Mercury Capital Limited

Management's Discussion and Analysis

For the quarter ended September 30, 2011

This Management's Discussion & Analysis ("**MD&A**") is dated October 31, 2011 and was prepared as of September 30, 2011 to assist readers in understanding Mercury Capital Limited's (the "**Company**") financial performance for the quarter ended September 30, 2011. This MD&A should be read in conjunction with the unaudited financial statements for the quarter ended September 30, 2011 of the Company. Amounts herein are expressed in Canadian dollars except where indicated otherwise and the financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements contained within this document, and in certain documents incorporated herein by reference, constitute forward looking statements. These statements relate to future events or the Company's future performance. Forward looking statements are often, but not always, identified by the use of words: "expect", "will", "would", "seek", "anticipate", "budget", "continue", "plan", "forecast", "may", "estimate", "intend", "could", "might", "should", "believe", "potential", "target" or other similar expressions or phrases. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. Management believes the expectations reflected in such forward looking statements to be reasonable based on information reviewed at the time of writing, but no assurance can be given that these expectations will prove to be correct or will lead to the expected result, and such forward looking statements included herein, or incorporated by reference into this document should not be unduly relied on.

These forward looking statements speak only as of the date of this document, or as of the date specified in the documents incorporated into this document by reference, as the case may be.

Actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth in this document. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to the business by directors, escalating professional fees, escalating transaction costs and the failure to identify or successfully complete a Qualifying Transaction (as defined herein). Readers are cautioned that the risk factors listed in this document are not exhaustive.

The forward looking statements contained in the document and documents incorporated by reference are expressly qualified by this cautionary statement. Management and the Company do not undertake any obligation to publicly update or revise any forward looking statements except as required by securities law.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (Ontario) on July 22, 2010. The Company is classified as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 – *Capital Pool Companies* ("**Policy 2.4**") of the TSX Venture Exchange (the "**Exchange**"). On October 27, 2010, the Company received final receipt from the Ontario Securities Commission for a prospectus dated October 26, 2010 and became a reporting issuer in the provinces of Alberta, British Columbia and Ontario. The Company completed its initial public offering ("**IPO**") on January 28, 2011 and raised gross proceeds of $319,950. The Company's common shares were listed for trading on the Exchange on February 2, 2011 under the symbol MCL.P.

The Company has no assets other than cash, accounts receivable and other receivables, and deferred share issuance costs. The proceeds from the IPO and private placements prior to the IPO are expected to provide the Company with sufficient funds to identify and evaluate business or assets with a view to completing a "Qualifying Transaction" as defined in Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction.

RESULTS OF OPERATIONS

The financial statements for the quarter ended September 30, 2011 are incorporated by reference herein and form an integral part of this MD&A.

The Company is a CPC and has no sales revenue. Until such time as the Company completes a Qualifying Transaction as required by the Exchange, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential business opportunities.

The Company has had no revenues since incorporation (July 22, 2010).

Operating expenses for the quarter ended September 30, 2011 was $6,974 and consisted of accounting, legal and listing fees.

SUMMARY OF QUARTERLY RESULTS

The following summarizes the Company's quarterly results for the quarters ended since the Company became a reporting issuer:

Quarter Ended	**Sep 30, 2011**	**Jun 30, 2011**	**Mar 31, 2011**	**Dec 31, 2010**	**Sep 30, 2010**
Revenue	nil	nil	nil	nil	nil
Expenses	$6,974	$16,437	$46,527	$6,800	nil
Net loss	-$6,974	-$16,437	-$46,527	-$6,800	nil
Net loss per share	-$0.003	-$0.01	-$0.04	-$0.01	nil
Total assets	$404,961	$418,201	$297,467	$138,386	$126,693

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2011, the Company had cash of $395,112 held in the Company's trust and bank accounts. The Company's accounts payable and accrued liabilities outstanding as at September 30, 2011 was $7,108. The Company's working capital as at September 30, 2011 was $397,853.

The Company has sufficient working capital at this time to meet its current year's anticipated financial obligations. As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Cash used in operating activities

The Company used cash in operating activities of $23,411 during the quarter ended September 30, 2011, caused primarily from on-going professional fees and costs associated with the initial public offering. The Company expects to continue to generate negative cash from operating activities in the future until at least its Qualifying Transaction is completed and the Company commences revenue generation.

Cash provided by financing activities

During the quarter ended September 30, 2011, the Company did not raise any additional capital. This resulted in cash provided by financing activities of $0 during the quarter ended September 30, 2011.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off balance sheet arrangements or transactions.

