

EARLY WARNING REPORT

Made Pursuant To Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, National Instrument 62-103 – *The Early Warning System and Related Take-Over bid and Insider Reporting Issues* and Section 102.1 of the *Securities Act* (Ontario)

This report is made pursuant to the provisions of the securities legislation referred to above in connection with certain acquisitions of securities of Canada Coal Inc. (“Canada Coal”).

1. Name and address of Offeror.

Pinetree Capital Ltd. (“Pinetree” or the “Offeror”)
The Exchange Tower
130 King Street West, Suite 2500
Toronto, Ontario M5X 1A9

2. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.

On February 28, 2012, the Offeror held 3,000,000 common shares (the “Common Shares”) and rights to acquire an additional 2,750,000 common share upon exercise of certain convertible securities (the “Offeror Convertible Securities”) purchase warrants (each, a “Warrant”) of Canada Coal. In the event that the Offeror Convertible Securities are fully exercised, these holdings represent approximately 12.4% of the total issued and outstanding common shares of Canada Coal as of February 28, 2012, calculated on a partially diluted basis assuming the exercise of the Offeror Convertible Securities only.

3. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release.

Immediately following the transaction noted in item 2 above, the Offeror, together with its joint actors, owns an aggregate of 6,000,000 common shares of Canada Coal and rights to acquire an additional 5,500,000 common shares upon exercise of certain convertible securities, including the Offeror Convertible Securities (the “Convertible Securities”). Of these totals, the Offeror owns only the Common Shares and the Offeror Convertible Securities directly. In the event that the Convertible Securities are fully exercised, the holdings of the Offeror and joint actors represents a total of 11,500,000 common shares of Canada Coal, or approximately 23.5% of all issued and outstanding common shares as at February 28, 2012, calculated on a partially diluted basis assuming the exercise of the Convertible Securities only.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

(a) the Offeror, either alone or together with any joint actors, has ownership and control;

See 3. above.

(b) the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor; and

NIL

(c) the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership

NIL

5. (a) The name of the market where the transaction or occurrence that gave rise to the news release took place.

N/A

(b) The value, in Canadian dollars, of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:

See item 7 below.

6. The purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.

The Common Shares and Offeror Convertible Securities noted in item 2. above were acquired for investment purposes. The Offeror, and/or its joint actor, may from time to time acquire additional securities of Canada Coal, dispose of some or all of the existing or additional securities it/they hold(s) or will hold, or may continue to hold its/their current position.

7. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, or disposition or voting of any of the securities.

The Common Shares and Offeror Convertible Securities noted in item 2. Above, were acquired pursuant to a merger between Canada Coal and Mercury Capital Ltd. That occurred on February 23, 2012.

8. Names of joint actors in connection with the disclosure required in this report.

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9. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror.

See item 7 above.

10. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements of Part 4 in respect of the reporting issuer's securities.

N/A

11. If applicable, a description of the exemption from securities legislation being relied on by the Offeror and the facts supporting that reliance.

N/A.

DATED as of the 2nd of March, 2012.

PINETREE CAPITAL LTD.

“Richard Patricio”

Richard Patricio
Vice-President, Legal & Corporate Affairs