**	17,883
Prepaid expenses	**22,222**	5,514
	769,865	24,065
Equipment (note 3)	**2,465**	2,862
Mineral properties acquisition costs (note 4)	**3,425,900**	240,000
Deferred exploration expenditures (note 4)	**414,120**	249,822
Deposit on option to purchase (note 5)	**983,000**	-
	$ 5,595,350	$ 516,749
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 203,423**	$ 99,610
Promissory note payable	**-**	34,401
Due to related parties (note 8)	**14,050**	35,411
	217,473	169,422
Shareholders' Equity		
Share capital (note 6)	**18,401,938**	12,819,147
Share subscriptions received	**-**	15,000
Contributed surplus (note 6)	**2,808,093**	2,329,347
Deficit	**(15,832,154)**	(14,816,167)
	5,377,877	347,327
	$ 5,595,350	$ 516,749

Nature of operations (note 1)
Commitments (notes 4 and 5)
Subsequent events (note 11)

Approved on behalf of the Board of Directors:

"Jason Walsh" Director

"Geoff Watson" Director

See accompanying notes to unaudited interim financial statements

Thelon Capital Ltd.
(formerly Thelon Ventures Ltd.)

Unaudited Interim Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)

For the three and six months ended March 31,

	Three months		Six months	
	2011	2010	**2011**	2010
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Administrative expenses				
Advertising and promotion	**$ 72,519**	$ -	**$ 149,316**	$ -
Amortization	**198**	390	**397**	780
Bank charges and interest	**7,295**	426	**8,928**	2,108
Consulting (note 8)	**98,800**	84,600	**194,800**	109,100
Director fees (note 8)	**6,000**	-	**11,000**	-
Legal and accounting	**28,799**	8,774	**31,843**	74
Management fees (note 8)	**-**	2,000	**-**	15,500
Office and administration (note 8)	**23,782**	57,327	**49,462**	89,950
Shareholder relations	**14,836**	193	**50,232**	1,698
Stock-based compensation (note 6)	**57,946**	-	**397,966**	-
Telephone	**5,697**	6,485	**6,305**	8,513
Transfer agent and exchange fees	**22,661**	7,279	**31,034**	9,915
Travel	**41,471**	19,544	**52,591**	19,723
Loss before other items	**380,004**	187,018	**983,874**	257,361
Other items				
Foreign exchange loss	**4,446**	-	**10,000**	-
Other income	**(387)**	-	**(387)**	-
Write off of abandoned properties	**33,333**	-	**22,500**	-
	37,392	-	**32,113**	-
Net and comprehensive loss for the period	**$ (417,396)**	$ (187,018)	**$ (1,015,987)**	$ (257,361)
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)	**$ (0.04)**	$ (0.03)
Weighted average number of shares outstanding	**29,277,480**	8,888,631	**24,209,432**	8,888,631

See accompanying notes to unaudited interim financial statements

Thelon Capital Ltd.
(formerly Thelon Ventures Ltd.)

Unaudited Interim Statements of Deficit
(Unaudited – Prepared by Management)

For the six months ended March 31,

	2011 (Unaudited)	2010 (Unaudited)
Deficit, beginning of period	**$ (14,816,167)**	$ (11,011,333)
Net loss for the period	**(1,015,987)**	(257,361)
Deficit, end of period	**$ (15,832,154)**	$ (11,268,694)

See accompanying notes to unaudited interim financial statements

Thelon Capital Ltd.
(formerly Thelon Ventures Ltd.)

Unaudited Interim Statement of Property Acquisition Costs and Deferred Exploration Expenditures
(Unaudited – Prepared by Management)

As at March 31, 2011

Acquisition costs	September 30 2010 (Audited)	Additions (Unaudited)	Write-down/ Disposals (Unaudited)	**March 31 2011 (Unaudited)**
Canada				
Athabasca Basin (note 4(a))	$ 240,000	$ -	$ -	**$ 240,000**
United States				
Jellico Project (note 4(b))	-	3,185,900	-	**3,185,900**
Total acquisition costs	240,000	3,185,900	-	3,425,900
Deferred exploration expenditures				
Canada				
Athabasca Basin (note 4(a))	249,822	-	-	**249,822**
United States				
Jellico Project (note 4(b))	-	164,298	-	**164,298**
Total deferred exploration expenditures	249,822	164,298	-	414,120
	$ 489,822	$ 3,350,198	$ -	$ 3,840,020

See accompanying notes to unaudited interim financial statements

Thelon Capital Ltd.
(formerly Thelon Ventures Ltd.)