TRANSACTIONS WITH RELATED PARTIES

During the period $3,132 was billed by a law firm in which two directors (Robbie Grossman and Barry M. Polisuk) of the Company are partners for legal fees and disbursements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The Company bases its estimates on historical experience and other assumptions as required that management believes are reasonable in the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. The Company reviews its estimates on an on-going basis in order to ensure the appropriateness of the estimates.

IFRS CONVERSION

These are the Company's first financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The disclosures required by the provisions of IFRS 1, "First-time adoption of International Financial Reporting Standards", explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Company, are presented in note 11 of the Financial Statements.

FINANCIAL INSTRUMENTS

As at September 30, 2011, the Company's financial instruments consisted of cash, accounts and other receivables and accounts payable and accrued liabilities. The carrying amounts of these financial instruments, reflected in the balance sheet, approximate their fair value due to their short-term nature.

Credit Risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Interest Rate Risk

All of the cash balance is held in a Canadian bank account. Any change to market rates results in interest rate risk. The exposure to interest rate risk, however, is limited due to the nature of the account.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2011, the Company had a cash balance of $395,112 to settle accounts payable and accrued liabilities of $7,108.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 3,349,750 issued and outstanding common shares. In addition, the Company had (i) 259,975 outstanding incentive stock options exercisable at $0.20 per share until January 28, 2021, (ii) options issued to agents exercisable for 159,975 common shares at $0.20 per common share until February 2, 2013 (24 months from the date of listing of the common shares on the Exchange), (iii) and broker warrants issued to an agent exercisable for 25,000 common shares at $0.20 per common share until May 4, 2013.

SUBSEQUENT EVENT

On July 7, 2011 the Company announced that it had executed an agreement with Canada Coal Inc. ("**Canada Coal**") in respect to a proposed business combination to be effected by way of amalgamation of the parties which is expected to constitute the Company's Qualifying Transaction. The amalgamation is subject to shareholder approval from both companies as well as Exchange approval. Canada Coal is a junior exploration and development company involved (through two wholly owned subsidiaries) in the acquisition, exploration and development of coal properties in Nunavut. It is anticipated that upon completion of the amalgamation, the Resulting Issuer (as defined in Policy 2.4) will be considered a Tier 2 (the Company originally announced on July 7, 2011 and disclosed in its MD&A for the quarter ended June 30, 2011 ("**Q2 MD&A**") that the Resulting Issuer would be Tier 1) Mining Issuer (as defined in Policy 2.1 – *Initial Listing Requirements* of the Exchange).

The terms of the proposed financing originally announced on July 7, 2011 and disclosed in the Q2 MD&A have changed due to market conditions. On or prior to the closing of the amalgamation, Canada Coal now intends to complete a brokered private placement, through Casimir Capital Ltd., of subscription receipts (exchangeable for units of the Resulting Issuer) at $0.50 per subscription receipt and flow-through units at $0.50 per flow-through units for aggregate gross proceeds of $4,300,000. The terms of the proposed financing may change in accordance with market conditions and the further agreement of the Company.

After completion of the amalgamation and assuming the completion of the proposed financing (on the terms described herein), an aggregate of 43,449,750 common shares of the Resulting Issuer will be issued and outstanding. The shareholders of the Company would own 3,349,750 million common shares or 7.71% (based on the terms of the originally proposed financing disclosed in the Q2 MD&A this percentage was 4.63%) of the issued and outstanding common shares of the Resulting Issuer while the pre-amalgamation shareholders of Canada Coal will own 31,500,000 common shares or 72.50 (based on the terms of the originally proposed financing disclosed in the Q2 MD&A this percentage was 43.54%) of the issued and outstanding common shares of the Resulting Issuer.

The amalgamation constitutes an arm's-length transaction according to the policies of the Exchange.

The obligations of both parties to complete the amalgamation and related transactions are subject to the satisfaction of the usual conditions, including, among others, the satisfaction of both parties with regard to their due diligence reviews, all necessary approvals to enable the amalgamation to be carried out having been obtained from the Exchange, approval from the shareholders of the Company and Canada Coal, and all other regulatory authorities and third parties having jurisdiction.

RISKS AND UNCERTAINTIES

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business acquired will be profitable.

The Company has only recently been incorporated, has not yet commenced commercial operations and has no assets other than cash and cash equivalents. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction.

The Company currently does not have any full time employees and does not maintain liability insurance. If its operations change, the Company may add appropriate coverage to cover some of the risks associated with its new business activities.

The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company.