Unaudited Interim Statements of Cash Flows
(Unaudited – Prepared by Management)

For the three and six months ended March 31, 2011

	Three months		Six months	
	2011	2010	**2011**	2010
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Cash provided by (used for)				
Operating activities				
Loss for the period	**$ (417,396)**	$ (187,018)	**$ (1,015,987)**	$ (257,361)
Add items not affecting cash:				
Amortization	**198**	390	**397**	780
Foreign exchange loss	**4,446**	-	**10,000**	-
Interest paid by shares	**6,600**	-	**6,600**	-
Write off of abandoned properties	**33,333**	-	**33,333**	-
Stock based compensation	**57,946**	-	**397,966**	-
	(314,873)	(186,628)	**(567,691)**	(256,581)
Net change in non-cash working capital	**38,636**	16,568	**462**	(1,189)
	(276,237)	(170,060)	**(567,229)**	(257,770)
Financing activities				
Advances from (to) related parties	**25,902**	-	**(21,361)**	-
Issuance of shares for cash	**1,736,601**	311,761	**3,622,348**	396,958
Repayment of promissory notes payable	**-**	-	**(34,401)**	-
Share issue costs	**(55,500)**	-	**(118,744)**	-
Share subscriptions received	**-**	-	**(15,000)**	-
	1,707,003	311,761	**3,432,842**	396,958
Investing activities				
Acquisition of mineral properties	**-**	-	**(1,050,900)**	-
Deferred exploration expenditures	**(153,935)**	-	**(164,298)**	-
Deposit on option to purchase	**(983,000)**	-	**(983,000)**	-
	(1,136,935)	-	**(2,198,198)**	**-**
Effect of foreign exchange loss on cash	**(4,446)**	-	**(10,000)**	-
Net increase in cash	**289,385**	**141,701**	**657,415**	**139,188**
Cash, beginning of period	**368,698**	7,384	**668**	9,897
Cash, end of period	**$ 658,083**	**$ 149,085**	**$ 658,083**	**$ 149,085**
Supplemental cash flow disclosure (note 7)				
Interest received (paid)	**$ -**	**$ -**	**$ -**	$ -
Income taxes paid	**$ -**	**$ -**	**$ -**	$ -

See accompanying notes to unaudited interim financial statements

1. Nature of Operations

Pursuant to a resolution passed by the shareholders, the common shares of Thelon Capital Ltd. commenced trading on the TSX Venture Exchange on February 4, 2010 and the common shares of Thelon Ventures Ltd. were delisted. The Company also consolidated its share capital on a ten old for one new basis. The Company is incorporated under the Company Act of British Columbia and its principal activity is the exploration of mineral properties.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or disposition thereof.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Properties may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. Significant Accounting Policies

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and principles as disclosed in the Company's most recent audited annual financial statements, except as stated. Accordingly, these financial statements should be read in conjunction with the Company's 2010 audited financial statements.

In the opinion of management, all adjustments considered necessary for fair presentation have been included, and all such adjustments are of a normal and recurring nature.

3. Equipment

	Cost	Accumulated amortization	March 31 2011 Net book value
Furniture and fixtures	$ 9,068	$ 8,489	$ 579
Computer equipment	22,357	20,471	1,886
	$ 31,425	$ 28,960	$ 2,465

3. Equipment (continued)

	Cost	Accumulated amortization	September 30 2010 Net book value
Furniture and fixtures	$ 9,068	$ 8,425	$ 643
Computer equipment	22,357	20,138	2,219
	$ 31,425	$ 28,563	$ 2,862

4. Mineral Properties

a) Athabasca Basin Property

By agreement dated March 9, 2005, the Company entered into an option agreement to acquire a 100% interest (subject to a 3% smelter royalty) in three mineral prospecting permits totaling approximately 120,000 hectares, located in the Athabasca Basin, Saskatchewan.

Consideration is cash of $100,000 (paid) and 100,000 common shares (issued).

By agreement dated August 9, 2006, the Company entered into an option agreement with Triex Minerals Corporation (“Triex”), in which Triex can acquire up to an 80% interest in the Athabasca Basin Properties located in northern Saskatchewan. Triex earned an initial 51% interest in the Property at which time a Joint Venture was formed, by incurring $250,000 in expenditures on the property before December 1, 2006, of which $90,000 may be paid in the form of direct payments to the Company. During the year ended September 30, 2007, Triex paid $80,385 in direct payments to the Company and incurred the required amount of expenditures on the property in order to satisfy the First Option.

Triex can earn an additional 9% interest by incurring $1,500,000 before September 1, 2008 (completed), an additional 10% interest by incurring $1,200,000 before April 30, 2010 (completed), and an additional 10% interest by incurring $3,100,000 before April 30, 2013 (completed).

Thelon and Triex have formed a 20%-80% joint venture. The Company’s investment in the Joint Venture is recorded at the carrying value of the Athabasca Basin Property.

b) Jellico Coal Property

On June 9, 2010, the Company announced that it had entered into an agreement to acquire 100% of the Jellico Coal Project which consists of approximately 6,000 acres of coal mineral and surface rights in Campbell and Clairborne counties in the State of Tennessee. The purchase agreement dated December 14, 2010 was amended on March 16, 2011. The purchase price is: 7,000,000 common shares (issued); pay US$1,000,000 (paid subsequent to March 31, 2011) on signing; pay US$3,000,000 of which US$1,500,000 has been paid and an extension has been granted for the balance of US$1,500,000 to be due on July 22, 2011; take over debt obligations of approximately US$4,800,000; and issue a promissory note to the vendor for US$8,485,000 due in 10 years bearing interest at a rate of 6% per annum, interest paid monthly, with an annual payment starting on or before December 31, 2013 of 10% of the principal. The Company also agrees to pay a gross overriding production royalty based on selling prices as follows:

4. Mineral Properties (continued)

b) Jellico Coal Property (continued)

i. up to US$80/ton, a royalty of 8% of the selling price;
ii. more than US$80/ton and up to US$90/ton, a royalty of 9% of the selling price;
iii. more than US$90/ton and up to US$100/ton, a royalty of 10% of the selling price;
iv. more than US$100/ton and up to US$110/ton, a royalty of 12% of the selling price; and
v. more than US$110/ton, a royalty of 14% of the selling price.

A bonus of $50,000 was also paid to a company controlled by a director on this transaction. Closing is to occur upon the payment of US$1,500,000 due on July 22, 2011.

5. Option to Purchase

On February 24, 2011, the Company announced that it had entered into an option to purchase a 100% interest in a private Tennessee mining company ("Privateco") for US$35,000,000 plus US$7,000,000 in surety bonds. The Company must pay US$1,000,000 (paid) within 14 days from the date of signing, or from February 22, 2011, with US$41,000,000 due within 120 days. The Company may get a 60 day extension by paying an additional US$500,000 prior to the expiration of the 120 day period.

6. Share Capital

a) Authorized

Unlimited number of common shares without par value

b) Issued

	Shares	Amount	Contributed Surplus
Balance, September 30, 2010	10,715,973	$ 12,819,147	$ 2,329,347
Issued for property	7,033,333	2,168,333	-
Issued for debt	14,666	6,600	-
Issued for cash			
Private placements	10,273,998	2,624,700	-
Exercise of warrants	4,473,318	962,788	-
Exercise of agent warrants	70,691	17,672	-
Exercise of stock options	422,500	84,500	-
Reallocation from contributed surplus	-	74,685	(74,685)
Share issue costs			
Cash	-	(201,022)	-
Agents warrants issued	-	(155,465)	155,465
Stock based compensation	-	-	397,966
Balance, March 31, 2011	33,004,479	$ 18,401,938	$ 2,808,093

6. Share Capital (continued)

c) Private placements

(i) On October 20, 2010, the Company closed a non-brokered private placement of 6,661,998 units at $0.15 per unit for gross proceeds of $999,300. Each unit consisted of one share and one purchase warrant exercisable into one common share at $0.25 during the first year and $0.35 during the second year. The Company also issued 581,666 agent warrants exercisable into one common share at $0.25 during the first year and $0.35 during the second year. The agent warrants have a fair value, calculated using the Black-Scholes option pricing model, of $101,686 or $0.17 per share, assuming an expected life of two years, a risk-free interest rate of 1.45%, an expected dividend rate of 0.00% and an expected volatility coefficient of 156.00%.

(ii) On March 7, 2011, the Company closed a non-brokered private placement of 3,612,000 units at $0.45 per unit for gross proceeds of $1,625,400. Each unit consisted of one share and one purchase warrant exercisable into one common share at $1.00 during the first year and $1.25 during the second year. The Company also issued 252,840 agent warrants exercisable into one common share at $1.00 during the first year and $1.25 during the second year. The agent warrants have a fair value, calculated using the Black-Scholes option pricing model, of $53,780 or $0.21 per share, assuming an expected life of two years, a risk-free interest rate of 1.85%, an expected dividend rate of 0.00% and an expected volatility coefficient of 141.00%.

d) Warrants outstanding

	Number of Warrants	Weighted Avg Exercise Price
Outstanding, September 30, 2010	4,241,282	$ 0.34
Warrants granted	10,273,998	0.59
Warrants exercised	(4,473,318)	0.22
Outstanding, March 31, 2011	10,041,962	$ 0.60

As at March 31, 2011, the following share purchase warrants of the Company were outstanding:

Exercise Price	Number of Warrants	Expiry Date
$ 0.25	(1) 10,000	August 5, 2011
$ 0.25	(1) 10,000	October 29, 2011
$ 0.30	150,000	March 25, 2012
$ 0.30	497,964	March 26, 2012
$0.25/$0.35	5,761,998	October 20, 2012
$1.00/$1.25	3,612,000	March 7, 2013
	10,041,962	

(1) On October 21, 2010, the Company re-priced 140,000 warrants expiring on August 5, 2011 and 342,500 warrants expiring on October 29, 2011, from $1.00 to $0.25.

6. Share Capital (continued)

e) Agent warrants outstanding

	Number of Warrants	Weighted Avg Exercise Price
Agent warrants granted	834,506	$ 0.55
Agent warrants exercised	(70,691)	0.25
Outstanding, March 31, 2011	763,815	$ 0.57

As at March 31, 2011, the following agent warrants of the Company were outstanding:

Exercise Price	Number of Warrants	Expiry Date
$0.25/$0.35	510,975	October 20, 2012
$1.00/$1.25	252,840	March 7, 2013
	763,815	

f) Options outstanding

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, officers, and employees to acquire common shares. The Company's previous stock option plan was cancelled and the Company has adopted the 2011 Stock Option Incentive Plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of ten (10) years. The exercise price of options granted under the Plan will not be less than the fair market value price of the shares on the date of grant of the options (defined as the last closing market price of the Company's shares on the last day shares are traded prior to the grant date). Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors.

	Number of Options	Weighted Average Exercise Price
Outstanding, September 30, 2010	1,075,000	$ 0.20
Options granted	1,820,000	0.30
Options exercised	(422,500)	0.20
Outstanding, March 31, 2011	2,472,500	$ 0.27

6. Share Capital (continued)

f) Options outstanding (outstanding)

The following summarizes the stock options outstanding and exercisable at March 31, 2011:

Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Expiry Date
$ 0.20	652,500	652,500	May 5, 2012
$ 0.25	1,100,000	1,100,000	October 28, 2012
$ 0.35	200,000	200,000	December 1, 2012
$ 0.35	300,000	300,000	December 15, 2012
$ 0.45	220,000	-	January 3, 2013
	2,472,500	2,252,500	

On October 28, 2010, the Company issued 1,100,000 stock options at a price of $0.25 for a period of two years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $179,863 or $0.16 per share, assuming an expected life of two years, a risk-free interest rate of 1.45%, an expected dividend rate of 0.00% and an expected volatility coefficient of 158.00%.

On December 1, 2010, the Company issued 200,000 stock options at a price of $0.35 for a period of two years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $51,254 or $0.26 per share, assuming an expected life of two years, a risk-free interest rate of 1.67%, an expected dividend rate of 0.00% and an expected volatility coefficient of 155.00%.

On December 15, 2010, the Company issued 300,000 stock options at a price of $0.35 for a period of two years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $114,282 or $0.38 per share, assuming an expected life of two years, a risk-free interest rate of 1.72%, an expected dividend rate of 0.00% and an expected volatility coefficient of 156.00%.

On January 5, 2011, the Company issued 220,000 stock options at a price of $0.45 for a period of 2 years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $70,387 or $0.32 per share, assuming an expected life of two years, a risk-free interest rate of 1.76%, an expected dividend rate of 0.00% and an expected volatility coefficient of 148.00%.

7. Supplemental Cash Flow Information

The following non-cash investing and financing transactions were recorded during the period:

	March 31 2011	March 31 2010
Shares issued for mineral property acquisition	$ 2,168,333	$ -
Agent warrants issued for share issue costs	$ 155,465	$ -
Amount payable included in share issue costs	$ 82,278	$ -
Amount receivable included in shares issued	$ 67,312	$ -

8. Related Party Transactions

The following amounts were paid or accrued to directors or companies controlled by directors or officers of the Company for services provided. These amounts have been recorded at the exchange amount being the compensation agreed to by both parties:

		March 31 2011		**March 31 2010**
Bonus (note 4(b))	$	50,000	$	-
Consulting	$	27,000	$	21,000
Director fees	$	11,000	$	-
Management fees	$	-	$	15,500
Office and administration	$	30,996	$	43,612

The amount due to related parties at March 31, 2011 is $14,050 (September 30, 2010 – $35,411) due to a director and companies controlled by a director of the Company.

Effective January 1, 2011, the Company had agreements with companies controlled by a director of the Company to provide administrative and consulting services for a one year term in the amounts of $5,411 and $3,500 respectively, to be paid on the first day of each month.

Amounts due to/from related parties are unsecured, do not bear interest, and are classified as current due to their nature and expected time of repayment; accordingly, the fair value cannot be practicably determined.

9. Segmented Information

The Company operates in one industry segment, the junior natural resource – mining industry, and in two geographical segments, Canada and the United States. The significant categories identifiable with these geological areas are as follows:

			March 31, 2011			
		Canada		**US**		**Total**
Mineral property acquisition costs	$	240,000	$	3,185,900	$	3,425,900
Deferred exploration expenditures	$	249,822	$	164,298	$	414,120
Total assets	$	2,050,733	$	3,544,617	$	5,595,350

			September 30, 2010			
		Canada		US		Total
Mineral property acquisition costs	$	240,000	$	-	$	240,000
Deferred exploration expenditures	$	249,822	$	-	$	249,822
Total assets	$	516,749	$	-	$	516,749

10. Financial Instruments

Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern largely through equity financing. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The capital structure of the Company consists of shareholders' equity, contributed surplus comprising issued capital, and deficit. The Company does not have any externally imposed capital requirements.

*Financial risk manageme*nt

The Company monitors and manages the financial risks relating to operations through analysis of exposures by degree and magnitude of risks. These risks include credit risk, market risk, and liquidity risk.

Credit risk

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's only significant financial assets are cash which is on deposit at a high credit-worthy financial institution and the amounts receivable. These financial assets are not subject to material financial risks.

Market risk

Market risk includes currency risk, interest rate risk, and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently hold any financial instruments that mitigate this risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates to the extent that various transactions incurred by the Company are not denominated in Canadian dollars. As at March 31, 2011, the Company had US$200,061 in cash converted into Canadian dollars using an exchange rate of 0.9718. The Company has not entered into any foreign currency contracts to mitigate foreign currency risk.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy obligations under accounts payable and accrued liabilities. Management intends to continue, as was done in the past, to finance its activities by raising funds by private equity investments, loans, or debentures. Even if it succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and believes that the liquidity risk is high.

11. Subsequent Events

a) On April 11, 2011, the Company closed a non-brokered private placement of 6,972,222 units at $0.45 per unit for gross proceeds of $3,137,500. Each unit consisted of one share and one purchase warrant exercisable into one common share at $1.00 during the first year and $1.25 during the second year. The Company also issued 488,055 agent warrants exercisable into one common share at $1.00 during the first year and $1.25 during the second year. The agent warrants have a fair value, calculated using the Black-Scholes option pricing model, of $126,382 or $0.26 per share, assuming an expected life of two years, a risk-free interest rate of 1.93%, an expected dividend rate of 0.00% and an expected volatility coefficient of 143.00%.

b) On April 11, 2011, the Company granted 500,000 stock options at a price of $0.45 for a period of 2 years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $155,920 or $0.31 per share, assuming an expected life of two years, a risk-free interest rate of 1.93%, an expected dividend rate of 0.00% and an expected volatility coefficient of 143.00%.

c) On April 20, 2011, 25,000 warrants were exercised at $0.25 for gross proceeds of $6,250.

d) On May 5, 2011, 75,000 warrants were exercised at $0.25 for gross proceeds of $18,750.

e) On May 6, 2011, the Company granted 125,000 stock options at a price of $0.45 for a period of 2 years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $33,331 or $0.27 per share, assuming an expected life of two years, a risk-free interest rate of 1.67%, an expected dividend rate of 0.00% and an expected volatility coefficient of 141.00%.

f) On May 11, 2011, 5,000 stock options were exercised at $0.25 for gross proceeds of $1,250.

g) On May 24, 2011, the Company signed a second lease agreement with a private contractor to mine a second 600-acre section of its Jellico Coal Project known as Miller Mountain. Under the terms of the lease, the Company will receive the greater of a US$7 per ton royalty or approximately 9% of the gross sales price of the coal.

h) On May 16, 2011, 217,000 warrants were exercised at $0.25 for gross proceeds of $54,250.

i) On May 27, 2011, 100,000 warrants were exercised at $0.25 for gross proceeds of $25,000.